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WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

Document Title(s) (or transactions contained therein): (all areas applicable to your document must be filled in) First Amendment to the Declaration of Covenants, Conditions, Restrictions, and Easements for Residential Properties at Cascadia Employment Based Planned Community	
Reference Number(s) of Related Documents: 200805300389	
Grantor(s) Exactly as name(s) appear on document 1. <u>NASH Cascadia Verde, LLC</u> 2. _____ 3. _____ 4. _____	
Grantee(s) Exactly as name(s) appear on document 1. <u>Cascadia Employment Based Planned Community</u> 2. _____ 3. _____ 4. _____	
Legal Description (abbreviated: i.e. lot, block, plat or section, township, range) 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; <i>see also</i> the Declaration of Covenants, Conditions, Restrictions, and Easements for Residential Properties at Cascadia Employment Based Planned Community, Recording No. 200805300389, official legal description same.	
Assessor's Property Tax Parcel/Account Number ☐ Assessor Tax # not yet assigned 0519162015, 0519164012, 0519164013, 0519164015 and 0519161017	
The Auditor/Recorder will rely on the information provided on this form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.	
"I am signing below and paying an additional \$50 recording fee (as provided in RCW 36.18.010 and referred to as an emergency nonstandard document), because this document does not meet margin and formatting requirements. Furthermore, I hereby understand that the recording process may cover up or otherwise obscure some part of the text of the original document as a result of this request." _____ Signature of Requesting Party	
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Pierce County

By M. M. Jensen Auth. Sig

hfl13901

AFTER RECORDING, RETURN TO:

Anthony L. Rafel, Esq.
Rafel Law Group PLLC
600 University St., Ste. 2520
Seattle, WA 98101

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

WHEREAS, The Cascadia Project LLC, a Washington limited liability company, executed a certain Declaration for Residential Properties at Cascadia Employment Based Planned Community ("the Declaration") dated May 30, 2008, and recorded under Recording No. 200805300389 in the records of Pierce County, State of Washington; and

WHEREAS, NASH Cascadia Verde, LLC, a Delaware limited liability ("Declarant"), is the successor declarant to The Cascadia Project LLC for the Declaration for Residential Properties at Cascadia Employment Based Planned Community; and

WHEREAS, pursuant to Article 8.1 of the Declaration, prior to the conveyance of the first unit to a person other than a builder, the Declarant may unilaterally amend the Declaration for any purpose;

NOW, THEREFORE, Declarant certifies the Declaration to have been amended in the following particulars:

A. Section 1.1 of the Declaration is deleted in its entirety and replaced by the following amended Section 1.1:

1.1 Residential Property in the Cascadia Project. NASH Cascadia Verde, LLC, a Delaware 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 (referred to herein as "Tehaleh"). This Declaration governs that portion of Tehaleh 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 Tehaleh is the creation of the Tehaleh Owners Association (the "Association," as defined in Section 2.2 of this Declaration), an association comprised of all owners of residential real property in Tehaleh, to own and/or operate various common areas and community improvements, and to administer and enforce this Declaration and other 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.

B. Section 1.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 1.3:

1.3 Community Association. This Declaration calls for establishment of the residential Association, which shall be known as the Tehaleh Owners Association, a non-profit corporation.

C. Section 1.4 of the Declaration is deleted in its entirety and replaced by the following amended Section 1.4:

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 Tehaleh 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 Tehaleh.

D. Section 2.2 of the Declaration is deleted in its entirety and replaced by the following amended Section 2.2:

2.2 "Association" means the Tehaleh Owners Association, a Washington nonprofit corporation, 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 occupants of the Residential Property.

E. Section 2.8 of the Declaration is deleted in its entirety and replaced by the following amended Section 2.8:

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 dedicated to 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.

F. Section 2.11 of the Declaration is deleted in its entirety and replaced by the following amended Section 2.11:

2.11 "Declarant" means NASH Cascadia Verde, LLC, a Delaware limited liability company, or its successor.

G. Section 2.13 of the Declaration is deleted in its entirety and replaced by the following amended Section 2.13:

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 Tehaleh.

H. Section 2.17 of the Declaration is deleted in its entirety.

I. Section 2.22 of the Declaration is deleted in its entirety and replaced by the following amended Section 2.22:

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 Tehaleh.

J. Section 2.25 of the Declaration is deleted in its entirety.

K. Section 2.26 of the Declaration is deleted in its entirety.

L. Section 2.27 of the Declaration is deleted in its entirety.

M. Section 2.28 of the Declaration is deleted in its entirety.

N. Section 2.34 of the Declaration is deleted in its entirety and replaced by the following amended Section 2.34:

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) modifying or imposing additional restrictions or obligations on land described in such instrument, or (c) 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.

O. Section 2.37 of the Declaration is deleted in its entirety.

P. Section 2.38 of the Declaration is deleted in its entirety and replaced by the following amended Section 2.38:

2.38 “Voting Member” means the Class A Members as defined in Section 2.6.

Q. Section 3.1 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.1:

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 Tehaleh. No Unit shall be further subdivided after it is sold by Declarant.

R. Section 3.5 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.5:

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.

S. Section 3.6 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.6:

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 Tehaleh) 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 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 the Owner.

T. Section 3.8.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.8.3:

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. Notwithstanding the foregoing, this Section 3.8.3 and the Use Rules shall not limit, directly or indirectly, "adult family homes" as described in RCW Chapter 70.128. The Use Rules adopted pursuant to this Section 3.8.3 shall also comply with any and all applicable state or federal fair housing laws and regulations. To the extent any Use Rule adopted pursuant to this Section 3.8.3 is inconsistent with any applicable state or federal fair housing law or regulation, or becomes inconsistent due to a change in such law or regulation, such rule shall be deemed modified to the extent necessary to conform to the applicable law or regulation.

U. Section 3.8.6 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.8.6:

3.8.6 Alienation; Leasing. No Use Rule shall require consent of the Association or Board for the conveyance of any Unit. The Rental of a Unit shall be governed by the provisions of the Declaration, including, without limitation, this Article.

V. The following new Sections 3.8.6(a)-(l) are added to the Declaration:

3.8.6(a) Definitions. As used in the Declaration, "Renting" or "Leasing" a Unit means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent received on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value); but does not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership, or the occupancy of a Unit by any person who resides in a Unit with its Owner. As used in the Declaration, "Tenant" means and includes a tenant, lessee, renter, or other non-Owner occupant of a Unit that is not occupied by its Owner. Notwithstanding anything herein to the contrary, Section 3.8.6 shall not be applicable to the rental of a Unit acquired by the Association following a foreclosure of the Association's lien for Assessments or to the rental of a Unit by a receiver appointed on motion of the Association in connection with a lien foreclosure action filed by the Association.

3.8.6(b) Minimum Lease Term Required. No Unit Owner shall be permitted to rent or lease less than the entire Unit or to rent or otherwise permit his or her Unit to be used for hotel or transient purposes, which shall be defined as rental, occupancy or use by a Tenant or other non-Owner Occupant for an initial occupancy period of less than one (1) year. No Owner or Tenant who does not occupy a Unit as a primary residence shall cause or allow the overnight accommodation of employees or business invitees in a Unit on a temporary or transient basis. Every lease shall be for a fixed initial term of not less than one (1) year, but may be renewed on a month-to-month basis thereafter.

3.8.6(c) Minimum Period of Ownership Occupancy Required. No Owner shall be permitted to rent or lease his or her Unit during the one (1) year period after he or she shall have acquired title thereto. For purposes of this

Section 3.8.6(c), if a person or persons acquires a Unit through inheritance, that person or persons shall be deemed to have owned and occupied that Unit during the period that their decedent owned and occupied the Unit.

3.8.6(d) Lease Requirements. No rental of a Unit shall be valid or enforceable unless it is made by means of a written instrument or agreement between the Owner(s) and the Tenant(s). No lease shall be valid unless it bears the written approval by the Association granted prior to the occupancy of the Tenant. The occupancy of a Unit by a Tenant and every lease shall be subject to the governing documents of the Association. By entering into occupancy of a Unit, a Tenant agrees to be bound by the governing documents. The Association shall have and may exercise the same rights of enforcement and remedies for breach of the governing documents against a Tenant as it has against an Owner, and such exercise shall not be considered an election of remedies. Each lease shall contain language acknowledging the Association's rights and the Tenant's obligations under the governing documents, but the absence of such language shall not reduce or impair the Association's rights. Tenants cannot assign or transfer their lease, nor sublet the whole or any part of a Unit, and any such assignment, transfer, or sublease shall be null and void.

3.8.6(e) Lease Approval. Prior to the Rental of a Unit to a Tenant, and prior to the renewal of any previously approved lease, a Unit Owner shall submit to the Association a valid and binding lease, executed by both the Owner and the proposed Tenant, and contingent only on the approval of the Association, together with a request for the written consent of the Association. The Association shall, as expeditiously as practical, grant its consent to the Owner if the requested Rental would not cause the aggregate number of all non-Owner occupied Units in the Association to exceed the Rental Ceiling specified in Section 3.8.6(f) below, and is otherwise in accordance with this Section 3.8.6.

3.8.6(f) Rental Ceiling Set. The maximum number of non-Owner occupied Units in the Association at any one time shall not exceed fifteen percent (15%) of the Units. If an Owner wishes to rent a Unit but is prohibited from doing so because of the Rental Ceiling, the Association shall place the Owner's name on a rental waiting list. The rental waiting list shall be maintained by the Board of Directors or its designee.

3.8.6(g) Hardship Exception. Where, on written application from an Owner, the Board determines that a hardship exists whereby that Owner would suffer serious harm by virtue of the limitation on renting contained in Section 3.8.6(f), and where the Board further determines that a variance from the policies contained therein would not detrimentally affect the other Owners, the Board may, in its discretion, grant an Owner a waiver of the Rental Ceiling for a temporary period not to exceed one (1) year. In the discretion of the Board, and on written application, this hardship exception may be extended for an additional period not to exceed one (1) year for good cause shown. A Unit rented under a hardship exception granted by the Board shall not be counted as a non-Owner

occupied Unit for the purpose of determining whether a Rental would cause the number of non-Owner occupied Units to exceed the Rental Ceiling.

3.8.6(h) Renting to a New Tenant. If a Tenant moves out of the Owner's Unit prior to the expiration of the Lease term or the Tenant and Owner do not renew the Lease at the expiration of the Lease term, the Association shall not withhold consent for the Owner to rent the Unit to a new Tenant; provided, however, that: (a) within seven (7) days after the Owner's Unit becomes unoccupied, the Owner submits a written notice to the Association that the Owner's Unit is unoccupied and that the Owner is seeking a new Tenant; and (c) within ninety (90) days after the Owner's Unit becomes unoccupied, the Owner submits to the Association a valid and binding lease, executed by both the Owner and the proposed Tenant, contingent only upon the approval of the Association.

3.8.6(i) Governing Documents to Be Provided to Tenants. Each Unit Owner who Rents or Leases a Unit shall provide that Tenant with a copy of the Declaration, Bylaws, and Use Rules.

3.8.6(j) Authority to Adopt Use Rules for Rentals. The Board of Directors shall have the authority to adopt additional Use Rules relating to the renting or leasing of Units.

3.8.6(k) Adult Family Homes. This Section 3.8.6 shall not apply to "adult family homes" as defined in RCW Chapter 70.128.

3.8.6(l) Multi-family Housing. This section 3.8.6 shall not apply to Owners of multi-family housing complexes where multiple separate housing units for residential inhabitants are contained within one building or several buildings within one complex, such as an apartment or condominium.

W. Section 3.8.7 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.8.7:

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 shall 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 Declarant or its successor for the development of the Residential Property.

X. Section 3.8.8 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.8.8:

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 3.8 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.

Y. Section 3.9 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.9:

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 by the County for Tehaleh. 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.

Z. Section 3.13 of the Declaration is deleted in its entirety and replaced by the following amended Section 3.13:

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 TEHALEH FOR RESIDENTIAL AND OTHER PERMITTED USES. EACH OWNER ACKNOWLEDGES AND AGREES THAT DECLARANT'S PLANS FOR TEHALEH 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 TEHALEH, 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.

AA. Section 4.1 of the Declaration is deleted in its entirety and replaced by the following amended Section 4.1:

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 or 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).

BB. Section 4.2 of the Declaration is deleted in its entirety and replaced by the following amended Section 4.2:

4.2 Maintenance of Common Areas; Damaged Improvements. The Association shall maintain the 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 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 levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage.

CC. Section 4.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 4.3:

4.3 Reservation of Easement. There is reserved to Declarant and to the Association, their agents and employees, an easement over all 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.

DD. The following new Section 4.9 is added to the Declaration:

4.9 ASSUMPTION OF RISK AND LIMITATION OF LIABILITY. EACH OWNER AND ANY OTHER PERSON USING THE COMMON AREAS ASSUMES THE RISK OF PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE RELATED TO OR ARISING OUT OF THE USE OF THE COMMON AREAS, AND EACH OWNER AND ANY OTHER PERSON USING THE COMMON AREAS AGREES THAT THE DECLARANT, THE ASSOCIATION, MEMBERS OF THE ASSOCIATION'S BOARD OF DIRECTORS, AND THE ASSOCIATION'S OFFICERS AND COMMITTEE MEMBERS SHALL HAVE NO LIABILITY TO ANY OWNER OR ANY OTHER PERSON CLAIMING ANY LOSS OR DAMAGE, INCLUDING WITHOUT LIMITATION, DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL LOSS OR DAMAGE ARISING FROM PERSONAL INJURY, DEATH, DESTRUCTION OF PROPERTY, OR ANY OTHER ALLEGED LOSS OR DAMAGE THAT IS BASED UPON, DUE TO, ARISING FROM, OR OTHERWISE RELATED TO THE USE OR CONDITION OF THE COMMON AREAS, INCLUDING WITHOUT LIMITATION, ANY CLAIM ARISING IN WHOLE OR IN PART FROM THE NEGLIGENCE OF THE DECLARANT, THE ASSOCIATION, MEMBERS OF THE ASSOCIATION'S BOARD OF DIRECTORS, AND/OR THE ASSOCIATION'S OFFICERS AND COMMITTEE MEMBERS. EACH OWNER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE DECLARANT, THE ASSOCIATION, MEMBERS OF THE ASSOCIATION'S BOARD OF DIRECTORS, AND THE ASSOCIATION'S OFFICERS AND COMMITTEE MEMBERS AGAINST ANY AND ALL SUCH CLAIMS BY OWNER'S TENANTS, INVITEES, LICENSEES, OR GUESTS.

EE. Section 5.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.3:

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

FF. Section 5.3.1 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.3.1:

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. ["Unit" by definition in Section 2.35 includes unimproved Lots or parcels as well as Lots or parcels with residences built thereon].

GG. Section 5.3.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.3.3:

5.3.3 Exercise of Voting Rights. Where there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the 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.

HH. Section 5.4 is deleted in its entirety.

II. Section 5.4.1 is deleted in its entirety.

JJ. Section 5.4.2 is deleted in its entirety.

KK. Section 5.4.3 is deleted in its entirety.

LL. Section 5.7.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.3:

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 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 a 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).

MM. Section 5.7.7 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.7:

5.7.7 Insurance. The Association, through the Board or its duly authorized agent shall obtain and continue in 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 contractors 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.

NN. Section 5.7.8 of the Declaration is deleted in its entirety.

OO. Section 5.7.9 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.9:

5.7.9 Provision of Services; Attached Housing Maintenance. The Association shall be authorized to provide services and facilities to the Tehaleh community and to third parties, including groups and individuals beyond Tehaleh'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.

PP. Section 5.7.10 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.10:

5.7.10 Educational Involvement and Activities. The Association is specifically empowered to develop and provide County-required and other educational programs and materials to Owners and occupants of Tehaleh 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 Tehaleh 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 Tehaleh; (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 Tehaleh. 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 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 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 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 Association will or will not participate. The Association may provide for such programs or participation in such programs to be funded by the Association, as Common Expenses, or by Owners who request such programs, as Specific Assessments.

QQ. Section 5.7.11 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.11:

5.7.11 Health and Wellness Programs. The Association is specifically empowered, but not obligated, to implement health and wellness programs for the benefit of the Owners and occupants of Tehaleh 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 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 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 Association will or will not provide or in which the Association will or will not participate. The Association may provide for such programs or participation in such programs to be funded by the Association, as Common Expenses, or by Owners who request such programs, as Specific Assessments.

RR. Section 5.7.12 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.12:

5.7.12 Recycling Programs. The Association may, but is not obligated to, establish recycling and compost programs and community recycling and compost centers within the Residential Properties. The Association may own recycling and compost equipment. The 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.

SS. Section 5.7.13 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.13:

5.7.13 Water Management Activities. The 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 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.

TT. Section 5.7.14 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.14:

5.7.14 Utility Services. The 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 Association shall have the authority to levy Base Assessments, Special Assessments or Specific 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.

UU. Section 5.7.15 of the Declaration is deleted in its entirety.

VV. Section 5.7.17 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.7.17:

5.7.17 Transfer Fees. In order to provide community programs and activities supporting Tehaleh, 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 Tehaleh 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.

WW. Section 5.8 of the Declaration is deleted in its entirety and replaced by the following amended Section 5.8:

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 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.

XX. Section 6.2 of the Declaration is deleted in its entirety.

YY. Section 6.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 6.3:

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 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.

ZZ. Section 6.4 of the Declaration is deleted in its entirety and replaced by the following amended Section 6.4:

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 directly affected Units if the unbudgeted or excess expenses relates to less than all Units. 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.

AAA. Section 6.11 of the Declaration is deleted in its entirety and replaced by the following amended Section 6.11:

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 Tehaleh ("Other Association"). The Collection system also may include any condominium association located within Tehaleh.

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 Tehaleh, 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.

BBB. Section 8.1 of the Declaration is deleted in its entirety and replaced by the following amended Section 8.1:

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 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.

CCC. Section 8.2 of the Declaration is deleted in its entirety and replaced by the following amended Section 8.2:

8.2 By Members. The 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 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.

DDD. Section 8.3 of the Declaration is deleted in its entirety and replaced by the following amended Section 8.3:

8.3 Additional Covenants and Easements. Declarant may subject any portion of the Residential Property to additional covenants and easements, including covenants obligating the Association to maintain and insure such property. 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.

EEE. Article 9 of the Declaration is deleted in its entirety and replaced by the following amended Article 9:

ARTICLE 9. INDEMNIFICATION

Each member of the Board, the Architectural Review Committee (and Declarant while exercising authority of the Board and/or performing architectural review during the Development Period), and any agents thereof, including members of Committees formed in accordance with the Bylaws, 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.

FFF. Article 10 of the Declaration is deleted in its entirety and replaced by the following amended Article 10:

ARTICLE 10. LIMITATION OF LIABILITY

So long as a member of the Board, the Architectural Review Committee, a Committee formed in accordance with the Bylaws, 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.

GGG. Article 11 of the Declaration is deleted in its entirety and replaced by the following amended Article 11:

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 ceases 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 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 Association may record a notice of violation in the public records or perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner as a Specific Assessment. Except in an emergency situation, the Association shall provide the Owner 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 as 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 Tehaleh for the benefit of the 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.

IN WITNESS WHEREOF, this First Amendment to the Declaration has been executed as of May 9, 2012 and shall be effective upon recording.

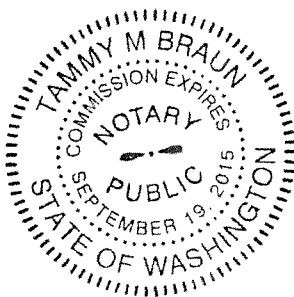
NASH CASCADIA VERDE, LLC, a Delaware
limited liability company

By  SCOTT JONES
Its AUTHORIZED SIGNATORY

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that SCOTT JONES is the person who appeared before me and that said person acknowledged that he/she signed this instrument and on oath stated that he/she was authorized to execute the instrument and acknowledged it as the President of NASH Cascadia Verde, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED under my hand and official seal this 9th day of MAY, 2012.



Tammy M Braun
Notary Signature

TAMMY M BRAUN
Print or type name

Notary Public in and for the State of Washington

Residing at WONKEY LAKE

My commission expires 9-19-2015