



Return Address:

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FILE# 8000978
YAKIMA COUNTY, WA
12/07/2018 03:09:06PM

COVENANT
PAGES: 13
VALUED CUSTOMER
ACCOLADE PROPERTY MANAGEMENT GROUP
Recording Fee: \$111.00

Document 1 Title: Amendment to Declaration of Covenants,
Conditions and Restrictions for Zillah Lakes
Reference #'s: 7607753

Additional reference #'s on page _____

Grantors:

Zillah Lakes Property Owners
Assoc.

Grantees:

Zillah Lakes Property Owner
Assoc.

Additional grantors on page _____

Additional grantees on page _____

Document 2 Title: _____

Reference #'s: _____

Additional reference #'s on page _____

Grantors:

Grantees:

Additional grantors on page _____

Additional grantees on page _____

Legal Description (abbreviated form: i.e. lot, block, plat or S,T,R quarter/quarter):

Ptn SE 1/4 SW 1/4 S. 22 T. 11 R. 20

Additional legal is on page 2 + 3

Assessor's Property Tax Parcel/Account Number:

201122-33004 201127-12003 201126-23004

- ☐ Emergency nonstandard document recording: I am requesting an emergency nonstandard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some part of the text of the original document.

Signature: _____

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

After recording, please return to:

Ken Strauss
Flanagan Strauss, PLLC
16301 NE 8th St., Suite 271
Bellevue, WA 98008

Document Title: Amendment to Declaration of Covenants, Conditions and Restrictions for Zillah Lakes

Reference Numbers of Related Documents: 7607753 (Declaration of Covenants, Conditions, and Restrictions for Zillah Lakes);

Grantor(s): Zillah Lakes Property Owners Association

Grantee(s): Zillah Lakes Property Owners Association

Legal Description (abbreviated): The Project described in the foregoing Declaration is located in Yakima County, Washington and is described more particularly as follows:

That portion of the Southeast quarter of the Southwest quarter of Section 22 and the Northeast quarter of the Northwest quarter of Section 27, Township 11 North, Range 20 East, W.M.

described as follows:

Beginning at the West quarter corner of said Section 22; thence South 0°00' East, along the West line of the Southwest quarter of said Section 22, 1221.68 feet; thence North 90°00' East 1847.72 feet to the true point of beginning; thence South 33°11' West 135.55 feet; thence South 26°36' West 147.17 feet; thence North 63°24' West 110.00 feet; thence South 26°36' West 250.00 feet; thence

Amendment to Declaration

South 63°24' East 20.00 feet; thence South 26°36' West 65.00 feet; thence North 63°24' West 32.00 feet; thence South 26°36' West 273.31 feet; thence south 18°24' East 112.96 feet; thence South 79°39' East 91.55 feet; thence South 47°20' East 23.55 feet; thence North 71°36' East 21.33 feet; thence south 63°24' East 53.10 feet; thence North 26°36' East 16.51 feet; thence South 63°24' East 20.00 feet; thence North 26°36' East 21.23 feet; thence South 63°24' East 15.39 feet; thence North 26°36' East 281.11 feet; thence South 63°24' East 48.82 feet; thence South 26°36' West 45.00 feet; thence South 63°24' East 174.10 feet; thence South 69°31' West 31.85 feet; thence South 43°53' West 120.00 feet; thence South 73°53' West 103.92 feet; thence South 16°07' East 80.00 feet; thence South 46°07' East 215.36 feet; thence South 76°07' East 80.00 feet; thence North 13°53' East 103.92 feet; thence North 43°53' East 180.00 feet; thence south 46°07' East 130.00 feet; thence South 43°53' West 240.00 feet; thence South 73°53' West 103.92 feet; thence South 16°07' East 80.00 feet; thence South 46°07' East 107.68 feet; thence North 43°53' East 110.00 feet; thence South 46°07' East 20.00 feet; thence South 43°53' West 110.00 feet; thence South 46°07' East 107.68 feet; thence South 76°07' East 80.00 feet; thence North 13°53' east 103.92 feet; thence North 25°27' east 63.24 feet; thence North 43°53' East 180.00 feet; thence South 46°07' East 30.00 feet; thence North 43°53' East 112.02 feet; thence North 37°24' East 30.01 feet; thence North 39°07' East 109.99 feet; thence North 47°30' West 60.00 feet; thence North 46°07' West 420.00 feet; thence North 48°02' West 71.63 feet; thence North 57°39' West 80.82 feet; thence North 63°24' West 300.56 feet; thence South 26°36' West 20.00 feet; thence North 63°24' West 15.22 feet; thence North 26°36' East 130.00 feet; thence North 63°24' West 110.00 feet; thence north 26°36' East 144.30 feet; thence North 33°11' East 132.62 feet; thence North 56°44'53" West 50.00 feet to the true point of beginning.

Assessor's Tax Parcel: 201122-33004; 201127-12003; 201126-23004

Amendment to Declaration

**AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR ZILLAH LAKES**

Whereas a certain Declaration submitting real estate to the Washington Homeowners Association Act, (RCW 64.38, *et seq.*), as amended, entitled Declaration of Covenants, Conditions and Restrictions for Zillah Lakes, (the "Declaration"), was recorded on March 03, 2008, under Recorder's File No. 7607753, records of Yakima County, Washington and subsequently amended;

And whereas under the provisions of Section 15.4 of the Declaration it may be amended;
and

Whereas, pursuant to Under Section 15.4(b) the Declaration can generally be amended by vote or written consent of 67% of the owners and 51% of "Eligible Holders" of first Mortgages;

Now, therefore, the undersigned do hereby certify that the Declaration has been amended as follows:

A. Article I, Section 21 is hereby deleted and a new Article I, Section 21 inserted in its place as follows:

21. Capital Improvement shall mean and refer to the addition of a new component of the Common Areas. Maintenance, repair and/or replacement of existing components of the property, including all components identified in the Association's reserve study or otherwise accounted for in the Association's regular budgets, regardless of whether such maintenance, repair and replacement includes different or improved materials or designs, shall not be considered a Capital Improvement.

B. Article II is hereby amended to add new Section 2.1 as follows:

2.1 The Property is subject to the Washington Homeowners Association Act, RCW 64.38.

C. Article III, Section C.1 is hereby deleted in its entirety and a new Article III, Section C.1 inserted in its place as follows:

C.1 Board. The Association shall be managed by a Board of Directors consisting of no less than three and no more than seven directors, with the number to be fixed in the Bylaws. If the Bylaws do not fix a number of Directors, there shall be five Directors. Directors' terms shall be staggered so that no more than 3 directors are elected in any given year. Directors shall serve a three-year term. If a change in number of Directors results in Board terms not being staggered, one Director position at each election shall serve for one year until staggered three-year terms are restored.

D. Article III, Section C.2(g) is hereby deleted and a new Article III, Section C.2(g) inserted in its place as follows:

Amendment to Declaration

C.2.(g) To Purchase. The power and authority to acquire, hold, encumber, convey, and dispose of, in the Association's name, any right, title, or interest to real or tangible and intangible personal property; and arrange for and supervise any addition or improvement to the property; provided that:

i. If the estimated cost of any separate property acquisition, addition, or improvement exceeds \$20,000, the approval of the Owners holding a majority of the votes in the Association shall be required; and

ii. Maintenance, repair and replacement of existing components of the Common Elements, regardless of whether the same materials are used, shall not be considered an addition or improvement.

iii. The beneficial interest in any property acquired by the Association pursuant to this Section shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall thereafter be held, sold, leased, mortgaged, or otherwise dealt with, as the Board shall determine.

E. Article III, Section C.2(k) is hereby deleted and a new Article III, Section C.2(k) inserted in its place as follows:

C.2(k) To Establish Protocol for Meetings. Subject to the requirements of RCW 64.38.035, the authority to establish procedures for the conduct of its meetings, to retire to executive session, to regulate record keeping and to allow, control or prohibit the recording and/or reproduction (video or audio) of Board meetings. All meetings of the Board of Directors shall keep minutes of all actions taken by the Board, which shall be available to all Owners. The Board of Directors may adjourn to executive session for any purpose authorized by law, including without limitation: personnel matters and consideration of contracts; consultation with legal counsel or to consider communications with counsel; discussion of likely or pending litigation matters; matters involving possible violations of the governing documents of the Association; matters involving the possible liability of an Owner to the Association; and for the purposes of protecting private information. No action agreed to in executive session may become effective unless the Board reconvenes in open meeting and votes in the open meeting on such matters or other action which is reasonably identified.

F. Article III, Section G.1 is hereby deleted and a new Article III, Section G.1 inserted in its place as follows:

G.1 Party Walls and Party Fences. Each wall and fence built by the Developer as part of the original construction on any Lot shall constitute a party wall if: (a) any part is built upon or straddling the boundary line between two adjoining Lots or (b) it is constructed within five (5) feet of the boundary line between adjoining Lots and the Owners agree in writing that it is a party wall. The cost of maintaining, repairing or replacing a party wall shall be divided equally between the Owners of the Lots sharing that party wall.

Amendment to Declaration

G. Article III, Section H.1(d) is hereby deleted and a new Article III, Section H.1(d) inserted in its place as follows:

H.1(d) Budget Approval. Within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the summary. Unless at that meeting the Owners of a majority of the votes in the Association are allocated reject the budget, in person or by proxy, 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 of Directors.

(i) Budget Summary. As part of the summary of the budget provided to all Lot owners, the Board of Directors shall disclose to the Lot owners:

(a) The current amount of regular assessments budgeted for contribution to the reserve account, the recommended contribution rate from the reserve study, and the funding plan upon which the recommended contribution rate is based;

(b) If additional regular or special assessments are scheduled to be imposed, the date the assessments are due, the amount of the assessments per each Lot per month or year, and the purpose of the assessments;

(c) Based upon the most recent reserve study and other information, whether currently projected reserve account balances will be sufficient at the end of each year to meet the association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty years;

(d) If reserve account balances are not projected to be sufficient, what additional assessments may be necessary to ensure that sufficient reserve account funds will be available each year during the next thirty years, the approximate dates assessments may be due, and the amount of the assessments per Lot per month or year;

(e) The estimated amount recommended in the reserve account at the end of the current fiscal year based on the most recent reserve study, the projected reserve account cash balance at the end of the current fiscal year, and the percent funded at the date of the latest reserve study;

(f) The estimated amount recommended in the reserve account based upon the most recent reserve study at the end of each of the next five budget years, the projected reserve account cash balance in each of those years, and the projected percent funded for each of those years; and

Amendment to Declaration

(g) If the funding plan approved by the association is implemented, the projected reserve account cash balance in each of the next five budget years and the percent funded for each of those years.

(ii) 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 adopt a supplemental budget for the remainder of the year, subject to ratification by the Owners pursuant to Article III, Section H.1(d) of this Declaration.

H. Article III, Section H.1(p) is hereby added as follows:

H.1(l) Statement of Assessments Due. Upon written request, the Board shall furnish to any Owner a statement of Assessments due, if any, on his Lot:

I. Article III, Section H.1(l) is hereby deleted and a new Article III, Section H.1(l) inserted in its place as follows:

H.1(p) Reserve Studies. Unless doing so would impose an unreasonable hardship as determined by the Board of Directors, the Association shall have prepared and shall update a reserve study annually as required by RCW 64.34.380.

J. Article III, Section I.1(b) is hereby deleted and a new Article III, Section I.1(b) inserted in its place as follows:

I.1(b) Default Interest. Any Assessments not paid within ten (10) days after the due date shall bear interest from the due date at the lesser of: (1) the rate of twelve percent (12%) per annum or (2) the maximum rate permitted by law.

K. Article III, Section I.1(g) is hereby deleted and a new Article III, Section I.1(g) inserted in its place as follows:

(g) Lien May Be Foreclosed. The lien arising under this Article may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW 61.12. or non-judicially in the manner set forth in Section (g)(2).

(i) Judicial Foreclosure The Association or its authorized representative shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. Nothing in this section shall prohibit the Association from taking a deed in lieu of foreclosure. Unless the Association opts in to the Washington Uniform Common Interest Ownership Act ("WUCIOA"), the holder of a mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. If the Association does opt in to WUCIOA, the lien shall also be prior to a Mortgage recorded before the date on which the Assessment sought to be enforced became delinquent to the extent of Assessments for Common

Amendment to Declaration

Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association, which would have become due during the six months immediately preceding the institution of an action to foreclose. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

(ii) Non-Judicial Foreclosure. A lien arising under this Article may be foreclosed non-judicially in the manner set forth in RCW 61.24 for non-judicial foreclosure of deeds of trust. For the purpose of preserving the Association's non-judicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to Pacific Northwest Title or its successors or assigns ("Trustee"), to secure the obligations of each Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Lot so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Lot, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien non-judicially pursuant to this Section, it shall not be entitled to the lien priority over mortgages provided in Section (g)(i).

(3) Receiver During Foreclosure. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a owner not in occupancy, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Unit as and when due. If the rent is not paid, the receiver may obtain possession of the Lot, refurbish it for rental up to a reasonable standard for similar rental units, rent the Lot or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof then to the cost of refurbishment, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this Section and a receiver shall not be appointed less than 90 days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens.

L. New Article III, Section I.2 is hereby added as follows:

I.2 Collections Policies. Additional collections policies may be adopted by the Board in the Rules and Regulations, including fixing the fee for late charges and timelines for collections activities.

M. Article III, Section L.1 is hereby deleted and a new Article III, Section K.1(a) inserted in its place as follows:

1. Consent in Lieu of Vote. In any case in which this Declaration requires the vote of Owners for authorization or approval of an act or a transaction, such requirement may be fully satisfied by obtaining, with or without a vote at a meeting

Amendment to Declaration

called for such purpose, consents in writing to such proposed act or transaction from Owners who collectively hold the required percentages.

N. Article III, Section M is hereby deleted and a new Article III, Section M inserted in its place as follows:

M. DUE PROCESS

1. Due Process Requirements; Notice of Hearing; Opportunity to be Heard. In the event of a claimed violation of the Governing Documents, no fine, citation, suspension or penalty shall be imposed without the Board first giving the alleged violator written notice of the violation; provided, however, nothing herein shall be construed to prevent the Board from (a) immobilizing, towing or impounding a motor vehicle in violation of this Declaration or the parking rules and regulations for which no additional notice is required, or (b) making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing notice to the Owner or Occupant and giving them an opportunity to be heard.

2. Notice and Opportunity to be Heard. Whenever this Declaration, the Bylaws or Rules and Regulations require that an action of the Board be taken after "Notice and an Opportunity to Be Heard," the following procedures shall be observed: The Board shall give written notice of the proposed action to all Owners, tenants or occupants of Lots whose interest would be significantly affected by the proposed action. The affected Owners, tenants or occupants may, within 10 days of the date of the notice, request a hearing in writing. Within 30 days of the request for the hearing, the Board shall schedule the hearing in front of a hearing board appointed by the Board and provide notice of the date, time and location to the requesting party. 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 hearing 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 hearing board. The affected person shall be notified of the decision in the same manner as the notice was given.

O. Article III, Section P.16 is hereby deleted in its entirety.

P. Exhibit 5, Section 24 is hereby deleted and a new Exhibit 5, Section 24 inserted in its place as follows (a new Exhibit 5 may be prepared and circulated to the owners):

24. Landscaping. Natural vegetation and landscaping is required. The Board of Directors or an authorized Committee may grant exceptions as deemed appropriate.

Q. Exhibit 8, Section 10.1 is hereby added as follows (a new Exhibit 8 may be prepared and circulated to the owners):

10.1 All commercial signs shall also comply with Exhibit 5, Section 10.

Amendment to Declaration

R. Exhibit 11, Section 2 is hereby deleted and a new Exhibit 11, Section 2 inserted in its place as follows (a new Exhibit 11 may be prepared and circulated to the owners):

2. Composition of the Architectural Review Committee. The ARC shall consist of no less than three (3) and no more than five (5) persons, as determined by the Board. Members of the ARC do not need to be Owners. Each member of the ARC shall hold office until he or she has resigned or has been removed, but in any event, until his or her successor has been appointed. Members of the ARC may be removed at any time with or without cause.

S. Exhibit 11, Section 4 is hereby deleted and a new Exhibit 11, Section 4 inserted in its place as follows (a new Exhibit 11 may be prepared and circulated to the owners):

4. Compensation. The Members of the ARC shall not receive compensation, but may be reimbursed for actual expenses incurred in the performance of their duties hereunder.

T. Exhibit 12, Section 1(c) is hereby deleted and a new Exhibit 12, Section 1(c) inserted in its place as follows (a new Exhibit 12 may be prepared and circulated to the owners):

(c) Review. In reviewing each submission, ARC may consider quality of workmanship and design, visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, and location in relation to surrounding structures and plant life. ARC may require protection of native plants within the construction site, the installation of an irrigation system for the landscaping, and xeriscape landscaping and the inclusion of natural plant life on the Lot as a condition of approval of any submission. Approval by ARC shall not constitute approval of or waiver of approvals or reviews required by the Developer, the Association, or any other governmental agency or entity having jurisdiction over architectural or construction matters. The ARC shall not require permits or other approvals by local government entities other than those issued by such entities in the usual course of business, such as building permits. ARC shall make good faith efforts to within thirty (30) days advise the party submitting the Plans, in writing, at an address specified by such party at the time of submission, of (1) the approval of Plans, or (2) the segments or features of the Plans which are deemed by ARC to be inconsistent or not in conformity with this Declaration and/or the Design Guidelines, and the reasons for such finding, and suggestions, if appropriate, for the curing of such objections. Notice (for purposes of this Section only) shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the submitting party. If written approval is not issued by the ARC, the application shall be deemed denied.

Amendment to Declaration

U. Exhibit 13, Section 1(l) is hereby deleted and a new Exhibit 13 Section 1(i) inserted in its place as follows (a new Exhibit 13 may be prepared and circulated to the owners):

1.(i) Master Property/Liability Insurance for Attached Homes. The Board shall have the power to purchase a master property/general liability insurance policy for the attached homes. The cost of such policy shall be assessed against all of the properties covered by such insurance.

V. Upon membership approval of amended Bylaws, Exhibit 9 shall be deleted in its entirety.

This Amendment to the Declaration shall take effect upon recording. The terms of this Amendment to the Declaration shall control over and implicitly amend any inconsistent provision of the Declaration or the Bylaws or Rules and Regulations of the Association. Except as amended by this instrument, the Declaration shall otherwise remain in full force and effect.

Dated this 17 day of NOVEMBER, 2018

By: Mark R. Heale
President

ATTEST: The above amendment was properly adopted.

By: Kevin Sutton
Secretary

Amendment to Declaration

STATE OF WASHINGTON)
) ss
COUNTY OF YAKIMA)

I certify that I know or have satisfactory evidence that Marty Deacock is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledge it as the President of the Zillah Lakes Property Owners Association to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/17/18



Sarah Marie Laidler
(Signature)

Sarah Marie Laidler
(Print name)
Notary Public residing at Yakima
My appointment expires: April 3, 2020

STATE OF WASHINGTON)
) ss
COUNTY OF YAKIMA)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledge it as the Secretary of Zillah Lakes Property Owners Association to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____



Sarah Marie Laidler
(Signature)

Sarah Marie Laidler
(Print name)
Notary Public residing at Yakima
My appointment expires: April 3, 2020

Amendment to Declaration

STATE OF WASHINGTON)
) ss
COUNTY OF YAKIMA)

I certify that I know or have satisfactory evidence that Mary Deacock is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledge it as the President of the Zillah Lakes Property Owners Association, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/17/18



Sarah Marie Laidler
(Signature)

Sarah Marie Laidler
(Print name)
Notary Public residing at Yakima
My appointment expires: April 3, 2020

STATE OF WASHINGTON)
) ss
COUNTY OF YAKIMA)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledge it as the Secretary of Zillah Lakes Property Owners Association to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: _____



Sarah Marie Laidler
(Signature)

Sarah Marie Laidler
(Print name)
Notary Public residing at Yakima
My appointment expires: April 3, 2020

Amendment to Declaration

RETURN ADDRESS:

Shannon Sperry
Lasher Holzapfel Sperry & Ebberson PLLC
601 Union Street, Suite 2600
Seattle, WA 98101-4000

WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

DOCUMENT TITLE(S) (or transactions contained therein): DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ZILLAH LAKES
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: n/a <input type="checkbox"/> Additional reference #s on page _____ of document(s)
GRANTOR(S) (Last name first, then first name and initials) 1. ZILLAH PRAIRIE TENANCY IN COMMON, comprised of Zillah Prairie, LLC, a Washington limited liability company, and Pardini LLC, a Washington limited liability company <input type="checkbox"/> Additional names on page _____ of document
GRANTEE(S) (Last name first, then first name and initials) NONE <input type="checkbox"/> Additional names on page _____ of document
LEGAL DESCRIPTION (abbreviated: i.e., lot, block, plat or section, township, range) Section 22, Township 11 North, Range 20 East, W.M. SE SW Section 27, Township 11 North, Range 20 East, W.M. NE NW Section 26, Township 11 North, Range 20 East, W.M. <input type="checkbox"/> Additional legal is on page 45 of document § 51
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER 201122-33004 201127-12003 201126-23004 <input type="checkbox"/> Assessor Tax # not yet assigned



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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR

ZILLAH LAKES

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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
ZILLAH LAKES**

This Declaration of Covenants, Conditions, and Restrictions for Zillah Lakes is made this _____ day of _____ 2008, by that Tenancy In Common consisting of Zillah Prairie, LLC, a Washington limited liability company and Pardini, LLC, a Washington limited liability company ("Developer").

RECITALS

1. This document affects the real property located in Yakima County, Washington, described with particularity on Exhibits "1-4," inclusive, attached hereto and incorporated herein by this reference (the "Property"), and further described with particularity in Article II below.
2. This Declaration of Covenants, Conditions and Restrictions is created and filed pursuant to the laws of the State of Washington.
3. Developer intends, by recording this Declaration, to establish a general plan of development, which provides for the overall development, administration, maintenance, and preservation of the real property now and hereafter comprising the Property. An integral part of the development plan is the creation of an umbrella owners association comprised of all owners of real property in the Property, to own, operate, and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced in this Declaration.
4. Developer and Association intend, by recording this Declaration, to create an umbrella association.
5. Developer has constructed, is in the process of constructing or will construct upon the Property a mixed-use development comprised of residential, commercial, and related parcels, which shall include approximately 640 residential Lots, Commercial Lots, Common Area, Golf Course, Private Amenity, and other improvements. All of such construction has been, or is to be, performed in accordance with Washington Law, and the plans contained in the record of Plat Map to be recorded concurrently herewith.
6. It is intended that fee title to the Lots contained in the Tract will be sold to various purchasers along with a corresponding membership interest in the Association (which shall own the Common Area), subject to the record of Plat Map, and the

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covenants, conditions and restrictions set forth herein.

7. Since the completion of the Project may be in phases, the completed Project will consist of the original phase and all subsequent phases.
8. Developer desires, by filing this Declaration and Record of Plat Map, to create an Association under Washington Law and to submit all Phases of the Tract and all improvements now or hereafter constructed thereon to the terms, covenants and conditions of this Declaration.
9. The Project is to be known as Zillah Lakes.

NOW, THEREFORE, Developer hereby declares that the Property is and shall henceforth be owned, held, conveyed, encumbered, leased, improved, used, occupied and enjoyed subject to the following uniform covenants, conditions, restrictions and equitable servitudes. The said covenants, conditions, restrictions and equitable servitudes are in furtherance of, and the same shall constitute a general plan for the ownership, improvement, sale, use and occupancy of the Property; they are also in furtherance of and designed to accomplish the desires, intentions, and purposes set forth above in the Recitals. Developer hereby declares that the Lots shall be held, sold, used and conveyed subject to the provisions of this Declaration, which are for the purpose of protecting the value and desirability thereof and which shall run with title to the Lots. This Declaration shall be binding on all parties having any interest in the Lots, their heirs, successors, and assigns, and shall inure to the benefit of each Owner.

ARTICLE I. DEFINITIONS

It is the Developer's intent to define key terms in a manner identical to or consistent with the terms used in Washington Law. When used in this Declaration (including in that portion hereof entitled "Recitals"), each of the following terms shall have the meaning indicated unless the context clearly requires otherwise. In the event of any conflict, inconsistency or incongruity between the following definitions and those set forth in the Washington Law, the latter shall in all instances govern and control.

1. Activity Card shall mean and refer to cards issued by the Association, which confer upon the holder rights of access to and use of recreational facilities and other amenities within the Project (subject to the payment of membership dues, admission, and other user fees established by the Board from time to time).
2. Additional Charges shall mean and refer cumulatively to all collection and administrative costs, including but not limited to any and all attorney's fees, late charges, service fees, filing and recordation fees, default interest, fines, and expenditures actually incurred or assessed by the Association or where the context

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so requires, any sub-association established.

3. Additional Land shall mean and refer to real estate that may be annexed to the Project including, but not limited to, such land as shown in Exhibit 2.
4. Annexation shall mean and refer to the process by which additional real estate, tracts or parcels of land, not initially a part of the Project, are made subject to this Declaration.
5. Architectural Review Committee or ARC shall mean and refer to the committee established by the Board to review all plans and applications for the construction and modification of improvements on the Property (subject to the rights reserved to Developer) and to administer and enforce the architectural controls and guidelines.
6. Area of Common Responsibility shall mean and refer to all land and improvements within the Project, including the Common Area, which are the responsibility of the Association to maintain, repair and replace.
7. Area of Personal Responsibility shall mean and refer to all land and improvements within the Project, which are the responsibility of the Owners to maintain, repair and replace.
8. Area of Sub-association Responsibility shall mean and refer to all land and improvements within the Project, which are the responsibility of a sub-association to maintain, repair and replace, if a sub-association has been established in accordance with this Declaration.
9. Articles of Incorporation shall mean and refer to the Articles of Incorporation of the Association or, where the context requires, any sub-association.
10. Assessment shall mean and refer to a charge, cost or fee, including Base, Special, and Specific Fees and Assessments.
11. Association shall mean and refer to association of the Owners at Zillah Lakes, acting as a group in accordance with this Declaration.
12. Attached Housing shall mean and refer to Single-Family Dwellings on Lots with common walls with other Single-Family Dwellings.
13. Base Fee or Base Assessment shall mean and refer to the maintenance charge assessed all Owners, and by the Association to pay for Common Expenses.
14. Base Sub-association Fee shall mean and refer to the additional maintenance charge assessed all Owners of a Lot governed by a sub-association, such as a NHOA Base Fee for a Residential Area, or a CPOA Base Fee for a Commercial

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Area, if such sub-association has been established in accordance with this Declaration.

15. Board shall mean and refer to the duly elected and qualified Board of Directors of the Association.
16. Boat Dock shall mean and refer to the boat-launching dock or harbor designed to offer dockage, supplies and services exclusively to small, non-motorized, watercraft.
17. Builder shall mean any person purchasing one or more Units to construct any improvements thereon for resale to consumers or for further subdivision, development and/or resale in the ordinary course of such Person's business.
18. Building shall mean and refer to any of the structures built in the Project and shall include all other appurtenances and improvements thereto or used in connection therewith. For purposes of this document, a Building shall come into existence when substantially completed or upon the issuance of a certificate of occupancy by the appropriate governmental agency.
19. Business and Trade shall mean and refer to any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; or (c) a license is required therefor. Anything to the contrary notwithstanding, the leasing of residential or commercial space shall not be considered a trade or business within the meaning of this subsection.
20. By-Laws shall mean and refer to the By-Laws of the Association, a copy of which are attached to this Declaration as Exhibit "9" and incorporated herein by this reference.
21. Capital Improvement shall mean and refer to a permanent addition to or the betterment of real property that enhances its capital value and involves the expenditure of labor or money designed to make the property more useful or valuable, as distinguished from ordinary repairs.
22. Class B Control Period shall mean and refer to the period during which the Class "B" Votes exist in regard to any lots to be developed by the Developer which do not yet exist in the Association. The Class "B" Control Period shall expire upon the first to occur of the following: (a) when none of the Lots are owned by Developer; (b) when the Class "B" membership terminates pursuant to the terms of this Declaration; (c) December 31, 2015; or (d) When the Class B

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Member executes and records a written Waiver of its right to control.

23. Class B Member shall be the Developer and any successor of Developer who takes title to a Lot or other real estate within the Project for the purpose of development of any portion of the Property, in whole or in part, including without limitation the sale of Lot, and who is designated as such in a recorded instrument executed by Developer.
24. Commercial Area shall mean and refer to any portion of the Project designated for commercial use.
25. CPOA or Commercial Property Owners Association shall mean and refer to a Commercial sub-association, if established in accordance with this Declaration.
26. Common Areas or Common Areas and Facilities shall mean and refer to all real property governed by the Association for the common use and enjoyment of the Owners. The Common Area shall specifically include any areas designated upon the Plat Map of ZILLAH LAKES as "Common Area," including that real property located within the Project deeded to the Association or in which the Association owns any right, title or interest for the common use and benefit of the Owners or their successors, assigns, tenants, families, guests and invitees, including but not limited to the following items: (a) The real property and interests in real property submitted hereby, including the entirety of the Tract and all improvements constructed thereon, excluding the individual Lots; (b) All private streets or areas designated as "street" in the Plat Map or Maps; (c) All utility installations and all equipment connected with or in any way related to the furnishing of utilities to the Project and intended for the common use of all Owners, such as telephone, electricity, gas, water, and sewer subject to those utilities dedicated to public use, maintenance and operation; (d) All portions of the Project not specifically included within the individual Lots; (e) Entry Monument and Park, signage and related facilities; and (f) All other parts of the Project normally in common use or necessary or convenient to the use, existence, maintenance, safety, operation or management of the real property owned by the Association for the common benefit of the Owners.
27. Common Expense shall mean and refer to the actual and estimated expenses of operating the Association, including without limitation (a) expenses of security, insurance, ad valorem taxes; (b) the cost of supplies, equipment and machinery; (c) utility costs for power, gas, phone, cable, water and sewer (except as maintained and/or operated by City of Zillah); (d) all sums lawfully assessed against the Owners; (e) expenses of administration, accounting and payroll, (f) expenses of snow removal, road repairs and replacement, landscaping, common area irrigation, and maintenance, repair, or replacement of the Common Areas and Facilities; (g) expenses allocated by any Sub-association; (h) expenses

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agreed upon as common expenses by the Association; (i) any reasonable reserves required by the Association or governmental mandates; and (j) expenses declared common expenses by the Governing Documents.

28. Convertible Land shall mean and refer to that land which may later be converted into one or more Lots, or Common Area.
29. Covenant to Share Costs shall mean and refer to any agreement, contract, declaration of easements, or covenant to share costs executed by Developer or the Association, which creates an easement, right of access, or right to use or share the use of property (real, personal or mixed) for the benefit of the Association and the present and future Owners, and which obligates the Association and such Owners to share the costs of maintaining, at least in part, such property.
30. Declaration shall mean and refer to this MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR ZILLAH LAKES.
31. Design Guidelines shall mean and refer to the written rules and standards attached as Exhibit "10" intended to promote both high quality architectural design, engineering and building standards while incorporating a reasonable degree of variety and flexibility and maintaining an overall design and conceptual consistency.
32. Developer shall mean and refer to Zillah Prairie Tenancy In Common consisting of Zillah Prairie, LLC, a Washington limited liability company and Pardini, LLC, a Washington limited liability company, and its successors and assigns.
33. Dwelling shall mean and refer to a residential dwelling or living unit. For purposes of this document, a Dwelling shall come into existence when substantially completed or upon the issuance of a certificate of occupancy by the appropriate governmental agency.
34. Eligible Insurer shall mean and refer to an insurer or governmental guarantor of a mortgage or trust deed who has requested notice in writing of certain matters from the Association in accordance with this Declaration.
35. Eligible Mortgagee shall mean and refer to a mortgagee, beneficiary under a trust deed, or lender who has requested notice in writing of certain matters from the Association in accordance with this Declaration.
36. Eligible Votes shall mean and refer to those votes available to be cast on any issue before the Association or, if the context requires, the Board or ARC. A vote which is for any reason suspended is not an "eligible vote."
37. Exclusive Common Area shall mean and refer to that portion of the Common Area

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intended for the exclusive use or primary benefit of one or more, but less than all, Residential Area or Commercial Area.

38. Exterior Materials shall mean and refer to those construction materials used on the exterior surfaces of a Building, which shall be of a material approved by the Developer or ARC. The determination whether any specific material constitutes an acceptable Exterior Material shall be made by the Developer or ARC.
39. Facilities shall mean and refer to streets, entrances and other public ways, fences, gates, utilities, security systems, equipment, and structures used to house and maintain such equipment and associated real estate.
40. Family shall mean one of the following: to the extent not inconsistent with Yakima County ordinance, (a) a single person living alone; (b) two or more natural persons related to each other by blood or legally related to each other by marriage or adoption, such as a parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece, great-grandparent or great-grandchild or (c) a group of not more than five persons, excluding servants, who are not related by blood or marriage, living together as a single housekeeping unit in a dwelling unit. An additional person or persons may be included within the definition of a "family" for domestic help or as a caretaker.
41. Golf Course shall mean and refer to the Golf Club at Zillah Lakes as so designated on the Plat Map, or as presently constituted and as it may be improved from time to time.
42. Golf Course Owner shall mean and refer to the Person which owns and operates the *golf course*, as that term is generally defined in its ordinary commercial meaning, located within the Project.
43. Governing Documents shall mean collectively the documents governing the Project including, but not limited to, the Act, this Declaration, By Laws, Rules and Regulations, and Articles of Incorporation.
44. Improved Lot means each Lot or part therein of said Lot as set forth on the Plat Map upon which a residential or commercial structure has been constructed and/or upon which a building permit or other similar authorization to begin construction thereon has been issued by an appropriate governmental entity and shall come into existence when preparation of the Lot for such construction has commenced.
45. Improvement shall mean and refer to every structure and all appurtenances thereto of every type and kind including, but not limited to, Buildings, patios, tennis courts, swimming pools, garages, mailboxes, aerials, antennas, satellite dishes, roads,

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driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreak, planting, planted trees and shrubs, poles, signs, exterior air conditioning, water softener fixtures or equipment, pumps, wells, tanks, reservoirs, pipes, lines, meters, towers, and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

46. Lake shall mean and refer to those bodies of water known as Zillah Lakes or, if the context requires, any other referenced body of water larger than a pool or pond within the Project.
47. Land shall mean and refer to all of the real property within the Project and subject to this Declaration.
48. Lot shall mean and refer to a portion of the Property, other than the Common Area, intended for any type of independent ownership and use as may be set out in this Declaration and as shall be shown on the Plat Map filed with this Declaration or amendments thereto. Where the context indicates or requires, the term Lot includes a Dwelling, Building, physical structure, or improvement constructed on the Lot.
49. Lot Number shall mean and refer to the number, letter or combination thereof designating a particular Lot.
50. Lot Owner shall mean and refer to (a) the Person(s), including without limitation the Developer holding an aggregate fee simple interest in a Lot or, as the case may be (b) the purchaser of an aggregate fee simple interest in a Lot under an executory land sales contract. The term Lot Owner does not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.
51. Majority shall mean and refer to those eligible votes of Owners or other groups as the context may indicate totaling more than fifty (50%) percent of the total eligible number.
52. Manager shall mean and refer to the person or entity appointed or hired to manage and operate the Project.
53. Map shall mean and refer to the Plat Map on file in the office of the County Clerk of Yakima County, Washington.
54. Master Declaration shall mean and refer to this instrument as it may be amended from time to time.
55. Maximum Number of Lots shall mean and refer to the maximum number of

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residential and commercial Lots approved for development within this Project and contemplated under the Plan, including without limitation all Additional Land, as amended from time to time. The Developer currently intends to create or develop approximately 658 Lots, although that number may vary.

56. Member shall mean and refer to an Owner obligated, by virtue of his ownership of property in the Project to be a shareholder in the Association or where the context so requires, a NHOA or CPOA or a participant in a group, such as the Board or ARC.
57. Mortgage shall mean and refer exclusively to either a mortgage or deed of trust on any Lots, but shall not mean or refer to a uniform real estate contract, land sales contract or an executory contract of sale.
58. Mortgagee shall mean and refer exclusively to a mortgagee under either a mortgage or a beneficiary under a deed of trust on any Lots, but shall not mean or refer to a seller under a uniform real estate contract, land sales contract, or an executory contract of sale.
59. Municipal Sewer System shall mean and refer to that portion of the municipal sewer system, including main lines, valve box, pump pit and electric panel, that is owned and maintained by the City of Zillah. Such system shall extend to and include valve box, pump pit, pump, and electric panels. The system does not include side sewer line from pump pit to structure. System ownership and maintenance includes access to all such facilities and individual lots for purpose of maintenance, repair and/or replacement of system components.
60. Neighborhood shall mean and refer to a sub-community within the Project, and may consist of a Residential Area or a Commercial Area, or any combination thereof.
61. NHOA or Neighborhood Homeowners Associations, if any, shall mean and refer to a sub-association in a Residential Area established in accordance with this Declaration.
62. Occupant shall mean and refer to any Person who is otherwise legally entitled to occupy and use any Building or Improvement on a Lot whether or not such right is exercised, including their heirs, personal representatives, successors and assigns.
63. Office of the County Recorder shall mean and refer to the Office of the County Clerk of Yakima County, Washington.
64. Owner shall mean and refer to the owner of a Lot or any other portion of the Property.
65. Period of Developer's Control shall mean and refer to a period of time

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commencing on the date this Declaration is recorded and terminating one hundred twenty (120) days after the occurrence of the earlier of the following events: (a) when none of the Lots are owned by Developer; (b) when the Class "B" membership terminates pursuant to the terms of this Declaration; (c) December 31, 2015; or (d) when the Developer executes and records a written Waiver of his right to control.

66. Person shall mean and refer to a natural person, corporation, partnership, trust, limited liability company, or other legal entity.
67. Plans and Specifications shall mean and refer to any and all documents designed to guide or control the construction of an Improvement, or alterations, modifications, changes, additions and the like thereto, including without limitation all documents indicating the size, shape, configuration and/or materials to be incorporated, all site plans, excavation and grading plans, elevation drawings, floor plans, techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to the improvement in question.
68. Plat Map shall mean and refer to the "Plat of Zillah Lakes Phase I" on file in the office of the County Clerk of Yakima County, Washington, as it may be amended from time to time.
69. Pool and Clubhouse Asset Base Fee shall mean and refer to the maintenance charge assessed all Owners by the Association to pay for Common Expenses for the Pool and Clubhouse Assets.
70. Private Amenity shall mean and refer to certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of or within the Project, which are privately owned and operated by Persons other than the Association for recreational and related purposes, on a club membership basis or otherwise. For example by way of illustration and not limitation, any Golf Course, Utility, and all related and supporting facilities and improvements which are owned and operated by Persons other than the Association shall be a Private Amenity.
71. Private Street shall mean all non-Dedicated Streets or streets designated as *private* upon the plat.
72. Project shall mean and refer to Zillah Lakes.
73. Property shall mean and refer to all of the land or real estate, improvements, and appurtenances subject to this Declaration.
74. Recreational, Oversized or Commercial Vehicle shall mean and refer to any

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recreational, commercial or oversized vehicle, motor home, commercial vehicle, tractor, golf cart, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other watercraft, boat trailer, or any other recreational, oversized or commercial transportation device of any kind.

75. Repair shall mean and refer to merely correcting the damage done, sometimes by accident or fire or other cause but more often due to the ravages of time and the deterioration resulting from ordinary wear and tear, by substituting for the damaged, decayed or worn-out parts, new material, usually similar to that replaced, and so restoring the structure to its original sound condition.
76. Residential Area shall mean and refer to any portion of the Project designated for residential use.
77. Residential Lot shall mean and refer to any structure situated upon a portion of the Property intended for any type of independent ownership and for use and occupancy as a single family residence, and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) zero Lot line homes and single family homes on separately platted Lots, as may be developed, used and defined as provided in this Declaration or in supplemental declarations or amendments covering all or part of the Property.
78. Single-Family Dwelling or Residence shall mean and refer to both the architectural style of a Dwelling and the nature of the residential use thereof or activity permitted therein. "Family" herein shall be as defined by applicable Yakima County Ordinance.
79. Special Fee or Assessment shall have that meaning established at Section H(1)(h) herein.
80. Sub-association, if one is established in accordance with this Declaration, shall mean and refer to an association of Owners in a particular Neighborhood.
81. Supplemental Declaration shall mean a Declaration, which adds contiguous properties to or converts the use of the Property covered by this Declaration. Such Supplemental Declaration may, but is not required, to impose, expressly or by reference, additional restrictions and obligations, on properties submitted by that subsequent Declaration to the provisions of this Declaration.
82. Total Votes shall mean and refer to the total number of available votes in the Project or, if established in accordance with this Declaration and the context requires, a sub-association.
83. Tract shall mean and refer to the Land.



84. Utility shall mean and refer to power, gas, water, sewer and similar utilities, and other Private Amenity or Amenities as may be designated by the Developer from time to time.
85. Unimproved Lot means each Lot upon which there is no residential or commercial structure and for which no building permit or other similar authorization to begin construction thereon has been issued by an appropriate governmental authority and upon which no preparation for construction has begun.
86. Use Restrictions shall mean and refer to the rules and use restrictions set forth below, as they may be modified, amended, repealed, canceled, limited, withdrawn or expanded.
87. Voting Group shall mean the Association or, if established in accordance with this Declaration and the context requires, a sub-association voting on a common slate (e.g., for the election of Members of the Board of Directors).
88. Zillah Lakes shall mean and refer to this Project.
89. Zillah Prairie Tenancy In Common or Zillah Prairie Tenancy In Common comprised of Zillah Prairie, LLC, a Washington limited liability company and Pardini, LLC, a Washington limited liability shall mean and refer to the Developer.



ARTICLE II. SUBMISSION

The Property, described with particularity on Exhibit 1 through 4 attached hereto and incorporated herein by this reference, is located in Yakima County, Washington. The Property is hereby submitted to the terms, covenants and conditions of, is hereby made subject to, and shall be governed and regulated by, this Declaration and Washington Law. In addition:

The Land is SUBJECT TO the described easements and rights of way, TOGETHER WITH all easements, rights-of-way, and other appurtenances and rights incident to, appurtenant to, or accompanying the above-described parcel of real property.

ALL OF THE FOREGOING IS SUBJECT TO AND THE DEVELOPER HEREBY EXPRESSLY RESERVES (1) a perpetual easement and right of way in, on, across, over, under and through the Tract, and other appurtenances and rights incident to, appurtenant to, or accompanying said real property (and any Additional Land which may be added to the Project from time to time) for the benefit of the Developer and its successors and assigns for the purpose of installing, constructing, maintaining and operating a Private Amenity or Amenities, including without limitation the right to erect, maintain, operate and dedicate to public use in, on or about the Property communications facilities, air conditioning equipment room or rooms, water lines, utility lines, transmission lines, electronic equipment, transmitting and receiving antennas, generator and generator pad, and supporting equipment and structures thereto; and (2) a perpetual easement and right of way in, on, across, over, under and through the Tract, and other appurtenances and rights incident to, appurtenant to, or accompanying said real property to the Additional Land regardless of whether it is added to the Project for its benefit and for the benefit of Developer or its successors and assigns, including without limitation the City of Zillah, builders and owners of Lots on said land if it is developed, for the purposes of (a) vehicular and pedestrian access thereto, including without limitation all motor, construction and emergency vehicles, and (b) utility access, such as gas, power, water, sewer, cable and the like, to said Additional Land.

ALL OF THE FOREGOING IS SUBJECT TO: All liens for current and future taxes, assessments, and charges imposed or levied by governmental or quasi-governmental authorities; all patent reservation and exclusions; any mineral reservations of record and rights incident thereto; all instruments of record which affect the above-described Tract or any portion thereof, including, without limitation, any mortgage or deed of trust; all visible and necessary easements and rights-of-way; all easements and rights-of-way of record; any easements, rights of-way, encroachments, or discrepancies shown on or revealed by the Survey Maps or otherwise existing; an easement for each and every common area improvement, equipment, pipes, lines, cables, wires, utility systems, or similar facilities which traverse or partially occupy the



above-described Tract; and all easements necessary for servicing, repairing, ingress to, egress from, maintenance of, and replacement of all such common area improvements, equipment, pipes, lines, cables, wires, utility systems, and similar facilities.

ALL OF THE FOREGOING IS SUBJECT TO: The right, title and interest of Developer in and to the Golf Course, Utilities, and all other Private Amenities located within or serving the Project.

ALL OF THE FOREGOING IS SUBJECT TO: The water rights, water shares, and wetland credits of the Developer, whether such water is above, on or below ground, which rights are expressly reserved hereby.

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ARTICLE III. COVENANTS, CONDITIONS, AND RESTRICTIONS

The foregoing submission is made upon and under the covenants, conditions, and restrictions, subject to the applicable provisions of Washington law.

A. PLAN OF DEVELOPMENT

1. Description of Improvements. The significant improvements in the Project include, or may include, residential areas, commercial areas, and mixed-use areas and structures, including without limitation single family detached homes, side-by-side structures, retail and office spaces, golf course, tennis courts and clubhouse, community center, swimming pool, non-motorized boat launching dock, private amenities, restaurant, food center, shopping centers, and other related uses, together with Common Areas and Facilities, and other physical improvements. The Project may also contain other improvements of a less significant nature.

2. Exclusive Common Area. The Developer reserves the right to designate (or change a designation of) certain portions of the Common Area as Exclusive Common Area as long as it owns any of the Property. Exclusive Common Area shall be Common Area that is reserved for the exclusive use or primary benefit of Owners, occupants and invitees of Lots within a particular Residential Area or Commercial Area. Exclusive Common Area may include, without limitation, recreational facilities, rights of way and medians, and other portions of the Common Area within a particular area. All particular costs associated with maintenance, repair, replacement and insurance of Exclusive Common Area shall be included in a NHOA or CPOA Base Fee unless otherwise determined by the Board. In addition, by recording a Supplemental Declaration, the Association may designate Common Area as Exclusive Common Area (or change a designation) upon an affirmative vote of at least 67% of the Class "A" Members in the Association, subject to the consent of the Developer so long as it owns any of the Property. The Association may permit Owners of Lots in other areas to use all or a portion of Exclusive Common Area, upon payment of reasonable user fees.

3. Rights of Ownership, Possession and Easements of Enjoyment. Every Owner shall be entitled to exclusive ownership and possession of his Lot. Every Owner shall have a right and easement of enjoyment to the Common Areas and Facilities for the purpose for which they were designed and intended.

4. Membership in the Association. Membership in the Association is mandatory and may not be severed, separated, or partitioned from Lot ownership.

5. Conveyancing. Any deed, lease, mortgage, deed of trust, or other instrument conveying or encumbering a Lot shall describe the interest or estate involved

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substantially as follows:

THIS LOT is contained within Zillah Lakes as the same is identified in the Plat Map recorded in the Office of the County Clerk of Yakima County, Washington recording number 7601751 (as said Record of Plat Map may have heretofore been amended or supplemented) and are subject to the Declaration of Covenants, Conditions and Restrictions of Zillah Lakes, recorded on the 3rd day of MARCH, 2008 as 7601753 of the Official Records of Yakima County, Washington (as said Declaration may have heretofore been amended or supplemented), together with an appurtenant membership interest in and to the Association.

Regardless of whether or not the description employed in any such instrument is in the above-specified form, all provisions of this Declaration shall be binding upon and shall inure to the benefit of any party who acquires any interest in a Lot. Neither the membership in the Association, nor the right of non-exclusive use of a Common Area shall be separated from the Lot to which it appertains; and, even though not specifically mentioned in the instrument of transfer, such mandatory membership in the Association and such right of exclusive use shall automatically accompany the transfer of the Lot to which they relate.

6. Plan of Development, Applicability and Effect. Developer has established a general plan of development for the Project as a master planned community in order to protect all Owners' quality of life and collective interests, the aesthetics and environment within the Project and the vitality of and sense of community within the Project, all subject to the right of the Board and members to respond to changes in circumstances, conditions, needs, and desires within the Project. The Project is subject to the land development, architectural, and design provisions described herein, the other provisions of this Declaration governing individual conduct, and uses of or actions upon the Project, and the guidelines, rules, and restrictions promulgated pursuant hereto, as each may be amended from time to time, all of which establish affirmative and negative covenants, easements, and restrictions on the Project. Except as otherwise expressly provided herein, all provisions of this Declaration and any rules shall apply to all Owners, occupants, tenants, guests, and invitees of any Lot.

7. Delegation of Use. Any Owner may delegate the right of enjoyment to the Common Areas and Facilities to members of the Owner's family and to tenants, renters, lessees, guests, visitors and invitees, except the Activity Card is non-transferable to other third persons, without the prior written consent of the Developer or, at the end of the Developer's Period of Control, the Board.

8. Owners' Acknowledgment. Because each Owner by acceptance of a deed



acknowledges and agrees that the use and enjoyment and marketability of his property can be affected by this Declaration and any amendment thereto, and that the use restrictions and rules may change from time to time, all Owners are given notice that: (a) their ability to use their privately owned property is limited hereby, (b) the Board and/or the Association may amend the Declaration, use restrictions, or adopt rules which modify, cancel, limit, create exceptions to, or expand the use, and (c) the Developer may add land, convert land, and/or amend the use restrictions or other portions of this Declaration.

B. USE RESTRICTIONS

The use of the Property is subject to all use restrictions set forth herein generally including but not limited to those set forth in Exhibits "5," "7," and "8" and "17" hereto in particular.

C. MANAGEMENT

1. Board. The Association shall be managed by a Board. The initial Board shall consist of three Directors who shall all be appointed by the Developer and shall serve at its pleasure until Directors are elected. At the first annual meeting after the end of the Class B Control Period (or at a special meeting called after that date), the Owners shall elect a nine-member Board of Directors. Of the nine Directors, one-third (1/3) of the Directors shall be elected to serve three (3) year terms, one-third (1/3) of the Directors shall be elected to serve a term of two (2) years and one-third (1/3) of the Directors shall be elected to serve a one (1) year term. Provided, however, all subsequent Directors shall be elected to serve three (3) year terms.

2. Status and General Authority of Board. Any instrument executed by the Board that recites facts which, if true, would establish the Board's power and authority to accomplish through such instrument what is purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument. The Association shall, in connection with its exercise of any of the powers delineated below, constitute a legal entity capable of dealing in its Board name. The Board shall have, and is hereby granted, the following authority and powers:

(a) To Enter. The power and authority to enter into or upon any Lot to make repairs and to do other work reasonably necessary for the proper maintenance and operation of the Project. Except in the case of an emergency, reasonable notice shall be given to the Occupants.

(b) To Grant Easements. The authority, without the vote or consent of the Owners, Mortgagees, insurers or guarantors of any Mortgage, or of any other Person, to grant or create, on such terms as it deems advisable, reasonable permits, licenses, and non-exclusive easements over, under, across, and through the Common



Areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance, operation or regulation of the Project.

(c) To Execute Documents. The authority to execute and record, on behalf of all Owners, any amendment to the Declaration or Plat Map which has been approved by the vote or consent necessary to authorize such amendment.

(d) Standing. The power to sue and be sued.

(e) To Enter Into Contracts. The authority to enter into contracts, which in any way concern the Project, so long as any vote or consent necessitated by the subject matter of the agreement has been obtained.

(f) To Transfer Interests in Real Property. The power and authority to exchange, convey or transfer any interest in real property, so long as it has been approved by at least a Majority of Owners present, in person or by proxy, at a special meeting of the Association called for that purpose.

(g) To Purchase. The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as it has been approved by at least a Majority of Owners who are present, in person or by proxy, at a special meeting of the Association called for that purpose. Provided, however, the Board may not spend any amount in excess of TWENTY THOUSAND DOLLARS (\$20,000.00) above the ratified budget in any given annual budget period, unless approved by a Majority of the Association.

(h) To Add Property. The power and authority to add any real property, or interest therein, obtained pursuant to subparagraph (g) above to the Project, so long as it has been approved by at least a Majority of Owners present, in person or by proxy, at a special meeting of the Association called for that purpose.

(i) To Borrow Money. The power and authority to borrow money and pledge assets of the Association, so long as it has been approved by at least a Majority of Owners present, in person or by proxy, at a special meeting of the Association called for that purpose.

(j) To Promulgate Rules. The Developer during the Period of Developer's Control, and the Board of Directors thereafter, shall have the power to adopt and enforce rules and regulations governing the use of the Common Areas or activities within the Project, so long as such rules and regulations are consistent with law or this Declaration. The Association or the Developer may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use the Common Areas or portions thereof. Any such rules and regulations shall become effective thirty (30) days after promulgation or amendment and shall be mailed to all Owners within thirty (30) days after promulgation or



amendment. A copy of the rules and regulations then in force shall be retained by the secretary of the Association and shall be available for inspection by any Owner during reasonable business hours. Such rules shall have the same force and effect as if set forth herein.

(k) To Establish Protocol for Meetings. Subject to the requirements of RCW 64.38.35, the authority to establish procedures for the conduct of its meetings, including but not limited to the power to decide what portion of the meeting shall be open or closed to Members of the Association or occupants not on the Board, to retire to executive session, to regulate record keeping, and to allow, control or prohibit the electronic reproduction (video or audio) of Board meetings. All meetings of the board of directors shall be open for observation by all Owners of record and their authorized agents. The board of directors shall keep minutes of all actions taken by the board, which shall be available to all Owners. Upon the affirmative vote in open meeting to assemble in closed session, the board of directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the association, and matters involving the possible liability of an owner to the association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The board of directors shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the board of directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified.

(l) To Assign or Lease Common Area. The power and authority to rent, lease, or make available for any lawful purpose (including, without limitation, public meetings of governmental or quasi-governmental authorities) any portion of any clubhouse and other recreational facility or amenity within the Common Area on a short-term basis to any Person approved by the Association for the exclusive use of such Person and such Person's family, guests and/or invitees, for a fee.

(m) To Require Valid Activity Card. The power and authority to require the use of a valid Activity Card issued by the Association to access and use recreational facilities.

(n) To Construct or Contract for Communications Facilities. The power and authority to (1) construct, erect, install, place or maintain a radio, television or satellite antenna, or other aerial, dish, transmitting device or reception structure for a master satellite, television or radio system (the "antenna

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facilities"), should any such master system or systems be utilized by the Association or Owners and require such fixtures; and (2) enter into an easement, lease or license agreement, or any combination thereof, with a utility company to provide space and access for communications holders for antennas facilities and related equipment in the Common Areas, if such is not in violation of local, state or federal law and is for the benefit of the Owners.

(o) To Provide or Broker Utility Services. If a public utility service is deregulated, the power and authority to provide, make available or broker utility services to the Association or the Owners, provided such is not in violation of local, state or federal laws and is for the benefit of the Owners.

(p) Use of Common Area. The power and authority to change the nature of the use of the Common Areas and Facilities.

(q) To Do All other Acts. The power and authority to perform any and all other acts, and to enter into any other transactions which may be reasonably necessary for the Board to perform its functions on behalf of the Owners.

3. Delegation of Management Responsibilities. The Board may delegate some of its management responsibilities to a professional management company, an experienced on-site manager, independent contractors, through service contracts, or any combination thereof.

(a) Management Contracts. Except as required herein, or as otherwise determined by the Board to be in the best interest of the Association, any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Board or the Association shall provide or be deemed to provide hereby that either party may terminate the contract with or without cause upon at least thirty (30) days prior written notice to the other party thereto.

4. Liability of Board: The Association shall indemnify every officer and member of the Board against any and all expenses, including but not limited to attorneys fees reasonably incurred by or imposed upon any officer or member of the Board in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer or member of the Board. The officers and members of the Board shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual intentional misconduct.

5. Classes of Membership and Voting Allocations. The Association shall have two (2) classes of membership:

(a) Class A. The Class A Members shall be all members other than the



Class B Members. Class A voting is subject to:

- (i) One Vote. Each Lot shall have one (1) vote.
- (ii) Subject To Assessment. No vote shall be cast or counted for any Lot not subject to an Assessment.
- (iii) Multiple Owners. When more than one (1) person or entity holds such interest in a Lot, the vote for such Lot shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the vote of the Lot shall be suspended in the event more than one (1) person or entity seeks to exercise it.

(b) Class B. The Class B Member shall be the Developer and any successor of Developer who takes title to a Lot or other real estate within the Project for the purpose of development of any portion of the Property, in whole or in part, including without limitation for the sale of the Lot, and who is designated as such in a recorded instrument executed by Developer. The Class B Member shall be entitled to three (3) votes per Lot owned. Upon the termination of the Class B Control Period, the Class B membership shall terminate, and Class B membership shall convert to Class A membership.

D. EASEMENTS

The following easements and rights of way are hereby RESERVED for and GRANTED to the Developer and, at the termination of the Period of Developer's Control, the Association:

1. Drainage, Support, Maintenance and Repair. Developer reserves unto itself, so long as it owns any property in the Project, easements of drainage, support, maintenance and repair.

2. Easements of Encroachment. Developer reserves unto itself, so long as it owns any property in the Project, easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area and between adjacent Lot due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with this Declaration) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary.

3. Easements for Utilities. Developer reserves unto itself so long as it owns any property in the Project, and grants to the Association an easement for the purpose of access and maintenance upon, across, over, and under all of the Property to the extent reasonably necessary to install, replace, repair, and maintain cable television systems,



master television antenna systems, internet service, security and similar systems, roads, walkways, lakes, irrigation, drainage systems and facilities, street lights, signage, and all utilities, including, but not limited to, water, sewer, meter boxes, telephone, gas, and electricity. The Developer and/or the Association may assign these rights to any local, municipal and/or utility supplier, cable company, security company or other company providing a service or utility to the Project subject to the limitations herein.

(a) Public Sewer System. Developer shall design, construct and install a public sewer system serving the Project and dedicate such improvements to the City of Zillah. Municipal Sewer System improvements shall include system main lines and side sewers (including valve box and pump pit) situated on individual Lots. System improvements shall include pumps and electric panels. City shall be responsible for maintenance, operation and repair of main lines and side sewers to the location of an individual pump pit (including electric panel). Lot Owner shall be responsible for side sewer lines from pump pit to structure and for providing power to the electric panel. Such system and associated costs shall be subject to applicable rates and assessments as otherwise provided by the applicable law.

(b) Easements to Utility Providers. Developer specifically grants to the local utility suppliers easements across the Project and individual lots for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters, boxes, pumps and system improvements. However, the exercise of this easement shall not extend to permitting entry into the Lot, except as reasonable and/or necessary for system maintenance by the provider (including City of Zillah) or as approved by the Board or Developer. The exercise of the easement also shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

(c) Easements for Stormwater Facilities. Developer shall design, construct and install stormwater control, treatment and storage facilities for the Project including easements set forth on Plat Map. All such facilities shall be maintained by Developer until transferred to Association at which time Association shall assume responsibility for maintenance, repair and operation of such facilities. No Lot Owner shall damage, remove, alter or otherwise adversely impact such facilities and/or its functioning.

4. Easement Reservation for Expansion. Developer hereby reserves to itself and for Owners in all future phases, a perpetual easement and right-of-way for access over, upon, and across the Property and for use of the Common Areas and Facilities throughout the Project. The Developer hereby reserves for itself and its successors, assigns, and Mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access and development of any Additional Land, Convertible Land, real property annexed to the Project, or adjoining real property owned by the Developer, whether or not such property is made subject to this Declaration. This



easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. Developer agrees that it and its assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Developer further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not made subject to this Declaration, the Developer shall enter into a reasonable agreement with the Association to share the cost of maintenance of any access roadway serving such property. The exact location of these easements and rights-of-way may be identified by recorded instruments.

5. Easements for Cross-Drainage. Every Lot and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Project; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of storm water onto adjacent portions of the Project without the consent of the Owner(s) of the affected property, the Board, and the Developer as long as it owns any property in the Project.

6. Easements for Maintenance and Enforcement. The Developer and, at the termination of the Developer's Period of Control, the Association shall have the right, and a perpetual easement is hereby granted to enter all portions of the Project, including each Lot to (a) perform its maintenance responsibilities, and (b) make inspections to ensure compliance with this Declaration, any Supplemental Declaration, By-Laws, Rules and Regulations.

7. Rights to Surface Water, Groundwater, Stormwater Runoff, Effluent, and Water Stored Underground. Developer hereby reserves for itself and its designees all rights to surface water which are appurtenant to the Project, all of which surface water rights may be consolidated by Developer for use on the golf course to be constructed within the Project and for storage in underground storage facilities to be located within the Project. Developer hereby reserves for itself and its designees all rights to groundwater, stormwater runoff, effluent, and water stored in all underground storage facilities located or produced within the Project. Each Owner agrees, by acceptance of a deed to a Lot, that Developer shall retain all such rights. Such rights shall include an easement over the Project for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent. This Section may not be amended without the consent of the Developer and the reservations made and rights created pursuant to this Section shall survive the termination of this Declaration. Neither the Developer nor any Owner shall be deemed by this reservation, or the consolidation of water rights to be made pursuant to this reservation, to abandon any right to water which is appurtenant to or which may be exercised in connection with the Project.

8. Easement for Lake and Pond Maintenance. The Developer reserves for itself



and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation to enter upon the lake located within the Area of Common Responsibility to (a) install, keep, maintain, and replace pumps in order to provide water for the irrigation of any of the Areas of Common Responsibility; (b) construct, maintain, and repair any bulkhead, wall, dam, or other structure retaining water; and (c) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. The Developer's rights and easements provided in this Section shall be transferred to the Association at such time as the Developer shall cease to own any property subject to the Declaration, or such earlier time as Developer may elect, in its sole discretion, to transfer such rights by a written instrument. The Developer, the Association, and their designees shall have an access easement over and across any of the Community abutting or containing any portion of any of the lakes, ponds, streams, or wetlands to the extent reasonably necessary to exercise their rights under this Section.

There is further reserved herein for the benefit of Developer, the Association, and their designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the dwellings thereon) adjacent to lake within the Project in order to (a) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lake within the Areas of Common Responsibilities; (b) enter upon and across such portions of the Community for the purpose of exercising its rights under this Section. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from, the intentional exercise of such easements. Nothing herein shall be construed to make Developer or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfalls, or other natural disasters.

E. ACTIVITY CARDS/IDENTIFICATION

1. Activity Cards/Identification. The Activity Card/Identification, (hereinafter referred to as "Activity Card"), may not be separated from ownership of a Lot and is non-transferable. Any attempt to transfer an Activity Card shall void the Card.

(a) Issuance To Owner. One Activity Card shall be allocated to each Owner. The Board shall determine entitlement to Activity Cards on an annual basis. If the Lot continues to be occupied by an Owner and all applicable Assessments and Additional Charges have been paid, the Activity Card allocated to such Lot shall be renewed annually without charge. The Board of Directors may establish policies, limits, and charges with regard to the issuance of replacement cards and guest privilege cards.

(b) Issuance to the Developer. As long as the Developer owns the Property, or any portion thereof, the Board shall provide the Developer, free of charge, with as many Activity Cards as the Developer, in its sole discretion, deems necessary for the purpose of marketing the Property. The Developer



may transfer the Activity Card to prospective purchasers of Lots, subject to such terms and conditions as it, in its sole discretion, may determine. Activity Cards provided to the Developer shall entitle the bearer to use all recreational facilities, Common Areas and Facilities, and Private Amenities (subject to the payment of greens fees, admission fees, or other use fees charged to Owners holding Activity Cards); provided, however, any Activity Cards issued by Developer shall only be good for a forty-eight (48) hour period from time and date of issuance.

F. MAINTENANCE

1. Operation Maintenance and Alterations. All of the property in the Project shall be maintained in a usable, clean, functional, safe, healthy, sanitary, attractive, and good condition.

2. The Maintenance Responsibility of the Association. The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to: (a) all Common Areas; (b) the grounds and all landscaping and other flora, parks, signage, structures, parking areas, and improvements situated upon the Common Area; (c) all water service facilities and drainage facilities within the Area of Common Responsibility, including the lake and any streams and other water features; (d) all common sidewalks; (e) all perimeter walls and fences constructed by the Developer or barriers constructed by Developer which separate a Lot from the Common Area, or golf course; (f) all common irrigation systems; (g) all private roads and streetlights; (h) all stormwater facilities, systems and improvements; (i) any other item designated as a Common Area responsibility or responsibility of the Association herein; (j) any property and facilities owned by the Developer and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. Such property shall be identified by written notice from the Developer to the Association. The Association's responsibility shall terminate at such time as Developer revokes the privilege of use and enjoyment by written notice to the Association. The Association may, but shall not be obligated to, delegate maintenance responsibility for property within any Residential Area or Commercial Area to its NHOA or CPOA.

With respect to Lots with Attached Housing, the Association shall be responsible for maintenance, repair and replacement of (a) the exterior of the Attached Housing, including the roofs, gutters, siding, porches and decks (but not doors or windows), (b) private utility lines used in common and (c) landscaping the front and side yards. The exterior of the Attached Housing shall be kept by the Association in a good state of repair. Costs relating to the exterior of the Attached Housing and utility lines used in common, including reserves therefore, shall be assessed by the Association equally against all Owners of Attached housing within each building, and the costs associated with landscaping shall be assessed equally against all Owners of Attached Housing. Unless



agreed to by all Owners of Attached Housing within a building and approved by the ARC, the materials used for repair or replacement will be similar in type, quality and color to the original. The Board shall levy Specific Assessments for the prorated shares of the cost of such services against the Units to which such services were rendered in accordance with Section H(1)(h) herein. The Association may establish a separate reserve account for each building containing Attached Housing, levy Specific Assessments against the units in that building for reserves for repair and/or replacement of those portions of the building which the Association has responsibility to repair and/or replace under this Section and pay for the cost of such services rendered with respect to the building from the reserve account for that building.

3. The Maintenance Responsibility of the Owner(s). Each Owner shall properly maintain its Lot in accordance with the Design Guidelines and use restrictions. Owner shall be responsible for maintenance of side sewer lines from pump pit to structure and provision of power to electric panel for sewer system improvements serving the lot. Owner shall be further responsible for preserving and maintaining any drainage swale located on their property.

4. The Maintenance Responsibility of a Sub-association. If a sub-association is established in accordance with this Declaration, the Board may, but is not obligated to, require such Neighborhood, NHOA, or CPOA to maintain certain Common Area and Facilities within said Neighborhood, Residential Area, or Commercial Area, at its expense, and to allocate the cost thereof among the Members of such sub-association.

5. Changes to Areas of Responsibility. The Board may, in its sole discretion, add to or subtract items from the Areas of Responsibility upon at least thirty (30) days prior written notice to the interested parties.

6. Default. If an Owner, or if established in accordance with this Declaration and the context requires, a Sub-association fails to properly perform its maintenance responsibility, the Association may perform such maintenance and charge the Owner or Sub-association the cost thereof.

G. PARTY WALLS AND STRUCTURES

1. Party Walls and Party Fences. Each wall and fence built by the Developer as part of the original construction on any Lot shall constitute a party wall if: (a) any part is built upon or straddling the boundary line between two adjoining Lots or (b) it is constructed within five (5) feet of the boundary line between adjoining Lots and the Owners agree in writing that it is a party wall. The cost of maintaining, repairing or replacing the party wall shall be divided equally between the Owners.

H. COMMON EXPENSES

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1. Common Expenses. Each Owner shall pay its Assessments to the Association subject to and in accordance with the procedures set forth below.

(a) Purpose of Common Area Expenses. The Assessments provided for herein shall be used for the general purpose of operating the Project, promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and Occupants, including the maintenance of any real and personal property owned by the Association.

(b) Creation of Assessments. Each Owner, by acceptance of a deed or other document of conveyance to a Lot, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association in a timely manner all Assessments.

(c) Budget. Subject to the requirements of RCW 64.38.025, the Board shall prepare and deliver to the Owners a proposed Budget which:

(i) Itemization. Shall set forth an itemization of the anticipated Common Expenses for the next twelve (12) month calendar year period. The Budget shall set forth the Base Fee, Pool and Clubhouse Base Fee, and any other foreseeable individual charges or add-ons for each Lot or property interest.

(ii) Basis. Shall be based upon advance estimates of cash requirements by the Board to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the (a) Pool and Clubhouse Assets and (b) Non-Pool and Non-Clubhouse Assets, and regulation of the Association, which estimate shall include but is not limited to expenses of management, grounds maintenance, taxes, special and specific assessments, premiums for all insurance which the Association is required or permitted to maintain, common lighting and heating, water charges, trash collection, sewer service charges, painting, repairs and maintenance of the Common Areas and replacement of those elements of the Common Areas that must be replaced on a periodic basis, wages for employees, legal and accounting fees, any deficit remaining from a previous period; the creation of a reasonable contingency reserve or surplus, capital improvement reserve, and other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under and by reason of this Declaration. Until the Project is completed, and all Phases are added, this estimate may need to be adjusted periodically as each new Phase is completed.

(d) Approval of Budget and Assessments. Within thirty days after adoption by the board of directors of any proposed regular or special budget of the association, the board shall set a date for a meeting of the Owners to consider



ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the owners of a majority of the votes in the association, or any larger percentage specified in the governing documents, reject the budget in person or by proxy, 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 of directors.

(e) Commencement of Assessments. The obligation to pay assessments shall commence to each Unit, after the Board first determines a budget and levies assessments, upon the earlier of (a) twelve months after the date of conveyance of any Unit by Declarant to a Builder, or (b) the date of conveyance of any Unit by Declarant to any Person other than a Builder. The first annual Base Assessment and any Specific Assessment levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit. Assessments for Submetered Utility Costs shall commence for each Unit when such utility services are provided to the Unit.

(f) Capitalization of Association. Upon acquisition of record title to a Unit by any Owner other than a Builder (including resales), a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth of the annual Base Assessment levied on the Unit and shall not be considered an advance payment thereof. This amount shall be collected at the closing of the Unit and disbursed to the Association for use in covering operating and other expenses incurred by the Association under the terms of this Declaration and the Bylaws.

(g) Exempt Property. The following Property is exempt from payment of Base Assessments and Special Assessments: (a) all property dedicated to and accepted by any governmental authority including without limitation public streets, sidewalks and public parks, and (b) Property owned by the Association for the common use and enjoyment of its Members.

(h) Payment of Assessments. The Board has the sole authority and discretion to determine how and when the Assessments are paid. If any Owner is delinquent in paying any assessments or charges levied on the Lot, the Board may require all unpaid assessment installments due for the remaining fiscal year to be paid immediately. No diminution or abatement of assessment or set-off shall be claimed or allowed for any alleged failure of the Association to take any action required of it or for inconvenience or discomfort arising from repairs or improvements or other actions of the Association.

(i) Personal Obligation of Owner. Owners are liable to pay all



Assessments and Additional Charges due, and the sale or transfer of any Lot shall not affect the Assessment lien or relieve such Lot from the lien for any Assessment thereafter becoming due; provided, however, no first mortgagee or beneficiary under a first deed of trust (but not the Seller under a uniform real estate contract, land sales contract, or other similar instrument), who obtains title to a Lot pursuant to the remedies provided in the mortgage or trust deed shall be liable for unpaid Assessments which accrued prior to the acquisition of title.

(j) Equitable Changes and Special and Specific Assessments. If the aggregate of all monthly payments on all of the Lots is too large or too small as a result of unanticipated income or expenses, the Board may from time to time effect an equitable change in the amount of said payments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover expenses greater or different than those budgeted. Special Assessments are levied against the entire membership and are subject to approval by the Owners pursuant to Section H(1)(e). Special Assessments shall be paid in a manner and by dates fixed by the Board. The Board may allow payment in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board may levy Specific Assessments against particular Lots for expenses incurred by the Association to provide special benefits, items or services (i) on request of the Owner of a Lot; (ii) pursuant to the Association's maintenance obligations for specific Lots; (iii) made necessary by the conduct of the Owner or its licensees, occupants, guests; or (iv) necessary to bring the Lot into compliance with this Declaration, the Articles, the Bylaws or Association Rules. Specific Assessments may be levied under (iii) and (iv) above only after notice to the applicable Owners and an opportunity for a hearing.

(k) Reserve Account. The Board shall establish and maintain a reserve account or accounts to pay for unexpected operating expenses and capital improvements.

(l) Statement of Assessments Due. Upon written request, the Board shall furnish to any Owner a statement of Assessments due, if any, on his Lot. The Association may require the advance payment of a processing charge not to exceed \$25.00 for the issuance of such certificate.

(m) Suspension of Right to Use Amenities for Non-Payment. At the discretion of the Board, the right to use any amenities in the Project may be suspended if the Owner is in arrears on his obligation to pay Assessments and has failed to cure or make satisfactory arrangements to cure the default after written notice of at least ten (10) days.

(n) Suspension of Right to Vote for Non-Payment. At the discretion of the Board, the right of an Owner to vote on issues concerning the Association may be suspended if the Owner is delinquent in the payment of



Assessments, and has failed to cure or make satisfactory arrangements to cure the default after written notice of at least ten (10) days.

(o) Developer Assessments. During the Period of Developer's Control, the Developer may elect annually to pay the Association either (a) regular assessments on all of its unsold Lots, or (b) the difference (shortfall) between the amount of assessments against all other Lots and the necessary expenditures of the Association during the fiscal year. Unless the Developer otherwise notifies the Board at least 60 days before the beginning of a fiscal year, Developer shall continue to pay on the same basis as the preceding fiscal year. Developer's obligations hereunder may be satisfied in cash, by "in kind" contributions of services or materials, or by a combination of these. The Association is authorized to enter into subsidy contracts or contract for "in kind" contributions of services and material with Developer for payment of Common Expenses.

I. COLLECTIONS

1. Collection of Assessments.

(a) Time is of the Essence. Time is of the essence and all Assessments shall be paid promptly when due.

(b) Default Interest. Any Assessments not paid within ten (10) days after the due date shall bear interest from the due date at the lesser of: (1) the rate of eighteen percent (18%) per annum or (2) the maximum rate permitted by law.

(c) Late Fee. The Board may, from time to time, establish late charges to be charged on delinquent assessments.

(d) Filing of Notice of Lien. If any Assessment is delinquent, then a notice of lien evidencing the security interest of the Association may be filed on such delinquent Owner's Lot(s) with the County Clerk for Yakima County, Washington setting forth:

- (i) The amount of the claim of delinquency,
- (ii) The default interest due thereon,
- (iii) The costs of collection, which have accrued thereon,
- (iv) The legal description of the property and street address, if any, of the Lot against which the lien is claimed, and
- (v) The name of the Owner thereof.



Such Notice of Lien shall be signed and acknowledged by an officer or other duly authorized agent of the Association. The lien shall continue until the amounts secured thereby and all subsequently accruing amounts are fully paid or otherwise satisfied. When all amounts claimed under the Notice of Lien and all other costs and assessments which may have accrued subsequent to the filing of the Notice of Lien have been fully paid or satisfied, the Association shall execute and record a notice releasing the lien upon payment by the Owner of a reasonable fee as fixed by the Board to cover preparation and recordation of such release of lien instrument.

(e) Liens Subordinate to Mortgages. The lien described above shall be considered subordinate to any mortgage recorded prior to the recording of a notice of lien, and each such mortgagee who obtains title to such Lot pursuant to the remedies provided in the deed of trust, mortgage, or by judicial foreclosure shall take title to the Lot free and clear of any claims for unpaid Assessments or other charges against such Lot which accrued prior to the time such holder acquired title to such Lot. No such sale or transfer, however, shall relieve such holder from liability for any Assessments or other charges or assessments thereafter becoming due or from the lien thereof. Any other sale or transfer of a Lot shall not affect the Association's lien for Assessments or other charges or assessments. The Association shall make a good faith effort to give each such mortgagee thirty (30) days' advance written notice of the Association's proposed foreclosure of lien described above, which notice shall be sent to the nearest office of such mortgagee by prepaid U. S. Registered or Certified Mail, return receipt requested, and shall contain a statement of delinquent Assessments or other charges and assessments upon which the proposed action is based, provided the Association's failure to give such notice shall not impair or invalidate any foreclosure conducted by the Association pursuant hereto.

(f) Personal Obligation. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against him personally for the collection of the charges as a debt or to foreclose the lien in the same manner as mechanics liens, mortgages, trust deeds or encumbrances may be foreclosed, or both.

(g) Foreclosure of Lien as Mortgage. The lien for nonpayment of Assessments may be enforced by sale or foreclosure of the Owner's interest in the Property. The sale or foreclosure shall be conducted in the same manner as foreclosures in mortgages or trust deeds, or in any other manner permitted by law. In any foreclosure or sale, the Owner shall pay the costs and expenses of such proceedings, including but not limited to the cost of a foreclosure report, and reasonable attorneys fees. The Association in the foreclosure action may require the appointment of a receiver to collect the rental without regard to the value of the mortgage security. The Board may bid for the Lot at foreclosure or other



sale and hold, lease, mortgage, or convey the same.

(h) No Waiver. No Owner may waive or otherwise exempt himself or herself from liability for the Assessments provided for herein, including but not limited to the non-use of Common Areas or the abandonment of his Lot.

(i) Duty to Pay Independent. No reduction or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay Assessments being a separate and independent covenant on the part of each Owner.

J. LENDERS

1. Mortgagee Protection. The lien or claim against a Lot for unpaid Assessments levied by the Board or by the Association pursuant to this Declaration shall be subordinate to any Mortgage recorded on or before the date a notice of lien securing said debt is recorded in the office of the County Clerk of Yakima County, Washington, subject to the following:

(a) Effects of Voluntary and Involuntary Sale. The lien or claim against a Lot, whether or not recorded, for such unpaid Assessments shall not be affected by any sale or transfer of such Lot, except that a sale or transfer pursuant to a foreclosure of the Mortgage affecting such Lot or the exercise of a power of sale available thereunder shall extinguish any debt payable prior to such sale or transfer. Nevertheless, any such unpaid Assessments being extinguished in accordance with the foreclosure or power of sale, shall not relieve the subsequent purchaser or transferee of such Lot from liability for, or from such Lot being subject to the lien securing any Assessments becoming due thereafter.

(b) Books and Records Available for Inspection. The Board or the Association shall make available to all Owners, Mortgagees and lenders, and to holders, insurers or guarantors of any Mortgage current copies of the Governing Documents, as well as the books, records, and financial statements of the Association. The term "available" as used in this paragraph, shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.



(c) Right to Financial Statement. The holder, insurer or guarantor of any Mortgage shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year. Any financial statement requested pursuant hereto shall be furnished to the requesting party within a reasonable time following such request.

(d) Management Contracts. Except as required herein, or as otherwise determined by the Board to be in the best interest of the Association, any agreement for professional management of the Project, and any contract for goods or services, or any lease which is entered into by the Board or the Association shall provide or be deemed to provide hereby that either party may terminate the contract with or without cause upon at least thirty (30) days prior written notice to the other party thereto.

(e) Eligible Mortgagee Designation. Upon written request to the Board or the Association by the holder, insurer, or guarantor of a Mortgage (which request identifies the name and address of such holder, insurer or guarantor and the Lot Number or address of the property encumbered by the Mortgage held or insured by such holder, insurer, or guarantor), such holder insurer, or guarantor shall be deemed thereafter to be an "Eligible Mortgagee" or "Eligible Insurer" or "Eligible Guarantor," as the case may be, shall be included on the appropriate lists maintained by the Association, and shall be entitled to timely written notice of any of the following:

(i) Condemnation Loss or Award. Any condemnation loss or any casualty loss which affects a material portion of the Project or any Lot on which there is a Mortgage held, insured, or guaranteed by such Eligible Insurer or Guarantor.

(ii) Delinquency. Any delinquency in the payment of Assessments owed by an Owner whose Lot is subject to a Mortgage held, insured or guaranteed by such Eligible Insurer or Guarantor, which delinquency remains uncured for a period of sixty (60) days.

(iii) Lapse of Insurance. Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Board or the Association.

(iv) Consent Required. Any proposed action that would require the consent of a specified percentage of Eligible Mortgagees.

(f) No Right of First Refusal. The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of first refusal or similar restriction.



2. Lists of Lot Owners Eligible Mortgagees and Eligible Insurers or Guarantors. The Board shall maintain up-to-date records showing: (a) the name of each person who is an Owner, the address of such Person, and the Lot which is owned by him; (b) the name of each Person who is an Eligible Mortgagee, the address of such Person, and the Lot which is encumbered by the Mortgage held by such Person; and (c) the name of each Person who is an Eligible Insurer or Guarantor, the address of such Person, and the Lot which is encumbered by the Mortgage insured or guaranteed by such Person. In the event of any transfer of a fee or undivided fee interest in a Lot, either the transferor or transferee shall furnish the Board with evidence establishing that the transfer has occurred and that the Deed or other instrument accomplishing the transfer is of record in the office of the County Clerk of Yakima County, Washington. The Board may for all purposes act and rely on the information concerning Lot ownership in its records or, at its option, the records of said county Clerk. The address of any Owner shall be deemed to be the address of the Lot owned by such person unless the Board is otherwise advised in writing.

K. AMENDMENTS

1. Amendment. This Declaration may be amended as follows:

(a) Consent of the Owners. Subject to K(1)(c), below, the affirmative vote of at least sixty-seven percent (67%) of the Owners shall be required and shall be sufficient to amend the Declaration or the Plat Map. Any amendment so authorized shall be accomplished through the recordation of an instrument executed by the Board. In such instrument the Board shall certify that the vote required by this Section for amendment has occurred, and, if approval of a specified percentage of Eligible Mortgagees is required for such amendment, that such approval has been obtained; and

(b) Consent of Eligible Mortgagee. The consent of at least sixty-seven percent (67%) of the Eligible Mortgagees shall be required for any amendment which would terminate the legal status of the Project; and the consent of Eligible Mortgagees holding at least fifty-one (51 %) percent of the undivided ownership interest in the Association shall be required to add to or amend any material provision of this Declaration or the Plat Map which establishes, provides for, governs, or regulates any of the following: (i) voting rights; (ii) Assessment liens, or the priority of Assessment liens; (iii) insurance or fidelity bonds; (iv) limitations and restrictions on the right to use of the Common Areas; (v) responsibility for maintenance and repairs; (vi) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (vii) the boundaries of any Lot; (viii) the percentages of ownership interest in the Association; (ix) convertibility of a Lot into Common Area or Common Area into a Lot; (x) the imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or



otherwise convey his Lot; (xi) express benefits or rights of Mortgagees, Eligible Mortgagees, or Eligible Insurers or Guarantors; and (xii) the requirement that the Project be professionally managed rather than self managed. Any addition or amendment shall not be considered material for purposes of this Paragraph (b) if it is for the clarification only or to correct a clerical error. Notice of any proposed amendment to any Eligible Mortgagee to whom a written request to approve an addition or amendment to this Declaration or the Plat Map is required shall be mailed postage prepaid to the address for such Mortgagee shown on the list maintained by the Association. Any Eligible Mortgagee who does not deliver to the Board or the Association a negative response to the notice of the proposed amendment within thirty (30) days from the date of such mailing shall be deemed to have approved the proposal. The foregoing consent requirements shall not be applicable to amendments to this Declaration and the Plat Map or the termination of the legal status of the Project. If such amendments or such termination are made or accomplished in accordance with the provisions of this Declaration regarding condemnation or substantial obsolescence. Anything to the contrary notwithstanding, if any financing or the guaranty of any financing on a Lot or Dwelling is provided by the Federal Housing Administration of the United States Department of Housing and Urban Development (FHA), the Federal Home Loan Mortgage Corporation or the Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Government National Mortgage Association (GNMA) or the Veterans Administration (VA), no material amendment, as defined above, to the Declaration, or merger, may become effective, as to said Agencies, without their prior express written consent.

(c) Developer. So long as the Developer owns a Lot or any portion of the Property, its consent shall be required to amend the Declaration unless approved by two-thirds (2/3) of the Association. Without any additional approval required, the Developer may amend the Plat Map or Declaration during the Period of Developer's Control.

L. CONSENT IN LIEU OF VOTE

1. Consent in Lieu of Vote. In any case in which this Declaration requires the vote of Owners for authorization or approval of an act or a transaction, such requirement may be fully satisfied by obtaining, with or without a vote at a meeting called for such purpose, consents in writing to such proposed act or transaction from Owners who collectively hold the required percentages, subject to the following conditions:

(a) Ninety-Day Limit. All necessary consents must be obtained prior to the expiration of ninety (90) days from the time the first written consent is obtained; and



(b) Change In Ownership. Any change in ownership of a Lot, which occurs after consent has been obtained from the Owner having an interest therein, shall not be considered or taken into account for any purpose.

M. DUE PROCESS

1. Due Process Requirements; Notice of Hearing; Opportunity to be Heard. In the event of a claimed violation of the Governing Documents, no fine, citation, suspension or penalty shall be imposed without the Board first giving the alleged violator written notice of the violation; provided, however, nothing herein shall be construed to prevent the Board from (a) immobilizing, towing or impounding a motor vehicle in violation of this Declaration or the parking rules and regulations for which no additional notice is required, or (b) making any emergency repairs or taking any other emergency action it deems necessary and subsequently providing notice to the Owner or Occupant and giving them an opportunity to be heard.

N. COMBINATION OF LOTS

1. Combination of Lots. An Owner of two or more adjoining Lots shall have no right to combine them.

O. EXHIBITS

The following Exhibits are attached hereto and incorporated herein by this reference:

- Exhibit 1 Legal Description of Property
- Exhibit 2 Legal Description of Additional Land
- Exhibit 3 Legal Description of Convertible Land
- Exhibit 4 Legal Description of Common Area
- Exhibit 5 General Use Restrictions
- Exhibit 6 Sub-associations
- Exhibit 7 Residential Area Use Restrictions
- Exhibit 8 Commercial Area Use Restrictions
- Exhibit 9 By-Laws
- Exhibit 10 Design Guidelines

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Exhibit 11 Architectural Controls

Exhibit 12 Application Procedure for Structural Alterations

Exhibit 13 Insurance

Exhibit 14 Destruction and Condemnation

Exhibit 15 Developer's Rights

Exhibit 16 Expansion of the Project

Exhibit 17 Golf Course, Trails, Private Amenities

P. MISCELLANEOUS

1. Agent for Service of Process. After the termination of the Developer's Period of Control, the Board President shall be the person to receive service of process in the cases authorized by the Act and the office. The initial Registered Agent shall be Steve Strosahl. The Registered Office of the Registered Agent is 2112 W. Nob Hill Blvd., Yakima, Washington 98902.

2. Interpretation. To the extent Washington law is inconsistent with this Declaration, such provisions shall supplement the terms hereof and are incorporated herein. The captions, which precede the sections of this Declaration, are for convenience only and shall in no way affect the manner in which any provision hereof is construed. Whenever the context so requires, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof, and any gender shall include both other genders. The invalidity or unenforceability of any portion of this Declaration shall not affect the validity or enforceability of the remainder hereof.

3. Books and Records Available for Inspection. The Board or the Association shall make available to all Owners, Mortgagees and lenders, and to holders, insurers or guarantors of any Mortgage current copies of the Governing Documents, as well as the books, records, and financial statements of the Association. The term "available," as used in the paragraph, shall mean available for reasonable inspection upon request during normal business hours or under other reasonable circumstances. The Association shall have the right to recover its photocopying and service charges incurred in making the inspection and photocopying available.

4. Covenants to Run with Land. This Declaration and all the provisions hereof shall constitute covenants to run with the land or equitable servitudes, as the case may be, and shall be binding upon and shall inure to the benefit of Association, all other

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signatories hereto, all parties who hereafter acquire any interest in a Lot or in the Project, and their respective grantees, transferees, heirs, devisees, personal representatives, successors, and assigns. Each Owner or occupant of a Lot shall comply with, and all interests in all Lots shall be subject to the terms of this Declaration and the provisions of any rules, regulations, agreements, instruments, supplements, amendments, and determinations contemplated by this Declaration. By acquiring any interest in a Lot in the Project, the party acquiring such interest consents to, and agrees to be bound by, each and every provision of this Declaration.

5. Enforcement and Right to Recover Attorney's Fees. The Association, Board, or any aggrieved Owner may take action, at law or in equity, to recover damages, obtain injunctive relief, or enforce the terms, covenants or conditions of the Governing Documents. Should the Association, Board or Owner be required to take action to enforce the Governing Documents, or to pursue any remedy provided hereunder or by applicable law, whether such remedy is pursued by filing suit or otherwise, they may recover all Additional Charges, including a reasonable attorney's fee, which may arise or accrue.

6. Security. Portions of the private streets may have controlled, or otherwise limited, access for the construction and maintenance of security entrances. Owners, occupants, family members, guests, visitors and invitees shall cooperate with the security policies and procedures. All emergency vehicles shall have precedence in accessing the Property without condition, hindrance or delay. The Developer and/or Association shall have the right from time to time, but not the duty, to (a) install or construct electronic entrance security devices and gates; and (b) install electronic security devices on the perimeter fencing, subject to the design approval of the ARC.

The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. However, neither the Association nor the Board shall in any way be considered insurers or guarantors of security within the Project. Neither the Association nor the Board shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and Occupants, their guests and invitees, as applicable, acknowledge that neither the Association nor the Board represent or warrant that any security measures undertaken will insure their safety. All Owners and Occupants, their guests and invitees, acknowledge and understand that the Association and Board are not insurers of their safety and they hereby assume all risks for loss or damage to their person or property and further acknowledge that the Association and Board have made no representations or warranties, nor have they relied upon any representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to any security measures undertaken within the Project.



7. Use of the Term "Zillah Lakes." No person shall use the term "Zillah Lakes" or any derivative thereof in any printed or promotional material without the prior written consent of the Developer during the Class B Control Period, or thereafter of the Board. However, Owners may use the term "Zillah Lakes" in printed or promotional matter where such term is used solely to specify that a particular property is located with the Project.

8. Recycling Programs. If and when reasonably available, the Board may establish a recycling program and recycling center within the Project, and in such event all Owners and Occupants shall support such program by recycling, to the extent reasonably practical, all materials which the Association's recycling program or center is designed to accommodate. The Association may, but shall have no obligation to purchase recyclable materials in order to encourage participation, and any income received by the Association as a result of such recycling efforts shall be used to reduce Common Expenses.

9. Provision of Services. The Association may elect to provide goods, products, wares, services and facilities for Owners and Occupants, as well as their guests, lessees and invitees, and shall be authorized to enter into contracts or other similar agreements with other entities, including Developer, to provide such services and facilities. The costs of services and facilities provided by the Association may be funded by the Association as a Common Expense. In addition, the Board may charge additional use and consumption fees for such goods, products, wares, services and facilities. By way of example, some services and facilities, which may be provided, include snow removal, landscape maintenance, pest control service, cable television service, Internet services, security, caretaker, fire protection, utilities, and similar services and facilities. The Board may modify or cancel existing services or facilities at any time or provide additional services and facilities. Nothing contained herein shall be relied upon as a representation as to what services and facilities, if any, will be provided by the Association.

10. Liability of Owners and Occupants For Damages. Owners and Occupants shall be liable for any loss or damage caused to person or property in the Project by their carelessness, negligence or intentional acts and the carelessness, negligence or intentional acts of their guests or vendors.

11. Taxes. Unless otherwise required by Washington law or Yakima County, each Lot and its percentage of undivided interest in the Common Areas and Facilities shall be considered to be a parcel and shall be subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law, including ad valorem levies and special assessments. Neither the Building or Buildings, the property, nor any of the Common Areas and Facilities may be considered a parcel.

ZILLAH LAKES CC&Rs



12. Effective Date. This Declaration, any amendment or supplement hereto, and any amendment or supplement to the Plat Map shall take effect upon its being filed for record in the office of the County Recorder of Yakima County, Washington.

13. Duration. These restrictive covenants shall run with the land and shall be binding upon the owners thereof, their heirs, successors and assigns for a period of forty (40) years, after which time said covenants shall be automatically extended for successive periods of ten (10) years.

14. Conflict. In the event of any conflict, incongruity or inconsistency between the provisions of this Declaration and the provisions of the Washington Law, the latter shall in all instances govern and control.

15. Severance. Any provision of this Declaration prohibited by the laws of the State of Washington shall be ineffective to the extent of such prohibition without invalidating the remaining provisions of this Declaration.

16. Dispute Resolution. In the event that any disputes arise regarding the interpretation or enforcement of the Governing Documents, such disputes shall be resolved as follows:

The parties shall first attempt to resolve them by good faith negotiations. If any disputes cannot be resolved by direct negotiations within fifteen (15) days or such longer time as is mutually agreed by the parties, then the parties shall submit such disputes to mediation. Any party desiring mediation of a dispute may begin the process by giving the other party a written request to mediate which describes the issues involved and relief sought, and invites the other party or parties to join in naming a mutually agreeable mediator and setting a timeframe for the mediation meeting. The parties and the mediator may adopt any procedural format that seems appropriate for the particular dispute. The contents of all discussions during the mediation shall be confidential and non-discoverable in subsequent arbitration or litigation, if any. If the parties can agree upon a mutually acceptable resolution to the disagreement, it shall be reduced to writing, signed by the parties, and the dispute shall be deemed resolved. The costs of mediation shall be divided equally among the parties to the dispute.

If any dispute cannot be resolved through mediation, or if any party refuses to mediate or to name a mutually acceptable mediator or establish a timeframe for mediation within a period of time that is reasonable considering the urgency of the disputed matter, or fails to agree to procedures for the mediation, then any party who desires dispute resolution shall seek binding arbitration as hereinafter provided.



All disputes among the parties arising out of or related to this Agreement which have not been settled by mediation shall be resolved by binding arbitration to be conducted in Yakima County, Washington. A party may initiate arbitration of a dispute by serving the other party or parties with a written demand for arbitration, describing the dispute and identifying the relief sought with respect to it. Within twenty (20) days following service of a written demand for arbitration, the parties involved in the dispute shall attempt to reach agreement upon the selection of a qualified impartial arbitrator. If the parties cannot agree upon an arbitrator within twenty (20) days from the date written demand for arbitration is served, the party demanding arbitration may commence an action for the limited purpose of obtaining appointment of an arbitrator by the Presiding Judge of the Superior Court of the State of Washington for Yakima County. The arbitration shall be conducted in accordance with the provisions of the Uniform Arbitration Act, RCW Chapter 7.04A. Any arbitration award may be enforced by judgment entered in the Superior Court of the State of Washington for Yakima County.

ZILLAH LAKES CC&Rs

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EXECUTED the day and year first above written.

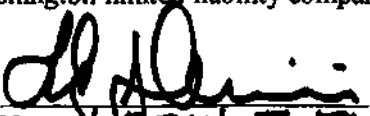
DEVELOPER/DECLARANT:

Tenancy In Common comprised of Zillah Prairie, LLC, a Washington limited liability company and Pardini, LLC, a Washington limited liability

ZILLAH PRAIRIE, LLC
a Washington limited liability company

By: 
Print Name: Richard G. McMillen
Its: Member

PARDINI, LLC
a Washington limited liability company

By: 
Print Name: GRAY J. PARDINI
Its: Member

ZILLAH LAKES CC&Rs

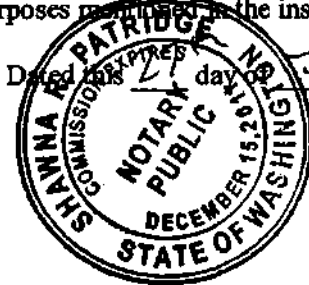


STATE OF WASHINGTON)

: ss.

COUNTY OF _____)

I certify that I know or have satisfactory evidence that Richard G. McMillen is the person who appeared before me, and he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Member of ZILLAH PRAIRIE, LLC, a Washington limited liability company, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.



Dated this 27 day of February, 2008

[Signature of Notary]

Shawna R. Patridge

[Print Name of Notary]

Notary Public in and for the State of Washington, residing at Chexa

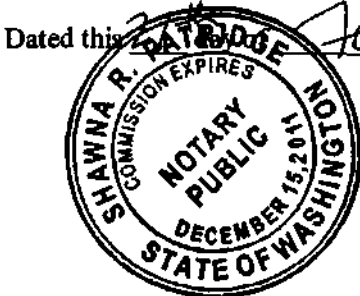
My commission expires: 12-15-2011

STATE OF WASHINGTON)

: ss.

COUNTY OF Yakima)

I certify that I know or have satisfactory evidence that Henry J. Pardini is the person who appeared before me, and he acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Member of PARDINI, LLC, a Washington limited liability company, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.



Dated this 27 day of February, 2008

[Signature of Notary]

Shawna R. Patridge

[Print Name of Notary]

Notary Public in and for the State of Washington, residing at Moxer

My commission expires: 12-15-2011

ZILLAH LAKES CC&Rs

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EXHIBIT 1 LEGAL DESCRIPTION

The Land comprising the Project described in the foregoing Declaration is located in Yakima County, Washington and is described more particularly as follows:

That portion of the Southeast quarter of the Southwest quarter of Section 22 and the Northeast quarter of the Northwest quarter of Section 27, Township 11 North, Range 20 East, W.M. described as follows:

Beginning at the West quarter corner of said Section 22; thence South 0°00' East, along the West line of the Southwest quarter of said Section 22, 1221.68 feet; thence North 90°00' East 1847.72 feet to the true point of beginning; thence South 33°11' West 135.55 feet; thence South 26°36' West 147.17 feet; thence North 63°24' West 110.00 feet; thence South 26°36' West 250.00 feet; thence South 63°24' East 20.00 feet; thence South 26°36' West 65.00 feet; thence North 63°24' West 32.00 feet; thence South 26°36' West 273.31 feet; thence south 18°24' East 112.96 feet; thence South 79°39' East 91.55 feet; thence South 47°20' East 23.55 feet; thence North 71°36' East 21.33 feet; thence south 63°24' East 53.10 feet; thence North 26°36' East 16.51 feet; thence South 63°24' East 20.00 feet; thence North 26°36' East 21.23 feet; thence South 63°24' East 15.39 feet; thence North 26°36' East 281.11 feet; thence South 63°24' East 48.82 feet; thence South 26°36' West 45.00 feet; thence South 63°24' East 174.10 feet; thence South 69°31' West 31.85 feet; thence South 43°53' West 120.00 feet; thence South 73°53' West 103.92 feet; thence South 16°07' East 80.00 feet; thence South 46°07' East 215.36 feet; thence South 76°07' East 80.00 feet; thence North 13°53' East 103.92 feet; thence North 43°53' East 180.00 feet; thence south 46°07' East 130.00 feet; thence South 43°53' West 240.00 feet; thence South 73°53' West 103.92 feet; thence South 16°07' East 80.00 feet; thence South 46°07' East 107.68 feet; thence North 43°53' East 110.00 feet; thence South 46°07' East 20.00 feet; thence South 43°53' West 110.00 feet; thence South 46°07' East 107.68 feet; thence South 76°07' East 80.00 feet; thence North 13°53' east 103.92 feet; thence North 25°27' east 63.24 feet; thence North 43°53' East 180.00 feet; thence South 46°07' East 30.00 feet; thence North 43°53' East 112.02 feet; thence North 37°24' East 30.01 feet; thence North 39°07' East 109.99 feet; thence North 47°30' West 60.00 feet; thence North 46°07' West 420.00 feet; thence North 48°02' West 71.63 feet; thence North 57°39' West 80.82 feet; thence North 63°24' West 300.56 feet; thence South 26°36' West 20.00 feet; thence North 63°24' West 15.22 feet; thence North 26°36' East 130.00 feet; thence North 63°24' West 110.00 feet; thence north 26°36' East 144.30 feet; thence North 33°11' East 132.62 feet; thence North 56°44'53" West 50.00 feet to the true point of beginning.



EXHIBIT 2 ADDITIONAL LAND

The Additional Land referred to in the foregoing document is located in Yakima County, Washington and is described more particularly as The Estates at Zillah Lakes, The Town Center Townhomes at Zillah Lakes, The Golf Course Townhomes at Zillah Lakes, The Angle Lake Cottage Homes at Zillah Lakes, The Practice Tee Townhomes at Zillah Lakes, The Commercial Properties at Zillah Lakes, and The Community Center at Zillah Lakes, each as shown as Tracts "A" through "G," respectively, on the following page of this Exhibit.

ZILLAH LAKES CC&Rs

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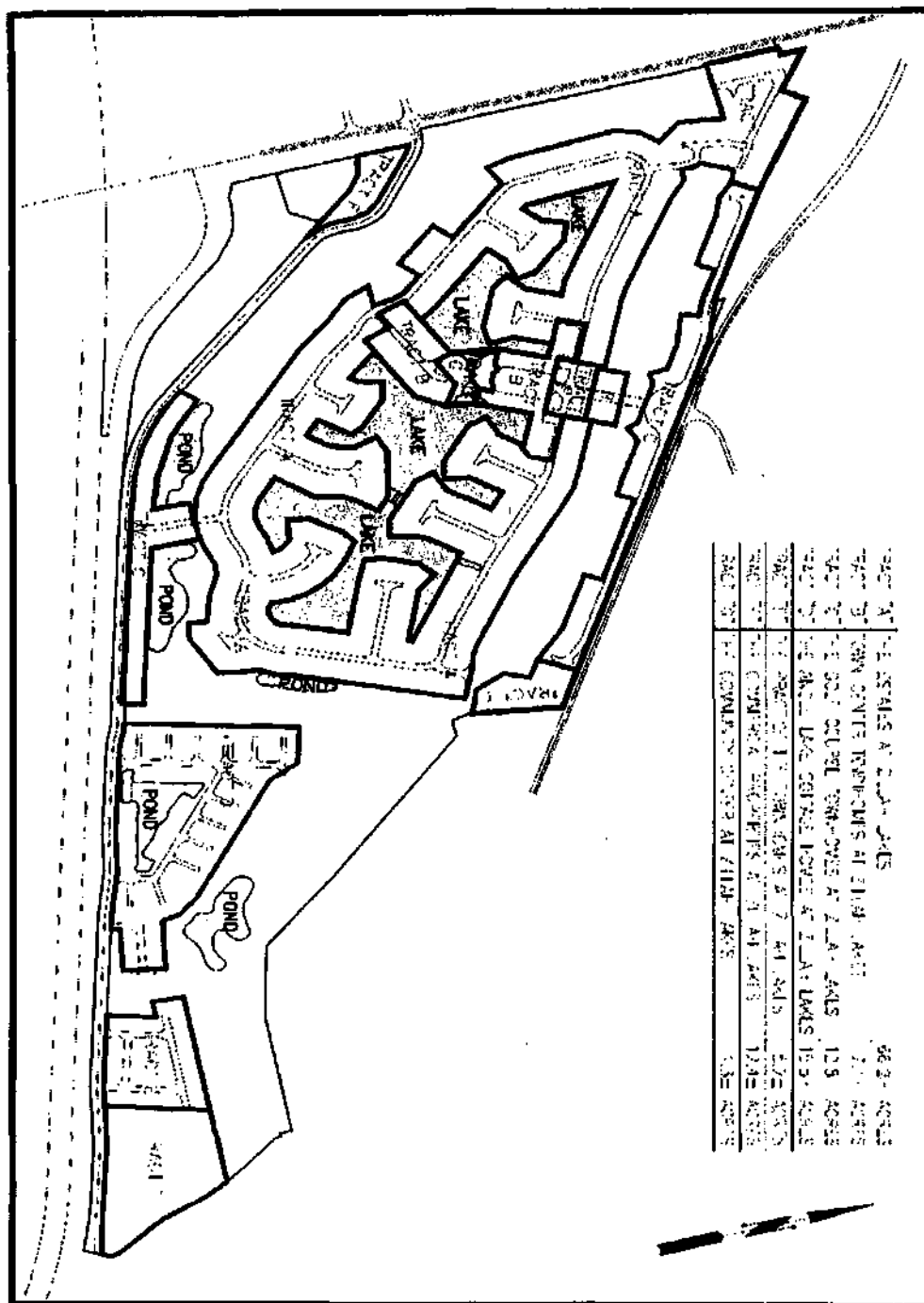
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ZILLAH LAKES CC&Rs

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EXHIBIT 3 LEGAL DESCRIPTION OF CONVERTIBLE LAND

There is no designated Convertible Land in the initial Plat Map. Convertible Land annexed to the Project, as part of any Additional Land, will be described with particularity on the Supplemental Plat Map and in the Supplemental Declaration at such time as it is annexed, and this Exhibit shall be amended at that time.

PLEASE REFER TO EXHIBIT No. 2, ABOVE.

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EXHIBIT 4 LEGAL DESCRIPTION OF COMMON AREA

The land referred to in the foregoing document as Common Area is located in Yakima County, Washington and is described more particularly as follows:

All private roads located on the PLAT OF ZILLAH LAKES – PHASE 1; a portion of the Lake adjacent and contiguous to the Lots shown in PLAT OF ZILLAH LAKES – PHASE 1; and

That portion of TRACT A of the PLAT OF ZILLAH LAKES – PHASE 1 described as follows:

Beginning at the Northeast corner of Lot 25 of said Plat; thence South 26°36' West, along the East line thereof, 65.00 feet; thence South 63°24' East 80.82 feet to a point on the Westerly line of Lot 26 of said Plat situate South 26°36' West 65.00 feet from the Northwest corner of said Lot 26; thence North 26°36' East, along said Westerly line, 65.00 feet to the Northwest corner of said Lot 26; thence North 63°24' West 80.82 feet to the Point of Beginning.

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EXHIBIT 5 GENERAL USE STANDARDS AND RESTRICTIONS

1. Similar Treatment. Similarly situated Owners and Occupants shall be treated similarly.

2. Religious and Holiday Displays. Owners and Occupants have the right to display religious and holiday signs, symbols, and decorations on their Lot, except that the Board may adopt reasonable time, place, and manner restrictions regulating displays which are visible from outside the Lot.

3. Activities Within Lots. No rule shall interfere with the activities carried on within the confines of a Building, except they must be appropriate to the area, be it residential, commercial, resort, or mixed, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of Owners or other Occupants, that generate excessive noise or traffic, that create unsightly conditions visible from outside the Lot, or that create an unreasonable noise nuisance.

4. Allocation of Burdens and Benefits. No rule shall alter the basis for allocation of Common Expenses among the Lots or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the use of the Common Area, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, violate rules or this Declaration, or fail to pay Assessments.

5. Alienation. No rule shall prohibit or require consent of the Association or Board for transferring of any Lot.

6. Reasonable Rights to Develop. No rule or action by the Association or Board shall impair or attempt to impair Developer's right to develop the Property in accordance with the Plans.

7. Nature and Restrictions on Ownership and Use in General. Each Owner shall have and enjoy the privileges of fee simple ownership of his Lot. There shall be no requirements concerning who may own a Lot, it being intended that they may and shall be owned as any other property rights. This is a mixed use community and, as such, each Lot and Common Area shall only be used in a manner consistent with the residential or commercial area in which it is located.

8. Joint, Common or Shared Utility Easements. The Developer, for itself and its successors and assigns hereby reserves the irrevocable and exclusive right, without any additional consent required, to enter into easement agreements with owners or developers of adjoining properties for any and all reasonable and necessary utility easements or rights of way for gas, water, power, sewer, Private Amenities and other



similar systems, over, under, across or through the Project.

9. Member's Easements and Rights of Way. Each Owner has the right and nonexclusive easement to use and enjoy the Common Area and Facilities. Such right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Association to (a) limit the number of guests and residents; (b) suspend the voting privileges; and (c) dedicate or transfer all or any part of the Common Area to any public agency, public authority or utility for the purpose of regulating transportation, maintaining the roadways, or providing utilities, and other similar or related purposes. During the Period of Developer's Control, any such dedication or transfer shall be effective only if approved in writing by the Developer. EACH LOT OWNER AND OCCUPANT OF THE PROPERTY COVENANTS AND AGREES FOR HIMSELF, HERSELF OR ITSELF, ITS FAMILY MEMBERS, GUESTS, SUCCESSORS AND ASSIGNS THAT HE, SHE OR IT DOES KNOWINGLY AND VOLUNTARILY ASSUME ALL RISKS ASSOCIATED WITH USE OF THE COMMON AREA AND FACILITIES, INCLUDING, BUT NOT LIMITED TO, THE RISKS OF PROPERTY DAMAGE OR PERSONAL INJURY ARISING FROM ANY ACTS OR OMISSIONS INCIDENTAL TO THE USE OF THE COMMON AREA AND FACILITIES AND HEREBY RELEASE DEVELOPER AND THE ASSOCIATION FROM ALL CLAIMS, ACTIONS, CAUSES OF ACTION, LOSSES, DAMAGES, COSTS, EXPENSES AND LIABILITIES (INCLUDING, WITHOUT LIMITATION, STRICT LIABILITY) ASSOCIATED THEREWITH; AND THAT NEITHER DECLARANT, DEVELOPER, THE ASSOCIATION NOR THEIR RESPECTIVE EMPLOYEES, AGENTS, INVITEES, LICENSEES, CONTRACTORS, SUCCESSORS AND ASSIGNS SHALL BE RESPONSIBLE OR ACCOUNTABLE FOR, AND SHALL HAVE NO LIABILITY FOR ANY CLAIMS, ACTIONS, CAUSES OF ACTION, LOSSES, DAMAGES, COSTS OR EXPENSES FOR PROPERTY DAMAGE OR PERSONAL INJURY ARISING FROM ACTIONS OR OMISSIONS INCIDENTAL TO USE OF THE COMMON AREA AND FACILITIES.

10. Signage. Posting of signs of any kind, including posters, circulars, campaign signs, political signs, and bills, except those required by law or permitted by the Board in, on or about the Project is prohibited. Political campaign signs are allowed only upon a Lot owned by the Person posting them, and with the following restrictions:

- (a) Signs shall not exceed normal yard sign size (approximately 22 inches x 28 inches).
- (b) Signs shall be free standing and not connected or attached to a fence, building or other structure.
- (c) Signs shall not be lighted except as normal house or yard lighting may incidentally illuminate them.



(d) Signs shall not obstruct driving line of sight or traffic signs or signals.

(e) Signs shall not be displayed more than thirty (30) days before the election involving the candidate, party or ballot measure they address.

(f) Signs shall be removed within three (3) days after the election involving the candidate, party or ballot measure they address.

(g) Signs shall not be placed on common facilities or grounds.

11. Subdividing Lots. The subdividing of a Lot into two or more Lots is prohibited, except the Developer may subdivide or change the boundary lines of any Lot or Lots that it owns, without additional consent.

12. Time Sharing. Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of a Lot rotates among participants in the program on a fixed or floating time schedule over a period of years is prohibited.

13. Pollution. Activities which materially disturb or destroy the vegetation, wildlife, or air quality within the Property or which result in unreasonable levels of sound or light pollution are prohibited.

14. Hazardous and Toxic Materials. Unless allowed by law, the disposal of any oil, gas, or lubricants, and the storage or disposal of any other hazardous materials anywhere within the Property is prohibited.

15. Electronic and Radio Transmitters (Shortwave, Microwave). Unless allowed by law, no electronic or radio transmitter of any kind, other than garage door openers, shall be located or operated in or on any Improvement or on any Lot without the prior written consent of the Board, which consent shall not be unreasonably withheld, conditioned or delayed.

16. Dust and Debris. Behavior or activities, which cause erosion or unreasonable amounts of dust or pollen, are prohibited, although the Developer and all builders are exempt from this restriction during construction.

17. Dog Runs and Pens. Dog runs and animal pens of any kind are prohibited, except as installed or constructed by the Developer, or as approved in writing by the Board or ARC.

18. Exterior Lighting. Since exterior street lighting is provided



throughout the Project, reflectors are not permitted, nor is any offensive or excessive exterior lighting or directional glare on any Lot, unless necessary for public safety purposes on, or the lighting of, Private Amenities or Common Area.

19. Storage Sheds. Temporary or permanent storage Buildings or sheds, whether prefabricated, metal or of any other construction whatsoever, which are visible from the Common Area or an adjoining Lot are prohibited; except as approved in writing by the Board or ARC.

20. Storing of Personal Property. The storing, in such a manner as to be visible from the Common Area or another Lot, of any personal property, furniture, fixtures, appliances, machinery, equipment, or other goods or chattels which are not in active use shall be prohibited; provided, however, this restriction shall not apply to the property of the Developer, Association, or any builder (to the extent approved by the Developer). Notwithstanding the foregoing, a gazebo, pergola, or similar structure may be permitted within the rear yard of a Lot if approved in writing by the Developer or Board. Firewood must be stacked in an area designated by the Developer or the Board.

21. Patio Furniture and BBQs. Outdoor patio furniture is allowed, although it must be maintained in a clean, tidy and neat manner. Bicycles, tricycles, motorcycles, household furniture and furnishings, equipment, machinery, tools, supplies, boxes, storage containers or other items of personal property may not be stored so as to be visible from the street, Common Area, or another Lot.

22. Mail and Newspaper Boxes. Mail, newspaper or other similar boxes installed or constructed on any Lot must be approved by the Developer and in accordance with U.S. Postal guidelines.

23. Fires and Incinerators. The burning of brush, trash or other materials; bonfires or incinerators; and open fires are prohibited, except in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes, or within a safe and well designed interior fireplace approved by the Board in writing.

24. Landscaping. Natural vegetation and landscaping is encouraged.

25. Diseases and Insects. The creation or allowance of a condition, which is likely to or may induce, breed, or harbor infectious plant diseases or noxious insects is prohibited.

26. Firearms. The use or discharge of firearms, incendiary devices or the painting of graffiti within the Project is prohibited. For purposes of this subsection the term firearms includes guns, pistols, handguns, rifles, automatic weapons and semi-automatic weapons.



27. Improper Sight Distances and Unsafe Conditions. Fencing, walls and landscaping, which impair or obstruct safe sight on Lots or property located at or near driveways, entrances, exits, walkways, paths and street intersections or corners is prohibited.

28. Energy Conservation Equipment. The construction or installation of solar energy collector panels, other energy conservation equipment or attendant hardware is prohibited without the prior written consent of the Board or ARC, which shall not be unreasonably withheld, conditioned or delayed.

29. Insurance. Doing or keeping anything in, on or about the Project, which may result in the cancellation of the insurance on the Property or an increase in the rate of the insurance on the Project over what the Board, but for such activity, would pay, is prohibited.

30. Laws. Doing or keeping anything in, on or about the Project, or any part thereof, which would be a violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body is prohibited.

31. Damage or Waste. Causing, committing or allowing damage or waste to the Common Area and Facilities, golf course or any Private Amenity is prohibited.

32. Structural Alterations. Structural alterations to the Common Area or Facilities, Golf Course, Commercial or Retail structure or any Private Amenity without the prior written consent of the Board, is prohibited.

33. Irrigation Systems. No sprinkler or irrigation system of any type which draw upon water from creeks, streams, rivers, lakes, ponds, canals, or other waterways within the Property shall be installed, constructed, or operated within the Property, without the prior written consent of the Developer and after the end of the Period of Developer's Control, the Board. All sprinkler and irrigation systems are subject to approval of the Developer and after the end of the Period of Developer's Control, the Board.

34. Water Amenities. The bodies of water within the Property are primarily aesthetic amenities, although the following activities are permitted:

- Paddle boats;
- Kayaks;
- Canoes;
- Floatation devices; and
- Other items approved by the Board of Directors.

Motorized (gas or electric) vehicles are prohibited on the water amenities. Neither the Developer nor the Association shall be responsible for any loss, damage, or injury to any



person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the Property. No dredging or filling shall be undertaken on any property adjacent to any water body.

35. Playground and Equipment. Playgrounds or other play areas or equipment furnished by the Developer or the Association, or erected within the Property, shall be used at the risk of the user, and neither the Developer nor the Association shall be held liable to any Person for any claim, damage, or injury to person or property occurring thereon or related to use thereof.

36. Motorized Vehicles. The operation of motorized vehicles on pathways or trails maintained by the Association is prohibited; however, golf carts may be operated on cart paths intended for such purposes, if any.

37. Nuisance. The creation or maintenance of a nuisance is prohibited. For purposes of this section, a nuisance is behavior, an activity or condition that annoys, bothers or disturbs other Occupants or interferes with their right to the peaceful and quiet enjoyment of the Property. The violation of any use restriction set forth herein shall be considered a nuisance *per se*.

38. Storage and Parking of Motor Vehicles. The driving, parking, standing and storing of motor vehicles in, on or about the Project shall be subject to the following:

(a) Traffic Rules and Regulations. Each Owner acknowledges that parking within the Project may be limited. Accordingly, the driving, parking, standing and storing of motor vehicles in, on or about the Project shall be subject to any traffic and parking rules and regulations may be adopted by the Board from time to time.

(b) Recreational, Commercial and Oversized Vehicles. Recreational, Commercial and Oversized vehicles must be parked inside a garage (with the garage door shut) or on a "pad" approved by the Developer or, after the end of the Period of Developer's Control, the ARC.

(c) Streets. No overnight parking is allowed on the streets within the Project, unless approved by the Board in advance.

(d) Zillah Lakes Loop. There is no parking at anytime on Zillah Lakes Loop.

(e) Barbee Court. There is parking designated only on one side of the street on Barbee Court.

(f) Obstacles. No motor vehicle or trailer, including but not limited to any car, automobile, truck, van, minivan, or any other transportation device of any kind may be parked or stationed in such a manner so as to block access to



any Building, Lot, structure, or driveway, or so as to create an obstacle or potentially dangerous condition.

(g) Repairs and Restoration. No occupant shall repair or restore any vehicle of any kind in or on the Common Area, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility. Disabled or inoperable motor vehicles must be stored so as not to be visible from the street, Common Area or another Lot.

(h) Guest Parking. Areas designated as "Guest" or "Visitor" parking are for the use and benefit of visitors, guests and invitees, and are not to be used by Owners or Occupants.

(i) Handicapped Parking. Areas designated as "Handicapped" parking are for the use and benefit of the handicapped.

(j) Towing. A motor vehicle parked in violation of this Declaration or rules adopted by the Board may be immobilized, impounded, or towed, after a 24-hour notice and at the Owner's sole risk and expense.

(k) Special Functions. Upon prior approval of the Board, guests, visitors and invitees may be permitted to park their vehicles on the streets within the Property at reasonable times before, during, and after special functions.

39. Satellite Dishes, Antenna and Aerials. Up to two satellite dish antenna having a diameter of not more than 40" installed adjacent to any residence and integrated with the structure and surrounding landscape, shall be permitted upon a Lot without any additional approval. Any other dish location and screening shall be reasonably determined by the Board so as not to impair reception and to ensure that the satellite dish is not visible, insofar as that is reasonably possible, from the street.

40. Pets. No pets, animals, livestock or poultry of any kind shall be bred in, on or about the Project, unless authorized by the Board in writing. Up to two (2) domestic pets per Lot are allowed; provided, however, pets must be properly licensed and registered (if required by law) with the appropriate governmental agencies, owners must pay a pet registration fee to the Board, obtain a certificate of registration from the Association, and abide by all pet rules and regulations adopted by the Board from time to time, and local ordinances. Pets may not create a nuisance. The following acts of a dog may constitute a nuisance: (a) it causes damage to the property of anyone other than its owner; (b) it causes unreasonable fouling of the air by odors; (c) it causes unsanitary conditions; (d) it defecates on any common area and the feces are not immediately cleaned up by the responsible party; (e) it barks, whines or howls, or makes other disturbing noises in an excessive, continuous or untimely fashion; (f) it molests or harasses passersby by lunging at them or chasing passing vehicles; (g) it attacks

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people or other domestic animals; or (h) it otherwise acts so as to bother, annoy or disturb other reasonable occupants or interferes with their right to the peaceful and quiet enjoyment of their property.

41. Environmental Issues -- Compliance with law -- Licenses and Permits.

Each Owner and Occupant shall obtain and maintain at all times during his ownership or use of the Property, all licenses and permits required to conduct or operate its business in and upon the Property which are required by any applicable governmental body or agency having jurisdiction over the premises, and shall pay the fee or charge imposed for assurance of any such license or permit. Each Owner or occupant shall renew any of these licenses and permits in accordance with the rules, codes, statutes or ordinances requiring the licenses or permits and shall comply with all requirements and perform all necessary actions required under any such rules, codes, statutes or ordinances for the issuance and continuance of the permits or licenses. If an Owner or Occupant breaches any environmental laws, or if the presence of hazardous material on the premises caused or permitted by Owner results in contamination of the Property, or if contamination of the Property by hazardous material otherwise occurs for which Owner is legally liable to Association for damage resulting from the same, then Owner by virtue of accepting a deed or other document of conveyance to a Lot and/or any occupant, by virtue of his taking possession of a Lot, shall be considered to have agreed to give the Board access to his property to investigate the violation and to indemnify, defend and hold Association harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including, but not limited to, diminution in value of the Property, damages for the loss or restriction on use of rentable or useable space or of any amenity of the premises, damages arising from any adverse impact on marketing of the Property, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise. This indemnification includes, but is not limited to, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of hazardous material present in the soil or ground water on or under the Property. Without limiting the above, if the presence of any hazardous material on the Property caused or permitted by an Owner or occupant results in any contamination of the Property, said Owner or occupant shall promptly take all actions at his sole expense as are necessary to return the Property to the condition existing prior to the introduction of any such hazardous material to the Property, provided that the Association's written approval of such action or actions shall first be obtained, which approval shall not be unreasonably withheld, delayed or conditioned so long as the action would not potentially have any material adverse long-term or short-term effect on the Property. As used in this section, the term "hazardous material" means any hazardous or toxic substance, material or waste, which is or becomes regulated by any local governmental authority, the State of Washington or the United States Government. The term "hazardous material" includes, but is not limited to, any material or substance which is (a) defined as a "hazardous waste" or other hazardous material or substance under



any of the laws of the State where the Property is located, (b) petroleum, (c) asbestos, (d) designated as a "hazardous substance" pursuant to the Federal Water Pollution Control Act, (e) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act, as amended, or (f) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, as amended.

42. Garbage and Refuse Disposal. The Property shall not be used or maintained as a dumping ground for rubbish, trash, garbage or other waste collectively, (collectively, "Trash"). All Trash shall be kept at all times in sanitary containers. All Trash containers shall be kept in sanitary condition. No Trash containers, unsightly material or objects are to be stored on any portion of the Property in view of the general public, except in designated areas. Disposal of any oil, gas, or lubricants, and the storage or disposal of other hazardous materials anywhere within the Property is prohibited. If any Owner abuses the common trash containers provided in the Common Areas, the Association shall be empowered to (a) require such Owner to maintain at his own expense a separate garbage removal system in an area designated by the Association, or (b) charge such Owner such additional amount for garbage removal as the Association deems necessary or proper to defray the added cost of garbage removal resulting from such abuse. The term "abuse" as used herein shall mean any overuse of the garbage removal system or the dumping of anything prohibited (or resulting in an increased charge) by the garbage removal service in the judgment of the Association.

43. Liability of Owners and Occupants For Damages. Any Owner or occupant shall be liable to the Association or other Owners or Occupants for damages to person or property in the Community caused by his negligence.

44. Leases. Owner shall not lease his Lot or any Dwelling thereon to any Person for a period of less than thirty (30) days, except (a) Developer may lease a Lot/Dwelling for a shorter period prior to its initial sale pursuant to a bona fide purchase and sale agreement, and (b) Developer or Owner may rent a Lot/Dwelling as a Short Term Rental on the terms and conditions set forth below. Each lease or rental agreement shall be in writing, a copy shall be filed with the Board, and by its terms shall provide that the terms of the lease or rental agreement are subject in all respects to the provisions of this Declaration and the Bylaws of the Association, and all rules and regulations thereunder. Any failure by the lessee to comply with the terms contained in said documents shall be a default in any lease or rental agreement. No Owner may rent less than an entire Lot/Dwelling for the entire lease term. The Association shall supervise all leasing, renting or subleasing of Lots/Dwellings to ensure compliance with this section, and the Board may create reasonable rules and regulations regarding such leasing, renting or subleasing. The Association shall not consent to any lease, sublease or rental agreement, the effect of which will result in noncompliance with this section.



The Board, at its discretion, may require an Owner who rents, leases or sublets said Owner's Lot/Dwelling to pay a non-refundable move-in/move-out fee in such amount as the Board deems appropriate with the Association to cover damage caused by the renters to the Common Areas. If anyone who rents Owner's Lot/Dwelling causes damage to the Common Areas that exceeds the amount of the move-in/move-out fee, the Owner shall immediately reimburse the Association for the full cost of repairing all damage caused by its renters. Failure to pay for damage caused to the Common Areas shall be considered a delinquent assessment and shall be subject to collection as set forth herein.

Notwithstanding the foregoing provisions of section, an Owner may rent a Lot/Dwelling (but not less than the entire Lot/Dwelling) for a period of less than thirty (30) days (a "Short Term Rental") if (a) the Owner has entered into a written agreement ("Rental Management Agreement") with a professional rental management company, (b) the Lot/Dwelling is rented by the rental management company pursuant to the terms and conditions of said Rental Management Agreement, and (c) the Owner has paid the move-in/move-out fee as the Board deems appropriate.

The Board must approve the Rental Management Agreement used for Short Term Rentals prior to any Short Term Rental of a Lot/Dwelling by its Owner. The Board shall approve or disapprove the proposed Rental Management Agreement within thirty (30) days of a written request of an Owner.

The Rental Management Agreement shall require that the Rental management company notify and require that all persons renting a Lot/Dwelling for less than thirty (30) days ("Short Term Renters") abide by the following rules: (a) the maximum occupancy for each Lot/Dwelling shall be in accordance with guidelines established by the Board, (b) short Term Renters shall not be allowed to have pets in the Lot/Dwelling, (c) Short Term Renters must use only the Owner's assigned parking, and (d) Short Term Renters shall otherwise abide strictly by all rules and regulations for Short Term Rentals which are established by the property manager and/or Board and approved by the Board and all provisions of the Declarations and Bylaws. All Units which are rented on a short term basis shall be fully furnished according to any guidelines established by the rental management company and/or the Board. The Owner must carry any additional insurance required by the property manager or Board for Units being used for Short Term Rentals. All damage to the Lot/Dwelling or lost items shall be replaced upon notification from the property manager.

The Board may not require that any Lot/Dwelling be used as a Short Term Rental. Whether or not to offer a Lot/Dwelling as a Short Term Rental shall be at the Lot/Dwelling Owner's sole discretion. If an Owner elects to use his own Lot/Dwelling during the term of a Rental Management Agreement between the Owner and a rental management company, the Owner shall abide by the rules established by the property manager and Board for Short Term Rentals.

If a short Term Renter violates the rules established for Short Term Rentals or any

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of the provisions of the Declarations and Bylaws or if the Owner fails to abide by the guidelines set forth in this Section, violates the terms of the Rental Management Agreement, fails to remit the required move-in/move-out fees or reimburse costs of damage in excess of the move-in/move-out fees or violates the rules and regulations established for Short Term Rentals, the Board may require that the Owner withdraw his/her Lot/Dwelling from Short Term Rental for a period of between six (6) and twelve (12) months, as determined by the Board.

45. Miscellaneous Items. Such other items as may be set forth by the Developer or the Board of Directors as Zillah Lakes Homeowners Association Rules and Regulations.

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EXHIBIT 6 SUB-ASSOCIATIONS

1. Sub-associations. Sub-associations may be established by the Developer or the Association to operate and control or to assist in the operation and control of a particular Neighborhood, Residential Area, Commercial Area or any combination thereof within the Project.

(a) Types of Sub-associations. There may be two kinds of sub-associations unless otherwise determined by the Board, to wit: the NHOA and the CPOA.

(b) Mandatory Membership. If a sub-association is established in accordance with this Declaration, Membership in such applicable sub-association is mandatory, appurtenant to the Lot, and may not be separated therefrom.

(c) Additional Covenants, Conditions and Restrictions. Subject to the Master Declaration, sub-associations properly established in accordance with this Declaration may adopt additional covenants, conditions and restrictions governing a particular Commercial or Residential Area, which shall become effective upon recording in the Office of the County Clerk of Yakima County, Washington.

(d) Sub-association Fees. In addition to the Base Fee charged by the Association, a sub-association may charge the Owners in the sub-association a NHOA Base Fee or a CPOA Base Fee to pay for Common Expenses unique to the sub-association, which shall be assessed and collectible in the same manner as any other Assessment.

(e) Incorporated Sub-association. Any sub-association shall be incorporated under the laws of the State of Washington.

(f) Management of the Sub-association. Any sub-association shall be governed by a Board of Directors duly elected and qualified, and comprised of Members of the sub-association.

2. Powers of the Association Relating to Sub-associations. No sub-association may take any action or enter into any transaction which affects the Association, Common Areas and Facilities or Master Plan without the express prior written consent of the Developer (until the end of the Developer's Period of Control) and the Association, which shall not be unreasonably withheld, conditioned or delayed.



EXHIBIT 7 STANDARDS AND USE RESTRICTIONS FOR RESIDENTIAL AREA

1. Household Composition. No rule shall interfere with the freedom of Occupants of a Dwelling to determine the composition of their households, except that the Declaration limits residency in a Dwelling to a single Family and no more than two (2) individuals per bedroom and requires compliance with Yakima County ordinance regarding Family as defined under Article 1. Definitions - #39.
2. Detached Garages. Detached garages are not allowed unless approved by the Board and the ARC.
3. Clothes Lines. Outside laundry, laundry poles or lines are prohibited.
4. Business Use. The operation of a commercial trade or business in a designated Residential Area is prohibited unless: (1) the Unit is within Tract B – in which Owners of a Town Center Townhomes Unit may participate in retail activities on the street level of their Unit as approved by the Association for members of the CPOA (2) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the residence; (2) the business activity conforms to all zoning requirements for the Project; (3) the business activity does not involve persons coming onto the Project who do not reside in the Project or door-to-door solicitation of occupants of the Project; (4) the business activity is consistent with the residential character of the area and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents; (5) all of the necessary licenses and permits have been obtained; and (6) the Board has approved in writing of the commercial, trade and/or business activity;
5. Above Ground Pools. Above-ground pools erected, constructed or installed on any Lot are prohibited.
6. Air Conditioning Units. Except as may be permitted by the Developer and after the end of the Period of Developer Control, by the ARC, no window air conditioning units may be installed in any Dwelling.
7. Miscellaneous Items. Such other applicable items as may be set forth by the Developer or the Board of Directors as Zillah Lakes Homeowners Association Rules & Regulations.



EXHIBIT 8 STANDARDS AND USE RESTRICTIONS FOR COMMERCIAL AREAS

1. Restriction Against Heavy Industry. No Owner or occupant shall erect or maintain, or permit to be erected or maintained, on any portion of the Property, any factory or facility or any kind or nature whatever for engaging in heavy industry. As an example of heavy industry, but not limited to: industry which is capital- and/or labor-intensive, such as automobile, industrial machinery, steel, rubber, mining or petroleum.
2. Restriction Against Dangerous Industry. No Owner or occupant shall erect, make, establish, or carry on or permit, or cause or suffer to be erected, made, established, or carried on in any manner, on any part of the Property any structure for the manufacture or sale of any substance of an inherently dangerous nature.
3. Restriction Against Keeping Livestock. No horse, cow, hog, goat, or similar animal shall be kept or maintained on the Property, or any portion of it, nor shall any chicken yard or similar facility be maintained on the Property.
4. Restriction Against Oil and Gas Wells. No well for the production of, or from which there may be produced, oil or gas shall be drilled or operated on the Property, nor shall any machinery, appliance, or structure be placed, operated, or maintained on the property in connection with or related to such activities.
5. Restriction Against Funeral Homes. No funeral homes, mortuary, undertaking establishment, establishment for storing and embalming bodies or performing autopsies, establishment for displaying caskets or containers for dead bodies, shall be established, kept, maintained, or used on the Property.
6. Restriction Against Outside Toilet Facilities. Except for fully self-contained portable toilets during construction and community events, no outside toilet facilities shall be constructed or maintained on any portion of the Property. Septic tanks, sewage disposal systems, and drinking water facilities shall conform to all requirements established by the appropriate government agencies.
7. Restriction Against Recreational Vehicles Trailers and Trailer Courts and Parks. No Owner or occupant shall erect, make, establish, keep, or maintain on the Property recreational vehicles, trailers, or other movable structure used, or designed for use, even though not in actual use, as a residence, sleeping quarters, or as an out building. Provided, however, temporary use shall be allowed for a forty-eight (48) hour period (which may be extended by the Board to ninety-six (96) hours). Provided, however, tents may be placed on a temporary basis if a dwelling is located on a Lot.
8. Business Involving Hazardous and Toxic Materials. No business involving the use or storage of regulated hazardous materials is allowed.



9. Compliance with Law -- Generally. No Owner shall use the Property for any purpose in violation of any federal, state, or municipal statute or ordinance, or any regulation, order, or directive of a governmental agency, as such statutes, ordinances, regulations, orders, or directives now exist or may in the future provide, concerning the use and safety of the Property.

10. Signs. No sign, lettering, display, or advertising device of any nature may be erected, displayed or maintained on any part of the project (including placement of signs within a Lot or other location of the Project which are visible from the common areas) without prior approval of the CPOA or the Board if no sub-association exists, except as may be necessary temporarily to caution or warn of danger or to provide directions as required by law, and such signs as Developer may erect or maintain incident to the original construction, legal requirements, and original sale of Lots.

11. Flags. U.S. Flags may be displayed in a manner consistent with Federal and State Statutes either on a single flag pole, no greater than 16' permanently installed in the front yard or on a wall mount on the front face of the home. Final placement on a Lot or Unit must be approved by the ARC, which shall not unreasonably withhold, condition or delay approval.

12. Littering Prohibited. No Owner or Occupant shall litter the Common Areas or Facilities and the Lots shall be maintained so as not to endanger the health, safety or well-being of the other Owners and Occupants.

13. Compliance with Environmental Laws. Owner, at his cost and expense, shall comply with all applicable laws, statutes, ordinances, rules and regulations of any governmental authority having jurisdiction concerning environmental matters, including but not limited to, any discharge into the air, waterways, sewers, soil or ground water of any hazardous or toxic substance or "pollutant."

14. Restriction Against Pollution of Water. In the interest of public health and sanitation, and so that the Property may be benefited by a decrease in the hazards of stream pollution and by the protection of water supplies, recreation, wild life, and other public uses of such property, no Owner or occupant shall use the Property for any purpose that would result in the pollution of any waterway that flows through or adjacent to the Property by refuse, sewage, or other material that might tend to pollute any such waters.

15. Restriction Against Excavation and Grading. No excavation for stone, gravel, or earth shall be made on the Property, except for walls, basements, or cellars of Buildings. However, the Developer reserves the right at any time prior to the End of the Period of Developer's Control to excavate and grade on the Property, and to remove material from or deposit material on the Property in connection with the development of the Property.



16. Deliveries. Deliveries, loading, and transport activity must be restricted so as not to interfere with the other Owners' use of their Lots or the Common Areas.

17. Miscellaneous Items. Such other items as may be set forth by the Developer or the Board of Directors as Zillah Lakes Homeowners Association Rules & Regulations.



EXHIBIT 9 BY-LAWS

The administration of the Association shall be governed by these Bylaws, subject to the Declaration.

1. Application of Bylaws. All present and future Lot owners, mortgagees, lessees and occupants of Lots and their employees, and any other persons who may use the facilities of the property in any manner are subject to the Declaration, these Bylaws and all rules made pursuant hereto and any amendment thereof. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Lot shall constitute an agreement that the provisions of the Declaration and these Bylaws (and any rules and regulations made pursuant thereto), as they may be amended from time to time, are accepted, ratified and will be complied with.

2. Board of Directors. The initial Board shall consist of three Directors who shall all be appointed by the Developer and shall serve at its pleasure until Directors are elected. At the first annual meeting after the end of the Class B Control Period (or at a special meeting called after that date), the members shall elect a nine-member Board of Directors. At the end of the Class B Control Period, the administration of the property on behalf of the Association shall be conducted by a Board of Directors of nine (9) natural individuals who are Owners.

(a) The Lot owners shall elect the members of the Board of Directors for the forthcoming year. At least thirty (30) days prior to any annual meeting of the Association, the Board of Directors shall appoint from the Lot owners a nominating committee of not less than three (3) members (none of whom shall be members of the then Board of Directors) who shall recommend to owners present at the annual meeting one nominee for each position on the Board of Directors to be filled at that particular annual meeting. Nominations for positions on the Board of Directors may also be made by petition filed with the secretary of the Association at least seven (7) days prior to the annual meeting of the Association, which petition shall be signed by ten (10) or more Lot owners and signed by the nominee named therein indicating his willingness to serve as a member of the Board of Directors, if elected. Members of the Board of Directors shall be required to be Lot owners.

(b) The Association shall be managed by a Board, which, after the Class B Control Period, shall be comprised of nine (9) Directors and shall be elected by the Owners. One-third (1/3) of the Directors shall be elected to serve three (3) year terms, one-third (1/3) of the Directors shall be elected to serve a term of two (2) years and one-third (1/3) of the Directors shall be elected to serve a one (1) year term. Provided, however, after the initial Directors are elected, each



Director elected thereafter will be elected for a three (3) year term. The members of the Board of Directors shall serve until their respective successors are elected, or until their death, resignation or removal. Any member of the Board of Directors who fails to attend three (3) consecutive Board of Directors meetings or fails to attend at least 25% of the Board of Directors meetings held during any calendar year shall forfeit his membership on the Board of Directors.

(c) Any member of the Board of Directors may resign at any time by giving written notice to the President or the Secretary of the Association, or the remaining Board of Directors members. Any member of the Board of Directors may be removed from membership on the Board of Directors by a two-thirds majority vote of the Association. Whenever there shall occur a vacancy on the Board of Directors due to death, resignation, removal or any other cause, the remaining Board members shall elect a successor Director to serve until the next annual meeting of the Association, at which time said vacancy shall be filled by the Association for the unexpired term, if any.

(d) The members of the Board of Directors shall receive no compensation for their services.

(e) The Board of Directors, for the benefit of the Property and the Association, shall manage the business, property and affairs of the Community and the Association and enforce the provisions of the Declaration, these Bylaws, the House Rules and the administrative Rules and Regulations governing the Property. The Board of Directors shall have the powers, duties and responsibilities with respect to the Property as contained in the State Statutes, Articles of Incorporation, the Declaration and these Bylaws.

(f) The meetings of the Board of Directors shall be held at such places within the State of Washington as the Board of Directors shall determine. A majority of the members of the Board of Directors shall constitute a quorum, and if a quorum is present, the decision of a majority of those present shall be the act of the Board of Directors. The Board of Directors shall annually elect all of the officers of the Association. The meeting for the election of officers shall be held at the first meeting of the Board of Directors immediately following the annual meeting of the Association.

(g) Special meetings of the Board of Directors may be called by the president or by any two (2) Board of Directors members.

(h) Regular meetings of the Board of Directors are open to the membership and may be held without call or notice. The person or persons calling a special meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice



need not specify the purpose for which the meeting is called; if an agenda is prepared for such a meeting, the meeting need not be restricted to discussions of those items listed on the agenda.

(i) **Action by Written Consent.** Any action required or permitted by the Articles of Incorporation, the Bylaws, the Declaration, or under the laws of the State of Washington, to be taken at a meeting of the Board of Directors of the Association may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Board of Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote and may be described as such.

(j) Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting except if a Board of Directors member attends the meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the members of the Board of Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

(k) The fiscal year shall be determined by the Board of Directors.

3. **Meetings of the Association.**

(a) A meeting of the Association must be held at least once each year. The presence in person or by proxy at any meeting of the Association of twenty percent (20%) of the Lot owners in response to a notice of all Lot owners of record properly given shall constitute a quorum. In the event that twenty percent (20%) of the Lot owners are not present in person or by proxy, the meeting shall be adjourned for a minimum of twenty-four (24) hours and a maximum of sixty (60) days, at which time it shall reconvene and any number of Lot owners present at such subsequent meeting shall constitute a quorum. Unless otherwise expressly provided in the Declaration, any action may be taken at any meeting of the Lot owners upon a majority vote of the Lot owners who are present in person or by proxy and who are voting, except as already defined in the Declaration.

(b) Unless otherwise determined by the Board of Directors, the annual meeting of the Association shall be held in the first quarter of the fiscal year at the property or at such other reasonable date, time and place located in Yakima County, Washington (and not more than sixty (60) days before or after such time) as may be designated by written notice by the Board of Directors delivered to the Lot owners not less than fourteen (14) nor more than sixty (60)



days prior to the date fixed for said meeting. At or prior to an annual meeting, the Board of Directors shall furnish to the Lot owners: (a) a budget for the coming fiscal year that shall itemize the estimated common expenses of the coming fiscal year with the estimated allocation thereof to each Lot owner; and (b) a statement of the common expenses itemizing receipts and disbursements for the previous and current fiscal year, together with the allocation thereof to each Lot owner.

(c) Special meetings of the Association may be held at any time at the Property or at such other reasonable place to consider matters which, by the terms of the Declaration, require the approval of all or some of the Lot owners, or for any other reasonable purpose. Special meetings shall be called by written notice, signed by the president, a majority of the Board of Directors, or by Lot owners representing at least ten percent (10%) of the votes in the Association and delivered to all Lot owners not less than fourteen (14) nor more than sixty (60) days prior to the date fixed for said meeting. The notices shall be hand-delivered or sent prepaid by first class mail by the secretary to the mailing address of each owner or to any other mailing address designated in writing by the owner, and shall specify the date, time and place of the meeting, and the matters to be considered, including the general nature of any proposed amendment to the articles of incorporation, bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

(d) Robert's Rules of Order (latest edition) shall govern the conduct of the Association's meeting when not in conflict with the Declaration or these Bylaws.

4. Officers.

(a) All officers and employees of the Association shall serve at the will of the Board of Directors. The officers shall be a president, vice president, secretary and treasurer. The Board of Directors may appoint such other assistant officers, as the Board of Directors may deem necessary. No officer shall receive compensation for serving as such. Officers shall be annually elected by the Board of Directors and may be removed and replaced by the Board of Directors.

(b) The president shall be the chief executive of the Board of Directors and shall preside at all meetings of the Lot owners and of the Board of Directors and may exercise the powers ordinarily allocable to the presiding officer of an Association. He shall sign on behalf of the Association all conveyances, mortgages and contracts of material importance to its business. He shall do and perform all acts, which the Board of Directors may require.

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(c) In the absence or inability of the president, the vice president shall perform the functions of the president.

(d) The secretary shall keep minutes of all proceedings of the Board of Directors and of the meetings of the Association and shall keep such books and records as may be necessary and appropriate for the records of the Lot owners and the Board of Directors. The secretary may prepare, execute, certify, and record amendments to the governing documents on behalf of the Association. The secretary shall not be the same person as the president.

(e) The treasurer shall be responsible for the fiscal affairs of the Association, but may delegate the daily handling of funds and the keeping of records to a manager or managing company.

5. Litigation.

(a) If any action is brought by one or more but less than all Lot owners on behalf of the Association and recovery is had, the plaintiff's expenses, including reasonable counsel's fees, shall be a common expense; provided, however, that if such action is brought against the Lot owners or against the Board of Directors, the officers, employees, or agents thereof, in their capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all the Lot owners, the plaintiff's expenses, including counsel fees, shall not be charged to or borne by the other Lot owners, as a common expense or otherwise.

(b) Complaints brought against the Association, the Board of Directors or the officers, employees or agents thereof, in their respective capacities as such, or the property as a whole, shall be directed to the Board of Directors (or the Board's designee), which shall promptly give written notice thereof to the Lot owners and any mortgagees and shall be defended by the Board of Directors, and the Lot owners and mortgagees shall have no right to participate other than through the Board of Directors in such defense. Complaints against one or more, but less than all Lot owners shall be directed to such Lot owners, who shall promptly give written notice thereof to the Board of Directors and to the mortgagees affecting such Lots, and shall be defended by such Lot owners.

6. Abatement and Enjoinment of Violations by Lot Owners. The violation of any house rules or administrative rules or regulations adopted by the Board of Directors or the breach of any provision contained herein, or the breach of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws:

(a) To enter the Lot in which or as to which such violation or breach



exists and to similarly abate and remove, at the expense of the defaulting Lot owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or

(b) To enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

7. Accounting.

(a) The books and accounts of the Association shall be kept in accordance with generally accepted accounting procedures under the direction of the treasurer.

(b) At the close of each fiscal year, the books and records of the Board of Directors shall be audited by a certified public accountant unless waived by 67% of the votes cast by Owners, in person or proxy, at a meeting of the Association at which a quorum is present. Copies of the review shall be made available to any Member who requests a copy in writing and pays the reasonable cost of photocopying the same.

(c) The books and accounts of the Association shall be available for inspection at the office of the Association by any Lot owner or his authorized representative during regular business hours.

8. Committees. The Board of Directors by resolution may designate one or more committees, each committee to consist of three (3) or more Lot owners, which to the extent provided in said resolution, shall have and may exercise the powers set forth in said resolution. Such committees shall have such names as may be determined from time to time by the Board of Directors. Such committees shall keep regular minutes of their proceedings and report the same to the Board of Directors when required. The members of such committees designated shall be appointed by the Board of Directors. The Board of Directors shall appoint Lot owners to fill vacancies on each of said committees occasioned by death, resignation, removal or inability to act for any extended period of time.

9. Amendment of Bylaws. These Bylaws may be amended by a majority affirmative vote of the Association at a meeting duly called for such purposes. Any material amendment to these Bylaws must be approved in writing by all mortgagees as defined in the Declaration. Upon such an affirmative vote, the Board of Directors shall acknowledge the amended Bylaws, setting forth the fact of the required affirmative vote of the Lot owners and mortgagees where necessary and the amendment shall be effective upon recording.

10. Severability. The provisions hereof shall be deemed independent and



severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision hereof.

11. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of these Bylaws nor the intent of any provision hereof.

12. Policy on Electronic Notice and Voting.

(a) Definitions. In addition to their natural, commonly accepted definitions, and to supplement definitions and usage as they may appear throughout the Governing Documents, the Association adopts the following definitions:

(i) "Deliver" includes electronic transmission, in accordance with the Owner's consent for purposes of delivering a demand, consent, vote, notice, or waiver to the Association or one of its Officers, Directors, or Owners.

(ii) "Electronic transmission" means an electronic communication (a) not directly involving the physical transfer of a record in a tangible medium and (b) that may be retained, retrieved, and reviewed by the sender and the recipient thereof, and that may be directly reproduced in a tangible medium by a sender and recipient.

(iii) "Electronically transmitted" means the initiation of an electronic transmission.

(iv) "Execute", "executes", or "executed" includes, with respect to an electronic transmission, electronically transmitted along with sufficient information to determine the sender's identity.

(v) "Record" means information inscribed on a tangible medium or contained in an electronic transmission.

(vi) "Tangible medium" means a writing, copy of a writing, facsimile, or a physical reproduction, on paper or on other tangible material.

(b) Notice; Owner Consent.

(i) Notice to Owners in an electronic transmission that otherwise complies with the requirements of this Policy is effective only



with respect to Owners who have consented either in writing or by electronic transmission to receive electronically transmitted notices.

A. A Owner who provides consent, in the form of a record, to receipt of electronically transmitted notices shall designate in the consent the message format accessible to the recipient, and the address, location, or system to which these notices may be electronically transmitted.

B. A Owner who has consented to receipt of electronically transmitted notices may revoke the consent by delivering a revocation to the Association in the form of a record.

C. The consent of any Owner is revoked if the Association is unable to electronically transmit two consecutive notices given by the Association in accordance with the consent, and this inability becomes known to the secretary of the Association or other person responsible for giving the notice. The inadvertent failure by the Association to treat this inability as a revocation does not invalidate any meeting or other action.

(ii) Notice to Owners who have consented to receipt of electronically transmitted notices may be provided by posting the notice on an electronic network and delivering to the Owner a separate record of the posting, together with comprehensible instructions regarding how to obtain access to this posting on the electronic network.

(iii) Notice provided in an electronic transmission is effective when it: (a) is electronically transmitted to an address, location, or system designated by the recipient for that purpose, and is made pursuant to the consent provided by the recipient; or (b) has been posted on an electronic network and a separate record of the posting has been delivered to the recipient together with comprehensible instructions regarding how to obtain access to the posting on the electronic network.

(c) Notice of Owners' Meetings. Notice in an electronic transmission, stating the place, day, and hour of the annual meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than fourteen (14) nor more than sixty days (60) before the date of the meeting, by or at the direction of the President, or the Secretary, or the Officers or persons calling the meeting, to each Owner entitled to vote at such meeting.

(d) Owner Voting.



(i) A Owner may vote by electronic transmission.

(ii) The Association may conduct an election by electronic transmission if the Association has designated an address, location, or system to which the ballot may be electronically transmitted and the ballot is electronically transmitted to the designated address, location, or system, in an executed electronically transmitted record.

(iii) Owners voting by electronic transmission are present for all purposes of quorum, count of votes, and percentages of total voting power present.

(iv) Whenever Directors or proposals are to be elected by Owners, the vote may be taken by electronic transmission if the name of each candidate and the text of each proposal to be voted upon are set forth in a record accompanying or contained in the notice of meeting. The electronically transmitted solicitation for votes shall indicate the number of responses needed to meet the quorum requirements, state the percentage of affirmative votes required to approve each matter, and, specify the date and time by which vote must be received by the Association to be counted. An electronically transmitted vote may be revoked by a Owner at any time before the response deadline.

(e) Owner Proxies.

(i) A Owner may appoint a proxy by electronic transmission.

(ii) An appointment of a proxy by electronic transmission is effective when it is received by the inspectors of an election or the Officer or agent of the Association authorized to tabulate votes.

(iii) Acceptable forms of transmission of an authorization to act for the Owner as proxy include:

- A. Recorded telephone calls;
- B. Voice mail;
- C. Other electronic transmissions.

(iv) Any person acting in the capacity of an inspector of election ("Inspector") must verify that the Owner authorized the transmission. To verify Owner authorization:

A. the transmission must contain or be accompanied by information, including any security or validation controls, from



which it can be reasonably determined that the transmission as authorized by the Owner;

B. the Inspector shall specify the information the Inspector relied on in determining that a transmission was valid; and

C. the holder of a proxy received by transmission shall provide the Association a copy of the transmission.

(v) The Association shall retain a copy of the transmission for sixty (60) days following the announcement of a vote.

13. Effective Date. These Bylaws shall take effect upon recording of the Declaration of which they are a part.



EXECUTED Feb 29, 2008.

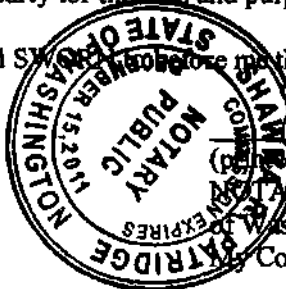
ZILLAH LAKES PROPERTY OWNER'S ASSOCIATION

By: [Signature]
Print Name: Steve Strosahl
Title: President

STATE OF WASHINGTON)
)ss.
COUNTY OF KING)

I certify that I know or have satisfactory evidence that Steve Strosahl is the person who appeared before me, and that person acknowledged signing this instrument, on oath stated their authority to execute the instrument and acknowledged it as the authorized agent of the party on behalf of whom instrument was executed to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

SUBSCRIBED and SWORN to before me this 29th day of Feb, 2008.



(print name): Shante R. Ritzke
NOTARY PUBLIC in and for the State
Washington, residing at Mexa
Commission expires: 12-15-2011

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EXHIBIT 10 DESIGN GUIDELINES

1. Basic Building Restrictions. The following basic building restrictions shall be binding upon the construction of Improvement in or on the Property:

(a) Use of Property. Each Lot shall be used solely for residential, commercial, or mixed-use purposes depending upon the nature of the area in which the Lot is located.

(b) ARC Approval. The Plans and Specifications, including the location of all improvements, must be approved in writing by ARC prior to commencement of any construction.

(c) Property Line Setbacks. Property line setbacks shall comply with county standards and the requirements of any NHOA or CPOA.

(d) Floor Space. The minimum size of each Dwelling or Building shall comply with county standards and the requirements of any NHOA or CPOA within which the Lot is located.

(e) Exterior Materials. All Exterior Surfaces of any building shall be of construction materials and of colors approved by ARC, and shall comply with county standards and the requirements of any NHOA or CPOA.

(f) Roofs. All roofs and roof overhangs shall be constructed in accordance with county standards and the requirements of any NHOA or CPOA.

(g) Height. With the exception of the clubhouse and related Buildings, no Building shall exceed 30 feet in height in the front of the structure or 35 feet in height measured from the highest natural ground level adjacent to such Building to the highest point of the ridge line of such Building.

(h) Garages. All Garages must meet the criteria of and comply with county standards and the requirements of any NHOA or CPOA.

(i) Garage Doors. All Garage doors shall meet the criteria of and comply with county standards and the requirements of any NHOA or CPOA.

(j) Foundations. Subject to approval of the ARC a maximum of 8 inches of exposed concrete foundation shall be permitted. A maximum of 18 inches of exposed concrete shall be permitted on elevations where the grade slopes along any Building. Concrete Masonry Units (CMU) used for foundation purposes shall be painted to match the main structure. Provided, however, the ARC can increase the concrete minimums.



(k) Windows. A minimum of one window on each elevation of a Dwelling shall be required.

(l) Decks. Decks shall be integrated with the architecture of the main Building. Covered deck roof forms shall be consistent with the slope of the main roof on the Building. Deck supporting posts shall be approved by the ARC. Exposed wood deck elements shall be painted or stained.

(m) Construction Time Requirement. Construction must be commenced and finished within 12 months. All work of construction shall be prosecuted diligently and continuously from the time of commencement until completed.

(n) New Construction. All Buildings shall be of new construction and no Building may be moved onto a Lot without the prior written approval of ARC.

(o) Storage of Building Materials. No building materials shall be stored on any Lot except temporarily during construction of an improvement or its alteration, renovation or remodeling, and then only when a building permit is in force.

(p) Occupancy During Construction. No Improvement or structure shall be occupied in the course of original construction until the appropriate governmental authorities have issued all required certificates of occupancy.

(q) Temporary Structures. No trailer, mobile home, tent, shack or other temporary building, improvement or structure shall be placed upon any property without the prior approval of ARC, except that Developer may maintain temporary structures necessary for storage of tools and equipment and for office space for architects, sales personnel, builders and foremen during actual construction without the prior approval of ARC.

(r) Construction Activities. This Declaration shall not be construed so as to unreasonably interfere with, or prevent normal construction of Improvements by any Owner, provided that when completed such Improvements shall in all ways conform to this Declaration. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs, or similar activities, provided that such construction is pursued to completion with reasonable diligence and is in compliance with applicable federal, state and local laws and ordinances and any rules and regulations adopted pursuant thereto, and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including but not limited to any provision



prohibiting temporary structures, may be granted by the ARC, provided that such waiver shall be only for the reasonable period of such initial construction. Such waiver may, but need not, be recorded or in recordable form.

(s) Driveways. Driveways for dwellings shall be large enough to accommodate at least 2-parked automobiles.

2. Utilities. Each Owner shall be and is hereby made subject to all easements that now or in the future may be used for gas, electric, telephone, cable television, cable for computers, water, sewer, and other lines present or in the future, as are necessary to provide utility services to a Lot, adjoining Lots and the Improvements thereon. Each Owner by accepting a deed or other document of conveyance agrees to execute such further grant(s) or other instruments as may be required by any utility or other company or public governmental or quasi-governmental entity for such purposes. Subsequent to the date of the execution of this Declaration, any necessary electrical, telephone, gas, water, sewer, cable television, cable for computers, and other utility conduits, lines and pipes on any Lots shall be placed underground. No transformer, or electric, power, gas, water or other meter or device of any type, or any other apparatus shall be located on any pole within the Property. All utility installations must be approved by ARC in writing. Each Owner shall abide by all applicable rules and regulations of all utility and other companies, governmental entities or quasi-governmental entities, which supply or provide utilities or related services to the Property.

3. Landscaping and Drainage. The following restrictions apply to all landscaping and drainage in the Project.

(a) Generally. Landscaping must be approved by ARC. Priority is to be given to natural vegetation and xeriscape landscaping.

(b) Completion of Landscaping. Landscaping must be completed within 9 months of the issuance of a certificate of occupancy, weather permitting. Reasonable extensions may be approved by the ARC.

(c) Trees. When a Lot is improved with a Dwelling and is landscaped, the following criteria for tree planting shall be followed:

(i) A minimum of 3 trees shall be planted on each Lot.

(ii) Of the 3 trees minimum to be planted, at least 1 deciduous tree with a minimum 1-inch caliper (the diameter of the tree 10 inches above the top of root-ball), shall be planted.

(iii) Of the 3 trees, 1 additional deciduous tree of a minimum



one-half (1/2) inch caliper shall be planted elsewhere on the Lots; provided, however, on corner Lots, 2 trees shall be 1 inch caliper and planted in the front or side yard areas.

(iv) Diagrams of the Lot and placement shall be submitted with the request for ARC approval.

4. Maintenance of Unimproved Lots. Owners shall maintain unimproved Lots free and clear of weeds, trash and debris in accordance with county standards. Each unimproved Lot shall be mowed at least twice per year or as many additional times as may be necessary to maintain growth below 12 inches in height. Lots that are out of compliance with this standard may be brought into compliance by the Association, at the Owner's expense, after a first notice to comply and 10 days within which to cure the item have occurred.

5. Drainage. No material change may be made in the ground level, slope, pitch or drainage patterns of any Lot as fixed by the original finish grading except after first obtaining the prior written approval of ARC. Grading shall be maintained at all times so as to conduct irrigation and surface waters away from Buildings and so as to protect foundations and footings from excess moisture. Any drainage flows directed to adjacent Lots should not exceed historic flows. Owners shall not impede or retain water flow in any of the natural drainage gulches

6. Entries and Monuments. Entry structures may be placed on footprint easements on the entry Lots. The Association shall maintain such structures. The Association or its designated agents have right of access to perform maintenance. Owners may not obstruct the view, attach any improvement, including fencing, to, against, or in front of such structures. Owners shall maintain their Lots adjacent to the entry structures so as to maintain a clear view. The Association shall maintain all entries including landscaping, monuments, walls, and the like.

7. Common area fencing. If, in order to facilitate a modification, an Owner needs access through common area fencing, approval in writing from the ARC and a deposit, established by the ARC, is required prior to any construction on Owner's Lot and to avoid potential fines.



EXHIBIT 11 ARCHITECTURAL CONTROLS

1. Approval Required. No construction, alteration, modification, removal or destruction of any Improvements to any Lot of any nature whatsoever, whether real, personal or mixed, shall be initiated or be permitted to continue or exist within the Property without the prior written consent of the ARC.

2. Composition of the Architectural Review Committee. The ARC shall consist of five (5) persons, who do not need to be Owners. Each person shall hold office until he has resigned or has been removed, but in any event, until his successor has been appointed. Members of the ARC may be removed at any time with or without cause.

3. Appointment of Members of the Architectural Review Committee. The Members of the ARC shall be appointed by the Developer during the Period of Developer's Control, and thereafter the Members of the ARC shall be appointed by the Board.

4. Compensation. The Members of the ARC may receive reasonable compensation for services rendered upon execution of an agreement with the Board relative thereto, and may be reimbursed for actual expenses incurred in the performance of their duties hereunder.

5. Limitation of Liability. Neither the ARC nor any Member of said Committee shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, and they shall not be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Building or Lot, and in all such matters, they shall be defended, saved, held harmless and indemnified by the Association.

6. No Waiver of Future Approvals. Each Owner acknowledges that the members of the ARC will change from time to time and that interpretation, application and enforcement of the Design Guidelines may vary accordingly. Approval of proposals, plans, specifications or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans, specifications, drawings, or other matters subsequently or additionally submitted for approval.

7. Variance. The ARC may authorize variances in writing from its guidelines and procedures, but only: (a) in accordance with duly adopted rules and regulations, (b) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship or aesthetic or environmental considerations, and (c) when construction in



accordance with the variance would be consistent with the purposes of the Declaration and compatible with existing and anticipated uses of adjoining the Property. Inability to obtain a permit or license, or the terms or conditions of any governmental approval or any financing shall not be considered a hardship warranting a variance. Notwithstanding the above, the ARC may not authorize variances without the written consent of the Developer, as long as it owns any of the Property or has a right to annex any Additional Property or convert Convertible Land, or the Board after the Class B Control Period.

8. Enforcement. The ARC, upon approval by the Board, shall be authorized on behalf of and in the name of the Association to commence such legal or equitable proceedings as are determined by it to be necessary or proper to correct or enjoin any activity or condition existing within the Project, the continuation of which violates the provisions of this Declaration, Design Guidelines or approved plans and specifications. The authority of the ARC, unless otherwise restricted by the Board, shall include the power to retain legal counsel and expert witnesses, pay filing fees, deposition costs, witness fees and all other ordinary and necessary expenses incurred in commencing and carrying out said legal or equitable proceedings, all of which costs shall be paid by the Association. If an attorney is hired to interpret or enforce architectural controls, the prevailing party shall be entitled to recover his reasonable attorney's fees and costs, regardless of whether a lawsuit is filed.

9. Additional Damages /Costs. Expenses and damages determined by the Board to be proximately caused by an Owner's deviation from or violation of the architectural controls, or the costs and expenses incurred by the Association to correct the same shall be considered an Specific Assessment against the Owner and the Lot owned by said Owner, which Assessment shall be due and payable at such time or in such installments as determined by the Board, in its sole discretion

10. Non-Exclusive Remedy. The right of the Association to levy an Specific Assessment shall not be deemed to be an exclusive remedy of the Association and it may, in its sole discretion, without waiver of any other legal or equitable remedy, pursue enforcement of the lien securing said Specific Assessment, proceed to collect any amount due directly from the Owner and/or pursue any other remedies available at law or in equity.

11. Private Rights. The Association shall not have the right to mediate or litigate private disputes between Owners where there is a legal or equitable remedy available to resolve said dispute when, in the sole discretion of the Board, the interests of the Association or a substantial number of the Owners would not be benefited thereby.

12. Application. The application process is outlined on Exhibit "12" attached hereto and incorporated herein by this reference.



13. Design Guidelines. The Design Guidelines are set forth on Exhibit "10" attached hereto and incorporated herein by this reference.

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EXHIBIT 12 APPLICATION TO ARCHITECTURAL REVIEW COMMITTEE

1. Submission of Plans and Specifications. Plans, specifications, drawings, proposals and the like shall be submitted to the ARC as follows, unless otherwise determined by said Committee.

(a) Submittal. Prior to commencing any construction, an Owner shall submit an application for approval of the proposed improvement or work (the "Proposed Improvement") to the ARC. Such application shall be in the form required by the ARC and shall include such information as required under the Design Guidelines, such as plans showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening therefore, and other features of proposed construction, as applicable, as well as any other information reasonably requested by the ARC. Before the Owner may begin construction of the proposed Improvement, the ARC must approve the application in writing.

(b) Preliminary Architectural Drawings Plans and Specifications. The ARC may require, as a minimum, the following:

- (i) Plot plan to scale of entire site with buildings located and elevation of floors shown above or below a designated point on the street.
- (ii) Floor plans of each floor level to scale.
- (iii) Elevations to scale of all sides of the Dwelling or Structure.
- (iv) One major section through Dwelling or Structure.
- (v) Specifications of all outside materials to be used on the exterior of the Dwelling, including landscaping plans.

(c) Review. In reviewing each submission, ARC may consider quality of workmanship and design, visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, and location in relation to surrounding structures and plant life. ARC may require protection of native plants within the construction site, the installation of an irrigation system for the landscaping, and xeriscape landscaping and the inclusion of natural plant life on the Lot as a condition of approval of any submission. Approval by ARC shall not constitute approval of or waiver of approvals or reviews required by the Developer, the Association, or any other governmental agency or entity having



jurisdiction over architectural or construction matters. The ARC shall not require permits or other approvals by local government entities other than those issued by such entities in the usual course of business, such as building permits. ARC shall within thirty (30) days advise the party submitting the Plans, in writing, at an address specified by such party at the time of submission, of (1) the approval of Plans, or (2) the segments or features of the Plans which are deemed by ARC to be inconsistent or not in conformity with this Declaration and/or the Design Guidelines, and the reasons for such finding, and suggestions, if appropriate, for the curing of such objections. Notice (for purposes of this Section only) shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the submitting party.

(d) Commencement. ARC, as part of the Plan approval, may require that construction in accordance with approved Plans be commenced and/or completed within a specified time period. In such event, if construction is not commenced or completed in a timely manner, then such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans to ARC for reconsideration. If construction is not completed on a Proposed Improvement for which Plans have been approved within such period, such approval shall be deemed withdrawn, and such incomplete construction shall be deemed to be in violation of this Declaration and may cause the Board to employ its authority and rights to bring about compliance.

(e) Final Plans and Specifications and Working Drawings. The ARC may require, as a minimum, the following:

(i) Plot plans to scale showing the entire site, building, garages, walks, drives, fence, carriage lights, retaining walls, with elevations of the existing and finished grade and contours including those at the outside corners of the buildings and at adjacent property lines and street fronts, and elevations of floors from a designated point on the street.

(ii) Detailed floor plans.

(iii) Detailed elevations, indicating all materials and showing existing and finished grades.

(iv) Detailed sections, cross and longitudinal.

(v) Details of cornices, porches, windows, doors, garages,



garden, steps, patios, fences, carriage lights, etc. Specifications walls shall give complete description of materials to be used with supplements, addendums or riders noting the colors of all materials to be used on the exterior of the Dwelling.

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EXHIBIT 13 INSURANCE

1. Insurance. The Board shall at all times purchase, maintain in force, and pay the premiums for, if reasonably available, insurance on the Common Areas satisfying at least the following requirements:

(a) Property Insurance. Blanket property insurance using the standard "Special" or "All-Risk" building form. Loss adjustment shall be based upon replacement cost. For purposes of this subsection, the term "casualty insurance" shall not mean or refer to "earthquake" or other special risks not included in a standard PUD, Condominium, or Cooperative Housing property or casualty policy. The Board may add additional coverage, as it deems necessary or proper.

(b) Public Liability Insurance. Public liability insurance with adequate limits of liability for bodily injury and property damage, consistent with that of similarly situated P.U.D.'s in Yakima County, Washington. If possible, the policy should be written on the comprehensive form and shall include not-owned and hired automobile liability protection.

(c) Director's and Officer's Insurance. Adequate directors and officers liability insurance, sometimes known as errors and omissions insurance.

(d) Fidelity Bond. A separate fidelity bond in a reasonable amount to be determined by the Board to cover all non-compensated officers as well as all employees for theft of Association funds.

(e) Agents. Furthermore, where the Board or the Association has delegated some or all of the responsibility for the handling of funds to a management agent, such bonds are required for the management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Board or the Association.

(f) Amount of Coverage. The total amount of fidelity bond coverage required shall be based upon the Board's best business judgment, but shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Board, the Association, or the management agent, as the case may be, at any given time during the term of each bond. Nevertheless, in no event may the amount of such bonds be less than a sum equal to three (3) months aggregate Assessments on all Lots, plus reserve funds.

(g) Quality of Coverage. The bonds required shall meet the following additional requirements:



(i) They shall name the Board, the Owners Association, and the Property Manager as obligee;

(ii) If the insurance contract or bond excludes coverage for damages caused by persons serving without compensation, and may use that exclusion as a defense or reason not to pay a claim, the insurance company shall, if possible, be required to waive that exclusion or defense;

(iii) The premiums on all bonds required herein for the Board and the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Board or the Association as part of the Common Expenses; and

(iv) The bonds shall provide that they may not be canceled or substantially modified, including cancellation for nonpayment of premium, without at least ten (10) days' prior written notice to the Board and the Association, to any Insurance Trustee, and to each service of loans on behalf of any Mortgagee.

(h) Earthquake and/or Flood Insurance shall not be required unless requested and approved by at least seventy five percent (75%) of the Members of the Association.

(i) Master Property/Liability Insurance for Attached Homes. The Board shall have the power to purchase a master property/general liability insurance policy for the attached homes if approved by at least 75% of the attached housing owners. The cost of such policy shall be assessed against all of the properties covered by such insurance.

(j) Miscellaneous Items. The following provisions shall apply to all insurance coverage:

(i) Quality of Carrier. A "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports -- International Edition, an "A" or better rating in Demotech's Hazard Insurance Financial Stability Ratings, a "BBB" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's Insurers Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service -- if the carrier is issuing a master policy or an insurance policy for the common elements in the Project.



- (ii) The Insured. The name of the insured under each policy required to be maintained hereby shall be set forth in the name of the "Association for the use and benefit of the Owners."
- (iii) Designated Representative. The Association may designate an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement, or any successor to such Trustee, for the use and benefit of the individual Owners.
- (iv) Beneficiary. In any policy covering the entire Project, each Owner and his Mortgagee, if any, shall be beneficiaries of the policy in an amount equal to the Owner's percentage of undivided ownership interest in the Common Areas and Facilities.
- (v) Certificate of Insurance. Evidence of insurance shall be issued to each Owner and Mortgagee upon request.
- (vi) Mortgage Provisions. Each policy shall contain a standard mortgage clause or its equivalent and shall provide that the policy may not be canceled or substantially modified without at least ten (10) days prior written notice to the Association and to each Mortgagee.
- (vii) Waiver of Subrogation. A waiver of the right of a subrogation against Owners individually;
- (viii) Individual Neglect. A provision that the insurance is not prejudiced by any act or neglect of any individual Owner; and
- (ix) Deductible. The deductible on a claim made against the Association's Property Insurance Policy shall be paid for by the party responsible for the loss.
- (k) Individual Insurance. Each Owner and occupant shall purchase and maintain adequate liability and property insurance on his Lot, personal property and contents; provided, however, no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all the Owners and their mortgagees, may realize under any insurance policy which the Association may have in force on the Property at any particular time.
- (l) Primary Coverage. The insurance coverage of an Owner shall, in the event the Association also has insurance covering the loss, be primary and the insurance of the Association shall be secondary.



(m) Prompt Repair. Each Owner further covenants and agrees that in the event of any partial loss, damage or destruction of his Lot, the Owner shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction.

(n) Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed to repair promptly and reasonably the damages. Any proceeds remaining thereafter shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association. This is a covenant for the benefit of the Association and any Mortgagee of a Lot and may be enforced by them.

(o) Special Endorsements. Each policy shall also contain or provide those endorsements commonly purchased by other Associations in similarly situated PUDs in Yakima County, Washington, including but not limited to a guaranteed replacement cost endorsement under which the insurer agrees to replace the insurable property regardless of the cost and, or a Replacement Cost Endorsement under which the insurer agrees to pay up to 100% of the property's insurable replacement cost, but no more, and, if the policy includes a coinsurance clause, an Agreed Amount Endorsement which waives the requirement for coinsurance; an Inflation Guard Endorsement when it can be obtained, a Building Ordinance or Law Endorsement, if the enforcement of any building, zoning or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, and increased costs of reconstruction.

(p) Restrictions on Policies. No insurance policy shall be maintained where:

(i) Individual Assessments Prohibited. Under the term of the carriers charter, By-Laws, or policy, contributions may be required from, or assessments may be made against, an Owner, Mortgagee, the Board, or the Association.

(ii) Payments Contingent. By the terms of the Declaration, Bylaws, or policy, payments are contingent upon action by the carriers Board, policyholder, or member; or

(iii) Mortgagee Limitation Provisions. The policy includes any limited clauses (other than insurance conditions), which could prevent the party entitled (including, without limitation, the Board, Association, or Owner) from collecting insurance proceeds.

2. Intent. The foregoing provisions shall not be construed to limit the power or authority of the Association, Board or Owners to obtain and maintain insurance



coverage, in addition to any insurance coverage required hereunder, in such amounts and in such forms as the Board or Association may deem appropriate from time to time.

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EXHIBIT 14 DESTRUCTION AND EMINENT DOMAIN

1. Destruction, Condemnation, and Obsolescence. The following provisions shall apply with respect to the destruction, condemnation, or obsolescence of the Project.

(a) Definitions. Each of the following terms shall have the meaning indicated:

(i) "Substantial Destruction" shall exist whenever, as a result of any damage or destruction to the Project or any part thereof, the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(ii) "Partial Destruction" shall mean any other damage or destruction to the Project or any part thereof.

(iii) "Substantial Condemnation" shall exist whenever a complete taking of the Project or a taking of part of the Project has occurred under eminent domain or by grant or conveyance in lieu of condemnation, and the excess of the estimated cost of restoration over the funds available is Twenty five (25%) percent or more of the estimated restored value of the Project.

(iv) "Partial Condemnation" shall mean any other such taken by eminent domain or grant or conveyance in lieu thereof.

(v) "Substantial Obsolescence" shall exist whenever the Project or any part thereof has reached such a state of obsolescence or disrepair that the excess of the estimated cost of restoration over the funds available is Twenty five percent (25%) percent or more of the estimated restored value of the Project.

(vi) "Partial Obsolescence" shall mean any state of obsolescence or disrepair, which does not constitute Substantial Obsolescence.

(vii) "Restored Value" shall mean the fair market value of the Project after Restoration as determined by an MAI or other qualified appraisal.

(viii) "Estimated Cost of Restoration" shall mean the estimated costs of restoring the Project to its former condition.

(ix) "Available Funds" shall mean any proceeds of insurance, condemnation awards, payments in lieu of condemnation, and any



uncommitted funds of the Board or Association. Available Funds shall not include that portion of insurance proceeds legally required to be paid to any party other than the Association, including a mortgagee, or that portion of any condemnation award or payment in lieu of condemnation payable to the Owner or Mortgagee for the condemnation or taking of the Lots in which they are interested.

(b) Determination by Board. Upon the occurrence of any damage or destruction to the Project or any part thereof, or upon a complete or partial taking of the Project under eminent domain or by grant or conveyance in lieu thereof, the Board shall make a determination as to whether the excess of Estimated Costs of Restoration over Available Funds is twenty-five percent (25%) or more of the estimated Restored Value of the Project. In addition, the Board shall, from time to time, review the condition of the Project to determine whether Substantial Obsolescence exists. In making such determinations the Board may retain and rely upon one or more qualified appraisers or other professionals.

(c) Restoration of the Project. Restoration of the Project shall be undertaken by the Board promptly without a vote of the Owners in the event of Partial Destruction, Partial Condemnation, or Partial Obsolescence and shall also be undertaken in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence unless the failure to make Restoration is consented to by Owners collectively holding at least sixty-seven percent of the Project's undivided ownership interest and is further consented to by Eligible Mortgagees holding Mortgages on Lots which have appurtenant at least fifty-one (51%) percent of the undivided ownership interest in the Common Areas and Facilities which is then subject to Mortgages held by Eligible Mortgagees.

(d) Notices of Destruction or Obsolescence. Within thirty (30) days after the Board has determined that Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence exists, it shall send to each Owner and Eligible Mortgagee a written description of the destruction, condemnation, or state of obsolescence involved, shall take appropriate steps to ascertain the preferences of the Eligible Mortgagees concerning Restoration, and shall, with or without a meeting of the Owners (but in any event in accordance with the applicable provisions of this Declaration), take appropriate steps to determine the preferences of the Owners regarding Restoration.

(e) Excess Insurance. If the insurance proceeds condemnation awards, or payments in lieu of condemnation actually received by the Board or Association exceed the cost of Restoration when Restoration is undertaken, then the excess



funds shall be placed in the Capital Improvement Reserve Account and retained by and for the benefit of the Association. This covenant is also for the benefit of the Association and any Mortgagee, and, therefore, may also be enforced by them. Payment to any Owner whose Lot is the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

(f) Inadequate Insurance. In the event the cost of Restoration exceeds Available Funds, all of the Lots shall be assessed for the deficiency on the basis of their respective percentages of undivided ownership interest in the Common Areas.

(g) Reallocation in Event of Partial Restoration. In the event that all or any portion of one or more Lots will not be the subject of Restoration (even though the Project will continue) or is taken in a condemnation proceeding or pursuant to any agreement in lieu thereof, the undivided ownership interest in the Common Areas and Facilities shall be immediately reallocated to the remaining Lots.

(h) Sale of Project. Unless Restoration is accomplished as set forth above, the Project shall be sold in the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence. In the event of such sale, ownership under this Declaration and the Plat Map shall terminate and the proceeds of sale and any Available Funds shall be distributed by the Board to the Owners in proportion to their respective undivided interests in the Common Areas. Payment to any Owner whose Lot is then the subject of a Mortgage shall be made jointly to such Owner and the interested Mortgagee.

(i) Authority of Board to Represent Owners in Condemnation or to Restore or Sell. The Board, as attorney-in-fact for each Owner, shall represent all of the Owners and the Association in any condemnation proceeding or in negotiations, settlements, and agreements with the condemning authority for the acquisition of all or any part of the Common Areas and Facilities.

(j) Settlement Proceeds. The award in any condemnation proceeding and the proceeds of any settlement related thereto shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear.

(k) Restoration Power. The Board, as attorney-in-fact for each Owner, shall have and is hereby granted full power and authority to restore or to sell the Project and each Lot therein whenever Restoration or sale, as the case may be, is undertaken as hereinabove provided.

(l) Right of Entry. Such authority shall include the right and power to



enter into any contracts, deeds or other instruments, which may be necessary or appropriate for Restoration or sale, as the case may be.

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EXHIBIT 15 DEVELOPER'S RIGHTS

1. Developers Sales Program. Notwithstanding anything to the contrary, until the termination of the Period of Developer's Control, neither the Owners, Association nor the Board shall interfere or attempt to interfere with the completion of improvements and sale of the remaining Lots or Property, and Developer shall have the following rights in furtherance of any sales, promotions or other activities designed to accomplish or facilitate the sale of all Lots or Property owned by Developer:

(a) Sales Office and Model Lots. Developer shall have the right to maintain one (1) or more sales offices and one (1) or more model Lots, Building or Dwelling at any one time. Such office and/or models may be one or more of the Lots, Buildings or Dwellings owned by it, or one or more of any separate structures or facilities placed on the Property for the purpose of aiding Developer's sales effort, or any combination of the foregoing;

(b) Promotional. Developer shall have the right to maintain a reasonable number of promotional, advertising and/or directional signs, banners or similar devices at any place or places on the Property.

(c) Common Area Use. Developer shall have the right to use the Common Areas of the Project, Golf Course, Community Center, Clubhouse, Recreational Amenities, and Private Amenities to facilitate sales.

(d) Relocation and Removal. Developer shall have the right from time to time to locate or relocate any of its sales offices, models, or signs, banners or similar devices, but in connection with each such location or relocation shall observe the limitations imposed by the preceding portion of this Section. Within a reasonable period of time after the sale of all of Developer's Lots or interests in the Property, Developer shall have the right to remove from the Project any signs, banners or similar devices and any separate structure or facility which was placed on the Property for the purpose of aiding Developer's sales effort.

2. Limitation on Improvements by Association. Until the sale of all of Developer's Lots or interests in the Property, neither the Association, Board, nor Owners shall, without the written consent of Developer, make any improvement to or alteration in any of the Common Areas and Facilities created or constructed by Developer, other than such repairs, replacements, or similar matters as may be necessary to properly maintain the Common Areas as originally created or constructed by Developer.

3. Withdrawal or Conversion of Property. The Developer reserves the unilateral right to amend this Declaration at any time so long as it holds an unexpired



option to expand the Project pursuant hereto, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the land submitted to the Project, or to convert the use of said land, provided it is owned by the Developer, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Project desired to be effected by the Developer, provided such withdrawal or conversion is not unequivocally contrary to the overall, uniform scheme of development for the Project.

4. Developer's Reservation of Rights. Developer reserves for itself and its assigns the right to vary the timing, mix, type, use, style, and number of Lots, the nature of the Lots, the materials and other such details of construction in adding phases to this Declaration. If additional uses, such as, by way of explanation and not limitation, light industrial or additional commercial, are permitted by zoning, Developer shall have the right to add such uses to this Declaration.

5. Developer's Rights Assignable. All of the rights of Developer under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment. Any Mortgage covering all Lots or Buildings in the Project title to which is vested in Developer shall, at any given point in time and whether or not such Mortgage does so by its terms, automatically cover, encumber, and include all of the then unexercised or then unused rights, powers, authority, privileges, protection and controls which are accorded to Developer (in its capacity as Developer) herein.

6. Transfer of Management and Control. At the expiration of the Developer's Period of Control, the Developer shall cause an instrument transferring control of the ARC and the Board to be filed of record in the office of the Clerk of Yakima County, Washington. The instrument shall include the "Control Transfer Date."

7. Warranties and Representations. Developer specifically disclaims any intent to have made any warranty or representation in connection with the Project or the Declaration except as specifically set forth herein or in any agreement for sale of a Lot, and no person shall rely upon any warranty or representation not so specifically made therein.

8. Construction Activities Authorized. Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise be prohibited by this Declaration. Supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved by the Developer or, at the end of Developer's Period of Control, the Association.



EXHIBIT 16 EXPANSION

1. Reservation of Option to Expand. Developer hereby reserves the option to expand the Project to include additional Lots. This option to expand may be exercised from time to time, at different times and in any order, without limitation, provided however, the option shall expire ten (10) years from the date following the first conveyance of a Lot in Phase I to a purchaser unless sooner terminated by Developer's recorded Waiver of such option, there being no other circumstances which will cause the option to expire prior to said ten (10) years. Such right may be exercised without first obtaining the consent or vote of Owners and shall be limited only as herein specifically provided. Such Lots shall be constructed on any or all portions of the Additional Land.

2. Supplemental Declarations and Supplemental Maps. Such expansion may be accomplished by the filing for record by Developer in the office of the County Clerk of Yakima County, Washington, no later than ten (10) years from the date this Declaration is recorded, a Supplement or Supplements to this Declaration containing a legal description of the site or sites for new Lots, together with supplemental Map or Maps containing the same information with respect to the new Lots as was required on the Map with respect to the Phase I Lots. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion.

3. Expansion of Definitions. In the event of such expansion the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Project as so expanded. The term "Property" shall mean the real property initially submitted under the Declaration, plus any Additional Land added to the Project by a Supplemental Declaration or by Supplemental Declarations, and reference to this Declaration shall mean this Declaration as so supplemented. All conveyances of Lots after such expansion shall be effective to transfer rights in the Project, with additional references to the Supplemental Declaration and the Supplemental Map. The recordation in the office of the Clerk of Yakima County, Washington of a Supplemental Map incident to any expansion shall operate automatically to grant, transfer, and convey to then Owners of Lots in the Project as it existed before such expansion the respective undivided interests in the new Common Areas added to the Project as a result of such expansion. Such recordation shall also operate to vest in any then mortgagee of any Lots in the Project as it existed, interest so acquired by the Owner of the Lots encumbering the new Common Areas added to the Project as a result of such expansion.

4. Declaration Operative on New Lots. The new Lots, upon recording the Supplemental Map and Supplemental Declaration in the said office of the Clerk of Yakima County, Washington, shall be subject to all the terms and conditions of the Washington Law and this Declaration, as amended or supplemented from time to time.

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5. Right of Developer to Adjust Ownership Interest in Common Areas.

Each deed of a Lot shall be deemed to irrevocably reserve to the Developer the power to appoint to Owners, from time to time, the percentages in the Common Areas set forth in Supplemental or Amended Declaration. The proportionate interest of each Owner in the Common Areas after any expansion of the Project shall be an undivided interest of the Project as expanded. A power coupled with an interest is hereby granted to the Developer, its successors and assigns, as attorney in fact to shift percentages of the Common Areas in accordance with Supplemental or Amended Declarations recorded pursuant hereto and each deed of a Lot in the Project shall be deemed a grant of such power to the Developer. Various provisions of this Declaration and deeds and mortgages of the Lot may contain clauses designed to accomplish a shifting of the Common Areas. None of said provisions shall invalidate the other, but each shall be deemed supplementary to the other toward the end that a valid shifting of the Common Areas can be accomplished. Notwithstanding anything to the contrary herein, no change in the percentage of undivided interest in the Common Areas may be effected more than ten (10) years after the effective date of the Declaration. Accordingly, upon the recordation of a Supplemental Declaration and Supplemental Map incident to any expansion, the revised schedule of undivided interests in the Common Areas contained therein shall automatically become effective for all purposes and shall fully supersede any similar schedule which was contained in any declaration associated with any prior phase. In the event the provisions of the separate instruments relating to the Project conflict irreconcilably, the terms of that instrument which was recorded most recently shall control.

6. Other Provisions Concerning Expansion.

If the Project is expanded as hereinbefore contained, then it is further provided that: (1) All or any part of the Additional Land may be added to the Project without any limitations whatsoever save and except that all additional Lots created must be restricted to residential, commercial, or mixed-use; (2) Portions of the Additional Land may be added to the Project at different times without any limitations; (3) Developer shall have the right without further conveyance or documentation to build roads and access ways to the Additional Land through the easement areas as shown on the Map. The Association shall not allow anything to be built upon or interfere with said easement areas; and (4) No assurances are made concerning: (a) The locations of any Improvement that may be made on any portion of the Additional Land that may be added to the Project; (b) The type, kind or nature of Improvement which may be created on any portion of the Additional Land, except that the Improvements will be of a similar quality of materials and construction to those in the first phase of development and will be substantially completed prior to annexation; (c) Whether any Improvements created on any portion of the Additional Land will be substantially identical to those within the initial Project except that the Improvements will be constructed of an equal or better quality of materials and construction than those in the first phase of development; and (d) The type, size, or maximum number of private yard areas which may be created within any portion of the Additional Land added to the Project; and (5) Notwithstanding anything to



the contrary which may be contained herein, the Declaration is not intended, and shall not be construed so as to impose upon Developer any obligation respecting, or to restrict Developer in any way with regard to: (a) The submission of any portion of the Additional Land to the provisions of this Declaration; (b) The creation, construction, or addition to the Project of any additional property; (c) The carrying out in any particular way or within any particular time of any development which may be undertaken except as herein mentioned; or (d) The taking of any particular action with respect to the Additional Land, the Project, or any other real estate.

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EXHIBIT 17 GOLF COURSE, TRAILS, PRIVATE AMENITIES, AND RELATED MATTERS

1. Golf Course. There is a golf course within the Project which is a separate entity privately owned and controlled by Developer. It is a Private Amenity. Developer reserves the irrevocable right to own, sell, and/or operate the golf course.

2. Other Private Amenities. There are or may be other Private Amenities, separately owned and operated, located off-site or within the Project, including without limitation (and in some instances subject to deregulation or public utility laws) a utility, water, sewer, sanitation, telecommunications, cable, internet service and related companies and facilities which may be owned and operated (a) privately, (b) as a joint venture with a third party, (c) as a semi-private venture in which private equity or other memberships are sold and public access is provided, (d) coop, or some combination.

3. Rights of the Association and Owners. Neither the Association nor any Owner shall have any ownership interest in the Golf Course or any other Private Amenity, unless expressly granted in a recorded deed or other instrument of conveyance. No Owner shall have any ownership interest in any such Golf Course or other Private Amenity solely by virtue of his membership in the Association or ownership of a Lot. The Association, by a majority vote of its Board may, if the opportunity arises, enter into a purchase, lease or license agreement with the owner of the Golf Course or other Private Amenity, although such owner or operator is under no obligation to sell.

4. Inherent Risks. Each Owner understands and agrees that his Lot is or may be adjacent to or near a Golf Course, or other Private Amenity. Each Owner, by acceptance of a deed or other document of conveyance of a Lot: (a) acknowledges that the location of his Lot within the Property may result in nuisances, hazards, risks, and dangers to persons and property in, on or about his Lot, and expressly assumes this risk; (b) covenants for himself and his heirs, successors, successors-in-title, and assigns not to sue the Developer or the Association for property damage or personal injury arising out of or caused by stray golf balls or actions incidental to activities related to the use of a Golf Course, or Private Amenity; and (d) agrees to indemnify, save and hold harmless the Developer and the Association from any liability, claims, or expenses, including attorney's fees, arising from such property damage or personal injury. Each Owner further covenants that the Association and Developer shall have the right, in the nature of an easement, to subject all or any portion of the Property to nuisances incidental to the maintenance, operation, or use of the Golf Course, Trail, and Private Amenities, and to the carrying out of such related activities. Such risks include but are not limited to: (1) Noise, including noise from maintenance equipment (it being specifically understood that such maintenance at the Golf Course typically takes place around sunrise or sunset), (2) noise caused by golfers or boaters, (3) use of pesticides,



herbicides and fertilizers, (4) use of effluent in the irrigation of the Golf Course, (5) reduction in privacy caused by traffic to and from the golf and dock traffic; (5) the removal or pruning of shrubbery or trees on the Golf Course, (6) errant golf balls and golf clubs, and (7) design of the Golf Course, Trail, or Private Amenity. The loss or damage contemplated is all compensatory, indirect, special, incidental, or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of Owners Lot to the Golf Course, Trail, or Private Amenity, including, without limitation, any claim arising in whole or in part from their negligence.

5. Signs. No sign, notice or other advertising shall be permitted to be placed on any Lot or Tract that is visible from the Golf Course unless approved in writing by Owner of the Golf Course, except for street number, family name, "For Sale", "For Rent" signs or directional and informational signs for the Golf Course.

6. Clotheslines. No washing, rugs, clothing, apparel or any other article shall be hung from the exterior of any Structure or on a Lot so as to be visible from the Golf Course.

7. Antennas and Satellite Dishes. If visible from the Golf Course, no antenna, satellite dish, rotary beam or tower shall be installed on any Residence or placed on any Lot unless approved in writing by the Golf Course Owner, which will not be unreasonably withheld, conditioned or delayed. If reception is attainable only in a location visible to the Golf Course and documented by a qualified professional installer, Owner shall provide documentation to the Golf Course Owner for final review and approval.

8. Trash Containers and Debris. All trash and other waste (including compost) shall be placed in sanitary containers and screened so as not to be visible from the Golf Course (except on collection day). Yard clippings and other landscape debris shall not be placed on any adjoining property, Lot, or the Golf Course by any Lot Owner.

9. Offensive Activity. Owners and occupants of Lots adjacent to all Golf Course fairways and greens, as well as their families, tenants, guests, invitees and pets, shall be obligated to refrain from any actions which would create a nuisance and thereby limit the playing qualities of the Golf Course. Such prohibited activities shall include, but not be limited to, maintenance of dogs or other pets under conditions which interfere with Golf Course play due to their loud barking or other actions, running or walking on the fairways, picking up balls or like interference with play.

10. Woodpiles. No woodpiles shall be located within the front or side yards of any Lot or be visible from the Golf Course.

11. Fences. All fences on Lots contiguous with the Golf Course shall be approved in writing by the Golf Course prior to construction thereof.



12. Fairway Lots. In addition to all use restrictions set forth herein, no fences, walls or other hedges (except necessary retaining walls) shall be erected on the rear lot lines of any lot that is adjacent or contiguous to any fairway of the Golf Course (a "Fairway Lot"). In addition, all Fairway Lots, except those listed below, shall have a ten (10) yard minimum setback from the rear Lot line. No Structures (except for patios, wood decks, swimming pools and the like), including fences, shall be permitted within such setback.

13. Golf Balls, Disturbances and Nuisances. Each Lot Owner and occupant of any portion of the Property acknowledges and agrees that: (a) portions of the Property are adjacent to or near the Golf Course Property and related Improvements; (b) the clubhouse, parking lots and other related facilities, which are or may become part of the Golf Course Property, have exterior lighting and amplified exterior sound, may be used for entertainment and social events on various days of the week, including weekends, during various times of the day, including without limitation, early morning and late evening hours; (c) golf course-related activities, including without limitation, regular course play, may be allowed during all daylight hours up to seven (7) days a week, and golf tournaments open to the public at large may be conducted at any time during the year; (d) the Golf Course is open to the public and large numbers of people may be entering, exiting and using the Golf Course Property during various times of the day, including early morning and late evening hours, seven (7) days a week; (e) water hazards, the clubhouse, maintenance facilities and other installations located on the Golf Course Property may be attractive nuisances to children; and (f) golf carts may be used throughout the Property on public streets and on golf cart paths over and through easements granted for such purpose. Each Lot Owner and occupant of the Property also acknowledges that due to the proximity of portions of the Property to the Golf Course Property, nuisances, hazards or injuries to persons and property may occur on the Property as a result of use of the Golf Course Property, or as a result of any other golf course-related activities and that play on the golf course may result in damage or injury to persons or property as a result of golf balls leaving the golf course, including, without limitation, damage to windows and exterior areas of the Improvements constructed upon the Residential Property, damage to automobiles and other personal property of Lot Owners, Occupants or their guests, whether outdoors or within the Improvements.

14. Assumption of the Risk. EACH LOT OWNER AND OCCUPANT OF THE PROPERTY COVENANTS AND AGREES FOR HIMSELF, HERSELF OR ITSELF, ITS FAMILY MEMBERS, GUESTS, SUCCESSORS AND ASSIGNS THAT HE, SHE OR IT DOES KNOWINGLY AND VOLUNTARILY ASSUME ALL RISKS ASSOCIATED WITH THE FOREGOING, INCLUDING, BUT NOT LIMITED TO, THE RISKS OF NUISANCE, INCONVENIENCE AND DISTURBANCE, AS WELL AS PROPERTY DAMAGE OR PERSONAL INJURY ARISING FROM ERRANT GOLF BALLS OR ANY OTHER ACTIONS OR OMISSIONS INCIDENTAL TO THE USE OF THE GOLF COURSE FOR ANY GOLF COURSE-RELATED ACTIVITIES AND HEREBY RELEASE DECLARANT, GOLF COURSE OWNER, ANY MANAGER OR OPERATOR OF ALL OR ANY PORTION OF THE GOLF COURSE PROPERTY AND THE



ASSOCIATION FROM ALL CLAIMS, ACTIONS, CAUSES OF ACTION, LOSSES, DAMAGES, COSTS, EXPENSES AND LIABILITIES (INCLUDING, WITHOUT LIMITATION, STRICT LIABILITY) ASSOCIATED THEREWITH; AND THAT NEITHER DECLARANT, THE GOLF COURSE OWNER, ANY MANAGER OR OPERATOR OF ALL OR ANY PORTION OF THE GOLF COURSE, THE ASSOCIATION NOR THEIR RESPECTIVE EMPLOYEES, AGENTS, INVITEES, LICENSEES, CONTRACTORS, SUCCESSORS AND ASSIGNS SHALL BE RESPONSIBLE OR ACCOUNTABLE FOR, AND SHALL HAVE NO LIABILITY FOR ANY CLAIMS, ACTIONS, CAUSES OF ACTION, LOSSES, DAMAGES, COSTS OR EXPENSES FOR ANY NUISANCE, INCONVENIENCE, DISTURBANCE, PROPERTY DAMAGE OR PERSONAL INJURY ARISING FROM ERRANT GOLF BALLS OR ACTIONS OR OMISSIONS INCIDENTAL TO GOLF COURSE-RELATED ACTIVITIES ON THE GOLF COURSE.

15. Operation of the Golf Course. Each Lot Owner and Occupant of the Property acknowledges: that the operation and maintenance of the Golf Course may require that maintenance personnel and other workers who operate, service and maintain the Golf Course commence work relating to the operating and maintenance of the Golf Course as early as 5:00 a.m. on a daily basis; and that the operation, maintenance and use of the Golf Course may entail the operation and use of the following: (a) power equipment such as tractors, lawn mowers and blowers on various days of the week, including weekends, during various times of the day, including, without limitation, early morning and late evening hours (subject to all equipment being properly muffled and operated in accordance with all applicable laws and regulations); (b) sprinkler and other irrigation systems in operation during the day and at night; (c) electric, gasoline or other power driven vehicles and equipment used by maintenance and operations personnel (subject to all equipment being properly muffled and operated in accordance with all applicable laws and regulations); (d) application of pesticides and fertilizing chemicals (subject, however to the provisions of the governmental approved Golf Course Management Plan and all other applicable laws and regulations); and (e) refuse removal trucks, delivery trucks, service vehicles, golfer's vehicles and other vehicles entering and exiting the Golf Course on various days of the week, including weekends, during various times of the day, including, without limitation, early morning and late evening hours. In connection with the foregoing, each Lot Owner and Occupant of the Property covenants and agrees for himself, herself or itself, its family members, guests, successors and assigns: that he, she or it does knowingly and voluntarily assume all risks associated with such aforescribed golf course operation and maintenance activities, including but not limited to risk of nuisance, noise, disturbance, inconvenience, property damage and personal injury or sickness; and that neither Developer, the Association, the Golf Course Owner nor any manager or operator of all or any portion of the Golf Course nor their respective employees, agents, invitees, licensees, contractors, successors and assigns shall be responsible or accountable for, or shall have any liability (including, without limitation, strict liability) for any claims, causes of actions, losses, damages, costs or expenses arising in connection with or associated with any nuisance, disturbance, noise, inconvenience or property damage or personal injury or sickness, directly or indirectly related to, caused by or associated with such



operation and maintenance activities.

16. Views. Neither the Developer nor the Association guarantees or represents that any view over and across any Golf Course, Trail, Lake, Boat Dock, Common Area or other Private Amenity from adjacent Lot will be preserved without impairment. No provision of this Declaration shall be deemed to create an obligation of the Developer or the Association to prune or thin trees or other landscaping except as otherwise expressly provided herein. Each Owner acknowledges and agrees that trees and other landscaping may be added to any Golf Course, Trail, or other Private Amenity from time to time. In addition, the location, configuration, size, and elevation of the tees, bunkers, fairways, and greens on any Golf Course may be changed from time to time, in the discretion of the owner or operator of the Golf Course. Any such additions or changes to such Golf Course, Trail, or Private Amenity may diminish or obstruct any view from a Lot and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed. Any such addition or change to any Golf Course, Trail or Private Amenity may not adversely affect drainage flow across the Project.

17. Golf Balls. The Property is burdened with an easement permitting golf balls unintentionally to come upon the Property, including any Lot or the Common Area, and for golfers at reasonable times and in a reasonable manner to come upon the Property to retrieve errant golf balls. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls; however, under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Developer, the Association or the Board.

18. Water Over-spray. The Property is hereby burdened with a non-exclusive easement for over-spray of water, materials used in connection with fertilization, and effluent from any irrigation system serving such golf course.

19. Operation of Golf Course Trail or Private Amenity. All persons, including all Owners, are hereby advised that no promises, guarantees, representations, or warranties have been or are made by the Developer, the Association, or any other Person with regard to the continuing ownership or operation of the Golf Course, Trail, or other Private Amenity, regardless of its depiction upon any land use plan or other marketing display or plat. No purported promise, guaranty, representation, or warranty, written or oral, in such regard shall ever be effective unless it is reduced to writing, signed by the parties to be bound, or without an amendment hereto executed or joined into by the Developer. Further, the ownership or operational duties of and as to the Golf Course, Trail, or Private Amenity may change at any time and from time to time by virtue of, but without limitation, (1) the sale or assumption of operations of the Golf Course, Trail, or Private Amenity to/by an independent person or entity, (2) the conversion of the Golf Course, Trail, or Private Amenity membership structure to



an equity club or similar arrangements whereby the members of the Golf Course, Trail, or Private Amenity or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Golf Course, Trail, or Private Amenity, (3) the conveyance, pursuant to contract, option, or otherwise, of the Golf Course, Trail, or Private Amenity to one or more affiliates, shareholders, employees, or independent contractors of Developer or (4) the conveyance of the Golf Course, Trail, or Private Amenity to the Association, with or without consideration and subject or not subject to a mortgage(s) or other encumbrances. As to any of the foregoing or any other alternative, no consent of the Association, any sub-association, or any Owner shall be required to effectuate such transfer, even in the case of a conveyance to the Association, for or without consideration and subject to or not subject to any mortgage, covenant, lien, or other encumbrance on the applicable land and other property. No person shall have any ownership interest in the Golf Course, Trail, or Private Amenity solely by virtue of his membership in the Association or ownership of a Lot.

20. Rights of Access and Parking. The Golf Course and Private Amenity (and their members (regardless of whether such members are Owners hereunder), employees, agents, contractors, or designers) shall at all times have and are hereby granted a perpetual right and nonexclusive easement of access and use over all streets, driving lanes and parking areas located within the Property as reasonably necessary to travel to and from the Golf Course, Trail, or Private Amenity and, further, over those portions of the Property (whether Common Areas or otherwise) reasonably necessary to access or for the operation, maintenance, repair, and replacement of the Golf Course, Trail, or Private Amenity, and their facilities. Without limiting the generality of the foregoing, members or patrons of the Golf Course, Trail, or Private Amenity shall have the right to park their vehicles on the streets, parking lots and Common Areas at reasonable times before, during, and after using the Golf Course, Trail, or Private Amenity.

21. Temporary Closure. The Golf Course or Private Amenity may be closed temporarily for maintenance and repair.

22. Architectural Control. Neither the Association, nor any Owner shall approve or permit any construction, addition, alteration, change, or installation on or to any portion of the Property which is adjacent to, or otherwise in the direct line of sight from the Golf Course, Trail, or Private Amenity for the depth of one Lot, without giving the operator of the Golf Course, Trail, or Private Amenity at least fifteen (15) days prior notice of his intent to approve or permit such work together with copies of the request therefor and all other documents and information finally submitted in such regard. The Golf Course, Trail, or Private Amenity operator shall then have ten (10) days in which to voice its approval or disapproval, which opinion shall be considered but shall not be binding in the final decision. The failure of the Golf Course, Trail, or Private Amenity operation or respond to the aforesaid notice within the ten (10) day period



shall constitute a waiver of the right of the operator of the Golf Course, Trail, or Private Amenity to object to the matter so submitted.

23. Limitations on Amendments Affecting the Golf Course, Trail, or Private Amenity. In recognition of the fact that the provisions of this Article are for the benefit of the owner of the Golf Course, Trail, and Private Amenity, no amendment to this Article and no amendment in derogation of this Article to any other provisions of this Declaration may be made without the written approval thereof by the owner(s) of the Golf Course, Trail, or Private Amenity, or in the case of a corporate owner, by its board of directors. The foregoing shall not apply, however, to amendments made by the Developer.

24. Golf Cart Path Easement. There may be golf cart path easements designated as such on a plat of the Property, which shall be used for golf cart paths, pedestrian walkways, maintenance and vehicle access, and unhindered access between said paths, and the Golf Course. Nothing shall be placed or maintained in any golf cart path easement, which shall interfere with utilization thereof as a playable part of the Golf Course, and all landscaping and other improvements within a golf cart path easement shall require the approval of the ARC. The owner of the Golf Course as well as its members, guests, invitees, employees, contractors and patrons shall at all times have a right and nonexclusive easement of access and use over the golf cart paths, if any, located within the Property, as reasonably necessary for the use and enjoyment of the Golf Course.

25. Rights Reserved to Developer. Notwithstanding any provisions of this Declaration to the contrary, the Developer, and any successor who takes the rights in a written instrument, shall have the following reserved rights in relation to the Golf Course, Trail, and Private Amenity: Reasonable access to the Golf Course, Trail, and Private Amenity for the purposes of promotion, marketing, and sale of the Property and/or services.

