

AFTER RECORDING, RETURN TO:

Quail Ridge Owners Association
c/o Crystal Lake Community Management, Inc.
P.O. Box 8550
Bend, OR 97708

**CASCADE TITLE COMPANY
MIS 20-275**

**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS FOR
QUAIL RIDGE**

Reference Number(s) of Related Documents:

The initial Bylaws of Quail Ridge Owners Association are recorded with the Benton County Auditor's Office concurrently herewith.

Grantor(s): Pahlisch Homes at Horn Rapids Limited Partnership

Grantee(s): Quail Ridge Owners Association

Legal Description (Abbreviated): Located in the City of Richland: Lots 1 through 36, inclusive, and Tract B of Plat of Quail Ridge, Phase 1 & 2, recorded July 14, 2020 at Volume 5 of Plats, Page 0650, Benton County, Washington.

Tax Parcel/Account Number(s): 1-2008-300-0009-009

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**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR QUAIL RIDGE**

THIS DECLARATION is made this ____ day of _____, 2020 by
PAHLISCH HOMES AT HORN RAPIDS LIMITED PARTNERSHIP ("Declarant").

RECITALS

- A. Declarant has recorded the subdivision Map of "Quail Ridge Phase 1 & 2" in the plat records of Benton County, Washington regarding certain real property in the City of Richland.
- B. Pursuant to that certain Assignment of Interest of Declarant of Horn Rapids Master Planned Community recorded April 11, 2019, Auditor's No. 2019-008940, Declarant is the successor declarant of Horn Rapids, A Master Planned Community of which the real property affected by this supplemental declaration, as defined in the Master Declaration (as defined below), is a part. As successor declarant, Declarant has the right to establish additional Lots and Sub-Associations under the Master Association, as a "neighborhood association" for the purpose of providing control and maintenance within portions of Horn Rapids to that neighborhood. *See, e.g.*, Sections 1.22, 1.24, 1.25 and Article 2 of the Master Declaration.
- C. Quail Ridge Property is subject to the Master Declaration of Horn Rapids; owners of Units at Quail Ridge are members of the Master Association and are subject to its Master Bylaws, as those terms are defined below. The Quail Ridge Owners Association established under this Declaration is a "Sub-Association" as defined in the Master Declaration and under the Washington Uniform Common Interest Ownership Act, RCW Chapter 64.90 *et seq.*, as amended or added to in the future (the "Act"). Quail Ridge is a large scale community as set forth in the Act.
- D. Declarant desires to subject property described in such Map to the conditions, restrictions, assessments, and easements set forth in this Declaration for the benefit of such property, and its present and subsequent owners and to establish a common interest community subject to the Act, notwithstanding the provisions of RCW 64.90.075(4) and that Quail Ridge is a sub-association under the Master Association.
- E. By adoption of these covenants, conditions and restrictions, Declarant is not committing itself to take any action for which definite provision is not made in this Declaration, nor is Declarant prohibited from adding improvements or undertaking any activity not described in this Declaration. Anyone who acquires property in Quail Ridge will have the advantage of any further development of Quail Ridge, but will not have any legal right to insist that there be any further development except as provided in this Declaration, in any Map of property in Quail Ridge, or in any amendment of this Declaration that may be recorded in the future.

NOW, THEREFORE, Declarant hereby declares that the Property described in this Declaration to be known as Quail Ridge will be held, sold, and conveyed subject to the following covenants, conditions, restrictions and easements, which run with the Property and are binding upon all parties having or acquiring any right, title, or interest in such property or any part thereof, and which inure to the benefit of each owner thereof.

Article 1 DEFINITIONS

The terminology used herein is intended to have the meaning set forth in the Act unless the context clearly requires otherwise. As used in this Declaration, the terms set forth below have the following meanings:

1.1 **"Act"** means the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW *et seq.*, as the same may be amended or added to in the future.

1.2 **"Additional Property"** means the land that may be made subject to this Declaration as provided in Section 2.3 below.

1.3 **"ADU"** means a portion of a Dwelling or a separate building on a Lot that is capable of being occupied independently as a separate residence and which includes its own kitchen and bath facilities and no more than 800 square feet.

1.4 **"Affiliate of Declarant"** means any Person who controls, is controlled by, or is under common control with Declarant, as "control" is further described in the Act.

1.5 **"Allocated Interests"** means the Common Expense Liability and voting rights allocated among the Units in accordance with the formula stated in Section 2.2.

1.6 **"Architectural Review Committee"** or **"The Committee"** means the committee appointed pursuant to Article 7 below.

1.7 **"Articles of Incorporation"** means the Articles of Incorporation of the Association.

1.8 **"Assessments"** means all assessments and other charges, fines, and fees imposed by the Association on an Owner in accordance with this Declaration or the Bylaws of the Association or provisions of the Act, including without limitation, Special Assessments described in Article 10 below.

1.9 **"Association"** means Quail Ridge Owners Association, the Washington nonprofit corporation formed to serve as the owners association as provided in Article 8 below, and its successors and assigns.

1.10 **"Board of Directors"** or **"the Board"** means the duly appointed or elected board of directors of the Association, which is invested with the authority to operate the Association and to appoint the officers of the Association.

1.11 **"Bylaws"** means the Bylaws, as defined in the recitals above, recorded the same day as this Declaration, as the same may be amended in the future.

1.12 **"Community"** or **"Quail Ridge"** means the Property and any Additional Property annexed to the Community by the recording of an amendment to this Declaration and an amendment to the map of the Additional Property.

1.13 **"Common Elements"** means those lots or tracts designated as General Common Elements or Limited Common Elements in this Declaration or any declaration amendment annexing Additional Property to Quail Ridge, including any Improvements thereon, and any Units converted to General Common Elements or Limited Common Elements as provided in Section 3.2 below. All Common Elements of Quail Ridge are "Limited Common Areas" pursuant to Master Declaration Section 7.2, which pertain only to Quail Ridge and the Owners of Units in Quail Ridge, and not to other owners of Lots in Horn Rapids, unless expressly designated in this Declaration or in an amendment to this Declaration annexing Additional Property to Quail Ridge as a **"Master Association Common Area,"** and as such, the Master Association will have the obligation to accept conveyance from Declarant of such property as set forth in the Master Declaration and to insure, repair, replace, and maintain such Master Association Common Area and the improvements thereon, and to fulfill any other obligations for Common Areas of the Master Association according to the terms and conditions of the Master Declaration.

1.14 **"Common Expenses"** means expenditures made by or financial liabilities of the Association that are related to the maintenance, repair, and replacement of the Common Elements, including allocations to reserves, or the general operation of the Association, including the Special Allocations. The Common Expenses include management expenses applicable to all Units, such as fees paid to any professional management company. The Association is required to allocate certain Common Expenses to specific Units as Special Allocations pursuant to Section 10.7 below.

1.15 **"Common Expense Liabilities"** means the liability attributed to each Unit to pay Common Expenses. Each Unit's Common Expense Liability is the sum of its Special Allocations (Common Expenses specially allocated pursuant to Section 10.7) and the remaining Common Expenses that are allocated in accordance with the Unit's Allocated Interest.

1.16 **"Common Maintenance Areas"** means the Common Elements and any other areas designated as Common Maintenance Areas in Section 9.1 of this Declaration or designated in any amendment to the Declaration annexing Additional Property to Quail Ridge as areas to be maintained by the Association.

1.17 **"Declarant"** means Pahlisch Homes at Horn Rapids Limited Partnership, an Oregon limited partnership, or the successors or assigns thereof.

1.18 **"Declaration"** means this Declaration of Protective Covenants, Conditions, Restrictions and Easements for Quail Ridge and 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 declaration amendment annexing Additional Property to Quail Ridge.

1.19 **"Development Period"** means the period of time between the date this Declaration is recorded and the earliest of (a) when all of the property within the Master Plan of Quail Ridge has been developed and all of the Lots in the last area to be annexed to this Declaration have been conveyed to Persons other than a successor declarant to Declarant, a developer, or a home builder of multiple Lots; or (b) when, in its discretion, Declarant so determines, as evidenced by a recorded document to that effect executed by Declarant, during which Development Period Declarant or a successor declarant may exercise the Declarant's Development Rights, but in no case longer than 25 years from the date this Declaration is recorded, which is also the date of expiration of all Special Declaration Rights and Development Rights (as those terms are defined in the Act), if one or more such rights has not sooner expired as expressly stated in this Declaration.

1.20 **"Dwelling"** means a building or a portion of a building located upon a Lot within the Property and designated for separate residential occupancy, together with any permitted ADU.

1.21 **"Front Yard"** means the area between the predominant wall plane of the Dwelling toward any street and including any unfenced side yard adjoining the street. The Front Yard also includes any portion of the street right of way between the curb and the Lot line and the landscaping and trees located in that area.

1.22 **"General Common Elements"** means those Common Elements that are not Limited Common Elements pursuant to this Declaration or any amendment to the Declaration annexing Additional Property to Quail Ridge. The General Common Elements in the Initial Property are identified in Section 3.1.

1.23 **"General Easement Areas"** means those easements, if any, established for the benefit of all property within Quail Ridge pursuant to this Declaration or any Declaration amendment or Map amendment annexing Additional Property to Quail Ridge.

1.24 **"Governmental Authority"** means City of Richland, Benton County, the State of Washington, the United States of America, or other governmental entity or agency that has or acquires jurisdiction over the Property or any portion thereof, or over sales of the Property, from time to time.

1.25 **"Improvement"** means every structure or improvement of any kind, including but not limited to a fence, retaining wall, driveway, storage shelter, landscaping, or other product of construction efforts on or in respect to the Property.

1.26 **"Limited Common Elements"** means those Common Elements, if any, established for the exclusive use or enjoyment of certain Units as designated in this Declaration or any Declaration amendment annexing property to Quail Ridge, including Limited Easement Elements.

1.27 **"Limited Easement Areas"** means those easements, if any, established for the exclusive use or enjoyment of one or more Units, but less than all of the Units, as designated in this Declaration or any Declaration amendment annexing property to Quail Ridge.

1.28 **"Lot"** means a numerically designated residential platted lot within the Property and any Lots within the Additional Property annexed to Quail Ridge. Each Lot is a "unit" as defined in the Act.

1.29 **"Master Association"** means the Horn Rapids Homeowners Association established pursuant to the Master Declaration and governed by the Bylaws of the Horn Rapids Homeowners Association, a Washington nonprofit corporation.

1.30 **"Master Declaration"** means the Declaration of Covenants [sic], Conditions, Restrictions and Easements for Horn Rapids A Master Planned Community recorded May 27, 1994 as Document No. 94-18376, as the same has been or may be in the future amended, supplemented, or restated.

1.31 **"Master Plan"** means the Development Plan of Quail Ridge approved by the City of Richland, Washington, as the same may be amended in the future.

1.33 **"Mortgage"** means a mortgage or a trust deed; **"mortgagee"** means a mortgagee or a beneficiary of a trust deed; and **"mortgagor"** means a mortgagor or a grantor of a deed of trust.

1.34 **"Owner"** means the person or persons, including Declarant, owning any Unit in the Property including the holder of a life estate, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Unit. If a Unit is Sold under a recorded real estate installment sale contract, the purchaser (rather than the seller) will be considered the Owner unless the contract specifically provides to the contrary. The rights, obligations, and other status of being an Owner commence upon acquisition of the ownership of a Unit and terminate upon disposition of such ownership, but termination of ownership does not discharge an Owner from obligations incurred prior to termination.

1.35 **"Period of Declarant Control"** means the period of time between the date this Declaration is recorded and the latest date described in Section 8.6 or the sooner date that Declarant, in its sole discretion, records a document terminating the period of Declarant's Control.

1.36 **"Person"** means a human being, a corporation, partnership, limited liability company, trustee, or other legal entity.

1.37 **"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 any Declaration amendment annexing such property to Quail Ridge.

1.38 **"Record"** (when used as a noun) means information inscribed on a tangible medium or contained in an electronic transmission.

1.39 **"Rules and Regulations"** means the rules and regulations duly adopted by the Board of Directors pursuant to Section 6.31.

1.40 **"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 of a Lot or Unit.

1.41 **"Special Assessments"** means the Special Assessments described in Section 10.9.

1.42 **"Special Allocations"** means those expenditures or liabilities that are allocated to Units on a basis other than in accordance with the Allocated Interests as required by Section 10.7.

1.43 **"the Property"** means the Property described in Section 2.1 below and any Additional Property annexed to Quail Ridge by a Declaration amendment.

1.44 **"this Declaration"** means the Declaration as defined in the recitals above, as the same may be amended or supplemented from time to time in accordance with the provisions hereof.

1.45 **"Transition Meeting"** means the meeting called by Declarant pursuant to Section 8.6 below, at which Declarant will turn over administrative responsibility for the Property to the Association

1.46 **"Unit"** means a Lot in the Community and the Dwelling, if any, constructed on the Lot.

Except as otherwise provided in this Declaration, each of the terms defined in Chapter 64.90 RCW, have the same meaning in this Declaration set forth in that Act.

Article 2 **PROPERTY SUBJECT TO THIS DECLARATION**

2.1 **Property.** Declarant hereby declares that all of the real property located in City of Richland, Benton County, Washington, described below is owned and will be owned, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to this Declaration:

Lots 1 through 36, inclusive, and Tract B of "Plat of Quail Ridge, Phase 1 & 2," recorded July 14, 2020 at Volume 5 of Plats, Page 0650 of Benton County, Washington City (the "Initial Property").

2.2 **Allocated Interests; Voting Power.** An Allocated Interest is deemed to be conveyed with and to be an encumbrance on each respective Unit, even if the Allocated Interest is not mentioned in the instrument evidencing the encumbrance or conveyance of a Unit. Each Unit has an equal Allocated Interest. Thus, the Allocated Interest of each Unit is the fraction calculated by dividing one by the total number of Units then in the Community. The total voting power of all Owners is the number of votes equal to the number of Units in the Community, including those owned by Declarant. The votes are allocated to each Unit in accordance with the formula stated in this Section and may be exercised in accordance with this Declaration and the Bylaws of the Association.

2.3 **Annexation of Additional Property.** Declarant may from time to time, in its sole discretion, annex property to Quail Ridge as Additional Property. The Community is a large scale community to which the provisions of RCW 64.90.320 apply. Neither the boundaries nor description of the property that may be annexed as Additional Property is included in this Declaration. The Additional Property available for such annexation is not described herein, and pursuant to RCW 64.90.225(1)(h)(i) and (ii), Declarant (i) makes no assurances as to the location, extent, or description of such real property that may be annexed in the Declarant's discretion, or over which Declarant may exercise any other Developer Right reserved in this Declaration or provided to declarants in the Act or in what order Additional Property parcels will be annexed to this Declaration, (ii) declares that if Declarant exercises a development right in any portion of the real property subject to that development right, the Declarant is not obligated to exercise the same development rights in all or in

any other portion of the remainder of that real estate, but may do so or not in Declarant's sole discretion. The annexation of Additional Property will be accomplished as follows:

(a) The Declarant as owner of the real property will record an amendment to this Declaration that will be executed by or bear the approval of the Declarant and will, among other things, describe the real property to be annexed; identify the Units and Common Elements within 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 will be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration.

(b) Upon recordation in the Records of Benton County of such an amendment, the Additional Property included in any such annexation will become a part of Quail Ridge and this Declaration, and the Declarant and the Association will accept and exercise administration of this Declaration with respect to such Additional Property.

(c) Notwithstanding any provision apparently to the contrary, an amendment to the Declaration with respect to any Additional Property may, with the consent of Declarant:

(1) 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.

(2) 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 Declarant reserves the right to annex to Quail Ridge additional land and any Improvements thereon. There is no limitation on the right of Declarant to annex Additional Property to Quail Ridge, except as may be set forth in the Act or established by the City of Richland. Portions of the real property Declarant has reserved the right to annex to Quail Ridge may be annexed at different times.

(e) Declarant does not have any obligation to build any specific future Improvement or amenity, but nothing in this Declaration limits Declarant's right to add additional Improvements or amenities in the future. Nothing in this Declaration establishes any duty or obligation on Declarant to add any property to this Declaration, and no owner of property excluded from this Declaration will have any right to have any such property added to this Declaration or Quail Ridge.

(f) When Additional Property is annexed to Quail Ridge, the Lots included therein become subject to Assessments from the effective date of the annexation, subject to Section 10.5. The Board of Directors, 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 the Annual Assessments for all Lots, including the new Lots, for the balance of the fiscal year.

2.4 **Improvements.** Declarant does not agree to build any other Improvements on the Property other than as required by the City of Richland, but may elect, at its option, to build additional Improvements.

2.5 **Subdivisions.** Declarant hereby reserves the right to subdivide any Units then owned by the Declarant upon receiving all required approvals from City of Richland. If any two or more Units are so subdivided, they will be deemed separate Units for the purposes of allocating Assessments under this Declaration. No other Owner of any Unit in the Property may subdivide, submit to condominium or fractional ownership any Unit without the prior written approval of the Declarant during the Development Period, and thereafter, by the Board of Directors, which consent may be granted or denied at the sole discretion of the Declarant or the Board of Directors, as applicable, but such subdivision will otherwise be subject to the provisions of RCW 64.90.265.

2.6 **Consolidations.** Declarant has the right to consolidate any two or more Units then owned by it upon receipt of any required approvals from City of Richland. No other Owner may consolidate any Units without the prior written approval of the Declarant during the Development Period and thereafter by the Board of Directors, which may be granted or denied at the sole discretion of the Declarant or Board of Directors, as applicable, but such consolidation will otherwise be subject to the provisions of RCW 64.90.265. An approved consolidation is effected by recording an amendment to the Declaration stating that the affected Units are consolidated, which amendment must be executed by the Owner(s) of the affected Unit(s) and by an authorized officer of the Association. Once so consolidated, the consolidated Unit may not in the future be partitioned, nor may the consolidation be revoked except as provided in Section 2.5. Any Units consolidated pursuant to this section will be considered one Unit thereafter for the purposes of this Declaration, including voting rights and allocation of Assessments.

2.7 **Dedications.** Declarant has the right to dedicate any portion of the Property then-owned by Declarant to any Governmental Authority, quasi-governmental entity, or entity qualifying under Section 501(c)(3) or Section 501(c)(7) of the Internal Revenue Code or similar provisions, from time to time, for purposes Declarant may deem to be appropriate, including without limitation, for utility stations, equipment, fixtures and lines; streets and roads; sidewalks; trails; open space; recreational facilities; schools; fire, police, security, medical and similar services; and other purposes Declarant and such Governmental Authority or quasi-governmental entity may determine to be appropriate from time to time. Any consideration received by it because of such dedication or reason of any condemnation or any conveyance in lieu of condemnation will belong solely to Declarant unless otherwise required by the Act.

2.8 **Withdrawal of Property.** Property may be withdrawn from Quail Ridge only by duly adopted amendment to this Declaration, except that Declarant may withdraw all or a portion of the Initial Property or any Additional Property annexed pursuant to a Declaration amendment described in Section 2.3 at any time prior to the sale of the first Unit in the Map of the Initial Property or, in the case of Additional Property, prior to the sale of the first Unit in the property annexed by the Declaration amendment, subject to the prior approval of City of Richland. Such withdrawal must be by a declaration amendment executed by Declarant and recorded in the deed records of County, Washington. If a portion of the Property is withdrawn, all voting rights otherwise allocated to Lots being withdrawn will be eliminated, and the common expenses will be reallocated among the remaining Units as provided in Section 10.6. The Declarant's right of withdrawal will not expire except upon sale of the first Unit within the applicable phase of the Property as described above.

Article 3 LAND CLASSIFICATIONS

3.1 **Land Classifications within Initial Development.** All land within the Initial Property is included in one or another of the following classifications:

(a) **Lots**, which consist of Lots 1 through 36, inclusive, as shown on the Map of the Initial Property and classified as follows:

(1) **Single Family Units:** Detached Front-Loaded Lots, which are Lots 1 through 36, inclusive.

(b) **General Common Areas**, consisting in the Initial Property only of the General Easement Areas described below. Tract B is a Master Association Common Area, see below.

(c) There are no **Limited Common Elements or Limited Common Easement Areas** in the Initial Property.

(d) **General Easement Areas**, including utility easements and no [road] access easements, as shown or noted on the Map of the Initial Property.

(e) **Common Area of Master Association**, which is Tract B of the Initial Property, which is hereby designated as such pursuant to Section 1.6 of the Master Declaration, which will be an open space thereunder that will be owned, insured, and maintained by the Master Association, the cost of which will be common expenses of the Master Association.

3.2 **Conversion of Lots to Common Elements.** Declarant may elect to build common facilities on one or more of the Lots Declarant respectively owns and designate such Lots as Common Elements by an amendment to the declaration recorded in all counties in which any portion of the Property is located. Declarant must execute such amendment to the Declaration; no other party's signature or approval is necessary.

3.3 **Re-Zoning and Other Governmental Actions.** Declarant reserves the right, from time to time, to petition for and obtain re-zonings of its property, exchanges of its properties, amendments to the Master Plan, and such licenses, permits and approvals from any Governmental Authority as Declarant may deem to be appropriate from time to time in connection with the then current or anticipated use of such portion of the Property.

Article 4 PROPERTY RIGHTS IN COMMON ELEMENTS

4.1 **Owners Easements of Enjoyment.** Subject to provisions of this Section, every Owner and his invitees has a right and easement of enjoyment in and to the General Common Elements, which easement is appurtenant to and passes with the title to every Unit. The use of any Limited Common Elements, however, is limited to the Owners and invitees of the Units to which the

Limited Common Element is assigned in the Declaration or in any Declaration amendment establishing the Limited Common Element.

4.2 **General Easement Areas and Limited Easement Areas.** General Easement Areas and Limited Easement Areas are to be maintained by the Association and no changes in landscaping will be permitted within such areas without written authorization by the Architectural Review Committee. No building, wall, paving, or construction of any type may be erected or maintained by any Owner so as to trespass or encroach upon a General Easement Area or a Limited Easement Areas, nor may any such areas be used by the Owner for storm water treatment purposes. No fence or landscaping may be erected or maintained by any Owner within a General Easement Area or a Limited Easement Area without the prior written approval of the Architectural Review Committee.

4.3 **Title to Common Elements.** Title to the Common Elements, will be conveyed by the Declarant to the Association or the Master Association (in Declarant's discretion), as applicable, AS IS but free and clear of monetary liens. If Declarant erroneously conveys to the Association any property that is not Common Element, upon request the Association will promptly reconvey the property to Declarant, as applicable, or their respective designees. Title to General Easement Areas and Limited Easement Areas, subject to the easements set forth in this Declaration or the amendment to this Declaration creating such areas, rests and will rest in the Owners of the respective Units within which General Easement Areas or Limited Easement Areas are located, or to the public if part of dedicated street rights of way. An Owner has the right to use any Common Easement Area that was established for utilities on his or her Lot except as restricted in this Declaration or in any manner that would interfere with the purpose and function of such Common Easement Area for the benefit of Declarant, the Association, and other Units.

4.4 **Extent of Owners' Rights.** The rights and easements of enjoyment in the Common Elements created hereby are subject to the following and to all other provisions of this Declaration:

(a) **Association Easements.** Declarant grants to the Association for the benefit of the Association and to all Owners of Units within the Property the following easements over, under, and upon the General Common Elements, the Limited Common Elements, and the General Easement Areas and Limited Easement Areas, if any:

(1) 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 Map of the Property.

(2) An easement for construction, maintenance, repair, and use of Common Elements, including Improvements that are common facilities thereon.

(3) An easement for making repairs or replacements to any existing structures on Common Elements to carry out the Association's maintenance obligations as set forth in this Declaration and the Bylaws.

(b) **Public and Utility Easements.** The Common Elements are subject to the public and utility easements that are established in any Map of the Property. Declarant or the Association may (and, to the extent required by law, must) grant or assign such easements to

municipalities or other utilities performing utility services and to communication companies, 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) **Use of the Common Elements.** The Common Elements may not be partitioned or otherwise divided into parcels for residential use, and no private structure of any type may be constructed on the Common Elements. Except as otherwise provided in this Declaration, the Common Elements are reserved for the use and enjoyment of all Owners and no private use by Owners or occupants of Units may be made of the Common Elements, including General Easement Areas and Limited Easement Areas, except as otherwise provided in this Declaration. No Owner may locate or cause to be located on the Common Elements any trash, fencing, structure, equipment, furniture, package, or object of any kind. Nothing in this Article prevents the placing of a sign or signs by the Association upon the Common Elements identifying the Community or identifying pathways or items of interest, signs restricting certain uses or warning signs, provided such signs are approved by the Architectural Review Committee, are consistent with the City of Richland Sign Code and meet vision clearance standards contained in the City of Richland Land Development code and must be consistent with the City of Richland Community Development Code and the lighting plan approved by the City of Richland. The Board of Directors of the Association has authority to abate any material trespass or encroachment upon a Common Element at any time, by any reasonable means, with or without having to bring legal proceedings. An amendment to the Declaration annexing Additional Property may provide that the Unit Owners in such Additional Property do not have the right to use a particular Common Element or Improvement (including common facilities or amenities) located on such Common Element, in which event such Common Element automatically becomes a Limited Common Element assigned to the Units that have access thereto, and the excluded Owners will not be required to share in the costs of maintaining such facility or newly characterized Limited Common Element, as is more particularly described in Section 4.9.

(d) **Alienation of the Common Elements.** The Association may not by act or omission seek to abandon, partition, subdivide, encumber as security for a debt, sell, or transfer the Common Elements owned directly or indirectly by the Association for the benefit of the Units unless the holders of at least 80 percent of the voting power of the Unit Owners other than the Declarant have given their approval, and in the case of sell or transfer, unless approved by the City of Richland. Such approvals, however, are not required for dedications under Section 2.7. This provision does not apply to the easements described in Section 4.4(b) above. The Association, upon approval of at least 50 percent of the voting power of the Unit Owners other than the Declarant, and if approved by order or resolution of the City of Richland, may dedicate or convey any portion of the Common Elements to a park district, school district, or other public body. Any sale, transfer, conveyance or encumbrance permitted by this Declaration may provide that the Common Elements may be released from the restrictions imposed by this Declaration if the ballot or vote for the approval of the action also includes approval of the release; given such inclusion, the effect of the release will be the same as withdrawal of such property from this Declaration. Notwithstanding the foregoing, during the Period of Declarant Control, the Declarant has the right to veto any proposed abandonment, subdivision, partition, conveyance, transfer, or encumbrance described in this Section.

(e) **Leases, Easements, Rights-of-Way, Licenses and Similar Interests and Vacations of Roadways.** Notwithstanding the provisions of Section 4.4(d), the Association may execute, acknowledge and deliver leases, easements, rights-of-way, licenses and other similar interests

affecting the Common Elements and consent to vacation of roadways within and adjacent to the Common Elements, subject to the requirements of the Act.

(f) **Limitations on Use.** Use of the Common Elements by the Owners is subject to the provisions of this Declaration and to the following:

(1) The provisions of any the amendment to this Declaration adding the Common Element to the Community, including any easements granted or reserved therein;

(2) The provisions of any applicable supplemental Declaration annexing Additional Property to Quail Ridge, including any easements granted or reserved therein;

(3) Any restrictions or limitations contained in any deed or other instrument conveying such property to the Association;

(4) The Board's right to:

(A) adopt Rules and Regulations regulating use and enjoyment of the Common Elements, including rules limiting the number of guests who may use the Common Elements;

(B) suspend the right of an Owner to use the Common Elements as provided in this Declaration

(C) dedicate or transfer all or any part of the Common Elements, subject to such approval requirements as may be set forth in this Declaration or required by the Act;

(D) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Elements;

(E) permit use of any recreational facilities situated on the Common Elements by Persons other than Owners, their families, lessees and guests with or without payment of use fees established by the Board;

(F) designate areas and facilities of Common Elements as Public Areas and;

(G) provide certain Owners the rights to the exclusive use of those portions of the Common Elements designated as Limited Common Elements and assigned to such Owners' Units.

4.5 **Delegation of Use.** Any Owner may delegate, in accordance with the Bylaws of the Association, his right of enjoyment of the Common Elements to the family members, tenants, invitees

and guests, whose use is subject to this Declaration and Rules and Regulations adopted under this Declaration.

4.6 **Easements Reserved by Declarant.** So long as Declarant owns any Unit or has the right to create or annex additional Units, Declarant reserves and is hereby granted an easement over, under and across the Common Elements to maintain sales offices, management offices, and models and carry out sales and rental activities necessary or convenient for the sale or rental of Units, including, without limitation, advertising and "For Sale" signs, and have the right to conduct all such activities on Units. In addition, Declarant hereby reserves for itself an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or exercising the Special Declarant Rights reserved in this Declaration or arising under the Act, all of which Declarant hereby reserves. In addition, Declarant hereby reserves to itself and for the owners of Units in all future phases of Quail Ridge (i) a perpetual easement and right-of-way for access over, upon, and across the Common Elements for construction, utilities, communication lines, drainage, and ingress and egress over, in, upon, under and across the Common Elements; (ii) the right to store materials thereon; (iii) 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 for the benefit of such real property even if it is never annexed to Quail Ridge. No such right, however, may be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment, or access to an Owner's Unit by that Owner or the Owner's family, tenants, employees, guests, or invitees.

4.7 **Easement to Serve Other Property.** Declarant reserves for itself and its duly authorized agents, successors, assigns and mortgagees and the developers of Improvements in all future phases of Quail Ridge, a perpetual easement over the Common Elements for the purposes of enjoyment, use, access and development of the property subject to the Master Plan, even if such property is never made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Elements for construction, utilities, water and sanitary sewer lines, communication lines, drainage facilities, irrigation systems and signs, and ingress and egress for the benefit of other portions of Quail Ridge and any Additional Property that becomes subject to this Declaration or any property in the vicinity of the Property or Additional Property that is then owned by Declarant or Affiliates of Declarant. Declarant agrees that such users are responsible for any damage caused to the Common Elements as a result of their actions in connection with development of such property. If the easement is exercised for permanent use by such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant, and their respective successors or assigns, will enter into a reasonable agreement with the Association to share the cost of any maintenance of such facilities. The allocation of costs in any such agreement will be based on the relative extent of use of such facilities.

4.8 **Future Development.** Owners of Units in Quail Ridge by virtue of purchasing their Units consent to the Master Plan for Quail Ridge approved by the City of Richland, as the same may be subsequently modified or amended by Declarant, or otherwise. By adoption of the Master Plan and this Declaration, Declarant is not committing themselves to take any action that this Declaration or the Bylaws does not make an obligation. Any Person who acquires property in Quail Ridge will have the advantage of any future development of Quail Ridge but does not have any legal right to insist that there be any future development of the Property or any claim against Declarant for failure to develop Quail Ridge.

4.9 **Limited Common Elements.**

(a) **Purpose.** Certain portions of the Common Elements may be designated by Declarant as Limited Common Elements reserved for the exclusive use or primary benefit of Owners and occupants of specified Units. By way of illustration and not limitation, Limited Common Elements may include private access roads serving certain Units. All costs associated with maintenance, repair, replacement, and insurance (if insured separately from other Common Elements) of Limited Common Elements will be specially allocated to the Owners of the Units to which the Limited Common Elements are assigned.

(b) **Initial Designation.** Limited Common Elements may be designated as such in this Declaration, the instrument by which they are conveyed to the Association or in any amendment to this Declaration, but any designation will not preclude the Declarant from later assigning rights to use the same Limited Common Elements to additional Units the Declarant later annexes to the Community in accordance with this Declaration.

(c) **Subsequent Allocations.** Limited Common Elements may be converted to General Common Elements and Limited Common Elements may be reassigned for the benefit of different Units and Owners upon (1) approval by the Board of Directors, and (2) the approval of 100 percent of the voting rights of Units to whom the subject Limited Common Elements is then assigned. Any such conversion or reassignment also requires the written consent of the Declarant during the Development Period. Such re-allocation of Limited Common Elements is effected by an amendment to the Declaration executed by the Unit Owners between or among whose Units the reallocation is made and recorded in the Official Records of Benton County in the name of Quail Ridge.

(d) **Converting General to Limited Common Elements.** Upon approval of at least 67 percent of the voting rights of Owners of Units, including all the Unit Owners' to whom the subject Limited Common Element will be allocated after the change, the Association may change a General Common Element to a Limited Common Element, and otherwise in accordance with RCW 64.90.240(3) by an amendment to the Declaration and the Map of the affected property.

(e) **Common Element Amenities: Use by Others.** Before the Transition Meeting, Declarant may, and after the Transition Meeting upon approval of a majority of the voting rights of Owners of Units within Quail Ridge, the Association may, permit Owners of Lots in Horn Rapids to use all or a portion of Quail Ridge Common Elements upon payment of reasonable user fees, which fees will be used to offset the general Common Expenses attributable to such Common Elements.

Article 5 PROPERTY RIGHTS IN UNITS

5.1 **Use and Occupancy.** The Owner of a Unit in the Property is entitled to the exclusive use and benefit of such Unit, except as otherwise expressly provided in this Declaration, including but not limited to the restrictions contained in Article 6 below, and all other provisions of this Declaration and the provisions of any supplement or amendment to this Declaration.

5.2 **Easements Reserved.** In addition to any utility and drainage easements shown on any recorded Map of the Property, Declarant hereby reserves for the benefit of Declarant and the Association grant to Declarant and the Association the following easements:

(a) **Maintenance Easements.** The Owner of any Unit that includes a Common Element, or adjoins or blends together visually with any Common Element must, if the Association so requires, permit the Association to enter upon the Lot to perform the maintenance of such Common Element. The Owner and occupant of each Lot is responsible for controlling the Owner's or occupant's pets or other animals, so they do not harm or otherwise disturb Persons performing such maintenance on behalf of the Association.

(b) **Adjacent Common Element.** The Owner of any Lot which blends together visually with any Common Maintenance Area must, if the Association elects from time to time to so require, permit the Association to enter upon the Lot to perform the maintenance of such Common Element.

(c) **Right of Entry; Easements for Maintenance, Emergency and Enforcement.** Declarant, the Architectural Review Committee, 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 Unit for determining if the use or Improvements, or both, of such Unit are then in compliance with this Declaration, the Bylaws, and the Rules and Regulations of the Association. No such entry may be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Unit. Upon request given to the Owner and any occupant, any Person authorized by the Association may enter a Unit to perform necessary maintenance, repair, or replacement of any property for which the Association has maintenance, repair, or replacement responsibility under this Declaration, to make emergency repairs to a Unit that are necessary for the public safety or to prevent damage to Common Elements or to another Unit or Dwelling, or to enforce this Declaration or the Rules and Regulations. Requests for entry must be made in advance and for a reasonable time, except in the case of any emergency, when the right of entry is immediate. An emergency entry does not constitute a trespass or otherwise create a right of action in the Owner of the Unit.

(d) **Utility Easements.** Easement for installation and maintenance of utilities and drainage facilities may be reserved over portions of certain Lots, as shown on any recorded Map of the Property. Within such utility easements, the Architectural Review Committee will not permit any structure, planting or other material to be placed or permitted to remain on the easement area that may damage or interfere with the installation or maintenance of utilities, or that may change the direction or flow of drainage channels in the easements, or that will limit or impede access to the utility and appurtenant equipment for repair, maintenance and replacement. The utility easement area of each Lot and all permitted Improvements in it will be maintained continuously by the Owner of the Unit, except for those Improvements for which a public authority or utility company is responsible, and except for Common Elements for which the Association is responsible under this Declaration or the Bylaws

5.3 **Future Easements.** Declarant reserves for its benefit the nonexclusive right and power to grant and record such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the development of any of the Property owned by Declarant. The location of any such easement will be subject to the written approval of the Owner of the burdened Unit, which approval will not unreasonably be withheld, delayed, or conditioned.

Article 6

GENERAL USE RESTRICTIONS

6.1 **Structures Permitted.** No structures may be erected or permitted to remain on any Lot except structures containing one Dwelling, and an ADU if permitted by applicable governmental regulations, and other structures normally accessory to a residential home, all of which must have been first approved by the Architectural Review Committee pursuant to Article 7. Structures normally accessory to a Dwelling include, but are not limited to, private greenhouses, storage units, private swimming pools, non-temporary structures for the storage of a boat or camping trailer for personal use, provided the location of such a structure is in conformity with the applicable governmental regulations, is compatible in design and decoration with the dwelling structure constructed on such Unit, and has been approved by the Architectural Review Committee. Any construction of an ADU or modification of a Dwelling to create an ADU from a portion of an existing Dwelling must be approved by the Architectural Review Committee.

6.2 **Residential Use.** Units may only be used for residential purposes. Except with the consent of the Board of Directors of the Association, no trade, craft, business, profession, commercial or similar activity of any kind may be conducted on any Unit, nor may any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any such Unit. The mere parking on a Unit of a vehicle bearing the name of a business will not, in itself, constitute a violation of this provision. Nothing in this paragraph will be deemed to prohibit (a) activities relating to the rental or sale of Dwellings, (b) the right of Declarant or any contractor or homebuilder to construct Dwellings on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any Dwelling as a sales or rental office or model home for purposes of sales or rental in Quail Ridge, and (c) the right of the Owner of a Unit to maintain a professional personal library, keep personal business or professional records or accounts, handle personal business or professional telephone calls or confer with business or professional associates, clients, or customers, in his or her Dwelling to the extent allowed for home occupations by the local jurisdiction. The Board of Directors will not approve commercial activities otherwise prohibited by this paragraph unless the Board of Directors determines that only normal residential activities would be observable outside of the Unit and that the activities would not be in violation of applicable governmental ordinances.

6.3 **Leasing and Rental of Dwellings.** No Owner may lease or rent his or her Dwelling for a period of less than 30 days. All leases or rentals must be by written lease agreement, which must provide that the terms of the lease are subject in all respects to the provisions of this Declaration and Bylaws of the Association, and Rules and Regulations adopted by the Association thereunder, and that any failure by the lessee or tenant to comply with the terms of such documents will be a default under the lease. If the Board of Directors finds that a lessee or tenant has violated any provision of such documents or Rules and Regulations, the Board may require the Owner to terminate such lease or rental agreement. Other than the foregoing, there is no restriction on the right of any Owner to lease or rent his or her Dwelling.

6.4 **Offensive or Unlawful Activities.** No noxious or offensive activities will be carried out upon the Property, nor will anything be done or placed on the Property which interferes with or jeopardizes the enjoyment of the Property, or which is a source of annoyance to Owners or occupants.

No unlawful use may be made of the Property nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction over the Property must be observed. Owners and other occupants will 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, family members, invitees, or directed at the managing agent of the Association, its agents, employees, or vendors, or at members of the Board of Directors.

6.5 **Animals.** No animals, livestock, or poultry of any kind may be raised, bred, or kept or permitted within any Unit other than a reasonable number of ordinary household pets which are not kept, bred or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance. The Board of Directors has the authority to determine what is an "ordinary household pet." Any hostile, overly aggressive, unrestrained, or unattended barking dog, constitutes a nuisance. Any inconvenience, damage or unpleasantness caused by such pets is the responsibility of their respective owners. No animal is permitted to roam the Property unattended, and all dogs must be kept on a leash while outside a Lot. An Owner or occupant may be required to remove a pet upon receipt of the third written notice from the Association Board of Directors of violations of any Rule or Regulation or restriction governing pets within the Property. Dog runs and doghouses must be fully screened or fenced from view from any other Unit and must not be visible from the street. The design and construction of such screening, enclosure, or doghouse is subject to guidelines adopted by the Architectural Review Committee.

6.6 **Maintenance of Improvements on Lots.** Except to the extent of the responsibility of the Association as provided in this Declaration or the Bylaws under Article 9, each Owner must maintain the Improvements on the Owner's Lot, including landscape, decks, porches, walkways and driveways, and sidewalks over the Owner's Lot or between the street and the Owner's Lot, in a clean and attractive condition, in good repair to conform to the general standards of maintenance and care as determined by the Architectural Review Committee, and so as not to create a fire or other hazard, including keep the Improvements and sidewalks reasonably free of leaves, ice, and snow. Unless it is the express responsibility of the Association hereunder, such maintenance includes without limitation, exterior painting or staining and repair, replacement and regular care for roofs, gutters, downspouts, exterior building surfaces, walks, lights, perimeter fences, retaining walls and other exterior Improvements and glass surfaces. All repainting or re-staining, any change in type of roof or roof color and any exterior remodeling or changes are subject to prior review and approval by the Architectural Review Committee. Damage caused by fire, flood, storm, earthquake, riot, vandalism or other causes are likewise the responsibility of each Owner and must be restored within a reasonable period of time. Any change in appearance to a Dwelling or other Improvements on a Lot must first be approved by the Committee as set forth in Article 7.

6.7 **Recreational and Commercial Vehicles.** Except as may otherwise be provided in the Rules and Regulations of the Association, parking of boats, trailers, campers or other recreational or commercial vehicles or equipment, regardless of weight, and parking of any other vehicles with a gross vehicle weight in excess of 9,000 pounds is not allowed on any part of the Property or on public streets within the Property, except only within areas that may be designated, if any, for such purposes by the Board of Directors, or within the confines of an enclosed garage. Vehicles may not be used for storage of materials for more than 48 hours without approval from the Architectural

Review Committee. Any vehicle in violation of this Section can be towed or impounded as provided in Section 11.1(c) below.

6.8 **Vehicles in Disrepair.** No Owner will permit any vehicle that is in an extreme state of disrepair to be abandoned, to remain parked on the Owner's Lot unless screened from view, or to remain parked on any Common Element or on any street for a period in excess of 48 hours. A vehicle will be deemed in an "extreme state of disrepair" when the Board of Directors reasonably determines that its presence offends the occupants of the area due to its appearance or continued inoperability. Should any Owner fail to remove such vehicle within five days following the date on which the Association mails notice to him or her, 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 **Noisy and Hazardous Vehicles.** The Board of Directors may restrict access to the Property of any vehicle, which, in the reasonable determination of the Board of Directors, is too noisy or constitutes a safety hazard.

6.10 **Parking.** Parking of vehicles by Owner is restricted to the Owner's garage or driveway. Parking in the street by Owner is prohibited, except for any parking areas, if any, so designated by the Board of Directors.

6.11 **Signs.** No signs may be erected or maintained on any Lot or Dwelling except as follows:

(a) not more than one "For Sale" sign temporarily displayed on a Lot by the Owner, Declarant, or by a licensed real estate agent, which may not exceed 24 inches high and 36 inches long, or two such signs during the course of initial construction of a Dwelling on such Lot.

(b) the Board of Directors must, by appropriate rule: (i) permit temporary placement of a sign, at a place and of a size and appearance designated by the Board, indicating that a Unit is for sale or lease; (ii) allow the display of the "flag of the United States" as defined in RCW 64.90.510(1) in an appropriate manner, time, and place; and (iii) allow signs regarding candidates of public or Association office, or ballot issues, in an appropriate manner, place, size, and time without regard to sign content otherwise, about which the Board may adopt reasonable Rules and Regulations.

Without limiting the generality of the foregoing, "For Rent" and "For Lease" signs are prohibited.

6.12 **Rubbish and Trash.** Trash, garbage, and other waste must be kept in sanitary containers, screened from public view. No part of the Property may be used as a dumping ground for trash, garbage, waste, debris, or rubbish of any kind. Yard rakings, dirt and other material resulting from landscaping work may not be dumped onto Units, streets, or Common Elements. Should any Owner or occupant responsible for its generation fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any streets or the Property where deposited by such person within 10 days following the date on which notice is mailed to the Owner or occupant by the Board of Directors of the Association, the Association may have such materials removed and charge the expense of such removal to the Owner. Owners must comply with trash container placement

requirements for garbage and recycling collection, based upon direction from the applicable garbage/recycling collection service.

6.13 **Maintenance of Landscaping.** Each Owner is responsible for installing and maintaining the landscaping on his or her Lot neatly trimmed, properly cultivated, and free of trash, weeds, and other unsightly material. An Owner may not remove street trees, materially change the Front Yard landscaping, or install additional Front Yard landscaping other than annual flowers without the prior written approval of the Architectural Review Committee. Vegetation around structures must be maintained or modified for a minimum distance of 30 feet around structures to prevent the rapid spread of fire to or from the Lot. Such clearance will be established prior to framing and maintained upon completion consistent with the Uniform Building Code, Appendix A, Article 16. This provision does not preclude the establishment of typical residential landscaping such as trees, shrubs, bulbs, perennials, and other groundcover generally associated with residential development, but is intended to prevent the overgrowth of grasses and shrubs which exist unmaintained on a Lot and which could contribute to the rapid spread of fire. No weeds, noxious plants, or unmaintained vegetation may be planted or allowed to grow on a Lot. No tree over 6-inches in diameter measured 4-feet above adjacent grade may be removed without the prior approval of the Architectural Review Committee.

6.14 **Installation of Landscaping.** All landscaping (including in the Front Yard, side, and back yards) must be completed within six months from the date of occupancy of the Dwelling constructed on a Lot. Landscaping must include at least grass, and rock mulch or dust bark (unless the Architectural Review Committee adopts a formal xeriscape plan by resolution approved by the Board of Directors) and must be maintained in harmony with surrounding landscaping. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval of the Architectural Review Committee.

6.15 **Temporary Structures.** No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuildings may be used on any Lot at any time as a residence either temporarily or permanently, except during the period of initial construction of a Dwelling on the Lot. No structure may be occupied before it is connected to power, water and sewer, and before issuance of a certificate of occupancy by the City of Richland.

6.16 **Fences and Hedges.** No fences or boundary hedges may be installed without prior approval of the Architectural Review Committee consistent with Design Guidelines adopted by the Architectural Review Committee. Fences may not exceed six feet in height. Fences must be well constructed of suitable materials and may not detract from the appearance of the adjacent structures and buildings.

6.17 **Service Facilities.** Service facilities (garbage cans, fuel tanks, clotheslines, clothesline poles, and other outside drying of clothes, linens and such, firewood, gardening tools, and equipment, etc.) must be screened so that the items screened are not visible at any time from the street or a neighboring Unit. Appliances may not be stored outside, except for barbecues in the back yard. All heat pumps and condenser units (or other utilities and devices commonly placed outdoors) must be placed or screened to reduce visual impact and noise to surrounding Units or Common Elements. All telephone, power, natural gas, cable television, and other communication lines must be placed underground, except as otherwise mandated by a Governing Authority or public utility companies affecting the Property.

6.18 **Outside Furniture and Hot Tubs.** Furniture permitted to be left outside a Dwelling is limited to items commonly accepted as outdoor or patio furniture. Hot tubs are allowed with the prior written permission of the Architectural Review Committee. The hot tub must be installed out of sight of the main traffic patterns. Locking covers are required and must remain locked when not in use.

6.19 **Window Coverings.** Window coverings visible from the outside of the Dwelling must be: (a) in good working order; (b) a neutral color compatible with the home/trim color; and (c) of a design and materials standard in the window dressing industry such as drapes, mini-blinds, shades, etc. Sheets, blankets, plastic sheets, paper, foil, etc. are not allowed in windows.

6.20 **Air Conditioning Units.** Window air conditioning units are prohibited.

6.21 **Firearms and Fireworks.** No firearms may be discharged within Quail Ridge at any time. Firearms must always be unloaded while in Quail Ridge. Weapons including "BB" guns, pellet guns, dart guns, paint-ball guns, and any other weapon capable of firing a projectile are considered firearms. Fireworks may be used only in accordance with all applicable federal, state, and local governmental requirements. If their use is allowed by such Governmental Authority, following use Owners and their guests must promptly clean up any fireworks used or discharged in Quail Ridge. Discharge of firearms or fireworks of any type in, over, or toward any Common Element is prohibited.

6.22 **Nonbiodegradable Substances.** No motor oil, paint, or other caustic or nonbiodegradable substance may be deposited in any street drain, sewer system or on the grounds within Quail Ridge. Any fine or costs associated with the cleanup of any nonbiodegradable substance that is caused by any Owner or their guests is responsibility of the offending Owner.

6.23 **Antennas and Satellite Dishes.** Exterior antennas, satellite receiver and transmission dishes and other communication devices are not permitted to be placed upon any Unit except in accordance with rules established by the Architectural Review Committee in accordance with Section 7.3.

6.24 **Exterior Lighting or Noisemaking Devices.** Except with the consent of the Architectural Review Committee, no exterior lighting or noise making devices may be installed or maintained on any Unit, other than as originally installed by the builder of the home and security and fire alarms. Outside lighting must be designed to prevent unnecessary light spillage onto adjoining Units, Common Elements, or public streets, and no high output exterior lighting, including, but not limited to mercury vapor and halide lights, may be installed without the specific approval of the Architectural Review Committee. The size and design of light standards and fixtures will be considered by the Architectural Review Committee in its review of plans. 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.

6.25 **Pest Control.** No Owner will permit any thing or condition to exist upon any portion of the Property, which could induce, breed or harbor infectious plant or animal diseases or noxious insects or vermin.

6.26 **Grades, Slopes and Drainage.** Each Owner of a Unit accepts the burden of, and will not in any manner alter, modify, or interfere with the established drainage pattern and related

grades, slopes and courses related thereto over any Lot or Common Element without the express written permission of the Architectural Review Committee, and then only to the extent and in the manner specifically approved. No structure, plantings, or other materials may be placed or permitted to remain on or within any grades, slopes, or courses, nor may any other activities be undertaken, which may damage or interfere with established slope ratios, may create erosion or sliding problems, or which may change the direction of flow, or obstruct or retard the flow of water through drainage channels.

6.27 **Additional Restrictions.** Each Owner of a Unit, and the Owner's family, tenants, contractors, guests, and invitees, must also comply with any additional use restrictions contained in any amendment to the Declaration annexing such Unit to Quail Ridge.

6.28 **Building Materials.** All building materials to be incorporated into and visible as a part of the external structure of any building or other structure may be regulated by the Architectural Review Committee as provided in Article 7.

6.29 **Subdividing and Partitioning Units; No Timeshare.** Except as otherwise provided in this Declaration, no Unit may be divided by subdivision or partition, nor may a Unit's boundary lines be adjusted, without the consent of the Declarant before the Transition Meeting, and after the Transition Meeting without the approval of the City of Richland and the prior written approval of the Architectural Review Committee. No Unit Owner may use a Dwelling for timesharing or subject a Dwelling to a condominium form of ownership.

6.30 **Completion of Improvements.** All structures (including flat work) constructed within the Property must be erected and completed within one year after the commencement of construction. All remodeling, reconstruction or enhancement of structures must be completed within one year of the commencement of construction. Commencement of construction will be deemed to be the date upon which a building permit was first issued for the construction, or, if no building permit was obtained, the date on which lot clearing, demolition or remodeling commenced.

6.31 **Association Rules and Regulations.** In addition, the Board of Directors 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 (including, without limitation, use of playground and parking areas) as it may deem necessary or appropriate to assure the peaceful and orderly use and enjoyment of the Property. Prior to the Transition Meeting, the Board of Directors may adopt, modify, or revoke any Rule or Regulation without specific prior notice to the Owners; after the Transition Meeting has occurred, before adopting, modifying, or revoking any Rule or Regulation, the Board must provide notice to the Owners as required by the Act. In any event, the Board of Directors will deliver a copy of such Rules and Regulations, upon adoption, and a copy of each amendment, modification, or revocation promptly to each Owner. The Board must deliver a copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification, or revocation promptly to each Owner. The Board of Directors will be the body to adopt the Rules and Regulations on behalf of the Association, except as may be otherwise provided in the Bylaws.

Article 7

ARCHITECTURAL REVIEW COMMITTEE

7.1 Architectural Review. No Improvement may be commenced, erected, placed, or altered on any Unit 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 Architectural Review Committee. It is the intent and purpose of this Declaration to ensure quality of workmanship and materials and to assure harmony of external design with the existing Improvements and as to location with respect to topography and finished grade elevations and compliance with the setback requirements contained in applicable governmental development code standards. The building plans to be submitted must consist of one complete set of plans and specifications in the usual form showing insofar as appropriate, (i) the size and dimensions of the Improvements, (ii) the exterior design, (iii) approximate exterior color scheme, (iv) location of Improvements on the Unit, including setbacks, driveway and parking areas, and (v) location of existing trees to be removed. These plans and specifications will be left with the Committee until 60 days after the Committee has received notice of completion, so that the Committee can determine whether, after inspection by the Committee, the Improvement complies substantially with the plans and specifications submitted and approved. The Committee 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 Architectural Review Committee. The Committee may charge a reasonable fee to cover the cost of processing the application. In all cases in which the Architectural Review Committee consent is required by this Declaration, the provisions of this Section apply, except that this Section does not apply to construction by Declarant or affiliates or any partner of Declarant.

7.2 Committee Decision. The Architectural Review Committee must render its decision with respect to the construction proposal within 30 business days after it has received all material required by it with respect to the application. If the Committee fails to render its approval or disapproval within 45 business days after the Committee 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 thereof, approval will not be required and the related provisions of this Declaration will be deemed to have been fully complied with.

7.3 Committee Discretion. The Architectural Review Committee may, at its sole discretion, withhold consent to any proposed work if the Committee finds the proposed work would be inappropriate for the particular Unit or incompatible with the design standards that the Committee has adopted for Quail Ridge. Considerations of the Committee may include, but are not limited to the following: siting, shape, size, color, design, materials, height, solar access, screening, impairment of the view from other Units or other effects on the enjoyment of other Units, disturbance of existing terrain and vegetation, and any other factors that the Committee reasonably believes to be relevant. The Committee may take all such things into account in determining whether to consent to any proposed work. Regulations on siting of television antennas and satellite receiving dishes must be in conformance with any applicable Federal Communications Commission rules.

7.4 Membership: Appointment and Removal. The Architectural Review Committee will consist of as many persons, but not less than two, the Declarant may from time to time appoint to the Committee. The Declarant may remove any member of the Committee from office at its discretion at any time and may appoint new or additional members at any time. The Association will keep on file at its principal office a list of the names and addresses of the members of the Committee. Before the Transition Meeting, Declarant may at any time delegate, and after the Transition Meeting

Declarant must delegate, to the Board of Directors the right to appoint or remove members of the Architectural Review Committee. In such event, or if Declarant fails to appoint an Architectural Review Committee, the Board of Directors will assume responsibility for appointment and removal of members of the Architectural Review Committee, or if it fails to do so, the Board of Directors will serve as the Architectural Review Committee.

7.5 **Majority Action.** Except as otherwise provided in this Declaration, a majority of the members of the Architectural Review Committee have the power to act on behalf of the Committee. The Committee may render its decision only by written instrument setting forth the action taken by the consenting members.

7.6 **Liability.** Neither the Architectural Review Committee nor any member thereof will 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 Committee or of a member of the Committee. The Association will indemnify the Committee and its members therefrom, provided only that the member has acted in good faith in accordance with his or her actual knowledge.

7.7 **Nonwaiver.** Consent by the Architectural Review Committee to any matter proposed to it or within its jurisdiction will 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 Architectural Review Committee to the Board of Directors of the Association pursuant to Section 7.4, any Owner adversely affected by action of the Architectural Review Committee may appeal such action to the Board of Directors of the Association. Appeals must be made in writing within 10 days of the Committee's action and contain specific objections or mitigating circumstances justifying the appeal. A final, conclusive decision will be made by the Board of Directors of the Association within 15 business days after receipt of such notification.

7.9 **Effective Period of Consent.** The Architectural Review Committee's consent to any proposed work will automatically be revoked one year after issuance unless construction of the work has been substantially commenced in the judgment of the Architectural Review Committee and thereafter diligently pursued, unless the Owner has applied for and received an extension of time from the Committee.

7.10 **Estoppel Certificate.** Within 15 business days after written request is delivered to the Architectural Review Committee by any Owner, and upon payment to the Committee of a reasonable fee fixed by the Committee to cover costs, the Committee will provide such Owner with an estoppel certificate executed by a member of the Committee and acknowledged, certifying with respect to any Unit owned by the Owner, that as of the date thereof, either: (a) all Improvements made or done upon or within such Unit by the Owner comply with this Declaration, or (b) such Improvements do not so comply, in which event, the certificate will also identify the noncomplying Improvements and set forth with particularity the nature of the noncompliance. Any purchaser from the Owner, and any mortgagee or other encumbrancer, will be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as between or among Declarant, the Architectural Review Committee, the Association, and all Owners, and such purchaser or mortgagee.

7.11 **Enforcement.** If during or after construction, the Architectural Review Committee finds that construction does not comply with the approved plans, the Committee may require that construction be stopped or conforming changes to be made. The cost of any required changes will be borne by the Owner. The Committee has the power and authority to order any manner of changes or complete removal of any Improvement, alteration, or to order other changes to a Unit or the Improvements thereon for which prior written approval from the Committee would be required but was not obtained or waived in writing. The cost of the remediation that the Committee orders will be at the Owner's expense. If an Owner fails to comply with an order of the Committee, then, subject to the Owner's right of appeal under Section 7.8, either the Architectural Review Committee or the Association may enforce compliance in accordance with the procedures set forth in Section 11.1 below.

Article 8 ASSOCIATION

Declarant will organize an association of the Owners within Quail Ridge. The Association, its successors and assigns, will be organized as a Washington nonprofit corporation under the name "**Quail Ridge Owners Association**" and will have property and real estate interests, powers, and obligations as are set forth in this Declaration and the Bylaws for the benefit of the Property and all Owners of Units in Quail Ridge.

8.1 **Organization.** Declarant will, before the first Unit is conveyed to an Owner, organize the Association as a nonprofit corporation under the general nonprofit corporation laws of the State of Washington. The Articles of Incorporation of the Association will provide for its perpetual existence, but if the Association is at any time dissolved, whether inadvertently or deliberately, an unincorporated association of the same name will automatically succeed it. In that event, the assets of the Association will be dedicated to a public body, or all of the property, powers, and obligations of the incorporated association existing immediately prior to its dissolution will be automatically vest in the successor unincorporated association, and such vesting will afterwards be confirmed as evidenced by appropriate conveyances and assignments by the incorporated association. To the greatest extent possible, the Articles of Incorporation and Bylaws of the Association will govern any successor-unincorporated association and will be deemed to constitute the governing documents of the unincorporated association.

8.2 **Membership.** Every Owner of one or more Units within the Property will, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of one or more Units within the Property, be a member of the Association. Such membership commences, exists, and continues simply by virtue of such ownership, expires automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

8.3 **Authority of Board of Directors.** The Board of Directors has all powers and authority permitted to the Board of Directors under the Act, this Declaration, and the Bylaws. The Association will own the Common Elements and arrange for goods and services necessary for the proper functioning of the Community, and the cost be shared among the Owners in the manner provided in Sections 10.6 and 10.7 below. Those goods and services may include the following:

(a) **Maintenance and Services.** The Association will provide maintenance and services for the Property as provided in Article 9 and other provisions of this Declaration.

(b) **Insurance.** The Association will obtain and maintain in force policies of insurance as provided in this Declaration or the Bylaws of the Association.

(c) **Rulemaking.** The Association will make, establish, promulgate, amend and repeal Rules and Regulations as provided in Section 6.31 of this Declaration or in the Bylaws.

(d) **Assessments.** The Association will adopt budgets and impose and collect Assessments as provided in Article 10 of this Declaration.

(e) **Enforcement.** The Association will perform such acts, even if they are not expressly authorized by this Declaration, which 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 Architectural Review Committee.

(f) **Employment of Agents, Advisors and Contractors.** The Association 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 person 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 managements, maintenance and operation of the Property.

(g) **Borrow Money, Hold Title and Make Conveyances.** The Association may borrow and repay moneys for the purpose of performing its duties under this Declaration, subject to ratification by the Unit Owners pursuant to RCW 64.90.405(4) when assigning the Association's right to receive future Assessments, and subject to Section 4.4(d) above, when encumbering 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 interest therein, including but not limited to easements across all or any portion of the Common Element, and will accept any real or personal property, leasehold or other property interests within Quail Ridge conveyed to the Association by Declarant.

(h) **Transfer, Dedication and Encumbrance of Common Element.** Except as otherwise provided in Section 4.4(d) above, the Association may not sell, transfer, or encumber all or any portion of the Common Element to a person, firm or entity, whether public or private.

(i) **Create Classes of Service and Make Appropriate Charges.** The Association may, in its sole discretion, create various classes of service and make appropriate special allocations of Assessments therefor 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. In addition, the Board of Directors will have the right to discontinue any service upon nonpayment of Assessments or to eliminate such service for which there is no demand or adequate funds to maintain the service.

(j) **Implied Rights and Obligations.** The Association may exercise any other right or privilege reasonably to be implied 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.

8.4 **Bylaws.** The Declarant has adopted the Bylaws as the initial Bylaws of the Association to provide for the administration of the Community consistent with this Declaration and the Act.

8.5 **Declarant-Appointed Board.** Prior to the conveyance of the first Unit, the Declarant will manage the Community and may appoint the initial directors on the Board of Directors of at least one and not more than three people, none of whom have to be Owners. This Declarant-appointed Board of Directors exercises the rights, duties, and functions of the Board of Directors as set forth in this Declaration until the Declarant calls a special meeting of the Association for the purpose of electing an Owner's representative to the Board of Directors as set forth in Section 8.6. **Error! Reference source not found.** However, after appointing the initial directors to the Board of Directors, Declarant, in the exercise of its sole discretion, may at any time remove such directors and appoint replacement directors except as limited in Section 8.9 below. Prior to the Transition Meeting, directors who are members of the Association other than the Declarant or a successor declarant will be elected by the Association to the Board in accordance with Section 4.1 of the Bylaws.

8.6 **Transition Meeting.** Declarant will call a special meeting of the Association for the purpose of electing the Owner Board of Directors (the "**Transition Meeting**"), which must be held no later than 60 days from the date on which the Declarant has closed the sale of 75 percent of the Units which may be created and subjected to this Declaration and made a part of Quail Ridge. At the special meeting, the initial directors will resign, and in accordance with the Bylaws the Owners will elect the fully elected Board of Directors, at least four of whom must be Owners. The directors will serve without compensation. The number of directors in the fully elected Board will be as stated in the Bylaws. Notwithstanding, Declarant may record an amendment to this Declaration in which Declarant voluntarily surrenders control of the Association earlier than is required to elect the fully elected Board pursuant to this Section. If Declarant does so, in the recorded surrender Amendment, Declarant has the right to require that specified actions of the Board be approved by Declarant before such actions can become effective. Declarant's approval rights terminate on the date Declarant would have been required to elect the final Board pursuant to this Section. Within 60 days after the date Declarant was required to elect the final Board, Declarant will deliver to the Board or its representative those records and documents required to be delivered by RCW 64.90.420(1).

8.7 **Term of Directors.** The term of office of the directors elected pursuant to Section 8.6 is as stated in the Bylaws.

8.8 **Vacancies on Board of Directors.** Vacancies on the Board of Directors may be filled as provided in the Bylaws.

8.9 **Removal of Directors by Owners.** The Owners, by a two-thirds vote of the voting power in the Association present and entitled to vote at any meeting of the Owners at which a quorum is present, may remove any member of the Board of Directors with or without cause, other than a member appointed by the Declarant. The Declarant may not remove any member of the Board of Directors elected by the Owners. Prior to the election of the Board of Directors by the Owners pursuant to Section 8.6, the Owners, other than the Declarant, may remove, by a two-thirds vote, any Owner's representative elected by the Owners pursuant to Section 4.1 of the Bylaws.

8.10 **Quorum.** A majority of the members of the Board of Directors is required for a quorum. The Board of Directors act by majority vote of those present at its meetings where a quorum exists. Meetings may be called, held, and conducted in accordance with such rules and regulations as the Board of Directors may adopt.

8.11 **Indemnification.** Except directors or officers elected or appointed by the Declarant who breach a fiduciary duty owed to the Owners, every director and officer will be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases where the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification provided herein applies only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing rights of indemnification are in addition to and not exclusive of all other rights to which such director or officer may be entitled.

8.12 **No Personal Liability.** Except as provided in the Act for torts which were committed by the Declarant or for which the Declarant is expressly made liable, and so long as a director, or an Association committee member, or an Association officer, or Declarant exercising the powers of the Board of Directors, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person will be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; however, this Section does not apply where the consequences of such act, omission, error, or negligence are covered by insurance obtained by the Board of Directors.

8.13 **Liability for Utility Failure, Etc.** Except to the extent covered by insurance obtained by the Board, none of the Association, the Board, the Manager (as defined below), or the Declarant may be held liable for: the failure of any utility or other service obtained and paid for by the Association; any injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the Buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments may be claimed or allowed for any such liability or service failure, or for such injury or damage, or for such inconvenience or discomfort.

8.14 **Notice and Opportunity to be Heard.** Whenever this Declaration requires that an action of the Board of Directors be taken after "Notice and Opportunity to be Heard," the following procedure must be observed: The Board of Directors must give written notice of the proposed action to all Owners whose interest would be significantly affected by the proposed action. The notice must include a general statement of the proposed action and the date, time and place of the hearing, which will be not less than five days from the date notice is delivered by the board. At the hearing, the affected person will have the right, personally, or by a representative, to give testimony orally, in writing, or both (as specified in the notice), subject to reasonable rules or procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence will be considered

in making the decision will not bind the Board. The affected person will be notified of the decision in the way notice of the hearing was given. If the affected Owner is not satisfied with the decision of the Board, the matter will be resolved in accordance with Article 13 below.

8.15 Financial Statements and Records. The Association must establish and maintain its accounts and records in a manner that enable it to properly credit assessments for Common Expenses and specially allocated expenses, including allocations to reserves, and other income to the Association, and to charge expenditures, to the account of the appropriate Units in accordance with this Declaration. To ensure that the Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association must be reconciled at least annually unless the Board determines that a reconciliation would not result in a material savings to any Owner. Any surplus funds of the Association remaining after the payment of or provision for Common Expenses and any prepayment of reserves must be paid annually to the Owners in proportion to their Common Expense Liabilities or likewise credited to them to reduce their future Common Expense assessments. The Association must prepare or cause to be prepared, at least annually, a financial statement of the Association in accordance with accrual-based accounting principles. The annual financial statement must be audited annually by a certified public accountant who is not a member of the Board or an Owner; but if the Annual Assessments are less than \$50,000 in the aggregate, then the Owners may waive the audit each year by a vote of a majority of the total votes in the Association that are not allocated to Units owned by the Declarant. The financial statement must be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. The Association must also retain those records described in RCW 64.90.495.

8.16 Contracts Entered into by Declarant or Prior to Transition Meeting. Notwithstanding any other provision of this Declaration, any management, maintenance, operations, or employment contract, or lease of recreational or parking areas or facilities, or any other contract or lease between the Association and the Declarant or an affiliate of Declarant entered into by the Declarant or the Board of Directors on behalf of the Association prior to the Transition Meeting may be terminated by the Association without penalty within two years after the Transition Meeting, upon not less than 90 days' notice to the other party. Such contracts or leases entered into prior to the Transition Meeting must expressly set forth such termination rights.

Article 9

MAINTENANCE, UTILITIES AND SERVICES

9.1 Association Maintenance of Common Elements. The Common Maintenance Areas of the Property include the General Common Elements, the Limited Common Elements, if any, and to the extent expressly provided for in this Declaration or in an amendment annexing Additional Property to Quail Ridge, the General Easement Areas and the Limited Easement Areas. The Association will perform all maintenance upon the General Common Elements and Limited Common Elements, including but not limited to landscaping, irrigation systems, walks, private roads, entrance monuments and gates, fences, walls, and signs, parking areas, walkways and trails, unless the maintenance thereof is assumed by a public body or is assigned by the Declarant to the Master Association. The Association will maintain all landscaping within the Common Elements (including perimeter fences and retaining walls for the Common Elements that are not on boundaries with Lots) and will perform or cause to be performed lawn care, irrigation, plant pruning, and bark or rock mulch

application, if applicable. The Common Maintenance Areas will be maintained by the Association in an attractive condition and in a good and workmanlike manner to carry out the purpose for which such elements of the Property are intended. Such maintenance by the Association also includes maintenance, care, and replacement for the street trees between the General Common Elements and the public right of way. Fences and walls located on boundaries between General or Limited Common Elements and Lots will be deemed 'Boundary Fences' subject to the provisions of Section 9.5 below.

9.2 **Owner's Responsibility.** Except for maintenance, repair and replacement expressly assigned to the Association as set forth in this Declaration, or by written agreement with the Association, all maintenance of the Units and Improvements, including street trees, driveways, adjacent sidewalks, retaining walls, and fencing thereon is the responsibility of the Owner thereof, with shared fencing subject to the provisions of Section 9.5 below. Unit Owners must maintain their Units and Improvements in a neat and attractive condition in accordance with the community-wide standard of Quail Ridge. The Association will, 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 the maintenance responsibilities, the Board of Directors will 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 will proceed. The expenses of such maintenance by the Association will be reimbursed to the Association by the Owner, together with interest as provided in Section 11.5 below. Such charges will be specially allocated to such Unit as provided in Section 10.7.

9.3 **Maintenance of Utilities.** The Association will perform or contract to perform maintenance of all private utilities within Common Elements, such as sanitary sewer service lines, domestic water service lines, storm drainage lines and water detention facilities, except to the extent such maintenance is performed by the utilities furnishing such services or is assigned to the Unit Owner in this Declaration. The Association is not liable for any interruption or failure of such services. Each Owner is responsible for maintaining utility lines within his or her Unit, including those located in any Common Element Basement Area on the Unit's Lot, if the utility lines serve the Owner's Unit and no other.

9.4 **Limited Common Elements.** Such areas will be operated, maintained, replaced, and improved by the Association, but the entire cost thereof will be assessed equally to the owners of the Units to which such Limited Common Element pertains.

9.5 **Boundary Fences.** The responsibility for and cost of maintenance, repair, and replacement of fencing on a boundary line between Units as necessary for the Units and Improvements to remain in good repair and condition, will be shared equally by the Owners on either side of the fence except to the extent the need for such repair or replacement arises from the gross negligence or intentional misconduct of an Owner. Other fences enclosing a Unit are the Owner's responsibility, including any fence located in the Front Yard. Fences on boundary lines between Units and Common Elements will be the sole responsibility of the Unit Owner, except as otherwise provided in this Declaration.

9.6 **Security.** The Association may, but is not obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be, including, without limitation, exterior lighting for Common Elements. Neither the Association nor

Declarant may in any way be considered an insurer or guarantor of security within the Property, nor can any Person hold either of them 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 committees, the Declarant, and any successor declarant are not insurers and that each person using the Property assumes all risks for loss or damage to person, to property and to the contents of Units resulting from acts of third parties and each such person releases the Association, the Board and committees, the Declarant, and any successor declarant from any liability therefor.

9.7 **Services.** The Association will provide or contract for services the Board reasonably deems to be beneficial to the Property, including, without limitation, landscape services, garbage and trash removal for Common Elements. The cost of any such service or benefit that is available to some but not all Units in Quail Ridge will be specially allocated to the benefitted Units.

9.8 **Damage or Destruction by Casualty to Common Elements.** In the event of damage or destruction by casualty of any structures erected on the Common Elements, the damage or destruction must be repaired, reconstructed, or rebuilt unless, within 14 days of such damage or destruction, the Board of Directors or more than 10 percent of the Owners have requested a special meeting of the Association. Such special meeting must be held within 30 days of the date of damage or destruction. At the time of such meeting, unless 80 percent of the Owners, whether in person, by writing or by proxy, with the approval of 75 percent or more of the mortgagees if and as required by this Declaration, vote not to repair, reconstruct or rebuild the damaged property, the damage or destruction will be repaired, reconstructed or rebuilt, with the work commencing as soon as reasonably possible. In the event any portion of the insurance proceeds paid to the Association are not used to repair, reconstruct, or rebuild the damaged or destroyed Common Elements the proceeds attributable to Common Elements will be distributed to all Unit Owners or lienholders, as their interest may appear in proportion to the Common Expense liabilities of all the Units. If the insurance proceeds are not sufficient to pay the entire cost, the cost of repair or replacement not paid from insurance proceeds is a Common Expense, and the Board of Directors, if necessary, may assess the Owner of each Unit such additional amounts as required to pay the cost of restoration. The responsibility for payment of the amount of the deductible in the Association's insurance policy is the responsibility of the Owners, who must maintain the insurance policies set forth in Article 7 of the Bylaws. If all of the damaged or destroyed portions of the Common Elements are not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area in a condition compatible with the remainder of the Community.

9.9 **Owner Liability for Damage.** If due to any act, omission, or neglect of an Owner or a member of his or her family or his or her household pet or of a guest or other occupant or visitor of such Owner, damage is caused to the Common Elements or any Common Maintenance Areas, and repairs or replacements are required that would otherwise be a common expense assessed to some or all of the members of the Association, then such Owner must pay for such damage and such maintenance, repairs or replacements as may be determined by the Association, to the extent not covered by the Association's insurance.

Article 10 ASSESSMENTS

10.1 **Fiscal Year.** The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

10.2 **Preparation of Budget.** Not less than 30 days before the end of the fiscal year, the Board will prepare a budget for the Association for the coming year. In preparing its budget the Board will estimate the Common Expenses and Special Allocations of the Association to be paid during the year and will take into account any surplus or deficit carried over from the preceding year and any expected income to the Association. The budget must include the projected income of the Association by category, the projected Common Expenses and those specially allocated expenses that are subject to being budgeted, the amount of the Assessments per Unit, and the date the Assessments are due, the current amount of regular Assessments budgeted for contribution to the reserve account, a statement of whether the Association has a reserve study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study, and the current deficiency or surplus in reserve funding expressed on a per Unit basis.

10.3 **Ratification of Budget.** Within 30 days after adoption of any proposed budget for the Community, the Board must provide a summary of the budget to all the Owners and must 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 to which a majority of the votes in the Association are allocated reject the budget, the budget and the Assessments against the units included in the budget will be ratified, even if a quorum is not present. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners will continue to be effective until such time as the Owners ratify a subsequent budget proposed by the Board. If the Board proposes a supplemental budget during any fiscal year, then the budget will not take effect unless ratified by the Owner in accordance with this Section.

10.4 **Supplemental Budget.** If during the year the budget proves to be inadequate for any reason, including nonpayment of assessments, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget is subject to ratification pursuant to Section 10.3 above.

10.5 **Monthly Assessments.** The amounts required by the Association for Common Expenses and Special Allocations as reflected by the annual budget and any supplemental budgets will be divided into monthly installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly assessment for each Unit is the total of the Special Allocations, and those Common Expenses which may not be specially allocated, multiplied by the Allocated Interest for that Unit. Monthly assessments begin accruing for all Units upon the closing of the sale of the first Unit by the Declarant; however, the Declarant may delay the commencement of assessments for some or all of the common expenses or specially allocated expenses, or both, in which case, Declarant will pay all of the common expenses or specially allocated expenses the assessments for which have been delayed with no allocation to reserves. Declarant may delay commencement of assessments for such units annexed to Quail Ridge in future phases in the same manner.

10.6 **Common Expenses.** Common Expenses include the cost of operation, maintenance, inspection, repair and replacement of the Common Elements and other Common Maintenance Areas, the general expenses of the Association, including management and professional fees and costs, insurance, and any other costs that benefit all Units. Common Expenses are allocated equally to all Owners in accordance with their Allocated Interests except where those expenses are specially allocated pursuant to Section 10.7 below.

10.7 **Special Allocations.** Special Allocations are those Common Expenses that the Association specially allocates to selected Units as permitted under this Section. The Association will, to the extent reasonably feasible, in a reasonable and non-discriminatory manner, specially allocate the following Common Expenses as follows:

(a) **General.** In determining whether a Special Allocation is practicable and non-discriminatory, the Association must consider the extent to which certain Units benefit more than other Units with regard to the Limited Common Elements involved in each particular case, whether it is possible to separately contract for the applicable service, and the amount of the liability or expense involved. The Board has discretion to not make any Special Allocations and, instead, treat the particular expense as a Common Expense, if the Board determines that the administrative burden is disproportionate to the differential achieved by the Special Allocation. The Association may impose deposit requirements, late charges, billing procedures, and other similar measures regarding Special Allocations as the Association may determine is appropriate in its reasonable discretion.

(b) **Special Allocations for Annexed Units.** If an amendment to the Declaration annexing Additional Property provides for a Special Allocation of Common Expenses to one or more of the Units in the Additional Property, the Board will specially allocate those expenses accordingly.

(c) **Limited Common Elements.** All expenses and liabilities attributable to the operation, maintenance, repair, and replacement of the Limited Common Elements and Limited Easement Areas, if any, will be specially allocated in equal shares to the Unit or Units to which such Limited Common Elements are allocated.

(d) **Allocation of Costs and Liability Not Covered by Insurance.** Any cost or liability not covered by insurance maintained by the Owners or Association, including the cost of deductibles and any coinsurance, will be allocated: (a) to the applicable Owner to the extent the same relates to the Improvements on such Owner's Unit or assigned Limited Common Elements; and (b) to the Owners in accordance with their Common Expense Liability to the extent the same relates to the General Common Elements. Notwithstanding the foregoing, each Owner bears all of the costs and liability for claims made against such Owner to the extent caused by its negligent or wrongful acts or omissions, and an Owner's responsibility for such acts or omissions may not be directly or indirectly shifted to any other Owner through a Special Allocation under this Section. This Section is for the sole benefit of Owners and the Association and does not affect any waivers of subrogation rights set forth herein or elsewhere.

10.8 **Contribution to Initial Working Capital Fund.** In connection with the closing of the sale of each Unit, the purchaser thereof must pay to the Association, as a nonrefundable contribution to a working capital fund, \$100.00 which amount may not be considered as an advance payment of regular assessments. Declarant may not use any of the working capital fund to defray any of Declarant's expenses, reserve contributions, construction costs, or to make up any budget deficits.

The Board will determine in its discretion the amount of the fund to be used for working capital and for reserves.

10.9 **Special Assessments.** For those Common Expenses, including Special Allocations, which cannot reasonably be calculated and paid monthly, the Board may levy Special Assessments for such expenses against the Units, subject to ratification by the Owners pursuant to Section 10.3. To the extent that the need for any Common Expense is caused by the misconduct of an Owner or relates to the repair of any Unit, the Association may, after Notice and Opportunity to be Heard, levy a Special Assessment for the expense against the Owner's Unit.

10.10 **Creation of Reserves; Assessments.** The Board must establish a reserve account to fund major maintenance, repair, or replacement of those Common Elements all or a part of which will normally require such maintenance, repair or replacement in more than 1 and less than 30 years. The operation of reserve accounts and assessments for reserve accounts will be further governed by the Bylaws.

10.11 **Notice of Assessments.** The Board must notify each Owner in writing of the amount of the monthly general and Special Assessments to be paid for the Owner's Unit and must furnish copies of all budgets and a brief description of the basis the Special Allocations and any Special Assessments were calculated. The Board will furnish the same information to an Owner's mortgagee if so requested.

10.12 **Payment of Assessments.** On or before the first day of each calendar month, each Owner must pay or cause to be paid to the treasurer or designated agent of the Association all assessments against the Unit for that month. Any assessment not paid by the 10th day of the calendar month for which it is due will be delinquent and subject to late charges, interest charges, and collection procedures as provided in this Declaration, the Act, or the Bylaws.

10.13 **Reconciliation of Assessments to Actual Expenses.** The Association must establish and maintain its accounts and records in such a manner that will enable it to credit the assessments for Common Expenses including Special Assessments, Special Allocations, and reserves, and other income to the Association to the account of the appropriate Units and make its expenditures from the appropriate accounts. The accounts of the Association must be reconciled as necessary to ensure the Owners are correctly assessed for the actual expenses of the Association, and any surpluses (or deficits) in the accounts will be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners who paid the surplus (or owe the deficit). Reconciliation is not necessary if the administrative cost of doing so will exceed the total adjustment likely to result from the reconciliation.

10.14 **Proceeds Belong to Association.** All assessments and other receipts received by the Association on behalf of the Community belong to the Association.

10.15 **Failure to Assess.** Any failure by the Board or the Association to make the budgets and assessments before the expiration of any year for the ensuing year may not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from

the obligation to pay assessments during that or any subsequent year, and the monthly assessments amounts established for the preceding year will continue until new assessments are established.

10.16 **Certificate of Unpaid Assessments.** Upon the request of any Owner or mortgagee of a Unit, the Board will furnish a certificate stating the amount, if any, of unpaid assessments charged to the Unit. The certificate is conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and mortgagees of the Unit who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate. In addition, the Board will furnish resale certificates to the extent required by RCW 64.90.640, and provide such other information reasonably requested by an Owner or its mortgagee, including an estoppel certificate confirming the identity of the Owner, its voting representative, amount and status of payment of Assessments, any significant anticipated expenses which are not reflected in the budget or for which adequate reserves are not maintained, a summary of any pending or threatened litigation, whether the Owner or its occupants and invitees are in compliance with this Declaration, any rules and regulations adopted by the Board, and any other information reasonably requested. The estoppel certificate will be based on the actual knowledge of the directors then serving on the Board and on a reasonable review of the books and records available to them.

10.17 **Recalculation of Assessments.** If Allocated Interests are changed, then assessments for Common Expenses and Special Allocations and any installment thereof not yet due will be recalculated in accordance with the changed Allocated Interests. The Assessments levied by the Association will be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the Owners and occupants of Quail Ridge and for the improvement, operation, and maintenance of the Common Elements.

10.18 **Billing and Collection of Assessments.** The manner of billing and collection of Assessments will be as provided in the Bylaws.

10.19 **Annexation of Additional Property.** When Additional Property is annexed to Quail Ridge, the Units included therein become subject to Assessments from the date of the recording of such annexation to the extent provided in Section 2.3. The Board of Directors of the Association, however, at its option may elect to recompute the budget based upon the additional Units subject to assessment and additional Common Elements and recomputed General Assessments for all Units, including the new Units, for the balance of the fiscal year. Notwithstanding any provision of this Declaration apparently to the contrary, a declaration amendment annexing Additional Property may provide that such Additional Property does not have the right to use a particular Common Element or facility located thereon, or that such Additional Property will not receive certain services by the Association that other Units receive, in which case such Additional Property will not be assessed for the costs of operating, maintaining, repairing, replacing or improving such Common Element or facility or for providing such services.

10.20 **Operations Fund.** The Association will keep all funds received by it as Assessments, other than reserves described in Section 10.21, separate and apart from its other funds, in a United States bank account in the name of the Association to be known as the "Operations Fund." All expenses of the Association will be paid from the Operations Fund or the Reserve Fund referred to in Section 10.21. The Association will use such funds exclusively for 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 Elements and of the Units 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, if any.

(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.

10.21 Reserve Fund.

(a) **Establishment of Account.** At the time of the recording of this Declaration, in respect of the Initial Property, the Declarant has determined that the Community would have only nominal reserve costs; therefore, Declarant will have no obligation to comply with the requirements of this Section 10.21 to conduct a reserve study and to fund the Reserve Fund unless and until the construction of Improvements (constructed at Declarant's sole discretion) for which the Association is made responsible pursuant to an amendment annexing Additional Property to this Declaration and would require compliance with the provisions of RCW 64.90.545(1), as the same may be amended. When such compliance is so required, Declarant will conduct a reserve study as described in paragraph (c) of this section and establish a United States bank account in the name of the Association (the "**Reserve Fund**") for replacement of common properties that will normally require replacement in whole or in part in more than 1 and less than 30 years, for exterior painting if the Common Elements or other property to be maintained by the Association include exterior painted surfaces, and for other items, whether or not involving Common Elements, if the Association has responsibility to maintain the items. The Reserve Fund need not include those items that could reasonably be funded from operating Assessments or for those items for which one or more Owners are responsible for maintenance and replacement under the provisions of this Declaration or the Bylaws.

(b) **Funding of Reserve Fund.** The Reserve Fund will be funded by Assessments against the individual Units assessed for maintenance of the items for which the Reserve Fund is being established, which sums will be included in the regular Annual Assessment for such Units. The Reserve Fund will 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 will be based on a reserve study prepared in accordance with this section (c) or other sources of information. The Board of Directors annually will 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 annually. 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 must be prepared in accordance with and include all components required by the Act.

(d) **Use of Reserve Fund.** The Reserve Fund may be used only for the purposes for which the reserves have been established and will be kept separate from other funds. Reserves for Common Elements and for Townhomes will be separately accounted for but need not be held in separate bank accounts. After the Transition Meeting, however, (i) the Board of Directors may withdraw funds from the Reserve Fund to pay for unforeseen or unbudgeted costs that are unrelated to replacement costs of the reserve components, provided the Board of Directors satisfies the notice and repayment requirements set forth in the Act applicable to such withdrawals, and (ii) the Board of Directors may withdraw funds from the Reserve Fund to pay for replacement costs of reserve components not included in the reserve study. Nothing in this section prohibits prudent investment of the Reserve Fund. Assessments paid into the Reserve Fund are the property of the Association and are not refundable to sellers or Owners of Units. Sellers of the Units, however, may treat their outstanding share of the Reserve Fund as a separate item in any sales agreement.

10.22 Lien Indebtedness. Unpaid Assessments are the separate, joint and several personal debts of the Owner or purchaser by voluntary conveyance of Units for which the same are assessed. Suit to recover a money judgment for unpaid Assessments is maintainable without foreclosing or waiving the lien securing same. The Association has a statutory lien on each Unit for any unpaid Assessment against that Unit from the time the Assessment is due. The Association's lien has priority over all other liens and encumbrances on a Unit except for: (i) liens and encumbrances recorded before this Declaration is recorded; (ii) mortgages and other security interests recorded before the due date of the unpaid assessment except as provided below in this Section; and (iii) liens for real estate taxes and other state or local governmental assessments or charges against the Unit. If the Association gives the holder of those security interests described in (ii) of this Section not less than 60 day prior written notice of delinquent assessments that complies with RCW 64.90.485(3)(a)(iii), then the Association's lien will have priority over such security interests for those Common Expense Assessments, including Special Assessments (but excluding any amounts for capital improvements made by the Association), which would have become due in the absence of acceleration during the six months immediately preceding the commencement of proceedings to foreclose either the Association's lien or such security interest, together with costs of foreclosure and attorneys' fees to the extent allowed by RCW 64.90.485. This limited lien priority over such security interests will not be available if the Association forecloses its lien non-judicially. A mortgagee of a Unit that obtains possession through a mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, will take the Unit free of claims for the share of assessments chargeable to the Unit by the Association that became due before such possession, but will be liable for the assessments and other authorized expenses accruing after such possession.

Article 11 ENFORCEMENT

11.1 Violation of General Protective Covenants. In the event any Owner constructs or permits to be constructed on his Unit an Improvement contrary to the provisions of this Declaration, or violates any provisions of this Declaration, the Bylaws of the Association, or the Rules and Regulations, then the Association acting through its Board of Directors will notify the Owner in writing of any such specific violations. If the Owner is unable, unwilling, or refuses to comply with the Association's specific directives for remedy or abatement, or if 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 and within 15 days of written notice to the Owner, then the Association acting through its Board of Directors, will 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 Unit in the Property, mailed to the mailing address of each Unit or mailed to the mailing address designated by the Owner of each Unit in writing, which fines will constitute Assessments that are specially allocated to such Unit for purposes of this Declaration;

(b) Enter the offending Unit and remove the cause of such violation, or alter, repair, or change the item which 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 will be payable to the Association as a specially allocated Assessment. No constructed Improvement will be altered or demolished in the absence of judicial proceedings;

(c) Cause any vehicle parked in violation of this Declaration or the Rules and Regulations to be towed and impounded at the Owners' expense;

(d) Suspend the voting rights for the period that the violations remain unabated, provided that the Association will not deprive any Owner of access to and from his or her Unit; and

(e) Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.

11.2 Default in Payment of Assessments; Enforcement of Lien. If an Assessment or other charge levied under this Declaration is not paid within 30 days of its due date, such Assessment or charge will become delinquent and 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 the defaulting 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, may the Association deprive any Owner of access to and from his Unit.

(b) The Association will have a lien in accordance with the Act against each Unit for any Assessment levied against the Unit, including any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Unit.

(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, will operate to satisfy the lien, or the portion thereof, for which recovery is made.

(d) The Association will have any other remedy available to it by law or in equity.

11.3 Reports to First Mortgagees. In response to a written request of any first mortgagee of a Unit, the Association will report to such mortgagee whether the Unit is current or past due with respect to Assessments.

11.4 Subordination of Lien to Mortgages. The lien of the Assessments or charges provided for in this Declaration will have priority over all other liens and encumbrances against a Unit except (i) liens and encumbrances recorded before the recordation of this Declaration; (ii) liens for real estate taxes and other state or local governmental assessments or charges against the Unit; and (iii) to the extent permitted under the Act, any security interest on the Unit which was made in good faith and for value and which was recorded prior to the date on which the unpaid assessment became due. Sale or transfer of any Unit will not affect the Assessment lien, but the sale or transfer of any Unit which is subject to any mortgage or deed of trust pursuant to a decree of foreclosure thereunder or any deed or proceeding, deed or assignment in lieu of foreclosure will extinguish any lien of an Assessment notice of which was recorded after the recording of the mortgage or trust deed. The unpaid Assessments from such foreclosure or sale will become a common expense of all Owners, including the mortgagee or purchaser, and such sale or transfer will not release the Unit 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 will bear interest from the due date until paid at the rate of 18 percent per annum, or such other rate as may be established by the Board of Directors from time to time, but in no event may the interest rate exceed the lawful rate of interest under RCW 19.52.020. 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 Unit, mailed to the mailing address of each Unit 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 (even if suit is not instituted). If the Association files a notice of lien, the lien amount will 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 of the Association.

11.6 Costs and Attorneys' Fees. In the event the Association brings any suit or action to enforce this Declaration, the Bylaws of the Association, or the Rules and Regulations, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant will pay to the Association all costs and expenses incurred by it in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action will recover such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof or in connection with any bankruptcy proceedings or special bankruptcy remedies.

11.7 Nonexclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of this Declaration will not prevent concurrent or subsequent exercise of another remedy permitted under this Declaration or applicable law. The remedies provided in this Declaration are not exclusive but will 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.

11.8 **Enforcement by City of Richland.** The provisions of this Declaration relating to preservation and maintenance of Common Elements will be deemed to be for the benefit of the City of Richland as well as the Association and Owners of Units, and the City may enforce such provisions by appropriate proceedings at law or in equity.

Article 12

DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

12.1 **Reserved Rights.** All of the Property and any Additional Property annexed to the Community is subject to development rights and special declarant rights reserved and granted to Declarant in this Declaration, including Declarant's right to do the following:

- (a) Add Additional Property or improvements, or both, to the Community.
- (b) Create Units, Common Elements, or Limited Common Elements but Declarant may not, without first obtaining the written approval of the affected Owners, take away any Limited Common Element allocated to a Unit, which is not owned by Declarant.
- (c) Subdivide or combine Units owned by Declarant, or an affiliate of Declarant.
- (d) Convert all or a portion of a Unit into a Common Element.
- (e) Reallocate Limited Common Elements among Units owned by Declarant.
- (f) Complete, maintain, repair, and replace improvements in Units or Common Elements which improvements may or may not be shown on the Map. This right specifically includes completing the original construction of the improvements in accordance with Declarant's plans and specifications, as the same may be changed from time to time, constructing additional improvements in connection with the sale of any Unit, performing inspections and completing work in connection with any warranty obligation of Declarant. This right does not terminate until the later of the period stated in Section 12.4 below, the date Declarant's warranty obligations expire for all Units and Common Elements, and the date any warranty claim asserted against Declarant is resolved to Declarant's satisfaction.
- (g) Establish, maintain or conduct within any Unit owned by Declarant and on the Common Elements: any sales offices, management offices, model Units, interior and exterior signs, and such other facilities as Declarant desires, and sales events and other activities relating to the marketing of Units advertising in connection with the construction, sale or rental of the Units.
- (h) Exercise all development rights reserved to Declarant under this Declaration.
- (i) Appoint or remove any officer or director of the Association and the right to veto or approve any proposed action of the Association until the Owner-elected Board of Directors is constituted pursuant to Section 8.6 above.
- (j) Attend meetings of the Owners and, except during an executive session, the Board.
- (k) Have access to the records of the Association to the same extent as an Owner.

(l) Assign any unassigned Limited Common Elements until two years after the date of closing of the sale of the last Unit owned by Declarant.

12.2 Right to Use Common Elements. Declarant reserves as a Development Right the right to use the Common Elements for ingress, egress, use of facilities, construction of improvements, and installation and connection of utilities as may be necessary or desirable to permit Declarant to exercise the Development Rights reserved in this Declaration. Common Expenses will include all expenses associated with the operation, maintenance, repair, and replacement of those Common Elements which Owners have the right to use, even if those Common Elements are subject to development rights.

12.3 Reallocation of Interests. Declarant will recalculate the votes and Allocated Interests whenever the exercise of a development right or special declarant right results in the change in an increase or decrease in the total number of Units, or a change in the basis upon which the initial allocations were made (such as a change in the total area of all Units). Declarant will state the reallocations in an amendment to this Declaration, which will require the signature of Declarant; authorization or approval of the Association is not necessary. Declarant will use the same formula to calculate those reallocations as stated in Section 2.2 that Declarant used to make the initial allocations.

12.4 Exercise and Termination of Development Rights. To exercise any Development Right (as defined in the Act), Declarant must prepare, execute, and record an amendment to the Declaration and comply with RCW 64.90.250 (exercise of development rights) and RCW 64.90.245 (amendment of the Map). Only the Declarant's signature is required on such an amendment; the authorization or approval of the Association is not necessary. Declarant may exercise Special Declarant Rights (as defined in the Act) without authorization or approval by the Association, except as expressly set forth in this Declaration. Except as otherwise provided in this Declaration, all Development Rights and Special Declarant Rights expire 25 years after the recording of this Declaration, but Declarant may voluntarily terminate any and all such rights at any time by recording an amendment to the Declaration, which amendment specifies which rights are thereby terminated. Any Development Right (i) may be exercised with respect to different portions of the Property at different times, (ii) no assurances are made regarding the boundaries of portions of the Property which may be subjected to the exercise of a Development Right or the order in which a Development Right may be exercised, and (iii) if a Development Right is exercised, it is not necessary that the Development Right be exercised in all or in any other portion of the remainder of the Property.

Article 13 DISPUTE RESOLUTION

13.1 Mediation. Except for disputes governed by chapter 64.50 RCW, any dispute between the Association and an Owner or between two or more Owners regarding Quail Ridge will be submitted to nonbinding alternative dispute resolution prior to initiation of any litigation, arbitration, or administrative proceeding.

13.2 Arbitration. Any claim, controversy, or dispute by or among Declarant, Association, the Architectural Control Committee, 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 will be first subject to mediation as described in Section 13.1 above, and if not timely settled by mediation, resolved by arbitration in accordance with this Article 13. The decisions and award of the arbitrator

will be final, binding, and non-appealable. The arbitration will be conducted in Richland, Washington, pursuant to the arbitration statutes of the State of Washington, and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration will be treated the same as filing in court for purposes of filing a notice of pending action ("lis pendens").

13.3 Selection of Arbitrator. A single arbitrator selected by mutual agreement of the parties will conduct the arbitration. The arbitrator selected will 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 10 days after a party's demand for arbitration, upon application of any party, the Presiding Judge of the Circuit Court of Benton County, Washington will designate the arbitrator.

13.4 Consolidated Arbitration. Upon demand by any party, claims between or among the parties and third parties will be submitted in a single, consolidated arbitration.

13.5 Discovery. The parties to the arbitration will be entitled to such discovery as would be available to them in an action in Benton County Circuit Court. The arbitrator will 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.

13.6 Evidence. The parties to the arbitration may offer such evidence as they desire and will produce such additional evidence, as the arbitrator may deem necessary for an understanding and determination of the dispute. The arbitrator will determine the admissibility of the evidence offered. All evidence will be taken in the presence of the arbitrator and all of the parties, except where any of the parties is absent in default or has waived its right to be present.

13.7 Excluded Matters. Notwithstanding the foregoing, to the extent permitted under the Act, the following matters will not be subject to mediation or arbitration under this Article 13 (but will be subject to the applicable provisions of Section 13.8 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 will be subject to mediation/arbitration as provided above), and (b) actions to enforce any order, decision or award rendered by arbitration pursuant to this Article 13. The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Washington or Federal Rules of Civil Procedure will not constitute a waiver of the right or duty to utilize the procedures specified in this Article 13.

13.8 Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation will be divided and paid equally by the parties. Each party pays its own attorneys' fees and costs in connection with any mediation. Should any suit, action or arbitration be commenced in connection with any dispute related to or arising out of this Declaration, the Bylaws, or Rules and Regulations, to obtain a judicial construction of any provision of this Declaration, the Bylaws, or the Rules and Regulations, to rescind this Declaration or to enforce or collect any judgment or decree of any court or any award obtained during arbitration, each party pays its own attorneys' fees and costs in connection therewith. However, the Association is entitled to recover attorneys' fees associated with the collection of assessments in accordance with the Act.

13.9 **Survival.** The mediation and arbitration agreement set forth in this Article 13 will survive the transfer by Declarant or any Unit Owner of any part of its interest or involvement in the Property and any Unit therein and the termination of this Declaration.

Article 14 MORTGAGES

14.1 **Reimbursement of First Mortgages.** First mortgagees of Units may, jointly or singly, pay taxes or other charges which are in default and which 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 Element. First mortgagees making such payments will be owed immediate reimbursement therefor from the Association to the extent the same was the responsibility of the Association.

14.2 **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 interest purposes, then the record mortgagee, upon giving written notice as provided in this paragraph, will be entitled to exercise the rights of the Owner of a Unit 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 will 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 Section will quote this Section 14.2 and will 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.

Article 15 AMENDMENT AND REPEAL

15.1 **How Proposed.** Amendments to or repeal of this Declaration must be proposed by the Declarant, 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 will 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 **Approval Required.** Except for amendments that may be executed by the Declarant alone, the Association alone, or certain Owners under RCW 64.90.285, 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 only by the vote or written consent of Owners representing not less than 75 percent of the voting rights of the Units, and may be terminated only by the vote or written consent of Owners representing not less than 80 percent of the voting rights of the Units. In no event may an amendment under this Section create, limit, or diminish Special Declarant Rights or Declarant's Development Rights without Declarant's written consent, or change the boundaries of any Unit unless the Owners of the affected Unit or Units unanimously consent to the amendment. Declarant may not amend this Declaration to increase the scope of Special Declarant Rights reserved in this Declaration after the sale of the first Unit unless owners representing 90 percent of the total voting rights of the Units, other than Declarant, agree to the amendment. 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 must be approved by the Zoning Administrator of the City of Richland.

15.3 **Recordation.** Any such amendment becomes effective when recorded in the deed records of all counties in which any portion of the Property is located of an instrument executed by an authorized officer of the Association setting forth in full the amendment, amendments, or repeal so approved and certifying that such amendment, amendments, or repeal have been approved in the manner required by this Declaration and RCW 64.90.285, and acknowledged in the manner provided for acknowledgment of deeds. Any such termination of the Declaration will be evidenced by a termination agreement or ratification of termination agreement executed by the requisite number of Owners and acknowledged in the manner provided for acknowledgment of deeds. Such termination becomes effective only upon recordation of the termination agreement and all ratifications of the termination agreement in all counties in which any portion of the Property is located.

15.4 **Regulatory Amendments; Corrective Amendments.** Notwithstanding the provisions of Section 15.1 above, until the Transition Meeting has occurred, Declarant will have the right to unilaterally amend this Declaration or the Bylaws of the Association, or both, to comply with the requirements 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 of Washington, or any corporation wholly owned, directly or indirectly, by the United States or the State of Washington which insures, guarantees or provides financing for a common interest community or lots in a common interest community. After the Transition Meeting, any such amendment will 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. In addition, notwithstanding the provisions of Section 15.1 above or the foregoing provisions of this paragraph, upon 30-days' advance notice to the Owners, Declarant may, without a vote of the Owners or approval by the Board, unilaterally adopt, execute, and record a corrective amendment or supplement to this Declaration, the Map, or other 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 Allocated Interests (including votes and Common Expense Liability), within five years after the recordation or adoption of the governing document containing or creating the mistake, inconsistency, error, or ambiguity or at any time before the Transition Meeting, whichever date is later. 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. By way of example but not limitation, Declarant's intent with regard to this Declaration, the Map, and other governing documents is that they fully comply with all requirements of the Act and any ordinances or codes of the City of Richland and other governmental or quasi-governmental entity with authority over the Community and, as a result, Declarant has the authority to record an amendment under this Section to make any changes required by the City or another Governmental Authority or to conform the Declaration or the Map with the requirements of the Act, or to comply with the requirements of any applicable statute, ordinance or regulation.

Article 16
MISCELLANEOUS PROVISIONS

16.1 **Lessees and Other Invitees.** Lessees, employees, invitees, contractors, family members and other persons entering the Property under rights derived from an Owner must comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of his or her Unit and other areas within the Property. The Owner is responsible for obtaining such compliance and will 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 **Nonwaiver.** Failure by the Association or by any Owner to enforce any covenant or restriction contained in this Declaration may never be deemed a waiver of the right to do so afterwards.

16.3 **Construction; Severability.** This Declaration will be liberally construed as an entire document to accomplish the purposes thereof as stated in the Recitals. Nevertheless, each provision of this Declaration will be deemed independent and severable, and the invalidity or partial invalidity of any provision, or the invalidity of its application to any person or circumstances, will not affect the validity or enforceability of the remaining part of that or any other provision or its validity or enforceability of its application to other Persons or circumstances.

16.4 **Number; Caption.** As used in this Declaration, the singular includes the plural and the plural the singular, and the masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and in no way limit any of the provisions of this Declaration.

16.5 **Inconsistency with Bylaws.** To the extent this Declaration is inconsistent with the Bylaws, the provisions of this Declaration control unless such provisions are contrary to the Act.

16.6 **Insignificant Failure.** The title to any Unit created by this Declaration will not be affected by any insignificant failure of this Declaration or the Map to comply with the Act.

16.7 **Notices and Other Documents.** Any notice to the Association, the Board of Directors, or any Owner or occupant of a Unit under the Act, will be in the form of a Record and must be delivered in a manner required or permitted under the Act and will be deemed effective in accordance with the Act. The address of a party may be changed at any time by notice in writing delivered as provided herein.

[Remainder of page intentionally blank.]

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

DECLARANT:

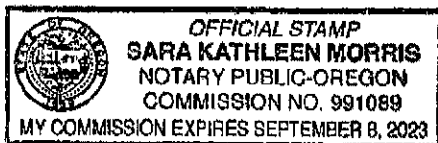
PAHLISCH HOMES AT HORN RAPIDS
LIMITED PARTNERSHIP

By: PAHLISCH HOMES, INC.,
an Oregon corporation
Its: General Partner

By: *Daniel Pahlisch*
Daniel Pahlisch, President

State of Oregon)
County of Deschutes) ss.

The foregoing instrument was acknowledged before this 10th day of September, 2020, by Daniel Pahlisch, President of Pahlisch Homes, Inc., general partner of Pahlisch Homes at Horn Rapids Limited Partnership, on its behalf.



(Seal or stamp)

Sam K. Maus
Notary Public State of Oregon
My appointment expires: September 08, 2023