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Document: Declaration of Covenants, Conditions and Restrictions for the Plat of Legacy Ridge
(Phase I)

Reference No: N/A

Declarant: Select Homes, Inc., a Washington corporation

Beneficiary: Select Homes, Inc. fbo General Public

Legal Description: A PORTION OF SE 1/4, SEC. 4, TNP N, RANGE 22, EWM.

Assessor's Property Tax Parcel/Account No: 272204420050; 272220410200; 272204420150;

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE PLAT OF LEGACY RIDGE (PHASE I)**

THIS DECLARATION is made this 13 day of October, 2016, by Select Homes, Inc., a Washington corporation, (hereinafter "Declarant").

RECITALS

A. Declarant is the Owner of that certain real property located in Chelan County, Washington, and more particularly described in Section 2.1 of this Declaration.

B. Declarant desires to subject the real property described in Section 2.1 hereof to the provisions of this Declaration to create a residential community of single-family housing (as single family is defined below) and to provide for the subjecting of other real property to the provisions of this Declaration.

C. The real property described in Section 2.1 hereof is located within and has been developed in accordance with the Plat of Legacy Ridge as approved by the City of Chelan on the 13 day of October, 2016, and recorded on the 13 day of October, 2016, under Chelan County Auditor's File Number 2016 244 5892.

NOW, THEREFORE, Declarant hereby declares that the real property described in Section 2.1 of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every Owner of all or any portion thereof.

ARTICLE I

Definitions

1.1 **Words Defined.** The following words, when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

1.1.1 "Association" shall mean Legacy Ridge Homeowners' Association, a Washington nonprofit corporation, its successors and assigns.

1.1.2 "Board of Directors" or "Board" of the Association shall be the appointed or elected body, as applicable, having its normal meaning under Washington law.

1.1.3 "Bylaws" shall refer to the bylaws of Legacy Ridge Homeowners' Association.

1.1.4 "Common Property" shall mean any and all real and personal property and easements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Homeowners, including Tract A (open space/landscape) and Tract B (open space/landscape). Upon recording of the Final Plat, Tracts A and B was granted and conveyed to the Association for ownership and maintenance purposes.

1.1.5 "Community" shall mean and refer to that certain real property and interest therein described in **Exhibit A**, attached hereto.

1.1.6 "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, shall generally be made with reference to the standards originally established by the Declarant.

1.1.7 "Declarant" shall mean and refer to Select Homes, Inc., a Washington corporation and its successors-in-title and assigns, provided any such successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in **Exhibit A**, attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood hereto, there shall be only one "Declarant" hereunder at any one point in time.

1.1.8 "Development Period" shall mean shall mean and refer to that period of time beginning on the date of this Declaration and ending on the receipt by the Association of written notice from Declarant in which Declarant elects to terminate the Development Period.

1.1.9 "Final Plat" shall mean and refer to the Plat of Legacy Ridge (Phase 1), recorded under Chelan County Auditor's File No. 2445 872, and such additional plats subsequently recorded against the Real Property.

1.1.10 "Lot" shall mean any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a residential dwelling site as shown on a plat recorded in the records of Chelan County. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto, whether or not separately described, all of the right, title, and interest of an Owner in the Common Property, which shall include, without limitation, membership in the Association.

1.1.11 "Mortgage" means any mortgage, deed of trust, and any and all other similar instruments used for the purpose of encumbering real property in the community as security for the payment or satisfaction of an obligation.

1.1.12 "Mortgagee" shall mean the holder of a Mortgage.

1.1.13 "Occupant" shall mean any Person occupying all or any portion of a residence or other property located within the Community for any period of time, regardless of whether such Person is a tenant or the Owner of such property.

1.1.14 "Owner" or "Homeowner" shall mean and refer to the record Owner, whether one or more Persons, of the fee simple title to any Lot located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

1.1.15 "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

1.1.16 "Single Family" shall mean a single housekeeping unit, without regard to the construction type or Homeownership of such unit, that includes not more than four (4) adults who are legally unrelated.

1.1.17 "Total Association Vote" means all of the votes attributable to members of the Association (including votes of Declarant), and the consent of Declarant so long as Declarant owns any property for development and/or sale in the Community.

1.1.18 "Reserve Lot C" shall refer to and mean Reserve Lot C as shown on the Final Plat which is not common area and shall be reserved and utilized solely for agricultural purposes by the Declarant or its successors in interest. Ownership and Maintenance of Reserve Lot C shall be the responsibility of the owner thereof following the recording of the Final plat.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1 Property Hereby Subjected To This Declaration. The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration is the real property described in **Exhibit A**, attached hereto and by reference made a part hereof.

ARTICLE 3

LEGACY RIDGE HOMEOWNERS' ASSOCIATION

3.1 Description of Association. The Association shall be charged with the duties and vested with the powers prescribed by law and set forth in this Declaration, any Supplementary Declaration, and the Articles of Incorporation and Bylaws of the Association, all as may be amended from time to time; provided, however, that no such governing documents shall for any reason be amended or otherwise interpreted so as to be inconsistent with this Declaration.

3.2 **Board of Directors.** Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association until termination of the Development Period. Each Owner, by acceptance of a deed to or other conveyance of a Lot vests in Declarant the authority to appoint and remove directors and officers of the Association. The directors selected by the Declarant need not be Homeowners. The number of the directors shall be as set forth in the Bylaws. Following termination of the Development Period, the Board of Directors shall be elected by the Homeowners in accordance with the Bylaws.

3.3 **Membership.** Every Person who is the record Owner of a fee or undivided fee interest in any Lot that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot. In the event of multiple Homeowners of a Lot, votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from Homeownership of any Lot. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Lot owned. The first annual meeting of the Association shall be held within sixty (60) days after termination of the Development Period on a date set by the Board pursuant to the Bylaws.

3.4 **Voting.** The Association shall have two classes of voting membership:

Class A. Class A members shall be Owners except the Declarant. Class A members shall be entitled to one (1) vote for each Lot owned.

Class B. The Class B members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned.

(i) The Class B membership shall cease and be converted to Class A membership on the happening of the first of the following events:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B members [such Class B membership for the purposes of this clause including Declarant owned Lots both within the project as well as those which may be added to the project];

(b) The date when Declarant's management powers terminate, as provided in Section 4.2.

(ii) In determining whether any given proposition shall have been

approved by the membership, the total number of Class A and Class B votes shall be combined and the appropriate percentage applied against that combined number.

(iii) Except as provided above, the total voting power of all Owners shall equal the number of Lots at any given time and the total numbers of votes available to Owners of any one (1) Lot shall be one (1) vote.

3.5 **Bylaws of Association.** Bylaws for the administration of the Association and the property, and to further the intent of this Declaration, shall be adopted or amended by the Owners at a regular or special meeting; provided that the initial Bylaws shall be adopted by Declarant. In the event of any conflict between this Declaration and any Bylaws, the provisions of this Declaration shall prevail.

ARTICLE 4

MANAGEMENT OF THE ASSOCIATION

4.1 **Administration of the Development.** The Owners covenant and agree that the administration of the property shall be in accordance with the provisions of this Declaration and the Bylaws of the Association, which are made a part hereof.

4.2 **Management by Declarant.** The property shall be managed by the Declarant until the earlier of (a) one hundred twenty (120) days after all Class B memberships terminate; or (b) the date on which Declarant elects to permanently relinquish all of its authority under this Section 4.2 by written notice to all Owners. Declarant, so long as it is managing the property, or a managing agent selected by Declarant, shall have the exclusive power and authority to exercise all the rights, duties and functions of the Board set forth or necessarily implied in this Declaration; provided, however, that the Association may not, however, be bound directly or indirectly to any contracts or leases without the right of termination exercisable without cause and without penalty at any time after transfer of control to the Board elected pursuant to Section 4.3 upon not more than ninety (90) days notice to the other party to the contract.

4.3 **Management by Elected Board of Directors.** At the expiration of Declarant's management authority under Section 4.2 administrative power and authority shall vest in a Board of Directors elected from among the Lot Owners. The number of directors shall be specified in the Bylaws and shall be sufficient to adequately handle the affairs of the Association. Except as otherwise provided herein, decisions shall be determined by a majority vote of the directors entitled to vote. The Board may delegate all or any portion of its administrative duties to a managing agent or officer of the Association. All Board offices shall be open for election at an organizational meeting. The Board shall elect from among its members a president who shall preside over meetings of the Board and the meetings of the Association.

ARTICLE 5

ASSESSMENTS

5.1 Purpose of Assessment. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Homeowners and occupants of Lots, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

5.2 Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) annual assessments or charges; (ii) special assessments, such assessments to be established and collected as hereinafter provided; and (iii) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration.

5.2.1 All such assessments shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made.

5.2.2 Each such assessment, together with late charges, interest, costs, including, without limitation, reasonable attorneys' fees actually incurred, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due.

5.2.3 The Association shall, within five (5) days after receiving a written request therefor and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of issuance.

5.2.4 Annual assessments shall be levied equally on all similarly situated Lots (as determined by the Board). Unless otherwise provided by the Board, the assessment shall be paid in annual installments.

5.3 Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting by a majority of the Total Association Vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason to determine the

budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

5.4 **Revised Budget.** If the financial circumstances of the Association materially change during any year, the Board may prepare a revised budget for the balance of the year. The Board shall cause the revised budget and assessments to be delivered to each member at least thirty (30) days before their effective date. Such revised budget and assessments shall become effective unless disapproved at a meeting by a majority of the Total Association Vote. If the revised budget is disapproved, the budget then in effect shall continue for the remainder of the year.

5.5 **Special Assessments.** In addition to the other assessments authorized herein, the Association may levy special assessments for expenses such as, but not limited to, capital improvements from time to time if approved at a meeting by two-thirds (2/3) of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

5.6 **Lien for Assessments.** All sums assessed against any Lot pursuant to this Declaration, together with late charges, interest, costs, including, without limitation, reasonable attorneys' fees actually incurred, as provided herein, shall be secured by a lien on such Lot in favor of the Association.

5.7 **Effect of Nonpayment of Assessments; Remedies of the Association.** Any assessments or installments thereof which are not paid when due shall be delinquent. Any assessment or installment thereof delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include an additional lien service fee in an amount as the Board may determine from time to time, interest set by the Board from time to time, not to exceed the maximum rate permitted by law (but not to exceed twelve percent (12%) per annum) on the principal amount due, all later charges from the date first due and payable, all costs of collection, including, without limitation, reasonable attorneys' fees actually incurred, and any other amounts provided or permitted by law.

5.7.1 In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against such Owner personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property.

5.7.2 All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

5.8 **Date of Commencement of Assessments.** The assessments provided for herein shall commence as to a Lot subject to this Declaration on the first day of the month following the later of the following occurrences:

- a. Recording of the Plat in which said Lot is located.
- b. Recording of this Declaration.
- c. Filing of the Articles of Incorporation for the Association.
- d. Substantial completion and initial acceptance of the plat improvements by the applicable jurisdictions. The Board shall determine in its sole discretion when this condition has been met.

Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year.

5.9 **Specific Assessments.** The Board shall have the power to levy specific assessments pursuant to this Section 5.9 as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section.

5.9.1 Expenses of the Association which benefit less than all of the Lots may, in the Board's discretion, be specifically assessed equitably among all of the Lots which are benefited according to the benefit received.

5.9.2 Policies adopted by the Board regarding specific assessments pursuant to this Section 5.9 shall be reasonable and applied consistently throughout the Community.

ARTICLE 6

MAINTENANCE OF COMMON PROPERTY

6.1 **Association's Responsibility.** The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and

improvements situated on the Common Property. The Association shall also maintain: (i) all entry features for the community including the expenses for water and electricity, if any, provided to all such entry features; (ii) landscaping originally installed by the Declarant which is on Common Property owned in fee by the Association or on property where a landscaping easement has been granted to the Association subject to the above exception; (iii) all facilities serving the Community not dedicated to or maintained by a public entity; (iv) all property outside of Lots located within the Community which was originally maintained by the Declarant and located within or adjacent to public right-of-ways, including but not limited to, all common features and facilities shown on the face of the recorded plat, including but not limited to landscaping, street lighting, access and utility tracts, tract fencing, signage and common areas, including drainage facilities, Tracts A (Open Space/Landscape) and Tract B (Open Space/Landscape), a 15 foot wide easement which has been granted to the Association upon the recording of the final Plat for the installation, operation, and maintenance of a underground storm sewer line and landscaping, a 15 foot wide easement which had been granted to the Association upon the recording of the final Plat for the installation and maintenance of landscaping located below a retaining wall abutting Lots 15 through 22 along the Southern boundary of said Lots, and Easement rights and obligations granted the Association for the operation and maintenance of a water pump house and related infrastructure established under the Agreement for Grant of Utilities and Irrigations Easements recorded under Chelan County Auditor's File No. 2442766, as amended, as the successor to Declarant. The foregoing maintenance shall be performed consistent with the Community-Wide Standard. Nothing in this section 6.1 shall be construed to obligate the Association to maintain any part of an Owner's Lot unless otherwise agreed to in writing by the Association.

6.2 Damage Caused by Owner. In the event that the Association determines that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the family, guests, lessees, or invitees of any Owner, and is not covered or paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

6.3 Owner's Responsibility. Except as provided in Sections 6.1 and 6.2 above, all maintenance of any Lot and all structures, parking areas, landscaping, and other improvements thereon, including the retaining wall abutting the Southern boundary of Lots 15 through 22, and any other retaining walls shall be the sole responsibility of the Owner thereof, who shall maintain such Lot in a manner consistent with the Community-Wide Standard and this Declaration. In the event that the Board of Directors of the Association determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair, or replacement of items for which such Owner is responsible hereunder, the Association shall, except in an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or

replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot. "Reserve Lot C" is not common area and shall be utilized solely by the Owner for agricultural purposes only. Ownership and Maintenance of Reserve Lot C shall be the responsibility of the Owner thereof following the recording of the Final plat.

ARTICLE 7

USE RESTRICTIONS AND RULES

7.1 General Rules and Regulations. This Article, beginning at Section 7.2, sets out certain use restrictions which must be complied with by all Homeowners and Occupants. These use restrictions may only be amended in the manner provided in Section 14.4 hereof regarding amendment of this Declaration. In addition, the Board may, from time to time, without consent of the Homeowners, promulgate, modify, or delete other use restrictions and rules and regulations applicable to the Community. Such use restrictions and rules shall be distributed to all Homeowners and Occupants prior to the date that they are to become effective and shall thereafter be binding upon all Homeowners and Occupants until and unless overruled, canceled, or modified in a regular or special meeting by a majority of the Total Association Vote.

7.2 Residential Use. All Lots shall be used for residential purposes exclusively with the exception that certain home occupations will be permitted, subject to the guidelines and rules established by the Board. Such home occupations may be limited to certain business uses, shall not create any disturbance, noise, or unsightliness, shall not unduly increase traffic flow or parking congestion, and shall not be in violation of any of the provisions of the Declaration or Bylaws. The Board may issue any guidelines or rules it deems advisable to regulate home occupational uses and shall be the sole judge in the interpretation of said guidelines and rules. Such guidelines and rules may change from time to time based on the Board's sole judgment as to the best interests of the Community. Such home occupations shall be allowed only so long as any such operation is in strict conformance with the guidelines and rules established by the Board and local zoning laws.

7.3 Completion. Any residence or other structure erected or placed on any Lot shall be completed as to external appearance, including finished painting, within eight (8) months after the date of commencement of construction. All front landscaping must be completed within thirty (30) days from the date of completion of construction unless an extension is granted by the Board as a result of adverse weather conditions. Front landscaping shall include side yards if

viewable from the street or the common area. Rear yard landscaping shall be completed within six (6) months of first occupancy by the Homeowner.

7.4 **Garages.** All homes within the Community shall contain a garage; carports shall not be permitted. Unless otherwise approved by the Board, or incorporated in and made a part of, the residence constructed upon a Lot. In granting waivers to this requirement the Board will consider functional necessity and architectural desirability.

7.5 **Utility Lines and Wiring.** No electrical, cable television, or telephone lines or wires shall be located on any Lot unless underground or in a conduit attached to a structure. Except as may be permitted by the Board, no overhead utility lines, including lines for cable television, shall be permitted within the Community, except for temporary lines as required during construction and lines installed by or at the request of Declarant.

7.6 **Signs.** No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the Board. Notwithstanding the foregoing, the Board and the Declarant shall have the right to erect reasonable and appropriate signs including, without limitation, signs related to Declarant's development and marketing of residences within the Community. In addition, "For sale" and "For Rent" signs and security signs consistent with the Community-Wide Standard and any signs required by legal proceedings may be erected upon any Lot.

7.7 **Vehicles.** The term "vehicles" as used herein shall include, without limitation, automobiles, vans, campers, trucks, buses, motor homes, mobile homes, boats, trailers, portable aircraft, motorcycles, snowmobiles, minibikes, scooters, go-carts, and any other rowed or self propelled transportation type vehicle. The term "passenger vehicles" as used herein shall include passenger automobiles, vans, small trucks, motorcycles, and similar type vehicles used regularly and primarily as transportation for the Occupants of the Lot. Vehicles used for commercial and recreational purposes are not considered passenger vehicles. Where a Lot contains a garage, "parking areas" shall refer to the number of garage parking spaces. Driveway areas in front of garages shall be considered "parking areas" for passenger vehicles only and only to the extent that sufficient parking spaces are not provided in the garage for all the vehicles used by the Occupants of the Lot.

7.7.1 Any passenger vehicle which is inoperable or unlicensed and not capable of use on the public highways and which is parked on any Lot for a period of more than forty-eight (48) hours shall be treated the same as a non-passenger vehicle and shall be considered a nuisance and may be removed from the Community.

7.7.2 The Board shall adopt and maintain current rules and regulations concerning the parking and storage of vehicles on any Lot or any portion of the Community. Said rules are to protect the Community from the potentially adverse impacts of vehicles on the Community environment and to accommodate the evolving nature and use of such vehicles.

Such rules and regulations may provide for exceptions and/or modifications to the conditions of this Section as determined in the sole discretion of the Board. The Board shall rule on any dispute as to the interpretation or application of this Section and all rules and regulations established by the Board with respect to vehicles and any such determination shall be final and conclusive.

7.8 **Leasing.** Lots may be leased for residential purposes. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, Bylaws, use restrictions, and rules and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing and shall provide that in the event of noncompliance, the Board, in addition to any other remedies available to it, may evict the tenant on behalf of the Owner and specifically assess all costs associated therewith against the Owner and the Owner's property.

7.9 **Occupants Bound.** All provisions of the Declaration, Bylaws, and of any rules and regulations, use restrictions or design guidelines established pursuant thereto which govern the conduct of Homeowners and which provide for sanctions against Homeowners shall also apply to all Occupants even though Occupants are not specifically mentioned. Fines may be levied against Homeowners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

7.10 **Animals.** No animals, livestock or poultry of any kind shall be raised, bred or kept in the Community; provided, however, that up to a total of three (3) conventional household pets may be kept on a Lot subject to the following restrictions: Pets shall not be kept, bred or maintained for any commercial purposes. Homeowners shall be responsible for the immediate cleanup and removal of all fecal matter deposited by pets on any property other than the Lot of the Owner of the pet. Pets shall be confined in the Owner's Lot, unless on a leash and accompanied by a responsible person. The Board may prohibit Homeowners from allowing pets in some or all of the Common Property. No domestic pet may be kept if it is a source of annoyance, and such determination shall be final and conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated from time to time as required by law.

7.11 **Nuisance.** It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the Occupants of surrounding property. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law or unless specifically approved by the Board which may, in its discretion, impose certain conditions in writing as part of its approval.

7.12 **Unightly or Unkempt Conditions.** The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly of and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Community. Garage doors shall be kept closed at all times unless they are in use. In addition, the storage of equipment machinery, construction supplies or any similar material on a Lot outside of the home and garage constructed thereon is strictly prohibited except as required during the remodeling or refurbishing of improvements on such Lot and then for not more than thirty (30) days.

7.13 **Drainage.** Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves for the benefit of Declarant and the Association and their respective successors and assigns a perpetual easement across all Common Property and Lots for the purpose of maintaining or altering drainage and water flow. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

7.14 **Garbage Cans, Woodpiles, Etc.** All garbage cans, woodpiles, swimming pool pumps, filters and related equipment, air conditioning compressors, machinery, equipment, and other similar items related to the operation of the residence shall be located or screened so as to be concealed from view of neighboring streets and property. All rubbish, trash, and garbage shall be regularly removed and shall not be allowed to accumulate.

7.15 **Lighting.** Except as may be permitted by the Board, exterior lighting shall not be permitted except for (i) approved lighting as originally installed on a Lot; (ii) two (2) decorative post lights, (iii) street lights in conformity with an established street lighting program for the Community; (iv) seasonal decorative lights, or (v) front house illumination of model homes. Any exception granted by the Board shall not result in an annoyance or detriment to neighboring Lot Homeowners.

7.16 **Energy Conservation Equipment.** No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Board.

7.17 **Exterior Security Devices.** No exterior security devices, including, without limitation, window bars, shall be permitted on any residence or Lot. Signs placed on the Lot or the exterior of the residence stating that such residence is protected by a security system shall not be deemed to constitute an exterior security device.

7.18 **Drainage Easements and Common Property.** Drainage Easements established on the face of the recorded plat for the Community and which apply to individual Lots shall be subject to the restrictions contained on the face of said plat, to any other governmental regulations applicable to such easements and to any additional restrictions which may be placed on said easements. Common Property of the Community shall be subject to the restrictions contained on the face of said plat, to any other governmental regulations applicable to Common Property, to any additional restrictions which may be placed on Common Property by easement or deed restriction through the Declarant, and to any rules and regulations which the Board may establish governing said Common Property.

7.19 **Construction and Sale Period.** So long as Declarant owns any property in the Community for development and/or sale, the restrictions set forth in this Article 7 shall not be applied or interpreted so as to prevent, hinder or interfere with development, construction and sales activities of Declarant or any builder or developer approved by Declarant.

ARTICLE 8

ARCHITECTURAL CONTROL COMMITTEE

8.1 **Architectural Control Committee.** The Board of Directors shall appoint an Architectural Control Committee (the "Committee") of three or more persons, who need not be members of the Association which Committee may act for the Board to the extent set forth in this Declaration. One member of the Architectural Control Committee shall be appointed for one (1) year; the second member for two (2) years; the third member for three (3) years. Thereafter, members of the Architectural Control Committee shall be appointed or selected for three year terms.

8.2 **Jurisdiction and Purpose.** The Committee shall have the right to review and thereby either approve or reject all plans and specifications for any building or structure to be constructed or modified within the properties which do not conform to the architectural guidelines. Enforcement of these covenants shall be carried out by the Board of Directors of the Association.

8.2.1 No building shall be erected, placed or altered on any Lot building site (single family attached, single family detached, multi-family or commercial) until the building plans, specifications, plat plan and landscape plans are submitted by the Owner or his representative to the Architectural Control Committee and found by said Committee to be in accordance with the guidelines and the procedures established by the Committee. It shall be the obligation of each Owner to familiarize himself with the rules, regulations and procedures of the Committee. All costs incurred by the Committee for inspections, plan review and consulting shall be paid for by the Association.

8.3 Approval Procedures.

8.3.1 Any approval requested of the Committee shall be requested in writing and shall be submitted to the Association headquarters unless the Committee shall record an instrument establishing a different place to submit such plans.

8.3.2 In the event the Architectural Control Committee fails to respond to the Owner's application and submittal with reference to proposed plans and specifications within thirty (30) days after said plans and specifications have been submitted by the Owner in writing to the Committee for such proposed construction, addition, alteration or change, then and in that event, compliance will be deemed to have been granted by said Committee and formal written approval will not be required and this provision shall be deemed to have been fully complied with. In the event an Owner enters into construction, addition, alteration or change of any building on a building site on the properties without having first submitted in writing the proposed plans and specifications to the Committee for such work and completes such work without any notice of non-compliance from the Association or said Committee, then and in that event, after the lapse of six (6) months from the completion of such work with no suit or action having been brought to enjoin the construction, addition, alteration or change or to force compliance by change or removal of such work with this provision then approval will not be required and this provision shall be deemed to have been fully complied with. The decision of a majority of the members of the Committee shall be the decision of the Committee.

8.3.3 The Committee, in the discharge of its obligations hereunder and in its deliberations, shall act objectively and fairly in making decisions concerning various plans, specifications, plot plan and landscape plans submitted to it by various Owners for consideration. Further, the determinations of the Architectural Control Committee, as to non-compliance, shall be in writing signed by the Committee and shall set forth in reasonable detail the reason of non-compliance.

ARTICLE 9

RESTRICTIONS ON CONSTRUCTION, MAINTENANCE AND IMPROVEMENTS

9.1 Restrictions. The following restrictions are applicable to construction, maintenance and improvements on all the residential properties:

9.1.1 No fence, hedge, wall or other structure including but not limited to storage sheds, shall be commenced, erected or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, color, materials and location of the same have been submitted to and approved in writing as to the harmony of external design and location in relation to surrounding structures and topography by the Committee.

9.1.2 All roofing materials shall be approved by the Committee.

9.1.3 All driveways and parking bays shall be constructed of broom concrete, unless approved for use of other material as granted by the Committee.

9.1.4 The location, color, size, design, lettering and other particulars of mail or paper delivery boxes shall be subject to approval of the Committee.

9.1.5 All outside television and radio aerials and antennas are prohibited without express written approval of the Association or the Committee.

9.2 **Right of Entry of Association Representative.** Any agent or officer of the Association may at any reasonable pre-determined hour or hours upon twenty-four (24) hours notice during construction or exterior remodeling, enter and inspect any of said property as to its maintenance or improvements to determine if there has been compliance with the provisions hereof. The Association and any agent or officer thereof shall not thereby be deemed guilty of any manner of trespass for such entry or inspection.

9.3 **Evidence of Compliance with Restrictions.** Records of the Association with respect to compliance with the provisions of this Declaration shall be conclusive evidence as to all matters shown by such records. After the expiration of six (6) months following the completion of any construction, addition, alteration or change to any building on a building site, in the absence of any notice to comply or in the absence of any suit to enjoin such work or to force compliance by change or removal of such work within said period, then and in that event said structure or work, improvement or alteration shall be deemed to be in compliance with the provisions of this Declaration.

ARTICLE 10

INSURANCE AND CASUALTY LOSSES

10.1 **Insurance Coverage.** The Board of Directors or the duly authorized agent of the Association shall have the authority to and shall obtain or cause to be obtained insurance as follows:

10.1.1 The Board shall obtain a public liability policy applicable to the Common Property covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00).

10.1.2 The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required hereunder through the Declarant and to reimburse Declarant for the cost thereof, and Declarant shall be authorized, but not obligated, to purchase such insurance coverage for the benefit of the Association and the Homeowners upon Declarant and the Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by Declarant in obtaining such coverage. Notwithstanding anything contained in this Declaration to the contrary, the Board shall not be required to comply with the provisions of this Article if the Board has contracted for or otherwise arranged to obtain the required insurance coverage through the Declarant.

10.1.3 Premiums for all insurance shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

10.1.4 In the event insurance premiums in connection with the insurance required by this Article 10 become prohibitive, in the judgment of the Board, the Board may with approval of seventy-five percent (75%) of the Total Association Vote reduce the amount of the required insurance, self-insure itself, or discontinue the insurance all together.

10.2 Policy Requirements. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee for the respective benefited parties. Such insurance shall be governed by the provisions hereinafter set forth:

10.2.1 All policies shall be written with a company authorized to do business in the State of Washington.

10.2.2 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Homeowners, Occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

10.3 Damage and Destruction--Insured by Homeowners. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot shall be repaired by the Owner thereof within ninety (90) days after such damage or destruction or, where repairs cannot be completed within ninety (90) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Lot and remove all debris therefrom within ninety (90) days after such damage or destruction. In the event of noncompliance with this provision, the Board of Directors shall have all enforcement powers specified herein.

10.4 Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the Persons

who are responsible hereunder, or be a common expense of the Association.

ARTICLE 11

MORTGAGE PROVISIONS

The following provisions are for the benefit of holders of first Mortgages on Lots in the Community. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

11.1 **Notices of Action.** An institutional holder, insurer, or guarantor of a first Mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "eligible holder"), will be entitled to timely written reports as to the current status of said Lot with respect to the following:

11.1.1 Any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;

11.1.2 Any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Mortgage of such eligible holder.

11.2 **No Priority.** No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Property.

11.3 **Notice to Association.** Upon request, each Lot Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgagee encumbering such Owner's Lot.

11.4 **Applicability of Article 11.** Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or Washington law for any of the acts set out in this Article.

ARTICLE 12

EASEMENTS

12.1 **Easements for Use and Enjoyment.** Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property which shall be appurtenant to and shall pass with the title to each Lot, subject to the following

provisions:

12.1.1 The right of the Association to suspend the voting rights of an Owner and the right of an Owner to use the recreational facilities available for use by the Community, if any, for any period during which any assessment against such Owner's Lot which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, Bylaws, or rules and regulations;

12.1.2 The right of the Association to borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Mortgage given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community; and

12.1.3 The right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the individual Lot Owners and Members of the Association, real property secured lenders, and the City of Chelan and in accordance with the Plat dedication and restrictions. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by the affirmative vote of all Lot Owners and Members of the Association, real property secured lenders with an interest therein; and the City of Chelan, provided however that during the Development Period, Declarant may, on its sole signature, dedicate or transfer portions of the Common Property, including without limitation adjustment of the Community Boundary with adjoining property owned by utilities or governmental agencies so long as such transfer or dedication does not materially and adversely affect the Association or any Lot Owner. During the Development Period, Declarant may also, on its sole signature, dedicate or transfer Common Property consisting primarily of utility systems to be owned and maintained by said utility jurisdictions. The dedication or transfer of all or a portion of the Common Property may require a Plat alteration and approval by the City of Chelan. Declarant reserves the right to lease Tract C (Agricultural) pursuant to terms and conditions acceptable to Declarant.

12.2 **Delegation of Owner's Rights.** Any Lot Owner may delegate such Owner's right of use and enjoyment in and to the Common Property and facilities located thereon to the members of such Owner's family and to such Owner's tenants and guests and shall be deemed to have made a delegation of all such rights to the Occupants of such Owner's Lot, if leased.

12.3 **Easement for Entry.** In addition to the right of the Board to exercise self-help as provided in Section 12.2, hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security, and safety reasons.

which right may be exercised by police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

12.4 **Easement for Entry Features.** There is hereby reserved to the Declarant and the Association an easement for ingress, egress, installation, construction, landscaping and maintenance of entry features and similar street-scapes for the Community, if any, as more fully described on the recorded subdivision plats for the Community or any other recorded instrument, easement or conveyance. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

ARTICLE 13

RIGHTS OF DECLARANT DURING DEVELOPMENT PERIOD; PHASED DEVELOPMENT

13.1 **Subsequent Development.** During the Development Period as defined in Section 1.1.8 of this Declaration, Declarant reserves as a Development Right for itself, its successors or assigns, the right, in one or more phases, to subject additional properties to this Declaration, to withdraw undeveloped property from it, to further subdivide Tracts A, B, or C to complete improvements on the Lots, and to designate portions of the Real Property subject to future development as Common Areas. Declarant shall be the initial Owner of all Lots in all phases. Improvements in all phases shall be consistent with one another in quality of construction. Declarant shall adopt amendments to this Declaration and the Final Plat (or record subsequent plats) on Declarant's signature alone as necessary in Declarant's sole discretion in exercising Declarant's reserved Development Rights. Each Lot Owner appoints the Declarant as his or her attorney-in-fact to adopt and file amendments to this Declaration necessary to add or subtract such properties, or to designate portions of the Real Property subject to future development as Common Areas. If the Declarant elects to subject additional property to this Declaration, Declarant shall grant to the Lot Owners of such additional properties (and Declarant, if applicable) all of the rights and benefits to which Members of the Association are entitled. Upon the addition of Lots and Common Areas, the Board shall establish a new budget suitable to the expanded number of Lots and Common Areas, and shall thereafter impose monthly assessments based on that revised budget.

13.2 **Consent to Adding or Subtracting Properties.** Declarant reserves as a Development Right the right to subject additional properties to this Declaration at any time prior

to termination of the Development Period. Declarant may also withdraw any undeveloped properties from this Declaration at any time prior to termination of the Development Period. Each Lot Owner appoints the Declarant as his or her attorney-in-fact to adopt and file amendments to this Declaration necessary to add or subtract such properties, or to designate portions of the Real Property subject to future development as Common Areas. The Lot Owners shall be benefitted by any Common Areas the Declarant elects to add or designate to the Plat of Legacy Ridge, either through Association ownership and control of said Common Areas or by easements of use and enjoyment in favor of said Lot Owners on said Common Areas. The Lot Owners of any property added by Declaration to Legacy Ridge shall have an easement for use and enjoyment of the existing Common Areas and shall have all the obligations to pay the cost of maintaining the Common Areas as provided herein. The Declarant shall also have as a Development Right the right to extend existing easements and may create new easements over the Lots still within Declarant's control so as to provide access to and service additional properties and future development within the Real Property. Neither the Association nor any Lot Owners shall have any right in any additional property nor shall this Declaration have any effect on such additional property until it is subjected to this Declaration by adoption of an amendment to this Declaration specifically describing such additional property. The rights reserved by Declarant in this Section shall be exercised by Declarant at Declarant's sole discretion.

13.3 **Sales Facilities.** In addition to any other Development Rights set forth in this Declaration, until termination of the Development Period, the Declarant hereby reserves for itself, its successors or assigns, the right to establish, maintain or conduct within any Lot owned by Declarant and on the Common Areas: any sales offices, management offices, models, interior and exterior signs, and such other facilities as Declarant desires, and sales events and other activities relating to the marketing of Lots and advertising in connection with the construction, sale or rental of the Lots.

13.4 **No Requirement to Include Additional Properties.** Nothing contained in this Declaration shall be construed to require the Declarant to subject additional properties to this Declaration.

ARTICLE 14

GENERAL PROVISIONS

14.1 **Enforcement.** Each Owner and Occupant shall comply strictly with the Association's Bylaws, rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to such Owner's Lot, if any. The Board of Directors may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or, in a proper

case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter.

14.2 **Self-Help.** In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon any Lot or any other portion of the Community to abate or remove, any structure, thing, or condition which violates this Declaration, the Bylaws, or the Association's rules and regulations. Unless an emergency situation exists, the Board shall give the violating Owner ten (10) days written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including, without limitation, reasonable attorneys' fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of assessments.

14.3 **Duration.** This Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually to the extent provided by law; provided, however, so long as and to the extent that Washington law limits the period during which covenants restricting land to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time, any such provision shall be (a) automatically extended (to the extent allowed by applicable law) for successive periods of ten (10) years, unless a written instrument reflecting disapproval signed by the then Homeowners of at least two-thirds (2/3) of the Lots and the Declarant (so long as the Declarant owns any property for development and/or sale in the Community) has been recorded within the year immediately preceding the beginning of a ten (10) year renewal period agreeing to change such provisions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated to the extent specified therein; or (b) extended as otherwise provided by law. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

14.4 **Amendments.** In addition to the amendment rights of Declarant set forth in Section 13.1 of this Declaration, this Declaration may also be amended upon the affirmative vote or written consent, or any combination thereof, of the Homeowners of at least seventy-five percent (75%) of the Total Association Vote and the consent of Declarant (so long as the Declarant owns any property for development and/or sale in the Community). Amendments to this Declaration shall become effective upon recordation, unless a later effective date is specified therein.

14.5 **Gender and Grammar.** The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

14.6 **Severability.** Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

14.7 **Captions.** The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

14.8 **Perpetuities.** If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of the individual signing this Declaration.

14.9 **Indemnification.** To the fullest extent allowed by applicable Washington law, the Association shall indemnify every officer and director against any and all expenses, including, without limitation, attorneys' fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association may, at the discretion of the Board, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

14.10 **Inspection of Books and Records.** This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by the duly appointed representative of any member and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to such person's interest as a member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

14.10.1 Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

14.11 **Financial Review.** A review of the books and records of the Association shall be made annually in the manner as the Board of Directors may decide, provided, however, after having received the Board's financial statements at the annual meeting, by a majority of the Total Association Vote, the Homeowners may require that the accounts of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements within ninety (90) days of the date of the request.

14.12 **Litigation.** No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the Total Association Vote. This Section shall not apply, however, to (i) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (ii) the imposition and collection of assessments as provided in Article 5 hereof, (iii) proceedings involving challenges to ad valorem taxation, or (iv) counter-claims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Executed the day and year first above written.

DECLARANT:

SELECT HOMES, INC.
a Washington corporation

By: 
Randy N. Clark, President

STATE OF WASHINGTON)
) : ss
COUNTY OF CHELAN)

On this day personally appeared before me, Randy N. Clark, to me known to be the President of Select Homes, Inc., and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and stated that he was authorized to execute the said instrument as such officer.

GIVEN under my hand and official seal this 13 day of October, 2016.

Jamie Smethers
Notary Public
State of Washington
Comm. Expires 1/28/2018

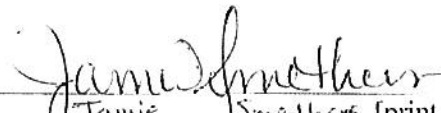

Jamie Smethers [print name]
NOTARY PUBLIC in and for the State of
Washington, residing at Wenatchee.
My commission expires 01/28/2018

EXHIBIT A**LEGAL DESCRIPTION**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF CHELAN, STATE OF WASHINGTON, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

THE NORTH 819.35 FEET OF THE WEST 1638 FEET OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 27 NORTH, RANGE 22 EAST OF THE WILLAMETTE MERIDIAN, CHELAN COUNTY, WASHINGTON.

PARCEL B:

A PORTION OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 27 NORTH, RANGE 22 EAST OF THE WILLAMETTE MERIDIAN, CHELAN COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST CORNER OF SAID SOUTHEAST QUARTER, A BRASS CAP MONUMENT, FROM WHICH THE WITNESS POINT MEANDER CORNER, A BRASS CAP MONUMENT, BEARS SOUTH 00°25'17" EAST, 2245.80 FEET; THENCE SOUTH 88°59'40" WEST ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER FOR A DISTANCE OF 1002.00 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 00°25' 17" EAST FOR A DISTANCE OF 819.39 FEET; THENCE SOUTH 88°59'40" WEST FOR A DISTANCE OF 26.69 FEET; THENCE NORTH 00°17'01" WEST FOR A DISTANCE OF 819.12 FEET TO THE NORTH LINE OF SAID SOUTHEAST QUARTER; THENCE NORTH 88°59'40" EAST FOR A DISTANCE OF 24.72 FEET ALONG SAID NORTH LINE TO THE TRUE POINT OF BEGINNING.

PARCEL C:

THAT PORTION OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER AND OF GOVERNMENT LOT 6 OF SECTION 4, TOWNSHIP 27 NORTH, RANGE 22 EAST OF THE WILLAMETTE MERIDIAN, CHELAN COUNTY, WASHINGTON, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 1, SECOND ADDITION TO NORTSHORE HOMES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 5 OF PLATS, PAGE 67; THENCE RUNNING NORTH ALONG THE WEST LINE OF AFORESAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER, SECTION 4 FOR A DISTANCE OF 460.0 FEET, MORE OR LESS, TO A POINT THAT IS 819.35 FEET SOUTH OF THE NORTHWEST CORNER OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE RUNNING EAST, PARALLEL TO THE NORTH LINE OF SAID SUBDIVISION 994.3 FEET; THENCE SOUTH 4°23' EAST FOR A DISTANCE OF 410.0 FEET; THENCE SOUTH 25°24' WEST FOR A DISTANCE OF 340.0 FEET; THENCE SOUTH 37°15' WEST FOR A DISTANCE OF 300.0 FEET MORE OR LESS, TO THE NORTHEAST CORNER OF LOT 8, SAID PLAT OF SECOND ADDITION TO NORTSHORE HOMES; THENCE WESTERLY ALONG THE NORTHERLY BOUNDARY OF SAID PLAT TO THE TRUE POINT OF BEGINNING,

EXCEPTING THEREFROM A STRIP OF LAND 30 FEET IN WIDTH, THE SOUTHERLY LINE OF WHICH IS THE NORTHERLY BOUNDARY OF SAID PLAT OF SECOND ADDITION TO THE NORTSHORE HOMES,

ALSO EXCEPTING THAT PORTION THEREOF DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF LOT 2, SECOND ADDITION TO NORTSHORE HOMES, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 5 OF PLATS, PAGE 67; THENCE NORTHERLY PARALLEL TO THE WEST LINE OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 27 NORTH, RANGE 22 EAST OF THE WILLAMETTE MERIDIAN, FOR A DISTANCE OF 504.20 FEET, MORE OR LESS, TO THE POINT ON A LINE WHICH IS 819.35 FEET SOUTH OF THE NORTH LINE OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE WESTERLY ON SAID LINE TO THE WEST BOUNDARY OF SAID NORTHWEST QUARTER OF THE SOUTHEAST QUARTER; THENCE SOUTHERLY ALONG SAID WEST BOUNDARY, 460 FEET, MORE OR LESS, TO THE NORTHWEST CORNER OF LOT 1 OF SAID PLAT OF SECOND ADDITION TO NORTSHORE HOMES; THENCE EASTERLY ALONG THE NORTH LINE OF SAID PLAT TO THE POINT OF BEGINNING.