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After Filing Return To:  
 The Cascadia Project LLC  
 Attn: Steven E. Ahrens  
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 Bellevue, WA 98004

**DECLARATION OF COVENANTS, CONDITIONS,  
 RESTRICTIONS, AND EASEMENTS FOR RESIDENTIAL PROPERTIES AT  
 CASCADIA EMPLOYMENT BASED PLANNED COMMUNITY**

<b>Grantor(s):</b>	THE CASCADIA PROJECT LLC, a Washington limited liability company
<b>Grantee(s):</b>	PUBLIC
<b>Abbreviated Legal Description:</b>	Portion of Sections 16 and 21, Township 19 N, Range 5 E, W.M.; Parcel L of Record of Survey recorded under Pierce County Recording No. 200707265001; Parcels K1, K2 and M1 of Record of Survey recorded under Pierce County Recording No. 200612045011 and Parcel L1 of Record of Survey Recorded under Pierce County Recording No. 200603175011
<b>Additional legal description</b>	See Exhibits A and B
<b>Assessor's Property Tax Parcel Account Number(s):</b>	0519162015, 0519164012, 0519164013, 0519164015 and 0519161017
<b>Related Documents:</b>	Not Applicable

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**DECLARATION OF COVENANTS, CONDITIONS,  
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CASCADIA EMPLOYMENT BASED PLANNED COMMUNITY**

**ARTICLE 1. PURPOSE AND SUBMISSION**

**1.1 Residential Property in the Cascadia Project.** THE CASCADIA PROJECT LLC, a Washington limited liability company (hereinafter "Declarant"), owns certain real property in Pierce County, Washington, more particularly described in Exhibit A attached and incorporated herein by this reference ("Residential Property"). The Residential Property is part of a larger mixed use master plan community known as the Cascadia Employment Based Planned Community ("Cascadia Project"). This Declaration governs that portion of the Cascadia Project consisting of single-family, condominium and other owner-occupied residential housing. This declaration ("Declaration") provides for the overall development, administration, maintenance and preservation of all property now or hereafter comprising the Residential Property. An integral part of the overall development plan for the Cascadia Project is the creation of the Cascadia Homeowners Association (the "Association" or "Residential Association," as defined in Section 2.2 of this Declaration), an association comprised of all owners of residential real property in the Cascadia Project, to own and/or operate various common areas and community improvements, and to administer and enforce this Declaration and the Governing Documents. Declarant from time to time may expand this Declaration by recording Supplemental Declarations to include the remaining developable portions of the Master Plan as legally described in Exhibit B or for any other land. Declarant from time to time may remove portions of the land covered by this Declaration without the consent of any party other than the owner of the land to be withdrawn by recording a Supplemental Declaration.

**1.2 Submission to Declaration; Divisions.** Declarant hereby declares that the Residential Property is and shall be held, used, and conveyed subject to and restricted by the restrictions, covenants, reservations, easements and conditions, referred to collectively hereafter as the "Covenants" or "Declaration," as set forth herein. The Covenants are designed to protect and enhance the value, desirability and attractiveness of the Residential Property.

**1.3 Community Association.** This Declaration calls for establishment of the Residential Association, which shall be known as the Cascadia Homeowners Association, a non-profit corporation.

**1.4 Additional Declarations and Associations.** Declarant reserves the right to establish additional declarations and associations for owners of retail, office, apartment buildings or other uses within the Cascadia Project and additional associations, covenants or requirements for location, design ownership, operation and use of communication and infrastructure facilities and other structures, including but not limited to creation of an association or district to own and operate open space, irrigation, stormwater and reclaimed water facilities, as further described in Section 5.7.19. Declarant also may record cost-sharing covenants or other cooperative requirements for the integrated operation of the Cascadia Project.

## ARTICLE 2. DEFINITIONS

**2.1** “**Architectural Review Committee**” or “**ARC**” means the committee established to review and approve plans for all Units and other Improvements on Lots by Builders and other Owners pursuant to Section 5.6. The term “Architectural Review Committee” or “ARC” refers to both (a) Declarant’s own ARC, with committee membership determined by Declarant pursuant to Section 5.6.1, and (b) the Association’s review committee established under Section 5.6.2 after Declarant delegates its review authority or after the expiration of the Development Period.

**2.2** “**Association**” or “**Residential Association**” means the Cascadia Homeowners Association, a Washington nonprofit corporation, and its successors and assigns. The Association is composed of Owners and organized and established to preserve and maintain the Residential Property and to promote the health, safety, and welfare of the Owners and other occupants of the Residential Property.

**2.3** “**Attached Housing**” means single family Units that share common walls with at least one other single family Unit.

**2.4** “**Board**” means the Board of Directors of the Association.

**2.5** “**Builder**” means any person or entity which 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 Residential Property for further subdivision, development, or resale in the ordinary course of such person’s business.

**2.6** “**Class A Member**” means all Owners except the Class B Member, if any, as more specifically designed in Section 5.3.

**2.7** “**Class B Member**” means Declarant, until such time as the Class B Membership terminates, as more specifically provided in Section 5.3.

**2.8** “**Common Areas**” means the common areas and facilities owned or managed by the Association. The Common Areas include, but are not limited to: (a) private streets, roads to become public but not yet accepted by Pierce County, alleys, emergency vehicle access roads or easements shown on a plat or designated by Declarant for access; (b) any tracts or areas designated by Declarant or established on the Plat for landscaping, trails, access ways, parks or open space or other purposes; (c) park and recreation facilities; (d) telecommunication infrastructure or other utility facilities; (e) stormwater control facilities, improvements and easements not to be dedicated, or stormwater control facilities, improvements and easements to become public but not yet accepted by Pierce County; (f) irrigation systems; (g) any entrance areas or features such as signs, gates, pilasters or other entrance facilities; and (h) all easements or other areas, equipment or facilities designated by Declarant herein or in other recorded documents and those easements, areas or tracts described in or shown on the face of any plat or other approval. Common Areas exclude all Units, Improvements, and areas and facilities dedicated to Pierce County. The term Common Areas also includes Exclusive Common Areas, unless the context otherwise provides.

**2.9 "Common Expenses":** The actual and estimated expenses incurred, or anticipated to be incurred by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Common Expenses shall not include any expenses incurred during the Control Period for initial development or other original construction costs unless approved by Voting Members representing a majority of the total Class "A" vote of the Association.

**2.10 "Control Period"** means the time period during which the Class B Member is entitled to appoint a majority of the members of the Board of the Association, as provided in Section 5.5 and the Bylaws, and shall end at the earlier of the following: (a) when 95% of the total number of Units authorized from time to time by the Master Plan have certificates of occupancy (or final inspections if no certificate of occupancy is issued for such structure) issued thereon and have been conveyed to persons other than licensed builders; (b) upon Declarant's recording of a written notice that it has elected in its sole discretion to terminate the Development Period; or (c) expiration of thirty (30) years from the date of this Declaration. As of the date of this Declaration, the Master Plan is authorized for 6,437 Units.

**2.11 "Declarant"** means The Cascadia Project LLC, a Washington limited liability company, or its successor.

**2.12 "Design Guidelines"** means architectural, design and construction guidelines and review procedures for all Units and other Improvements within the Residential Property, adopted pursuant to Section 5.6, as they may be amended and administered by the ARC. The Design Guidelines incorporate the provisions of and add to the design guidelines set forth in the Development Agreement. The Design Guidelines may include separate components and different standards for (a) initial home construction and other Improvements initially installed on a Lot, as well as major remodels or additions to existing homes and Improvements, and (b) minor additions or changes to existing Improvements.

**2.13 "Development Agreement"** means the Cascadia Employment Based Planned Community Development Agreement between Cascadia Development Corporation and Pierce County dated September 8, 1999, along with any amendments thereto and all 5-year review decisions, which is part of the Master Plan for the Cascadia Project.

**2.14 "Development Period"** means that period Declarant requires to develop and market the Units within the Residential Property and shall include the Control Period and the twenty-four (24) months following expiration of the Control Period unless Declarant in its sole discretion earlier terminates the Development Period through a recorded instrument.

**2.15 "Division"** means any portion of the Cascadia Master Plan that is segregated by Declarant's filing for recording of a final plat, short plat, binding site plan, condominium declaration, or other analogous recorded plan, map, or document that creates Units or Common Area.

**2.16 "Drainage Easements"** means the private stormwater drainage easements set forth in Section 5.7.3.

**2.17 “Exclusive Common Areas”** means a portion of the Common Areas primarily benefiting one or more, but less than all, neighborhoods, as more particularly described in Section 4.1.

**2.18 “Federal Agencies”** means the U.S. Department of Housing and Urban Development (“HUD”)/FHA, the Veterans Administration or U.S. Department of Veterans Affairs (collectively, the “VA”), the Federal National Mortgage Association (“FNMA”), the Federal Home Loan Mortgage Corporation (“FHLMC”), or any other federal governmental or quasi-governmental entity with approval, advisory, or regulatory jurisdiction over the creation, sale, or use of the property subject to this Declaration, or which may become a party to any agreement relating to the purchase and sale of the Units (as lender, insurer, surety, guarantor, or otherwise).

**2.19 “Improvement”** means any residence (including guest house, accessory living quarters or other dwelling unit), gazebo, garage, driveway, fence, wall, gate, patio, shed, tennis or basketball or sport court, cabana, swimming pool or other recreational facility, landscaping, filling, clearing, utilities, and any other building, vegetation or structure of any type on any Lot.

**2.20 “Governing Documents”** means this Declaration, Supplemental Declarations, Bylaws, Use Rules and the Design Guidelines and any other recorded covenants or Master Plan conditions affecting the Residential Property.

**2.21 “Lot”** means a legally segmented and alienable portion of the Residential Property as numbered and designated on any recorded plat. The term “Lot” does not include streets and other public areas and Common Areas.

**2.22 “Master Plan”** means the Cascadia Employment Based Planned Community Development Agreement between Cascadia Development Corporation and Pierce County dated September 8, 1999, along with any amendments thereto, all 5-year review decisions, and all plats approvals or other regulatory conditions or any development standards designated by Declarant as part of the Master Plan to govern development of the Cascadia Project

**2.23 “Member”** means any person or entity holding membership in the Association.

**2.24 “Mortgagee”** means the holder or beneficiary of any mortgage or deed of trust encumbering one or more of the Lots or Units.

**2.25 “Neighborhood”** means a group of Units designated by Declarant pursuant to Section 5.4.1 as a separate Neighborhood for purposes of (a) sharing Exclusive Common Areas, (b) receiving other benefits or services from the Association which are not provided to all Units within the Residential Properties, or (c) electing Voting Members as provided in Section 5.4. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Association provides benefits or services to less than all Units within a particular Neighborhood, then the benefited Units shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services.

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.

**2.26 "Neighborhood Assessments"** means an Assessment levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Section 6.2.

**2.27 "Neighborhood Association"** means a condominium association or other owners association, if any, having concurrent jurisdiction with the Residential Association over any Neighborhood. Nothing in this Declaration shall require creation of a Neighborhood Association for any Neighborhood.

**2.28 "Neighborhood Expenses"** means actual and estimated expenses which the Residential Association incurs or expects to incur for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may specifically be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s).

**2.29 "Party Structure"** means the shared wall or other shared component as further defined in Section 4.8.

**2.30 "Owner"** means the record owner, whether one or more persons or entities, including Declarant, of a fee simple interest to any Lot or Unit which is a part of the Residential Property, including contract purchasers, but excluding contract sellers and mortgagees or others having such interest merely as a security for performance of an obligation.

**2.31 "Residential Property"** means all of that certain real property described in Exhibit A. The term "Residential Property" shall be expanded automatically to include any area legally described on Exhibit B or any other property designated by Declarant in a Supplemental Declaration.

**2.32 "Special Assessment"** means assessments levied in accordance with Section 6.4.

**2.33 "Specific Assessment"** means assessments levied in accordance with Section 6.5.

**2.34 "Supplemental Declaration"** means a document filed in the public records (a) subjecting additional property to or removing portions of the Residential Property from this Declaration pursuant to Section 8.1, (b) designating Neighborhoods or Exclusive Common Areas, (c) modifying or imposing additional restrictions or obligations on land described in such instrument, (d) designating Voting Groups by Declarant pursuant to the provisions of Section 5.4.3 of this Declaration, or (e) for any other purpose related to the implementation of this Declaration. A Supplemental Declaration is not an amendment to this Declaration, but may be combined with an amendment of this Declaration.

**2.35 "Unit"** means a portion of the Residential Property, whether improved with a residence or an unimproved Lot, which may be independently owned and is intended for development and use as a detached residence for a single family or as Attached Housing for a single family. The term shall refer to land, if any, which is part of the Unit as well as any residence and related

Improvements such as fences, landscaping, garages, driveways or similar areas and improvements thereon. In the 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. If one or more residences are attached to each other but each is located on a separate legal lot (zero lot line), then each attached residence shall be deemed a separate Unit.

**2.36 "Use Rules"** means the restrictions and rules adopted under Section 3.2 and Section 5.7 as they may be amended by the Board from time to time.

**2.37 "Voting Group"** means one or more Voting Members who vote on a common slate for election of directors to the Board, as more particularly described in Section 5.4.3, or if the context so indicates, the group of Members whose Units are represented thereby.

**2.38 "Voting Member"** means the representative selected by the Class A Members within each Neighborhood pursuant to Section 5.4.2 to cast the Class A votes attributable to their Units on all matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the Bylaws). The term "Voting Member" shall refer also to alternate Voting Members acting in the absence of the Voting Member and any Owners authorized personally to cast the vote for their respective Units pursuant to Section 5.4.

### **ARTICLE 3. USE AND CONDUCT**

**3.1 Permitted Uses.** The Residential Property shall be used consistent with the following Governing Documents: this Declaration, any Supplemental Declaration, Bylaws, Board resolutions, Use Rules, Design Guidelines, Master Plan or plat conditions, any recorded document affecting all or a portion of the Residential Property, and zoning and other applicable regulations affecting the Residential Property. Each Unit shall be used only for construction and occupancy of one single family residence and related Improvements. No tent, trailer, mobile home, or structure built solely according to federal HUD construction standards or built on a steel chassis shall be used as an Owner's residence. However, homes fabricated in whole or in part off-site that (a) meet local building codes and (b) are approved by Declarant or the Architectural Review Committee may be used as an Owner's residence or for other buildings within the Cascadia Project. No Unit shall be further subdivided after it is sold by Declarant.

**3.2 Rule Making Authority.** Declarant has adopted initial Use Rules applicable to the Residential Property, which are available to all Owners upon request. Thereafter, the Board may modify and amend the Use Rules. The Board shall send notice by mail to all Owners of any proposed amendment of the Use Rules at least thirty (30) days prior to 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 Use Rule action being undertaken. The Board's action shall become effective unless disapproved by both of the following: (a) disapproval at a meeting of the Members representing a majority of the Members, and (b) disapproval by the Declarant if the Use Rule action is undertaken during the Development Period. The Board shall not have an obligation to call a meeting of the Members to consider disapproval except upon receipt of a petition of the Members as required for a special meeting in the Bylaws.

**3.3 Design Guidelines; and Review.** All Builders and other Owners shall obtain the approval of the Architectural Review Committee and comply with the Design Guidelines prior to construction, installation or modification of any Unit or other Improvement, as set forth in Section 5.6.

**3.4 Contractor and Architect; Building Plans; Completion of Improvements.**

**3.4.1 Contractor and Architect.** All residences shall be constructed by an experienced contractor licensed as a general contractor under the statutes of the State of Washington, and shall be designed by an experienced architect who is a member of the American Institute of Architects unless otherwise approved by Declarant or the Board. The ARC may designate Improvements in addition to residences which must be constructed by a licensed contractor or designed by an architect who is a member of the AIA.

**3.4.2 Architectural Approval of Building Plans.** All Units and other Improvements shall obtain architectural approval pursuant to Section 5.6 prior to any construction or installation.

**3.5 Completion of Improvements.** Any Unit or other Improvement constructed or placed on any Lot hereunder shall be completed diligently and continuously, including all landscaping and all exterior finish, paint, and trim, within nine (9) months from the commencement of construction. However, the completion date will be extended (a) day-for-day by acts of God or labor stoppages not attributable to the fault of the Owner and beyond said Owner's control, or (b) if the Declarant, the Board, or ARC, as applicable pursuant to Section 5.6, grants additional time either as part of its original approval of the Improvement or for good cause after its initial approval. All construction sites shall be maintained in accordance with the construction site maintenance rules adopted by Declarant, the Board, or the ARC from time to time. No Owner shall reside on any Lot except in a Unit constructed thereon that shall have final inspections and approval for occupancy from Pierce County. If in the course of construction, an Owner destroys or damages any Common Area component, such as trees and/or the irrigation system within any planting strips or other areas, then such Owner shall promptly replace such trees and repair the irrigation system or other damage in a manner and at a location approved by Declarant, the Board, or the ARC, as applicable.

**3.6 Maintenance and Repair of Lots; Private Access Ways; Damage to Residential Property.** Each Owner shall maintain its Lot and Improvements thereon in good order, condition and repair and a clean, attractive and sanitary condition at all times. The Lot shall be kept clean and neat, free of tall grass and other unsightly growth, and refuse shall be disposed of frequently during the construction period. Beginning with the County's release of any maintenance bond covering street trees or planting strips, the Association will maintain (and replace any dead or diseased) street trees and any other vegetation located in planting strips or other vegetated areas located between the front of the Owner's Lot and the curb, unless the Association determines that each Owner (or the Owners in certain areas of Cascadia) are to maintain the planting strips or other areas in a healthy and safe manner and also in accordance with any applicable provisions of the Design Guidelines. Further, each Owner shall repair and restore any damage it causes to any other Lot or Improvement or the Common Area promptly and at its sole expense.

Any private streets, alleys, shared driveways or other private access ways ("Private Access Ways") that are not designated as Common Areas (and hence maintained by the Association) shall be maintained as provided in this Section. The Association shall have final responsibility to maintain,

repair and replace (collectively "maintain") all Private Access Ways. However, each Lot Owner who is benefited by a particular Private Access Way (including any Lot that is both benefited and burdened by the Private Access Way) is hereby delegated the initial responsibility and obligation to maintain (and share equally the costs thereof with the Owners of all other Lots benefiting from that particular Private Access Way, including any Lot that is both benefited and burdened by the Private Access Way) the Private Access Way that benefits that Owner's Lot and shall hold the Owner of the Lot burdened by the Private Access Way harmless from any cost or liability for maintenance, except to the extent the burdened Lot Owner directly caused damage to the Private Access Way. Further, at any time, the Association may elect to maintain, repair and replace some or all of the Private Access Ways, in which case the Association's costs will be charged to the Owners of the Lots benefiting from the Private Access Ways as Specific Assessments under Section 6.5.

If any Owner fails to maintain its Lot and Improvements or Private Access Way, or repair any damage caused by such Owner, as required by this Declaration, then the Board may perform or cause to be performed any maintenance on that Lot or Private Access Way, or repair damage on other property, which it reasonably determines is necessary. All costs performed or caused to be performed by the Board shall be a Specific Assessment against the Owner, and a lien against the Lot, which shall have the same effect as and may be enforced in the same manner as other liens of the Association pursuant to Section 6.8. By taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable Improvements on his/her Unit, less a reasonable deductible, except to the extent the Residential Association carries insurance (which the Association may but is not obligated to do). If the Association assumes responsibility for obtaining any insurance coverage on behalf of any Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and Owner.

**3.7 Owners' Acknowledgment and Notice to Purchasers.** ALL OWNERS ARE GIVEN NOTICE THAT USE OF THEIR UNITS AND THE COMMON AREAS ARE LIMITED BY THE USE RULES AND DESIGN GUIDELINES 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 RULES MAY CHANGE FROM TIME TO TIME. ALL PURCHASERS OF UNITS ARE ON NOTICE THAT CHANGES MAY BE ADOPTED AS PROVIDED IN THIS DECLARATION. COPIES OF THE CURRENT USE RULES MAY BE OBTAINED FROM THE ASSOCIATION.

**3.8 Protection of Owners and Others.** Neither the Board nor the Members shall adopt, pursuant to this Article, any Use Rule in violation of the following provisions, except as may be specifically set forth in this Declaration (either initially or by amendment):

**3.8.1 Similar Treatment.** Similarly situated Owners shall be treated similarly, except the Use Rules may vary among areas or neighborhoods within the Residential Property.

**3.8.2 Displays.** Owners' rights to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in dwellings located in single-family neighborhoods shall not be abridged, except that the Association may adopt

time, place, and manner restrictions with respect to displays visible from outside the dwelling. No Use Rules shall regulate the content of political signs, except Use Rules may regulate the time, place and manner of posting such signs (including design criteria). The Use Rules may regulate the size and placement of "for sale" signs and restrict or prohibit "for rent" or commercial or business signage.

**3.8.3 Household Composition.** No Use Rule shall interfere with an Owner's freedom to determine the composition of their households, except that the Association shall have the power to require that all occupants of a Unit be members of a single housekeeping unit, *i.e.* with a kitchen used by all members and without separate entrances to separate parts of the Unit and without separated bathrooms. In the case of a Unit comprised of a primary residence and an accessory structure suitable for use as a residence, the Use Rules may require that (i) all 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. The Use Rules also may 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.

**3.8.4 Activities Within Dwellings.** No Use Rule shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with residential uses, (but in-home businesses are allowed to the extent provided in the Cascadia Development Agreement) that create monetary costs for the 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.

**3.8.5 Allocation of Burdens and Benefits.** No Use 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 Association, subject to the express rights in this Declaration to charge Owners for fair and appropriate costs or charges. Nothing in this provision shall prevent the 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 Areas or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article 6.

**3.8.6 Alienation; Leasing.** No Use Rule shall require consent of the Association or Board for the conveyance of any Unit, except the Association or the Board may adopt Use Rules relating to the leasing of Units, including but not limited to requiring a minimum lease term of up to 12 months (except Declarant or a Builder may lease a Unit for a shorter period prior to its initial sale pursuant to a bona fide purchase and sale agreement). However, the Association or the Board may not require a lease term in contravention of the applicable requirements of any Federal Agency. The Association may require that Owners use lease forms approved by the Association but shall not impose any fee on the lease of any Unit greater than an amount reasonably based on the costs to the Association of administering that lease. Declarant during the Development Period and the Board thereafter also may adopt or amend the Use Rules or amend this Declaration to require owner occupancy of each Unit for a minimum period of time prior to leasing a Unit, to limit the number of Units owned by any one Person, and/or to limit the number or percentage of Units being rented at any one time within the Cascadia Project or in one or more Neighborhoods. Each lease or rental

agreement shall be in writing, a copy shall be filed with the Board, and by its terms shall provide that the terms of the lease or rental agreement are subject in all respects to the provisions of Governing Documents of the Association. Any failure by the lessee to comply with the terms contained in the Governing Documents shall be a default in any lease or rental agreement. The Use Rules may provide for enforcement by the Association for violations by the tenant of the Governing Documents, including eviction after notice for repeated violations. Further, the Association may take enforcement action against an Owner for violations by the tenant of the Owner's Unit.

**3.8.7 Reasonable Basis.** No Use Rule may prohibit any activity, condition, or conduct unless there exists a reasonable basis for the enactment of such Use Rule. For purposes of this subsection, a reasonable basis for a Use Rule may include, but not be limited to, concerns relating to safety, fair use of Common Areas, costs, aesthetics, the health and general welfare of the Owners and the Owners' guests and invitees, or the goals of the plan for the development of the Residential Property.

**3.8.8 Reasonable Rights to Develop.** No Use Rule or action by the Association or Board shall unreasonably impede Declarant's right to develop the Properties. The limitations in this Section shall only limit rulemaking authority exercised under Section 3.2, and they shall not apply to amendments to this Declaration adopted in accordance with Article 8.

**3.9 Landscaping Design Guidelines.** To the extent applicable to Owners, each Owner shall ensure landscaping design for his/her Unit conforms to the Pierce County Code, as those standards may be modified the County- for the Cascadia Project. The specific landscape design code sections will be either as identified in the Development Agreement (Sec 18A.35.030 at the time of adoption of the Development Agreement), or those in effect at the time of obtaining Pierce County permits for any landscaping work. In addition to any County-required landscaping, each Owner shall install and maintain landscaping in accordance with the Design Guidelines.

**3.10 Horses in Private Pastures.** Horses in private pastures shall be limited to no more than two per acre to prevent excessive sediment and nitrogen releases into the storm water systems; a minimum 15-foot grassed area around corrals holding horses shall be maintained; and, manure shall be stockpiled. This limitation shall not apply to any equestrian center or related equestrian facilities that otherwise comply with applicable Pierce County Code requirements.

**3.11 Canyon Falls Creek Ravine and Orting Lake Protection.** The Development Agreement (Exhibit H #113) provides that no clearing, timber harvest, grading, filling path construction or other disturbance shall occur within the Canyonfalls Creek ravine, except to perform environmental monitoring. This area shall remain permanently protected, to provide wildlife habitat and avenues for movement of wildlife among habitats across the site and to additional natural habitats off-site to the northwest. The Development Agreement (Exhibit H #114) provides that a portion of the Orting Lake tributary west of the lake, outside of the wetland buffer required in Phase I, shall not be harvested. The provisions of this Section 3.11 shall be modified automatically to the extent the requirements or standards applicable to Canyonfalls Creek or Orting Lake under the Development Agreement are modified.

**3.12 Noxious Weeds.** No noxious weeds or invasive species shall be introduced in landscaped areas, either in Common Areas or individual Lots.

**3.13 Consent to Development.** BY REASON OF THIS DECLARATION, SUBJECT TO DECLARANT'S COMPLIANCE WITH ALL GOVERNMENT APPROVALS, EACH OWNER HEREBY CONSENTS AND WAIVES ANY OBJECTION AND PROTEST TO THE DEVELOPMENT OF THE CASCADIA PROJECT FOR RESIDENTIAL AND OTHER PERMITTED USES. EACH OWNER ACKNOWLEDGES AND AGREES THAT DECLARANT'S PLANS FOR THE CASCADIA PROJECT MAY BE REGULARLY MODIFIED AND AMENDED IN DECLARANT'S SOLE DISCRETION FOR MULTIPLE REASONS, INCLUDING BUT NOT LIMITED TO OBTAINING APPROVALS FOR THE DEVELOPMENT OF THE CASCADIA PROJECT, TO RESPOND TO THE REAL ESTATE MARKET, TRAVEL AND WORK PATTERNS, OR CULTURAL OR ECONOMIC FACTORS. DECLARANT AND ITS AGENTS AND DESIGNEES SHALL HAVE A RIGHT OF ACCESS AND USE AND AN EASEMENT OVER ALL LOTS, UNITS, AND ALL OF THE COMMON AREAS TO MAKE, CONSTRUCT AND INSTALL SUCH IMPROVEMENTS TO THE COMMON AREAS AS DECLARANT DEEMS APPROPRIATE IN ITS SOLE DISCRETION.

**3.14 Declarant Approval of Additional Covenants.** No Owner or other person shall record any declaration of covenants, conditions or restrictions or a declaration of condominium or similar instrument affecting any portion of the Residential Property without review and written consent, which shall not be unreasonably withheld, by Declarant during the Development Period and by the Board of the Association thereafter. Any attempted recordation without such Declarant or Association consent, as applicable, shall result in such instrument being void and of no force and effect unless subsequently approved by Declarant or the Association and recorded in the public records.

#### **ARTICLE 4. COMMON AREAS, EASEMENTS, UTILITIES AND PARTY WALLS**

**4.1 Title to and Use of Common Areas.** Declarant shall convey to the Association, from time to time during the Development Period, the Common Areas designated for ownership by the Association on the Master Plan or by Declarant. Each Owner shall have a nonexclusive easement for the common use and enjoyment of the Common Areas, consistent with the purposes of the particular Common Area and any legal restrictions or rules and regulations of the Association. Easements to use the Common Areas shall be appurtenant to and run with each Lot and shall not be assigned or conveyed except upon transfer of title to such Lot. Each Owner hereby acknowledges that the Association shall have the right to enter into agreements for and/or convey Common Areas to other associations or non-profit organizations, Pierce County or other governmental organizations or other persons determined by the Association to be appropriate owners of Common Areas. Further, the Association may enter into agreements to maintain Common Areas owned by third parties and include the costs thereof as part of the Common Expenses. Any agreement regarding the conveyance of Common Areas by the Association during the Development Period shall require the approval of Declarant. Declarant or the Board may reserve some or all of the Common Areas for use only by the Owners and their guests and invitees, and thereby limit or preclude use by members of the general public (*i.e.* non-Owners).

Portions of the Common Area, including but not limited to certain parks and open spaces, may be designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners and occupants in a particular Neighborhood(s). The Exclusive Common Areas shall be designated within the subdivision plat or by deed or by a Supplemental Declaration of Declarant during the Development Period. Likewise, Declarant during the Development Period may redesignate

an Exclusive Common Area as a general Common Area by recording a Supplemental Declaration. After the Control Period, the Board and the affirmative vote of voting Members representing a majority of the total Class A votes in the Association, including a majority of the Class A votes within the Neighborhoods directly affected (i.e., Neighborhoods within which the Exclusive Common Area is being designated or from which it is being redesignated) designate any Common Area as Exclusive Common Areas or redesignate any Exclusive Common Area as a general Common Area. All costs associated with maintenance, repair, replacement and insurance of an Exclusive Common Area shall be a Neighborhood Expense allocated among the Owners and the Neighborhood(s) to which the Exclusive Common Areas are assigned. The Board of the Association may permit Owners of Units in other Neighborhoods to use all or a portion of the 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.

**4.2 Maintenance of Common Areas; Damaged Improvements.** The Association shall maintain the Common Areas, including Exclusive Common Areas, as set forth in Section 5.7. In the event of damage to or destruction of Common Area or other property which the 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 Residential Common Area shall be repaired or reconstructed unless the Voting Members representing at least 75% of the total Class A Member votes in the Association, and the Class B Member, if any, decide within 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 Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 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.

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 Association in a neat and attractive, landscaped condition.

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 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. The preceding sentence 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 Voting Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage.

**4.3 Reservation of Easement.** There is reserved to Declarant and to the Association, their agents and employees, an easement over all Common Areas, Exclusive Common Areas, and each and every Lot for entry and access in a reasonable manner and at reasonable times and places for the performance generally of all their rights and duties as provided in this Declaration. Such entry and

access shall not disturb or damage the Unit or any improvement which has been properly placed within the Unit and the party entering and accessing under this reserved easement shall repair any damage and restore the property to its original condition.

**4.4 Dedicated Right of Ways and Tracts; Open Space.** As part of the final approval of any plat, or by separate deed or document, Declarant (or the Association after the Development Period) may dedicate to the applicable governmental entity, or to another association or non-profit organizations, special purpose district or other persons determined to be appropriate by Declarant (or the Association after the Development Period), the rights of way for roadway and utility purposes and the open space and any other tracts shown on the face of any plat or for any other portion of the Residential Property dedicated by Declarant (or the Association after the Development Period) and accepted by a governmental entity.

**4.5 Signage; Monumentation and Mailbox Easements.** Declarant reserves the right to establish easements on portions of Lots designated by Declarant (but requiring the consent of any Owner of such Lot if no longer owned by Declarant) or on property located outside of the Master Plan, to build, replace, modify and maintain signage and monumentation, including lighted pilasters and landscaping, and to build, replace and maintain mailboxes, including a roof or covered area, mailbox units and lighting and landscaping. The legal descriptions of the locations of the signage, monumentation or mailbox easements shall be recorded when determined by Declarant.

**4.6 No Easement Obstructions.** No structure, planting or other material shall be placed or permitted to remain on any portion of the Residential Property which may damage or interfere with any easement or the installation or maintenance of utilities or which may unreasonably change, obstruct or retard direction or flow of any drainage channels.

**4.7 Utility Systems.** Utility systems shall be underground exclusively to the extent provided in the Master Plan.

**4.8 Party Walls and Other Shared Structures.** Each wall, fence, driveway or similar structure built as part of the original construction of a Unit which serves or separates any two adjoining Units shall constitute a party structure ("Party Structure"). So long as not inconsistent with this Section, the general rules of law regarding party walls and structures, and liability for property damages due to negligence or willful acts or omissions shall apply to Party Structures. Costs of reasonable repair and maintenance of a Party Structure or other structure shall be shared equally by the Owners whose property the Party Structure serves or separates. The right of contribution shall be appurtenant to the land and pass to such Owner's successors in title. If a Party Structure is destroyed or damaged by fire or other casualty, then to the extent 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 the other may restore it. Other Owners whose property the Party Structure serves or separates shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from other users under any rule of law regarding liability for negligent or willful acts or omissions. Further, condominium declarations or Supplemental Declarations may further establish obligations and rights relating to shared or Party Structures.

## ARTICLE 5. THE ASSOCIATION

**5.1 Function of Association.** The Association shall be the entity responsible for management, maintenance, operation and control of the Common Areas. The Association also shall be the primary entity responsible for enforcing the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and local, state and federal laws.

**5.2 Membership.** Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, then all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 5.3 and in the Bylaws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. Membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, manager, or member or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

**5.3 Voting.** The Residential Association shall have two classes of membership, i.e., Class A Members and Class B Member.

**5.3.1 Class A.** Class A Members shall be all Owners except the Class B Member, if any. Class A Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 5.2, except that there shall be only one vote per Unit and no vote shall be exercised for any property which is exempt from assessment under Section 6.9. All Class A votes shall be cast as provided in Section 5.3.3 below. ["Unit" by definition in Section 2.35 includes unimproved Lots or parcels as well as Lots or parcels with residences built thereon].

**5.3.2 Class B.** The sole Class B Member shall be Declarant. The Class B Member shall not vote on a per Unit basis but shall have such rights including the right to approve, or withhold approval of, actions proposed under this Declaration, the Bylaws and the Articles, as are specified in the relevant sections of those documents. After termination of the Class B Development Period, the Class B Member shall have a right to disapprove actions of the Board and committees as provided in the Bylaws or this Declaration. In addition, the Class B Member may appoint a majority of the members of the Board of Directors during the Class B Control Period, as specified in the Bylaws.

The Class B Membership shall terminate upon the earlier of: (i) expiration of the Development Period, or (ii) when, in its discretion, Declarant so determines and declares in a recorded instrument. Upon termination of the Class B Membership, Declarant shall be a Class A Member entitled to Class A Member votes for each Unit which it owns.

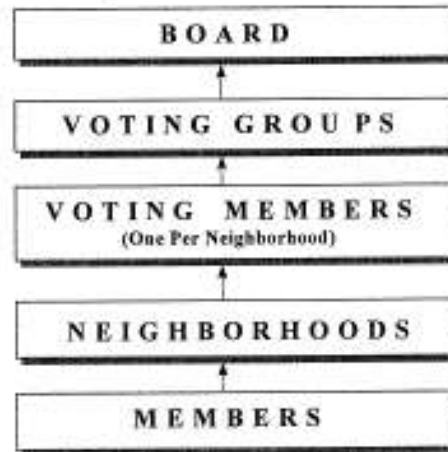
In recognition of the different character and intended use of the property subject to a Supplemental Declaration, Declarant may, by Supplemental Declaration, create additional classes of membership for the owners of Units within any additional property made subject to this Declaration, with such rights, privileges and obligations as may be specified in such Supplemental Declaration.

**5.3.3 Exercise of Voting Rights.** Except as otherwise specified in this Declaration or the Bylaws, the vote for each Unit owned by a Class A Member shall be exercised by

the Voting Member representing the Neighborhood, as provided in Section 5.4.2. The Voting Member may cast all such votes as it, in its discretion, deems appropriate. In any situation where a Member is entitled personally to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Residential Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

#### 5.4 Neighborhoods, Voting Members and Voting Groups.

##### Components of Association



**5.4.1 Neighborhoods.** From time to time, Declarant shall have the right to assign the Residential Property in Exhibit A and any additional property added by each Supplemental Declaration to a specific Neighborhood (by name or other identifying designation), which Neighborhood may be then existing or newly created. During the Development Period, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to redesignate Neighborhood boundaries. After the Development Period, the Association shall have the right to redesignate Neighborhood boundaries and exercise the same rights under this Section as Declarant had during the Development Period.

Every Unit shall be located within a Neighborhood. The Units within a particular Neighborhood may be subject to additional covenants. If, but only if, required by law or Declarant, Owners of Units within a particular Neighborhood also shall be members of a Neighborhood Association.

Any Neighborhood may, upon the affirmative vote, written consent, or a combination thereof, of Class A Members representing a majority of the total Class A votes attributable to Units in the Neighborhood, request that the Association provide an increased level of service or special services for the benefit of Units in such Neighborhood. In such event, the 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. If a Neighborhood Committee or Neighborhood Association exists, it shall communicate all such requests to the Board.

## **NEIGHBORHOODS**

- **Created by Declarant when Supplemental Declaration is filed**
  
- **Comprised of units which share common interests**
  
- **May request special services or higher level of services**

**5.4.2 Voting Members.** Each Neighborhood shall elect a Voting Member who shall be responsible for casting all votes attributable to Units owned by Class A Members in the Neighborhood on all Residential Association matters requiring a membership vote, except as otherwise specified in this Declaration or the Bylaws. In addition, each Neighborhood shall elect an alternate Voting Member who shall be responsible for casting such votes in the absence of the Voting Member. Voting Members and alternate Voting Members may, but need not, be Owners.

The Voting Member and alternate Voting Member from each Neighborhood shall be elected every two (2) years, either by electronic or written ballot cast by mail or at a meeting of the Class A Members within such Neighborhood, as the Board determines. Upon written petition signed by Class A Members holding at least 10% of the total Class A votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. The presence, in person or by proxy or by electronic or written ballot, of Class A Members representing at least 20% of the total Class A votes attributable to Units in the Neighborhood shall constitute a quorum at any Neighborhood meeting.

The Board shall call for the first election of a Voting Member from a Neighborhood not later than one year after the conveyance of a Unit in the Neighborhood to a Person other than a Builder. Subsequent elections shall be held every two (2) years on a date established by the Board. Each Class A Member who owns a Unit within the Neighborhood shall be entitled to cast one equal vote per Unit owned. The candidate who receives the greatest number of votes shall be elected as Voting Member, and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting Member. The Voting Member and the alternate Voting Member shall serve a term of two years and until their successors are elected.

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Class A Members representing at least a majority of the total Class A votes attributable to Units in the Neighborhood which the Voting Member represents.

Until such time as the Board first calls for election of a Voting Member for any Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a membership vote under the Governing Documents.

## **VOTING MEMBERS**

- **Voting representatives of Class "A" Members**
- **Each Neighborhood elects one Voting Member**
- **Vote on specific issues for Class "A" Members**
  - **Board Members**
  - **Limited rule-making issues**
  - **Expansion**
  - **Limited Common Expense issues**

**5.4.3 Voting Groups.** Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing directors to the Board. Voting Groups may be designated to ensure groups with dissimilar interests are represented on the Board and to avoid allowing Voting Members representing similar Neighborhoods to elect the entire Board, due to the number of Units in such Neighborhoods, excluding representation of others. Following termination of the Control Period, the number of Voting Groups within the Residential Properties shall not exceed the total number of directors to be elected by the Class A Members pursuant to the Bylaws. Voting Members representing Neighborhoods within each Voting Group shall vote on a separate slate of candidates for election to the Board, with each Voting Group being entitled to elect the number of directors specified in the Bylaws.

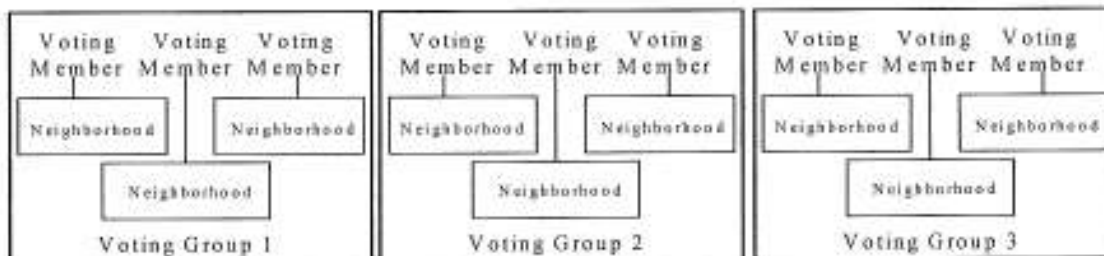
## **VOTING GROUPS**

- **Established at Declarant's option to assure balanced representation throughout community for different product types**
- **Each Voting Group elects one or more Directors**

Declarant shall establish Voting Groups, if at all, not later than the date of expiration of the Control Period by filing with the Association and in the public records, a Supplemental Declaration identifying each Voting Group by legal description or other means such that the Units within each Voting Group can easily be determined. Such designation may be amended from time to time by Declarant, acting alone, at any time prior to the expiration of the Control Period.

After expiration of the Development Period, the Board shall have the right to file or amend such Supplemental Declaration upon the vote of a majority of the total number of directors and approval of Voting Members representing a majority of the total number of Neighborhoods and a majority of the total Class A votes in the Association. Neither recordation nor amendment of such Supplemental Declaration by Declarant shall constitute an amendment to this Declaration, and no consent or approval of any person shall be required except as stated in this paragraph. Until such time as Voting Groups are established, all of the Residential Properties shall constitute a single Voting Group. After a Supplemental Declaration establishing Voting Groups has been filed, any and all portions of the Residential Properties which are not assigned to a specific Voting Group shall constitute a single Voting Group.

**3 to 7 Member Board of Directors**  
**VG-1 VG-1 VG-2 VG-2 VG-3 VG-3 VG-At Large**



- Class "A" Members within each Neighborhood elect one Voting Member to represent them on any matters requiring a membership vote.
- Voting Groups are established at the option of Declarant. If established, the Voting Members within each Voting Group will vote on a separate slate for election of directors, with each Voting Group electing an equal number of directors and any additional director elected at large by all Voting Members (without regard to Voting Groups).

**5.5 Board of Directors.** A Board of Directors shall govern the Association with authority to establish Use Rules and other procedures and regulations as authorized in the Bylaws and shall have any other powers available under this Declaration or by law. Members of the Board shall not be entitled to any compensation for services unless approved by (a) a majority vote of the Members, and, (b) during the Development Period, by written approval of the Declarant. Declarant and the Members shall have the right to select the Board members as set forth in the Bylaws.

**5.6 Architectural Review.**

**5.6.1 By Declarant.** Until delegation by Declarant to the Board's Architectural Review Committee, or upon expiration or termination of the Development Period, Declarant will perform all architectural review under this Declaration. Declarant, in its sole discretion, may designate one or more persons from time to time to act on its behalf in reviewing applications for approval of Improvements. Declarant from time to time may, but shall not be obligated to, delegate all or a portion of its reserved rights under this Section 5.6.1 to (i) a committee comprised of architects, engineers or other persons who may or may not be Members of the Association, or (ii) the

Architectural Review Committee appointed by the Board of Directors as provided in Section 5.6.2 below. Any such delegation shall be in writing, specifying the scope or conditions of the responsibilities delegated, and shall be subject to Declarant's right to veto any decision in Declarant's own discretion that Declarant determines to be inappropriate or inadvisable for any reason. Further, Declarant may unilaterally revoke the delegation at any time and reassume jurisdiction over the matters previously delegated. Declarant may elect to have different ARC or committee members review and approve (a) initial home construction and other Improvements initially installed on a Lot, as well as major remodels or additions to existing homes and Improvements and (b) minor additions or changes to existing Improvements.

**5.6.2 Association's Architectural Review Committee.** Upon delegation by Declarant or upon expiration or termination of the Development Period, the Board shall establish and continuously maintain an Architectural Review Committee composed of three (3) or more representatives. The ARC shall include at least two (2) directors to the extent required by RCW 24.03.115 and may include additional members as designated by the Board. The Board shall have the right to enforce compliance with the Design Guidelines. The Board shall have the power, as an alternative to establishing a separate ARC, to designate the Board or a committee thereof to act as and exercise all rights and powers of the ARC. The ARC shall neither review nor have approval authority over, and the Design Guidelines shall not apply to, activities of Declarant or the Association during the Development Period. After delegation by Declarant or expiration of the Development Period, the Board may appoint different ARC members for approval of (a) initial home construction and other Improvements initially installed on a Lot, as well as major remodels or additions to existing homes and Improvements and (b) minor additions or changes to existing Improvements.

**5.6.3 Design Guidelines .** Declarant shall prepare the initial Design Guidelines to establish the following: procedures for review and approval of Units and other Improvements, design standards and specifications, requirements and standards for external equipment location and design to reduce visual and noise impacts (such as air conditioning and other external equipment), review fees and other matters related to the external design, location, and construction within the Residential Property. From time to time, Declarant or the ARC may choose to adopt a set of architectural standards applicable to minor additions or changes to existing Improvements, as a component of the Design Guidelines and which may have different design standards and requirements than the component of the Design Guidelines that apply to initial home construction or major remodels. The ARC shall determine whether any proposed addition or change is major or minor for purposes of applying architectural standards for minor work, if any are adopted. All references to "Design Guidelines" include any future adopted architectural standards component of those Design Guidelines.

The Design Guidelines are not the exclusive basis for decisions of the Declarant or the ARC, and compliance with the Design Guidelines does not guarantee approval of any application. Declarant shall have the sole and full authority to amend the Design Guidelines during the Development Period, notwithstanding the reviewing authority of the ARC. However, Declarant may elect to delegate the power to amend the Design Guidelines to the ARC. In the event of any conflict between the Design Guidelines and this Declaration, this Declaration shall control.

Upon termination of the Development Period or Declarant's delegation of the right to amend, the ARC shall have the authority to amend the Design Guidelines (and adopt or modify any architectural standards component for minor work), with the Board's consent. Any amendments to the

Design Guidelines 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 of the Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive. The Design Guidelines shall be made available to Owners. Declarant may elect to record the Design Guidelines, in which event the recorded version, as it may be amended from time to time with recorded amendments, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time. Neither the Board nor the Members shall have the right to modify, repeal or expand the Design Guidelines, except for Board consent ARC changes. In the event of a conflict between the Design Guidelines and the Use Rules, the Design Guidelines shall control.

**5.6.4 Architectural Approval Required.** No Unit or other Improvement shall be commenced, erected, or maintained upon a Lot or any other portion of the Residential Property, nor shall any exterior addition to or change or alteration therein (including painting) or landscaping or re-landscaping (but not minor replacement of previously approved landscaping) be made, until after the details and written plans and specifications showing the nature, kind, shape, height, materials, paint or exterior material colors, and location of the same, a construction erosion control plan, a landscaping plan, and any other submittals described in the Design Guidelines, shall have been submitted to and approved in writing by the Declarant or the ARC, as applicable, based on which is performing the design and architectural review under this Declaration at the time, and as provided in this Section, to ensure the harmony of external design and location in relation to surrounding structures, vegetation, and topography.

Each Owner must submit plans with any required review fees as described in the Design Guidelines. Construction must strictly conform to the plans and specifications approved by the ARC. No approval is 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 a Unit without architectural approval. However, modifications to screen porches, patios and similar portions of a Unit visible from the outside of the structure shall be subject to approval as set forth herein.

**5.6.5 Modifications.** The Declarant or the ARC, as applicable, may grant modifications from compliance with the Design Guidelines so long as the modification is in writing and not contrary to this Declaration, where circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations may justify a modification. Inability to obtain governmental approval or permits or the terms of financing shall not be considered a hardship or warranting a modification. Prior to approval of a modification that would reduce dimensional standards, the Declarant or the ARC, as applicable, shall provide notice and an opportunity for comment as follows: (a) written notice to Owners of any occupied residence within 300 feet of any structures for which dimensional standards are proposed for reduction; and (b) an opportunity to provide comments to the Declarant or the ARC, as applicable, prior to rendering a decision on the proposed modification to reduce dimensional standards. The notice shall describe the specific request, the location of the subject property, and the manner and time period for making comments. The modification process shall not be used to modify dimensional standards for uses that are permitted only with administrative or hearing examiner approval by Pierce County, and any modifications to dimensional standards for such uses shall require the normal Pierce County major/minor amendment

process. The Owner also is responsible to obtain any variance of County standards to the extent required by the Development Agreement or the Pierce County Code.

**5.6.6 No Architectural Review Committee Liability.** Each Owner acknowledges that the Design Guidelines, and the interpretation and application thereof, may vary from time to time, including opinions on aesthetic matters. Further, each Owner acknowledges 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. However, the Declarant or the ARC, as applicable, may refuse to approve similar proposals in the future. Approval of any improvement shall not constitute a waiver of the right to withhold approval as to similar applications or proposals. The standards and procedures for architectural review are for maintaining and enhancing overall aesthetics, but shall not create any duty on the part of the Declarant or the ARC, as applicable, or any other person. Since the approvals are based on aesthetic considerations, the Declarant or the ARC, as applicable, shall have no responsibility for ensuring structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes or other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size or similar design. Neither Declarant, the Association, nor the ARC shall be held liable for soil conditions, drainage or other general site work or for any defects in plans reviewed or approved, or for any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Improvements and Unit. In all matters, the Association shall defend and indemnify Declarant and the ARC regarding any actions relating to architectural review. The Declarant or the ARC, as applicable, may issue certificates of architectural compliance certifying there are no known violations of the Design Guidelines or requirements for architectural approval.

**5.7 Powers.** The Association's duties and powers include but are not limited to: (a) owning, maintaining and administering the Common Areas and facilities; (b) administering and enforcing the Covenants; (c) implementing Master Plan conditions; and (d) levying, collecting and disbursing the assessments and charges hereinafter created. The Association through its Board has the right to promulgate Use Rules and regulations which may further define and limit permissible uses and activities consistent with the provisions of this Declaration. All actions of the Association requiring approval of Owners shall be: (a) by a vote of more than 50% of those Members present in person or by proxy at the meeting, unless applicable law requires a higher percentage; and (b) during the Development Period, approved in writing by the Declarant. All Owners shall receive written notice of any meeting of the Association as provided in the Bylaws. The Association shall have the following additional powers and duties:

**5.7.1 Landscaping Within Public Rights-of-Way; Other Landscaping.** The Association shall have the right and obligation to install, maintain and replace landscaping and associated irrigation and lighting within public rights-of-way to the extent required in any easement or agreement for use of Pierce County right-of-way entered into by Pierce County and Declarant. Further, the Association shall have the right, but not obligation, to install, maintain and replace landscaping and associated irrigation and lighting on any other areas within or abutting the Residential Property.

**5.7.2 Landscaping Within Public Drainage Tracts.** The Association shall have the right, but not the obligation (unless required by Pierce County through an easement

agreement, 5-Year Review of the Development Agreement, or otherwise), to enter upon public drainage tracts to install, maintain and replace landscaping, subject, however, to obtaining any required approvals or permits from Pierce County.

**5.7.3 Pre-Acceptance Drainage Maintenance; County Runoff Easement; Private Drainage Easements and Maintenance; Monitoring.** The Association shall maintain, repair and replace the portions of the public drainage system prior to their acceptance by Pierce County or other governmental agency.

Further, the Association shall maintain, repair and replace the storm water facilities receiving stormwater from public roads as provided in the "Storm Drainage Easement for Public Runoff Discharge to Cascadia Phase 1A Master Drainage Facilities," entered into by Pierce County and Declarant and recorded under Pierce County Recording No. 200805230068.

Private storm drainage easements and facilities ("Drainage Easements") located along interior and rear lot lines have been established by and depicted on Pierce County-approved plats of the Residential Property. The specific Lots benefited and burdened by the initial four (4) plats are set forth in Exhibit C attached hereto. The Association shall have final responsibility to maintain, repair and replace (collectively "maintain") all drainage facilities located in the Drainage Easements. However, each benefited Lot Owner listed on Exhibit C is hereby delegated the initial responsibility and obligation to maintain all drainage facilities located on his/her benefited Lot. Further, all benefited Lot Owners for each specific Drainage Easement are hereby delegated the initial responsibility and obligation to maintain (and share equally the costs thereof) all drainage facilities located on the burdened Lots and hold the burdened Lot Owner harmless from any cost or liability for maintenance, except to the extent the burdened Lot Owner directly caused damage to the drainage facilities.

If any Owner fails to maintain the private drainage facilities as required by this Section, then the Association will notify the Owner of the failure and allow fourteen (14) days to cure, except in an emergency situation there shall be a shorter cure time as is reasonable under the circumstances. If the Owner fails to cure within the cure period, then the Association shall correct the failure and charge the Owner all cost of cure and maintenance as a Specific Assessment under Section 6.5.

Further, at any time, the Association may elect to maintain, repair and replace some or all of the facilities in the Drainage Easements, in which case the Association's costs will be charged to the Owners of the Lots benefiting from the private stormwater facilities as Specific Assessments under Section 6.5.

In order to have an integrated stormwater system, the Association may assign its maintenance, repair and replacement responsibilities under this Section to another Cascadia owners' association or non-profit organization or to a special purpose or utility district that may be established under Section 5.7.19 to own and operate Common Areas for drainage, irrigation and/or reclaimed water.

The Association has the right to undertake monitoring of drainage and water quality of the surface water drainage system serving the Master Plan, whether or not the system or components thereof are privately maintained or owned or operated by Pierce County (but subject to Pierce County approval).

**5.7.4 Drainage Enforcement by Pierce County:** If in the judgment of the County the Association fails to maintain drainage facilities within the plat, or if the Association willfully or accidentally reduces the capacity of the drainage system or renders any part of the drainage system unusable, then the Association agrees to the following remedy: After 30 days notice by registered mail from the County to the Association, the County will assess financial sanctions (pursuant to P.C.C. 17A.10.130) and/or initiate enforcement proceedings. In the event the County determines the lack of maintenance has resulted in a situation of imminent danger to life, limb or property, the County will correct the problem as necessary to restore the full design capacity of the drainage system. In this event, the County will bill the owners of the facility 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 should legal action be required to collect such payments, shall be borne by the Association.

**5.7.5 Signage.** The Association shall have the right, but not obligation, to install monument signage and related landscaping, lighting and amenities over various tracts, and shall maintain such improvements if installed by the Association.

**5.7.6 General Easements.** The Association shall have the authority, to be exercised as determined by the Board, to use and maintain the general landscaping, monumentation, signage, mailbox and other easements and the corresponding rights as set forth in Article 4.

**5.7.7 Insurance.** The Association, through the Board or its duly authorized agent shall obtain, continue and effect the following types of insurance if reasonably available: (a) blanket property insurance with policy limits to recover full replacement costs for the Common Areas and facilities; (b) commercial general liability insurance for the actions of the Association or any of its members, employees, agents or contracts while acting on its behalf; (c) directors and officers liability coverage; (d) workers compensation insurance and employers liability insurance if and to the extent required by law; (e) commercial crime insurance, including fidelity insurance covering any person responsible for handling Association funds; and (f) such additional insurance as the Board in its best business judgment determines advisable. The Association shall periodically review the sufficiency of its insurance coverage. The policies may contain a reasonable deductible amount, which deductible shall be a Common Expense. The policy shall be from a company authorized to do business in Washington which satisfies requirements of the FNMA or such other secondary mortgage market agencies or Federal Agencies as the Board determines appropriate. If substantial damage or destruction occurs to any Common Area, then Board shall notify the Owners and all applicable casualty insurance proceeds for the damage or destruction shall be paid to the Association for repair, replacement or disbursement as determined by the Board.

The Association also shall have the authority to obtain insurance for any Attached Housing Units within the Project. The costs of any insurance for attached housing Units will be assessed to the benefited Units as a Specific Assessment or as part of a Neighborhood Assessment.

**5.7.8 Powers of the Residential Association Relating to Neighborhood Associations.** The Residential 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 Association or its members. The 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 Association in a written notice within the reasonable time frame set by the Association in the notice. If the Neighborhood Association fails to comply, the 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.

**5.7.9 Provision of Services; Attached Housing Maintenance.** The Association shall be authorized to provide services and facilities to the Cascadia Project community and to third parties, including groups and individuals beyond the Cascadia Project's boundaries. In the Board's discretion, the 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 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, caretaker, transportation, fire protection, utilities, and similar services and facilities.

Without limiting the foregoing, the Association shall have the right, but not obligation, with the consent of the Owners of Units with Attached Housing, to maintain, repair and replace: (a) the exterior of the Attached Housing, including the roofs, gutters, siding, porches and decks (but not doors or windows), (b) private utility lines used in common for Attached Housing, and (c) landscaping the front and side yards of Attached Housing. Costs relating to the exterior of the Attached Housing and utility lines used in common, including reserves therefor, shall be assessed by the Association equally against all Owners of Attached Housing within each building, and the costs associated with landscaping shall be assessed equally against all Owners of Attached Housing. The Board shall levy Specific Assessments for the prorated share of the cost of such services against the Units to which such services were rendered, pursuant to Section 6.5.1.

The Association may establish a separate reserve account for each building containing Attached Housing, levy Specific Assessments against the Units in that building for reserves for repair and/or replacement of those portions of the building which the Association has undertaken responsibility to repair and/or replace under this Section, and pay for the cost of such services rendered with respect to the building from the reserve account for that building.

**5.7.10 Educational Involvement and Activities.** The Residential Association is specifically empowered to develop and provide County-required and other educational programs and materials to Owners and occupants of the Cascadia Project and others in the surrounding community. The following programs are required under the Development Agreement [Ex H #21, 102, 117, & 118]: (1) providing educational materials for water quality and habitat/resource protection to businesses, schools, residences, and parks maintenance personnel within the Cascadia Project to minimize the use of pesticide and lawn and landscape fertilizers, (2) providing educational materials regarding recycling and handling of hazardous waste which shall be distributed to residents and commercial users within the Cascadia Project; (3) preparing educational materials instructing residents on how to discourage the introduction of noxious weeds; and (4) proposing educational materials in order to foster an understanding and appreciation for natural features within the Cascadia

Project. The provisions of this paragraph shall be modified automatically to the extent the requirements or standards under the Development Agreement are modified or terminated.

The Residential 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, in order to provide educational programs. The Residential Association shall have the authority to implement and maintain programs, including, without limitation, home owner instruction programs and programs that reinforce the community's and the individual's responsibilities as stewards of the environment.

The Residential 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 Association will or will not provide or in which the Residential Association will or will not participate. The Residential Association may provide for such programs or participation in such programs to be funded by the Residential Association, as Common Expenses, or by Owners who request such programs, as Specific Assessments.

**5.7.11 Health and Wellness Programs.** The Residential Association is specifically empowered, but not obligated, to implement health and wellness programs for the benefit of the Owners and occupants of the Cascadia Project and others in the surrounding community. 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 Residential 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.

The Residential 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 Residential Association will or will not provide or in which the Association will or will not participate. The Residential Association may provide for such programs or participation in such programs to be funded by the Residential Association, as Common Expenses, or by Owners who request such programs, as Specific Assessments.

**5.7.12 Recycling Programs.** The Residential Association may, but is not obligated to, establish recycling and compost programs and community recycling and compost centers within the Residential Properties. The Residential Association may own recycling and compost equipment. The Residential Association may, but shall have no obligation to, purchase recyclable materials in order to encourage participation in recycling programs. Any income received by the Association as a result of such recycling efforts shall be used to reduce Common Expenses.

**5.7.13 Water Management Activities.** The Residential Association is specifically empowered, but is not obligated, to develop and to implement various programs and practices for water conservation and waste water, surface water, ground water, rainwater and other water management activities. The Residential 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. To the extent allowed by law, the Association may operate waste water reclamation facilities and may distribute, infiltrate or disperse or provide irrigation with reclaimed water.

**5.7.14 Utility Services.** The Residential 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 Residential Association shall have the authority to levy Base Assessments, Special Assessments, Specific Assessments, or Neighborhood Assessments to pay the expenses associated with providing such services. Further, the Association may provide utility services to the Units, including, but not limited to, water, sewer and garbage, and assess the cost thereof to the Owners of the Units in accordance with usage.

**5.7.15 Security.** The Residential Association shall provide on-site security on a permanent basis, to the extent required by Pierce County or otherwise determined by the Board designed to promote safety within Residential Properties. The Association shall include within the common expenses the costs related to any such activities that the residential association incurs. **NOTWITHSTANDING THIS REQUIREMENT TO PROVIDE ONSITE SECURITY, NEITHER THE RESIDENTIAL ASSOCIATION NOR DECLARANT SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE RESIDENTIAL PROPERTIES, NOR SHALL EITHER BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY SYSTEMS OR MEASURES, INCLUDING ANY MECHANISM OR SYSTEM FOR LIMITING ACCESS TO THE RESIDENTIAL PROPERTIES, CANNOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THEY ARE DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS AND ALL OCCUPANTS OF ITS UNIT THAT THE RESIDENTIAL ASSOCIATION, ITS BOARD AND COMMITTEES, AND DECLARANT ARE NOT INSURERS AND THAT EACH PERSON USING THE RESIDENTIAL PROPERTIES ASSUMES ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PROPERTY, INCLUDING UNITS AND THE CONTENTS OF UNITS, RESULTING FROM ACTS OF THIRD PARTIES.**

**5.7.16 Expenses of Authorized Powers Are Common Expenses.** All expenses and costs associated with the powers enumerated herein shall be part of the Common Expenses under Article 6.

**5.7.17 Transfer Fees.** In order to provide community programs and activities supporting the Cascadia Project, the Association shall have the authority, in its sole discretion, to require the payment of a "transfer fee" by each seller of a Unit upon the closing of a sale or transfer of any property which is subject to this Declaration. The Association shall have the sole discretion to determine the amount and method of determining any 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 other factor as determined by the Association. However, no transfer fee shall be in an amount greater than 0.10% of the gross selling price of a Unit, and similarly situated sellers shall be treated similarly. Any funds obtained for the transfer fees shall be used by the Association for

the benefit of the Cascadia Project community as determined in the judgment of the Board. Such uses may include, without limitation, contributions to one or more tax-exempt organizations.

Notwithstanding the above, no transfer fees shall be levied in the following circumstances:

- (a) Conveyance of property from Declarant to a Builder or from a Builder to Declarant;
- (b) Conveyance of property 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 or from Declarant or to or from Pierce County or any other governmental agency; and
- (e) Any other exemptions determined appropriate by the Association.

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

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

**5.7.19 Conveyance of Open Space, Irrigation, Stormwater and Reclaimed Water to Association or District.** Declarant (and the Association after the Development Period) shall have the right from time to time to transfer certain Common Areas and other property and facilities owned or controlled by the Association to another owner association or to a special purpose or utility district for the ownership, management, operation and control of one or more of the following: open space areas and parks, irrigation facilities, stormwater and drainage facilities, and facilities related to reclaimed/recycled water. As part of any transfer under this Section, the Association may enter into agreements or covenants for costs, service, insurance and indemnification or other matters deemed appropriate by Declarant or the Association. Any transfer may include agreement by the other owner association or district to perform some or all of the Associations rights or obligations under Sections 5.7.1 (Landscaping in Rights of Way), 5.7.2 (Landscaping within Public Drainage Tracts), 5.7.3 (Drainage Facility Maintenance), 5.7.4 (Drainage Monitoring), 5.7.13 (Water Management Activities) or other powers and responsibilities that the Association could otherwise undertake. As part of any assignment, the Association shall reserve the right to include all costs of maintenance, repair, operation and replacement of the facilities assigned, as Common Expenses of the Association, to the extent such costs are not otherwise charged to the Owners by the new association, non-profit organization or special purpose or utility district.

**5.8 Actions Requiring Voting Member Approval.** If HUD, the VA, or any other Federal Agency is insuring or guaranteeing the mortgage or deed of trust encumbering on any Unit,

and to the extent such agencies require Member approval of certain actions, such as merger, consolidation or dissolution of the Residential Association; annexation of additional property other than that described in Exhibits A or B and dedication, conveyance or mortgaging of any Common Area, then the Association shall obtain the required Member approval, as well as the consent of Declarant (if the action is taken during the Development Period). Notwithstanding anything to the contrary in this Section 5.8, Declarant or the Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

## ARTICLE 6. BUDGET AND ASSESSMENTS

**6.1 Budgeting and Allocating Common Expenses.** The Board shall prepare annual financial statements of the Association consistent with RCW 64.38.045(3), as amended. At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 6.3. 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 to be generated through the levy of Base Assessments, Specific Assessments and Special Assessments against the Units, as authorized in Section 6.6.

The Association is hereby authorized to levy Base Assessments equally against all Units subject to assessment under Section 6.6 to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 6.7.2), which may be either a contribution, an advance against future assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

The Board shall send a copy of the final budget, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner at least 14 but not more than 60 days prior to the effective date of such budget. Within 30 days after the Board adopts a budget, the Board shall set a date for a meeting of the Owners to consider ratification of the budget. Such date shall be not more than 30 days after the mailing of a summary of the budget adopted by the Board. Notice shall comply with Chapter 64.38, RCW, as amended. The budget shall automatically become effective unless disapproved at the meeting by Members representing at least 75% of the Association (regardless of whether a quorum exists) or by the Declarant for any budget adopted during the Development Period.

If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget

is determined. The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to notice requirements and the Members' right to disapprove the revised budget as set forth above.

**6.2 Budgeting and Allocating Neighborhood Expenses.** At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses for each Neighborhood on whose behalf 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 have approved pursuant to Section 5.4 and any contribution to be made to a reserve fund pursuant to Section 6.3. 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, Specific Assessments and Special Assessments against the Units in such Neighborhood.

The Association is hereby authorized to levy Neighborhood Assessments equally against all Units in the Neighborhood which are subject to assessment under Section 6.6 to fund Neighborhood Expenses; provided, if so specified in the applicable Supplemental Declaration or if so directed by petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Units in proportion to the benefit received.

The Board shall cause a copy of the Neighborhood budget and notice of the amount of the Neighborhood Assessment for the coming year to be delivered to each Owner in the Neighborhood at least 14 but not more than 60 days prior to the beginning of the fiscal year. The Board shall set a date for a meeting of the Neighborhood to consider ratification of the Neighborhood budget. Such date shall be not less than 14 nor more than 30 days after the Board's mailing of a budget summary for the Neighborhood. Such budget and assessment shall become effective unless disapproved at the meeting of the Neighborhood by Members representing at least 75% of the total Class "A" votes in the Neighborhood to which the Neighborhood Assessment applies (regardless of whether a quorum exists) and by the Class "B" Member, if such exists.

If the proposed budget for any 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 budget and the amount of any 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 to disapprove the revised budget as set forth above.

**6.3 Budgeting for Reserves.** The budget shall take into account 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 6.1, or as a Neighborhood Expense budget adopted pursuant to Section 6.2, 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 Board may establish a separate capital improvement or replacement reserve account for deposit of reserve funds.

**6.4 Special Assessments.** In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment shall be levied against the entire membership, or against any Neighborhood if the unbudgeted or excess expenses relates to less than all Neighborhoods. The Board shall send a notice of the proposed Special Assessment to each Owner at least 14 but not more than 60 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 Members to consider the proposed Special Assessment. Such date shall be not less than 14 nor more than 30 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 representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment, and the consent of the Declarant if the Special Assessment will be payable at any time during the Development Period. 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.

**6.5 Specific Assessments.** The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

**6.5.1 Unit Services.** To cover the costs, including overhead and administrative costs, of providing services to such Unit upon request of such Unit's Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and

**6.5.2 Unit Compliance.** To cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Unit's Owner or occupants, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing.

**6.6 Authority to Assess Owners; Time of Payment.** Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the calendar month following the month in which Declarant closes the sale of the Unit to a Builder or other person. The first annual Base Assessment 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 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.

## **6.7 Obligation for Assessments.**

**6.7.1 Personal Obligation.** Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Residential Property, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments as to any Unit, together with interest (computed from its due date at a rate of 12% per annum or such higher rate as the Board may establish, subject to limitations of Washington law), late charges as determined by Board resolution, 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 6.8 with respect to foreclosed mortgages. The 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.

The Board's failure to fix assessment amounts or rates 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 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 Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself or herself from liability for assessments by non-use of any Common Area, 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 Association or Board 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.

The Association upon written request shall furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require advance payment of a reasonable processing fee for issuance of such certificate.

**6.7.2 Declarant's Option to Fund Budget Deficits.** During the Development Period, Declarant may satisfy its obligation for assessments on Units which it owns either by paying such assessments in the same manner as any other Owner or by paying the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual expenditures by the Association during the fiscal year. Unless Declarant otherwise notifies the Board in writing at least 60 days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of Declarant's election, Declarant's obligations hereunder may be satisfied by cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Development Period, Declarant shall pay assessments on its unsold Units in the same manner as any other Owner.

**6.8 Lien for Assessments.** The Association 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 attorneys fees). Such lien shall be superior to all other liens, except (a) liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first Mortgage of record ("First Mortgage," meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

The Association may bid for the Unit at the foreclosure sale and may use as a credit toward its bid the amount of the delinquent assessment and other charges authorized hereunder. The Association may acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) 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 Association. The Association may sue for unpaid assessments and other charges authorized hereunder 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 Mortgagee's foreclosure. The subsequent Owner of the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Unless and until paid by the prior Owner, such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment, including such acquirer, its successors and assigns.

**6.9 Exempt Residential Property.** The following property shall be exempt from payment of all assessments:

**6.9.1 Common Areas.** All Common Areas; and

**6.9.2 Governmental Property.** Any property dedicated to and accepted by any governmental authority or public utility.

In addition, Declarant or the Association shall have the right, but not the obligation, to grant exemptions or reductions in assessments for any property devoted to church, school, or similar civic purposes, or devoted to low income housing (as defined by Declarant or the Board of the Association), 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).

**6.10 Capitalization of Association.** Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant or a Builder, and upon each subsequent resale transaction, a contribution shall be made by the purchaser to the working capital of the Association in an amount equal to the greater of (a) Two Hundred Fifty Dollars (\$250) or (b) one-sixth (1/6th) of the annual Base Assessment per Unit for that year. 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 Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the Bylaws.

**6.11 Collection of Assessments by Another Association.** For administrative convenience and efficiency, the Board may contract for the collection and deposit of assessments, fees or other amounts due under this Declaration ("Collection") with another owner's association at Cascadia ("Other Association"). The Collection system also may include any condominium association located within Cascadia.

In exercising this authority, the Board may enter into agreements with the Other Association, banks or other parties to implement Collections by the Other Association. The Collection activities authorized hereby include but are not limited to (i) delivering a consolidated notice or invoice to all members of the Association and other associations at Cascadia, which shows the assessment or fee amounts due for the respective associations, (ii) providing for a single payment if an Owner is a member of more than one association, (iii) depositing the collected funds in a master account temporarily and thereafter promptly re-depositing funds into a separate account for the Association, or (iv) collecting funds from individual members through automatic bank withdrawals when authorized by a member of the Association.

The Association is authorized to pay a fee to the Other Association for reimbursement of a pro rata share of the costs of Collection, including allocated staff expenses or other overhead which is directly related to Collection, but otherwise are not easily separated.

## **ARTICLE 7. MORTGAGEE PROVISIONS**

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

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

**7.1.1 Loss.** Any condemnation loss or any casualty loss which affects a material portion of the Residential Property or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

**7.1.2 Delinquency.** 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;

**7.1.3 Insurance.** Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

**7.1.4 Eligible Holders.** Any proposed action which would require consent of a specified percentage of Eligible Holders.

**7.2 Special FHLMC Provision.** So long as required by the FHLMC, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first

Mortgagees or Members representing at least 67% of the total Association vote consent, the Association shall not:

**7.2.1 Common Areas.** 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 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); except for conveyances to governmental agencies or other associations or persons described in Section 4.1 where the grantee will maintain the Common Areas consistent with the standards in this Declaration;

**7.2.2 Assessments.** 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 Residential Property regarding assessments for certain neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

**7.2.3 Design Review.** 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 Design Guidelines, procedures, rules and regulations, or the Use Rules shall not constitute a change, waiver, or abandonment within the meaning of this provision);

**7.2.4 Insurance Failure.** Fail to maintain insurance, as required by this Declaration; or

**7.2.5 Insurance Proceeds.** Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

Holders of First Mortgages 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 Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

The provisions and requirements of this Section 7.2 shall be modified automatically to the extent the requirements or standards established by the FHLMC are modified or terminated.

**7.3 Other Provisions for First Lien Holders.** To the extent not inconsistent with Washington law:

**7.3.1 Residential Property Restoration.** Any restoration or repair of the Residential Property 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.

**7.3.2 Association Termination.** Any election to terminate the 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.

**7.4 Amendments to Documents.** The following provisions do not apply to amendments to the Use Rules or the Design Guidelines or termination of the Association as a result of destruction, damage, or condemnation pursuant to Section 7.3, or to the addition of land to this Declaration.

**7.4.1 Termination of Association.** Consent of Members representing at least 67% of the Members and of Declarant, during the Development Period, 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 Association.

**7.4.2 Amendment of Governing Documents.** Consent of Members representing at least 67% of the votes and of Declarant, during the Development Period, 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 appertain, shall be required to amend any material provisions of the Declaration, Bylaws, or Articles of Incorporation relating to the following, 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) the authority to establish reserves for maintenance, repair, and replacement of the Common Area (but not setting the amount thereof or expenditures of reserves); (iv) insurance or fidelity bonds; (v) limitation on the rights to use the Common Area; (vi) responsibility for maintenance and repair of the Residential Property; (vii) boundaries of any Unit; (viii) general restrictions governing the leasing of Units; (ix) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Unit; (x) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or (xi) any provisions included in this Declaration, Bylaws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of First Mortgages on Units.

**7.5 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.

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

**7.7 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 Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, so long as such request is delivered to the Mortgagee by personal delivery or certified or registered mail, return receipt requested.

**7.8 Construction of Article.** 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.

**7.9 HUD/VA Approval.** During the Development Period, the following actions shall require prior approval of the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the Mortgage on any Unit: merger, consolidation or dissolution of the Association; annexation of additional property other than that described in Exhibit B; dedication, conveyance or mortgaging of Common Area; or material amendment of this Declaration. Granting easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a conveyance within the meaning of this Section.

## **ARTICLE 8. EXPANSION, WITHDRAWAL AND AMENDMENT OF DECLARATION**

**8.1 By Declarant.** Declarant from time to time during the Development Period may subject to the provisions of this Declaration all or any portion of the property described in Exhibit B or any other land 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.

Declarant reserves the right during the Development Period to remove any portion of the Residential Property which has not yet been improved with structures from the coverage of this Declaration by recording a Supplemental Declaration in the public records describing such withdrawn property. Such removal 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, then the Board of the Residential Association shall consent to such withdrawal.

In addition to specific amendment rights granted elsewhere in this Declaration, until conveyance of the first Unit to a Person other than a Builder, Declarant may unilaterally amend this Declaration for any purpose.

Thereafter, Declarant may unilaterally amend this Declaration from time to time 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 FNMA, the FHLMC or another Federal Agency, 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, during the Development Period, Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any Owner's rights.

**8.2 By Members.** The Residential Association also may subject additional property to the provisions of this Declaration, with the consent of the owner of such property, by filing a Supplemental Declaration in the public records describing the additional property. Any such

Supplemental Declaration shall require the affirmative vote of Voting Members representing more than 50% of the Class "A" votes of the Residential Association represented at a meeting duly called for such purpose and the consent of the owner of the additional property. In addition, during the Development Period, Declarant's consent shall be necessary.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 67% of the total votes in the Association, including 67% of the votes held by Members other than Declarant, and the consent of Declarant during the Development Period. In addition, approval requirements set forth in Article 7 shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

**8.3 Additional Covenants and Easements.** Declarant may subject any portion of the Residential Property to additional covenants and easements, including covenants obligating the Residential Association to maintain and insure such property and authorizing the Residential 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 in order to reflect the different character and intended use of such property.

**8.4 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 Supplemental Declaration or 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 9. INDEMNIFICATION

Each member of the Board and Architectural Review Committee (and Declarant while exercising authority of the Board and/or performing architectural review during the Development Period), and any agents thereof, shall be indemnified by the Association against all expenses and liabilities (including attorneys' fees and costs) reasonably incurred by or imposed in connection with any litigation or other proceeding by reason of such individual's holding a position or office. This indemnification shall include, but not be limited to, any litigation or other proceeding maintained on the grounds that the Declarant authorized construction of any Improvement with a height in excess of any use, height, or other condition or restriction imposed by this Declaration or any other document recorded in connection with the Residential Property. Further, this indemnification shall apply whether or not such person holds that position at the time the expense or liability is incurred, except to

the extent such expenses or liabilities are covered by insurance and except where such person is adjudged guilty of willful misfeasance in the performance of his/her duties. However, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association.

#### **ARTICLE 10. LIMITATION OF LIABILITY**

So long as a member of the Board or Architectural Review Committee, Declarant or any managing agent has acted in good faith, without willful or intentional misconduct, upon the basis of information possessed by such persons, then that person shall not be personally liable to any Owner, the Association, or to any other person for any damage, loss, or claim on account of any act, omission, error, or negligence of such person. However, this Section shall not apply to the extent such acts, omissions or errors are covered by the Association's insurance. The limitation on liability contained herein shall apply to any allegation that a member of the Board, Architectural Review Committee or the Declarant approved construction of any Improvement in excess of that allowed by this Declaration or any other document recorded in connection with the Residential Property.

#### **ARTICLE 11. ENFORCEMENT**

The Association, the Declarant, and each Owner subject to this Declaration shall have the right to enforce by any proceedings at law or in equity all rights, duties, obligations, covenants and easements now or hereafter imposed by the provisions of this Declaration, but the Declarant's right to enforce this Declaration shall terminate after the later of (a) expiration of the Development Period or (b) Declarant ceasing to be an Owner subject to this Declaration. Failure by the Association or Declarant to enforce any right, duty, obligation or covenant herein contained shall in no event be deemed a waiver of the right to do so thereafter. 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 in accordance with the procedures set forth in the Bylaws. Such sanctions may include, without limitation:

- (a) imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit;
- (b) suspending an Owner's right to vote;
- (c) suspending any Person's right to use any recreational facilities within the Common Areas; 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 Residential 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 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 3 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 3 and the Design Guidelines from continuing or performing any further activities in the Residential Properties; and
- (h) levying Specific Assessments to cover costs incurred by the 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 without the necessity of compliance with the procedures set forth in the Bylaws:

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

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Residential Association may record a notice of violation in the public records or perform such maintenance responsibilities and assess all costs incurred by the Residential Association against the Unit and the Owner as a Specific Assessment. If a Neighborhood Association fails to perform its maintenance responsibilities, the Association may perform such maintenance and assess the costs as a Specific Assessment against all Units within such Neighborhood. Except in an emergency situation, the 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 Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

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

The Association, by contract or other agreement, may enforce applicable city and county ordinances and permit Pierce County to enforce ordinances within the Cascadia Project for the benefit of the Residential Association and its Members.

In its actions, inaction, and deliberations while conducting the business affairs of the Association, the Board shall act within the scope of the Governing Documents and in good faith to

further the legitimate interests of the Association and its members. In fulfilling its governance responsibilities, the Board in its deliberations shall limit its actions to those reasonably related to the Association's purposes; those reasonably related to or within the 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.

## ARTICLE 12. GENERAL PROVISIONS

**12.1 Duration.** This Declaration shall be binding for an initial term of 40 years from the date of recording 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. However, provision must be made for an organization to continue to perform duties imposed by the Master Plan, by other documents, or otherwise by law. Any such agreement to terminate this Declaration must be signed by (a) Declarant for the longer of the Development Period or as long as Declarant owns any portion of the Residential Property, and (b) Members representing at least 67% of the Association (such requirement for 67% of the Members shall not apply to termination of the Association as a result of destruction, damage, or condemnation pursuant to Section 7.3). Any such agreement to amend this Declaration, in whole or in part, must comply with the requirements of Section 8.2.

Notwithstanding the foregoing, if any provision of this Declaration is unlawful, void, or voidable by reason of applicability of the rule against perpetuities, such provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

**12.2 Binding on Successors.** The Covenants shall run with the Residential Property and apply to and bind the successors and assigns in interest and all parties having or acquiring any right, title or interest in the Residential Property or any portion thereof.

**12.3 Interpretation.** Use of the singular herein shall include reference to the plural, and vice versa, and use of the masculine gender shall include reference to the feminine gender. The captions in this Declaration are inserted only as a matter of convenience and for reference, and in no way describe, define, or limit the intent of this Declaration. The captions are not to be used in interpreting this Declaration.

**12.4 Severability.** Invalidation of any one of the provisions herein by judgment or court order shall not in any way affect any other provision which shall remain in full force and effect.

DATED this 28<sup>th</sup> day of May, 2008.

THE CASCADIA PROJECT LLC, a Washington limited liability company

By *Patrick Kuo*  
Its Managing Member

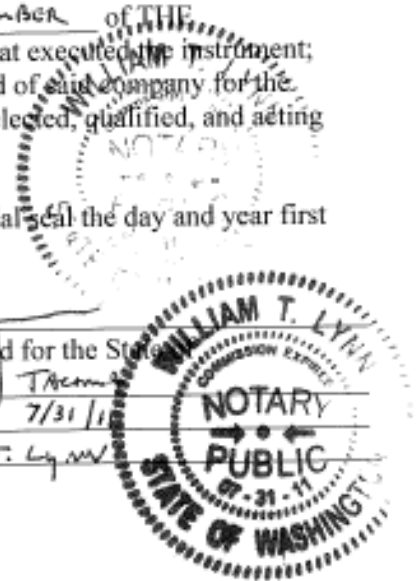
- EXHIBIT A – Legal Description of Residential Property
- EXHIBIT B – Legal Description of Expansion Area for Declaration
- EXHIBIT C – Tables of Benefited and Burdened Lots for Private Drainage Easements [Columbia Vista; Liberty Ridge; Whitman; Winthrop]

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Pierce )

On this 28<sup>th</sup> day of May, 2008, before me, a Notary Public in and for the State of Washington, personally appeared Patrick Kuo, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who signed the instrument; on oath stated that he was authorized to execute this instrument as the MANAGING MEMBER of THE CASCADIA PROJECT LLC, the Washington limited liability company that executed the instrument; acknowledged the said instrument to be the free and voluntary act and deed of said company for the uses and purposes therein mentioned; and on oath stated that he was duly elected, qualified, and acting as said officer of the company.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

*William T. Lynn*  
NOTARY PUBLIC in and for the State of  
Washington, residing at Tacoma  
My appointment expires 7/31/11  
Print Name William T. Lynn



## EXHIBIT A

### Legal Description of Residential Property

[Plats of Columbia Vista at Cascadia; Liberty Ridge at Cascadia;  
Whitman at Cascadia; and Winthrop at Cascadia]

**Parcel L** of that Record of Survey recorded under Recording Number 200707265001, Records of Pierce County, WA; said parcel being a portion of Section 16, Township 19 North, Range 05 East, W.M.;

ALSO known as the future plat of "Liberty Ridge at Cascadia."

**Parcels K1 and K2** of that Record of Survey recorded under Recording Number 200612045011, Records of Pierce County, WA; said parcels being portions of Sections 16 and 21, Township 19 North, Range 05 East, W.M.;

ALSO known as the future plat of "Columbia Vista at Cascadia."

**Parcel L1** of that Record of Survey recorded under Recording Number 200603175011, Records of Pierce County, WA; said parcel being a portion of Section 16, Township 19 North, Range 05 East, W.M.;

ALSO known as the future plat of "Winthrop at Cascadia."

**Parcel M1** of that Record of Survey recorded under Recording Number 200612045011, Records of Pierce County, WA; said parcel being portions of Sections 16 and 21, Township 19 North, Range 05 East, W.M.;

ALSO known as the future plat of "Whitman at Cascadia."

Exhibit A

## EXHIBIT B

### Land Subject to Expansion of Declaration

**Parcels 2, 5, 6, 9, 10, 11, 13, 14, 16, 18, 22 and 24** of that Record of Survey recorded under Recording Number 200712135006, Records of Pierce County, WA; said parcels being portions of Sections 22, 23 and 27, Township 19 North, Range 05 East, W.M.

**Parcels D1, I, J and M2** of that Record of Survey recorded under Recording Number 200612045011, Records of Pierce County, WA; said parcels being portions of Section 16 and 21, Township 19 North, Range 05 East, W.M.

**Parcels N, M3, M4, I1, D, E, E1, X4 and X5** of that Record of Survey recorded under Recording Number 200603175011, Records of Pierce County, WA; said parcels being portions of Sections 16 and 21, Township 19 North, Range 05 East, W.M.

**Parcels G, H1, H2 and H3** of that Record of Survey recorded under Recording Number 200502085001, Records of Pierce County, WA; said parcels being portions of Sections 16, 17, 20 and 21, Township 19 North, Range 05 East, W.M.

EXCEPT ANY PORTION OF THE ABOVE DESCRIBED PARCELS deeded to Pierce County under Recording Numbers 200612150638, 200707190856 and 200707190857.

Exhibit B

**EXHIBIT C**  
**Tables of Benefited and Burdened Lots**  
**for Private Drainage Easements in Plats: Liberty Ridge; Whitman; Columbia Vista; Winthrop**

**LIBERTY RIDGE PLAT—PRIVATE DRAINAGE EASEMENTS**

<b>Easement Located On:</b>	<b>Lots Deriving Benefit:</b>
Lots 1,2	Lots 1,2
Lots 3, 4, 5	Lots 3, 4, 5
Lots 6, 7, 8, 9	Lots 6, 7, 8, 9
Lots 10, 11, 12	Lots 10, 11, 12
Lots 13, 14, 15	Lots 13, 14, 15
Lots 16, 17, 18, 19	Lots 16, 17, 18, 19
Lots 20, 21, 22	Lots 20, 21, 22
Lots 23, 24	Lots 23, 24
Lots 26, 27, 28	Lots 26, 27, 28
Lots 29, 30, 31, 32	Lots 29, 30, 31, 32
Lots 33, 34, 35	Lots 33, 34, 35
Lots 36, 37, 38	Lots 36, 37, 38
Lots 39, 40, 41, 42	Lots 39, 40, 41, 42
Lots 43, 44, 45, 46	Lots 43, 44, 45, 46
Lots 48, 49	Lots 48, 49
Lots 50, 51, 52, 53	Lots 50, 51, 52, 53
Lots 54, 55, 56	Lots 54, 55, 56
Lots 57, 58, 59, 60	Lots 57, 58, 59, 60
Lots 61, 62, 63	Lots 61, 62, 63
Lots 64, 65	Lots 64, 65
Lots 66, 67	Lots 66, 67
Lots 69, 70, 71, 72	Lots 69, 70, 71, 72
Lots 73, 74, 75, 76	Lots 73, 74, 75, 76
Lots 76, 77, 78, 79	Lots 77, 78, 79
Lots 80, 81, 82	Lots 80, 81, 82
Lots 83, 84	Lots 83, 84
Lots 87, 88, 89	Lots 87, 88
Lots 89, 90	Lots 89, 90
Lots 92, 93, 94	Lots 92, 93, 94
Lots 95, 96	Lots 95, 96
Lots 97, 98, 99, 100, 119	Lots 97, 98, 99, 119
Lots 100, 101, 102	Lots 100, 101, 102
Lots 103, 104	Lots 103, 104
Lots 105, 106	Lots 105, 106
Lots 107, 108, 109, 110	Lots 107, 108, 109, 110
Lots 110, 111, 112	Lots 110, 111, 112
Lots 113, 114, 115	Lots 113, 114, 115
Lots 117, 118, 119	Lots 117, 118, 119

Exhibit C-1

**WHITMAN PLAT—PRIVATE DRAINAGE EASEMENTS**

<b>Easement Located On:</b>	<b>Lots Deriving Benefit:</b>
Lots 1, 2	Lots 1, 2
Lots 3, 4	Lots 3, 4
Lots 5, 6	Lots 5, 6
Lots 7, 8	Lots 7, 8
Lots 9, 10	Lots 9, 10
Lots 11, 12, 13	Lots 11, 12, 13
Lots 14, 15	Lots 14, 15
Lots 15, 16	Lot 16
Lots 17, 18, 19	Lots 17, 18, 19
Lots 20, 21, 22	Lots 20, 21, 22
Lots 22, 23, 24, 25	Lots 23, 24, 25
Lots 26, 27, 28	Lots 26, 27, 28
Lots 29, 30, 31, 32	Lots 29, 30, 31, 32
Lots 33, 34, 35, 36	Lots 33, 34, 35, 36
Lots 37, 38, 39	Lots 37, 38, 39
Lots 40, 41, 42	Lots 40, 41, 42
Lots 43, 44, 45	Lots 43, 44, 45
Lots 46, 47, 48, 49	Lots 46, 47, 48, 49
Lots 50, 51	Lots 50, 51
Lots 52, 53	Lots 52, 53
Lots 54, 55, 56, 57	Lots 54, 55, 56
Lots 57, 58, 59	Lots 57, 58, 59
Lots 60, 61, 62	Lots 60, 61, 62
Lots 63, 64, 65, 66	Lots 63, 64, 65, 66
Lots 67, 68, 69	Lots 67, 68, 69
Lots 69, 70, 71, 72, 73	Lots 70, 71, 72, 73
Lots 74, 75, 76, 77	Lots 74, 75, 76, 77
Lots 78, 79, 80, 81	Lots 78, 79, 80, 81
Lots 82, 83	Lots 82, 83
Lots 83, 84, 85, 86	Lots 84, 85, 86
Lots 87, 88, 89, 90	Lots 87, 88, 89, 90
Lots 91, 92, 93	Lots 91, 92, 93
Lots 94, 95	Lots 94, 95
Lots 97, 98, 99, 100	Lots 97, 98, 99, 100
Lots 101, 102, 103	Lots 101, 102, 103
Lots 104, 105, 106	Lots 104, 105, 106
Lots 107, 108, 109	Lots 107, 108, 109
Lots 110, 111, 112, 113, 114, 115, 116	Lots 110, 111, 112, 113, 114, 115, 116
Lots 117, 118, 119, 120, 121	Lots 117, 118, 119, 120, 121
Lots 122, 123, 124	Lots 122, 123, 124

Exhibit C-2

**COLUMBIA VISTA PLAT—PRIVATE DRAINAGE EASEMENTS**

<b>EASEMENT LOCATED ON:</b>	<b>LOTS DERIVING BENEFIT:</b>
LOTS 1, 2, 3	LOTS 1, 2, 3
LOTS 3, 4, 5, 6, 7	LOTS 3, 4, 5, 6, 7
LOTS 8, 9	LOTS 8, 9
LOTS 9, 10, 11	LOTS 9, 10, 11
LOTS 12, 13, 14	LOTS 12, 13, 14
LOTS 14, 15, 16, 17, 18	LOTS 15, 16, 17, 18
LOTS 19, 20, 21	LOTS 19, 20, 21
LOTS 22, 23, 24, 25, 26	LOTS 22, 23, 24, 25, 26
LOTS 27, 28	LOTS 27, 28
LOTS 28, 29, 30, 31	LOTS 28, 29, 30, 31
LOTS 32, 33, TRACT D	LOTS 32, 33
LOTS 34, 35, 36, 37	LOTS 34, 35, 36, 37
LOTS 37, 38, 39	LOTS 37, 38, 39
LOTS 39, 40, 41, 42, 43	LOTS 40, 41, 42, 43
LOTS 44, 45, 46	LOTS 44, 45, 46
LOTS 47, 48	LOTS 47, 48
LOTS 49, 50, 51, 52	LOTS 49, 50, 51, 52
LOTS 53, 54, 55	LOTS 53, 54, 55
LOTS 55, 56	LOTS 55, 56
LOTS 57, 58, 59	LOTS 57, 58, 59
LOTS 60, 61, 62, 63	LOTS 60, 61, 62, 63
LOT 64, TRACT B	LOT 64, TRACT B
LOTS 65, 66	LOTS 65, 66
LOTS 66, 67, 68, 69	LOTS 67, 68, 69
LOTS 69, 70	LOTS 69, 70
LOTS 71, 72, 73	LOTS 71, 72, 73
LOTS 73, 74, 75	LOTS 73, 74, 75
LOTS 76, 77	LOTS 76, 77
LOTS 77, 78, 79, 80	LOTS 77, 78, 79, 80
LOTS 81, 82, 83, 84	LOTS 81, 82, 83, 84
LOTS 84, 85	LOTS 84, 85

Exhibit C-3

**WINTHROP PLAT—PRIVATE DRAINAGE EASEMENTS**

<b>EASEMENT LOCATED ON:</b>	<b>LOTS DERIVING BENEFIT:</b>
TRACT E, LOTS 1, 2, 3, 4	LOTS 1, 2, 3, 4
LOTS 5, 6, 7, 8	LOTS 6, 7, 8
LOTS 9, 10, 11, 12	LOTS 9, 10, 12
LOTS 13, 14, 15	LOT 13, 14
LOTS 15, 16, 17, 18	LOTS 15, 16, 17
LOTS 18, 19, 20	LOTS 18, 19, 20
LOTS 21, 22, 23	LOTS 21, 22
LOTS 24, 25	LOT 25
LOTS 26, 27, 28, 29	LOTS 27, 28, 29
LOTS 30, 31, TRACT C	LOTS 30, 31
LOTS 32, 33, 34, 35	LOTS 32, 33, 34
LOTS 36, 37, 38	LOT 36, 37
LOTS 38, 39, 40, 41	LOTS 38, 39, 40
LOT 42	LOT 42
LOT 43, 44, TRACT G	LOTS 43, 44
LOTS 45, 46	LOT 46
LOTS 47, 48, 49	LOTS 47, 48
LOTS 50, 51	LOT 50
LOT 52	LOT 52
LOTS 52, 53, 54	LOTS 52, 53
LOTS 55, 56, 57, 58	LOTS 56, 57, 58
LOTS 59, 60, 61	LOTS 60, 61

Exhibit C-4