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

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
RESERVATIONS AND EASEMENTS FOR SUNSERRA AT CRESCENT BAR**

A Planned Unit Development

Grantor/Declarant: RIVERVIEW AT CRESCENT BAR, L.L.C.,
a Washington limited liability company
Additional names on pg. N/A

Grantee: SUNSERRA AT CRESCENT BAR PHASE ONE and SUNSERRA AT
CRESCENT BAR HOMEOWNERS ASSOCIATION, a Washington
nonprofit corporation
Additional names on pg. N/A

Legal Description: S ½, Sec. 18, Twp. 20 N., Rge 23 E, W.M., Grant County, Washington
Official legal description on EXHIBIT A

Assessor's Tax Parcel ID#: 14-1347-101 through 176

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DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS
AND EASEMENTS FOR SUNSERRA AT CRESCENT BAR

Article 1. DEFINITIONS.

Section 1.1 Words Defined

For the purposes of this Declaration and any amendments hereto, the following definitions shall apply.

1.1.1 Additional Property shall mean the property described in Exhibit B which Declarant reserves the right subject to this Declaration as a later Phase of Sunterra at Crescent Bar pursuant to Article 15.

1.1.2 Architectural Control Committee shall mean the Board or a committee by that name appointed by the Board.

1.1.3 Articles shall mean the articles of incorporation of the Association defined below.

1.1.4 Assessments shall mean all sums chargeable by the Association against a Lot, including, without limitation: (a) general and special Assessments for Common Expenses; (b) charges and fines imposed by the Association; (c) interest and late charges on any delinquent account; and (d) costs of collection, including reasonable attorneys’ fees, incurred by the Association in connection with the collection of a delinquent Owner’s account.

1.1.5 Association shall mean the Sunterra at Crescent Bar Homeowners Association, as described more fully in Article 6 of this Declaration.

1.1.6 Association Landscape Area shall mean that portion of the Golf Course Tract for which the Association has maintenance responsibility pursuant to agreement between the Declarant and the Association.

1.1.7 Board shall mean the board of directors of the Association.

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

1.1.9 Clubhouse shall mean the clubhouse for the golf course located on Lot 1, Block 1 of Sunterra at Crescent Bar Phase One.

1.1.10 Common Areas and Facilities shall mean the property and improvements described in Section 3.1 and listed in Exhibit C, as it may be supplemented upon the addition of later Phases of Sunterra at Crescent Bar.

1.1.11 Common Expenses shall mean the expenses and liabilities of the Association, including, but not limited to, the expenses of the Association relating to the Common Areas and Facilities, Association Landscape Areas and the portions of the Lots and Homes for which the Association has maintenance responsibility pursuant to Section 5.5.

1.1.12 Common Expense Liability shall mean the allocation of Common Expenses to the Owners of Lots, which is based on the comparative square footage of each Home and garage, with the areas of garages attached to Homes calculated at 25% of actual area and areas of detached Garages assigned to Lots as Limited Common Areas calculated at 50% of actual area, as set forth in Exhibit E hereto, as that exhibit may be amended by Declarant to reflect material differences between projected and actual areas of the Homes and Garages, as constructed, and upon the addition of later Phases to this Declaration.

1.1.13 Community shall mean the Lots, Common Areas and Facilities and Golf Course in Sunterra at Crescent Bar.

1.1.14 Declarant shall mean Riverview at Crescent Bar, L.L.C., a Washington limited liability company, and any successor or assignee of any rights of the Declarant under this Declaration, including, but not limited to, the right to subject Additional Property to this Declaration pursuant to Article 15.

1.1.15 Declaration shall mean this Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Sunterra at Crescent Bar, as it may from time to time be amended.

1.1.16 Development Period shall mean the time during which the Declarant has the right to add any Additional Property to this Declaration or construct Homes on that property or owns unoccupied Homes on that property, whichever is later.

1.1.17 First Mortgage and First Mortgagee shall mean, respectively, (a) a recorded mortgage on a Lot that has legal priority over all other mortgages thereon, and (b) the holder, insurer or guarantor of a First Mortgage.

1.1.18 Garage shall mean any of the numbered garages located on a Common Area tract shown on the plan attached hereto as Exhibit D, as it may be supplemented upon the addition of later Phases of Sunsera at Crescent Bar.

1.1.19 Golf Course shall mean the golf course being developed by the Declarant on the Golf Course Tract or Tracts shown on the Plat.

1.1.20 Governing Documents shall mean this Declaration, any Supplemental Declarations, the Plat and the Bylaws, Articles, rules and regulations for the Association, as each may be amended from time to time.

1.1.21 Home (*Amended with amendment 7 on 10/02/07*) shall mean a Structure located on a Lot which is designed and intended for use and occupancy as a residence or which is intended for use in connection with such residence, *and where applicable, any Limited Common Area Garage whose ownership is associated with a Lot*

1.1.22 Limited Common Area shall mean those portions of the Common Areas assigned for the exclusive use by the Owner of a specific Lot, pursuant to Section 3.3 hereof.

1.1.23 Lot shall mean any of the numbered Lots in Sunsera at Crescent Bar. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on the Lot but shall not include Lot 1, Block 1 of Sunsera at Crescent Bar Phase One, the lot upon which the Clubhouse is or will be located.

1.1.24 Managing Agent shall mean the person designated by the Board under Section 8.4.

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

1.1.26 Mortgagee shall mean the beneficial owner, designee of the beneficial owner, insurer or guarantor of an encumbrance on a Lot created by a mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Lot.

1.1.27 Notice and Opportunity to be Heard shall mean the procedure wherein the

Board shall give written notice of the proposed action to all Owners, tenants or occupants of the Lots whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than five days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

1.1.28 Owner shall mean the owner of record, whether one or more Persons or entities, of a fee simple title to any Lot and, except as may be otherwise expressly provided herein, shall, in the case of a Lot which has been sold pursuant to a real estate contract, include any person of record holding a vendee's interest under such real estate contract, to the exclusion of the vendor thereunder. Any Person or entity having such an interest merely as security for the performance of an obligation shall not be considered an Owner.

1.1.29 Phase shall mean the recording of the final Plat for each phase of Sunterra at Crescent Bar and this Declaration with respect to Phase One and a Supplemental Declaration for each later Phase.

1.1.30 Person shall mean an individual, corporation, limited liability Company, partnership, association, trust, or other legal entity.

1.1.31 Plat shall mean the Final PUD Map for Sunterra at Crescent Bar Phase One and, after they are recorded, the final PUD Maps for each subsequent Phase of Sunterra at Crescent Bar.

1.1.32 Septic Sewer System shall mean the septic sewer system for the Community, including the drain fields located on the Golf Course Tract and the vaults, controls and pipes connecting the Homes and the Clubhouse to the Septic Sewer System, wherever located within the Community.

1.1.33 Sunserra at Crescent Bar shall mean the master planned resort planned unit development known by that name to be created in Phases which, when completed, will fully occupy the property described in Exhibits A and B. Property in each Phase may be subjected to this Declaration in Phases by Supplemental Declaration recorded pursuant to Article 15 as Plats for later Phases of Sunterra at Crescent Bar are approved for recording.

1.1.34 Structure shall mean any building, fence, well, pole, driveway, walkway, patio or the like located on a Lot.

1.1.35 Water System shall mean the system for domestic water and irrigation for the Community and all pipes connecting the Lots, Common Areas and Facilities, Clubhouse and Golf Course to the Water System.

Section 1.2 Form of Words

The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and neuter pronouns shall be used interchangeably.

Article 2. SUBMISSION OF THE PROPERTY TO THIS DECLARATION;
DEVELOPMENT IN PHASES AND DIVISIONS.

Declarant proposes to develop Sunsera at Crescent Bar in Phases upon the property described in Exhibits A and B. Phase One consists of the property described in Exhibit A. Declarant, being the sole owner of the property described in Exhibit A, makes this Declaration for the purpose of submitting that property to this Declaration and, upon the recording of Plats and Supplemental Declarations for later Phases of Sunsera at Crescent Bar, and declares that all Phases of Sunsera at Crescent Bar, including all Lots and Common Areas and Facilities therein, shall be held, used, conveyed, encumbered, leased, occupied, rented, and improved subject to the covenants, conditions, restrictions, reservations, and easements stated in this Declaration, all of which shall be deemed to run with the land and be a burden and benefit to Declarant and all Persons who own or acquire an interest in the Community or any part thereof, and their grantees, successors, heirs, executors, administrators and assigns.

Article 3. COMMON AREAS AND FACILITIES.

Section 3.1 Description.

The Common Areas and Facilities of the Community consist of the land and improvements or other facilities described in Exhibit C, as it may be amended by the Declarant upon the addition of later Phases to this Declaration. The Common Areas and Facilities do not include the Golf Course, Clubhouse or the Water System; provided that the Declarant reserves the right, but not the obligation, to transfer at any time the Golf Course, Clubhouse and/or Water System to the Association as additional Common Areas and Facilities and the Declarant may, by agreement with the Association, permit Owners to use recreational and/or community facilities in the Clubhouse.

Section 3.2 Conveyance to Association.

Declarant shall convey the Common Areas and Facilities to the Association by Statutory Warranty Deed or other recorded instrument free and clear of any Mortgage.

Section 3.3 Use of Common Areas.

Each Owner shall have the non-exclusive right to use the Common Areas and Facilities, other than the Limited Common Area Garages, in common with all other Owners; provided that

the Association may totally bar or restrict use of portions of the Common Area and Facilities where ordinary use could be dangerous, unreasonably increase Association costs, or be detrimental to the environment, or is inconsistent with its designated use on the Plat. The right to use the Common Areas and Facilities shall extend not only to each Owner, but also to his agents, servants, tenants, family members, invitees, contract purchasers, and licensees. The right to use the Common Areas shall be governed by the provisions of this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 3.4 Maintenance.

The Association shall have full responsibility for the maintenance, repair, replacement and improvement of the Common Areas and Facilities, including any common utilities located therein, to the extent they are not maintained by a public utility. All such areas and facilities shall be reasonably maintained for their intended use, subject to applicable governmental restrictions. The Declarant shall be responsible for the initial construction of the Septic Sewer System pursuant to plans and specifications approved by the Grant County Health District. The Association shall be responsible for the ongoing operation, maintenance, repair and replacement of the Septic Sewer System in accordance with the operations and maintenance manuals comprising the Septic System Management Plan on file with the Grant County Health District, a copy of which is available in the offices of the Declarant. The Association shall also be responsible for maintenance of the landscaping within the Association Landscape Areas.

Section 3.5 Alteration.

Nothing shall be altered or constructed in or removed from any Common Area, except upon the prior written consent of the Board.

Section 3.6 Transfer.

Except with respect to Limited Common Areas as provided in Article 4, the Common Areas and Facilities may not be abandoned, partitioned, subdivided, encumbered, sold, or transferred by the Association without the approval of all of the Owners and First Mortgagees; except that upon the written consent of Owners holding at least two-thirds (2/3) of the votes in the Association, the Association may dedicate or transfer, or grant an easement over, all or part of any Common Area and Facilities to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by such Owners.

Article 4. LIMITED COMMON AREA GARAGES.

Section 4.1 Description.

The Garages are designated by number, as shown on the plans attached hereto as Exhibit D, as it may be amended or supplemented upon the addition of later Phases to this Declaration.

Section 4.2 Assignment to Lots.

Declarant reserves the right to assign the exclusive right to use each Garage, as a Limited Common Area, to the Owner of a specific Lot in the deed conveying that Lot or by separate recorded instrument. The right to use the assigned Garage extends not only to the Owner of the Lot, but also to the Owner's tenants, family members and guests. The Association may adopt rules and regulations governing the use of the Garages. Limited Common Area Garages shall become appurtenant to the Lot to which they are assigned; and, unless reassigned pursuant to Section 4.3, shall be automatically assigned to each subsequent Owner of the Lot whether or not specifically assigned in the deed conveying the Lot.

Section 4.3 Reassignment of Limited Common Area Garages and Parking Spaces. (Amended with Amendment 8 on 07/08/11)

The right to the exclusive use of a Limited Common Area Garage or Limited Common Area Parking Space may be transferred from the Owner of one Lot only to the Owner of another Lot only by an instrument recorded in the land records of the Grant County, Washington, executed by the Owners of the Lots to which the Limited Common Area Garage or Limited Common Area Parking Space was assigned and will be assigned.

Section 4.4 Assignment of Limited Common Area Parking Spaces. (Amended with Amendment 8 on 07/08/11)

There is hereby reserved to each Lot which does not have a Garage on the Lot the exclusive right to use the two (2) Limited Common Area Parking Spaces identified and designated on Exhibit F, which is attached hereto and incorporated herein by this reference, by the letter and number of the Lot to which it is assigned. The right to use the assigned Parking Spaces extends not only to the Owner of the Lot, but also to the Owner's tenants, family members and guests. The Association may adopt rules and regulations governing the use of the Parking Spaces. Limited Common Area Parking Spaces shall become appurtenant to the Lot to which they are assigned, and, unless reassigned pursuant to Section 4.3, shall be automatically assigned to each subsequent Owner of the Lot whether or not specifically assigned in the deed conveying the Lot.

Section 4.5 Assignment of Limited Common Area Driveways. (Amended with Amendment 8 on 07/08/11)

There is hereby reserved to each Lot which has a Garage on the Lot the exclusive right to use the Driveway immediately adjacent to and in front of the Garage as a Parking Space or Spaces, as identified and designated on Exhibit F, which is attached hereto and incorporated herein by this reference, by the letter and number of the Lot to which it is assigned. The right to use the assigned Driveway extends not only to the Owner of the Lot, but also to the Owner's tenants, family members and guests. The Association may adopt rules and regulations governing the use of the Driveway. The Limited Common Area Driveway shall become appurtenant to the Lot to which they are assigned, and shall be automatically assigned to each subsequent Owner of the Lot whether or not specifically assigned in the deed conveying the Lot.

Article 5. RESTRICTIONS ON USES OF LOTS AND MAINTENANCE.

Section 5.1 Initial Improvements; Alterations by Owners.

It is contemplated that Declarant will construct the Homes and other Structures on the Lots in accordance with building plans and specifications that have an architecturally compatible and harmonious design scheme. It is further contemplated that the Association will maintain and repair and replace as necessary the exteriors of the Homes and other Structures in accordance with the initial design scheme. Accordingly, construction of Homes and other Structures on the Lots by Declarant and maintenance, repair and replacement of Structures or other improvements on the Lots by the Association are not subject to review by the Architectural Control Committee or the provisions of this Section, Section 5.2 or Section 5.3. No Owner may construct or alter the Home or other Structure on the Owner's Lot without complying with the following:

5.1.1 All Homes and other Structures on the Lots shall be of permanent construction. No temporary structure, trailer, tent, garage, outbuilding or other similar device shall be placed on any Lot.

5.1.2 Prior to constructing, placing or altering any Home or other Structure or making any other improvement on a Lot, except for remodeling the interior of a Home by an Owner, the plans and specifications for the Home, Structure or improvement shall be submitted to and approved by the Architectural Control Committee as provided in Section 5.2 or Section 5.3, as the case may be. When constructed or placed on the Lot, the Home, Structure or improvement shall substantially conform to the plans and specifications approved by the Architectural Control Committee.

5.1.3 The construction, alteration, repair or reconstruction of any Home or other Structure or improvement on a Lot shall be diligently prosecuted until completion and, in any event, the exterior of a Home shall be completed and finished within nine (9) months after commencement of construction.

5.1.4 The general exterior appearance of each Home shall be compatible with the appearance of surrounding existing Homes and shall not be altered in any way without the prior approval of the Architectural Control Committee as provided in Section 5.2. Any changes to the size of the Home after original construction shall require prior approval of the Architectural Control Committee.

5.1.5 Each improved Lot shall be landscaped and graded to present a harmonious transitional appearance from Lot to Lot. Landscaping shall be completed and shall substantially conform to plans approved by the Architectural Control Committee as provided in Section 5.3. No changes shall be made to the landscaping, except for the normal or routine maintenance and the planting of annual flowers, without the prior approval of the Architectural Control Committee.

5.1.6 The Homes and other Structures on each Lot shall also conform to the restrictions contained on the Plat and in this Declaration.

5.1.7 (Added with Amendment 8 on 7/22/09) *Owners who make additions to the exteriors of the Homes or to the landscaping upon the Lots shall be responsible to maintain and keep in good repair all components of the additions and/or modifications to the Home or Lot at their sole expense. This includes all maintenance, repair, replacement work and/or damages to the Home, Lot or Common Areas arising from or necessitated by the Owners' addition or modification. This liability to maintain and keep in good repair and correct any damages to the Home, Lot or Common Areas shall attach to the Lot and become binding upon the Owners and their respective successors, heirs and assigns. Owners must submit Home and Lot modifications to the Architectural Control Committee as laid out in this Declaration, and may be required to be bound by a recorded Covenant, Hold Harmless, and Maintenance Agreement as a condition of the Committee's approval.*

Section 5.2 Building Plans.

An Owner shall not place or construct or reconstruct any Home or other Structure or improvement on a Lot or remodel or alter the exterior of the Home unless a complete set of building plans, specifications and site plan (which shall include the purpose, shape, height, materials and location of the structure) shall have been submitted to and approved by the Architectural Control Committee. The plans and specifications shall be submitted in a form satisfactory to the Architectural Control Committee, along with a non-refundable review fee of one hundred fifty dollars (\$150) or such other amount as may be established from time to time by the Board, which may withhold its approval by reason of its reasonable dissatisfaction with the location of the Home or other Structure on the Lot, color scheme, finish, architecture, height, impact on view from another Lot or Lots, appropriateness of the proposed Home or other Structure, materials used therein, or because of its reasonable dissatisfaction with any other matter which, in the reasonable judgment of the Architectural Control Committee, would render the proposed Home or other Structure inharmonious with the original design scheme, general plan of development of the Community or with the Homes or other Structures nearby. In the event the Architectural Control Committee fails to approve or disapprove plans within thirty (30) days after the plans and specifications have been submitted to it, approval shall be deemed to have been denied. All Homes or other Structures placed or constructed by an Owner or remodeling or alterations to the exterior of the Homes or other Structures by an Owner shall conform to the plans that were submitted to and approved by the Architectural Control Committee.

Section 5.3 Landscaping Plans.

An Owner may not alter the original landscaping on or surface of the Owner's Lot unless plans for the alteration have been submitted to and approved by the Architectural Control Committee. All alterations to the landscaping on or surface of the Lot shall conform to the plans that were submitted to and approved by the Architectural Control Committee in the same manner as building plans are approved, except that the non-refundable review fee shall be one hundred dollars (\$100) or such other amount as the Board may establish from time to time. It is contemplated that the Association shall be responsible for maintenance, replacement and improvement of landscaping on the Lots, Common Areas and the Association Landscape Areas,

although the Board or Architectural Control Committee may require or permit maintenance by Lot Owners of landscaping installed by the Owner.

Section 5.4 Exterior Appearance. *(amended under amendment 3 on 12/01/05)*

In order to preserve a uniform exterior appearance of the Homes, approval of the Architectural Control Committee shall be required for any changes to the types and colors of stain or paint for the exterior of the Homes. It is contemplated that the Association shall be responsible for all maintenance, repair or replacement of the exteriors of the Homes. Accordingly, no Owner may modify the exterior of a Home, including the installation of awnings or sunscreens, or the screens, doors or other portions of a Home visible from outside without the prior written consent of the Board or Architectural Control Committee or in accordance with the rules or regulations of the Architectural Control Committee. All garage doors shall be kept closed except when the movement of vehicles or incidental use or activities require a garage door to be temporarily left open. Permanent window coverings shall be installed within thirty (30) days of the closing of the purchase of any Home. The use of sheets or other temporary window coverings shall not be allowed after the first thirty days of occupancy. Unless otherwise specified by rule or regulation of the Association, all curtains, draperies or blinds visible from outside the Home shall be white, off-white or *earth tones*

Section 5.5 Maintenance of Homes and Lots. *(Amended under amendment 4 on 3/21/06)*

The Association shall be responsible for maintenance, painting, repair and replacement of the exterior of the Homes and *Limited Common Area Garages* and for maintenance, repair and replacement of the driveway, sidewalk, lawn, landscaping and irrigation on the Lots. The exterior of the Homes and *Limited Common Area Garages* shall include the following: roof, exterior siding, window frames (but not the windows and related hardware), door frames (but not the doors, *attached garage doors or Limited Common Area Garages doors* and related hardware *including garage door opener systems*), deck, patio and porch. The costs relating to the exterior of the Homes and *Limited Common Area Garages* shall be allocated among the Owners in accordance with their Common Expense Liability and the costs relating to the lawns, landscaping and irrigation shall be allocated among the owners in accordance with their Common Expense Liability. Except as provided above, each Owner, at the Owner's cost and expense, shall promptly and continuously maintain, repair, replace and restore all portions of the Home and other Structures or improvements on the Owner's Lot (except those maintained by the Association) in a sound, good, clean, attractive, safe and sanitary condition and in full compliance with all applicable laws, the provisions of this Declaration, and any rules and regulations of the Association. If any Owner has failed to maintain, repair, replace or restore the portions of the Owner's Home and other Structures or improvements on the Owner's Lot for which the Owner is responsible, after written request from the Board and a reasonable opportunity to do so, the Association may, after Notice and Opportunity to be Heard, maintain, repair, replace or restore such items or areas at the Owner's expense. The Association shall levy a special Assessment against the Owner for all such expenses.

Section 5.6 Residential Use; Occupancy and Rental Restrictions.

The Homes are intended for and restricted to use as single-family residences only on an ownership, rental or lease basis, and for social, recreational or other reasonable activities normally associated with such use. Occupancy of each Home is limited to a maximum of two (2) adults per bedroom. Any and all tenants shall be subject to the terms of this Declaration and the rules and regulations of the Association. If any tenant or occupant of a Home violates or permits the violation by his guests and invitees of any provisions hereof or of the rules and regulations of the Association, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the lessee or occupant of the Home and the Owner thereof to forthwith cease such violations. If the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice from the Board and an Opportunity to be heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Lot for any costs incurred by it in connection with such eviction, including reasonable attorney fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under this Declaration.

Section 5.7 Parking.

Orderly parking of vehicles is necessary for the convenience of all Owners and is required to promote adequate Owner parking within a reasonable proximity to each Lot. Parking of motor vehicles within the Community shall either be in (i) the garage attached to a Home, ii) in or on a Limited Common Area Garage, Driveway or Parking Space assigned to a Lot Owner, (iii) in unreserved parking areas as designated from time to time by the Board, or (iv) a recreational vehicle storage area, if any. Unreserved parking spaces shall be available for parking operable motor vehicles by Owners, their tenants and guests as well as patrons of the Golf Course and Clubhouse, pursuant to such rules and regulations as may be adopted from time to time by the Board. The Board may require permits for parking within the Community provided it does not interfere with the normal use of parking spaces by patrons of the Golf Course and Clubhouse. Motor homes, campers, boats, fifth wheeler travel trailers not in current use and trailers used to haul boats, jet skis, motorcycles, snowmobiles and all other recreational vehicles may not be parked outside in the Community and must be parked only in garages or in a recreational vehicle storage area, if designated by the Declarant or the Board. The Board may establish fees for parking in the recreational vehicle parking area. Parking spaces and driveway are not intended for long-term parking. Vehicles parked in an unreserved parking space for more than seven (7) days when the Owner's Home is unoccupied or vehicles parked in violation of the rules and regulations of the Board shall be subject towing at the cost and risk of the owner, which may include an administrative charge for the Association in addition to towing company charges. Parking a vehicle in a parking space or driveway longer than 7 days would be permitted at the discretion of the manager or as otherwise approved by the board. Parking is prohibited in front of Limited Common Area Garages.

Section 5.8 Signs.

No signs of any kind shall be displayed to the public view on or from any Lot, Home or Common Area without the prior consent of the Board or pursuant to rules and regulations adopted by the Board. The Association shall provide a location or locations for the posting of notices regarding the sale or renting of Homes. The Board may, without liability to the Owner, remove and destroy any sign placed in the Community in violation of this provision. This provision shall not apply to Declarant regarding the initial sale of Lots.

Section 5.9 Pets.

No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, provided, however, that dogs, cats or other conventional small household pets may be kept in Homes, subject to this Section and such rules and regulations as the Board may adopt. The Board may prohibit dangerous breeds of dogs, as determined in its sole discretion, and may limit the number of pets that an Owner may keep in a Home. The Board may at any time require the removal of any pet at the Owner's sole expense which the Board finds is a nuisance and is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain. Dogs left unattended, inside or outside the Home, and who bark for more than ten (10) continuous minutes in any given one-half (1/2) hour shall automatically constitute such a nuisance. Pets shall be attended at all times and shall be registered, licensed, and inoculated from time to time as required by law. When not confined to the Owner's Lot, pets within the Community must be leashed and accompanied by a person responsible for cleaning up and removing any animal waste. All pets must also be registered with the Association on forms obtainable from the Association and possess a tag on its collar identifying the pet's name and the name of the Owner. Failure to register the pet may result in the imposition by the Association of an administrative fee upon the non-registering Home Owner and shall be payable upon presentation of the invoice stating the amount of the administrative fee which shall be not more than one hundred fifty dollars (\$150) per calendar quarter for each such quarter that the pet remains unregistered following notification by the Association that a pet, determined in good faith to belong to the subject Owner or tenant, is believed to be not registered. No commercial raising, breeding, training or dealing in pets may be conducted on any Lot.

Section 5.10 Offensive Activity/Uses Generating Traffic/Garage Sales.

No noxious or offensive activity, nor any activity that generates traffic beyond that normally associated with a single family residence, such as, without limitation, operating a day care facility or conducting a garage sale, shall be conducted on any Lot or Common Area, nor shall anything be done therein that may be or become an annoyance or nuisance to any other Owner. Home occupations that generate traffic beyond that normally associated with a single family residence shall be similarly prohibited. No signs of any kind that advertise or provide notice of home occupations shall be allowed.

Section 5.11 Protected Antennas. *(Amended under Amendment 4 on 3/21/06)*

Owners may not install antennas, dishes or other receiving devices in or on any portion of the Lots, except as provided in this Section. Each Owner shall have the right to install a Protected Antenna (as defined by the provisions of 47 C.F.R. § 1.4000 (“FCC Rule”) as it now exists or is hereafter amended or replaced, or any other federal, state or local law, code, rule or regulation that preempts, prohibits or limits restrictions on, or conditions to, the installation, maintenance or repair of telecommunications equipment desired by an Owner) (but no other kind of antenna, dish or receiving device) on the Owner’s Lot, *without the prior written consent of the Architectural Control Committee in accordance with the rules and regulations of the Architectural Control Committee; provided, however, that the Architectural Control Committee shall not require a review fee associated with the first written request for placement of the Protected Antenna and provided further that the association may prohibit the installation of a Protected Antenna by Owners if the Association provides a central antenna system that complies with the FCC Rule or any other law, ordinance, rule or regulation that permits such prohibition.* If the provisions of this Section conflict with any applicable federal, state or local law, ordinance, rule or regulation, the terms of such law, ordinance, rule or regulation shall prevail, but the conditions and limitations set forth in this Section shall be enforced to the maximum extent permitted by law.

Section 5.12 Exterior Add-ons.

No awnings, air conditioning units, or other projections shall be placed on or hang from the exterior surfaces of any Home unless they have been approved by the Architectural Control Committee.

Section 5.13 Unsightly Items.

Unsightly items must be hidden from view within a Home or garage or within a fenced or screened area where they will not be seen from any Lot or the street. Unsightly items shall include, but shall not be limited to, garbage and trash, clothes lines, bicycles, recreational gear, outdoor maintenance equipment, firewood and ladders. The design and materials used for any fenced or screened area shall be consistent with the general appearance of the Home and must receive prior approval from the Architectural Control Committee.

Section 5.14 Garbage Collection.

Each Owner shall be responsible for delivery of garbage and trash from the Owner’s Home to a central collection facility provided for that purpose. Garbage shall be delivered to the central collection facility as frequently as necessary to prevent odors from emanating from garbage cans and to keep rodents and pests from being attracted to garbage or trash.

Section 5.15 Hazardous Substances.

Lot Owners shall comply with all state, federal and local laws and regulations governing or in any way relating to the handling, storage, use, dumping, discharge or disposal of any hazardous substance or material. Lot Owners shall not dispose of or discharge any hazardous substance or materials on any Lot, Common Area, Golf Course Tract, adjacent public street or other area located within the Community.

Section 5.16 Shared Foundations and Adjoining Walls.

Foundation piers, beams and other structural members or elements common to adjacent Homes which are built as part of the original construction and placed upon or straddle the boundary line between adjacent Lots and actually support or protect adjacent Homes shall be regarded and treated as “shared foundations,” subject to the provisions of this Section, which shall govern the maintenance and all other obligations of Owners with respect to shared foundations.

5.16.1 The cost of the repair and maintenance of a shared foundation shall be borne by the Owners sharing the foundation. If the need for any maintenance or repair work to a shared foundation is caused through the willful or negligent act of an Owner or his or her family, guests, or invitees, the cost of such maintenance or repairs shall be borne by that Owner alone.

5.16.2 Each Owner of a Home with a shared foundation shall have the right, at the Owner’s sole expense, to gain access to the shared foundation for the purpose of maintaining, repairing or restoring it, subject to an obligation to restore the shared foundation and to indemnify the Owner of the Home adjoining the shared foundation for any damages caused thereby.

5.16.3 Owners of adjoining Homes may not modify the wall between the Homes in such a manner as to adversely affect noise transmission between Homes or the fire rating of the wall assembly. Loud speakers shall not be attached to a wall adjoining another Home.

5.16.4 Appurtenant to each Lot with a shared foundation located thereon shall be an easement over the adjoining Lot sharing the foundation for the purpose of accommodating any encroachment by the Home or structures on the Lot due to engineering errors, errors in original construction, or the settling or shifting of such Home or structures. If any Home is partially or totally destroyed and then repaired and rebuilt substantially in accordance with the original plans and specifications, there shall also be appurtenant to the Lot an easement to accommodate minor encroachments by the successor structure from similar causes.

5.16.5 If the Owner (the “Defaulting Owner”) of a Lot fails to perform its obligations under this Section including, without limitation, the obligation to pay that Defaulting Owner’s share of maintenance, repair or restoration of a shared foundation, the Owner of the adjoining Home may perform such action or make such payment. The Defaulting Owner shall promptly reimburse that Owner for all costs and expenses (including attorneys’ fees and costs) incurred with interest thereon at twelve percent (12%) per annum until paid and any amounts not

so paid shall become a lien on the Lot of the Defaulting Owner in accordance with the provisions of Chapter 60.04 RCW.

Section 5.17 Conveyances and Rentals; Notice Required.

The right of an Owner to sell, transfer, rent, or otherwise convey a Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell or rent a Lot shall deliver a notice to the Board. In the case of a sale, such notice shall be delivered at least two (2) weeks before closing, specifying the Lot being sold, the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest, and the estimated closing date. The Board shall have the right to notify the purchaser, purchaser's lender, and the closing agent of the amount of unpaid assessments and charges outstanding against the Lot, whether or not such information is requested.

Section 5.18 Conversion of Garages to Residential Use Prohibited.

No garage, whether detached or part of a Home, shall be converted to residential use or used for personal habitation. Garage doors shall not be removed or otherwise converted into non-movable walls.

Section 5.19 Propane Tanks and Volatile Fuels.

No propane tanks shall be kept or stored on any Lot other than up to two 20 pound, type 1, 12 inch diameter propane tanks used for portable gas barbeques. No bulk storage (in excess of ten gallons) of oil, gasoline or diesel fuels ("Fuels") shall be kept or stored in any attached or detached Garage or on any Lot. Within such limit, Fuels may be stored in Garages in approved containers designed and manufactured for such purpose.

Section 5.20 Wells Protection.

No Owner or agent, guest or invitee of an Owner may use or dispense fertilizers, weed killers or other chemical agents on any Common Area.

Section 5.21 Declarant Facilities.

Notwithstanding any provision in this Declaration to the contrary, the Declarant and its agents, employees and contractors shall be permitted to maintain during the Development Period such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Lots and Homes, including but not limited to a business office, staging and storage areas, signs, model units, sales office, construction office and parking areas for all prospective purchasers or tenants of Declarant.

Section 5.22 Declarant Inspections and Repairs.

The Declarant shall have the right, but not the obligation, to conduct inspections and tests from time to time of all or any parts of the Property in order to ascertain the physical condition of the Homes and other improvements on the Lots and to determine whether maintenance, repairs or replacements thereof are indicated. The Declarant shall pay all costs of such inspections and tests made pursuant to this Section, shall have the right to make such repairs at it deems appropriate, shall restore the affected portion of the property to its condition immediately prior thereto, and shall indemnify the Association and Owners of any affected Lots from any damage resulting there from. The Declarant shall have such rights of entry on, over, under, across and through the Lots and Homes as may be reasonably necessary to exercise the rights described in this Section. The Declarant shall provide reasonable advance notice to the Association of the inspections and repairs.

Section 5.23 Owner installed Clothes Dryers. *(Added with amendment 4 on 3/21/06)*

Any clothes dryer installed by the purchaser of a home in Sunsera at Crescent Bar must meet or exceed the following specification regarding exhaust venting flow rate characteristics and capacities. It is the obligation of each purchaser of the home to confirm with the dryer manufacturer compliance with these specifications:

Maximum Length of 4" Dia. Rigid Metal Duct		
	Number of 90 Degree Turns	Exhaust Hood Type: 4" opening
Front Loading Dryer	0	60 ft.
	1	52 ft.
	2	44 ft.
	3	32 ft.

Section 5.24 Garbage Disposals Prohibited. *(Added with amendment 5 on 6/26/06)*

Installation and use of all garbage disposals in all Homes is strictly prohibited.

Article 6. OWNERS ASSOCIATION.

Section 6.1 Form of Association.

The Owners of Lots shall constitute a Homeowners Association. The Association will be a nonprofit corporation formed under the laws of the state of Washington and will be known as the Sunsera at Crescent Bar Homeowners Association. It will be governed by a board of directors of not fewer than three (3) nor more than nine (9) directors as provided in the bylaws. The rights and duties of the members and of the non-profit corporation shall be governed by the provisions of this Declaration. The owner of the Golf Course may, by written notice to the president or secretary, designate one director who shall be a non-voting member of the Board.

Section 6.2 Articles and Bylaws.

Declarant will adopt Articles of Incorporation and will propose to the initial Board of Directors the adoption of Bylaws to supplement this Declaration and to provide for the

administration of the Association and the property and for other purposes not inconsistent with this Declaration. Amendments to the Articles and Bylaws shall be governed by Article 16.

Section 6.3 Qualification for Membership.

Each fee Owner of a Lot (including Declarant) shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot, provided, that if a Lot has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Lot shall be the sole qualification for membership in the Association.

Section 6.4 Classes of Voting Members.

There shall be two classes of voting members:

Class A. Class A members shall be all Owners except Declarant and shall be entitled to one (1) vote for each Lot owned. If more than one person is an Owner of a Lot, all Owners shall be members of the Association. The vote for the Lot shall be cast as they shall determine, but the sum total of their vote shall be one (1) vote for each Lot owned.

Class B. The Class B member shall be the Declarant and shall be entitled to ten (10) votes for each Lot owned. The Class B membership shall cease and shall convert to a Class A membership when ninety-eight percent (98%) of the total Lots for all Phases platted and recorded have been sold to Owners.

Section 6.5 Transfer of Membership.

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

Section 6.6 Voting Representative.

An Owner may, by written notice to the Board, designate a voting representative for the Lot. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in a Lot, or by

actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the Lot, except in cases in which the person designated is a Mortgagee of the Lot. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact for the Owner under a durable power of attorney, and the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners. If a Lot is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

Section 6.7 Pledged Votes.

An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If an Owner is in default under a First Mortgage on the Lot for ninety (90) consecutive days or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

Section 6.8 Annual and Special Meetings. *(Amended with Amendment 8 on 7/22/09)*

There shall be an annual meeting of the members of the Association in the *second* quarter of the fiscal year at such reasonable place and time as may be designated by written notice from the Board delivered to the Owners not less than fifteen (15) days before the meeting. The financial statement for the preceding year and the budget the Board has adopted for the current year shall be presented at the annual meeting for the information of the members. Special meetings of the members of the Association may be called at any time, in the manner provided in the Bylaws, for the purpose of considering matters which require the approval of all or some of the Owners, or for any other reasonable purpose. Any First Mortgagee of a Lot may attend or designate a representative to attend the meetings of the Association.

Section 6.9 Audits.

As soon as is convenient after the close of each fiscal year the Board shall have a reviewed financial statement prepared for that year. The audit shall be made by a certified or licensed public accountant who is not a member of the Board or an Owner. The audit shall be completed in time for the Association's annual meeting and in any event within ninety (90) days following the end of the fiscal year. Any Mortgagee will, upon request, be entitled to receive the annual audited financial statement within ninety (90) days following the end of the fiscal year. The Board, or persons having thirty-five percent (35%) of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner, at his or her expense, may at any reasonable time, but no more than once every six months per calendar year, at a place designated by the Association, conduct an

examination of the books of the Board and Association. Upon written request of FHA, FHLMC, FNMA, or VA if it is the holder, insurer, or guarantor of a Mortgage, the Association shall prepare and furnish a copy of the previous year reviewed financial statement.

Section 6.10 Books and Records.

The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association.

Section 6.11 Inspection of Association Documents, Books, and Records.

The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, and other rules governing the Association, current budget and assessment schedule, and other books, records, and financial statements of the Association, and the most recent annual financial statement, if one is prepared. "Available" shall mean available for inspection upon request, during normal business hours, or under other reasonable circumstances at a place designated by the Association. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies.

Article 7. NOTICES.

Section 7.1 Form and Delivery of Notice.

All notices given under the provisions of this Declaration or the Bylaws or rules or regulations of the Association shall be in writing and be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered upon being deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Notice to the Owner of any Lot shall be sufficient if mailed to the address of the Lot if no other mailing address has been given to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the president or secretary of the Association.

Section 7.2 Notices to Holders, Insurers and Guarantors of Mortgages.

An eligible holder, insurer, or guarantor of a Mortgage is, respectively, any holder, insurer or guarantor of a Mortgage on a Lot that files with the secretary of the Board a written request that it be given copies of the notices listed below. The request must state the name and address of the eligible holder, insurer, or guarantor and the Lot number. Until such time thereafter that the eligible holder, insurer, or guarantor withdraws the request or the Mortgage held, insured or guaranteed by the eligible holder, insurer, or guarantor, as the case may be, is satisfied, the Board shall send to the eligible holder, insurer, or guarantor timely written notice of (a) any proposed transfer of any part of the Common Areas or termination of professional management of the Community; (b) any condemnation loss or casualty loss that affects a

material portion of the Common Areas or that affects any Lot on which an eligible holder has a First Mortgage; (c) any delinquency which has continued for sixty (60) days in the payment of assessment or charges owed by an Owner of a Lot on which an eligible holder had a Mortgage; (d) any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; (e) any proposed action that would require the consent of a specified percentage of eligible holders pursuant to Article 16.

Article 8. AUTHORITY OF THE BOARD.

Section 8.1 Adoption of Rules and Regulations.

The Board is empowered to adopt, amend, and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of this Declaration and to promote the comfortable use and enjoyment of the Community. The rules and regulations of the Association shall be binding upon all Owners and occupants and all other persons claiming any interest in the Community.

Section 8.2 Enforcement of Declaration, Etc.

The Board shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the Bylaws, and the rules and regulations of the Association, as the same may be lawfully amended from time to time, for the benefit of the Association. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, the Articles, the Bylaws, or the rules or regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs, witness fees, including expert witness fees, court reporter fees, including transcription fees and attorney's fees in the amount awarded by the court, for trial and any appeal thereon.

Section 8.3 Goods and Services.

The Board shall acquire and pay for as common expenses ("Common Expenses") of the Association all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Community. The goods and services shall include (by way of illustration and not limitation) utility services for the Common Areas; policies of insurance and fidelity bonds; legal and accounting services; maintenance, repair, landscaping, gardening, and general upkeep of the Common Areas and Facilities and the exteriors of the Homes and Lots for which the Association has maintenance responsibility under this Declaration; and all supplies, materials, fixtures, and equipment that are in the Board's judgment necessary or desirable for the operation of the Community and enjoyment of it by the Owners. The Board may hire such fulltime or part-time employees as it considers necessary.

Section 8.4 Managing Agent.

The Board may contract with an experienced professional managing agent to assist the Board in the management and operation of the Community and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. Only

the Board can approve an annual budget or a supplemental budget, and only the Board can impose a special assessment on a Lot or Home or authorize foreclosure of an assessment lien. The Declarant or an affiliate of the Declarant may be the Managing Agent.

Section 8.5 Protection of Property.

The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the property, settle claims, or otherwise act in what it considers to be the best interests of the Community or the Association.

Article 9. BUDGET AND ASSESSMENTS FOR COMMON EXPENSES.

Section 9.1 Fiscal Year.

The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 9.2 Association Budgets.

The initial budget for the Association shall be adopted by Declarant, which shall be based on a development consisting of Homes and projected improvements on all of the Lots and Common Areas in Phase One of Sunterra at Crescent Bar according to Declarant's current plans. Subsequent budgets shall be prepared by the Board, subject to ratification by the members of the Association as provided below. The budgets shall set forth sums required by the Association for the completed development, as estimated by the Board, to meet its annual costs for Common Expenses, including a reasonable sum for reserves for future major repairs and replacements for which the Association is responsible, including, but not limited to, improvements within the Common Areas, the exteriors of the Homes and the Septic Sewer System. Not less than thirty (30) days before the end of the fiscal year the Board shall prepare a budget for the Association for the coming year. In preparing its budget the Board shall estimate the Common Expenses of the Association to be paid during the year, make suitable provision for accumulation of reserves, and shall take into account any surplus or deficit carried over from the preceding year and any expected income to the Association.

Section 9.3 Agreement to Pay Assessments.

The Declarant for each Lot owned agrees, and each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so stated in the deed, is deemed to agree to pay to the Association the assessments and charges set forth in this Declaration. The assessments shall be allocated among the Lots based on Common Expense Liability. The assessments shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Community and to pay for the improvement and maintenance of the Common Areas and the other goods and services the Association is obligated to provide under this Declaration, including such maintenance responsibilities as are set forth in Section 5.5 above.

Section 9.4 Owner Ratification of Assessments.

Within 30 days after adoption of any proposed budget for the Association after the initial budget adopted by the Declarant, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

Section 9.5 Monthly Installments; Declarant's Obligation.

Assessments on each Lot shall commence upon the closing of the sale by Declarant of the Lot with a completed Home or upon the occupancy of the Home, whichever is earlier. Until Assessments have commenced on all Lots, Declarant shall have an option of paying to the association an amount equal to the excess, if any, of actual expenses of the Association over the amount of Assessments levied by the Association for operating expenses, which would exclude amounts levied for reserves, or an amount equal to the Assessments which would otherwise be due on the Lots owned by it. The Declarant shall establish the initial assessment against the Lots based on the annualized budget adopted by it under Section 9.2; thereafter the Board shall fix the amount of the annual assessment against each Lot based on the budget adopted by the Board and ratified by the Owners. Written notice of the annual assessment shall be sent to each Owner. The assessment shall be divided into equal installments to be paid every month over the period of time covered by the budget and shall be assessed in accordance with Common Expense Liability; provided that the Declarant shall have the option of paying either an amount equal to the excess of the actual operating expenses of the Association over the assessments on the other Lots for operating expenses or an amount equal to the assessments which would otherwise be due on the Lots owned by it.

Section 9.6 Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement on the Common Areas and Facilities, the exteriors of the Homes, Lots and Septic Sewer System, provided any such assessment shall be based on a budget and subject to ratification by the Owners pursuant to Section 9.4.

Section 9.7 Payment of Monthly Assessments. *(Amended with amendment 7 on 10/02/07)*

On or before the first day of each calendar month, each Owner shall pay or cause to be paid to the treasurer of the Association the assessment against the Lot for that month. Any assessment not paid within ten (10) days after the first day of the calendar month for which it is due shall be delinquent and subject to late charges, interest charges, attorneys' fees and collection procedures as provided in Article 10. *Notwithstanding the foregoing, the Board may*

adopt such other billing periods, such as quarterly or semi-annually, as it deems appropriate. In such event, the assessments shall be deemed delinquent ten (10) days after the (1st) day of the (1st) calendar month included in the billing period.

Section 9.8 Proceeds Belong to Association.

All assessments and other receipts received by the Association on behalf of the Community shall belong to the Association.

Section 9.9 Failure to Assess.

Any failure by the Board or the Association to make the budget and assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay assessments during that or any subsequent year, and the monthly assessment amount established for the preceding year shall continue until a new assessment is established.

Section 9.10 Certificate of Unpaid Assessments.

Upon the request of any Owner or Mortgagee of a Lot, the Board will furnish a certificate in recordable form stating the amount, if any, of unpaid assessments charged to the Lot. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and mortgagees of the Lot who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

Section 9.11 Declarant Subsidy or “In-kind” Contributions.

The Association is specifically authorized to enter into subsidy contracts or contracts for “in kind” contribution of services, materials, or a combination of services and materials with the Declarant or other entities in lieu of payment of Common Expenses.

Section 9.12 Declarant’s Obligation for Assessments.

Until a budget is established and the Association levies Assessments, the Declarant shall pay the Association’s Common Expenses. With respect to any amounts that the Declarant is obligated to pay after commencement of assessments as provided in this Declaration, the Declarant’s obligations may be satisfied in the form of cash or by “in kind” contributions of services or materials, or by a combination of these. During the Development Period, the Declarant may, but shall not be obligated to, reduce Assessments for any fiscal year by payment of a subsidy and/or contributions of services and materials (in addition to any assessments paid by Declarant). Any such anticipated payment or contribution by the Declarant shall be disclosed as a line item in the Common Expense budget. Payments by the Declarant in any year shall under no circumstances obligate the Declarant to continue such payments in future years and the

treatment of such payment shall be made known to the membership, unless otherwise provided in a written agreement between the Association and the Declarant.

Article 10. LIEN AND COLLECTION OF ASSESSMENT.

Section 10.1 Assessments Are a Lien; Priority.

All unpaid sums assessed by the Association for the share of the Common Expenses chargeable to any Lot and any sums specially assessed to any Lot under the authority of this Declaration or the Bylaws (together with interest, late charges, costs, and attorneys' fees in the event of delinquency as identified in Section 8.2 above) shall constitute a continuing lien on the Lot from the date the assessment became due until fully paid. The lien for such unpaid assessments shall be subordinate to tax liens on the Lot in favor of any assessing unit and/or special district, and to all sums unpaid on all mortgages of record, but shall have priority over all other liens against the Lot. A Mortgagee of a Mortgage of record of a Lot that obtains title through a mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure of sale, or a purchaser at a foreclosure sale, or the Administrator of Veterans Affairs if he is grantee of a deed in lieu of foreclosure, shall take the Lot free of any claims for the share of Common Expenses or assessments by the Association chargeable to the Lot that became due before taking title, but will be liable for the Common Expenses and assessments that accrue after taking title; in which event the Lot's past-due share of Common Expenses or assessments shall become new Common Expenses chargeable to all of the Owners, including the Mortgagee or foreclosure sale purchaser and their successors and assigns, in proportion to their respective Common Expense Liability; however, the Owner shall continue to be personally liable for such past-due assessments, as provided in Section 10.3. For the purpose of this section, the terms "Mortgage" and "Mortgagee" shall not mean real estate contracts or a vendor or a designee or assignee of a vendor under a real estate contract.

Section 10.2 Foreclosure of Assessment Lien. *(Amended with amendment 11 on 7/28/14)*

The lien for delinquent assessments may be foreclosed by suit by the Association, in like manner as the foreclosure of a mortgage of real property, or, at the Association's election, may be foreclosed nonjudicially in the manner set forth in RCW 61.24 for nonjudicial foreclosure of deeds of trust. The Lots are not used principally for agricultural or farming purposes. The Association shall have the power to bid on the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same

Section 10.3 Assessments Are Personal Obligation.

In addition to constituting a lien on the Lot, all sums assessed by the Association chargeable to any Lot (together with interest, late charges, costs and attorneys' fees in the event of delinquency) shall be the personal obligation of the Owner of the Lot when the assessment is made. Suit to recover personal judgment for any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them. An Owner may not waive or otherwise avoid liability for assessments provided for herein by non-use of the Common Areas or abandonment of the Owner's Lot.

Section 10.4 Late Charges and Interest on Delinquent Assessments. *(Amended under Amendment 4 on 3/21/06)*

The Board may from time to time establish *administrative charges together with* a rate of interest to be charged on assessments that may thereafter become delinquent. *Until otherwise adopted by the board, there shall be imposed an administrative fee of Fifty Dollars (\$50.00) per month for all assessments delinquent more than Sixty (60) days. Such administrative fees shall be due and owing together with the next month's assessment, In the absence of another established non-usurious rate, assessments delinquent after (10) days of the first of the month for which the assessments are payable shall bear interest at the rate of (12%) per annum.*

Section 10.5 Suspension of Voting Privileges and Right to Use Recreational Facilities.

The Association may, upon ten (10) days' notice, suspend the voting privileges and right to use any recreational facility located on the Common Areas of any member who is delinquent in paying assessments, which suspension shall last until the member is current in paying assessments.

10.5.1 Water Shut Off *(Added with Amendment 8 on 7/22/09)*

The Association has the legal right to and may, upon written notice to the Owner of the delinquency and the posting of a notice on the Owners' Home, turn off water to the Home for any member who is sixty (60) days delinquent in paying assessments. The suspension may last until the member is current in paying assessments.

Section 10.6 Recovery of Attorneys' Fees and Costs.

The Association shall be entitled to recover from the delinquent Owner its reasonable attorneys' fees and costs in the event the Board retains an attorney to assist it in collecting a delinquent assessment. In any action to collect delinquent assessments, the prevailing party shall be entitled to recover as a part of its judgment a reasonable sum for attorneys' fees and expenses reasonably incurred in connection with the action, as described in Section 8.2 above, in addition to taxable costs permitted by law.

Section 10.7 Remedies Cumulative.

The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Section 10.8 Security Deposit.

An Owner who has been delinquent in paying his monthly assessments for three (3) of the five (5) preceding months may be required by the Board, from time to time, to make and maintain a security deposit not in excess of three (3) months' estimated monthly assessments, which shall be collected and shall be subject to penalties for nonpayment as are other

assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is ten (10) days or more delinquent in paying his assessments.

Article 11. ENFORCEMENT; ARBITRATION.

Section 11.1 Enforcement.

The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. The failure of the Association, or any Owner, in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Association of payment of an assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Association of any requirement shall be effective unless expressed in writing and signed by the Association.

Section 11.2 Mandatory Arbitration. *(Amended with amendment 10 on 10/03/2011)*

With the exception of any lawsuit brought by the Association under either Section 10.2 or Section 10.3 of the Declaration, and any counterclaim asserted in such proceeding, any dispute between an Owner or the Association and the Declarant, an Owner and the Association or between Owners relating to Sunsera at Crescent Bar must be decided by arbitration in King County, Washington, under the Construction Arbitration rules of the American Arbitration Association (AAA) in effect on the date thereof, as modified by this Section, or under such other rules or tribunal as the parties may agree. There shall be one arbitrator selected by the parties may agree. There shall be one arbitrator selected by the parties within seven days of the arbitration demand or if not, then pursuant to the AAA Rules, who shall be an attorney with at least five years construction or community association law experience. Any issue about whether a dispute or claim must be arbitrated pursuant to this Declaration shall be determined by the arbitrator. At the request of either party made not later than 75 days after the arbitration demand, the parties shall submit the dispute or unresolved claim to non-binding mediation, which shall not delay the arbitration hearing date. There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing, which shall be held with 120 days of the demand and concluded within two days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge including attorney fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages. The decision rendered by the arbitrator shall be final and binding without appeal or review and may be enforced in any court of competent jurisdiction.

Article 12. LIMITATION OF LIABILITY AND INDEMNIFICATION.

Section 12.1 Liability for Utility Failure, Etc.

Neither the Association nor the Board shall be liable for: the failure of any utility or other service to be obtained and paid for by the Association; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may lead or flow from outside or from any parts of the buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place; or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 12.2 No Personal Liability.

So long as a Board member, or Association committee member, or Association officer, or the Managing Agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, no such person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person.

Section 12.3 Indemnification.

Each Board member, Association committee member, Association officer, and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he or she holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

Article 13. INSURANCE.

Section 13.1 General Requirements.

Commencing not later than the time of the first conveyance of a Lot to a person other than the Declarant, the Association shall maintain, to the extent reasonably available, a policy or policies and bonds necessary to provide (a) property insurance, (b) commercial general liability insurance, (c) fidelity insurance, (d) workers' compensation insurance to the extent required by applicable laws, (e) directors and officers liability insurance, and (f) such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects, authorized to do business in the state of Washington, and meet the specific requirements of FNMA and FHLMC regarding the

qualifications of insurance carriers. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect property, liability, and fidelity insurance that meet the insurance requirements for townhouse projects established by FNMA and FHLMC so long as either of them is a holder of a mortgage or Owner of a Lot, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies shall provide that coverage may not be cancelled or substantially reduced without at least 45 days' prior written notice (10 days for cancellation for nonpayment of premium) to the Association as the first named insured therein.

Section 13.2 Property Insurance; Deductible. *(Amended with amendment 8 on 07/08/11)*

The property insurance shall, at the minimum and subject to such reasonable deductible as the Board may determine, provide All Risks of Direct Physical Loss coverage in an amount equal to the full replacement cost of the Homes and the equipment, fixtures, improvements in the Homes installed by the Declarant, and personal property of the Association with an "Agreed Amount Endorsement" and, if required by FNMA or FHLMC, construction code endorsements, such as a "Demolition Cost Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement," an "Increased Cost of Construction Endorsement," and such other endorsements as FNMA or FHLMC deems necessary and are available. The cost of property insurance for the Homes shall be a Common Expense. Prior to commencement of Assessments with respect to each Home, Declarant shall be responsible for obtaining or paying for insurance for that Home. The policy shall provide a separate loss payable endorsement in favor of the Mortgagee of each Home. The policy may, in the discretion of the Board, provide coverage for loss due to earthquake (difference in conditions) and coverage for improvements or betterments within the Homes installed by the Owners. The Association or insurance trustee, if any, shall hold insurance proceeds in trust for the Owners and their Mortgagees, as their interests may appear. Each Owner and the Owner's Mortgagee, if any, shall be beneficiaries of the policy to the extent of the Owner's interest in the Owner's Home. Certificates of insurance shall be issued to each Owner and Mortgagee upon request. Up to the amount of the deductible under the Association's policy, each Owner shall be responsible for (a) damage or loss within the Owner's Home, (b) damage to another Home or to the Common Areas resulting from the negligence or misconduct of the Owner or tenant of the Owner's Home or their guests, or (c) damage resulting from faulty or leaking plumbing fixtures or pipes, hot water tanks, sinks, bathtubs, toilets, dishwashers, washers, including any connecting hoses or drains in or serving only the Owner's Home. The Association's policy shall not cover furniture, contents or personal property within the Home. Each Owner shall promptly advise the Association in writing of any betterment or improvement intended as a permanent part of the Home costing \$5,000 or more. *Homeowners are responsible for the first \$10,000 in damage to their home and must provide proof each year that their insurance policy has building coverage for this amount.*

Section 13.3 Commercial General Liability Insurance.

The liability insurance coverage shall insure the Association and the Board and cover the Association's responsibilities with respect to the Common Areas, Lots and Homes with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of

another Owner, and shall cover liability of the insureds for property damage, bodily injury, and death of persons arising out of the operation, maintenance, and use of the Common Areas, host liquor liability, employers' liability insurance, automobile liability insurance, and such other risks as are customarily covered with respect to residential projects of similar construction, location, and use. The limits of liability shall be in amounts generally required by Mortgagees for projects of similar construction, location and use but shall be at least \$2,000,000 combined single limit for bodily injury and property damage per occurrence and \$4,000,000 general aggregate.

Section 13.4 Insurance Trustee; Power of Attorney.

The named insured under the policies referred to in Section 13.2 and Section 13.3 shall be the Association, as trustee for each of the Owners in accordance with their respective interests in their Homes. The insurance proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. Subject to the provisions of Section 13.8, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored. Each Owner appoints the Association, any trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents, and the performance of all other acts necessary to accomplish such purposes.

Section 13.5 Additional Policy Provisions.

The insurance obtained pursuant to Section 13.2 and Section 13.3 shall contain the following provisions and limitations:

(a) Each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Owner's Home or membership in the Association.

(b) Such policies shall not provide for contribution by or assessment against Mortgagees or become a lien on the property superior to the lien of a first Mortgage.

(b) If, at the time of the loss under the policy, there is other insurance in the name of the Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(c) Coverage shall not be prejudiced by (a) any act, omission, or neglect of the Owners when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or

(b) Failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.

(d) A waiver of subrogation by the insurer as to any and all claims against the Association, the Owner of any Home, and/or their respective agents, members of the owner's household, employees, or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

(f) A standard mortgagee clause which shall:

(i) Provide that any reference to a mortgagee in the policy shall mean and include all Mortgagees of any Lot in their respective order of preference, whether or not named therein;

(ii) Provide that such insurance as to the interest of any Mortgagee shall not be invalidated by any act or neglect of the Board or Owners or any persons under any of them;

(iii) Waive any provision invalidating such mortgage clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the Mortgagee pay any premium thereon, and any contribution clause; and

(iv) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the association or the insurance trustee.

Section 13.6 Fidelity Insurance.

The required fidelity insurance shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all other persons who handle or are responsible for handling funds of or administered by the Association. The Managing Agent shall maintain fidelity insurance for its officers, employees, and agents who handle or who are responsible for handling funds of or funds administered by the Association. All such fidelity insurance shall name the Association as an obligee and shall be not less than the estimated maximum of funds, including reserve funds, in custody of the Association at any time during the term of each policy, but, in no event, shall the aggregate amount of insurance be less than three months' aggregate Assessments. The policy shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Section 13.7 Owners' Individual Insurance.

An insurance policy issued to the Association does not prevent an Owner from obtaining insurance for the Owner's own benefit.

Section 13.8 Use of Insurance Proceeds.

Any portion of the Property for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) the Declaration is terminated, (b) repair or replacement would be illegal under any state or local

health or safety statute or ordinance, or (c) 90% of the Owners, including every Owner of a Home which will not be rebuilt and the Declarant during the Development Period, vote not to rebuild. The cost of repair or replacement of each damaged Home in excess of the deductible and insurance proceeds shall be the obligation of the Owner of the Home. If all of the damaged or destroyed portions of the Homes are not repaired or replaced, (i) the insurance proceeds attributable to the damaged Homes shall be used to restore the damaged area to a condition compatible with the remainder of the Property; and (ii) the insurance proceeds attributable to Homes which are not rebuilt shall be distributed to the Owners of those Homes or to lienholders, as their interests may appear, in proportion to Common Expense Liability; and (iii) the remainder of the proceeds shall be distributed to all the Owners or lienholders, as their interests may appear, in proportion to Common Expense Liability.

Article 14. EASEMENTS.

Section 14.1 In General.

Unless otherwise specified, all easements reserved or granted under this Article or elsewhere in this Declaration or on the Plat shall be perpetual and shall run with the land.

Section 14.2 Access Easements Reserved by Declarant and Association.

The Declarant reserves and the Association is hereby granted an access easement over and upon each Lot, and across and through the Common Areas of the Community, for the purpose (i) in the case of the Declarant, of (a) constructing Homes and other improvements on the Lots, (b) improvements on the Common Areas, (c) exhibiting and preparing Lots for sale, and (d) making repairs required pursuant to any contract of sale and (ii) in the case of the Association, fulfilling any obligation or exercising any right conferred upon the Association by this Declaration.

Section 14.3 Easements for Utilities.

14.3.1 There are hereby reserved to the Declarant, the Association, and the designees of each (which may include, without limitation, any governmental or quasi-governmental entity and any utility company) perpetual non-exclusive easements upon, across, over, and under all of the properties of Sunsera at Crescent Bar, including through the attics of the Homes (but not the living areas of the Homes), to the extent reasonably necessary, for the purpose of installing, constructing, monitoring, replacing, repairing, maintaining, operating and removing telephone, cable television systems, master television or data antenna systems, and other devices for sending or receiving data and/or other electronic signals; security and similar systems; roads, walkways, pathways and trails; ponds, wells, irrigation and storm water drainage systems; street lights and signage; and all utilities, including, but not limited to, water, sewer, heating and air conditioning, telephone, gas, and electricity, and utility lines and meters; and an easement for access of vehicular and pedestrian traffic over, across, and through Sunsera at Crescent Bar as necessary to exercise the easements described above. In the exercise of these easement rights, the Declarant and the Association may elect to group electric meters, cable and

data boxes, telephone boxes, heating and air conditioning pads and equipment, etc. onto the side of one Home or on a Lot for a group of Homes.

14.3.2 There is hereby reserved to the Declarant, during the Development Period, the exclusive right and power to grant such specific non-exclusive easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property described on Exhibits A or B.

14.3.3 Each Lot has an easement in and through each other Lot and the Common Areas for all support elements and utility, wiring, heat, and service elements, and for reasonable access thereto, as required to effectuate and continue proper operation of Home on the Lot.

14.3.4 Any damage to a Lot or Home resulting from the exercise of the easements described in this Section 14.3 shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of these easements shall not extend to permitting entry into any Home, nor shall it unreasonably interfere with the use of any Lot or Home, and except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

14.3.5 The Declarant reserves unto itself the right, in the exercise of its sole discretion, upon the request of any Person holding, or intending to hold, an interest in Sunsera at Crescent Bar, or at any other time, (i) to release all or any portion of Sunsera at Crescent Bar from the burden, effect, and encumbrance of any of the easements granted or reserved under this Section, or (ii) to define the limits of any such easements.

Section 14.4 Easement for Septic Sewer System.

The Owner of each Lot and the owner of the Clubhouse are hereby granted a perpetual easement over, across and through for the Golf Course and other portions of the Community for use of the Septic Sewer System to be constructed thereon pursuant to plans approved by the Grant County Health District. The Declarant, the Owner of each Lot, and the Association and their respective agents are hereby granted a blanket easement over the Golf Course Tract together with a blanket easement to and through each building or facility in the Community, including the Club House, for access to the controls, vaults, mechanical rooms, valves, lines or any other Septic Sewer component or control located therein for the purpose of installation, operation, testing, maintenance, repair and replacement of the Septic Sewer System in order that the Septic Sewer System be operated in full compliance with the laws and regulations of the State of Washington and Grant County, Washington. All costs of initial installation and testing of the Septic Sewer System shall be borne by the Declarant. All costs of operation, testing, maintenance, repair and replacement of the Septic Sewer System after initial installation and testing shall be borne by the Owners through the Association as a Common Expense pursuant to Section 3.4. The Declarant and the Association, in exercising their rights under this provision, shall restore the grounds, whether fairways, rough or greens, to substantially the condition existing prior to the exercise of such rights; provided that neither the Declarant nor the Association shall be liable to the owner or operator of the Golf Course or Clubhouse for loss of

business or disruption of the fairways resulting from the exercise by the Declarant or the Association of its rights under this Section.

Section 14.5 Easement for Slope Control, Drainage and Waterway Maintenance.

The Declarant, for itself and the Association, and their respective representatives, successors and assigns, contractors and agents, hereby establishes and reserves a permanent and perpetual non-exclusive easement appurtenant, over, across, under, through and upon each Lot for the purposes of:

- (a) Controlling soil erosion, including grading and planting with vegetation any areas of any Lot which are or may be subject to soil erosion;
- (b) drainage of natural or man-made water flow and water areas from any portion of Sunsera at Crescent Bar;
- (c) changing, modifying or altering the natural flow of water, water courses or waterways on or adjacent to any Lot;
- (d) dredging, enlarging, reducing or maintaining any water areas or waterways within Sunsera at Crescent Bar; and
- (e) installing such pipes, lines, conduits or other equipment as may be necessary for slope control, drainage and waterway maintenance of any portion of Sunsera at Crescent Bar.

Section 14.6 Easements to Serve Additional Property.

The Declarant hereby reserves for itself and its duly authorized agents, representatives, and employees, successors, assigns, licensees, and mortgagees, a non-exclusive easement over the Common Area for the purposes of enjoyment, use, access, and development of the Additional Property, 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, for the posting of signs, and for connecting and installing utilities on such property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such property.

Section 14.7 Easement for Entry.

The Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter all portions of Sunsera at Crescent Bar, including each Lot and Home, for emergency, security, and safety reasons. Such right may be exercised by the authorized agents, employees and managers of the Association, any member of its Board or committees, and its officers, and by all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in emergencies, entry onto a Lot or Home shall be only during reasonable hours and after notice to and permission from the Owner. This easement includes the right to enter any Lot or Home to cure any condition which may increase the risk of fire, slope erosion, immediate risk of personal injury, or other hazard if an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but shall not authorize entry into any dwelling without permission of the Owner, except by emergency personnel acting in their official capacities. Any entry by the Association or its authorized agents, employees or managers of the Association, any member of its Board or committees, or its officers onto a Lot or Home for the purposes specified herein shall not constitute a trespass.

Section 14.8 Easements for Maintenance and Enforcement.

Authorized agents of the Association shall have the right, and a perpetual easement is hereby granted to the Association, and its agents, to enter all portions of Sunsera at Crescent Bar, including each Lot and Home to (a) perform its maintenance responsibilities under Article 5, and (b) make inspections to ensure compliance with the Governing Documents. Except in emergencies, entry onto a Lot or Home shall be only during reasonable hours. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property, and any damage shall be repaired by the Association at its expense. The Association also may enter upon a Lot to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates the Governing Documents. All costs incurred, including reasonable attorney's fees, may be additionally assessed against the violator.

Section 14.9 Lateral Support.

Every portion of the Common Area, every Lot or Home, and any improvement which contributes to the lateral support of another portion of the Common Area or of another Lot or Home shall be burdened with an easement for lateral support, and each shall also have the right to lateral support which shall be appurtenant to and pass with title to such property.

Section 14.10 Easements for Golf Course Ownership and Operations.

14.10.1 Every Lot and the Common Area adjacent to the Golf Course are burdened with an easement permitting golf balls unintentionally to come upon such Common Area or Lots, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area or the exterior portions of a Lot to retrieve errant golf balls; provided however, if any Lot is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from any activity relating to any errant golf balls or the exercise of this easement: the Declarant, or any successor Declarant; the Association or its Members (in their

capacity as such); the owner(s) of the Golf Course or their successors, successors-in-title, or assigns; any builder or contractor (in their capacities as such); any officer, director, member, manager, or partner of any of the foregoing, or any officer or director of any partner of the foregoing.

14.10.2 The owner(s) of the Golf Course, their respective successors and assigns, shall have a perpetual, exclusive easement of access over Sunterra at Crescent Bar for the purpose of retrieving golf balls from bodies of water within the Common Area, if any, lying reasonably within range of golf balls hit from the Golf Course.

14.10.3 The owner of the Golf Course, its agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of the Golf Course

14.10.4 There is hereby established for the benefit of the owner of the Golf Course and Clubhouse, and its members (regardless of whether such members are Owners of Lots), guests, invitees, employees, agents, contractors, and designees, a right and nonexclusive easement of access and use over all roadways located within Sunterra at Crescent Bar reasonably necessary to travel between the entrance to Sunterra at Crescent Bar and the Golf Course and Clubhouse over those portions of the Common Areas of Sunterra at Crescent Bar reasonably necessary to play, operate, maintain, repair, and replace the Golf Course and Clubhouse. Without limiting the generality of the foregoing, members of the Golf Course and guests and invitees of the owners of the Golf Course shall have the right to park their vehicles on the roadways located within Sunterra at Crescent Bar at reasonable times before, during, and after special events, tournaments and other similar functions held by or at the Golf Course or weddings, parties or similar events at the Clubhouse to the extent that the Golf Course or Clubhouse has insufficient parking to accommodate such vehicles.

14.10.5 Any portion of Sunterra at Crescent Bar immediately adjacent to the Golf Course is hereby burdened with a nonexclusive easement in favor of the adjacent Golf Course for overspray of water from the irrigation system, as well as fertilizers, insecticides, weed control and other maintenance administrations serving the Golf Course. Under no circumstances shall the Association or the owner(s) of the Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

14.10.6 The Declarant hereby reserves for itself, its successors and assigns, and may assign to the owner(s) of the Golf Course an easement and all rights to draw water from any pond within or adjacent to Sunterra at Crescent Bar for purposes of irrigation of the Golf Course and for access to and the right to enter upon any ponds within or adjacent to Sunterra at Crescent Bar, if any, for installation and maintenance of any irrigation systems.

Section 14.11 Liability for Use of Easements.

No Owner shall have a claim or cause of action against the Declarant, its successors or

assigns, arising out of the exercise or non-exercise of any easement reserved hereunder or shown on any Plat or Supplemental Plat for Sunterra at Crescent Bar, except in cases of willful or wanton misconduct.

Section 14.12 Easement for Special Events.

Declarant hereby reserves for itself, its successors, assigns and designees a perpetual, non-exclusive easement over the Common Area for the purpose of conducting educational, cultural, entertainment, or sporting events, and other activities of general community interest at such locations and times as Declarant, in its sole discretion, deems appropriate. Each Owner, by accepting a deed or other instrument conveying an interest in a Lot, acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the occupants of its Lot or Home to take no action, legal or otherwise, which would interfere with the exercise of such easement or to recover damages for or as the result of any such activities.

Section 14.13 Rights to Storm water Runoff, Effluent and Water Reclamation.

Declarant hereby reserves for itself and its designees, including but not limited to the owner of any Golf Course, all rights to ground water, surface water, storm water runoff and effluent located or produced within Sunterra at Crescent Bar, and each Owner agrees, by acceptance of a deed to a Lot, that Declarant shall retain all such rights. Such right shall include an easement over Sunterra at Crescent Bar for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff and effluent.

Section 14.14 Easements for Wells and Water.

The Declarant reserves, creates, establishes, promulgates and declares for itself and its duly authorized successors and assigns, which may include the owners of any Golf Course, successors-in-title, agents, representatives, employees, licensees, and mortgagees, non-exclusive, perpetual, reciprocal, appurtenant easements over Sunterra at Crescent Bar (but not through a dwelling) for the purposes of access, ingress and egress and for the purposes of connecting, installing, constructing, monitoring, replacing, repairing, maintaining and operating wells and water and irrigation lines and systems and for the purpose of withdrawing water from wells or aquifers within or underlying Sunterra at Crescent Bar. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to any property as a result of the use of these easements.

Section 14.15 Additional Easements. *(Added by Amendment 4 on 3/21/06)*

14.15.1 *All or portions of Sunterra at Crescent Bar are also subject to any additional easements shown on the Plat.*

14.15.2 *The Declarant reserves unto itself and the Association an exclusive*

perpetual easement over and upon that portion of each lot for the construction and necessarily related to the construction thereof, which stairs and sidewalks serve more than one lot. The description and location of the easement area is the portion of each lot so affected and burdened by the subject sidewalk or stairs or other structural elements necessarily related to the construction thereof, in their final as-built condition. The Declarant reserves unto itself, the association and the Owners of the Lots so served a future easement over and upon said subject stairs or sidewalk as constructed, for ingress into their respective Homes located upon said Lots.

14.15.3 Each Lot described on Exhibit "F", attached hereto and incorporated herein as though fully set forth, as a "Benefited Lot" shall have a perpetual exclusive easement upon, over and across the platted property lot line and onto the adjoining Lot described on Exhibit "F" as the "Burdened Lot" for allowance of the encroachment of (i) a Stoop, Stoop roof overhang and supporting column (s) and (ii) for all other related structural connections affixing the Stoop structure to the Burdened Lot and Home located thereon. The encroachment easement area is graphically depicted in approximate detail on Exhibit "F" but the precise description and location of each easement area shall be that area actually encroached upon by the subject Stoop structure, Stoop roof and overhang, supporting column (s) and associated structural components related thereto in their final as build constructed condition.

14.15.4 In addition to the specific easement referenced in Section 14.15.2 the Declarant also reserves unto itself and the Association an exclusive perpetual easement over and upon that portion of the Lot, but not the Home built thereon, encroached upon by an adjacent structure or component of the Community infrastructure so long as such encroachment does not exceed twenty four (24) inches onto adjoining Lot.

Section 14.16 Special Declarant Rights.

The Declarant reserves the following Special Declarant Rights during the Development Period, which may be exercised, where applicable, anywhere within Sunsera at Crescent Bar:

(a) To complete any improvements indicated on the Plats or Supplemental Plats filed with the Declaration or any Supplemental Declaration;

(b) To exercise any development rights reserved in the Governing Documents;

(c) To maintain advertising signs on the property and to maintain sales and administrative offices;

(d) To merge or consolidate the Association with another common interest community of the same form of ownership; and

(e) To appoint and remove any director or officer of the Association as provided in the Bylaws.

Section 14.17 Transfer of Special Declarant Rights.

(a) Assignment. The Declarant may assign any or all of the Special Declarant Rights, Development Rights, or other special rights and obligations of the Declarant set forth in this Declaration or the Bylaws to any affiliate of the Declarant or a builder, or Declarant may allow any affiliate of the Declarant or a builder to exercise such rights on behalf of the Declarant. The method of exercising such rights shall be subject to the agreement of the parties thereto, which agreement shall not require recordation in the Public Records.

(b) Any or all of the rights reserved to the Declarant under the Governing Documents, or other special rights and obligations of the Declarant set forth in this Declaration or the Bylaws, may be transferred in whole or in part to the Association or to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the Bylaws. Upon any such transfer, the Declarant shall be automatically released from any and all future liability arising with respect to such transferred rights and obligations. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Public Records.

Section 14.18 Sales and Construction Activities.

During the Development Period, the Declarant and Builders authorized by Declarant may maintain and carry on upon portions of Sunsera at Crescent Bar such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the development of Sunsera at Crescent Bar and/or the construction or sale of Lots or Homes, including, but not limited to, signage, business offices, sales offices, management offices, and model units and any related parking facilities and sales, development and construction activities. The Declarant and authorized Builders shall have easements for access to and use of such facilities.

Section 14.19 Construction of Improvements.

During the Development Period, the Declarant and its employees, agents, and designees shall also have a right and easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

Section 14.20 Other Covenants Prohibited.

No Person shall record any declaration of covenants, conditions and restrictions, condominium declaration, easements, or similar instrument affecting any portion of Sunsera at Crescent Bar without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Declarant and recorded in the Public Records. No such instrument recorded by any Person, other than the Declarant pursuant to Section 8.5, may conflict with the Declaration, Bylaws or Articles.

Section 14.21 Waiver of Claims Found by Destructive Testing or Inspections.

Each Owner by purchasing a Lot and Home hereby takes title to the Lot and Home on the condition that the Owner waives the right to commence arbitration or litigation against the Declarant or other builders of Homes in Sunsera at Crescent Bar or their general contractor and sub-contractors engaged in the construction of the Home, and their respective members, shareholders, directors, officers, employees, consultants, bonding companies, insurance companies and attorneys for claims based on or arising from the destructive testing or inspection of any Home other than the Home owned by the Owner making the claim.

Article 15. LATER PHASES; ADDITIONAL PROPERTY.

Declarant may from time to time subject to the provisions of this Declaration all or any portion of the Additional Property by recording a supplemental declaration amending the description of the Property in Exhibit A to add the portion of the Additional Property to be subjected to this Declaration and filing a plat for a later phase of Sunsera at Crescent Bar. The later plat and supplemental declaration filed or recorded pursuant to this Article shall not require the consent of any person other than Declarant or successor to Declarant. In connection with a later phase, Declarant shall also amend Exhibit B to delete the portion of the Additional Property being subjected to this Declaration, Exhibit C to list any additional Common Areas, Exhibit D to show any additional Garages to be assigned as Limited Common Areas, , Exhibit E to list the projected areas of Homes and Garages for assessment purposes, and may amend any of the provisions of this Declaration dealing with the Lots, Homes or Tracts in that phase. In addition, Declarant reserves the right to amend Schedule F to reflect any material differences between the projected areas of the Homes and Garages and their actual areas, as constructed. Declarant's right to subject the Additional Property to this Declaration shall expire when all property described in Exhibit B has been subjected to this Declaration, fifteen years after this Declaration is recorded or when Declarant records an amendment to the Declaration relinquishing its right to subject any Additional Property to the Declaration, whichever is earlier. Until then, Declarant may transfer or assign this right to any person who is the developer of a portion of the real property described in Exhibit B. Any such transfer shall be memorialized in a written, recorded instrument executed by Declarant.

Article 16. AMENDMENTS OF DECLARATION OR PLAT OR BYLAWS.

Section 16.1 Procedures.

An Owner may propose amendments to this Declaration or the Plat or the Bylaws to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners of twenty percent (20%) or more of the Lots, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for the consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all persons (including eligible holders) entitled to receive notices. Upon the adoption of

an amendment and the obtaining of any necessary consents of eligible holders of mortgages as provided below, the amendment will become effective when a certificate of the amendment, executed by two officers of the Association, has been recorded in the Public Records.

Section 16.2 Percentages of Consent Required.

The percentages of consent of Owners and Mortgagees required for adoption of amendments to the Declaration, Plat, Articles, and Bylaws are as follows:

16.2.1 The consent of Owners holding at least sixty-seven percent (67%) of the votes in the Association and the consent of eligible holders of Mortgages on Lots that have at least fifty-one percent (51%) of the votes of Lots subject to eligible holder Mortgages shall be required to materially amend any provisions of the Declaration, Plat, Articles, or Bylaws, or to add any material provisions thereto, which establish, provide for, govern, or regulate any of the following: (a) voting; (b) assessments, assessment liens, or subordination of such liens; (c) reserves for maintenance, repair, or replacement of the Common Areas and other areas for which the Association is responsible; (d) insurance or fidelity bonds; (e) rights to use Common Areas; (f) responsibility for maintenance and repair of any portion of the Community; (g) expansion or contraction of the Community or addition, annexation, or withdrawal of property to or from the Community; (h) changes of boundaries of any Lot; (i) convertibility of Lots into Common Areas or Common Areas into Lots; (j) leasing of Lots; (k) establishment of self-management of the Community after professional management has been required by FHA, FNMA, VA, FHLMC, or other similar agency or corporation; or (l) any provisions which are for the express benefit of holders of First Mortgages.

16.2.2 The unanimous consent of all Owners and the consent of eligible holders of First Mortgages on Lots that have at least fifty-one percent (51%) of the votes of Lots subject to eligible holder mortgages shall be required to adopt any amendment altering the share of assessments attributable to any Lot.

16.2.3 All other amendments shall be adopted if consented to by a majority of the Owners.

16.2.4 An eligible holder who receives a written request to consent to an addition or amendment who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have consented to such request.

Article 17. DURATION.

The covenants, conditions, and restrictions of this Declaration shall run with and bind the property and shall inure to the benefit of and be enforceable by the Owners, their respective legal representatives, heirs, successors, and assigns, for a period of twenty (20) years from the date this Declaration is recorded, after which time the covenants, conditions and restriction shall be automatically extended for successive periods of ten (10) years each unless an instrument signed

by a majority of the then Owners and all of the First Mortgagees has been recorded agreeing to terminate the covenants, conditions and restrictions.

Article 18. SEVERABILITY.

The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remainder complies with or affects the common plan.

Article 19. EFFECTIVE DATE.

This Declaration shall take effect upon recording.

Article 20. ASSIGNMENT BY DECLARANT.

Declarant reserves the right to assign, transfer, sell, lease, or rent all or a portion of the property then owned by it and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration. RIVERVIEW AT CRESCENT BAR, L.L.C., a Washington limited liability company