

When Recorded Return to:

T and E Development, LLC
P O Box 100
Plymouth Wa, 99346

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
OF
"HIGHLAND TOWNHOMES"

BENTON COUNTY, WASHINGTON

THIS DECLARATION is made this day of *June 2011* by T and E Development, LLC, Declarant" (Developer).

DESCRIPTION OF THE LAND

- A. Declarant owns certain real property located within the State of Washington, which property and improvements are commonly known as "HIGHLAND TOWNHOMES, and is herein referred to as the "Property." As is more particularly provided in Article 15, the Property is being developed as Three phases with an appropriate amendment to this Declaration (together with a site plan or plat map) being recorded when each phase is completed. Both phases together are known as HIGHLAND TOWNHOMES and is located on land more particularly described in Exhibit A attached hereto and incorporated herein.

Parcel # 1-3399-302-0050-000.

LOT 50, HIGHLAND SUBDIVISION, KENNEWICK, WA.

- B. For the benefit and protection of the Property, to enhance its value and attractiveness, and as an inducement to lenders and investors to make and purchase loans secured by Lots within the Property, Declarant agrees to provide herein for a method of use and architectural control within the Property.

NOW, THEREFORE, Declarant hereby declares that the Units or Lots described herein shall be held, sold, conveyed, encumbered, leased, rented, used, occupied, and improved subject to the following uniform covenants, conditions, restrictions, reservations, grants of easement, rights, right-of-way, liens, charges, and equitable servitudes. Any conveyance, transfer, sale, assignment, lease, or sublease of a Unit or Lot in the Property, shall and hereby is deemed to incorporate by reference all provisions of this Declaration. The provisions of this Declaration shall be enforceable by Declarant, any Unit or Lot Owner, The Association, and any first mortgage of any Unit or Lot.

ARTICLE 1 INTERPRETATION

- 1.1 Liberal Construction. The provisions of this declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Property.
- 1.2 Covenant Running with Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns.
- 1.3 Captions given to the various articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof.
- 1.4 Definitions:
- 1.4.1 "Association" shall mean the HIGHLAND TOWNHOMES HOMEOWNERS' ASSOCIATION, also referred to as the HOA, a Washington non-profit organization, provided for in Article 3 and its successors and assigns.
- 1.4.2 "Board" shall mean the Board of Directors of The Association OR HOA provided for in Article 4.
- 1.4.3 "Common Area" The Common Area (s) shown on the Site Plan or Plat Map inclusive of entryway, open spaces, and improvements; such

Improvements to be done by The Association (HOA) and or Declarant for the exclusive use and enjoyment of the HIGHLAND TOWNHOMES association owners. It shall be the sole responsibility of the HIGHLAND TOWNHOMES Association to maintain such areas, Common Areas, and other actual parcels. Property from up to and surrounding buildings on individual units or lots are also considered Common Area, excluding provisions 2.5.1. Refer to Common Area 2.1.

- 1.4.4 "Declarant" shall mean the undersigned and its successors and assigns if such successors or assigns should acquire more than one undeveloped Unit or Lot from the Declarant for the purpose of construction or development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant.
- 1.4.5 "Declaration" shall mean this declaration and any amendments thereto.
- 1.4.6 "Home" shall mean and refer to any structure located on a Lot or a partial Lot, or within the site plan area of the subject parcel, which structure is designed and intended for use and occupancy as residence by a single family or which is intended for use in connection with such residence.
- 1.4.7 "Lot" shall mean and refer to any plot of land shown upon any recorded Site Plan or Plat Map of the Subject Property. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on such Unit or Lot area within the Site Plan or Plat of the Subject Property. "Lot" shall not include any land now or hereafter owned by The Association; any land (other than a plot on which a single family residence may be constructed) owned by two (2) or more of the Unit or Lot Owners as tenants in common; or any land shown on the Site Plan or Plat Map, but dedicated to the public or to a governmental entity.
- 1.4.8 "Mortgage" shall mean a recorded mortgage or deed of trust that creates a lien against a Unit or Lot and shall also mean a real estate contract for the sale of a Unit or Lot.
- 1.4.9 "Mortgagor" shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit or Lot created by mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Unit or Lot.
- 1.4.10 "Owner" shall mean and refer to the record owner, whether one or more persons or entities of a fee simple title to any Unit or Lot which is a part of the Property; and, except as may be otherwise expressly provided herein, shall, in the case of a Unit or Lot which has been sold pursuant to a real estate contract, include any person of record holding a vendee's interest under such real estate contract, to the exclusion of the vendor thereunder.

Any person or entity having such an interest merely as security for the performance of an obligation shall not be considered an owner and shall have no voting rights in The Association.

- 1.4.11 "Person" shall include natural persons, partnerships, LLCs corporations, trusts, associations, and personal representatives.
- 1.4.12 "Property" shall mean the real estate described in Exhibit 1 and all improvements and structures thereon, including such additions thereto as may hereafter be brought within the jurisdiction of The Association.
- 1.4.13 "Site Plan or Plat Map" The Site Plan or Plat of HIGHLAND TOWNHOMES shall be recorded in three parcels.
- 1.5 Percentage of Mortgagees. For purposes of determining the percentage of first mortgages approving a proposed decision of course of action, a mortgage shall be deemed a separate mortgage for each Unit or Lot on which it holds a mortgage that constitutes a first lien on said Unit or Lot.
- 1.6 Percentage of Owners. For purposes of determining the percentage of Owners approving a proposed decision or course of action, an Owner shall be deemed a separate Owner for each Unit or Lot owned.

ARTICLE 2 COMMON AREA

- 2.1 Ownership of Common Area. The Highland Townhomes consist of three phases. The recorded final Plat Maps(s) shall designate any and all Common Areas. Each Highland Townhomes lot owner shall own such percentage along with such improvements according to and as such Phases are recorded.
- 2.2 Owners' Easements of Enjoyment. Each Owner shall have a non-exclusive right and easement, in common with all of the other Owners, of enjoyment in and to the Common Area, which shall be appurtenant to and it shall pass with the title to every Lot, subject to the following provisions.
- 2.2.1 Safe Usage. The Association may totally bar or restrict the Owners' use of portions of the Common Area where ordinary use could be dangerous, unreasonably increase Association costs, or be detrimental to the environment.
- 2.2.2 Right To Use. The Association may suspend the voting rights and right to use of the Common Area by an Owner for: Any period during which any assessment against his Lot remains unpaid, or any violation of the Declaration or the Association's published rules for which he is responsible remains unabated.

- 2.2.3 Dedicated/Transfer. The Association shall have a right to dedicate or transfer all or any portion of the Common Area, including easements, to any public agency, authority, or utility in accordance with the provisions of the Articles of Incorporation.
- 2.3 Native Growth and Other Special Areas. Certain portions of the Common Area may have special designations on the Plat, including but not limited to, Native Growth Protection Areas or Easements, biofiltration areas, water retention/detention areas, etc. Those areas are subject to any special use restrictions set forth on the Plat and any supplemental regulations by The Association consistent with the Plat restrictions.
- 2.4 Delegation of Use. An Owner may delegate, in accordance with such rules and regulations, as The Association shall promulgate, his right of use and enjoyment of the Common Area to the members of his family, his guests, and his tenants.
- 2.5 Maintenance.
- 2.5.1 Association. The Association and/or its duly designated representative shall maintain entire lots, the Common Area owned by it, e.g., the grass, sprinkler system, trees, and shrubs surrounding building lots, front and rear yards, excluding: walkways, rear concrete patios and approved coverings or surroundings of such patios, front courtyard areas and driveways. The Architectural Control Committee (ACC) shall have the right to require, at a Lot Owner's expense, the trimming or topping, or if deemed necessary by the ACC, removal of any tree, hedge, or shrub on a Lot which the ACC determine is unreasonably blocking or interfering with the view or access to sunlight of another Lot. The Association may provide such additional common maintenance, as it shall from time-to-time determine to be in the best interest of the Lot Owners/buildings. With the exception of common maintenance herein described, all maintenance of Lots and Units located thereon shall be the sole obligation of the Owner. Refer to 6.24 for exterior/building maintenance.
- 2.5.2 Lot Owners. Each Lot Owner hereby covenants and agrees to maintain that area of his respective Lot as described above in Section 2.5.1 and the Unit located hereon in the same condition as a reasonably prudent homeowner would maintain his or her own home so that the entire real property will reflect a high pride of ownership. If any Lot Owner shall fail to maintain his or her Lot or Units located thereon in the same condition as a reasonably prudent homeowner, The Association, after approval by two-thirds (2/3) vote of the Board, shall have the right to notify said Lot Owner in writing of the maintenance required. If said notice is delivered to the non-performing Lot Owner and no action is taken for a period of thirty (30) days, The Association shall have the right, through its agents and

employees, to enter upon said Lot and provide such maintenance, and to levy an assessment against the non-performing Lot Owner and his/her Lot for the cost of providing said maintenance. Said assessment shall constitute a lien against the Lot owned by the non-performing Lot Owner, and may be collected in the same manner as any other monthly or special assessment as hereinafter provided and, if not paid within thirty (30) days after said assessment is levied, The Association shall have all the remedies for collection as provided in Article of the Declaration.

2.5.3 Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to The Association all common expenses assessed against his Lot by The Association, including, but not by way of limitation: (1) monthly assessments or charges, which will be assessed at \$50.00 per month to each Unit Owner of record and may be increased from time-to-time as determined by the Association; and (2) special assessments, such assessments to be fixed, established and collected from time-to-time as hereinafter provided. The monthly and special assessments, together with such interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with 18 percent interest, \$50.00 processing fee, and additional cost of collection thereof (including reasonable attorney's fees) shall also be the personal obligation of the person who was the Lot Owner when the assessment fell due. There will be no assessment on any lot until a HOME on such lot is completed and sold.

2.5.4 Purpose of Monthly Assessments. The monthly assessments shall constitute a common expense fund and shall be used for the payment of those expenses authorized by the Declaration and the Bylaws of The Association, for the benefit of the Lot Owners and for the improvement and Maintenance of the Common Area and improvements, including, without Limitation:

- (a) Water, electricity, sewer, garbage collection, landscaping, and other necessary utility services for the Common Areas, and to the extent not separately metered or charge for the Lots, any assessments upon the Highland Townhome Villas with respect to such services.
- (b) A policy or policies insuring the Developer, The Board, The Association, and the Lot Owners against any liability to the public, or to any other Lot Owner, or to any invitees or tenants of any Lot Owner, for property damage or bodily injury incident to the owner-ship or use of the Common Area. Limits of liability under such insurance policy or policies shall not be

- less than One Hundred Thousand Dollars (\$100,000.00) for any one person injured; One Hundred Thousand Dollars (\$100,000.00) for any one accident; and Fifty Thousand Dollars (\$50,000.00) for property damage for each occurrence.
- (c) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.
 - (d) The salary and expenses of any personnel, as may in the reasonable opinion of The Board, be necessary or proper for the management and operation of the Common Area.
 - (e) Legal and accounting services which, in the reasonable opinion of The Board, are necessary or proper in the operation of the Common Areas or the enforcement of this Declaration.
 - (f) Fees and charges due to any person, firm, corporation, or developer which may be retained or hired by The Board to perform any functions or activities incident to the management or administration of the Highland Townhomes. (1) There may be from time-to-time, as The Community evolves, that The Association does not have enough funds to pay for expenses for the Common Areas. The Developer's Corporation reserves the right to pay for such and be reimbursed accordingly.
 - (g) Construction, replacement, improvement, maintenance in good order and repair of the Common Areas and improvements thereon and that portion of the Lots that The Association is responsible for maintaining, as The Board shall determine are necessary and proper.
 - (h) Repair and maintenance of any storm or drainage system, electrical or irrigation system that services any common area.
 - (i) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes and assessments which The Board may procure or pay for pursuant to the terms of this Declaration, or the Bylaws of The Association, or which The Board shall decide is necessary or proper for the operation and maintenance of the Common Area, or for the enforcement of any provisions in this Declaration or the Bylaws of The Association.
 - (j) Common area taxes any and all, but not limited to: entry way and improvements, parking areas, improvements on any lots with the intent such improvements are to be enjoyed/used by any other Community Lot/Unit owner, shall be paid by the Association per tax assessor. (Excluding individual/specific Home or Lot improvement(s); i.e., court yards/patio covers.)

2.5.5 Amount of the Monthly Assessments. The initial amount of the Monthly assessments shall be as follows (\$50.00) per month.

- (a) An initial assessment equal to six (6) months shall be paid by each original Lot purchaser upon closing of each Lot transaction. Two Thirds of such is for The Association's operating account and One Third of such is for the first two months dues. Perpetual monthly assessments shall commence sixty (60) days from closing of a completed Home. There shall be no monthly billing statements. It is the Home owner's sole responsibility to mail all monthly Assessments to The Association's address at P O Box 100, Plymouth Wa, 99346.
- (b) Within thirty (30) days prior to the beginning of each fiscal year of The Association, The Board shall estimate the net charges to be paid by The Association during the coming year for the purposes specified in Section 2 of this Article 2 (including a reasonable provision for contingencies and replacements and less any expected income and any surplus from the prior year's fund); thus dividing the estimated net charges by the number of Lots/Units and assess each Lot/Unit Owner such amount in accordance with the number of Lots owned. The Association's fiscal year commences January 1. If the estimated cash requirement proves inadequate for any reason, including non-payment of any Lot Owner's assessment, a further assessment may be levied, which shall be assessed in like manner. Each Lot/Unit Owner shall be obligated to pay assessments made pursuant to this paragraph to The Association in equal monthly installments on or before the first day of each month during the year. However, The Board of Directors may provide for quarterly payments in lieu of monthly payments.
- (c) All funds collected hereunder shall be expended for the purpose designated herein.
- (d) The omission by The Board before the expiration of any year to fix the assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Lot/Unit Owner from the obligation to pay the assessments or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. The new assessment shall be determined as provided in Paragraph (b) above and shall apply prospectively for the balance of the year and until the next assessment is fixed.
- (e) The Association shall keep detailed accurate records, in chronological order, of the receipts and expenditures affecting the Common Area and buildings, specifying and itemizing the operation, maintenance, replacement, and repair expenses of the Common Area and any other expenses. Records and

vouchers authorizing the payments involved shall be available for examination by the Lot/Unit Owners by appointment only during business hours on weekdays.

- 2.6 Property Entry Signs. If landscape/entry signs easement(s) are on a Lot(s), The Association shall hereafter maintain such project entry and identification signs and related landscaping, fencing, and improvements as deemed necessary. The Lot Owners shall have no right to use these easement areas, except to maintain, repair, or improve the entry sign and landscaping. The Owners of the Lots subject to these easements may not do anything in the easement areas, which is inconsistent with, or detrimental to their intended purpose. The Developer/Builder shall have the right to erect a sign with landscaping identifying the Project and Developer/Builder at the corner of Kennewick Avenue and S. Tweedt Place at anytime within one year from the date all Units are transferred from the Developer/Builders Ownership to each new Home Owner, as evidenced by title transfer.

ARTICLE 3
OWNERS ASSOCIATION

- 3.1 Establishment. There is hereby created an association to be called The HIGHLAND TOWNHOMES HOMEOWNERS' ASSOCIATION.
- 3.2 Form of Association. The association shall be a nonprofit corporation HIGHLAND TOWNHOMES HOMEOWNERS' ASSOCIATION (referred to hereinafter as The "Association") formed and operated pursuant to Title 24, Revised Code of Washington. In the event of any conflict between this Declaration and the Articles of Incorporation for such nonprofit corporation, the provisions of this Declaration shall prevail.
- 3.3 Membership.
- 3.3.1 Qualification. Each Owner of a Lot/Unit in the Property (including Declarant) shall be a member of The Association and shall be entitled to one membership for each Lot so owned. Ownership of a Lot/Unit shall be the Sole qualification for membership in The Association.
- 3.3.2 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot/Unit giving rise to such membership, and shall not be assigned, conveyed, pledged, or alienated in any way except upon the transfer of title to said Lot/Unit and then only to the transferee of title to such Lot/Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot/Unit shall operate automatically to transfer the membership in The Association appurtenant thereto to the new Owner thereof.

- 3.4 Development Period. The Highland Townhomes Development Period shall mean that period of time from the date of the recording of these Declarations until the date when eighty-five (85) percent of the Lots/Units are completed and have been sold and closed and title transferred to a new owner other than the developer. Upon termination of the Development Period, either because of the sale of the required number of Lots or at the election of the Developer, the Developer shall record with the Benton County Auditor a Declaration of Termination of Development Period referencing the Declaration and stating that the Development Period is terminated. The Development Period shall terminate with the recording of said document.
- 3.4.1 Notice of Termination of Development Period. Not less than ten (10) nor more than thirty (30) days prior to the recording of the Declaration of Termination of Development Period, the Developer shall give written notice of the termination of the Development Period to each Lot/Unit Owner. If there shall be more than one Lot/Unit Owner of any Lot/Unit, notice to any one of said Lot/Unit Owners of any Lot shall be sufficient. The notices shall be transmitted by Regular mail, postage prepaid, addressed to the Owners at their last mailing address provided to the Developer. If no mailing address has been provided to the Developer, than said notice shall be addressed to the mailing address of the Lot/Unit. Notices shall be deemed given when deposited in a United States Post Office postage prepaid, addressed as hereinabove indicated.
- 3.4.2 Notice of Meeting of Association. Said Notice of Termination of Development Period shall specify the date when the Development Period will terminate, and shall further notify the Lot/Unit Owners of the date, place, and time at which the first meeting of The Association will be held. The notice shall specify that the purpose of The Association meeting is to elect new officers and The Board of The Association. Notwithstanding any other provision of the Articles or Bylaws of The Association to the contrary, for purposes of this meeting, the presence either in person or by proxy of the Owners of a majority of the Lots, or the statutory number of residents required by State law shall constitute a quorum. The Board and officers of The Association may be elected by a majority vote of said quorum. If a quorum shall not be present; the Development Period shall nevertheless terminate and it shall thereafter be the responsibility of the Lot/Unit Owners to provide for the operation of The Association.
- 3.4.3 Developer's Reservation of Authority During Development Period. The Developer hereby has and does reserve for its successors or assigns, during the Development Period, all of the rights, powers and functions of The Association, The Board, and the ACC, thereof, which shall be exercised and/or performed by the Developer. The Developer shall appoint the initial Board Members who shall exercise the aforesaid rights during the Development Period.

3.5 The Association.

3.5.1 Membership. Each Lot/Unit Owner shall be a member of the Highland Townhome Villas Homeowners' Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot/Unit, which is subject to assessment. All members shall have rights and duties as specified in this Declaration, and The Articles of Incorporation and Bylaws.

3.5.2 Voting Rights. The Association shall have two (2) classes of voting membership.

Class A: Class A members shall be all Owners with the exception of the Developer and shall be entitled to one vote for each Lot/Unit owned. When more than one person holds an interest in any Lot/Unit; all such persons shall be members. The vote for such Lot/Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot/Unit..

Class B: Class B members shall be the Developer and shall be Entitled to ten (10) votes for each Lot/Unit owned.

3.6 Bylaws of Association. Bylaws fix the administration of The Association and the Property, and to further the intent of this Declaration, may be adopted or amended by the Owners at a regular or special meeting; provided that the initial Bylaws shall be adopted by The Board of Directors. In the event of any conflict between this Declaration and any Bylaws, the provisions of this Declaration shall prevail.

ARTICLE 4
MANAGEMENT OF THE ASSOCIATION

4.1 Administration of the Property. The owners covenant and agree that the administration of the Property shall be in accordance with the provisions of the Declaration and the Bylaws of The Association, which are made a part hereof. Administrative power and authority shall vest in a Board of Directors selected in accordance with the Bylaws.

4.2 Authority and Duties of the Board. On behalf and acting for The Association, The Board, for the benefit of the Property and the Owners, shall have all powers and authority permitted to The Board under this Declaration, including but not limited to the following:

4.2.1 Assessments. Levy, collect, and enforce the collection of assessment, to defray expenses attributable to carrying out the duties and functions of The Association hereunder.

- 4.2.2 Fidelity Bonds. The Association may require any officer or employee of The Association handling or responsible for The Association funds to furnish adequate fidelity bonds, the premiums of such bonds to be paid by The Association.
- 4.2.3 Maintenance of Right-of-Ways, etc. To the extent deemed advisable by The Board, pay for the costs of maintaining and landscaping right-of-ways, plant islands, or other similar areas which are within or adjacent to the Property boundaries.
- 4.2.4 Property Management. The Association may enter into agreements with one or more qualified persons which provide for the maintenance and repair of the Common Area, collection of assessments, sending all required notices to Lot Owners, operation of Association meetings, and other regular activities of The Association; provided that, The Board may not delegate to said persons the duties which it is required by law to perform.
- 4.2.5 Contracting and Payment for Materials, Services, etc. Contract and pay for any materials, supplies, labor or services which The Board should determine are necessary or proper for carrying out its powers and duties under this Declaration, including legal, accounting, management or other services; provided that, if for any reason any materials, supplies, labor or services are provided for particular Lots or their Owners, the cost thereof shall be specially charged to the Owner of such Lot/Unit (excluding such improvements for common use). The Board may pay the Declarant a reasonable fee for any services it performs on behalf of The Association.
- 4.2.6 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of The Association shall be signed by such officer or officers, agent or agents, of The Association and in such manner as is from time-to-time determined by The Board.
- 4.2.7 Attorney-in-Fact. Each Owner, by the mere act of becoming an Owner, shall irrevocably appoint The Association as its attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder.
- 4.2.8 Adoption of Rules and Regulations. When and to the extent deemed advisable by The Board, to adopt reasonable rules and regulation governing the maintenance and use of the Common Area and the Property and other matters of mutual concern to the Lot/Unit Owners, which such rules and regulations shall not be inconsistent with this Declaration and the Bylaws and which shall treat all Owners fairly and on a non-discriminatory bases.

- 4.2.9 Additional Powers of Association. In addition to the duties and powers of The Association, as specified herein, and elsewhere in this Declaration, but subject to the provisions of this Declaration, The Association, acting through its Board, shall have the power to do all other things, which may be deemed reasonable necessary to carry out its duties and the purposes of this Declaration.

ARTICLE 5
ARCHITECTURAL CONTROL

5.1 Exterior Alteration, Repair, Construction.

- 5.1.1 Procedures. There shall be no exterior alterations, repairs to any Highland Townhomes Homes (including, without limitation, concrete or masonry walls, rockeries, fences, hedges) to be constructed, erected, placed or altered within the Property, and all exterior alterations and repairs (including, but not limited to, re-roofing or repainting) of any buildings or structures on the Property and visible from any public street or other Lot/Unit must be approved by The Board of Directors of The Association, or by an Architectural Control Committee (ACC) composed of three (3) or more representatives appointed by The Board; provided, until all of the Lots/Units are constructed, sold and title transferred, the Declarant, as circumstances may dictate. Complete plans and specifications of all such proposed buildings, structures, and exterior alterations and repairs, together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the ACC, shall be submitted to the ACC before construction, alteration, or repair is started. Construction, alteration, or repair shall not be started until written approval thereof is given by the ACC.
- 5.1.2 Workmanship and Materials. The ACC will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the external design with proposed or existing structures on neighborhood residential Lots or building sites, and as to location of the building with respect to topography, finish grade elevation and building setback restrictions.
- 5.1.3 Plans and Specifications. All plans and specifications for approval by the ACC must be submitted in duplicate prior to the proposed construction or exterior alteration or repair starting date. The ACC shall respond within 30 days from submittal. The maximum dimensions and specific materials of any building shall be established by the ACC as part of the plan approval and shall be given in writing together with the approval.

- 5.1.4 Architect/Designer/Contractor. The ACC may require that said plans or specifications be prepared by an architect or a competent house designer that is approved by the ACC. One complete set of said plans and specifications shall in each case be delivered to and permanently left with the ACC. All buildings or structures shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the ACC. The ACC shall have the right to refuse to approve any design, plan, or color for such improvements, construction, or exterior alteration or repair visible or not visible from a public street or other Lot/Unit which is not suitable or desirable, in the ACC's reasonable opinion, aesthetic or otherwise.
- 5.1.5 Suitability of Design. In so passing upon such design, the ACC shall have the right to take into consideration the suitability of the proposed building or other structure, and the material of which it is to be built, and the exterior color scheme, to the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, and the effect or impact that said structures will have on the view or outlook of surrounding building sites, and any and all factors, which in the ACC's opinion, shall affect the desirability or suitability of such proposed structure, improvements, or exterior alteration or repair.
- 5.1.6 Mailboxes. The ACC shall have the right to specify precisely the size, color, and style of mailboxes, and of the post or support on which such mailboxes are affixed, and their location within the Property and or common area. The ACC shall adhere to any USPS guidelines and dictated designs for mailboxes as designated by the USPS Postmaster's authority to allow mail to be delivered to the subject site.
- 5.1.7 Declarant Status. Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions of Section 5.1 as to any Lot/Unit owned by Declarant.
- 5.2 Sales Facilities of Homebuilder(s). Notwithstanding any provision in this Declaration to be contrary, the Homebuilder(s) of said property (its agents, employees, and contractors) shall be permitted with authorization from the ACC to maintain during the period of sale of Lots and/or Homes upon such portion of the Property as the Homebuilder(s) may choose, such facilities of the Homebuilder(s) may be reasonable required, convenient or incidental to the construction, sale or rental of Lots and Homes, including but not limited to, business offices, storage areas, signs, model units, sales offices, construction offices, and parking area for all prospective tenants or purchasers of the Homebuilder or Developer or its vendors and sub-contractors.

ARTICLE 6
USE AND MAINTENANCE OBLIGATION OF OWNERS

- 6.1 Maintenance of Lots/Units. Each Owner, at said Owner's sole cost and expense, shall promptly and continuously maintain, repair, and restore said Owner's Lot home, all concrete walks, driveways, courtyards, patios leading to/around, and other Board approved improvements located or attached (patio covers) thereon, in a good, clean, attractive, safe, and sanitary condition and in full compliance with all applicable governmental laws, rules, and regulations and the provisions of this Declaration and the rules and regulations of The Association.
- 6.2 Vehicles. i.e., private cars, All Terrain Vehicles, trailers, pickups, boats.
- 6.2.1 Parking Owners. Each Owner has a single or double garage and a one or two-car driveway for a total of two or four personal parking spaces.
- 6.2.2 Parking-Guests. Guest only parking is available on the street, leaving all driveway entries unobstructed.
- 6.2.3 Parking Recreation. Any long-term storage shall be off site or in the garage. A limit of 72 hours for temporary storage for any item qualifying as a recreation vehicle.
- 6.2.4 Storage. No Owner shall store or allow any occupant or tenant to store any trailers, boats, motor homes, recreational vehicles of any type, truck over two tons on any lot, driveway, or street (except those used by Declarant).
- 6.2.5 Maintenance/Inoperable. No Owner may keep any disabled or inoperable motor vehicles on the Property (including the streets) for more than forty-eight (48) hours unless they are completely within an enclosed garage. No owner shall work on, repair, in any manner any vehicle and/or equipment in any driveway and/or street. Violations shall subject such vehicles to public impound, at the expense and risk of the Owner.
- 6.3 Common Drives. Common drives, walks (if any) and paths (if any) shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the board.
- 6.4 Residential Use. All lots and improvements located thereon shall be used, improved, and devoted exclusively to residential use. No structures or building of any kind shall be erected, altered, placed, or permitted to remain on any Lot other than single-family dwellings for single-family occupancy (no more than one family to reside in any one Home). No Building shall exceed two stories.
- 6.4.1 Outside Storage. No Owner shall store anything on/in porch, patio, and courtyard areas other than items used to relax and enjoy such areas, i.e., chairs, tables, BBQs. Such items shall be removed during off-season. No

heat or open flame apparatus of any kind shall be closer than twenty-four inches to any building. Any Home Owner that violates this condition will pay all costs for any damage to the exterior of any unit and any consequential damages.

- 6.5 **Nuisances.** No nuisance and/or noise shall be permitted to exist or operate upon any Lot or improvement thereon so as to be detrimental in any manner to any other Lot, Unit, or Property in the vicinity thereof or to its occupants.
- 6.6 **Restriction on Further Subdivision.** No Lot or portion of a Lot in this Plat shall be divided and sold or resold, or ownership changed or transferred whereby the ownership of any portion of this Plat shall be less than the area required for the use district in which located; provided the foregoing shall not prohibit deeds of correction, deeds to resolve boundary disputes, and similar corrective instruments. Lots may be joined and joined Lots may subsequently be subdivided only into the Lots originally joined.
- 6.7 **Garbage and Trash Removal.** No Lot shall be used as a dumping ground for rubbish, trash, or garbage. Home garbage containers shall be placed in the garage or on the designated concrete pad on the side of such home. Units not having a designated garbage container storage area shall store containers in the garage. No containers shall be stored on/in courtyards, patios, driveways, or walkways at any time, except for the day trash is being picked up by the sanitary disposal vendor contracted by The Association or the individual Unit Owners. No incinerators shall be allowed on any of the Lots.
- 6.8 **Pets.** No animal, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot/Unit, except that cats, dogs, birds, or other household pets may be kept if they are not kept, bred, or maintained for any commercial purpose; and that such pets shall be kept in the home only. All pets must be attended and on leash outside of residence and any animal waste on any Lots, Common Area, and sidewalks, walks, or paths will be picked up upon defecation. Any violation of such item as determined by The Association shall be fined \$100.00 upon each occurrence, but Home Owner will be given one written notice to correct violation within 72 hours prior to being fined. No fences, kennels, carriers of any sort, shall be erected for pets outside of the Home including porches, patio, Common Areas, and courtyard areas. Animals shall not be allowed to roam loose at any time.
- 6.9 **Signs.** No signs shall be displayed to the public view. One sign of not more than four (4) square feet advertising the property for sale or rent is permitted.
- 6.10 **Renting and Leasing.**

- 6.10.1 Restrictions. With respect to the leasing, renting, or creation of any kind of tenancy of a Lot/Unit and improvements thereon by its Owners: such Owner shall be prohibited from leasing or renting less than the entire Lot/Unit or improvements thereon for a term of less than one (1) year and all leasing or rental agreements shall be in writing and be subject to the Declaration, Articles and Bylaws (with a default of the tenant in complying with the Declaration, Articles and Bylaws constituting a default under the lease or rental agreement) with the exception of lender in possession of a Lot/Unit and improvements thereon following a default in a first mortgage, a foreclosure proceeding, or any deed of trust sale or other arrangement in lieu of a foreclosure. Home Owner leasing their Unit will be required to attach a copy of this HOA Document to any lease agreement with a third party lessee, and Home Owner will be held responsible for all its tenant's violations and fines as noted herein.
- 6.10.2 If a Home is rented or leased by its Owner, the Owner shall pay directly to The Association all dues when due. Payment will not be accepted from Owner's tenant.
- 6.10.3 An Owner may not rent or lease a Home in any manner whatsoever without the prior written approval of the Board of Directors.
- 6.11 Zoning Regulations. Zoning regulations, building regulations, environmental regulations, and other similar governmental regulations applicable to the Properties subject to this Declaration shall be observed. In the event of any conflict between any provision of such governmental regulations and restrictions of this Declaration, the more restrictive provisions shall apply.
- 6.12 Business Use. No business of any kind shall be conducted on any Lot/Unit with the exception of (a) the business of Declarant in developing and selling Homes on the Lots, and (b) home occupations approved by The Board of Directors, which shall not create excess traffic, parking problems, noise, or otherwise violate this Declaration. The Lot/Unit Owners shall comply with all of the requirements of the appropriate local government. No business materials, supplies, or equipment shall be stored on any Lot/Unit within the view of another Lot/Unit, except for items relating to an improvement, which is under construction in conformance with this Declaration.
- 6.13 Temporary Residence. No outbuilding, basement, tent, shack, garage, trailer, or shed or temporary building of any kind shall be used as a residence either temporarily or permanently.
- 6.14 Antenna, Satellite Dish. No antenna, satellite dish larger than 18 inches in diameter, or height or similar equipment shall be affixed to any exterior wall, roof, or otherwise placed on any Lot/Unit. Approval of The Board or ACC must

be obtained prior to any affixing. Any items herein approved shall not be visible from any street.

- 6.15 Building Setback Requirements. All buildings and other Lot improvements shall comply with all applicable government requirements, including without limitation minimum setback requirements (per City of Kennewick approval).
- 6.16 Oil and Mining Operations. No oil drilling, oil development operations or refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot/Unit, nor shall oil wells, tanks, tunnels, mining excavations, or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained, or permitted upon any Lot/Unit.
- 6.17 Sewage Disposal. No permanent private water well or septic tank system shall be permitted on any Lot/Unit.
- 6.18 Lot Size. No residential structure shall be erected or placed on any Lot, which has a lot area of less than that required by the government entity having appropriate jurisdiction over the Property.
- 6.19 Completion of Improvements. Any improvements constructed on any Lot in the Property shall be completed as to eternal appearance, including finish painting, within thirty (30) days from the commencement of construction except in the case of weather conditions in which case a longer period may be permitted (excluding original home construction).
- 6.20 Mail Boxes. Each of the mailboxes shall be jointly owned and maintained by the Lot/Unit Owners with mailboxes located therein. All of the Owners who share a mailbox structure shall pay an equal portion of the cost of maintaining their mailbox structure in good condition. When the U.S.P.S. installs, owns, and maintains the Common Area mailbox structure for the entire project, then the U.S.P.S. has full jurisdiction over the mail boxes and all Home Owners will abide by its guidelines for use and sharing of the same structure.
- 6.21 Unightly Conditions. No unsightly conditions shall be permitted to exist on any Lot/Unit. Unsightly conditions shall include, without limitation, laundry hanging or exposed in view for drying, litter, trash, junk, or other debris; inappropriate broken or damaged furniture or plant; un-decorative gear, equipment; bicycles, cans, bottles, ladders, trash barrels, or other such items. Nothing, no awnings, air conditioning units, or other projections shall be placed on the exterior walls of any Housing Unit unless prior written approval shall have been obtained from the ACC.
- 6.22 Landscaping in Right-of-Way. Per Common Area.

- 6.23 Sidewalks, Patios and driveways. It shall be the responsibility of each Lot/Unit owner to maintain the sidewalk in front, driveway and the patio in the back or side of their Lot/Unit.
- 6.24 Common Walls, Roofs, Exterior Walls, Soffits, Fascia, and Trim (excluding windows, garage doors, doors, sliders, jams, and sashes).
- 6.24.1 General Rules of Law to Apply. Each wall which is built as part of the original construction of the homes upon the properties and placed on the dividing line between the lots shall constitute a common wall and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding common walls and liability for property damage due to negligence of willful acts or omissions shall apply thereto. This article shall also apply to roofs commonly shared. If Units are detached, there are no common walls.
- 6.24.2 Sharing of Repair and Maintenance. The cost of reasonable repair maintenance of common walls, exterior walls, roofs, soffits, fascia, trim (excluding windows, garage doors, sliders, jams, and sashes), roof and landscaping of all ground areas outside the unit building structures perimeter shall be shared by, through, the Owners of Highland Townhome Villas Homeowners' Association.
- 6.24.3 Destruction of Fire or Other Casualty. If a common roof or wall is destroyed or damaged by fire or other casualty, an Owner who has used the wall or roof may be liable to restore it per this declaration. If the other Owner thereafter makes use of the wall or roof, he shall contribute to the cost of restoration thereof in proportion to such use without prejudice; however, subject to the rights of any such Owner to call for a larger contribution from any other rule of law regarding liability for negligent or willful acts or omissions.
- 6.24.4 Right to Contribute Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land/Unit and shall pass to such Owner's successors in title.
- 6.24.5 Arbitration. In the event of any dispute arising from a common wall or roof, or any other disputes under the provisions of this Article, each party shall choose one arbitrator, and such arbitrator shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators and shall be binding upon the owners.
- 6.25 Exterior Building Maintenance. Each Lot/Unit Owner shall be obligated to provide exterior maintenance on that portion of his own Lot/Unit not maintained by The Association, including the Unit, at his own expense. To this end, the Architectural Control Committee shall have the right to

determine when such exterior maintenance is required in order to maintain the well-kept, neat appearance of all Lots/Units. Such determinations shall include, but not be limited to:

- (1) Dwelling in need of repair, such as, replacement of broken windows and doors.
- (2) Courtyard, patio, patio covers, driveway, walkways, sidewalks in need of maintenance and up keep.
- (3) Recreational vehicles, trailers, or camper tops left on the real property shall be required to be removed as provided.
- (4) In the event that the Architectural Control Committee (ACC) shall determine that a building containing more than one dwelling is in need of repair or that a roof needs replacing the ACC may also determine to what extent the repair affects each Unit and allocate the responsibility for cost thereon a percentage basis as each is affected.

In the case of replacement of a roof, the responsibility for the cost shall be allocated to each unit in the building based on square footage of roofing material covering each unit including any overhang on the unit. In the event the owner of any unit fails to pay his share of the cost for any repairs or replacements as and when required, The Association will be responsible therefore and shall pay the same. Upon payment being made, The Association may place a lien on the unit of the defaulting party recordable and foreclosable as mechanic's liens are recordable and enforceable under the laws of the State of Washington.

The Association, after approval by two-thirds (2/3) vote of The Board, shall have the right to notify a Lot/Unit Owner in writing of the maintenance required. If no action is taken by the Lot/Unit Owner for a period of thirty (30) days after receipt of notice, The association shall have the right to provide the maintenance in accordance to the above provisions.

The color of paint and roofing material to be used on any building or fence must be approved by the ACC. If the Owner(s) of Unit(s) in any one building desire to change the color of the exterior from the existing color, all Unit Owners in said building must agree to the new color and it must be approved by the ACC. If all Unit Owners cannot agree to a new color, the building must be painted the same color as before subject to ACC approval.

Upon replacement or repair of roofs or the exterior, the material used and the color thereof must be approved by the ACC. If the Owners of the Units in any one building desire to change the color of the roof or change the roofing material, all Unit Owners in Highland Townhome Villas Homeowners' Association must agree to the new color or new roofing material and it must be approved by the ACC. If all Unit Owners cannot so agree, and if the change is not approved by the ACC, the roof will be replaced or repaired with the same material and the same color as before. The ACC shall require and control the removal of trees and

landscaping. A Lot/Unit Owner shall not remove any trees or landscaping from that portion of Lot/Unit maintained by a Lot/Unit Owner or The Association without first securing the written approval of the ACC or The Board. In no event shall a Lot/Unit Owner remove trees or landscaping from that portion of a Lot/Unit maintained by The Association or from the Common Areas.

ARTICLE 7 ASSESSMENTS

- 7.1 Manner and Time of Payment. Assessments shall be payable in such reasonable manner as The Board shall designate. Any assessment or installment thereof, which remains unpaid for at least fifteen (15) days after the due date thereof, shall bear interest at the rate of eighteen percent (18%) per annum. The Board may also assess a late charge in the amount not exceeding fifteen percent (15%) of any unpaid assessment, which has been delinquent for more than fifteen (15) days with a minimum late charge of \$150.00.
- 7.2 Waiver of Homestead. Each Owner hereby waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law in effect at the time any assessment or installment thereof becomes delinquent or an lien is imposed pursuant to the terms hereof.
- 7.3 Special Assessments. In addition to the general assessments authorized by this Article, The Association may levy a special assessment or assessments at any time against any or all Lot/Unit Owners, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a described capital improvement of building(s) or commonly used areas, including necessary fixtures, and personal property related thereto, or for such other purpose as The Association may consider appropriate provided; however, that any such assessment must have the prior favorable vote of Owners of two-thirds (2/3) of the Lot Owners' votes, per meeting or by mail or such majority percent of such buildings(s) that may warrant such assessment. The amount of each Owner's special assessment for any year shall be the total special assessment for such year, divided by the total number of Lots/Units in or specific building(s) of the property at the time the special assessment is levied.
- 7.4 Certificate of Assessment. A certificate executed and acknowledged by the treasurer or the president of The Board, or an authorized agent thereof if the president nor the treasurer is unavailable, stating the indebtedness for the assessments and changes for lack thereof secured by the assessment lien upon any Lot/Unit shall be conclusive upon The Association as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any Owner or any encumbrance of a Lot/Unit within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any encumbrancer

holding a lien on a Lot/Unit may pay any unpaid assessments or charges with respect to such Lot/Unit and, land upon such payment; shall have a lien on such Lot/Unit for the amounts paid of the same rank as the lien of his encumbrance.

- 7.5 Foreclosure of Assessment Lien: Attorney's Fee and Costs. The Board or authorized agent(s), on behalf of The Association, may initiate action to foreclose the lien of, or collect any assessment. In any action to foreclose the lien of, otherwise collect delinquent assessments or charges, any judgment rendered in favor of The Association shall include a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law.
- 7.6 Curing of Default. The Board shall prepare and record a satisfaction and release of the lien for a notice of assessment has been filed and recorded in accordance with this article upon timely payment or other satisfaction of all delinquent assessments set forth in the notice, and other assessments which have become due and payable following the date of such recordation with respect to the Lot as to which have become due and payback following the date of such recordation with respect to the Lot as to which such notice of assessment was recorded, together with all costs, late charges, and interest which have accrued hereon. A fee of one hundred dollars (\$100.00) covering the cost of preparation and recordation shall be paid to The Association prior to such action. The satisfaction of lien created by the notice of assessment shall be executed by the president or treasurer of The Association or by any authorized representative of The Board. For the purpose of this paragraph, the term 'costs' shall include any expenses actually incurred or expended by The Association in connection with the cost of preparation and recordation of the notice of assessment and in efforts to collect the delinquent assessments secured by the lien and a reasonable sum for attorney's fees.

ARTICLE 8 COMPLIANCE WITH DECLARATION

- 8.1 Enforcement.
- 8.1.1 Compliance. Each Owner, Board member, and The Association shall comply strictly with the provisions of this declaration and with the Bylaws and administrative rules and regulations adopted by The Association (as the same may be lawfully amended from time-to-time). Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by The Board (acting through its officers on behalf of The Association and the Owners), or by the aggrieved Owner on his own against the party (including an Owner or the Association) failing to comply.
- 8.1.2 Attorney's Fees. In any action to enforce the provisions of Sections 8.1.1 or 8.1.2 or any other provision of this Declaration, the Articles or the

Bylaws, the prevailing party in such legal action shall be entitled to an award for reasonable attorney's fees and all costs and expenses reasonable incurred in preparation for or prosecution of said action, in addition to taxable costs permitted by law.

- 8.2 No Waiver of Strict Performance. The failure of The Board, or Declarant, as applicable, in any one or more instances to insist upon or enforce the strict performance of any of the terms, covenants, conditions, or restrictions of the Declaration, or any Bylaws or administrative rules or regulations, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition, or restriction, but such term, covenant, condition, or restriction shall remain in full force and effect. No waiver by The Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by The Board.
- 8.3 Right of Entry. Violation of any of the provisions hereof shall give to Declarant its authorized agent(s), its successors, or The Association the right to enter upon the Property as to which such violation exists and to abate, correct, and remove, at the expense of the Owner thereof, any erection thing or condition that may be or exists thereon contrary to the provisions hereof. Such entry shall be made only after three (3) days' notice to said Owner and with as little inconvenience to the Owner as possible, and any damage caused thereby shall be repaired by The Association. Declarant, its successors, or The Association shall not be deemed guilty of any manner of trespass by such entry, abatement, or removal. Any Villa Home owner will hold The Association harmless, from any and all damages incurred by the entry upon the Property pursuant to this section.
- 8.4 Remedies Cumulative. The remedies provided are cumulative and The Board may pursue them concurrently, as well as any other remedies, which may be available under law although not expressed herein.

ARTICLE 9
LIMITATION OF LIABILITY

- 9.1 No Personal Liability. So long as a Board member, an Association committee member, an Association officer, or authorized agent(s) has acted in good faith, without willful or intentional misconduct; upon the basis of such information as may be processed by such person, no such person shall be personally liable to any Owner, or other party, including The Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; PROVIDED, that this Section shall not apply where the consequences of such act, omission, error, or negligence are covered by insurance or bonds obtained by The Board pursuant to Section 4.2.2 or Article 14 hereof.

- 9.2 Indemnification. Each Board member, or Association committee member, or Association officer, and their respective heirs and successors shall be indemnified by The Association against all expenses to which he may be a party; or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct or gross negligence or a knowing violation of law in the performance of his duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled; PROVIDED that, in the event of a settlement, the indemnification shall apply only when The Board approves such settlement and reimbursement as being in the best interest of The Association. Nothing contained in this Section 9.2 shall; however, be deemed to obligate The Association to indemnify any Member or Owner of a Lot who is or has been a Board member or officer of The Association with respect to any duty or obligations assumed or liabilities incurred by him/her under and by virtue of the Declaration as a member or Owner of a Lot.

ARTICLE 10
MORTGAGEE PROTECTION

- 10.1 Priority of Mortgages. Notwithstanding all other provisions hereof, the liens created under this Declaration upon any Lot for assessments shall be subject to tax liens on the Lot in favor of any assessing Unit and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by first lien Mortgages, which were made in good faith and for value upon the Lot. Where the Mortgagee of Lot, or other purchaser of a Lot, obtains possession of a Lot as a result of Mortgage foreclosure or deed in lieu thereof, such possessor and his successors and assigns, shall be liable for the share of any assessment by The Association chargeable to such Lot which becomes due prior to such possession and will also be liable for any assessment accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed collectible from all of the Lot Owners including such possessor, his/her successor, and assigns.
- 10.2 Effect of Declaration Amendments. No amendment of this Declaration shall be effective to modify, change, limit, or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such mortgage. Any provision of this Article conferring rights upon Mortgagees, which is inconsistent with any other provision of this Declaration, shall control over such other inconsistent provisions.
- 10.3 Right of Lien Holder. A breach of any of the provisions, conditions, restrictions, covenants, easements, or reservations herein contained shall not affect or impair the lien or charge of any bona fide Mortgage made in good faith and for value on

any Lots; provide however, that any subsequent Owner of the Lot shall be bound by these provisions whether such Owner's title was acquired by foreclosure or trustee's sale or otherwise.

- 10.4 Copies of Notices. If the first Mortgagee of any Lot has so requested The Association in writing, The Association shall give written notice to such first Mortgagee that an Owner/Mortgagor of a Lot has for more than sixty (60) days failed to meet any obligation under this Declaration. Any first Mortgagee shall, upon written request also be entitled to receive written notices of all meetings of The Association and be permitted to designate a representative to attend all such meetings.
- 10.5 Furnishing of Documents. The Association will make available to prospective purchasers, Mortgagees, insurers, and guarantors, upon request, current copies of the Declaration, Bylaws, and other rules governing the Property, and the most recent balance sheet and income/expense statement for the Association, if any has been prepared.

ARTICLE 11
EASEMENTS AND SPECIAL TRACTS

- 11.1 Association Functions. There is hereby reserved to Declarant and The Association, or their duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of The Association as are set forth in the Declaration or in the Bylaws and rules and regulations adopted by The Association.
- 11.2 Utility Easements. On each Lot, easements are reserved as provided by the Plat Map and applicable laws, ordinances, and other governmental rules and regulations for utility installation and maintenance, including but not limited to, underground electric power, telephone, cable, water, sewer, drainage, gas, and accessory equipment, together with the right to enter upon the Lots at all times for said purposes. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage, interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements area of each Lot. All improvements shall be maintained continuously by the Owner and or The Association, per this declaration, of the Lot except for those improvements for which a public authority or utility company is responsible.

ARTICLE 12
TERM OF DECLARATION
ABANDONMENT OF SUBDIVISION

- 12.1 Duration of Covenants. The covenants contained herein shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded,

after which time the covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument executed in accordance with Section 13.1 below shall be recorded, abandoning, or terminating this Declaration.

- 12.2 Abandonment of Subdivision Status. The Association shall not, without the prior written approval of the governmental entity having jurisdiction over the Property and without prior written approval of one hundred percent (100%) of all first Mortgagees (based upon one vote for each first Mortgage owned) and Owners (other than the sponsor or developer) of record, seek by act of omission to abandon or terminate the Subdivision status of the Property as proved by the governmental entity having appropriate Jurisdiction over the Property.

ARTICLE 13
AMENDMENT OF DECLARATION, PLAT MAP

- 13.1 Plat Map. Except as otherwise provided herein, the Plat Map may be amended by revised versions or revised portions thereof referred to and described as to affect in an amendment to the Declaration adopted as provided for in Section 13.1. Copies of any such proposed amendment to the Plat Map shall be made available for the examination of every Owner, also refer to 13.4. Such amendment to the Plat Map shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county office in conjunction with the Declaration amendment.
- 13.2 Amendment to Conform to Construction. Declarant; upon Declarant's sole signature, and as an attorney-in-fact for all Lot Owners with irrevocable power coupled with an interest, may at anytime, until all Lots have been sold by Declarant's, file an amendment to the Declaration and to the Plat Map to conform data depicted therein to improvements as actually constructed and to establish, vacate, and relocate utility easements and access road easements.
- 13.3 Amendments to Conform to Lending Institution Guidelines. So long as Declarant continues to own one or more Lots, Declarant, on his signature alone and as an attorney-in-fact for all Lot Owners with an irrevocable power coupled with an interest, may file such amendments to the Declaration and Plat Map as are necessary to meet the then requirements of: Federal National Mortgage Association, Veterans Administration, Federal Home Loan Mortgage Corporation, or other agencies, institutions, or lenders providing financing and/or title insurance within the Property, or the governmental agencies having jurisdiction over the Property.
- 13.4 Article 15 Amendments. Declarant, upon Declarant's sole signature and as an attorney-in-fact for all Lot Owners with an irrevocable power coupled with an interest may, at any time until all Lots have been sold by Declarant, file such amendments to the Declaration and Plat Map as are necessary in the exercise of Declarant's powers under Article 15.

ARTICLE 14
INSURANCE

The Board shall have authority in the exercise of its discretion to obtain and maintain from time-to-time as a common expense, bonds of fidelity coverage for The Association Board members (including Declarant), officers, employees, or agents; and such other insurance as The Board may deem advisable or as may be required by the Federal National Mortgage Association, Federal Home Loan Mortgage Association, Veterans Administration or similar agencies or lending institutions. All Homeowners will carry their own insurance covering their home and Lot, and name the HOA as an additional insured.

ARTICLE 15
ANNEXATION OF ADDITIONAL PROPERTIES

- 15.1 Annexation by Declarant. Although not obliged to do so, Declarant reserves the right to develop as single family residential subdivisions additional lands which would be in addition to and would be nearby the land described in Exhibit "1." At any time within ten (10) years of the date of recording of this Declaration, Declarant may cause all or any portion of such additional lands to be annexed to the existing Property without the assent of the members of The Association; PROVIDED however, that the annexation of additional lands Described in this Section shall be adjacent to the then existing Property. Such additional Lands shall be deemed "adjacent" to the existing Property even if separated therefrom by land which is owned by Declarant; The Association or the Lot Owners, as tenants-in-common; or is owned by or dedicated to the public or a governmental agency or instrumentality; or is available for the use as a benefit of The Association or Lot Owners by easement or otherwise.
- 15.2 Non-Declarant Annexations. Annexation of additional properties (other than Declarant; annexations provided for in Section 15.1 hereof) shall require the assent of two-thirds (2/3) of the members of The Association, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days or more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. At this meeting, the presence of members or of proxies entitled to cast sixty percent (60%) of the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event two-thirds (2/3) of the members are not present in person or by proxy, members not present may give their written consent to the action taken there at until all Class B memberships terminates, annexation of Additional Properties under this Section shall also require the prior written approval of the Declarant.

ARTICLE 16
MISCELLANEOUS

16.1 Notices.

16.1.1 Delivery of Notices and Documents. Any written notice, or other document as required by this Declaration, may be delivered personally or by mail. If by mail, such notice, unless expressly provided for herein to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received forty-eight (48) hours after a copy thereof has been deposited in the United States mail, postage prepaid, addressed as follows:

- (a) If to an Owner, other than Declarant, to the mailing address of such Owner maintained by The Association, pursuant to the Bylaws.
- (b) If to Declarant, whether in its capacity as an Owner or in any other capacity, the following address (unless Declarant shall have advised The Board in writing of some other address), P O Box 100, Plymouth, WA 99346.
- (c) Prior to the organizational meeting, notices to The Association shall be addressed to the address set forth in (b) above. Thereafter, notices to The Association shall be addressed to an address to be posted by The Association at all times in a conspicuous place, or to the official mailing address furnished by notice from The Association. In addition, from and after the organizational meeting, notice of the address of The Association shall be given by The Board to each Owner within a reasonable time after The Board has received actual notice of such Owner's purchase of a Lot.

16.2 Conveyances; Notice Required. The rights of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of approval, disapproval, first refusal, but notification is required to The Association or the Board, or anyone acting on their behalf. If a Lot is being sold, the Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Lot; whether or not such information is required. There shall be a thirty-five dollar (\$35.00) charge for copies of CC&Rs, Bylaws, and The Association Financial standing, if available, to be paid to The Association by Seller of such Home.

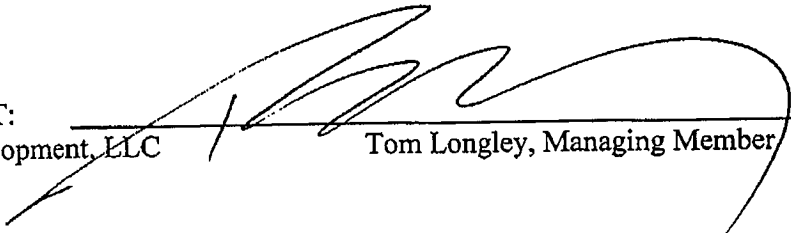
16.3 Successor and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors, and assigns of Declarant and their heirs, personal representatives, grantees, lessees, sub-lessees, and assignees of the Owners.

- 16.4 Joint and Several Liability. In the case of joint ownership of a Lot/Home, the liability of each of the Owners hereof in connection with the liabilities and obligations of Owners, set forth in or imposed by this Declaration, Shall be joint and several.
- 16.5 Mortgagee's Acceptance.
- 16.5.1 Priority of Mortgage. This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration, but shall be subject and subordinate to said Mortgage.
- 16.5.2 Acceptance Upon First Conveyance. Declarant shall not consummate the conveyance of title of any Lot; Home until said Mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements for partial release of Lots from the lien of said Mortgage, when and if applicable. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of this Declaration and the status of the Lots remaining subject to its Mortgage as well as its acknowledgement that such appropriate arrangements for partial release of Lots has been made; provided that; except as to Lots so released, said Mortgage shall remain in full effect as to the entire Property.
- 16.6 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision; or portion thereof shall not affect the validity or enforceability of any other provision hereof.
- 16.7 Effective Date. The Declaration shall take effect upon recording.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first herein above written.

DECLARANT:

T and E Development, LLC



Tom Longley, Managing Member

A Washington Limited Liability Company

COUNTY OF BENTON

On this 16th day of June, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared

Thomas S. Longley To me personally known (or proven on the basis of satisfactory evidence) to be a member of T and E Development, LLC, the Limited Liability Company that executed the within and forgoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said Limited Liability Company for the uses and purposes therein mentioned.

Thomas S. Longley Was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation. WITNESS my hand and seal hereto affixed certificate above written.

State of Washington)
County of Benton)

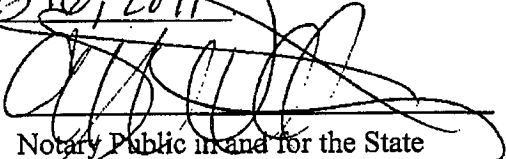
Subscribed and sworn to before me this June 16, 2011

Notary Public in and for the State
Of Washington, residing in _____
My commission expires on _____

EXHIBIT "1"
CNL, LLC

LEGAL DESCRIPTION OF LAND
HIGHLAND TOWNHOMES VILLAS

TO BE INSERTED AFTER FINAL PLAT APPROVAL

EXCEPTING THEREFROM ROAD RIGHT OF WAYS

**THE ABOVE DESCRIBED TRACTS/PARCELS MAY VARY, IN DIMENSION
UPON ACTUAL CLOSING AND RECORDATION.**