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PIERCE COUNTY, WASHINGTON

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Seattle, Washington 98101-3299

DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS, AND RESERVATIONS FOR  
VILLAGE GREEN

Grantor/Declarant: CAPSTONE HOMES, INC., a Washington corporation, and  
CASCADE QUALITY HOMES INC., a Washington corporation  
SCOTT A. HAYNES, SHANNON D. HAYNES and THERESA  
L. GWALTNEY  
Additional names on pg. N/A

Grantee: VILLAGE GREEN, DIVISIONS 2 AND 5  
Additional names on pg. N/A

Abbreviated  
Legal Description: Sections 24 and 25, Township 19 North, Range 4 East, W.M.  
Sections 19 and 30, Township 19 North, Range 5 East, W.M.  
Official legal description on Exhibit 1 pgs-38-41

Assessor's Tax Parcel ID#: 602327-001 thru 602327-073  
602328-001 thur 602328-023

Reference # (if applicable): N/A  
Additional numbers on pg. N/A

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MAY 18 2001

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DECLARATION  
OF  
COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS  
FOR  
VILLAGE GREEN

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Unofficial Draft Document

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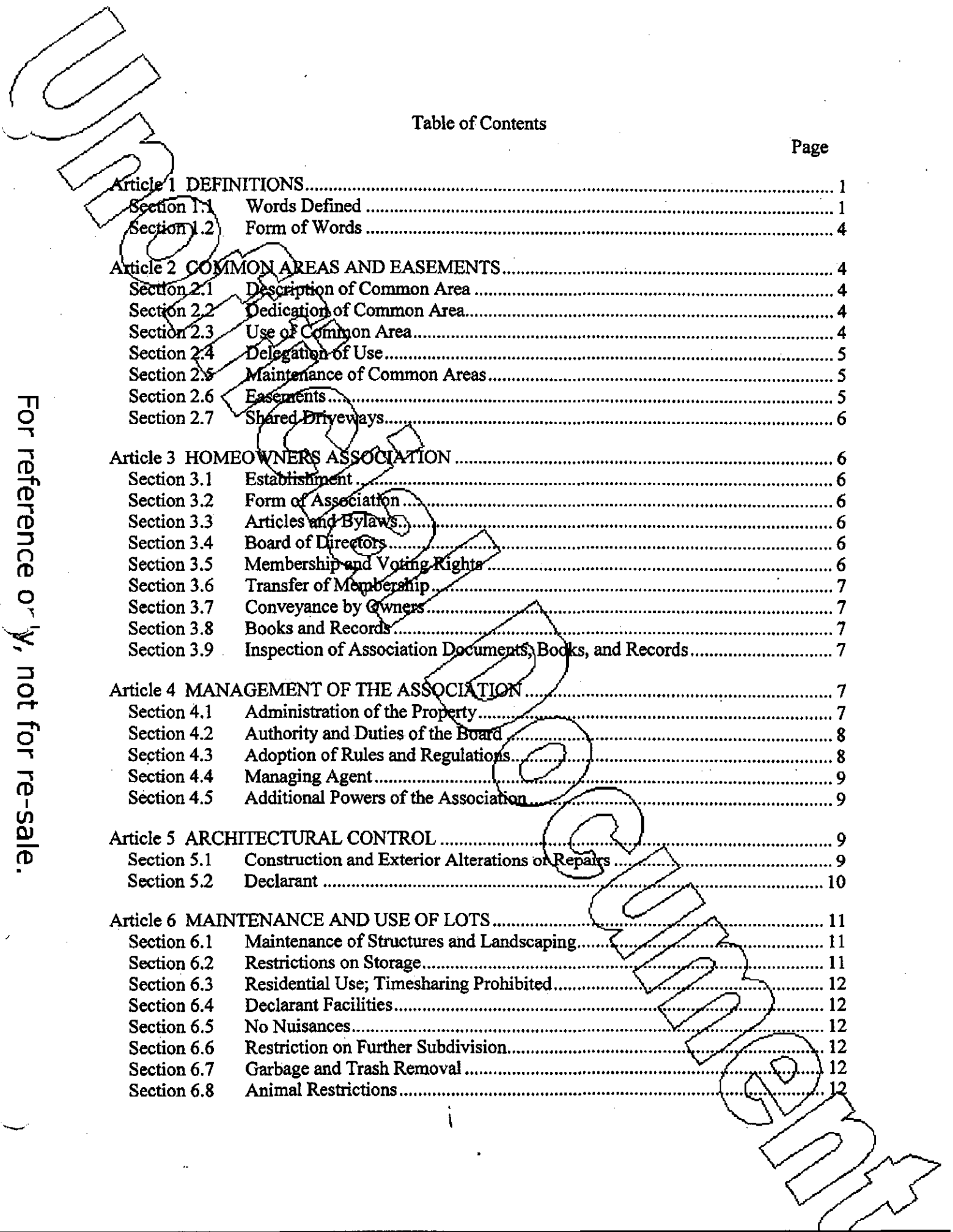
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THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATION FOR VILLAGE GREEN, a Planned Residential Development (the "Declaration") is made by CAPSTONE HOMES, INC., a Washington corporation ("Capstone" or "Declarant") and CASCADE QUALITY HOMES INC., a Washington corporation ("Cascade"), as of this 2<sup>nd</sup> day of May, 2001.

#### RECITALS

A. Declarant owns certain real property in Pierce County, Washington, described in Exhibit 1 ("Declarant's Property"), on which it is developing the Plat of Village Green in several divisions.

B. Cascade acquired from Capstone certain real property in Pierce County, Washington, described in Exhibit 2 ("Cascade's Property"), which is a portion of the Plat of Village Green, Division II.

C. Declarant and Cascade wish to subject Declarant's Property and Cascade's Property (collectively, the "Property") to restrictive covenants for the mutual benefit of all of the Property.

D. Cascade has conveyed Lot 72 of Village Green, Division II to Scott A. Haynes and Shannon D. Haynes ("Haynes") and Lot 73 of Village Green, Division II to Theresa L. Gwaltney ("Gwaltney"), who consent to subjecting said lot to the covenants, conditions, restrictions, and reservation herein contained.

Accordingly, Declarant and Cascade, as owner of all of the Property, except Lots 72 and 73, wish to execute this Declaration in its entirety, as set forth below. The consents of Haynes and Gwaltney to the Declaration are attached hereto.

NOW, THEREFORE, Declarant, Cascade, Haynes and Gwaltney declare that the Property, subject to all restrictions and easements of the Plat, will be held, transferred, sold, conveyed, leased, used, and occupied subject to the covenants, conditions, restrictions, easements, assessments, and liens set forth below, the purpose of which is to protect the value and desirability of the Property; which concern and run with the title to the Property; and which bind all parties having any right, title, or interest in the Property or any portion of it, and their respective heirs, successors, and assigns, and will inure to the benefit of each of them.

#### Article 1 DEFINITIONS

Section 1.1 Words Defined. For the purpose of this Declaration and any amendments to it, the following terms have the following meanings and all definitions apply to the singular and plural forms of each term:

"ACC" means the Architectural Control Committee designated in or under Section 20.1.

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"Additional Property" means the property described in Exhibit 3 which Declarant reserves the right subject to this Declaration as a later division of Village Green pursuant to Section 16.1.

"Alley" means a private driveway that provides access to more than one Lot and is designated as an alley on the Plat.

"Alley Lot" means any Lot adjacent to an Alley which provides vehicular access to the Lot.

"Association" means the Village Green Lot Owners Association, the owners association for the Property.

"Assessments" means all sums chargeable by the Association against a Lot, including, without limitation: (a) general and special Assessments for operation, insurance, maintenance, repair or replacement of the Common Areas and any other portions of the Property to be maintained by the Association as a Common Expense; (b) general and special Assessments for administration, management and insurance for the Association; (c) Specially Allocated Expenses; (d) special Assessments against a Lot Owner for work done on the Owner's Lot which the Owner has failed to do; (e) fines imposed by the Association; (f) interest and late charges on any delinquent account; and (g) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

"Attached Townhouse Lot" means any Lot on which a House is located which is attached to a House on an adjoining Lot.

"Board" means the Association's board of directors.

"Builder" means a person who is in the business of building and selling houses who acquires more than one Lot from the Declarant for the purpose of constructing Houses thereon and resale to the public.

"Bylaws" shall mean the bylaws of the Association, as they may from time to time be amended.

"City" shall mean the City of Orting, Washington.

"Common Areas" means all real property and interests in real property (including the improvements thereto) in Village Green owned by the Association for the common use and enjoyment of the Owners, as described in Exhibit 4, as it may be amended upon the filing of plats for later divisions Village Green.

"Common Expenses" means expenditures made by or financial liabilities of the Association, including those expenses related to the maintenance, repair, and replacement of the Common Areas and other portions of the Property which are assessed against all Lots under this Declaration.

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"Construction" and "Constructed" mean any construction, placement, reconstruction, erection, or alteration of a Structure on a Lot, except wholly interior alterations to a then-existing Structure.

"Declarant" means Capstone Homes, Inc., a Washington corporation.

"Declaration" means this Declaration of Covenants, Conditions, Restrictions, and Reservations for Village Green, as it may from time to time be amended.

"Development Period" means the period during which Declarant owns an unimproved or unoccupied Lot or has the right to file a plat for a later division of Village Green under this Declaration.

"House" shall mean a Structure located on a Lot that is designed and intended for single family residential use.

"Lot" means any one lots shown on the Plat for Village Green Division II and V and, when filed, any lots shown on the plats for later divisions of Village Green.

"Mortgage" shall mean a recorded mortgage or deed of trust that creates a lien against a Lot and shall also mean a real estate contract for the sale of a Lot.

"Mortgagee" shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Lot created by a Mortgage and shall also mean the vendor, or the designee of vendor, of a real estate contract for the sale of a Lot. For the purpose of determining the percentage of first Mortgagees approving a proposed decision or course of action, a Mortgagee shall be deemed a separate Mortgagee for each Lot on which it holds a Mortgage which constitutes a first lien on said Lot. Mortgagees shall have the same voting rights as the owners of any Lot subject to such Mortgage.

"Owner" means Declarant, Cascade or other record owner, whether one or more Persons, of fee simple title to a Lot within the Property, including the purchaser under a real estate contract, but excluding any person who has an interest in a Lot solely as security for an obligation.

"Notice and Opportunity to be Heard" means the procedure described in Section 9.3.

"Person" means an individual, corporation, partnership, limited liability company, association, trustee, or other legal entity.

"Plat" means the recorded plats filed on the Property, consisting of the Plat of Village Green Division II per plat recorded in under Pierce County Auditor's No. 200006305007, the Plat of Village Green Division V per plat recorded in under Pierce County Auditor's No. 200006305008, and the plats for later divisions of Village Green, when they are filed; and any subsequently filed amendments, corrections, or addenda.

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"Shared Driveway" means a private driveway which provide access to more than one Attached Townhouse Lot, as shown on the Plat.

"Property" means the land described on Exhibits 1 and 2 and any portions of the Additional Property which are platted as a later divisions of Village Green, and all improvements and Structures now or hereafter placed on the Property.

"Specially Allocated Expenses" means expenses of the Association which are allocated to certain Lots pursuant to Section 8.7.

"Structure" means any home, building, shed, fence, wall, driveway, walkway, patio, deck, swimming pool, or the like.

"Village Green" means the subdivisions known by that name located on the Property.

Section 1.2 Form of Words. The singular form of words includes the plural, and the plural includes the singular. Masculine, feminine, and neuter pronouns are used interchangeably.

## Article 2 COMMON AREAS AND EASEMENTS

Section 2.1 Description of Common Area. The Common Areas are described in Exhibit 4, as it may be amended upon the filing of plats for later divisions of Village Green.

Section 2.2 Dedication of Common Area. Declarant shall dedicate and convey the Common Area to the Association.

Section 2.3 Use of Common Area. Each Owner shall have the right to use the Common Area in common with all other Owners, subject to this Declaration, the Bylaws, any rules and regulations adopted by the Association, and the following:

(a) The Association may totally bar or restrict use of portions of the Common Area where ordinary use could be dangerous, unreasonably increase Association costs, or be illegal, contrary to a condition on the Plat or agreement with the City or detrimental to the environment.

(b) During any period in which any Assessment against an Owner's Lot remains unpaid for 60 days or more, the Association shall have the right to restrict the right of that Owner to use the Common Area and to suspend the voting rights of that Owner.

(c) The Association shall have the right to sell, dedicate or transfer all or any portion of the Common Area, including easements appurtenant thereto, to any person, public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedication or transfer shall be effective unless Owners holding at least 67% of the votes in the Association vote or consent in writing to such sale, dedication or transfer. The instrument dedicating or transferring all or any portion of the Common Area shall be

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executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained.

(d) The Declarant shall have the right to maintain, alter and/or improve the Common Areas during the Development Period.

Section 2.4 Delegation of Use. Any Member may delegate, in accordance with such rules and regulations as the Association shall promulgate, his or her right of use and enjoyment of the Common Area to family members, guests, and tenants of such Member. Each Owner shall be responsible for informing such Owner's family members, guests, tenants, and service personnel of the contents of this Declaration as well as any rules and regulations that may be adopted by the Association as they may relate to the use and enjoyment of the Common Area. Each Owner shall be personally liable for any damage to any Common Areas or any other area maintained by the Association or to any other property of the Association, whether real or personal, caused by the Owner or the Owner's family member, guest, tenant, agent, workman, contractor or other licensee or invitee. The Association may have a lien upon the Owner's Lot for the amount of such damages as determined by the Board after Notice and Opportunity to be Heard.

Section 2.5 Maintenance of Common Areas. Except as provided below, the Association shall have the responsibility for the maintenance, repair, replacement and improvement of the Common Areas. All such areas and facilities shall be reasonably maintained for their intended use, subject to applicable governmental restrictions. The costs of maintenance, repair and replacement shall be a Common Expense.

Section 2.6 Easements. Declarant establishes, creates, and reserves for the benefit of itself, the Association, and all or certain Owners, and their respective heirs and assigns, the following easements:

(a) Easements for ingress, egress and utilities over the Shared Driveways benefiting and burdening certain Lots, as shown on the Plat.

(b) Easements for ingress, egress and utilities over the Alleys benefiting certain Lots, as shown on the Plat.

(c) An easement for the benefit of each Owner of a Attached Townhouse Lot for access over, across, and through the adjacent Lot or Lots and/or Common Area as necessary for access for maintenance, repair and replacement of Structures on the Owner's Lot.

(d) An easement for each Lot over the adjacent Lot or Common Areas to accommodate any current or future encroachments of Structures as a result of engineering errors, construction, reconstruction, repairs, settlement, shifting, or movement of any portion of the property, or any other similar cause, and any encroachment due to building overhang or projection. Easements for the maintenance of the encroaching Structures remain valid as long as the encroachments exist, and the rights and obligations of Owners will not be altered in any way

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by the encroachment, but in no event may a valid easement for encroachment be created in favor of a Lot if the encroachment was caused by the Owner's willful act with full knowledge.

Section 2.7 Shared Driveways. The Association shall, upon the written request of a majority of the Owners of the Lots served by a Shared Driveway, perform such maintenance, repairs or reconstruction of the Shared Driveway as may be requested by the Owners. If one or more of the Owners served by a Shared Driveway, but less than a majority of those served, makes a written request to the Association to have maintenance, repairs or reconstruction done to the Shared Driveway, the Board shall, after Notice and Opportunity to be Heard given to all of the Owners served by Shared Driveway, decide whether it is reasonably necessary for the maintenance, repair or reconstruction to be done. If the Board decides that it is reasonably necessary, the Association shall perform the work and specially assess the cost against each of the Lots served by the easement in proportion to their Common Expense Liability.

### Article 3 HOMEOWNERS ASSOCIATION

Section 3.1 Establishment. There is hereby created an association called the Village Green Lot Owners Association (the "Association").

Section 3.2 Form of Association. The Association shall be a nonprofit corporation formed and operated under the laws of the State of Washington.

Section 3.3 Articles and Bylaws. Declarant will adopt Articles of Incorporation and will propose to the initial Board of Directors the adoption of Bylaws to supplement this Declaration and to provide for the administration of the Association and the Property and for other purposes not inconsistent with this Declaration. In the event of any conflict between this Declaration and the Articles for such nonprofit corporation, the provisions of this Declaration shall prevail. Bylaws for the administration of the Association and the Property, and to further the intent of this Declaration, shall be adopted or amended by the Owners at regular or special meetings; 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.

Section 3.4 Board of Directors. The Association shall be managed by a Board of Directors, the terms and qualifications of which shall be specified in the Bylaws.

Section 3.5 Membership and Voting Rights. The Association shall have two classes of voting membership:

(a) Class A Members shall be all Owners except the Declarant, and each Class A Member shall be entitled to one vote for each Lot owned. When more than one Person holds an interest in any Lot, all such Persons shall be members. The vote or votes for such Lot shall be exercised as the joint owners may decide among themselves.

(b) The Class B member shall be the Declarant who shall be entitled to three votes for each Lot owned by it. The Class B class of membership shall cease and be converted to Class A membership upon the occurrence of the earlier of the following events: (i) the votes of the Class A members equal or exceed the votes of the Class B member; or (ii) the seventh anniversary of the date on which this Declaration is recorded.

Section 3.6 Transfer of Membership. The membership in the Association of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be transferred in any way except upon the transfer of title to the Lot and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner.

Section 3.7 Conveyance by Owners. The right of an Owner to convey or sell a Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to convey a Lot shall deliver a written notice to the Board, at least two weeks before closing, specifying (a) the Lot being sold; (b) the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and (c) the estimated closing date. 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 requested. Promptly upon the conveyance of a Lot, the new Owner shall notify the Association of the date of the conveyance and the Owner's name and address.

Section 3.8 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The Board or a majority of the Owners may at any time require an annual audit prepared by an independent certified public accountant which shall be paid for by the Association.

Section 3.9 Inspection of Association Documents, Books, and Records. The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, and other rules, books, contracts, records, and financial statements of the Association, and the most recent annual audited financial statement, if one is prepared. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to pay the cost of making the copies.

#### Article 4 MANAGEMENT OF THE ASSOCIATION

Section 4.1 Administration of the Property. The Members covenant and agree that the administration of the Property shall be in accordance with the provisions of the Plat, this Declaration and the Bylaws of the Association. Administrative power and authority shall be vested in the Board.

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

(a) Levy, collect, and enforce the collection of, Assessments, as more particularly set forth in Article 8 hereof, to defray expenses attributable to carrying out the duties and functions of the Association hereunder.

(b) Require any officer or employee of the Association handling or responsible for Association funds to furnish adequate fidelity insurance, the premiums for which shall be paid by the Association.

(c) Enter into agreements with one or more qualified persons to provide for the maintenance, repair and replacement of the Common Area, the improvements thereon and any other portion of the Property for which the Association has responsibility, the collection of Assessments, the sending of all required notices to Owners, the operation of Association meetings, and other regular activities of the Association.

(d) 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, security patrol or other services; however, if any materials, supplies, labor or services are provided for particular Lots or their Owners, the cost thereof shall be specially charged to the Owners of such Lots. The Board may pay the Declarant a reasonable fee for any services it performs on behalf of the Association.

(e) To incur debt or to acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or personal property, and to arrange for and supervise any addition or improvement to the Common Areas, provided that if the amount of such debt or the estimated amount or cost of any separate debt, property acquisition or addition or improvement to the Common Areas exceeds \$5,000, the approval of the Owners holding a majority of the votes in the Association shall be required.

(f) All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness 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.

**Section 4.3 Adoption of Rules and Regulations.** When and to the extent it deems advisable, the Board may adopt reasonable rules and regulations governing the maintenance and use of the Common Area and the Property and other matters of mutual concern to the Members, which rules and regulations are not inconsistent with this Declaration and the Bylaws and which treat all Members fairly and in a non-discriminatory manner.

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Section 4.4 Managing Agent. The Board may contract with an experienced professional managing agent to assist the Board in the management and operation of the Association, and may delegate such of its powers and duties to the managing agent as it deems to be appropriate, except as limited herein. Any contract with a managing agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (a) for cause, on 30 days' written notice or (b) without cause, on not more than 90 days' written notice.

Section 4.5 Additional Powers of the 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 reasonably necessary to carry out its duties and the purpose of this Declaration.

## Article 5 ARCHITECTURAL CONTROL

### Section 5.1 Construction and Exterior Alterations or Repairs.

(a) All Structures (including, without limitation, concrete or masonry walls, rockeries, driveways, fences, hedges, swimming pools, if any, or other Structures) to be constructed, erected, placed or altered within the Property, all exterior alterations and repairs (including, but not limited to, re-roofing or repainting) of any Structures on the Property and visible from any street or other Lot, and any construction or alteration of landscaping (including removal of trees) on the Property must be approved by the Board or an Architectural Control Committee composed of three or more representatives appointed by the Board (the "ACC"). Complete plans and specifications of all such proposed Structures, exterior alterations and repairs, or landscaping 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 begun. Construction, alteration or repair shall not be started until written approval thereof is given by the ACC.

(b) The ACC will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the exterior design with proposed or existing Structures on the other Lots, finish grade elevation, building setback restrictions and any architectural guidelines to be adopted by the ACC.

(c) All plans and specifications submitted for approval by the ACC must be submitted in duplicate at least 30 days prior to the proposed construction or exterior alteration or repair starting date. In the event the ACC fails to approve or disapprove such design and location within 30 days after said plans and specifications have been submitted to it, the ACC will be deemed to have given its approval.

(d) The ACC may require that all plans or specifications be prepared by an architect or a competent house designer approved by the ACC. One complete set of the plans

and specifications shall in each case be delivered to and permanently left with the ACC. All 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 from a street or other Lot which is not suitable or desirable, in the ACC's opinion, and such refusal may be based entirely on aesthetic or other factors.

(e) In evaluating any design, the ACC may consider the suitability of the proposed Structure, the material of which it is to be built, the exterior color scheme, the site upon which the Structure is proposed to be built, the harmony thereof with the surroundings, and the effect or impairment that the Structure will have on the view or outlook of surrounding Lots and any and all other factors which, in the ACC's opinion, shall affect the desirability or suitability of the proposed Structure, improvements, or exterior alteration or repair.

(f) The ACC shall have the right to disapprove the design or installation of a swimming pool or any other recreational Structure or equipment deemed undesirable, in the ACC's reasonable opinion, based on aesthetic factors or otherwise. The ACC may consider the visual impact of the proposed Structure or equipment and the noise impact of the related activities upon all nearby Lots or Common Areas. Any enclosure or cover used in connection with such a recreational Structure or equipment whether temporary, collapsible, or seasonal, shall be treated as a permanent Structure for purposes of these covenants, and shall be subject to all the conditions, restrictions and requirements as set forth herein for all Buildings and Structures.

(g) By majority vote, the ACC may adopt or amend architectural guidelines consistent with this Declaration for making its determinations hereunder.

(h) No Structure shall be erected, altered, placed or permitted to remain on any Lot unless the Structure complies with applicable building codes and any applicable setback requirements. The ACC may require that the Owner furnish the ACC with evidence that all necessary permits have been obtained from the City for any work on a Lot for which ACC approval is required under this Section prior to commencement of the work.

(i) Construction of any Structures or improvements, including any repairs or replacement thereof, on a Lot shall be prosecuted diligently and continuously from commencement until completion.

(j) Notwithstanding anything set forth in this Declaration, the Construction of any Structure must comply with the more restrictive of either (i) the terms and conditions of this Declaration or (ii) the laws, codes, ordinances, and regulations of any governmental entity having jurisdiction.

Section 5.2 Declarant. Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the requirements of Section 5.1 as to any Lot owned by Declarant.

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Article 6 MAINTENANCE AND USE OF LOTS

see Amendment on 9/2/2004  
# 200409021138

Section 6.1 Maintenance of Structures and Landscaping. The Structures and Lots shall be maintained in a good, clean, attractive, safe and sanitary condition consistent with the Structures) improvements and landscaping on the other Lots and in full compliance with all applicable laws and the provisions of this Section.

(a) Except as provided in (b) with respect to Alley Lots and in (c) with respect to Attached Townhouse Lots, each Owner, at the Owner's cost and expense, shall promptly and continuously maintain, repair, replace and restore the Structures, other improvements and the landscaping on the Owner's Lot in a good, clean, attractive, safe and sanitary condition consistent with the Structures, improvements and landscaping on the other Lots and in full compliance with all applicable laws, the provisions of this Declaration, and any rules and regulations of the Association. Each Owner shall also maintain the lawn and landscaping of each Lot in a good, clean, attractive, safe and sanitary condition, including cutting the grass, weeding the beds, and pruning and replacing trees and shrubs. The ACC may require, at the Owner's expense, the removal or pruning of any tree on the Owner's Lot which the ACC determines is hazardous to person or property within or adjacent to Property. If any Owner has failed to maintain, repair, replace or restore the Owner's Structures, improvements and landscaping on the Owner's Lot, after written request from the Board and a reasonable opportunity to do so, the Association may, after Notice and Opportunity to be Heard, at the Owner's expense, maintain, repair, replace or restore such items or areas. The Association shall levy a special Assessment against the Owner for all such expenses.

(b) The Association shall be responsible for the maintenance of the lawn and landscaping in the front yards of the Alley Lots and for the maintenance, repair and replacement of the Alleys (unless the Alleys are public and are being maintained by the City). The cost thereof shall be a Specially Allocated Expense assessed against the Owners of the Alley Lots pursuant to Section 8.7.

(c) The Association shall be responsible for maintenance, painting, repair and replacement of the exterior of the Houses on the Attached Townhouse Lots and for maintenance of the lawn and landscaping on the Attached Townhouse Lots. The cost thereof shall be a Specially Allocated Expense assessed against the Owners of the Attached Townhouse Lots pursuant to Section 8.7.

Section 6.2 Restrictions on Storage. No Owner shall store or allow any occupant or tenant of a Lot to store any trailers, boats, motor homes, recreational vehicles, motorcycles, or trucks over two tons or any disabled or inoperable motor vehicle on the Property unless any such vehicle is completely enclosed and hidden from view within a garage or within such other enclosure as may be approved in advance by the ACC. Nor shall any Owner, occupant or tenant park or store such vehicles or items on the public streets within or adjacent to the Plat. Violations of this Section shall subject such vehicles to impound, at the expense and risk of the owner thereof, and to fines.

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Section 6.3 Residential Use; Timesharing Prohibited. The Lots and the Houses located thereon shall be used, improved and devoted exclusively for residential purposes only, including: (i) sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants or personal guests, and similar activities commonly conducted within multifamily residential projects or such other reasonable ancillary purposes commonly associated with multifamily residential projects and otherwise in compliance with this Declaration and all applicable laws for multifamily residential projects; (ii) for use as a home offices or for a home occupations not involving use by nonresident employees or frequent visits by customers or clients; (iii) for the common social, recreational or other reasonable uses normally incident to such purposes; and (iv) for purposes of operating the Association and managing the Property. Timesharing of Lots or Houses, as defined in RCW 64.36, is prohibited.

Section 6.4 Declarant Facilities. Notwithstanding any provision in this Declaration to the contrary, Declarant and its agents, employees, contractors shall, during the Development Period, be permitted to maintain upon such portion of the Property (other than Lots conveyed by Declarant) as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Lots and Houses, including but not limited to a business office, storage area, signs, model units, sales office, construction office and parking areas for all prospective purchasers or tenants of Declarant.

Section 6.5 No Nuisances. No noxious or offensive conditions shall be permitted upon any Lot or improvement thereon, nor shall anything be done thereon which is or may become an annoyance or nuisance to other occupants on the Property.

Section 6.6 Restriction on Further Subdivision. No Lot, or any portion of a Lot in the Property, shall be divided and sold or resold, or ownership changed or transferred whereby the ownership of any portion of the Property shall be less than the area required for the use district in which the Property is located; provided, the foregoing shall not prohibit deeds of correction, deeds to resolve boundary disputes and similar corrective instruments or the creation of a condominium with respect to a Lot or Lots.

Section 6.7 Garbage and Trash Removal. No Lot or Common Area shall be used as a dumping ground for rubbish, trash, garbage, litter, junk and other debris. All garbage, trash and yard waste shall be placed in appropriate sanitary containers for regular disposal or recycling. Each Owner shall be responsible for the prompt and regular disposal of all of garbage, trash, junk and yard waste from the Owner's Lot. All containers for garbage, trash and yard waste may be placed in public view only on the designated collection day.

Section 6.8 Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept in or on any Building or Lot or on any Common Area, except that domesticated dogs, cats or other usual household pets (hereinafter referred to as "pets") may be kept on the Lots subject to rules and regulations adopted by the Board. All pets when outside a Building shall be maintained on an adequate leash or other means of physically controlling the pet, by a person capable of controlling the pet at all times. Pets shall not be allowed to leave excrement on any Lot or on any portion of the Common Area. Any Owner or tenant whose pet

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violates these provisions or who causes any unreasonable noise or damage to persons or property shall be liable to all such harmed Owners and their families, guests, and invitees. The Board may, after Notice and Opportunity to be Heard, require the removal of any pet which the Board finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

Section 6.9 Signs. Without the approval of the Board, no signs shall be displayed to public view on any Lot except (i) one professionally created sign of not more than one square foot displaying the resident's name; (ii) one sign of not more than five square feet advertising the Lot for sale or rent, (iii) signs used by Declarant or other home builders to advertise Lots or Homes for sale, (iv) the permanent entry signs for Village Green.

Section 6.10 Renting and Leasing. Any lease or rental agreement of a Lot must provide that its terms shall be subject in all respects to the provisions of the Declaration, the Bylaws, and rules and regulations of the Association and that any failure by the tenant to comply with the terms of such documents, rules, and regulations shall be a default under the lease or rental agreement. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration. The Board may adopt a rule that requires any Owner desiring to rent a Lot to have any prospective tenant screened, at the Owner's cost, by a tenant screening service designated or approved by the Board and to furnish the report of the tenant screening service to the Board or its designee prior to Owner's entering into a lease with the prospective tenant. All leases and rental agreements shall be in writing. Copies of leases and rental agreements shall be delivered to the Association upon request of the Board. If any lessee or occupant of a Lot violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the rules and regulations of the Association, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the lessee or occupant of the Lot and the Owner thereof that any further violations may result in an eviction of the tenant or occupant. If the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice from the Board and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Lot for any costs incurred by it in connection with such eviction, including reasonable attorney fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under Article 8.

Section 6.11 Zoning Regulations. Zoning regulations, building regulations, environmental regulations and other similar governmental regulations applicable to the Property 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.

Section 6.12 Business Use. No business of any kind shall be conducted on any Lot with the exception of (i) the business of the Declarant in selling the Lots, and (ii) home occupations which do not involve use of the Lot by nonresident employees or frequent visits by

customers or clients. Owners shall also comply with all of the requirements of the appropriate local government concerning the operation of such home occupations. No business materials, supplies or equipment shall be stored on any Lot within the view of another Lot, except for items relating to an improvement which is under construction in conformance with this Declaration.

**Section 6.13 Temporary Residence.** No outbuilding, tent, shack, garage, trailer, shed or temporary building of any kind shall be used as a residence either temporarily or permanently.

**Section 6.14 Satellite Dishes.** Except as approved by the ACC, no antenna, satellite dish or similar equipment shall be affixed to the exterior any Structure or otherwise placed on any Lot. The ACC may regulate the location and screening of any antenna, satellite dish or similar equipment which the Owner or a tenant may have a right to install on the Owner's Lot pursuant to the federal law.

**Section 6.15 Oil and Mining Operations.** No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral 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.

**Section 6.16 Use and Disposal of Hazardous Substances.** The Owner of each Lot shall comply with all state, federal and local laws and regulations governing or in any way relating to the handling, storage, use, dumping, discharge or disposal of any hazardous substance or material. The owner of each Lot shall not dispose of or discharge any hazardous substance or materials on any Lot, Common Area, public street or other area located within the Property.

**Section 6.17 Exterior Add-ons.** No awnings, air conditioning units, or other projections shall be placed on or hang from the exterior surfaces of any Building unless they have been approved by the ACC.

**Section 6.18 Outdoor Fires.** Outdoor barbecues may be used for cooking when permitted by law. No other outdoor fires shall be permitted on the Property.

**Section 6.19 Screened Service Areas.** Unightly items must be hidden from view within a Building or garage or within a fenced or screened area where they will not be seen from any other Lot or a road. Unightly items may include, but shall not be limited to, garbage and trash, recreational gear, outdoor maintenance equipment and ladders. No portion of any Lot or Structure may be used as a drying or hanging area for laundry or other items where they can be seen from any other Lot or a road. The design and materials used for any fenced or screened area shall be consistent with the general appearance of the Building and must receive prior approval from the ACC.

**Section 6.20 Use of Firearms, Etc. Prohibited.** Use of firearms, bows, cross bows or airguns, including BB type or pellet guns, whether for hunting or target practice, is strictly prohibited.

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Section 6.21 Damage and Repair of Structures. Upon any Substantial Damage (as defined below) to any Structure on a Lot, the Owner shall promptly restore and Repair (as defined below) the Structure to substantially the same size and design as the original Structure, as it may have been altered with the approval of the ACC. The prior written consent or vote of the Board and a vote or written consent Owners holding at least 67% of the total votes in the Association is required to rebuild in accordance with a plan that is different from the original plan or as modified by alterations approved by the ACC. As used in this Section, Substantial Damage shall mean that in the judgment of a majority of the Board the estimated damage for the Structure exceeds ten percent of the full, fair market value of the Structure before the damage occurred, as determined by the then current Assessment for the purpose of real estate taxation.

Section 6.22 Parking. Subject to such rules and regulations as the Board may adopt, Owners may park operable passenger motor vehicles on the driveways of their Lots provided they do not block the sidewalks or access to another Lot. Driveways may be used for parking of trucks, trailers, or recreational vehicles, or for other purposes only to the extent expressly allowed by rules and regulations adopted by the Board. The Board may direct that any vehicle or other thing improperly parked or kept in a parking space be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the owner thereof.

6.22.1 Offensive Activity. No noxious or offensive activity, including but not limited to the creation of excess levels of noise, may be carried on in any Lot, nor may anything be done on any Lot that may be or become an annoyance or nuisance to other Owners or tenants.

6.22.2 Underground Utilities. All utility lines or wires located outside a Structure must be either attached to the Structure or underground.

6.22.3 View Control Plan. The ACC may adopt, amend and enforce a view control plan to provide a uniform and equitable system for the maintenance of views from Lots and Houses within the Property. The plan may obligate Owners to prune, trim, or remove trees, shrubs, or other vegetation as necessary to protect and maximize views. The expense of required pruning, trimming, or removal will be borne as agreed between affected parties or as determined by the ACC.

6.22.4 Mailboxes. All mailboxes must be of a standard accepted by the U.S. Postal Service and must be located in areas designed by the U.S. Postal Service. Any Structure containing mailboxes is subject to the ACC's approval.

6.22.5 Compliance With Laws. Notwithstanding anything to the contrary set forth in this Declaration, each Owner must comply with the more restrictive of either (a) the terms and conditions of this Declaration or (b) the laws, codes, ordinances, and regulations of any governmental entity having jurisdiction.

Section 6.23 Solar Panels. Solar panels may not be installed on any Building or Lot without the approval of the ACC.

Section 6.24 Fences. Each Owner may install a fence on the perimeter of the Owner's Lot and in such other locations as may be approved by the ACC. Unless otherwise approved by the ACC, the fence shall conform to the standard fence design and specifications established by the Declarant or the ACC for the Property. Each Owner shall be responsible for maintaining the fence on the Owner's Lot in good condition; provided however, that any fence installed along a common boundary line with another Lot shall be considered to be a party fence and shall be maintained jointly by the adjoining Lot Owners in the same manner as party walls are maintained under Section 6.25.

Section 6.25 Party Walls. Foundation piers, floors, beams, walls, and other structural members or elements common to Buildings on Attached Townhouse Lots that are built as part of the original construction, that are placed on or straddle the boundary line between adjacent Lots, and that actually support or protect adjacent Buildings are regarded and treated as party walls. This section governs the Owners' maintenance and all other obligations with respect to party walls.

6.25.1 The cost of the repair and maintenance of a party wall is borne by the Owners sharing the party wall. If the need for any maintenance or repair work is caused by the willful or negligent act of an Owner or his or her family, guests, or invitees, the cost of the maintenance or repairs will be borne by that Owner alone.

6.25.2 Each Owner of a Building with a party wall has the right, at the Owner's sole expense, to drill or cut into or otherwise gain access to the interior of a party wall for the purpose of maintaining, repairing, or restoring it and, on the prior written consent of the Owner of the adjoining Building, for the purpose of remodeling or altering water, utility, soundproofing, or other services or amenities to the Owner's Building subject to an obligation to restore the party wall to the same condition it was in immediately before the act and to indemnify the Owner of the Building adjoining the party wall for any damages caused.

6.25.3 Interior decoration excepted, no Owner of a Building with a party wall may change or alter the party wall without the prior written consent of the Owner of the Building adjoining the party wall.

6.25.4 Appurtenant to each Lot with a party wall located on it is an easement over the adjoining Lot sharing the party wall for the purpose of accommodating any encroachment by Buildings or other Structures on the Lot due to engineering errors, errors in original construction, or the settling or shifting of the Buildings or other Structures. If any Building is partially or totally destroyed and then repaired and rebuilt substantially in accordance with the original plans and specifications, there will also be appurtenant to the Lot an easement to accommodate minor encroachments by the successor structure from similar causes.

6.25.5 If the Owner ("Defaulting Owner") of a Lot fails to perform his or her obligations under this section, including, without limitation, the obligation to pay that Defaulting Owner's share of maintenance, repair, or restoration of a party wall, the Owner of the adjoining Lot may perform the action or make the payment. The Defaulting Owner will promptly reimburse that Owner for all costs and expenses (including attorney fees and costs)

incurred, with interest at twelve percent (12%) per annum until paid, and any amounts not paid will become a lien on the Defaulting Owner's Lot in accordance with the provisions of RCW 60.04.

#### Article 7 NOTICES FOR ALL PURPOSES

All notices given under the provisions of this Declaration or rules or regulations of the Association must be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice is deemed to have been delivered on the third (3rd) day of regular mail delivery after a copy has been deposited in the U.S. mail, first class, postage prepaid, addressed to the person entitled to the notice at the most recent address known to the Association. Mailing addresses may be changed by notice in writing to the Association. Notices to the Association may be given to any Board member or mailed to the Association's registered office.

#### Article 8 ASSESSMENTS

Section 8.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any Assessment duly levied by the Association as provided in this Declaration. Such Assessments, together with interest, costs, late charges and reasonable attorney's fees, shall also be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, costs, late charges and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to his successor title unless a notice of lien for such delinquent Assessments has been properly recorded prior to title transfer or unless expressly assumed by that party. When ownership of a Lot changes, Assessments payable in installments which have been established for the current fiscal year shall be prorated between the Buyer and Seller based on a 365 day year. No Owner may exempt himself or herself from liability for his Assessments by abandoning the Owner's Lot.

Section 8.2 Preparation of Budget. Not less than 30 days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses and Specially Allocated Expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, including amounts reasonably anticipated to be required for the operation, maintenance, repair, and replacement of the Common Elements and other portions of the Property for which the Association has responsibility, and shall take into account any surplus or deficit carried over from the preceding year. The Declarant shall prepare the initial budget for the Association.

Section 8.3 Ratification of Budget. Within 30 days after adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less

than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board. If the Board proposes a supplemental budget during any fiscal year that results in an increase in an Owner's Assessments on existing Lots, the budget shall not take effect unless ratified by the Owners in accordance with this Section.

Section 8.4 Supplemental Budget. If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessments, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget shall be ratified pursuant to Section 8.3.

Section 8.5 Monthly Assessments; Commencement of Assessments. The amounts required by the Association for Common Expenses and Special Allocations as reflected by the annual budget and any supplemental budgets shall be divided into installments to be paid each month over the period of time covered by the budget or supplemental budget. The monthly Assessment for each Lot is the total of (a) the monthly installment for Common Expenses for the Lot; (b) any Special Allocated Expenses for the Lot. Assessments may be rounded to the nearest dollar. Assessments on each Lot shall commence upon the closing of the sale of the Lot by the Declarant to a person other than a Builder, the closing of the sale of the Lot by the Builder or the occupancy of a House on the Lot, whichever occurs first. Lots owned by the Declarant or a Builder and not occupied shall not be subject to Assessments.

Section 8.6 Common Expenses. Common Expenses shall include the cost of operation, maintenance, repair and replacement of the Common Areas, the general expenses of the Association, including management and professional fees and costs, insurance and any other costs that the Board determines benefits all Lots. Common Expenses shall be allocated equally among the Lots.

Section 8.7 Specially Allocated Expenses. The following costs of the Association shall be specially allocated to certain Lots based on usage or benefit:

(a) ~~The cost of maintenance of the lawn and landscaping in the front yards of the Alley Lots and of maintenance, repair and replacement of the Alleys shall be assessed equally among the Alley Lots.~~ \* See Amendment to Section 6.1

(b) The cost of maintenance of the lawn and landscaping on the Attached Townhouse Lots shall be allocated equally among the Attached Townhouse Lots.

(c) ~~The cost of maintenance, painting, repair and replacement of the exterior of each House on an Attached Townhouse Lot shall be allocated equally among the Owners of the Houses which are attached to each other.~~ \* See Amendment to

18 Section 6.1 under  
instrument #  
200409021138

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Section 8.8 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 the Lot Owners 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 located upon or forming a part of the Common Area, including necessary fixtures, and personal property related thereto, or for such other purposes as the Association may consider appropriate; provided, however, that if any such Assessment is for an addition or improvement to the Common Areas the cost of which exceeds \$5,000, it must have the prior approval of Owners holding a majority of the votes in the Association. The amount of each Owner's special Assessment for any year shall be calculated like the general Assessment, except that the total special Assessment shall be substituted for the operating budget amount and shall be payable in one or more installments, as determined by the Board.

Section 8.9 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 10 days after the due date thereof shall bear interest at the rate of 12% per annum, and the Board may also assess a late charge in an amount not exceeding 25% of any unpaid Assessment which has been delinquent for more than 10 days. The Board may also take those actions provided in Section 2.3(b) and in this Article 8.

Section 8.10 Accounts. Any Assessments collected by the Association shall be deposited in one or more Federally insured institutional depository accounts established by the Board. The Board shall have exclusive control of such accounts and shall maintain accurate records thereof. No withdrawal shall be made from said accounts except to pay for charges and expenses authorized by this Declaration.

Section 8.11 Reconciliation of Assessments to Actual Expenses. The Association shall establish and maintain its accounts and records in such a manner that will enable it deposit the Assessments for Common Expenses and Specially Allocated Expenses, including allocations to reserves, and income to the Association to the account of the appropriate Lots and make its expenditures from the appropriate accounts. In order that the Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association shall be reconciled at least annually; and any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners of the Lots who paid the surplus (or owe the deficit).

Section 8.12 Lien. In the event any Assessment or installment thereof remains delinquent for more than 30 days, the Board may, upon 15 days' prior written notice to the Owner of such Lot of the existence of the default, accelerate and demand immediate payment of the entire Assessment. The amount of any Assessment assessed or charged to any Lot plus interest, costs, late charges and reasonable attorneys' fees, shall be a lien upon such Lot. A notice of Assessment may be recorded in the office where real estate conveyances are recorded for the county in which this property is located. Such notice of Assessment may be filed at any time at least 15 days following delivery of the notice of default referred to above in this Section. The lien for payment of such Assessment and charges shall have priority over all other liens and encumbrances, recorded or unrecorded, limited as provided in Section 11.1. Suit to recover a



money judgment for unpaid Assessments or charges shall be maintainable without foreclosure or waiver of the lien securing the same. Said liens may be foreclosed as a mortgage.

Section 8.13 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 become delinquent or any lien is imposed pursuant to the terms hereof.

Section 8.14 Records and Financial Statements. The Board shall prepare or cause to be prepared for any fiscal year in which the association levies or collects any Assessments, a balance sheet and an operating (income/expense) statement for the Association which shall include a schedule of delinquent Assessments identified by the number of the Lot and the name of the Lot Owner, provided, however, such documents need not be prepared by a certified public accountant unless requested by the Board or a majority of the Owners. The Board shall cause detailed and accurate records of the receipts and expenditures of the Association to be kept specifying and itemizing the maintenance, operating, and any other expense incurred. Such records, copies of this Declaration, the Articles and the Bylaws, and any resolutions authorizing expenditures of Association funds shall be available for examination by any Owner at convenient weekday hours.

Section 8.15 Certificate of Assessment. A certificate executed and acknowledged by the treasurer or the president of the Board (or an authorized agent thereof, if neither the president nor treasurer is available) stating the indebtedness for Assessment and charges or lack thereof secured by the Assessments upon any Lot 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 Mortgagee of a Lot within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any Mortgagee holding a lien on a Lot may pay any unpaid Assessments or charges with respect to such Lot and, upon such payment, shall have a lien on such Lot for the amounts paid of the same priority as its lien.

Section 8.16 Foreclosure of Assessment Lien; Attorneys Fees and Costs. The Board (or authorized agent), on behalf the Association, may initiate an action to foreclose the lien of, or collect any Assessment. In any action to foreclose the lien of, or otherwise collect delinquent Assessments or charges, any judgment rendered in favor of the Association shall include a reasonable sum for attorneys' fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to all costs permitted by law. Said liens may be foreclosed as a mortgage.

Section 8.17 Curing of Default. The Board shall prepare and record a satisfaction and release of the lien for which 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 all other Assessments which have become due and payable following the date of such recordation with respect to the Lot to which such notice of Assessment was recorded, together with all costs, late charges and interest which have accrued thereon. A fee of twenty-five dollars (\$25.00) or such other amount as may from time to time be set by the Board

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covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction and release of the 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 costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the notice of Assessment and any efforts to collect the delinquent Assessments, including a reasonable sum for attorneys' fees and costs.

Section 8.18 Delinquent Assessment Deposit; Working Capital.

(a) A Lot Owner may be required by the Board, from time to time, to make and maintain a deposit of up to three months' estimated monthly Assessments, which may be collected as are other Assessments and charges. The deposit shall be held in a separate fund, be credited to the account for that Owner's Lot, and be for the purpose of establishing a reserve for delinquent Assessments.

(b) The Association may draw upon the deposit at any time that the Owner is ten days or more delinquent in paying his or her monthly or other Assessments and charges. The deposit shall not be considered as advance payments of regular Assessments. In the event the Board should draw upon the deposit as a result of a Lot Owner's delinquency in payment of any Assessments, the Owner shall continue to be responsible for the immediate and full payment of said delinquent Assessment (and all penalties and costs thereon) and thus the full restoration of said deposit, and the Board shall continue to have all of the rights and remedies for enforcing such Assessment payment and deposit restoration as provided by this Declaration.

(c) Upon the sale of a Lot, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Lot pursuant to this or any other section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Lot, and the seller/Owner shall be responsible for obtaining from the purchaser appropriate compensation therefor.

Section 8.19 Status of Association. Regardless of the status of the Association, the Owners shall be liable for their share, in accordance with the Common Expense Liability of their respective Lots, of the cost of performing the duties of the Association provided in this Declaration.

**Article 9 COMPLIANCE AND ENFORCEMENT**

Section 9.1 Enforcement.

(a) Each Member, 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 result in a claim for damages or injunctive relief, or both, by the Board (acting

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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.

(b) In any action or arbitration to enforce the provisions of Section 9.1 or any other provision of this Declaration, the Articles or the Bylaws, the prevailing party in such action or arbitration shall be entitled to an award for reasonable attorneys' fees and all costs and expenses reasonably incurred in preparation for prosecution of said action or arbitration, in addition to all costs permitted by law.

~~Section 9.2~~ 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 this Declaration, or of 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.

~~Section 9.3~~ Right to Notice and Opportunity to Be Heard. Whenever this Declaration requires that an action of the Board be taken after "Notice and Opportunity to be Heard," the following procedure shall be observed: The Board shall give written notice of the proposed action to all Owners, tenants, or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time, and place of the hearing, which shall be not less than five days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

~~Section 9.4~~ Arbitration. Any dispute between the Owners, between an Owner and the Board or the Association or between an Owner, the Board or the Association and the Declarant shall be determined by arbitration under the rules of the Superior Court of Pierce County in accordance with the Court's rules for mandatory arbitration then in effect, as modified by this Declaration. The arbitrator shall be an attorney with at least five years experience in homeowner association or real estate law. Any issue about whether a claim must be arbitrated pursuant to this Declaration shall be determined by the arbitrator. At the request of either party made not later than 45 days after the arbitration demand, the parties agree to submit the dispute to nonbinding mediation which shall not delay the arbitration hearing date. The cost of mediation shall be shared equally by the parties. There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing, which shall be held within 90 days of the demand and concluded within two days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge, including attorney fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages. This arbitration

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provision shall not cover claims by the Association for collection of Assessments; such claims shall be governed by Article 8.

Section 9.5 Remedies Cumulative. Except for claims which must be arbitrated pursuant to Section 9.2 above, the remedies provided herein 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 10 LIMITATION OF LIABILITY

Section 10.1 No Personal Liability. So long as the Declarant or any Board member, Association committee member, 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 possessed by such person, no person shall be personally liable to any Member, 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, however, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance or bond obtained by the Board pursuant to Article 4 or Article 12 hereof.

Section 10.2 Indemnification. The Declarant and 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 and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be party, or in which he or she 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 or her 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, however, that in the event of a settlement, indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association. Nothing contained in this Section 10.2 shall, however, be deemed to obligate the Association to indemnify any Member who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him or her under and by virtue of the Declaration as a Member or Owner of a Lot.

#### Article 11 MORTGAGEE PROTECTION

Section 11.1 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 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 or deeds of trust which were

made in good faith and for value upon the Lot. A mortgagee of a Lot, or other purchaser of a Lot, who obtains possession of a Lot as a result of foreclosure or deed in lieu thereof will be liable for any Assessment accruing after such possession. Such unpaid share of common expenses or Assessments shall be deemed to be common expenses collectible from all of the Lot Owners including such possessor, his successor and assigns. For the purpose of this Article, the terms "mortgage" and "mortgagee" shall not mean a real estate contract (or the vendor thereunder), or a mortgage or deed of trust (or mortgagee or beneficiary thereunder) securing a deferred purchase price balance owed with respect to a sale by an individual Lot Owner other than Declarant.

Section 11.2 Effect of Declaration Amendments. No amendment of this Declaration shall be effective to modify, change or 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.

Section 11.3 Rights of Lien Holders. 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 for value on any Lots; provided, 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.

Section 11.4 Copies of Notices. If the first mortgagee of any Lot has so requested of 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 60 days failed to meet any obligation under this Declaration. Any first mortgagee shall, upon written request, also be entitled to receive written notice of all meetings of the Association and be permitted to designate a representative to attend such meetings.

Section 11.5 Furnishing of Documents. The Association shall make available to prospective purchasers, mortgagees, insurers, and guarantors, at their 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 12 INSURANCE

Section 12.1 Association Insurance. The Board shall cause the Association to purchase and maintain at all times as a common expense a policy or policies necessary to provide comprehensive liability insurance; worker's compensation insurance to the extent required by applicable laws; insurance against loss of personal property of the Association by fire, theft, or other causes with such deductible provisions as the Board deems advisable; and such other insurance as the Board deems advisable. The Board may also, in its sole discretion, cause the Association to purchase and maintain insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management

of the Association's affairs. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects and licensed to do business in the state of Washington. All such insurance policies and fidelity bonds shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to any and all insureds named therein, including Owners, holders of mortgages, and designated servicers of mortgagees.

~~Section 12.2~~ **Owners' Insurance.** All Owners shall obtain and maintain property insurance, liability insurance, and such other insurance as the Board deems advisable. All insurance shall be obtained from insurance carriers that are generally acceptable for similar residential properties and authorized to do business in the state of Washington. All such insurance policies shall provide that the Association is an additional named insured. All Owners shall furnish the Association with proof of insurance upon the request of the Association.

(a) The property insurance maintained by each Owner shall, at the minimum, provide all risk or special cause of loss coverage in an amount equal to the full replacement cost of each Structure on the Owner's Lot, with such reasonable deductibles and exclusions from coverage as the Board may from time to time approve or by rule or regulation establish.

(b) The liability insurance coverage maintained by each Owner shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Lot and such other risks as are customarily covered for similar residential properties with a limit of liability of at least \$300,000 and shall name the Association as an additional insured.

(c) Any portion of the Structure or Lot for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Owner pursuant to Section 6.21 unless the subdivision is terminated or repair or replacement would be illegal under any state or local health or safety statute or ordinance.

#### Article 13 DAMAGE AND REPAIR OF DAMAGE TO PROPERTY

In the event of any casualty, loss, or other damage to the Common Areas for which the then-current Assessments by the Board are insufficient to repair or restore or for which there are not insurance proceeds or there are insufficient insurance proceeds available to the Board for the restoration or repair, the Board may make a special Assessment against each Lot within the Property for its pro rata share of the cost and expenses to repair or restore the Common Areas (or both). The special Assessment will be payable, at the Board's determination, in either monthly or quarterly installments or in a single lump sum amount. The Board will notify each Lot Owner of any special Assessment not less than twenty (20) days before the date the special Assessment or its first installment is due and payable, which notice must be accompanied by a reasonably detailed statement of the Board's estimated costs and expenses of repairing restoring the Common Areas (or both). The special Assessment is subject to ratification by the Owners, as provided in Section 7.3. In the event of damage to any Building on a Lot, the Owner is required

to repair the damage promptly unless the Owner of any adjoining Building and Owners holding 67% of the votes in the Association agree that the damage need not be repaired. If the Owner is required to repair the damage but fails to do so promptly after notice from the Board, the Board may have the damage repaired and levy a special Assessment against the Lot Owner for the cost of that repair or may pay the cost from the reserve fund for that Lot (or both).

#### Article 14 ABANDONMENT OF SUBDIVISION STATUS

Section 14.1 Duration of Covenants. The covenants contained herein shall run with and bind the land and be perpetual, unless modified by an instrument executed in accordance with Article 15.

Section 14.2 Abandonment at 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 100% of all first Mortgagees and Owners (other than the sponsor, developer or builder) of record, seek by act or omission to abandon or terminate the subdivision status of the Property as approved by the governmental entity having appropriate jurisdiction over the Property.

#### Article 15 AMENDMENT OF DECLARATION OR PLAT

Section 15.1 Declaration Amendment. Amendments to this Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. This Declaration may be amended by an instrument approved by members holding at least 67% of the votes in the Association. The members' approval may be obtained by a special vote of the members at a meeting of the Association or by the written consent of the requisite percentage of members. The amendment shall be executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained. Notwithstanding any of the foregoing, the prior written approval of 51% of all Mortgagees who have requested from the Association notification of amendments shall be required for any material amendment to the Declaration or the Bylaws of any of the following: voting rights; Assessments, Assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity insurance; responsibility for maintenance and repair; the boundaries of any Lot; convertibility of Lots into Common Areas or of Common Areas into Lots; leasing of Lots other than set forth herein; imposition of any restrictions on the right of an Owner to sell or transfer his Lot; a decision by the Association to establish self-management when professional management has been required previously by the Mortgagees; or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of first Mortgages. A Mortgagee who receives a written request to consent to an amendment who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have consented to the amendment. The approval of the Declarant shall be required for any amendment that particularly affects the Declarant. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions

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contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

Section 15.2 Plat. Except as otherwise provided herein, the Plat may be amended by revised versions or revised portions thereof referred to and described as to affect an amendment to the Declaration adopted as provided for in Section 15.1. Copies of any such proposed amendment to the Plat shall be made available for the examination of every Owner. Such an amendment to the Plat shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county offices in conjunction with the Declaration amendment.

Section 15.3 Amendments to Conform to Construction. Declarant reserves the right to amend the Declaration and the Plat to conform data depicted therein to improvements as actually constructed and to establish, vacate and relocate easements. Furthermore, Declarant reserves the right to amend the Declaration as necessary to comply with Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), or Federal Housing Administration ("FHA") regulations or requirements as necessary to enable the holders of first mortgages or deeds of trust to sell first mortgages or deeds of trust to FHLMC or FNMA or if the amendment is necessary to secure funds or financing provided by, through, or in conjunction with FHLMC, FNMA, or FHA. If Declarant, at its option, determines that it is necessary so to amend the Declaration, then Declarant, on behalf of all Lot Owners in the Association, is authorized to execute and to have recorded (or filed, in the case of the articles) the required amendment or amendments. All Lot Owners grant to Declarant a full and complete power of attorney to take all actions necessary to effectuate and record the amendment or amendments and agree that the amendment or amendments are binding on their respective Lots and on them and their heirs, personal representatives, successors, and assigns to the same extent as if they had personally executed the amendment or amendments. All Lot Owners acknowledge and agree that the power of attorney granted this Declaration is deemed coupled with an interest and is irrevocable. Declarant's rights under this Section exist only during the Development Period.

#### Article 16 LATER DIVISIONS; ANNEXATION

Section 16.1 Addition of Later Divisions and Annexation of Additional Property by Declarant. Declarant may from time to time subject to the provisions of this Declaration all or any portion of the Additional Property by recording a supplemental declaration amending the description of the Property in Exhibit 1 to add the portion of the Additional Property to be subjected to this Declaration and filing a plat for a later division of Village Green. The later plat and supplemental declaration filed or recorded pursuant to this Article shall not require the consent of any person other than Declarant or successor to Declarant. In connection with a later division, Declarant shall amend Exhibit 4 to list any additional Common Areas and may amend any of the provisions of this Declaration dealing with the Lots in that division. Declarant's right to subject the Additional Property to this Declaration shall expire when all property described in Exhibit 3 has been subjected to this Declaration or 40 years after this Declaration is recorded, whichever is earlier. Until then, Declarant may transfer or assign this right to any person who is



the developer of a portion of the real property described in Exhibit 3. Any such transfer shall be memorialized in a written, recorded instrument executed by Declarant.

Section 16.2 Annexation of Additional Property by Owners. Additional property other than that described in Exhibit 3 may be annexed or added to the Property subject to this Declaration only with the consent of Owners holding sixty-seven percent (67%) of the votes in the Association. Lot may be subdivided or combined with the approval of Lot Owners holding sixty-seven percent (67%) of the votes in the Association. Boundary line adjustments between Lots require approval of the Board and the Owners of the Lots affected. Notwithstanding the foregoing, no Lot or portion of any Lot may be divided and sold or resold or ownership transferred so that ownership of any Lot is less than the area required for a lot by Pierce County.

#### Article 17 SEVERABILITY

The provisions of this Declaration are independent and severable, and the unenforceability of any one provision does not affect the enforceability of any other provision, if the remainder affects the common plan.

#### Article 18 EFFECTIVE DATE

This Declaration becomes effective on recording.

#### Article 19 ARCHITECTURAL CONTROL COMMITTEE

Section 19.1 Appointment and Membership. There is by this Declaration constituted an Architectural Control Committee ("ACC"). The Declarant has the right to select all members of the ACC until it has transferred title to ninety-five percent (95%) of all Lots to purchasers. The initial ACC is composed of David E. Soleim, Jackie Soleim, and Eric Soleim at P.O. Box 139, Maple Valley, Washington 98038. A majority of the ACC may designate a representative to act for it, which representative will be known as the control architect. Neither the members of the ACC nor the control architect is entitled to any compensation for services performed under these covenants. After the Development Period has ended, the Board will designate the members of the ACC or designate itself to act as the ACC for any or all of the matters that this Declaration provides are subject to ACC approval.

Section 19.2 Guidelines. The ACC has the authority to adopt and amend written guidelines to be applied in its review of plans and specifications, to further the intent and purpose of this Declaration and any other covenants or restrictions covering the Property. If such guidelines are adopted, they must be available to all Lot Owners on request.

Article 20 ASSIGNMENT BY DECLARANT

Declarant reserves the right to assign, transfer, sell, lease, or rent all or any portion of the Property and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration.

DATED as of the date first written above.

DECLARANT:

CAPSTONE HOMES, INC., a  
Washington corporation

By *David E. Bohem*

CASCADE:

CASCADE QUALITY HOMES INC., a  
Washington corporation

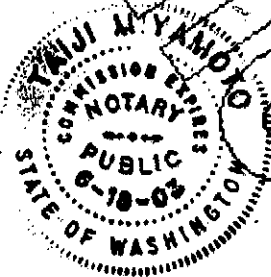
By *JAC*

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STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that David Soleim signed the instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the CEO of Capstone Homes, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 2nd day of MAY, 2001.



Taiji Miyamoto  
(Signature of Notary)

TAIJI MIYAMOTO  
(Legibly Print or Stamp Name of Notary)

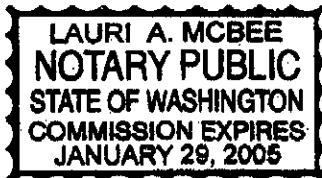
Notary public in and for the State of Washington,  
residing at SEATTLE

My appointment expires JUNE 18, 2003

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF PIERCE )

I certify that I know or have satisfactory evidence that GARY N. COCKER signed the instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the President of Cascade Quality Homes Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 3rd day of MAY, 2001.



Lauri A. McBee  
(Signature of Notary)

LAURI A. MCBEE  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at TACOMA

My appointment expires JAN. 29, 2005

For reference only, not for re-sale.

CONSENT TO  
DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND  
RESERVATIONS  
FOR  
VILLAGE GREEN

The undersigned Owners of Lot 72 of Village Green, Division II, according to the Plat thereof recorded under Auditor's No. 200006305007, in Pierce County, Washington, consents to be bound by the foregoing Declaration of Covenants, Conditions, Restrictions, and Reservations for Village Green.

Dated: 5-4-01

Scott A. Haynes  
Scott A. Haynes

Shannon D. Haynes  
Shannon D. Haynes

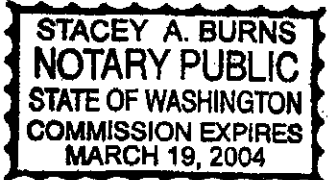
STATE OF WASHINGTON )

COUNTY OF Pierce )

ss

I certify that I know or have satisfactory evidence that Scott A. Haynes and Shannon D. Haynes signed the instrument, on oath stated acknowledged that he/she executed it as the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 7th day of May, 2001.



Stacey A. Burns  
(Signature of Notary)

Stacey A. Burns  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
Residing at Buckley

My appointment expires March 19, 2004

For reference only, not for re-sale.

DUPLICATE

CONSENT TO  
DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND  
RESERVATIONS  
FOR  
VILLAGE GREEN

The undersigned Owner of Lot 73 of Village Green, Division II, according to the Plat thereof recorded under Auditor's No. 200006305007, in Pierce County, Washington, consents to be bound by the foregoing Declaration of Covenants, Conditions, Restrictions, and Reservations for Village Green.

Dated: 5/14/01

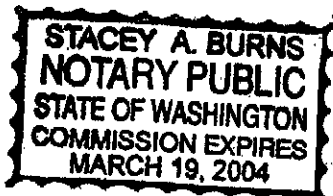
Theresa L. Gwaltney  
Theresa L. Gwaltney

STATE OF WASHINGTON )

COUNTY OF Pierce )  
SS

I certify that I know or have satisfactory evidence that Theresa L. Gwaltney signed the instrument, on oath stated acknowledged that she executed it as the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 7th day of May, 2001.



Stacey A. Burns  
(Signature of Notary)

Stacey A. Burns  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,  
residing at Buckley

My appointment expires March 19, 2004

For reference only, not for re-sale.

**EXHIBIT 1**

**VILLAGE GREEN**

**Legal Description of Declarant's Property**

Parcel A

Lots 10 through 50, inclusive, of Village Green, Division II, according to the Plat thereof recorded under Auditor's No. 200006305007, in Pierce County, Washington.

Parcel B

Lots 1 through 23, inclusive, of Village Green, Division V, according to the Plat thereof recorded under Auditor's No. 200006305008, in Pierce County, Washington.

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Unrecorded Document

**EXHIBIT 2**

**VILLAGE GREEN**

**Legal Description of Cascade's Property**

Lots 1 through 9 and 51 through 73, inclusive, of Village Green, Division II, according to the Plat thereof recorded under Auditor's No. 200006305007, in Pierce County, Washington.

Note: Lots 72 and 73 have been conveyed to Haynes and Gwaltney, respectively, who have consented to this Declaration.

For reference only, not for re-sale.

Document's Document

EXHIBIT 3

VILLAGE GREEN

Legal Description of Additional Property

ALL THOSE PORTIONS OF THE THOMAS HEADLEY D.L.C. NO. 38 IN SECTIONS 24 AND 25, TOWNSHIP 19 NORTH, RANGE 4 EAST, W.M., AND IN SECTION 30, TOWNSHIP 19 NORTH, RANGE 5 EAST, W.M., AND OF THE HENRY WHITESELL D.L.C. IN SECTION 30, TOWNSHIP 19 NORTH, RANGE 5 EAST, W.M., CITY OF ORTING, PIERCE COUNTY, WASHINGTON, LYING NORTHEASTERLY OF THE RIGHT OR NORTH BANK OF THE MAIN CHANNEL OF THE SOUTH FORK OF THE PUYALLUP RIVER; LYING WESTERLY OF A LINE ESTABLISHED BY BOUNDARY LINE ADJUSTMENT RECORDED UNDER RECORDING NO. 2713024; AND SOUTHERLY OF THE FOLLOWING DESCRIBED LINE;

COMMENCING AT A POINT ON THE WEST LINE OF THE THOMAS HEADLEY DONATION LAND CLAIM NO. 38 WHICH LIES 25.30 CHAINS SOUTH OF THE NORTHWEST CORNER THEREOF, AND WHICH POINT IS MONUMENTED WITH A BRONZE DISK IN CONCRETE SET BY H.C. FLANAGAN AS A PART OF THE WILLIAMS BROTHERS PROPERTY SURVEY, A MAP OF WHICH SURVEY DATED NOVEMBER 15, 1946 IS ON FILE WITH THE PIERCE COUNTY PUBLIC WORKS DEPARTMENT; THENCE SOUTH 02°17'01" WEST, ALONG THE WEST LINE OF SAID DONATION LAND CLAIM, A DISTANCE OF 1407.69 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 80°15'30" EAST FOR 187.80 FEET; THENCE NORTH 78°43'55" EAST FOR 71.51 FEET; THENCE NORTH 60°09'20" EAST FOR 51.40 FEET; THENCE NORTH 39°34'19" WEST FOR 125.64 FEET TO A NONTANGENTIAL INTERSECTION WITH A CURVE CONCAVE NORTHWESTERLY, THE RADIUS POINT OF WHICH LIES NORTH 39°34'19" WEST A DISTANCE OF 56.00 FEET; THENCE IN A COUNTERCLOCKWISE DIRECTION ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 10°13'03", A DISTANCE OF 9.99 FEET; THENCE SOUTH 39°34'19" EAST FOR 128.23 FEET; THENCE NORTH 60°09'20" EAST FOR 28.53 FEET; THENCE NORTH 21°20'02" WEST A DISTANCE OF 29.65 FEET; THENCE NORTH 43°30'45" EAST A DISTANCE OF 46.04 FEET; THENCE NORTH 03°38'42" EAST A DISTANCE OF 51.12 FEET; THENCE NORTH 09°16'04" WEST A DISTANCE OF 75.04 FEET; THENCE NORTH 35°33'58" EAST A DISTANCE OF 33.99 FEET; THENCE NORTH 87°47'00" EAST A DISTANCE OF 142.00 FEET; THENCE NORTH 02°13'00" WEST A DISTANCE OF 120.00 FEET; THENCE NORTH 87°47'00" EAST A DISTANCE OF 20.00 FEET; THENCE SOUTH 02°13'00" EAST A DISTANCE OF 29.99 FEET; THENCE SOUTH 12°40'18" EAST 106.92 FEET; THENCE SOUTH 29°12'46" EAST A DISTANCE OF 16.83 FEET; THENCE NORTH 74°21'32" EAST A DISTANCE OF 44.16 FEET; THENCE NORTH 87°47'00" EAST A DISTANCE OF 156.21 FEET; THENCE SOUTH 82°04'35" EAST A DISTANCE OF 120.40 FEET; THENCE SOUTH 64°34'46" EAST A DISTANCE OF 51.34 FEET; THENCE SOUTH 47°37'15" EAST A DISTANCE OF 128.19 FEET; THENCE SOUTH 34°30'25" EAST A DISTANCE OF 120.76 FEET; THENCE SOUTH 19°45'28" EAST A DISTANCE OF 58.41 FEET; THENCE SOUTH 00°04'20" WEST A DISTANCE OF 557.89 FEET; THENCE SOUTH 26°50'25" WEST A DISTANCE OF 249.19 FEET; THENCE SOUTH 00°05'35" EAST A DISTANCE OF 211.14 FEET; THENCE SOUTH 36°48'13" EAST A DISTANCE OF 167.24 FEET; THENCE SOUTH 63°09'34" EAST A DISTANCE OF 400.33 FEET; THENCE SOUTH 70°39'11" EAST A DISTANCE OF 150.00 FEET; THENCE NORTH 70°52'48" EAST A DISTANCE OF 302.91 FEET; THENCE SOUTH 78°13'20" EAST A DISTANCE OF 100.00 FEET; THENCE SOUTH 49°51'49" EAST A DISTANCE OF 147.31 FEET; THENCE SOUTH 76°08'42" EAST A

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**EXHIBIT 3**

**VILLAGE GREEN**

Legal Description of Additional Property

DISTANCE OF 184.36 FEET; THENCE SOUTH 67°43'06" EAST A DISTANCE OF 111.65 FEET; THENCE NORTH 73°45'13" EAST A DISTANCE OF 99.46 FEET; THENCE NORTH 53°54'11" EAST A DISTANCE OF 183 FEET MORE OR LESS, TO THE NORTHEASTERLY MARGIN OF A STRIP OF LAND 60.00 FEET IN WIDTH CONVEYED TO PUGET SOUND POWER AND LIGHT COMPANY BY INSTRUMENTS RECORDED UNDER FEE NO. 166447 AND FEE NO. 167491; THENCE IN A SOUTHEASTERLY DIRECTION, ALONG THE NORTHEASTERLY MARGIN OF SAID STRIP OF LAND, A DISTANCE OF 920 FEET, MORE OR LESS, TO INTERSECT THAT LINE ESTABLISHED BY BOUNDARY LINE ADJUSTMENT RECORDED UNDER RECORDING NO. 2713024, AND TERMINUS OF THE HEREINABOVE DESCRIBED LINE.

EXCEPT ANY PORTION LYING WITHIN A STRIP OF LAND 60.00 FEET IN WIDTH CONVEYED TO PUGET SOUND POWER AND LIGHT COMPANY BY INSTRUMENTS RECORDED UNDER FEE NO. 166447 AND FEE NO. 167491.

ALSO EXCEPT THAT PORTION CONVEYED BY CAUSE NO. 94-2-08816-1 IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON IN AND FOR THE COUNTY OF PIERCE.

ALSO EXCEPT VILLAGE GREEN DIVISION 1 AS RECORDED UNDER AUDITOR'S FEE NO. 9507060091, RECORDS OF PIERCE COUNTY, WASHINGTON.

ALSO EXCEPT VILLAGE GREEN DIVISION 2 AS RECORDED UNDER AUDITOR'S FEE NO. 200006305007, RECORDS OF PIERCE COUNTY, WASHINGTON.

ALSO EXCEPT VILLAGE GREEN DIVISION 5 AS RECORDED UNDER AUDITOR'S FEE NO. 200006305008, RECORDS OF PIERCE COUNTY, WASHINGTON.

TAX PARCELS	05-19-19-3-028
	05-19-19-3-015
	05-19-30-2-022
	05-19-30-2-017
	04-19-25-1-024

For reference only, not for re-sale.

**EXHIBIT 4**

**VILLAGE GREEN**

**Common Areas**

[To be designated by amendment]

For reference only, not for re-sale.

Unofficial Site Document

TRANS  
SEP 12 2004



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09-02-2004 04:18pm \$24.00  
PIERCE COUNTY, WASHINGTON

Foster Pepper & Shefelman PLLC  
Attention: Gary N. Ackerman  
1111 Third Avenue, Suite 3400  
Seattle, Washington 98101-3299

AMENDMENT TO  
DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS, AND RESERVATIONS FOR  
VILLAGE GREEN

Grantor/Declarant: CAPSTONE HOMES, INC., a Washington corporation  
Additional names on pg. N/A

Grantee: VILLAGE GREEN, DIVISIONS 2, 3, AND 5  
Additional names on pg. N/A

Abbreviated  
Legal Description: Sections 24 and 25, Township 19 North, Range 4 East, W.M.  
Sections 19 and 30, Township 19 North, Range 5 East, W.M.  
Official legal description on Exhibit 1 pg 4 to

Assessor's Tax Parcel ID#: 602327-001 through 602327-073  
602328-001 through 602328-023  
700147-001 through 700147-084

Reference # (if applicable): 200105170130, 200201180854  
Additional numbers on pg. N/A

For reference only, not for re-sale.

AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS FOR VILLAGE GREEN

AMENDMENT TO  
DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS, AND RESERVATIONS FOR  
VILLAGE GREEN

The undersigned, as Declarant, recorded a Declaration of Covenants, Conditions, Restrictions, and Reservations (the "Declaration") for Village Green (the "Subdivision"), under Pierce County Auditor's No. 200105170130 as amended by Supplemental Declaration for Village Green, Division III recorded under Pierce County Auditor's No. 200201180854. Declarant desires to amend the Declaration as follows:

1. Legal Description of the Additional Property. Declarant desires to correct the legal description of the Additional Property of the Subdivision. Accordingly, Exhibit 3 of the Declaration is amended in its entirety as attached hereto as Exhibit A.
2. Additional Property. Declarant desires to subject additional property within the Subdivision to the Declaration. Exhibit 1 to the Declaration is amended to read in full as attached hereto as Exhibit B in order to describe the Additional Property subjected to the Declaration.
3. Maintenance of Structures and Landscaping. Section 6.1 of the Declaration is hereby replaced in its entirety with the following:

Section 6.1 Maintenance of Structures and Landscaping. The Structures and Lots shall be maintained in a good, clean, attractive, safe and sanitary condition consistent with the Structures, improvements and landscaping on the other Lots and in full compliance with all applicable laws and the provisions of this Section.

(a) Except as provided in (b) and (c) below, each Owner, at the Owner's cost and expense, shall promptly and continuously maintain, repair, replace and restore the Structures, other improvements and the landscaping on the Owner's Lot in a good, clean, attractive, safe and sanitary condition consistent with the Structures, improvements and landscaping on the other Lots and in full compliance with all applicable laws, the provisions of this Declaration, and any rules and regulations of the Association. Each Owner shall also maintain the lawn and landscaping of each Lot in a good, clean, attractive, safe, and sanitary condition, including cutting the grass, weeding the beds, and pruning and replacing trees and shrubs. The ACC may require, at the Owner's expense, the removal or pruning of any tree on the Owner's Lot which the ACC determines is hazardous to person or property within or adjacent to Property. If any Owner has failed to maintain, repair, replace or restore the Owner's Structures, improvements and landscaping on the Owner's Lot, after written request from the Board and a reasonable

opportunity to do so, the Association may, after Notice and Opportunity to be Heard, at the Owner's expense, maintain, repair, replace or restore such items or areas. The Association shall levy a special Assessment against the Owner for all such expenses.

(b) The Association shall be responsible for the maintenance, repair and replacement of the Alleys. The cost thereof shall be a Specially Allocated Expense assessed against the Owners of the Alley Lots pursuant to Section 8.7.

(c) The Association shall be responsible for maintenance of the lawn and landscaping on the Attached Townhouse Lots. The cost thereof shall be a Specially Allocated Expense assessed against the Owners of the Attached Townhouse Lots pursuant to Section 8.7.

Dated 9/18/04, 2004.

DECLARANT: CAPSTONE HOMES, INC., a Washington corporation

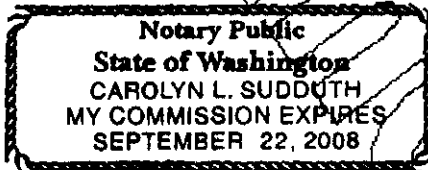
By David Soleim  
David Soleim, C.E.O.

STATE OF WASHINGTON )  
 ) ss  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that David Soleim signed the instrument, on oath stated that he was authorized to execute the instrument, and acknowledged it as the C.E.O. of Capstone Homes, Inc., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 18th day of August, 2004.

Carolyn L. Sudduth  
(Signature of Notary)  
Carolyn L. Sudduth  
(Legibly Print or Stamp Name of Notary)  
Notary public in and for the State of Washington,  
residing at Auburn, WA  
My appointment expires 9-22-08



For reference only, not for re-sale.

Exhibit 3

VILLAGE GREEN

Legal Description of Additional Property

THOSE PORTIONS OF THE THOMAS HEADLY DONATION LAND CLAIM NO. 38 SITUATE IN THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 19 NORTH, RANGE 4 EAST, W.M., AND IN THE SOUTHWEST QUARTER OF SECTION 19, TOWNSHIP 19 NORTH, RANGE 5 EAST, W.M., AND IN THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 19 NORTH, RANGE 5 EAST, W.M., AND OF THE HENRY WHITESELL DONATION LAND CLAIM IN THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 19 NORTH, RANGE 5 EAST, W.M., AND OF GOVERNMENT LOT 7, SECTION 19, TOWNSHIP 19 NORTH, RANGE 5 EAST, W.M., ALL IN THE CITY OF ORTING, PIERCE COUNTY, WASHINGTON, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A BRASS DISK MARKING THE NORTHWEST CORNER OF GOVERNMENT LOT 7, SECTION 19, TOWNSHIP 19 NORTH, RANGE 5 EAST W.M.; THENCE SOUTH 03° 11' 16" WEST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 7, A DISTANCE OF 263.14 FEET; THENCE NORTH 87° 56' 43" WEST TO A POINT WHICH IS 70.00 FEET NORMAL DISTANCE SOUTHWESTERLY FROM THE CENTERLINE OF STATE HIGHWAY NO 162 (PIONEER WAY), AS SAID CENTERLINE IS DEFINED BY THE PLAT OF VILLAGE GREEN DIVISION I, ACCORDING TO PLAT THEREOF RECORDED IN THE OFFICE OF THE PIERCE COUNTY AUDITOR UNDER FILE NO. 9507060091; THENCE SOUTH 30° 55' 51" EAST, ALONG A LINE WHICH LIES PARALLEL WITH SAID CENTERLINE AND BEING ALSO THE NORTHEASTERLY BOUNDARY OF SAID PLAT OF VILLAGE GREEN DIVISION I, A DISTANCE OF 477.98 FEET TO THE MOST EASTERLY CORNER OF TRACT A, VILLAGE GREEN DIVISION I, AND TRUE POINT OF BEGINNING; THENCE NORTH 75° 55' 51" WEST A DISTANCE OF 141.42 FEET TO THE MOST WESTERLY CORNER OF SAID TRACT A; THENCE SOUTH 59° 04' 09" WEST ALONG THE SOUTHEASTERLY MARGIN OF WILLIAMS BOULEVARD NORTHWEST RIGHT OF WAY, A DISTANCE OF 138.91 FEET; THENCE SOUTH 70° 56' 26" WEST, ALONG THE AFORESAID SOUTHEASTERLY MARGIN, A DISTANCE OF 8.51 FEET; THENCE SOUTH 02° 03' 17" WEST A DISTANCE OF 114.81 FEET; THENCE NORTH 87° 56' 43" WEST A DISTANCE OF 300.00 FEET; THENCE SOUTH 02° 03' 17" WEST A DISTANCE OF 35.00 FEET TO THE SOUTHEAST CORNER OF LOT 124, VILLAGE GREEN DIVISION I; THENCE SOUTH 02° 03' 17" WEST A DISTANCE OF 281.39 FEET; THENCE SOUTH 56° 22' 11" WEST A DISTANCE OF 88.65 FEET; THENCE NORTH 32° 07' 37" WEST A DISTANCE OF 60.00 FEET; THENCE SOUTH 58° 32' 00" WEST A DISTANCE OF 129.31 FEET; THENCE SOUTH 36° 47' 52" WEST A DISTANCE OF 64.59 FEET; THENCE SOUTH 58° 32' 00" WEST A DISTANCE OF 130.00 FEET TO A POINT ON THE NORTHEASTERLY MARGIN OF A STRIP OF LAND 60.00 FEET IN WIDTH CONVEYED TO PUGET SOUND POWER & LIGHT BY INSTRUMENT RECORDED JULY 11, 1903 IN BOOK 152 OF DEEDS, PAGE 68 UNDER FILE NUMBER 166448; THENCE NORTH 83° 12' 51" WEST A DISTANCE OF 76.48 FEET TO A POINT ON THE SOUTHWESTERLY MARGIN OF THE AFORESAID STRIP; THENCE SOUTH 28° 21' 25" WEST A DISTANCE OF 242.42 FEET; THENCE SOUTH 72° 44' 08" WEST A DISTANCE OF 190.00 FEET; THENCE SOUTH 69° 17' 58" WEST A DISTANCE OF 150.38 FEET; THENCE SOUTH 00° 04' 20" WEST A DISTANCE OF 557.89 FEET; THENCE SOUTH 26° 50' 26" WEST A DISTANCE OF 249.19 FEET; THENCE SOUTH 00° 05' 35" EAST A DISTANCE OF 211.14 FEET; THENCE SOUTH 36° 48' 13" EAST A DISTANCE OF 157.24 FEET; THENCE SOUTH 63° 09' 34" EAST A DISTANCE OF 400.33 FEET; THENCE SOUTH 70° 39' 11" EAST A DISTANCE OF 150.00 FEET; THENCE NORTH 70° 52' 48" EAST A DISTANCE OF 302.91 FEET; THENCE SOUTH 78° 13' 20" EAST A DISTANCE OF 100.00 FEET; THENCE SOUTH 49° 51' 49" EAST A DISTANCE OF 147.31 FEET; THENCE SOUTH 76° 08' 42" EAST A DISTANCE OF 194.36 FEET; THENCE SOUTH 67° 43' 06" EAST A DISTANCE OF 111.65 FEET; THENCE NORTH 73° 45' 13" EAST A DISTANCE OF 99.46 FEET; THENCE NORTH 53° 54' 11" EAST A DISTANCE OF 183 FEET MORE OR LESS, TO THE NORTHEASTERLY MARGIN OF A STRIP OF LAND 60.00 FEET IN WIDTH CONVEYED TO PUGET SOUND POWER AND LIGHT CO. BY INSTRUMENT

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EXHIBIT A-1

For reference only, not for re-sale.

RECORDED UNDER FEE NO. 166447 AND FEE NO. 167491; THENCE IN A SOUTHEASTERLY DIRECTION, ALONG THE NORTHEASTERLY MARGIN OF SAID STRIP OF LAND, A DISTANCE OF 920 FEET, MORE OR LESS, TO INTERSECT THAT LINE ESTABLISHED BY BOUNDARY LINE ADJUSTMENT RECORDED UNDER RECORDING NO. 2713024; THENCE IN A NORTHERLY DIRECTION FOLLOWING THE LINE ESTABLISHED BY BOUNDARY LINE ADJUSTMENT UNDER RECORDING NO. 2713024, AND THE NORTHERLY PRODUCTION THEREOF, A DISTANCE OF 1820 FEET, MORE OR LESS, TO A POINT WHICH LIES 70.00 FEET NORMAL DISTANCE SOUTHWESTERLY FROM THE CENTERLINE OF STATE HIGHWAY NO. 162; THENCE NORTH 30° 55' 51" WEST, PARALLEL WITH SAID CENTERLINE, A DISTANCE OF 1364.60 FEET TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THE PLAT OF VILLAGE GREEN DIVISION 3, AS RECORDED UNDER AUDITOR'S FEE NO. 200201115005, RECORDS OF PIERCE COUNTY, WASHINGTON. ALSO

TOGETHER WITH THE PLAT OF VILLAGE GREEN DIVISION 4, AS RECORDED UNDER AUDITOR'S FEE NO. 200306135002, RECORDS OF PIERCE COUNTY, WASHINGTON.

EXCEPT THAT PORTION OF PIONEER WAY LYING SOUTHEASTERLY OF THE NORTHWESTERLY LINE OF A CUL-DE-SAC OF RADIUS 50 FEET TO THE CENTER OF WHICH IS ON THE CENTERLINE OF SAID OLD PIONEER WAY AT A POINT 95 FEET NORTHWESTERLY OF THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 1 OF PIERCE COUNTY SHORT PLAT NUMBER 77-121.

ALSO EXCEPT THE 60 FOOT RIGHT OF WAY CONVEYED TO PUGET SOUND POWER AND LIGHT COMPANY BY DEEDS RECORDED UNDER RECORDING NUMBERS 166447, 166448, AND 167491.

SUBJECT TO EASEMENTS, RESERVATIONS AND RESTRICTIONS OF RECORD.

SITUATE IN THE CITY OF ORTING, COUNTY OF PIERCE, STATE OF WASHINGTON.

**Exhibit 1**

**VILLAGE GREEN**

**Legal Description of Declarant's Property**

Parcel A

Lots 10 through 50, inclusive, of Village Green, Division II, according to the Plat thereof recorded under Auditor's No. 200006305007, in Pierce County, Washington.

Parcel B

Lots 1 through 23, inclusive, of Village Green, Division V, according to the Plat thereof recorded under Auditor's No. 200006305008, in Pierce County, Washington.

Division III

Lots 1 through 84, inclusive, and Tracts A and B of Village Green, Division III, according to the Plat thereof recorded under Auditor's No. 200201115005, in Pierce County, Washington.

Division IV

Lots 1 through 92, inclusive, and Tracts A, B, C, D, and E of Village Green, Division IV, according to the Plat thereof recorded under Auditor's No. 200306135002, in Pierce County, Washington.

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