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AUDITOR, Pierce County, WASHINGTON

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**DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
UPLANDS SOUTH HILL, A PLANNED DEVELOPMENT DISTRICT**

Grantor/Declarant: UPLANDS 320 L.L.C., a Washington limited liability company

Grantee: UPLANDS SOUTH HILL, A PLANNED DEVELOPMENT DISTRICT

Legal Description: Parcels A-G BLA 202202095002 and Lots 9-13 201902055003
Official legal description on Exhibit A

Assessor's Tax Parcel ID#: 041936-2000, 041936-2001, 041936-2002, 041936-2003, 041936-2004, 041936-2005, 041936-2006, 041936-2007, 041936-4008, 041936-4009, 041936-4010, 041936-1035 and 041936-1036

Reference # (if applicable): Plat Map: 20230309 5003

THE COMMUNITY CREATED BY THE RECORDING OF THE MAP AND THIS DECLARATION IS A PLAT COMMUNITY SUBJECT TO THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT, CHAPTER 64.90 RCW.

For reference only, not for re-sale.

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Unofficial Document

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**DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
UPLANDS SOUTH HILL, A PLANNED DEVELOPMENT
DISTRICT**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Declaration"), dated March 9, 2023, is made by UPLANDS 320 L.L.C., a Washington limited liability company.

PART ONE: INTRODUCTION TO THE COMMUNITY

This Declaration provides a governance structure and a flexible system of standards and procedures for the overall development, administration, maintenance and preservation of Uplands South Hill, a Planned Development District, with single-family detached lots, zero lot line single-family lots, future development tracts, active recreation tracts including a clubhouse and related amenities, passive recreation tracts, open space tracts, wetlands and wetland buffer areas, storm tracts, shared access facility tracts, and other uses (the "Master Community")

Article I Creation of the Master Community

1.1. Purpose and Intent.

This Declaration creates a general plan of development for the Master Community. This Declaration provides a flexible and reasonable procedure for the future expansion of the Community Properties to include additional real property as Declarant deems appropriate and provides for the overall development, administration, maintenance and preservation of the real property now and hereafter comprising the Community Properties. An integral part of the development plan is the Uplands South Hill Community Association, an association comprised of all owners of Community Properties in the Master Community, which owns, operates or maintains various common areas and community improvements and is primarily responsible for administering and enforcing this Declaration and the other Governing Documents referred to in this Declaration.

The Master Community is a plat community as defined in the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW (the "Act"), and is not a condominium.

1.2. Binding Effect.

All property described in Exhibit "A," and any additional property which is made a part of Master Community in the future by filing of one or more Supplemental Declarations in the Public Records, comprises the Community Properties and shall be owned, conveyed and used subject to all provisions of this Declaration, which shall run with the land and with the title to such Community Properties. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Community Properties, their heirs, successors, successors-in-title, and assigns.

1.3. Governing Documents.

The Governing Documents create a general plan of development for the Community Properties. All provisions of the Governing Documents shall apply to all Owners and to all occupants of their Units, as well as their respective tenants, guests and invitees. Any lease of a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of the Governing Documents. The Governing Documents may be supplemented by additional covenants, restrictions, and easements applicable to Neighborhoods within the Community Properties.

Article II Concepts and Definitions

Terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

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2.1. "Act" means the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW.

2.2. "Allocated Interests" mean the undivided interest in the Common Elements, the liability for Common Expenses, and the votes allocated among the Units. The votes are allocated equally among the Units. The undivided interest in the Common Elements and liability for Common Expenses is determined by Unit weight. The Allocated Interests are expressed as percentages rounded up or down by .01% as necessary to cause the total Allocated Interests to equal 100.00%. Declarant has assigned a Unit weight of .52 to Townhomes to be constructed on Parcel 1F, which will have three or fewer bedrooms, and 2.5 or fewer bathrooms. Declarant has assigned a Unit weight of 1.00 to Detached Homes with at least three bedrooms and 2.5 bathrooms. Declarant determined these Unit weights by comparing sales of townhomes and detached homes, each having three bedrooms and 2.5 bathrooms, for the six-month period preceding the recording of this Master Declaration. Declarant may assign different Unit weights to Townhomes and Detached Homes which Declarant determines, in its sole discretion, differ significantly in value from Townhomes with three or fewer bedrooms and 2.5 or fewer bathrooms, and Detached homes with at least three bedrooms and 2.5 bathrooms, using this same comparative sales methodology. Declarant will identify any different Unit weights when those Units are added to the Master Community.

2.3. "Architectural Standards" mean the architectural, design and construction guidelines and review procedures adopted pursuant to Article IV, as they may be amended.

2.4. "Area of Common Responsibility" mean the Common Area, together with such other areas, if any, for which the Master Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contracts, or agreements.

2.5. "Articles of Incorporation" or "Articles" mean the Articles of Incorporation of Uplands South Hill Community Association.

2.6. "Base Assessment" means the Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 8.1.

—2.7.— "Board of Directors" or "Board" means the body responsible for administration of the Master Association, selected as provided in the Bylaws and generally serving the same role as the board of directors under Washington corporate law.

2.8. "Builder" means any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within the Community Properties for further subdivision, development, or resale in the ordinary course of such Person's business.

2.9. "Bylaws" mean the Bylaws of Uplands South Hill Community Association" as they may be amended.

2.10. "Club" means a private social club with privileges to use amenities which may be constructed in the future within Tract 43. Those amenities may include a clubhouse, furnishings, pool, pond, water features, structures, sport courts and playfields, fitness stations, benches, picnic tables, pathways, trails, monuments, signage, trash enclosures and receptacles, lighting, landscaping, irrigation, controllers and meters.

2.11. "Club Assessments" mean charges established and levied by the Club Owner pursuant to Article 8, including without limitation, Club Membership Assessments and Entry Fees, as applicable.

2.12. "Club Documents" mean the covenants, conditions, restrictions, rules, regulations, requirements, and any other documents pertaining to the Club, which may be initially adopted by Declarant or the Club Owner.

2.13. "Club Membership Assessments" mean charges established and levied by the Club Owner.

2.14. "Club Owner" means the owner of the Club and its successors and assigns.

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2.15. "Club Parties" or "Club Party" mean the Club Owner, and any officer, owner, member, director, agent or partner of any of the Club Owner, and any officer, owner or director of any of the foregoing, the Club, Club staff, employees, and contractors, the manager of the Club, Club members and their families, guests, and invitees, Club guests, invitees and designees, and Club function and party participants.

2.16. "Club Property" means Tract 43 on which the Club facilities may be constructed. The Club Property includes the wedge park clubhouse and amenities including the clubhouse, furnishings, pool, pond, water features, structures, sport courts and playfields, fitness stations, benches, picnic tables, pathways, trails, monuments, signage, trash enclosures and receptacles, lighting, landscaping, irrigation, controllers, meters and enclosures. The Club Property is not Common Area unless and until it is conveyed to the Master Association. The Club Property shall be a Common Area while it is owned by the Master Association.

2.17. "Common Area" means all real and personal property, including easements, in which the Master Association owns, leases or otherwise holds possessory or use rights for the common use and enjoyment of the Owners. Common Area includes the Exclusive Common Area. The Common Area includes (i) entrance monuments including structures, landscaping, irrigation, lighting, and related facilities; (ii) alleys including curbs and shoulders; (iii) shared access facilities including shared driveways; (iv) storm retention and infiltration facilities including infiltration galleries, water quality and bio retention ponds, control structures, and associated landscaping, irrigation, walls, trails, maintenance access roads, fencing, fitness stations, area lighting, meters, enclosures and signage; (v) critical areas, wetlands, wetland buffer tracts and tree retention areas; (vi) open space and passive recreation space including landscaping, irrigation, structures, fitness stations, trash enclosures and receptacles, lighting, controllers, meters, and enclosures; (vii) mailbox kiosks; (viii) sanitary sewer lift station which may be conveyed to Pierce County upon final acceptance; and (ix) street lighting which may be maintained by Puget Sound Energy Intolight via a contract with the Master Association.

2.18. "Community Properties" mean the real property described in Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article IX.

2.19. "Common Expenses" mean the actual and estimated expenses incurred or anticipated to be incurred by the Master Association for the general benefit of all Owners, including reasonable reserves, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses do not include Specially Allocated Expenses. Common Expenses do not include any expenses incurred during the Declarant Control Period for initial development or other original construction costs.

2.20. "Community-Wide Standard" means the standard of conduct, maintenance, or other activity generally prevailing throughout the Community Properties at any time. Such standard may contain both subjective and objective elements. Subjective elements of the Community-Wide Standard initially are determined by Declarant and shall provide the basis for the objective elements. Objective elements of the Community-Wide Standard shall be established initially by Declarant and may be more specifically defined in the Architectural Standards, the Use Restrictions and Rules, and in Board resolutions. The Community-Wide Standard may evolve as development progresses and as needs and demands change in response to, among other things, shifting demographics, advances in technology, and environmental pressures.

2.21. "Dealer" means a person who, together with such person's affiliates, owns or has a right to acquire six or more Units in the Master Community.

2.22. "Declarant" means the party that executes this Declaration or any Supplemental Declaration. There may be multiple Declarants. The initial Declarant is UPLAND 320 L.L.C., a Washington limited liability company, and shall have those rights reserved to it in this Declaration regarding the property described herein. Each Declarant executing a Supplemental Declaration shall have those rights reserved in the Supplemental Declaration regarding the property being added to the Master Community described in such Supplemental Declaration.

2.23. "Declarant Control Period" means the period from the recording of this Declaration until the Transition Date during which Declarant is entitled to appoint and remove all officers and members of the Board or to veto or approve a proposed action of the Board.

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2.24. "Detached Home" means a single-family home that does not share a wall with any other home.

2.25. "Exclusive Common Area" means those portions of the Common Area primarily benefiting one or more, but less than all, Neighborhoods, as more particularly described in Article XII.

2.26. "Exempt Units" mean (i) Townhomes constructed within Parcel 1F, and (ii) those Units owned by Declarant, a Dealer, or a Builder, but only during the period when such Units are unimproved or unoccupied, and are being held for purposes of future construction or sale. Owners and occupants of Exempt Units have no right to use the Club or Club Properties.

2.27. "Governing Documents" mean a collective term referring to this Declaration and any applicable Supplemental Declaration, the Bylaws, the Articles, the Architectural Standards, the Use Restrictions and Rules, and the Master Plan, as each may be amended from time to time.

2.28. "Master Association" means Uplands South Hill Community Association, a Washington nonprofit corporation, its successors or assigns.

2.29. "Master Community" means Uplands South Hill, a Planned Development District, with single-family detached lots, zero lot line single-family lots, future development tracts, active recreation tracts, passive recreation tracts, open space tracts, wetlands and wetland buffer areas, storm tracts, shared access facility tracts, and other uses, which is being developed within the Community Properties.

2.30. "Master Plan" means the land use plan for the development of the Community Properties as contained in (a) Report and Decision of the Pierce County Hearing Examiner dated November 16, 2017, Case No. Rezone/Planned Development District 1-13 Uplands PDD Application Numbers 767782, 767786, 767787, 725838, (b) the Report and Decision of the Pierce County Hearing Examiner dated April 9, 2020, Case No. Preliminary Plat Uplands PDD Phase 1, Application Numbers 901234, 902976, 901235, 903125, (c) Uplands PDD Phase 1 Preliminary Plat Amendment, AHBL Job No. 2170303.10, dated July 4, 2021, (d) Uplands Master Development Plan Concept Plan, prepared by AHBL and dated December 16, 2021, (e) Pierce County Revised Written Order - Minor Amendment to Preliminary Plat Uplands PDD Phase 1, Application Number 964158, dated January 21, 2022, and (f) Uplands PDD Phase 1, AHBL Job No. 2170303.57, dated October 17, 2022. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the omission of property described in Exhibit "B" from the Master Plan bar its later submission to this Declaration as provided in Article IX.

2.31. "Member" means a Person subject to membership in the Master Association pursuant to Section 6.2.

2.32. "Mortgage" means a mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. A "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

2.33. "Neighborhood" or "Sub-neighborhood" means a group of Units designated as a separate Neighborhood for purposes of sharing Exclusive Common Areas or receiving other benefits or services from the Master Association which are not provided to all Units within the Community Properties. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Master Association provides benefits or services to less than all Units within a Neighborhood, then Declarant or the Master Association may designate the benefited Units as a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services as provided in Section 6.4.

Where the context permits or requires, the term Neighborhood also shall refer to the Neighborhood Committee (established in accordance with the Bylaws) or Neighborhood Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 6.4.

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2.34. "Neighborhood Assessments" or "Sub-neighborhood Assessments" mean Assessments levied against the Units in a Neighborhood or Sub-neighborhood to fund Neighborhood Expenses or Sub-neighborhood Expenses, as described in Sections 6.4 and 8.2.

2.35. "Neighborhood Association" means an owners' association, if any, having concurrent jurisdiction with the Master Association over any Neighborhood. Nothing in this Declaration shall require creation of a Neighborhood Association for any Neighborhood.

2.36. "Neighborhood Class" means a geographic area within which members residing in that area vote for the election of a single director to the Board, as more particularly described in Section 6.4(a).

2.37. "Neighborhood Expenses; Sub-Neighborhood Expenses" mean actual and estimated expenses which the Master Association incurs or expects to incur for the benefit of Owners of Units within a Neighborhood or Sub-Neighborhood, which may include reasonable reserves for capital repairs and replacements and a reasonable administrative charge, as authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s) or Sub-neighborhood(s).

2.38. "Owner" means one or more Persons who hold record title to any Unit but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

2.39. "Person" means a natural person, a corporation, a partnership, a limited liability company, a trustee, or any other legal entity.

2.40. "Public Records" mean the public land records of Pierce County, Washington.

2.41. "Specially Allocated Expenses" mean those expenditures or liabilities which are allocated to Units on a basis other than in accordance with Allocated Interests and include Neighborhood Expenses and Sub-neighborhood Expenses.

2.42. "Special Assessment" means assessments levied in accordance with Section 8.4.

2.43. "Specific Assessment" means assessments levied in accordance with Section 8.5.

2.44. "Supplemental Declaration" means an instrument filed in the Public Records pursuant to Article IX which subjects additional property to this Declaration, designates Neighborhoods, or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument. The term shall also refer to an instrument filed by Declarant pursuant to Section 6.4(a) which designates classes of Units for voting on issues identified in such instrument, including the election of directors to the Board.

2.45. "Townhome" means a single-family home that shares at least one wall with another home.

2.46. "Transition Date" means the date that is the earlier of (i) 60 days after the conveyance of 75% of the Units that may be created in the Master Community to Owners other than the Declarant, (ii) two years after the last conveyance of a Unit except to a Dealer, (iii) two years after any Development Right to create Units was last exercised, or (iv) the date on which Declarant records an amendment to this Declaration terminating all rights to appoint or remove officers and Board members.

2.47. "Transition Meeting" means the meeting scheduled within thirty days after the Transition Date for the Owners to elect representatives to the Board.

2.48. "Unit" means that portion of the Community Properties, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as an attached or detached residence for a single family. The term includes land which is part of the Unit and all improvements thereon. In the

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case of a building within a condominium or other structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit. In the case of a single lot which contains a primary residence, as well as a carriage house or similar accessory structure, all structures upon the lot, together, shall be deemed a single Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, such parcel shall not be deemed to be a Unit until such time as Declarant records a Supplemental Declaration that specifically creates Units within such parcel. Thereafter, such parcel shall contain the number of Units stated in the Supplemental Declaration.

2.49. "Use Restrictions and Rules" mean the current use restrictions and rules set forth in Exhibit "C," in effect on the date of this Declaration, as they may be supplemented, modified, repealed, and expanded pursuant to Article III.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Standards for use and conduct, maintenance and architecture within the Master Community are what give the community its identity and make it a place that people want to call "home." Yet those standards must be more than a static recitation of "thou shalt not's." This Declaration establishes procedures for rulemaking as a dynamic process which allows the community standards to evolve as the community changes and grows and as technology and public perception change.

Article III Use and Conduct

3.1. Framework for Regulation.

The Governing Documents establish, as part of the general plan of development for the Community Properties, a framework of affirmative and negative covenants, easements and restrictions which govern the Community Properties. However, within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology which inevitably will affect the Community Properties, its Owners and residents. Toward that end, this Article establishes procedures for supplementing, modifying, repealing, and expanding the Use Restrictions and Rules set forth in Exhibit "C."

3.2. Rule Making Authority.

(a) Board's Authority. Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Master Association and its Members, the Board may modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules. The Board shall send notice by mail to all Owners not less than fourteen (14) days and not more than fifty (50) days prior to the date fixed for the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. The meeting notice will include a copy of the new rule or explanation of any changes to the Use Restrictions and Rules and the effective date. The Board shall deliver to all Members a copy of any amendment to the Use Restrictions and Rules after the Board adopts such amendment.

(b) Member Vote. After the Declarant Control Period, Members may reject any Board change to the Use Restrictions and Rules by a vote of Members representing more than 50% of the total votes in the Master Association cast at a special meeting of the Members called for that purpose. There is no requirement that Members ratify any Board change to the Use Restrictions and Rules.

(c) No Authorization to Change Architectural Standards. Nothing in this Article shall authorize the Board or the Members to modify, repeal or expand the Architectural Standards. In the event of a conflict between the Architectural Standards and the Use Restrictions and Rules, the Architectural Standards shall control.

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3.3. Owners' Acknowledgment and Notice to Purchasers.

ALL OWNERS ARE GIVEN NOTICE THAT USE OF THEIR UNITS AND THE COMMON AREA IS LIMITED BY THE USE RESTRICTIONS AND RULES AS THEY MAY BE AMENDED, EXPANDED AND OTHERWISE MODIFIED HEREUNDER. EACH OWNER, BY ACCEPTANCE OF A DEED, ACKNOWLEDGES AND AGREES THAT THE USE AND ENJOYMENT AND MARKETABILITY OF HIS OR HER UNIT CAN BE AFFECTED BY THIS PROVISION AND THAT USE RESTRICTIONS AND RULES MAY CHANGE FROM TIME TO TIME. ALL PURCHASERS OF UNITS ARE ON NOTICE THAT CHANGES MAY BE ADOPTED AS PROVIDED IN THIS ARTICLE. COPIES OF THE CURRENT USE RESTRICTIONS AND RULES MAY BE OBTAINED FROM THE MASTER ASSOCIATION.

3.4. Protection of Owners and Others.

The Board shall not adopt, pursuant to this Article, any rule in violation of the following provisions, except as may be specifically set forth in this Declaration (either initially or by amendment) or in the initial Use Restrictions and Rules set forth in Exhibit "C":

(a) Similar Treatment. Similarly situated Owners shall be treated similarly; provided, the Use Restrictions and Rules may vary by Neighborhood.

(b) Displays. Owners' rights to display the flag of the United States, the flag of Washington state, signs regarding candidates for public or association office, or ballot issues, religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except that the Master Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling. No rules shall regulate the content of political signs; however, rules may regulate the time, place and manner of posting such signs (including design criteria). The "flags" allowed under this Section are limited to those made of fabric, cloth or paper and do not include depictions made of lights, paint, roofing, siding, paving materials, flora, or balloons, or of any similar building, landscaping, or decorative components.

(c) Household Composition. No rule shall interfere with the Owners' freedom to determine the composition of their households, except that the Master Association shall have the power to require that all occupants of a Unit be members of a single housekeeping unit (or in the case of a Unit comprised of a primary residence and an accessory structure suitable for use as a residence, to require that all (i) occupants of the primary residence be members of a single housekeeping unit; and (ii) all occupants of the accessory structure be occupants of a single housekeeping unit, which may or may not be the same housekeeping unit as that which occupies the primary residence) (as opposed to occupying separate rooms or apartments within a Unit or to occupying the Unit in a communal-type arrangement) and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) Activities within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that the Master Association may prohibit activities not normally associated with property restricted to residential, home office, or home business use, and it may restrict or prohibit any activities that create monetary costs for the Master Association or other Owners, create a danger to the health or safety of occupants of other Units, generate excessive noise or traffic, create unsightly conditions visible outside the dwelling, or create an unreasonable source of annoyance. Regarding noise, each occupant of a home and their guests shall comply with chapter 8.75 of the Pierce County Code governing noise pollution control and any more restrictive provision stated in the Use Restrictions and Rules.

(e) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Master Association, except as provided in Sections 7.11 and 7.12. Nothing in this provision shall prevent the Master Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area or violate the Governing Documents. This provision does not affect the right to increase the assessments as provided in Article VIII.

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(f) Alienation. No rule promulgated pursuant to Section 3.2 shall prohibit leasing or transfer of any Unit or require consent of the Master Association or Board for leasing or transfer of any Unit; provided, the Master Association or the Board may require a minimum lease term of up to 12 months, but the Master Association or the Board may not require a lease term applicable to any condominium unit in contravention of applicable Federal National Mortgage Association requirements. The Master Association may require that Owners use lease forms approved by the Master Association but shall not impose any fee on the lease of any Unit greater than an amount reasonably based on the costs to the Master Association of administering that lease.

(g) Abriding Existing Rights. No rule shall require Owners to dispose of personal property which was kept in or on a Unit prior to adoption of such rule and which was in compliance with all rules in force previous to such time, unless otherwise required to be removed by law; provided, this limitation on abridging existing rights shall be subject to the Board's right to restrict or require removal of pets from the Community Properties in accordance with the Use Restrictions and Rules. The above limitation on abridging existing rights shall apply to any Owner only for as long as he or she remains as Owner of the affected personal property or Unit. The rights granted under this subsection shall not run with title to any Unit.

(h) Reasonable Basis. No rule may prohibit any activity, condition, or conduct unless there exists a reasonable basis for the enactment of such rule. For purposes of this subsection, reasonable basis may include, but not be limited to, concerns relating to safety, fair use of Common Area, cost, aesthetics, or the goals of the plan for the development of the Community Properties.

(i) Solar Panels. Owners may install solar energy panels within a Unit if the panels (a) meet applicable health and safety standards and requirements imposed by state and local permitting authorities, (b) if used to heat water, are certified by the solar rating certification corporation or another nationally recognized certification agency as to the panel and installation, (c) if used to produce electricity, meet all applicable safety and performance standards established by the national electric code, the institute of electrical and electronics engineers, accredited testing laboratories, such as underwriters laboratories, and, where applicable, rules of the utilities and transportation commission regarding safety and reliability. Roof-mounted panels may not be visible above the roof line and the panel frames, support brackets, and any visible piping or wiring must be painted to coordinate with the roofing material. Any panels mounted to the slope of a roof facing a street must conform to the slope of the roof and the top edge of the solar energy panel must parallel to the roof ridge. Any ground-mounted panel must be shielded if shielding the panel does not prohibit economic installation of the panel or degrade the operational performance quality of the solar energy panel by more than ten percent. Owners who install solar energy panels must indemnify the Association and the other Owners for loss or damage caused by the installation, maintenance, or use of solar energy panels. The Use Restrictions and Rules may include other reasonable rules regarding the placement and manner of installation of solar energy panels. For purposes of this section, "solar energy panel" means a panel device or system or combination of panel devices or systems that relies on direct sunlight as an energy source, including a panel device or system or combination of panel devices or systems that collects sunlight for use in: (a) The heating or cooling of a structure or building; (b) The heating or pumping of water; (c) Industrial, commercial, or agricultural processes; or (d) The generation of electricity.

(j) Reasonable Rights to Develop. No rule or action by the Master Association or Board shall unreasonably impede Declarant's right to develop the Community Properties.

The limitations in subsections (a) through (j) of this Section shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with Article XIX.

Article IV Architecture and Landscaping

4.1. General

No structure or thing shall be placed, erected, installed or posted on the Community Properties, and no improvements or other work (including platting, site planning, staking, clearing, excavating, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) ("Work") shall take place within the Community Properties, except in compliance with this Article and the Architectural Standards. This Article

~~IV shall not apply to Declarant, its activities, nor to the Master Association's activities during the Declarant Control Period.~~

~~No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structure shall be subject to approval.~~

~~All structures constructed on any portion of the Community Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect unless otherwise approved by Declarant or its designee in its sole discretion.~~

4.2. Architectural Review

(a) ~~By Declarant.~~ Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Community Properties, acknowledges that, as developer of the Community Properties and as an Owner of portions of the Community Properties as well as other real estate within the vicinity of the Community Properties, Declarant has a substantial interest in ensuring that the improvements within the Community Properties enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no Work shall be commenced on such Owner's Unit unless and until Declarant or its designee has given its prior written approval for such Work, which approval may be granted or withheld in the sole discretion of Declarant or its designee.

In reviewing and acting upon any request for approval, Declarant or its designee shall act solely in Declarant's interest and shall owe no duty to any other Person. Rights reserved to Declarant under this Article shall continue so long as Declarant owns any portion of the Community Properties, or any portion of the property described in Exhibits "A" or "B," unless earlier terminated in a written instrument executed by Declarant and recorded in the Public Records.

Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to (i) a committee comprised of architects, engineers or other persons who may or may not be Members of the Master Association, or (ii) an architectural review committee appointed by the Master Association's Board of Directors (the "ARC"). Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) Declarant's right to veto, in accordance with subsection 4.3(b), any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason; and (ii) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated (Any such revocation by Declarant shall not invalidate a decision by any delegate; however, Declarant shall be entitled to exercise the veto procedure set forth in subsection 4.3(b).) So long as Declarant has any rights under this Article, the jurisdiction of any of the foregoing entities shall be limited to such matters as Declarant specifically delegates to it.

(b) Architectural Review Committee. Upon delegation by Declarant or upon expiration or termination of Declarant's rights under this Article, the Master Association, acting through the ARC, shall assume jurisdiction over architectural matters hereunder. The ARC, when appointed, shall consist of at least three, but not more than seven, Persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members of the Master Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARC or Declarant's rights under this Article terminate, the Master Association shall have no jurisdiction over architectural matters.

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(c) Reviewer. For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer."

(d) Fees: Assistance. The Reviewer may establish and charge reasonable fees payable by applicants for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. Declarant and the Master Association may employ architects, engineers, or other Persons as deemed necessary to perform the review. The Board may include a portion or all of the compensation of such Persons in the Master Association's annual operating budget as a Common Expense, in lieu of, or in addition to, charging fees payable by applicants for a portion or all of the Master Association's expenses incurred in compensating such Persons.

4.3. Standards and Procedures

(a) Architectural Standards. Declarant has prepared Architectural Standards, which may contain general provisions applicable to the Community Properties as well as specific provisions which vary from Neighborhood to Neighborhood and include landscape, irrigation or other water conservation measures required by Pierce County. Without limiting the foregoing, Declarant may establish minimum and maximum sizes for homes and garages for areas within the Master Community determined appropriate by Declarant by a Supplemental Declaration. The Architectural Standards are intended to provide guidance to Owners and Builders regarding matters of concern to the Reviewer in considering applications hereunder. The Architectural Standards are not the exclusive basis for decisions of the Reviewer, and compliance with the Architectural Standards does not guarantee approval of any application.

Declarant shall have sole and full authority to amend the Architectural Standards as long as it owns any portion of the Community Properties or has a right to expand the Community Properties pursuant to Section 9.1, notwithstanding a delegation of reviewing authority to the ARC; provided, Declarant may delegate the power to amend the Architectural Standards to the ARC. Upon termination or delegation of Declarant's right to amend, the ARC shall have the authority to amend the Architectural Standards with the Board's consent. Any amendments to the Architectural Standards shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Standards, and such amendments may remove requirements previously imposed or otherwise make the Architectural Standards less restrictive.

The Reviewer shall make the Architectural Standards available to Owners and Builders who seek to engage in development or construction within the Community Properties. In Declarant's discretion, such Architectural Standards may be recorded in the Public Records, in which event the recorded version, as it may be amended unilaterally from time to time, shall control in the event of any dispute as to which version of the Architectural Standards was in effect at any time.

(b) Procedures. Prior to commencing any Work within the scope of this Article, an Owner shall submit to the appropriate Reviewer an application for approval of the proposed Work in such form as the Architectural Standards or the Reviewer may specify. Such application shall include plans and specifications ("Plans") showing site layout, structural design, topography, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as Reviewer requests. The Architectural Standards and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability or attractiveness of improvements.

The Reviewer shall, within 30 days after receipt of a completed application and all required information, respond in writing to the applicant or his/her representative at the address (including email address) specified in the application. The response may (i) approve the application, with or without conditions; (ii) approve a portion of the

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application and disapprove other portions; or (iii) disapprove the application. The Reviewer may, but shall not be obligated to, specify the reasons for any objections or offer suggestions for curing any objections.

If the Reviewer fails to respond in a timely manner, approval shall be deemed to have been given, subject to Declarant's right to veto approval by the ARC pursuant to this Section. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Architectural Standards, unless a variance has been granted pursuant to Section 4.5. The Reviewer's response to the applicant or his/her representative shall be deemed to have been given at the time of any of the following: (a) if mailed, when the envelope containing the response is deposited with the U.S. Postal Service, (b) if personal delivery, upon actual receipt, (c) if by overnight delivery service, one business day after providing to the delivery service), at the time of delivery to the applicant, (d) if by fax, at the time of sending subject to confirmation, or (e) if by email, when sent to a email address provided or used by the applicant.

Until expiration of Declarant's rights under this Article, the ARC shall notify Declarant in writing within three business days after the ARC has approved any application relating to proposed Work within the scope of matters delegated to the ARC by Declarant. The notice shall be accompanied by a copy of the application, the ARC's response thereto, and any additional information which Declarant may require. Declarant shall have 10 business days after receipt of all documents and notice to veto or modify any such action, in its sole discretion, by written notice to the ARC and the applicant.

If construction does not commence on a project for which Plans have been approved within one year after the date of approval, unless the Reviewer grants an extension in writing, approval shall be deemed withdrawn, and it shall be necessary for the Owner to reapply for approval before commencing the proposed Work. Once construction is commenced, it shall be diligently pursued to completion. All Work shall be completed in accordance with approved plans, unless the Reviewer consents to changes in the approved plans and corresponding construction, which consent shall be subject to Declarant's right to veto any approval by the ARC pursuant to this Section. All Work shall be completed within one year of commencement unless otherwise specified in the notice of approval or as set forth below. If approved Work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Master Association, Declarant or any aggrieved Owner. Work shall not be deemed complete until the (i) Owner submits to the Reviewer written confirmation that all Work is complete and complies with previously submitted and approved plans, and (ii) Reviewer accepts the same (which shall be deemed accepted if the Reviewer fails to respond within fifteen (15) business days after the Owner submits its written confirmation).

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

(c) Provisional Appeal to Board. The ARC appointed in subsection 4.2(b) above is intended as a committee of the Association established by this Declaration, to allow professionals to serve such as architects, landscape architects or engineers, and is not intended to be a committee of the Board of Directors established under the Bylaws. However, despite this express intent, if a court of competent jurisdiction determines that the ARC is a Board committee governed by RCW 24.03.115 and consequently must have at least two Board members, then the decisions of the ARC shall be appealable to the Board for a final decision by any Member who believes the provisions of this Article IV were not properly applied. To exercise this right, a written notice of appeal must be received at the office of the Master Association within ten (10) days after the ARC decision. If an appeal is filed, then the Board shall promptly consider the appeal and give the appellant and other interested parties the opportunity to be heard. The Board's decision on appeal shall be final. If no appeal is timely filed within the 10-day period, then the ARC decision shall be deemed approved by and as the final action of the Board.

4.4. No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Standards, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is in progress or completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or Plans for any work done or proposed, or in connection with any

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other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, Plans, or other matters subsequently or additionally submitted for approval.

4.5. Variations.

The Reviewer may authorize variations from compliance with any of its standards and procedures when it deems appropriate. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) stop the Reviewer from denying a variance in the future.

An applicant may apply for a variance when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with any procedures, rules and regulations established by the Reviewer. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

Until expiration of Declarant's rights under this Article, the ARC shall notify Declarant in writing within three business days after the ARC has approved any variance. The notice shall be accompanied by a copy of the variance approval and any additional information which Declarant may require. Declarant shall have 10 business days after receipt of the variance approval and notice, to veto or modify any such variance, in its sole discretion, by written notice to the ARC and applicant.

4.6. Limitation of Liability.

Standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Community Properties but shall not create any duty on the part of the Reviewer (whether Declarant or any other Person) or any other Person. Review and approval of any application pursuant to this Article is made based on aesthetic considerations only, and the Reviewer (whether Declarant or any other Person) shall bear no responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value, or size or of similar design. Declarant, any other Reviewer, the Master Association, the Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work, or for any defects in plans revised or approved hereunder, or for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit. In all matters, the Master Association shall defend and indemnify Declarant, the ARC, and all Persons comprising the ARC, as provided in Section 7.6.

4.7. Certificate of Compliance.

Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations, with respect to such Owner's Unit, of this Article or the Architectural Standards. The Master Association shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall stop the Master Association from taking enforcement action with respect to any such violation as to which the Master Association had notice as of the date of such certificate.

Article V Maintenance and Repair

5.1. Maintenance of Area of Common Responsibility.

The Master Association shall have such obligations, with respect to maintenance of the Area of Common Responsibility, as are set forth in Section 7.2.

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5.2. Maintenance of Units.

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Master Association or a Neighborhood pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

5.3. Maintenance of Neighborhood Property.

Upon resolution of the Board, the Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Master Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same.

Any Neighborhood Association shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standards and all applicable covenants.

The Master Association may assume maintenance responsibility for property required to be maintained by a Neighborhood Association, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood Association or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standards. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. Provision of services in accordance with this Section shall not constitute discrimination within a class.

5.4. Responsibility for Repair and Replacement.

(a) Standards. Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standards.

This Section also shall apply to any Neighborhood Association responsible for common property within the Neighborhood in the same manner as if the Neighborhood Association were an Owner and the common property were a Unit. Additional recorded covenants applicable to any Neighborhood may establish more stringent requirements for insurance and more stringent standards for rebuilding or reconstructing structures on the Units within such Neighborhood and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

(b) Insurance. By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Master Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either the Neighborhood Association (if any) for the Neighborhood in which the Unit is located or the Master Association carries such insurance (which they may but are not obligated to do hereunder). If the Master Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

(c) Repair and Replacement after Damage and Destruction. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standards. The Owner shall pay any costs which are not covered by insurance proceeds.

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PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

Success of the community is dependent upon the support and participation of every Owner in its governance and administration. This Declaration establishes Uplands South Hill Community Association as the mechanism by which each Owner can provide that support and participation. While many powers and responsibilities are vested in the Master Association's Board of Directors, some decisions are reserved for the Master Association's membership which is comprised of all owners of Units in the Master Community.

Article VI The Master Association and its Members

6.1. Function of Master Association.

The Master Association is responsible for management, maintenance, operation and control of the Area of Common Responsibility. The Master Association is also primarily responsible for enforcing the Governing Documents. The Master Association shall perform its functions in accordance with the Governing Documents and Washington laws.

6.2. Membership:

Every Owner shall be a Member of the Master Association. There is only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3(a) and in the Bylaws, and all such co-Owners are jointly and severally obligated to perform the responsibilities of Owners. Membership rights of an Owner who is not a natural person may be exercised by any officer, director, partner or trustee, manager, or member or by the individual the Owner designates in a written instrument delivered to the Secretary of the Master Association.

6.3. Voting.

Members are entitled to one (1) vote for each Unit owned. When more than one (1) Person holds an ownership interest in any Unit, the vote for such Unit shall be exercised as those Owners themselves determine and advise the Secretary prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended if more than one (1) Person seeks to exercise it.

6.4. Neighborhoods: Neighborhood Classes.

(a) Class Voting. After the Declarant Control Period, directors shall be elected to the Board of the Master Association by class voting. Each class shall elect the number of directors stated in the Supplemental Declarations that established the classes. Declarant will define each class of Units at the time it adds those Units to the Master Community. Declarant will determine the number of directors for the Board each time Declarant adds Units to the Master Community to accommodate the number of directors each class of Units has the right to elect.

(b) Neighborhoods; Sub-neighborhoods. Prior to the effective date this Declaration, certain Units have been grouped into designated Neighborhoods to receive special services or for sharing Exclusive Common Areas, and such Neighborhoods shall continue after the effective date of this Declaration unless modified or terminated as provided herein. In addition to such previously designated Neighborhoods, Declarant by Supplemental Declaration may establish additional Neighborhoods or Sub-neighborhoods and may assign property to a specific Neighborhood or Sub-neighborhoods (by name or other identifying designation), which Neighborhood may be then existing or newly created. So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, Declarant may unilaterally create, modify or re-designate Neighborhood or Sub-neighborhood boundaries, remove Units from or terminate one or more Neighborhoods or Sub-Neighborhoods by recording a Supplemental Declaration.

After expiration of Declarant's right to subject additional property to this Declaration pursuant to Section 9.1 or at such earlier date as elected by Declarant, the Board and the Owners of the affected Units may create, modify or re-designated Neighborhoods or Sub-neighborhoods or remove Units from or terminate one or more Neighborhoods or Sub-neighborhoods as follows. The creation, expansion, reduction or termination of a Neighborhood or Sub-

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neighborhood for the purpose of providing special services must be approved by the Board and by the affirmative vote of 67% of the Owners within the Neighborhood or Sub-neighborhood that is being directly affected (i.e., the Owners of the Units located within the proposed creation, expansion, reduction or termination of a Neighborhood or Sub-neighborhood). The creation of a Neighborhood or Sub-neighborhood for the purpose of sharing a newly-created Exclusive Common Area, as designated pursuant to Section 12.2, must be approved by the Board and by the affirmative vote of 67% of the Owners within the Neighborhood or Sub-neighborhood that is being directly affected. The re-designation of an existing Common Area into an Exclusive Common Area for a Neighborhood or Sub-neighborhood or the reassignment of an Exclusive Common Area must comply with Section 12.2. The approval of the creation, expansion, reduction or termination of a Neighborhood or Sub-neighborhood under this paragraph shall be formally noted by the Board in its minutes and the Board may elect to record a Supplemental Declaration reflecting the approval under this paragraph. The Board may impose reasonable conditions as part of its approval of a reduction, termination or modification of special services for a Neighborhood or Sub-neighborhood, if such area is to undertake its own management and provide its own special services, such as requiring the affected owners to obtain appropriate insurance and name the Master Association and its Board, officers, employees and agents as additional insured.

The Units within a Neighborhood or Sub-neighborhoods may be subject to additional covenants if, but only if, required by law or Declarant. Owners of Units within a Neighborhood or Sub-neighborhood also shall be members of a Neighborhood Association.

Any Neighborhood or Sub-neighborhood may, upon the affirmative vote, written consent, or a combination thereof, of Members representing a majority of the total votes attributable to Units in the Neighborhood or Sub-neighborhood, request that the Master Association provide an increased level of service or special services for the benefit of Units in such Neighborhood or Sub-neighborhood. If a Neighborhood or Sub-neighborhood is represented by a separate Neighborhood Association, then the board of directors for that Neighborhood Association may request that the Master Association provide an increased level of service or special services for the benefit of Units in such Neighborhood Association. In such event, the Master Association may, but shall not be obligated to, provide such service or services. If provided, all costs, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment or assessed against the Units within such Sub-neighborhood as a Sub-neighborhood Assessment. If a Neighborhood Committee, or Sub-neighborhood Committee, or Neighborhood Association exists, it shall communicate all such requests to the Board.

6.5. Board of Directors.

(a) Declarant Control Period. Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Master Association until termination of the Declarant Control Period. The directors selected by the Declarant need not be Owners. Each Owner, by acceptance of a deed to or other conveyance of a Unit, vests in Declarant the authority to appoint and remove directors and officers of the Master Association during the Declarant Control Period. Not later than sixty (60) days after conveyance of 25% of the Units that may be created to Owners other than the Declarant, at least one member and not less than 25% of the members of the Board must be elected by Owners other than the Declarant. Not later than sixty (60) days after conveyance of 50% of the Units that may be created to Owners other than the Declarant, not less than one-third of the members of the Board must be elected by Owners other than the Declarant. The number of directors shall be as set forth in the Bylaws. Following termination of the Declarant Control Period, the Board of Directors shall be elected by the Owners in accordance with the Bylaws.

(b) Owner-Elected Board. Within thirty days after the Transition Date, the Board must schedule the Transition Meeting and provide notice to the Owners according to the Bylaws. At the Transition Meeting, the Owners will elect members to the Board in accordance with the Bylaws.

(c) Transfer of Master Association Property and Audit. Within thirty days after the date of the Transition Meeting, Declarant must deliver or cause to be delivered to the owner-elected Board all property of the Owners and Master Association including the items listed in RCW 64.90.420(1). Within sixty days after the Transition Meeting, the Board must engage a certified public accountant to audit the records of the Master Association as of the

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date of the Transition Meeting in accordance with generally accepted auditing standards unless the Owners, other than the Declarant, by majority vote, elect to waive the audit. The cost of the audit shall be a Common Expense.

Article VII Master Association Powers and Responsibilities

7.1 Acceptance and Control of Master Association Property.

The Master Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property.

Declarant and its designees may convey to the Master Association personal property and fee title, leasehold or other property interests in any real property, improved or unimproved, described in Exhibits "A" or "B." The Master Association shall accept and maintain such property at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Master Association. Upon Declarant's written request, the Master Association shall re-convey to Declarant any unimproved portions of the Community Properties originally conveyed by Declarant to the Master Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

7.2. Maintenance of Area of Common Responsibility.

The Master Association shall maintain, repair, and replace in accordance with the Community- Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

- (a) All portions of, structures situated upon, and improvements to the Common Area.
- (b) Such portions of any additional property included in the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Master Association;
- (c) Any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Master Association and its Members, such property and facilities to be identified by written notice from Declarant to the Master Association and to remain a part of the Area of Common Responsibility and be maintained by the Master Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Master Association; and
- (d) Any signage installed on the Community Properties by Declarant or the Master Association which exceeds that signage mandated or installed by any governmental authority.

In addition to the above, and notwithstanding anything to the contrary in any Supplemental Declaration recorded in the Public Records prior to the recording of this Declaration, the Master Association shall maintain, as a Common Expense, storm water drain lines or facilities located (a) in the Common Areas and (b) within the boundaries of Units (but not that portion located within a structure on a Unit) that the Board determines should be maintained by the Master Association due to safety, prevention of slides, protection of property or for the proper functioning of other components of the storm water system. The Master Association shall have access to storm water drain lines or facilities located within the boundaries of Units pursuant to the utility easement reserved to the Master Association in Section 11.3.

The Master Association may maintain, or perform aesthetic maintenance to, other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Master Association shall not be liable for any damage or injury occurring on or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

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The Area of Common Responsibility may, but will not necessarily, include:

- (a) Landscaping within public rights-of-way within or abutting the Community Properties;
- (b) All ponds, streams or wetlands located within the Community Properties which are part of the storm water drainage system for the Community Properties, including improvements and equipment installed in or used in connection with the system.

The Master Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the Board's sole discretion, to perform required maintenance or repairs, unless Members representing 75% of the total votes in the Master Association and Declarant during the Declarant Control Period, vote to discontinue such operation.

Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with Declarant's prior written approval if Declarant owns any property described in Exhibits "A" or "B."

Costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Master Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with the owner(s) thereof. Maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed to the Neighborhood(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Master Association may be responsible for performing such maintenance hereunder.

The "Proponent" is the Declarant or any successor to Declarant before the Master Association is formed and is the Master Association after it is formed. If the Proponent, in the judgment of Pierce County, fails to maintain drainage facilities within the Master Community, or if the Proponent willfully or accidentally reduces the capacity of the drainage system or renders any part of the drainage system unusable, then the Proponent agrees to the following remedy: After 30 days' notice by registered mail to the Proponent, Pierce County will assess financial sanctions (P.C.C. 17A.10.220) and/or initiate enforcement proceedings. If Pierce County determines the lack of maintenance has resulted in a situation of imminent danger to life, limb or property, then Pierce County will correct the problem as necessary to restore the full design capacity of the drainage system. In this event, Pierce County will bill the Proponent for all costs associated with such work to include engineering, administration, legal fees, construction, equipment and personnel. Costs or fees incurred by the County, including attorney's fees and expert's fees if legal action is required to collect such payments, shall be borne by the Proponent.

7.3. Insurance.

(a) Required Coverage's. The Master Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverage's as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within the Area of Common Responsibility to the extent that Master Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Master Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Master Association and its Members for damage or injury caused by the negligence of the Master Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per

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occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Master Association shall obtain such additional coverage's or limits;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Master Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-sixth of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(vi) Such additional insurance as the Board, in its business judgment, determines advisable.

In addition, the Master Association shall, if so specified in a Supplemental Declaration applicable to any Neighborhood, obtain and maintain property insurance on the insurable improvements within such Neighborhood which insurance shall comply with the requirements of Section 7.3(a)(i). Any such policies shall provide for a certificate of insurance to be furnished upon request to the Owner of any Unit insured.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses, except that (i) premiums for property insurance on Units within a Neighborhood shall be a Neighborhood Expense; and (ii) premiums for insurance on Exclusive Common Areas shall be included in the Neighborhood Expenses of the Neighborhood(s) to which such Exclusive Common Areas are assigned.

(b) Policy Requirements. The Master Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the metropolitan areas of Pierce County. All Master Association policies shall provide for a certificate of insurance to be furnished to the Master Association and, upon request, to any Member insured.

Policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Section 4.24 of the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in Washington which satisfies requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Master Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Master Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees; as their interests may appear;

(iii) not be brought into contribution with insurance purchased by Owners, occupants or their Mortgagees individually;

(iv) contain an inflation guard endorsement;

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- (v) include an agreed amount endorsement, if the policy contains a coinsurance clause;
- (vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area or membership in the Master Association;
- (vii) provide a waiver of subrogation under the policy against any Owner or household member of an Owner;
- (viii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Master Association to cure the defect or violation and allowance of a reasonable time to cure;
- (ix) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Master Association; and
- (x) be reviewed by an experienced insurance professional.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insured's and provide:

- (i) a waiver of subrogation as to any claims against the Master Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;
- (ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;
- (iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;
- (iv) an endorsement requires at least 30 days' prior written notice to the Master Association of any cancellation, substantial modification, or non-renewal;
- (v) a cross liability provision; and
- (vi) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Master Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Members representing at least 75% of the total votes in the Master Association, and Declarant during the Declarant Control Period, decide within sixty (60) days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Master Association within such sixty (60)-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

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If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Master Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Master Association for the benefit of its Members or the Owners of Units within the insured Neighborhood, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.3(a).

7.4. Compliance and Enforcement.

Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing (if required) in accordance with the procedures set forth in Section 4.24 of the Bylaws. Such sanctions may include, without limitation:

- (a) imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall be assessed against the violator as well as the Owner);
- (b) suspending an Owner's right to vote;
- (c) suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;
- (d) suspending any services provided by the Master Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Master Association;
- (e) exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;
- (f) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of Article IV and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed, and any such action shall not be deemed a trespass;
- (g) without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Architectural Standards from continuing or performing any further activities in the Community Properties; and
- (h) levying Specific Assessments to cover costs incurred by the Master Association to bring a Unit into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents:

- (a) exercising self-help in any emergency (specifically including, but not limited to, towing vehicles that are in violation of parking rules and regulations); and
- (b) suing at law or in equity to enjoin any violation or to recover monetary damages or

both.

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In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Master Association may record a notice of violation in the Public Records or perform such maintenance responsibilities and assess all costs incurred by the Master Association against the Unit and the Owner as a Specific Assessment. If a Neighborhood Association fails to perform its maintenance responsibilities, the Master Association may perform such maintenance and assess the costs as a Specific Assessment against all Units within such Neighborhood. Except in an emergency, the Master Association shall provide the Owner or Neighborhood Association reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Master Association prevails, it shall be entitled to recover all costs, including, without limitation, attorney's fees and court costs, reasonably incurred in such action.

The Master Association shall not be obligated to take any action if the Board reasonably determines that the Master Association's position is not strong enough to justify taking such action. Such a decision shall not be construed a waiver of the Master Association's right to enforce such provision later under other circumstances or estop the Master Association from enforcing any other covenant, restriction or rule.

The Master Association, by contract or other agreement, may enforce applicable county ordinances and allow Pierce County to enforce ordinances within the Community Properties for the benefit of the Master Association and its Members.

In its actions, inaction, and deliberations while conducting the business affairs of the Master Association, the Board shall act within the scope of the Governing Documents and in good faith to further the legitimate interests of the Master Association and its Members. In fulfilling its governance responsibilities, the Board shall, in its deliberations, limit its actions to those reasonably related to the Master Association's purposes; those reasonably related to or within the Master Association's powers, as provided by the Governing Documents and as provided by Washington laws; and those that are reasonable in scope. The Board also shall exercise its power in a fair and nondiscriminatory manner and shall adhere to the procedures established in the Governing documents.

7.5. Implied Rights; Board Authority:

The Master Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all Master Association's rights and powers may be exercised by the Board without a vote of the membership.

7.6. Indemnification of Officers, Directors and Others:

The Master Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to the extent indemnification is prohibited under the Articles of Incorporation and/or Washington law.

7.7. Security:

The Master Association may maintain or support certain activities within the Community Properties designed to make the Community Properties safer and the resulting costs shall be Common Expenses or Specially Allocated Expenses, as appropriate. The Master Association and Declarant shall not be considered an insurer or guarantor of security within the Community Properties and shall not be liable for any loss or damage resulting from a failure to provide adequate security or for the ineffectiveness of security measures they may undertake. The Master Association and Declarant make no representation or warranty regarding any systems or measures, including whether any systems or measures controlling access to the Community Properties (a) may be compromised or circumvented, (b) will prevent loss or damage, or (c) provide the intended detection, prevention, deterrence, or protection for which they are designed or intended. Each Owner, occupant, and their guests, assume all risks of personal injury

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and loss or damage to property (which includes the home, contents, and other improvements within a Unit) resulting from the acts of third parties. Each Owner shall inform all occupants and guests of the provisions of this Section.

7.8. Powers of the Master Association Relating to Neighborhood Associations.

The Master Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Master Association or its Members or inconsistent with the Community Wide Standard. The Master Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor.

A Neighborhood Association shall take appropriate action required by the Master Association in a written notice within the reasonable time frame set by the Master Association in the notice. If the Neighborhood Association fails to comply, the Master Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.

7.9. Provision of Services

The Master Association shall be authorized to provide services and facilities to the Master Community and to third parties, including groups and individuals outside of the Master Community. In the Board's discretion, the Master Association shall be authorized, but not obligated, to enter into and terminate contracts or agreements with other entities, including Declarant or its affiliates; to provide services to and facilities for the Members of the Master Association and their guests, lessees and invitees; and to charge use and consumption fees for such services and facilities. By way of example, some services and facilities which might be offered include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities.

7.10. Facilities and Services Open to the Public.

Certain facilities and areas within the Area of Common Responsibility may be open for the use and enjoyment of the public. Such facilities and areas may include, by way of example, greenbelts; trails and paths; parks and other neighborhood spots upon which to gather and interact; and roads, sidewalks, medians, and parking lots. Declarant may, at the time the facilities are constructed and made a part of the Area of Common Responsibility, designate such areas and facilities as open to the public, or the Board of Directors may subsequently designate such facilities and areas as open to the public. Declarant, so long as Declarant owns any portion of the property described in Exhibits "A" or "B," and the Board, thereafter, may revoke such public designation at any time in its sole discretion unless a local government, governmental agency, or other agency has accepted a dedication of title and assumed liability for such public area.

7.11. Transfer Fees.

One function of the Master Association is to provide programs and activities which contribute positively to the Community Properties' residents and to the region of which the Community Properties are a part. Therefore, the Master Association shall have the authority, in its sole discretion, to require that, upon the closing of a sale or transfer of any property which is subject to this Declaration, the seller pay to the Master Association a transfer fee.

The Master Association shall have the sole discretion to determine the amount and method of determining any such transfer fee, which may, but is not required to, be determined based upon a sliding scale which varies in accordance with the "Gross Selling Price" of the property or another factor as determined by the Master Association; provided, however, any such transfer fee shall not exceed one-tenth of one percent (0.1%) of the Gross Selling Price of the property, and similarly situated sellers shall be treated similarly.

To determine the transfer fee, the "Gross Selling Price" shall be the total cost to the purchaser of the property excluding taxes and title transfer fees and in most instances is the same as the gross selling price reported on the real

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estate excise tax affidavit for the sale. Monies obtained from such transfer fees shall be used by the Master Association for the benefit of the Master Community as determined in the business judgment of the Board. Such uses may include, without limitation, contributions to one or more tax-exempt organizations.

Notwithstanding the above, transfer fees shall not be levied in the following instances:

- (a) Conveyance of property without a completed home from Declarant to a Builder or from a Builder to Declarant;
- (b) Conveyance of property without a completed home from one Builder to another Builder;
- (c) Conveyance of property from a Builder to the first owner thereof other than Declarant or a Builder;
- (d) Conveyance of property to a trust, partnership, corporation, or other entity so long as such entity is and remains wholly-owned by the grantor or by such grantor and the grantor's spouse or children; provided, however, if the immediately preceding conveyance of the property was exempted from payment of the transfer fee pursuant to this subsection, then this exception shall not apply and the property shall be subject to payment of the transfer fee;
- (e) Conveyance of property by a grantor or such grantor's estate to the grantor's spouse or children; provided, however, if the immediately preceding conveyance of the property was exempted from payment of the transfer fee pursuant to this subsection, then this subsection shall not apply and the property shall be subject to payment of the transfer fee;
- (f) Conveyance of an undivided interest in a property by the grantor to any then-existing co-owner(s) of such property;
- (g) A bona fide transfer of property to any institution due to or in lieu of the foreclosure of a mortgage or deed of trust; and
- (h) Conveyance of property to or from Declarant to or from the Pierce County, any public utility provider, or any governmental agency.

All transfer fees shall be paid by the seller at the closing of the transfer and shall be a continuing lien upon each property until paid and may be collected by the Master Association by any means available at law or in equity.

7.12. Use and Consumption Fees.

In its sole discretion, the Master Association shall have authority to charge use and consumption fees to any Person who uses services or facilities provided by the Master Association, regardless of whether such Person owns property within the Community Properties. Prior to providing any such service or facility for which the Master Association will charge a use or consumption fee, the Master Association shall notify the potential consumer that a use or consumption fee is applicable to use of the facility or service. The Master Association shall have the sole discretion to determine the amount of and method of determining any such use or consumption fees. The Master Association shall use any use or consumption fees it collects to exercise its powers, duties, or authority in accordance with this Declaration or the Bylaws.

7.13. Governmental Health and Wellness, Educational and Religious Interests.

So long as Declarant owns any property described in Exhibits "A" or "B," it may designate sites within the Community Properties for government, health and wellness, education, or religious activities and places of worship, and interests, including, but not limited to, fire, police, and utility facilities; schools or education facilities; libraries; parks; and art facilities, nature studies, museums, and other public facilities.

The sites may include Areas of Common Responsibility and, in such case, the Master Association shall dedicate and convey those sites which it owns as directed by Declarant, and no approval shall be required. After any

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such dedication, such sites shall no longer be a portion of the Area of Common Responsibility, unless the Master Association assumes responsibility for such site pursuant to the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contracts, or agreements. So long as Declarant owns any portion of the property described in Exhibits "A" or "B," if Declarant requests that any such dedicated site remain or be made a portion of the Area of Common Responsibility, the Master Association shall take any action Declarant directs to make such site a portion of the Area of Common Responsibility, and no approval shall be required.

7.14. Design Clearing-House.

The Master Association may maintain a data bank of and may provide and disseminate to interested Persons information and design alternatives that encourage use of sustainable resources, technologies, and methods.

7.15. Animals and Habitat.

The Master Association shall have the right and power, but not the obligation, to take any actions in accordance with appropriate law and adopt any rules as may be necessary for the control, relocation, or management of wildlife. Specifically, the Master Association may establish and implement habitat protection and enforcement guidelines. The Master Association may cooperate, interact, or enter into agreements with environmental entities for the purpose of mitigating the effects of the development of the Community Properties on the region's wildlife and otherwise executing the powers authorized in this Section.

Such guidelines, if any, may address preservation of areas of environmental significance, including promoting such preservation by the creation of wildlife linkages and wildlife corridors; minimizing impact on water resources; minimizing conflict between people and nature; and enhancing any habitat which is impacted through construction or human interference. Owners shall be required to comply with such guidelines and restrictions imposed by the Master Association in accordance with such mitigation plan.

7.16. Educational Involvement and Activities.

The Master Association is specifically empowered, but not obligated, to develop and provide educational programs to Owners and occupants of the Master Community and others in the surrounding area. The Master Association shall have the power to cooperate, interact, and enter into agreements with other entities, including, without limitation, governmental authorities and agencies; quasi-governmental agencies; community associations, tax-exempt and other private entities; and educational institutions or systems, including primary, secondary, community college, and university institutions and systems; to provide educational programs. The Master Association shall have the authority, but not the obligation, to implement and maintain programs, including, without limitation, homeowner instruction programs and programs that reinforce the community's and the individual's responsibilities as stewards of the environment.

The Master Association shall be permitted, at any time, to modify or cancel existing education programs which it sponsors or to provide or participate in additional programs. Nothing contained herein is a representation as to what educational programs the Master Association will or will not provide or in which the Master Association will or will not participate. The Master Association may provide for such programs or participation in such programs to be funded by the Master Association, as Common Expenses, or by Owners who request such programs, as Specific Assessments.

7.17. Health and Wellness Programs.

The Master Association is specifically empowered, but not obligated, to implement health and wellness programs for the benefit of the Owners and occupants of Master Community and others in the surrounding area. The Board is authorized to provide services for both mental and physical health of such persons, including, without limitation, health education and screening programs. The Master Association also shall have the power to interact with and enter into agreements with other entities for the provision of services related to health and wellness.

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The Master Association shall be permitted, at any time, to modify or cancel existing health or wellness programs which it sponsors or in which it participates or to provide or participate in additional programs. Nothing contained herein is a representation as to what services or programs the Master Association will or will not provide or in which the Master Association will or will not participate. The Master Association may provide for such programs or participation in such programs to be funded by the Master Association, as Common Expenses, or by Owners who request such programs, as Specific Assessments.

7.18. Recycling Programs.

The Master Association may, but is not obligated to, establish recycling and compost programs and community recycling and compost centers within the Community Properties. The Master Association may own recycling and compost equipment. The Master Association may, but shall have no obligation to, purchase recyclable materials to encourage participation in recycling programs. Any income received by the Master Association because of such recycling efforts shall be used to reduce Common Expenses.

7.19. Water Management Activities.

The Master Association is specifically empowered, but is not obligated, to develop and to implement various programs and practices for water conservation and wastewater, surface water, ground water, rainwater and other water management activities. The Master Association shall have the authority to implement and enforce restrictions and standards that insure that the quality and quantity of runoff, plant material absorption, and ground water recharge are as near their natural state as is feasible.

7.20. Transportation Systems Management.

(a) Responsibility and Authority. Declarant or the Master Association shall be authorized, but not obligated, to establish and implement programs, services and activities designed to address transportation issues within the Community Properties. Such authority may include, but need not be limited to, a public transit system which includes a transit station, connects with public transportation systems serving points outside the Community Properties, and that organizes and promotes such activities as van pools, ridesharing, and the use of bicycle and pedestrian trails and paths (hereafter, generally referred to as the "Transportation System"). Declarant or the Master Association may establish committees, create subsidiary entities (including, but not limited to, entities formed pursuant to Section 501(c)(3) of the Internal Revenue Code), or contract with third parties for operation and administration of the Transportation System.

(b) Transportation Management Association. Declarant or the Master Association may, but is not obligated to, establish a transportation management association (the "TMA") for the purpose of administering or overseeing operation of the Transportation System, including, but not limited to, pursuing funding or transit subsidies for operation and promotion of the system, coordinating and promoting use of public transportation and transit services, sponsoring and promoting programs and activities designed to reduce vehicular traffic and to promote ridesharing and transit usage by owners and the general public within and outside the Community Properties, and performing related activities. The TMA may be a committee or subsidiary of the Master Association.

(c) Funding of Operation and Maintenance. Costs of operating and maintaining the Transportation System, if established, shall be a part of the Common Expenses; provided, Declarant, the Master Association, the TMA or their assigns also may charge user fees for use of any component of the Transportation System and seek subsidies or contributions from private or public sources to reduce the costs. Declarant, the Master Association, the TMA or their assigns shall be authorized to enter into commercially reasonable agreements, as determined in the Master Association's business judgment, with any Person to operate all or any portion of the Transportation System on a commercial basis.

7.21. Utility Services.

The Master Association may, but is not obligated to, purchase or otherwise acquire for the benefit of the Members electric power or other utility services from utility providers. The Master Association shall have the

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authority to levy Base Assessments, Special Assessments, Specific Assessments, or Neighborhood Assessments to pay the expenses associated with providing such services.

7.22. Compliance with PCC 17B.10.120.

The following provisions are included in this Master Declaration to comply with Pierce County Code 17B.10.120 and shall be interpreted accordingly.

(a) The Master Association's obligations under Section 7.2 hereof agreement for maintenance and operation shall be enforceable by any Owner served by the private road, shared access facility, alley, or ingress/egress easement.

(b) The Master Association shall include the cost of maintenance and operation of the Area of Common Responsibility in the Base Assessment which is then collected equitably from the Owners served by the private road, shared access facility, alley, or ingress/egress easement.

(c) This Master Declaration shall run with the land as stated in Section 1.2 hereof.

(d) The "maintenance" obligations of the Master Association shall include, but not be limited to, road surfacing, gates, stop signs, speed limit signs, road name signs, storm drainage facilities, and vegetation control.

(e) The "operation" of the Area of Common Responsibility by the Master Association shall include, but is not limited to, towing of improperly parked vehicles; removal of obstructions within the easement or tract; assuring access for the local fire department; assuring that necessary sight distances are maintained; and snow/ice removal.

(f) Obstructions normally located on private property or outside of an easement including, but not limited to fences, landscaping retaining walls, basketball hoops, or yard fixtures, are not allowed within any private road, shared access facility, or alley easements and tracts.

(g) The Master Association is responsible for assuring that the quantity, location, installation and manufacture of road name signs, stop signs, speed limit signs, and other traffic control signs are kept in place in accordance with the project construction plans on file with Pierce County.

(h) Road signs names and numbers must be in accordance with Chapter 10.44 PCC.

(i) The Master Association is responsible for assuring that stopping sight distance and entering sight distances are maintained in accordance with the project construction plans on file with Pierce County.

7.23. Compliance with PCC 18E.10.080. The following provisions are included in this Master Declaration to comply with Pierce County Code 18E.10.080 and shall be interpreted accordingly.

(a) Description of Critical Areas and Buffers. The following wetlands and wetland buffers are shown on the Plat and may be referred to herein collectively as the "Critical Areas and Buffers."

Wetland A: 43,413SF

Wetland B: 2,645SF

Buffer for A&B: 340,652SF

Wetland Q: 13,852SF

Wetland R: 859 SF

Wetland F: 4,685 SF

Buffer for Q, R & F: 126,269SF

Wetland S: 2,383SF

Wetland T: 8,346SF

Buffer for S & T: 87,997SF

Wetland G: 4,160SF

Wetland XX: 16,362SF

Buffer for G & XX: 97,711SF

Wetland H: 40,940 SF

Wetland I: 12,698SF

Buffer for H & I: 174,963SF

Wetland J: 11,514SF

Buffer for J: 65,873SF

Wetland SS: 1,333 SF

Wetland U: 963SF

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(b) Regulated Uses within the Critical Areas and Buffers. The following activities are regulated within the Critical Areas and Buffers:

1. Removing, excavating, disturbing, or dredging soil, sand, gravel, minerals, organic matter, or materials of any kind;
2. Dumping, discharging or filling;
3. Draining, flooding or disturbing the water level or water table. In addition, an activity which involves intentional draining, flooding or disturbing the water level or water table in a wetland or stream in which the activity itself occurs outside the regulated area may be considered a regulated activity;
4. Driving piling or placing obstructions, including placement of utilities;
5. Constructing, reconstructing, demolishing, or altering the size of any structure or infrastructure;
6. Altering the character of a regulated area by destroying or altering vegetation through clearing, harvesting, cutting, intentional burning, shading, or planting;
7. Activities which result in significant changes in water temperature or physical or chemical characteristics of wetland or stream water sources, including changes in quantity of water and pollutant level;
8. Application of pesticides, fertilizers and/or other chemicals, unless demonstrated not to be harmful to the regulated area;
9. The division or re-division of land pursuant to Title 18F, PCC and boundary line adjustments;
10. The creation of impervious surfaces.

(c) Management and Maintenance of the Critical Areas and Buffers. The Master Association shall perform all management and maintenance of the Critical Areas and Buffers that have not been performed by Declarant including the following:

1. Buffer planting activities shall occur consistent with the document: "Buffer Averaging and Enhancement Plan - Phase 1 Uplands 320 Property" Revised November 7, 2019, with exhibit A revised on Dec. 18, 2019; and "Critical Areas Mitigation Plan" prepared by Talasaea Consultants, revised date "3 November 2020". The initial planting shall occur concurrent with site construction in the dormant season and monitoring will take place as described in the "Buffer Averaging and Enhancement Plan - Phase 1 Uplands 320 Property" Revised November 7, 2019."
2. Hydrology monitoring shall occur as defined in the document "Uplands 320-Phase 1 Development, located in Pierce County, Washington. Wetland Hydrology Monitoring Plan"; dated 10 December 2020, prepared by Talasaea Consultants, Inc. Hydrology monitoring shall occur, at a minimum, through 2026.
3. Critical Areas and Buffers shall remain undisturbed except for planting activities.
4. No regulated activities are to occur in the Critical Areas and Buffers, except as may otherwise be allowed by the approval from Dave Risvold, Environmental Biologist 3 for Pierce County Planning and Public Works dated February 4, 2021 addressed to Lisa Klein, AICP.

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5. Permanent fencing will be installed prior to final plat approval as follows:

i. Where single-family lots back up to wetland buffers fencing will be 6' solid board fencing, a partially solid board fence with an upper section, not to exceed 24", of lattice or other detail allowing for visual access into buffers, or a metal rail fence.

ii. Where wetland buffer boundaries are adjacent to open space or active or passive recreation, fencing will be split rail or pole fencing approximately 36" in height.

6. Exotic, invasive, or noxious vegetation, and all weeds listed on the State Noxious Weed List may be removed from the Critical Areas and Buffers by clipping, hand pulling, hand digging, or by an alternative plan, upon approval of Pierce County Planning & Public Works.

7. All down and dead woody material, including snags, perch trees (trees with broken tops or limbs), logs, and fallen branches, shall be left in the Critical Areas and Buffers to provide structure, habitat, and nutrients to the critical area system.

Article VIII Master Association and Club Owner Finances

8.1. Budgeting and Club Assessments.

(a) Annual Budget and Assessments. At least 60 days before the beginning of each fiscal year, the Club Owner shall prepare a budget of the estimated expenses for operating the Club for the coming year, including any contributions to be made to a reserve fund for capital expenditures. The budget shall also reflect sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than Club Assessments levied against the Units.

(b) Authority to Levy Assessments. The Club Owner is authorized to levy Club Assessments against all Units in the Master Community that are not Exempt Units to fund the Club expenses. In determining the Club Assessment for each such Unit, the Club Owner may consider any assessment income expected to be generated from any additional Units reasonably anticipated becoming members of the Club during the fiscal year. The Club Owner may establish different Club Assessments for different types of memberships, including memberships based on the size of the household, in the Club Owner's discretion. Notwithstanding the foregoing, Owners and occupants of Exempt Units shall have no right to use the Club or Club Property by reason of such party's ownership of an Exempt Unit and, therefore, such party is not obligated to pay Club Assessments for such Exempt Unit.

(c) Optional Subsidy. Club Owner may, but shall not be obligated to, reduce the Club Assessment for any fiscal year by payment of a subsidy, which may be either a contribution or a loan, in Club Owner's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the Club budget. The payment of such subsidy in any year shall not obligate Club Owner to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Master Association and the Club Owner.

(d) Delivery of the Budget. Within 30 days after the Club Owner adopts a final budget, the Club Owner shall deliver a written notice to each Owner containing the following: (i) a copy or summary, as determined by the Club Owner, of the budget; and (ii) the amount of the Club Assessment to be levied to each category of membership pursuant to such budget. The budget shall automatically become effective when adopted by the Club Owner. The Club Owner may revise the budget and adjust the Club Assessment during the year.

(e) Entry Fee. The Club Owner may, in its discretion, establish a fee for each new membership which shall be issued automatically upon the sale of each Unit (an "Entry Fee"). The Entry Fee shall be due at closing of each sale of the Unit. Declarant, any Dealer and any Builder shall not be required to pay an Entry Fee for any Exempt Unit; provided, however, any purchaser of such Exempt Unit who is not Declarant, a Dealer, or a Builder, shall be obligated to pay an Entry Fee at closing.

8.2. Budgeting and Allocating Neighborhood Expenses.

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At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses or Sub-neighborhood Expenses for each Neighborhood or Sub-neighborhood established pursuant to Section 6.4 on whose behalf Neighborhood Expenses or Sub-neighborhood Expenses are expected to be incurred during the coming year. Each such budget shall include any costs for additional services or a higher level of services which the Owners in such Neighborhood or Sub-neighborhood have approved pursuant to Section 6.4(b) and any contribution to be made to a reserve fund pursuant to Section 8.3. The budget shall also reflect sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount required to be generated through the levy of Neighborhood or Sub-neighborhood and Special Assessments against the Units in such Neighborhood or Sub-neighborhood.

As required by RCW 64.90.520, the budget will include: (a) The projected income to the association by category; (b) The projected common expenses and those specially allocated expenses that are subject to being budgeted, both by category; (c) The amount of the assessments per Unit and the date the assessments are due; (d) The current amount of regular assessments budgeted for contribution to the reserve account; (e) 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 (f) The current deficiency or surplus in reserve funding expressed on a per unit basis.

The Master Association is hereby authorized to levy Neighborhood Assessments or Sub-neighborhood Assessments against all Units in the Neighborhood or Sub-neighborhood which are subject to assessment under Section 8.6 to fund Neighborhood Expenses or Sub-neighborhood Expenses). Notwithstanding the foregoing, if the applicable Supplemental Declaration for the Neighborhood or Sub-neighborhood requires that the costs of exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures be treated as Specially Allocated Expenses, then those costs shall be levied on each of the benefited Units in the manner required by such Supplemental Declaration.

Within 30 days after the Board adopts a final Neighborhood or Sub-neighborhood budget, the Board shall (a) set a date for a meeting of each Neighborhood or Sub-neighborhood to consider ratification of each Neighborhood or Sub-neighborhood budget, and (b) deliver a written notice to each Owner with each Neighborhood or Sub-neighborhood containing the following: (i) a copy or summary, as determined by the Board, of the Neighborhood or Sub-neighborhood budget; (ii) the amount of the Neighborhood Assessment or Sub-neighborhood Assessment to be levied to the Owners within the Neighborhood or Sub-neighborhood pursuant to such budget; and (iii) notice of the date, time and place of the Neighborhood or Sub-neighborhood ratification meeting(s). All Neighborhood or Sub-neighborhood ratification meeting dates shall be not less than 14 nor more than 50 days after mailing the notice, which meetings may be held for each Neighborhood or Sub-neighborhood or may be combined with one or more other Neighborhoods or Sub-neighborhood for the ratification meeting.

The Neighborhood or Sub-neighborhood budget and assessment shall become effective unless disapproved at the meeting of the Neighborhood or Sub-neighborhood by Members representing more than 50% of the total votes in the Neighborhood or Sub-neighborhood to which the Neighborhood Assessment or Sub-neighborhood Assessment applies (regardless of whether a quorum exists). The Board may adopt Neighborhood or Sub-neighborhood budgets and hold ratification meetings for one or more Neighborhood or Sub-neighborhood budgets at one or more times different than for the overall budget in Section 8.1, so long as the timing meets the requirements of this paragraph. Further, the Board may distribute preliminary Neighborhood or Sub-neighborhood budgets to Owners or hold additional meetings of Owners in one or more Neighborhoods in addition to the Neighborhood or Sub-neighborhood ratification meeting(s) required in this paragraph.

If the proposed budget for any Neighborhood or Sub-neighborhood is disapproved or if the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

The Board may revise any Neighborhood or Sub-neighborhood budget and the amount of any Neighborhood Assessment or Sub-neighborhood Assessment from time to time during the year, subject to notice requirements and the right of the Owners of Units in the affected Neighborhood or Sub-neighborhood to disapprove the revised budget as set forth above.

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8.3. Budgeting for Reserves.

The Board shall prepare and review at least annually a reserve budget for the Area of Common Responsibility and for each Neighborhood or Sub-neighborhood for which the Master Association maintains capital items as a Neighborhood Expense or Sub-neighborhood Expense. The budgets shall consider the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1 or the Neighborhood Expense or Sub-neighborhood Expense budgets adopted pursuant to Section 8.2, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period. The Club Owner, at its option, may prepare a reserve budget for the Club and may revise the reserve budget on a schedule determined by the Club Owner in its discretion.

8.4. Special Assessments.

In addition to other authorized assessments, the Master Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Neighborhood or Sub-neighborhood if such Special Assessment is for Neighborhood Expenses or Sub-neighborhood Expenses. The Board shall send a notice of the proposed Special Assessment to each Owner at least 14 but not more than 50 days prior to the date on which such proposed Special Assessment would be payable. The Board shall set a date for a meeting of the Owners generally (if a Common Expense) or of the Owners of Units within the applicable Neighborhood (if a Neighborhood Expense) or applicable Sub-neighborhood (if a Sub-neighborhood Expense) to consider the proposed Special Assessment. Such date shall be not less than 14 nor more than 50 days after the Board's mailing of a summary of the proposed Special Assessment. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Members (if a Common Expense) or Owners of Units in the applicable Neighborhood (if a Neighborhood Expense) or applicable Sub-neighborhood (if a Sub-neighborhood Expense) representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

The Club Owner may levy special Club Assessments to cover unbudgeted expenses or excess expenses. The Club Owner will levy special Club Assessments against all memberships in the Club. The special Club Assessments may extend beyond the fiscal year in which the special Club Assessment was established.

8.5. Specific Assessments.

The Master Association shall have the power to levy Specific Assessments against a particular Unit as follows: (a) to cover the costs, including overhead and administrative costs, of providing services to such Unit upon request of its Owner pursuant to any menu of special services which may be offered by the Master Association (which might include the items identified in Section 7.9). Specific Assessments for special services may be levied in advance of the provision of the requested service; and (b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred because of the conduct of its Owner or occupants, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Specific Assessment under this clause (b). The Master Association may also levy a Specific Assessment against Units within any Neighborhood to reimburse the Master Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in the Neighborhood and an opportunity for such Owners to be heard before levying any such assessment.

The Club Owner may levy a Club Assessment against a specific Unit to cover the costs of providing special services requested for such Unit or to cover damages caused by the Club members for such Unit or their guests.

8.6. Authority to Assess Owners; Time of Payment.

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Declarant hereby establishes the Master Association. The Master Association is authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. As to each Neighborhood, the obligation to pay assessments shall commence upon the closing date of the conveyance of the first Unit in the Neighborhood; however, Declarant may delay the commencement of Assessments for some or all Common Expenses or Specially Allocated Expenses, in which event Declarant must pay all the Common Expenses or Specially Allocated Expenses that have been delayed. The first annual Base Assessment and Neighborhood Assessment or Sub-neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

In addition, Declarant hereby establishes a mandatory Club membership for each Unit that is not an Exempt Unit, which membership affords the occupant of such Unit the right to use the Club. The Club Owner is authorized to levy Club Assessments and Entry Fees as provided in this Declaration against all Units that are not Exempt Units. The obligation to pay the Entry Fee and Club Assessments shall commence on the closing date of the conveyance of each Unit that is not an Exempt Unit, prorated for the number of months remaining in the fiscal year. The Club Owner shall establish the frequency of payment of the Club Assessments. Unless the Club Owner otherwise provides, the Club Assessments shall be due on the first day of each month or each fiscal year. If any Owner is delinquent in paying any Club Assessments or other assessments levied on his Unit, the Club Owner may require such Owner to pay a security deposit or to pay Club Assessments for the entire fiscal year in advance before January 1st.

8.7. Obligation for Assessments.

(a) Personal Obligation. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Community Properties, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents including Club Assessments. All assessments as to any Unit, together with interest (computed from its due date at a rate of 12% per annum, subject to limitations of Washington law), late charges (as determined by the Board for Master Association assessments and by the Club Owner for Club Assessments), costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance, except as otherwise provided in Section 8.8, with respect to foreclosed mortgages. The Master Association shall release the Unit's grantor from liability for assessments accruing after the date of the Unit transfer, but the grantor shall continue to be liable for all assessments accruing prior to the date of the transfer.

(b) No Waiver. The failure by the Board or Club Owner, as applicable, to fix the assessment amount or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments, Neighborhood Assessments and Club Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Master Association and Club Owner, as applicable, may retroactively assess any shortfalls in collections.

(c) No Set-off. No Owner may exempt himself or herself from liability for assessments by non-use of the Common Area or the Club, abandonment of his or her Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Master Association, Board or Club Owner, as applicable, to take some action or perform some function required, of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

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(d) Certificate. The Master Association and Club Owner shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by a party authorized to issue such certificate stating whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Master Association and Club Owner may require advance payment of a reasonable processing fee for issuance of such certificate.

8.8. Lien for Assessments.

The Master Association and Club Owner shall have a lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of Washington law), and costs of collection (including attorney's fees). The liens granted in this Section have 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. The liens granted to the Master Association and Club Owner have equal priority. If the Master 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 Master Association's lien shall have priority over such security interests for those assessments, including Base Assessments, Neighborhood Assessments, and Special Assessments, but excluding any amounts for capital improvements, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the Master 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 shall not be available if the Master Association forecloses its lien non-judicially and is not available to the Club Owner.

The Master Association and the Club Owner may bid for the Unit at the foreclosure sale and may use as a credit toward its bid the delinquent assessments and other charges authorized hereunder. The Master Association and Club Owner may acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Master Association or the Club Owner following foreclosure: (a) no right to vote shall be exercised on its behalf; no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Master Association or the Club Owner. The Master Association and Club Owner may sue for unpaid assessments and other charges authorized here under without foreclosing or waiving the lien securing the same.

Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, sale or transfer of any Unit pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to the Mortgage's foreclosure. The subsequent Owner to the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Until paid by the prior Owner, such unpaid assessments owed to the Master Association shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8.6, including such acquirer, its successors and assigns. Similarly, until paid by the prior Owner, such unpaid Club Assessments owed to the Club Owner shall be deemed to be Club expenses collectible from all Units other than Exempt Units, including such acquirer, its successors and assigns

8.9. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, Special Assessments, Club Assessments and Entry Fees:

- (a) All Common Area, property owned by Declarant and included in the Area of Common Responsibility pursuant to Section 7.2, and the Club Property;
- (b) Any property dedicated to and accepted by any governmental authority or public utility; and
- (c) Property owned by any Neighborhood Association for the common use and enjoyment of its members or owned by the members of a Neighborhood Association as tenants-in-common.

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In addition, Declarant or the Master Association shall have the right, but not the obligation, to grant exemptions for any property devoted to church, school, or similar civic purposes or to certain Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

8.10. Capitalization of Master Association.

Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant or a Builder, a contribution shall be made by the purchaser to the working capital of the Master Association in an amount equal to (a) one-sixth (1/6) of the annual Base Assessment per Unit for the year in which acquisition occurs. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Master Association for use in covering operating expenses and other expenses incurred by the Master Association pursuant to this Declaration and the Bylaws.

References to Assessments in this Article VIII including all assessments payable to the Master Association (e.g., Base Assessments, Neighborhood Assessments, Special Assessments, and Specific Assessments) and those assessments payable to the Club Owner (e.g., Entry Fees, Club Assessments, Special Assessments, and Specific Assessments), except as specifically stated to the contrary.

PART FOUR: COMMUNITY DEVELOPMENT

This Declaration reserves various rights to Declarant to facilitate the smooth and orderly development of the Community Properties and to accommodate changes in the master plan which inevitably occur as a community the size of the Master Community grows and matures.

Article IX Expansion and Contraction of the Master Community

9.1. Expansion by Declarant.

Declarant may annex into the Master Community any portion of the property described in Exhibit "B," by filing a Supplemental Declaration in the Public Records describing the additional property to be subjected. A Supplemental Declaration filed pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant. Any property that Declarant annexes into the Master Community shall be subject to this Declaration as amended by all Supplemental Declarations.

Declarant's right to expand the community pursuant to this Section shall expire when all property described in Exhibit "B" has been subjected to this Declaration or 20 years after the recording of this Declaration in the Public Records, whichever is earlier. Until then, Declarant may transfer or assign this right as to any portion of the real property described in Exhibits "A" or "B" to any Person who is the developer of such portion. Any such transfer shall be memorialized in a written, recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

9.2. Expansion by the Master Association.

The Master Association may also subject additional property to this Declaration by filing a Supplemental Declaration in the Public Records describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Members representing more than 50% of the total votes of the Master Association represented at a meeting duly called for such purpose and the consent of the owner of the additional property, so long as the meeting has a quorum as provided in Section 3.11 of the Bylaws. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent shall be necessary. The Supplemental Declaration shall be signed by the President and Secretary of the Master Association, by the owner of the property and by Declarant, if Declarant's consent is necessary.

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9.3. Additional Covenants and Easements.

Declarant may subject any portion of the Community Properties to additional covenants and easements, including covenants obligating the Master Association to maintain and insure such property and authorizing the Master Association to recover its costs through Neighborhood Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by someone other than Declarant, then consent of the Owner(s) of such property shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property to reflect the different character and intended use of such property.

9.4. Effect of Filing Supplemental Declaration.

Any Supplemental Declaration filed pursuant to this Article shall be effective upon recording in the Public Records unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Master Association and assessment liability in accordance with this Declaration.

9.5. The Club and Club Property.

(a) Declarant reserves the right to construct the Club and annex the Club Property into the Master Community. Thereafter, each Owner shall be a member of the Club bound by the Club Documents and obligated to pay the Club Assessments. Declarant and any Builder shall not be a member of the Club, bound by the Club Documents or obligated to pay Club Assessments for Units owned by Declarant or such Builder until the Unit has been improved by a single-family residence and has been conveyed to a purchaser (as defined in the Act).

(b) Each Owner and each occupant acknowledges, understands and agrees that the existence and operation of the Club may cause inconvenience, disturbance and possible injury or damage to property and to the Owners including: noise and odors from operations, noise from construction and maintenance equipment, Club parties and functions, view restrictions caused by planting and maturation of trees and shrubbery, and reduction in privacy caused by removal and pruning of trees and shrubbery. The amenities for the Club may be relocated, reconfigured, eliminated, added to, or otherwise changed and such changes may adversely affect the enjoyment of the Club or such Owner's Unit. Declarant makes no representations, warranties, guarantees, commitments or promises that the Club Property will be annexed into the Master Community or that the Club will be built and made available to the Owners, or if built, whether operations will commence or continue for any period. Declarant will determine all matters related to the Club in its sole discretion including whether to annex the Club Property, complete the Club, the amenities included for the Club and whether to commence Club operations. After the Declarant Control Period, matters related to the operation of the Club and the Club amenities will be decided by the Master Association in its sole discretion. Each Owner has considered the location of such Owner's Unit relative to the Club Properties before closing on the purchase of that Unit. BY ACCEPTANCE OF A DEED, BY ACQUIRING ANY INTEREST IN ANY OF THE PROPERTY SUBJECT TO THIS MASTER DECLARATION, OR BY USING, VISITING OR OCCUPYING A LOT OR COMMON AREA, EACH OWNER AND OCCUPANT ACKNOWLEDGES AND ASSUMES THE RISKS OF THE AFORESAID NUISANCE, INCONVENIENCE, DISTURBANCE AND POSSIBLE INJURY, DEATH OR DAMAGE TO PERSONS AND PROPERTY BASED UPON, DUE TO, ARISING FROM OR OTHERWISE RELATED TO THE FOREGOING, AND AGREES TO HOLD EACH DECLARANT, THE ASSOCIATION AND THE CLUB PARTIES HARMLESS THEREFROM, INCLUDING ANY CLAIM ARISING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF THE INDEMNIFIED PARTIES.

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Article X Additional Rights Reserved to Declarant

10.1. Withdrawal of Property.

So long as Declarant has the right to expand the Master Community by subjecting additional property to this Declaration pursuant to Section 9.1, Declarant reserves the right to amend this Declaration to remove any portion of the Community Properties from the Master Community; provided, however, Declarant may not withdraw any property described in a Supplemental Declaration if a Unit within that property has been conveyed to a "purchaser" as defined in the Act. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not Declarant. If the property is Common Area, the Master Association shall consent to such withdrawal.

10.2. Marketing and Sales Activities.

So long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant and Builders authorized by Declarant may maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. Declarant and authorized Builders shall have easements for access to and use of such facilities.

10.3. Right to Develop.

Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon all the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as they deem appropriate in their sole discretion.

Every Person that acquires any interest in the Community Properties acknowledges and expressly waives any objection that the Master Community is a master-planned community, the development of which is likely to extend over many years, and agrees not to use Master Association funds to protest, challenge or otherwise object to (a) changes in uses or density of property outside the Neighborhood in which such Person holds an interest, or (b) changes in the Master Plan as it relates to property outside the Neighborhood in which such Person holds an interest. Every Person shall abide by and is subject to the Master Plan.

10.4. Right to Approve Additional Covenants.

So long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, no Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Community Properties without Declarant's review and written consent, which consent Declarant may grant or withhold in its sole discretion. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by Declarant and recorded in the Public Records.

10.5. Right to Approve Changes in Community Standards.

So long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, no amendment to or modification of any Use Restrictions and Rules or Architectural Standards shall be effective without prior notice to and the written approval of Declarant. Declarant may grant or withhold such approval in its sole discretion.

10.6. Right to Transfer or Assign Declarant's Rights.

Any or all of the special rights and obligations of Declarant set forth in this Declaration or the Bylaws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be

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effective unless it is in a written instrument signed by Declarant and recorded in the Public Records. Upon any such transfer or assignment, Declarant shall be released from those obligations set forth in this Declaration or the Bylaws that are transferred to other Person(s). From and after date of the transfer, Declarant shall have no liability related to any of its obligations set forth in this Declaration for those rights and obligations that have been transferred to other Person(s), provided that the transferee assumes such obligations pursuant to a written agreement. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

Further, Declarant from time to time by recording a Supplemental Declaration may terminate some or all its rights under this Declaration that are retained or exercised so long as Declarant owns any land listed on Exhibit "A" or Exhibit "B" even if Declarant thereafter continues to own land listed on Exhibit "A" or Exhibit "B."

10.7. Exclusive Rights to Use Name of Development.

No Person shall use the name "Uplands South Hill" or any derivative of such name in any printed, electronic, or promotional material without Declarant's prior written consent. However, Owners may use the name "Uplands South Hill" in printed or promotional matter where such term is used solely to specify that particular property is located within the Master Community and the Master Association shall be entitled to use the words "Uplands South Hill" in its name.

10.8. Termination of Rights.

Rights contained in this Article X shall not terminate until the earlier of (a) 40 years from the date this Declaration initially was recorded in the Public Records, or (b) the date Declarant has added all property described on attached Exhibit "B" to the Master Community, constructed improvements thereon, and closed the sale of all Units that may be created within the Master Community, or (c) the recording by Declarant of a written statement that all sales activity has ceased. This Article X shall not be amended unless Declarant approves such amendment.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

The nature of living in a planned community, with its wide array of properties and development types and its ongoing development activity, requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, Declarant, the Master Association, and others within or adjacent to the community.

Article XI Easements

11.1. Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Master Association;
- (c) The Board's right to:
 - (i) Adopt rules regulating use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;

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(ii) Suspend the right of an Owner to use recreational facilities within the Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation of the Governing Documents after notice and a hearing pursuant to the Bylaws;

(iii) Dedicate or transfer all or any part of the Common Area or to remove a portion of the Common Area from the Declaration, subject to such approval requirements as may be set forth in this Declaration;

(iv) Impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;

(v) Permit, limit, or regulate use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(vi) Permit use of any Neighborhood's Exclusive Common Area by Owners of Units in other Neighborhoods in accordance with Section 12.3;

(vii) Mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(d) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Exclusive Common Areas," as described in Article XII; and

(e) The right of the Board or Declarant to designate certain areas and facilities within the Area of Common Responsibility as open for the use and enjoyment of the public in accordance with Section 7.10.

Any Owner may extend his or her right of use and enjoyment to members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

11.2. Easements of Encroachment.

Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary; provided, no such easement of encroachment shall materially reduce the capacity to use the burdened property for its intended purposes by any Person having the right to use such property. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3. Easements for Utilities Etc.

(a) Association and Utility Easements. Declarant reserves for itself, so long as Declarant owns any property described in Exhibit "A" or "B" of this Declaration, and grants to the Master Association and all utility providers, perpetual non-exclusive easements throughout all the Community Properties (but not through or under a structure) to the extent reasonably necessary for the purpose of:

(i) installing utilities and infrastructure to serve the Community Properties; cable and other systems for sending and receiving data or other electronic signals, security and similar systems, walkways, pathways and trails, drainage systems, streetlights and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on recorded plats;

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(ii) inspecting, maintaining, repairing and replacing the utilities, infrastructure and other improvements described in Section 11.3(a)(i); and

(iii) access to read utility meters.

(b) Recorded Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and record in the Public Records such specific easements as may be necessary, in Declarant's sole discretion, in connection with the orderly development of any property described in Exhibits "A" and "B." Such easement shall be utilized so as not to interfere unreasonably with improvements constructed upon any Unit, the building envelope for any unimproved Unit, the anticipated building envelope for any undeveloped Unit, or any Owner's reasonable use of such Owner's Unit.

(c) Property Restoration. All work associated with exercising the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference, to the extent reasonably possible, with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to commencement of the work. Exercise of these easements shall not extend to entry into the home constructed within any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.4. Easements to Serve Additional Property.

Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

Declarant agrees that it and its successors or assigns, as owners of the property described in Exhibit "B," shall be responsible for any damage caused to the Common Area because of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant, its successors or assigns, as owners of the property described in Exhibit "B," shall enter into a reasonable agreement with the Master Association to share the cost of any maintenance which the Master Association provides to or along any roadway providing access to such Property.

11.5. Easements for Maintenance, Emergency and Enforcement.

Declarant reserves for itself and grants to the Master Association easements over the Community Properties as necessary to enable the Master Association to fulfill its maintenance responsibilities under Section 7.2 and such other provisions as provide for or permit maintenance to be performed by the Master Association or Declarant. The Master Association and Declarant shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by Declarant, any member of the Board, the duly authorized agents and assignees of the Board or Declarant, and all emergency personnel in the performance of their duties. Except in an emergency, entry shall only be during reasonable hours and after notice to the Owner.

11.6. Easements for Water and Wetlands.

Declarant reserves for itself and grants to the Master Association and the successors, assigns, and designees of Declarant and the Master Association, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; and (c) maintain such areas in a manner consistent with the

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Community Wide Standard. Declarant, the Master Association, and their successors, assigns and designees shall have an access easement over and across any of the Community Properties abutting or containing bodies of water or wetlands to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves for itself and grants to the Master Association and the successors, assigns and designees of Declarant and the Master Association, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Units (but not the dwellings thereon) adjacent to or within 100 feet of bodies of water and wetlands within the Community Properties, to (a) alter in any manner and generally maintain the bodies of water and wetlands within the Area of Common Responsibility; and (b) maintain and landscape the slopes and banks pertaining to such areas. Declarant also reserves for itself and its successors, assigns, and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area adjacent to or within 100 feet of bodies of water and wetlands within the Community Properties, to temporarily flood and back water upon and maintain water over such Common Area. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

11.7. Easements for Tax-exempt Organizations.

Tax-exempt organizations designated or established by Declarant or the Master Association shall have nonexclusive easements over the Area of Common Responsibility to the extent necessary to carry out their responsibilities.

11.8. Easements for Signage.

This Declaration hereby reserves, grants and establishes for the benefit of Declarant and the Association a non-exclusive easement to enter and install, maintain, repair, replace and operate entry, neighborhood and other signage, landscaping, lighting, monuments, and related improvements over portions of the Community Properties (collectively "Signage Easements"). The Signage Easements and improvements thereon are Common Areas and may be designated as Exclusive Common Areas pursuant to this Declaration. No improvements shall be located within the Signage Easements without the approval of the Board.

11.9. Easement for Club Property.

This Declaration hereby reserves, grants and establishes for the benefit of the Club Property and the Club Owner perpetual, non-exclusive easements over, across and upon each and every Lot (but not inside homes constructed thereon), Common Area, and Area of Common Responsibility (collectively, the "Burdened Areas"), for the purpose of doing every act necessary and appropriate to the use and enjoyment of the Club Property by the Club Parties (the "Club Easement"), which shall include the right to generate noise via Club functions and the activities associated with the operation and maintenance of the Club and the Club Property. The scope of these easements include:

- (a) The installation, operation, service, repair, replacement, enhancement and maintenance of the Club Property, including the installation of recreational and other facilities on the Club Property and the use of usual and common equipment for the maintenance thereof. For example, the Club Owner may enter the Burdened Areas to plant grass, apply fertilizer, mow and edge and remove underbrush, trash, debris and trees from the Club Property.
- (b) The installation, service, repair and maintenance of the equipment and lines for utilities serving the Club Property, including power, lights, telephone, cable television, telecommunications, gas, water, sewer, irrigation and drainage.
- (c) Access to the Club Property by governmental agencies and service providers, including police, fire, health, sanitation and other public service personnel.

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(d) Access for persons and equipment to construct, install, maintain, alter, inspect, remove, relocate and repair drainage facilities, culverts, swales, pumps, canals, electrical boxes, flowage pipes and irrigation pipes serving the Club Property.

(e) Access for pedestrians, vehicles, golf carts, construction vehicles and equipment, service and maintenance vehicles and equipment from, to and between the Club Property and public streets.

Article XII Exclusive Common Areas

12.1 Purpose

Certain portions of the Common Area may be designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes and other portions of the Common Area within a Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of an Exclusive Common Area shall be a Neighborhood Expense allocated among the Owners in the Neighborhood(s) to which the Exclusive Common Areas are assigned.

12.2 Designation

Initially, any Exclusive Common Area shall be designated as such in the deed conveying such area to the Master Association or on the subdivision plat relating to such Common Area; provided, however, any such assignment shall not preclude Declarant from later assigning use of the same Exclusive Common Area to additional Units or Neighborhoods, so long as Declarant has a right to subject additional property to this Declaration pursuant to Section 9.1.

After the Declarant Control Period, the Association may assign a portion of the Common Area as Exclusive Common Area, and Exclusive Common Area may be reassigned or assigned to additional Units or Neighborhoods upon approval of the Board and the affirmative vote of Members representing six-seven percent (67%) of the total votes in the Master Association, including a majority of the votes in the Neighborhood(s) directly affected (*i.e.*, Neighborhoods within which the Exclusive Common Area is being designated or from which it is being re-designated) by the proposed assignment or reassignment.

12.3 Use by Others

The Master Association may, upon approval of a majority of the members of the Neighborhood Committee or board of directors of the Neighborhood Association for the Neighborhood(s) to which any Exclusive Common Area is assigned, permit Owners of Units in other Neighborhoods to use all or a portion of such Exclusive Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Exclusive Common Area.

Article XIII Party Walls and Other Shared Structures

13.1 General Rules of Law to Apply

Each wall, fence, driveway or similar structure built as a part of the original construction on the Units which serves or separates any adjoining Units shall constitute a party structure. To the extent not inconsistent with this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

13.2 Maintenance: Damage and Destruction

Cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners whose property the party structure serves or separates.

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If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner whose property the party structure serves or separates from other property may restore it. Other Owners whose property the party structure serves or separates from other property shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

13.3. Right to Contribution Runs with Land.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

13.4. Disputes.

Any dispute arising concerning a party structure shall be handled in accordance with Article XIV.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

Growth and success of the Master Community as a residential community in which people enjoy living, working, and playing require good faith efforts to resolve disputes amicably, attention to and understanding of relationships within the Master Community and with our neighbors, and protection of the rights of others who have an interest in the Master Community.

Article XIV Dispute Resolution and Limitation on Litigation

14.1. Consensus for Master Association Litigation.

Except as provided in this Section, the Master Association will not commence a judicial or administrative proceeding without the approval of Members representing at least 75% of the total votes in the Master Association. This Section shall not apply, however, to (a) actions brought by the Master Association to enforce the Governing Documents (including, without limitation, foreclosing liens); (b) imposition and collection of assessments; (c) proceedings involving challenges to ad valorem taxation; (d) claims initiated by the Master Association against any contractor, vendor, or supplier of goods or services arising out of a contract for services; (e) counterclaims brought by the Master Association in proceedings instituted against it; or (f) actions brought by the Master Association to enforce prohibition or restriction of activities that create a danger to the health or safety of occupants of other Units.

Prior to the Master Association's or any Member's commencing any judicial or administrative proceeding to which Declarant is a party and which arises out of an alleged defect in the Community Properties or any improvement constructed upon the Community Properties, Declarant shall have the right to be heard by the Members, or the particular Member, and to access, inspect, correct the condition of, or redesign any portion of the Community Properties, including any improvement as to which a defect is alleged. In addition, the Master Association or the Member shall notify the Builder who constructed such improvement prior to retaining any other expert as an expert witness or for other litigation purposes.

14.2. Alternative Method for Resolving Disputes.

Declarant, the Master Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (each such entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes involving the Community Properties, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to use good faith efforts to resolve those claims, grievances, or disputes described in Sections 14.3 ("Claims") using the procedures set forth in Section 14.4 prior to filing suit in any court.

14.3. Claims.

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Unless specifically exempted below, all Claims arising out of or relating to interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Community Properties shall be subject to the provisions of Section 14.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 14.4:

(a) any suit by the Master Association or Declarant against any Bound Party to enforce the provisions of Article VIII;

(b) any suit by the Master Association or Declarant to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Master Association's ability to act under and enforce the provisions of Article III or Article IV;

(c) any suit by an Owner to challenge the actions of Declarant, the Master Association, the ARC, any covenants committee, or any other committee with respect to enactment and application of standards or rules or the approval or disapproval of plans pursuant to the provisions of Article III or Article IV;

(d) any suit between Owners, which does not include Declarant or the Master Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(e) any suit in which any indispensable party is not a Bound Party; and

(f) any suit as to which any applicable statute of limitations has expired or would expire within 180 days of giving the Notice required by Section 14.4(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the suits set forth in subsections (a) through (f), above, may be submitted to the alternative dispute resolution procedures set forth in Section 14.4.

14.4. Mandatory Procedures.

(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (individually, a "Party," or collectively, the "Parties") shall notify each Respondent, Declarant, so long as Declarant has the right to subject property to this Declaration pursuant to Section 9.1, and the Master Association in writing (the "Notice"), stating plainly and concisely:

- (i) The nature of the Claim, including the Persons involved and Respondent's role in the Claim
- (ii) The legal basis of the Claim (i.e., the specific authority out of which the Claim arises)
- (iii) Claimant's proposed remedy; and
- (iv) That Claimant will meet within 14 days with Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

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(ii) If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of any Pierce County dispute resolution center or such other independent agency providing similar services upon which the Parties may mutually agree.

(iii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation, or within such other time as determined by the mediator or agreed to by the Parties, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Upon Termination of Mediation, the Claimant shall thereafter be entitled to sue in any court of competent jurisdiction or to initiate proceedings before any appropriate administrative tribunal on the Claim. Each Party shall bear its own costs of the mediation, including attorney's fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 14.4 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in Section 14.4. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

Article XV Mortgage Provisions

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Community Properties. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

15.1. Notices of Action.

An institutional holder, insurer, or guarantor of a first Mortgage who provides a written request to the Master Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice from the Master Association of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Community Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days; or any other violation of the Governing Documents relating to such Unit or the Owner or occupant which is not cured within 60 days;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Master Association; or

(d) Any proposed action which would require consent of a specified percentage of Eligible Holders.

15.2. Special FHLMC Provision.

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So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of other provisions of this Declaration. Unless at least 67% of the first Mortgagees or Members representing at least 67% of the total Master Association vote consent, the Master Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Master Association owns, directly or indirectly (the granting of easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Community Properties regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design; exterior appearance or maintenance of Units and the

Common Area (the issuance and amendment of Architectural Standards, procedures, rules and regulations, or use restrictions shall not constitute a charge, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgage may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of a Master Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Master Association.

15.3. Other Provisions for First Lien Holders.

To the extent not inconsistent with Washington law:

(a) Any restoration or repair of the Community Properties after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Master Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

15.4. Amendments to Documents.

The following provisions do not apply to amendments to the Use Restrictions and Rules or the Architectural Standards constituent documents or termination of the Master Association as a result of destruction, damage, or condemnation pursuant to Section 15.3(a) or to the addition of land in accordance with Article IX.

(a) Termination of Master Association. Consent of Members representing at least 67% of the total votes in the Master Association and of Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least 67% of the votes of Units subject to a Mortgage held by Eligible Holders appertain, shall be required to terminate the Master Association.

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(b) Amendment of Governing Documents. Consent of Members representing at least 67% of the total votes in the Master Association and of Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to a Mortgage held by Eligible Holders, shall be required materially to amend any provisions of the Declaration, Bylaws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

- (i) voting;
- (ii) assessments; assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair, and replacement of the Common Area;
- (iv) insurance or fidelity bonds;
- (v) rights to use the Common Area;
- (vi) responsibility for maintenance and repair of the Community Properties;
- (vii) expansion or contraction of the Community Properties or the addition, Annexation, or withdrawal of Community Properties to or from the Master Association;
- (viii) boundaries of any Unit;
- (ix) leasing Units ;
- (x) imposition of any right of first refusal or similar restriction of the right of the Owner to sell, transfer, or otherwise convey his or her Unit;
- (xi) establishment of self-management by the Master Association where professional management has been required by an Eligible Holder; or
- (xii) any provisions included in this Declaration, Bylaws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of First Mortgage on Units.

15.5. No Priority.

No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

15.6. Notice to Master Association.

Upon request, each Owner shall be obligated to furnish to the Master Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

15.7. Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Master Association does not receive a written response from the Mortgagee within 60 days of the date of the Master Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

15.8. Construction of Article XV.

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Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws, or Washington law for any of the acts set out in this Article.

15.9. Amendment by Board.

Should the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Department of Housing and Urban Development, or the Department of Veterans Affairs hereafter eliminate any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without the approval of the Owners or any Mortgagees may cause an amendment to this Article to be recorded to reflect such changes.

ARTICLE XVI Relationships with Other Entities

16.1. Relationship with Tax-exempt Organizations.

Declarant or the Master Association may create, enter into agreements or contracts with, or grant exclusive or non-exclusive easements over the Area of Common Responsibility to non-profit, tax exempt organizations, the operation of which confers some benefit on the Community Properties, the Master Association, or Owners. The Master Association may contribute money, real or personal property, or services to such entity.

Any such contribution shall be a common expense and included as a line item in the Master Association's annual budget. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

The Master Association may maintain multiple use facilities within the Community Properties for temporary use by tax-exempt organizations. Such use may be on a scheduled or "first-come, first-served" basis. A reasonable maintenance and use fee may be charged for the use of such facilities.

16.2. Environmental Entities.

If Declarant owns any property described in Exhibits "A" or "B," Declarant shall have the right to enter into agreements with environmental entities for the purpose of observing, maintaining, or preserving environmentally sensitive areas located within the Common Areas and monitoring or conducting such natural resource, habitat preservation or other environmental programs or plans which may be implemented within the Community Properties. Entities designated by Declarant shall have the right to enter the Common Areas and perform environmental activities subject to reasonable time, place, and manner restrictions adopted by the Master Association. The Master Association shall have the right to enter into agreements with environmental entities with the consent of Declarant as long as Declarant owns any property described in Exhibits "A" or "B" and thereafter in the Board's discretion.

16.3. Relationship with Other Public or Private Entities.

Declarant, so long as Declarant owns any portion of the property described in Exhibits "A" or "B," and the Master Association are specifically authorized to enter into cooperative agreements with public and private entities for the use of facilities, sharing of services and costs, and development of programs and procedures for the benefit of the Master Community and the surrounding community. Use of Master Association funds for such purposes is specifically authorized. Without limiting the foregoing, the Master Association is authorized to exercise all rights and perform any obligations, including but not limited to maintenance of common areas or other property, conducting and enforcing architectural review, administering and enforcing cost sharing for maintenance and other shared costs, and administering and enforcing use rules set forth in any declaration of covenants, easement, cost sharing agreement or covenant, or other recorded document to the extent provided or allowed in or reasonably related to such document.

For reference only, not for re-sale.

PART SEVEN: CHANGES IN THE COMMUNITY

Communities such as the Master Community are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change, as the residents age and change over time, and as the surrounding community changes. The Master Community and its governing documents must be able to adapt to these changes while protecting the things that make the Master Community unique.

Article XVII Changes in Ownership of Units

Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Unit Owner, including assessment obligations, until the date on which such notice is received by the Board, notwithstanding the transfer of title. Any Owner who transfers title to a Unit may be subject to a transfer fee levied pursuant to Section 7.11.

Article XVIII Changes in Common Area

18.1. Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least 67% of the total Class "A" votes in the Master Association and of Declarant, as long as Declarant owns any property subject to this Declaration or which may be made subject to this Declaration in accordance with Section 9.1) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Master Association to be disbursed as follows:

(a) If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Master Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking Declarant, so long as Declarant owns any property subject to this Declaration or which may be made subject to this Declaration in accordance with Section 9.1, and Members representing at least 75% of the total votes in the Master Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3(c) regarding funds for restoring improvements shall apply.

(b) If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Master Association and used for such purposes as the Board shall determine.

18.2. Partition.

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action to partition any portion of the Common Area without the written consent of Declarant and all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

18.3. Transfer or Dedication of Common Area.

Declarant, so long as Declarant owns any portion of the property described in Exhibits "A" or "B," or the Master Association, may dedicate portions of the Common Area to Pierce County, Washington, the City of Puyallup, or to any other local, state, or federal governmental or quasi-governmental entity.

Article XIX Amendment of Declaration

For reference only, not for re-sale.

19.1. By Declarant.

Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units; or (d) to satisfy requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect title to any Unit unless the Owner consents in writing.

In addition, so long as Declarant owns property described in Exhibits "A" or "B" for development as part of the Community Properties, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

19.2. By Master Association and Members.

Except for those amendments that may be executed by Declarant alone or by the Board as provided in this Declaration regarding condemnation, reallocation of Limited Common Elements, relocation of Unit boundaries, subdivision of Units, and termination of the Master Community, amendments must: (i) conform to the Mortgagee provisions Article XV; (ii) be made by an instrument in writing substantially entitled "Amendment to Declaration" which sets forth the entire amendment; (iii) be approved by a majority of the Board of Directors prior to its adoption by the Owners; and (iv) be adopted at a meeting of the Owners if Owners holding at least sixty-seven percent (67%) of the total votes in the Master Association approve such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the total votes in the Master Association consent in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Master Association attesting that the amendment was properly adopted. Notwithstanding the foregoing, no amendment may create or increase special declarant rights (as defined in the Act), increase the number of Units, change the boundaries of any Unit, the allocated interests of a Unit, or the uses to which any Unit is restricted, unless the requirements of the Act for adopting such amendments are satisfied. Any amendment to this Declaration properly adopted will be completely effective to amend all covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration or Map unless otherwise specifically provided in the Section being amended or the amendment itself.

19.3. Validity and Effective Date.

No amendment may remove, revoke, or modify any right or privilege of Declarant without written consent of Declarant (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

Article XX Miscellaneous

20.1. Exhibits.

Exhibits "A" and "B" attached to this Declaration are incorporated by this reference, and amendment of such exhibits shall be governed by this Article. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

For reference only, not for re-sale.

20.2. Duration.

This Declaration shall be enforceable by Declarant, the Master Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of 40 years from the date this Declaration is recorded in the Public Records. After such time, this Declaration shall be extended automatically for successive 10-year periods, unless an instrument is recorded in the Public Records within the year preceding any extension. Such instrument would agree to amend, in whole or in part, or terminate this Declaration, in which case this Declaration shall be amended or terminated as specified in such instrument; provided, provision must be made for an organization to continue to perform duties imposed by plats, by other documents, or otherwise by law. Any such agreement to terminate this Declaration must be signed by Members representing at least 67% of the total votes in the Master Association (such requirement shall not apply to termination of the Master Association because of destruction, damage, or condemnation pursuant to Section 15.3(a). Any such agreement to amend this Declaration, in whole or in part, must comply with the requirements of Section 19.2.

20.3. Neighborhood Restrictions.

In the event of a conflict between or among the Governing Documents and any additional covenants or restrictions applicable to Neighborhoods within the Community Properties, or the provisions of any other articles of incorporation, Bylaws, rules or policies governing any Neighborhood, the Governing Documents shall control. Nothing in this Section shall preclude any Supplemental Declaration or other recorded covenants applicable to any portion of the Community Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration. The Master Association may, but shall not be required to, enforce any such recorded covenants, restrictions or other instruments applicable to any Neighborhood and may levy assessments in accordance with Section 8.5 to reimburse the Master Association for expenses incurred in taking such enforcement action.

20.4. Severability.

If any provision of this Declaration is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

20.5. Effective Date. This Declaration shall be effective upon recording.

EXHIBITS:

- Exhibit A Land Containing Units
- Exhibit B Land Submitted to Declaration and Subject to Expansion
- Exhibit C Use Restrictions and Rules

For reference only, not for re-sale.

EXHIBIT A
LAND CONTAINING UNITS

None.

Unofficial's Document

For reference only, not for re-sale.

EXHIBIT B
LAND SUBMITTED TO THE DECLARATION AND SUBJECT TO EXPANSION

PARCELS A THROUGH G OF RECORD OF SURVEY BOUNDARY LINE ADJUSTMENT RECORDED UNDER RECORDING NO. 202202095002; AND

LOTS 9 THROUGH 13 OF SURVEY FOR SEGREGATION RECORDED UNDER RECORDING NO. 201902055003 AND AMENDED BY SURVEY RECORDED UNDER RECORDING NO. 201902285003

For reference only, not for re-sale.

EXHIBIT C
USE RESTRICTIONS AND RULES

Declarant will include Use Restrictions and Rules when it adds the first Units to the Master Community.

For reference only, not for re-sale.