WHEN RECORDED RETURN TO:

Dune Lake, LLC
1845 W. Broadway Ave
Moses Lake, WA 98837

Document Title	Declaration of Covenants, Conditions, and Restrictions for Farms at Dune Lake
Reference Number(s) of Related Document(s)	(Map)
Grantor(s)	Dune Lake, LLC, a Washington Limited Liability Company
Grantee(s)	Dune Lake, LLC, a Washington Limited Liability Company, and its successors and assigns
Abbreviated Legal Description(s)	Portions of Sections 3 & 4, T18N, R28 E.W.M., Grant County, Washington.
Tax Parcel Number(s)	17-0073-001

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR FARMS AT DUNE LAKE A PLAT COMMUNITY

This Declaration of Covenants, Conditions, and Restrictions for Farms at Dune Lake (**"Declaration"**) is made this ___ day of _____, 2026, by Dune Lake, LLC, a Washington Limited Liability Company (**"Declarant"**), as the declarant and owner of certain real property situated in Grant County, Washington, as such property is more specifically described on **Exhibit A**, which is attached hereto and incorporated herein by this reference (**"Real Property"**).

RECITALS

Declarant desires to develop the plat of Farms at Dune Lake as a residential plat community on the Real Property ("**FDL Development")**. Declarant also desires to create common areas and facilities for the benefit of the FDL Development community and to provide for the preservation of the natural values in the FDL Development.

This Declaration establishes a plan for the private ownership of Units (defined below) and the buildings constructed thereon, for the dedication of certain areas to the public, and for the beneficial ownership through a nonprofit corporation of certain other land and related easements, hereafter defined and referred to as the **"Common Elements" or "common facilities".** The nonprofit corporation shall be delegated and assigned the duties and powers of maintaining and administering the Common Elements, administering and enforcing these covenants, conditions, and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

NOW, THEREFORE, Declarant hereby covenants, agrees, and declares that all of the Real Property, as defined herein, and the buildings and structures hereafter constructed thereon are, and will be, held, sold, and conveyed subject to and burdened by the following covenants, conditions, restrictions, and easements, all of which are fo the purpose of enhancing and protecting the value, desirability, and attractiveness of the FDL Development for the benefit of the Unit Owners thereof, their heirs, successors, grantees, and assigns. All provisions of this Declaration and the Washington Uniform Common Interest Ownership Act, Chapter 64.90 of the Revised Code of Washington (**"Act"**), shall be binding upon all parties having or acquiring any right, title, or interest in the Real Property or any part thereof, and shall inure to the benefit of the Unit Owners thereof and to the benefit of the Association and are intended to be and shall in all respects be regarded as covenants running with the land. In the event of a conflict between this Declaration and the Act, the Act shall prevail.

ARTICLE 1. DEFINITIONS

Section 1.1 "Accessory Dwelling Unit" shall mean and include any self-contained living space within or on the same Unit as a principal or primary dwelling, including, but not limited to, a tiny or small home, a mother-in-law flat or apartment, a detached garage, a cabin, a container, and any other structure where a person resides or could reside other than the principal or primary dwelling on a Unit.

Section 1.2 "Accessory Structure" shall mean and include any structure other than a county permitted dwelling, including, but not limited to, all or part of a barn, garage, shop, shed, carport, playhouse, recreational vehicle, camper, container, cabin (not county permitted as a dwelling), porch, deck, wall, fence, gazebo, pergola, pool, hot tub, and any similar structure.

Section 1.3 "Association" shall mean and refer to the Farms at Dune Lake Homeowner's Association, a Washington nonprofit corporation, its successors and assigns.

Section 1.4 "Association Action" shall mean and refer to a written corporate action of the Association in the form of either a bylaw or resolution duly passed by either the Board of the Unit Owners.

Section 1.5 "Board" or **"Board of Directors"** shall mean and refer to the board of directors of the Association.

Section 1.6 "Common Elements" and "common facilities" shall mean and refer to real estate other than a Unit within the Real Property, owned and/or maintained by the Association. As of the date of this Declaration, the Common Elements consist of: All Common Elements depicted on the Map, including without limitation, the roads and sidewalks, and recreational areas, all as identified and/or illustrated on the Map, recorded in the real property records of Grant County.

Section 1.7 "Common Expenses" means the costs incurred by the Association to exercise any of the powers provided for in Chapter 64.90 RCW and this Declaration.

Section 1.8 "Declarant" shall mean and refer to the entity described on the first page of this Declaration and its perspective successors and assigns. Nothing contained herein shall be deemed or construed by the Association or by any third party person, to create the relationship of principal and agent, or a partnership, or a joint venture, pr any association between or among any of the signatories hereto.

Section 1.9 "Declarant Control Period" shall mean the period or time from the date or recording of this Declaration until the earlier of: (a) sixty (60) days after conveyance of seventy-five percent (75%) of the Units that may be created to Unit Owners other than the Declarant; (b) two (2) years after the last conveyance of a Unit, except to a dealer; (c) two (2) years after any right to add new Units was last exercised; or (d) the day Declarant, after giving notice in a record to Unit

Owners, records and amendment to this Declaration voluntarily surrendering all rights to appoint and remove officers and Board members. A partial delegation of authority by the Declarant of any of its management duties described in the Declaration shall not terminate the Declarant Control Period.

Section 1.10 "Declaration" shall mean and refer to this instrument, as the same may be supplemented or amended from time to time.

Section 1.11 "Development Right" shall mean and refer to those rights of Declarant reserved in Article 9 and elsewhere in the Declaration.

Section 1.12 "Governing Documents" shall mean and refer to this Declaration, the Map. The Articles of Incorporation, Bylaws and ruled and regulations of the Association, or any other written instrument by which the Association has the authority to exercise any of the powers to manage, maintain, or otherwise affect the FDL Development, as any of the foregoing may be amended from time to time.

Section 1.13 "Map" shall mean and refer to the plat of the Farms at Dune Lake recorded under Grant County recording no. _____.

Section 1.14 "Mortgage" shall mean and refer to any recorded mortgage or deed of trust encumbering one or more of the Units. **"First Mortgage"** shall mean and refer to a Mortgage with priority over the other Mortgages. **"Mortgagee"** shall mean and refer to the holder or beneficiary of any Mortgage and shall not be limited to Institutional Mortgagees. As used herein, the term **"Institutional Mortgagee"** or **"Institutional Holder"** shall include banks, trust companies, insurance companies, mortgage companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, all corporations, and any agency of department of the United States Government or of any state or municipal government.

Section 1.15 "Real Property" shall mean and refer to that certain real property, which is legally described on **Exhibit A** attached hereto, and such additions thereto as may hereafter be brought within the terms and conditions hereof by an appropriate recording. When the term "FDL Development" is used herein, it shall mean and include all of said Real Property.

Section 1.16 "Reserve Account" shall have the meaning set forth in Section 3.12 of this Declaration.

Section 1.17 "Reserve Component" shall mean a physical component of or within the FDL Development which the Association is obligated to maintain, repair or replace, which has an estimated useful life of less than thirty (30) years, and for which the cost of such maintenance, repair or replacement is infrequent, significant and impractical to include in an annual budget.

Section 1.18 "Reserve Study Professional" shall mean an independent person who is

suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with Chapter 64.90 RCW.

Section 1.19 "Significant Assets" shall mean that the current replacement value of the major Reserve Components is seventy-five percent (75%) or more of the gross budget of the Association, excluding the Association's Reserve Account funds.

Section 1.20 "Single Family" shall mean and refer to a single housekeeping unit that includes not more than four (4) adults who are legally unrelated.

Section 1.21 "Structure" shall include any building, fence, wall, driveway, walkway, patio, garage, storage shed, carport, mailbox, basketball hoop, play equipment, climbing apparatus, swimming pool, rockery, dog run or the like.

Section 1.22 "Unit" shall mean and refer to any legally segmented and alienable portion of the Real Property created through subdivision or any other legal process for dividing land and subjected to this Declaration by an appropriate recording, with the exception of Tracts and Common Elements. As indicated on the Map, the FDL Development shall include one hundred forty eight (148) Units.

Section 1.23 "Unit Owner" shall mean and refer to the record owner (whether one or more persons or entities) of a fee interest in any Unit, including the Declarant but excluding Mortgagees or other persons or entities having such interest merely as security for the performance of any obligation. Purchasers or assignees under recorded real estate contracts shall be deemed Unit Owners as against their respective sellers or assignors.

Section 1.24 "Sole Domestic Water Supplier" shall mean and refer to the sole purveyor of domestic water service within the FDL Development which is contemplated to be Cascadia Water, LLC, a wholly-owned subsidiary of Northwest Natural Water Co., LLC, or its successors and assigns or Dune Lake, LLC or its successors and assigns.

ARTICLE 2. FARMS AT DUNE LAKE HOMEOWNER'S ASSOCIATION

Section 2.1 Description of Association. The Association is a nonprofit corporation organized and existing under the laws of the state of Washington charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as they may be amended from time to time; provided, however, that no Governing Documents of the Association other than this Declaration shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. The Association shall have a perpetual existence. Upon dissolution or final winding up of the Association entity under the laws of the state of Washington, all of its assets remaining after payment to creditors will be distributed or sold, and the sales proceeds distributed, to the members of the Association entity in accordance with the Articles of Incorporation, Bylaws, and provisions of Ch. 24.03 RCW and Ch. 64.90 RCW. In the case of any

conflict between the provisions of Ch. 24.03 RCW and Ch. 64.90 RCW, Ch. 64.90 RCW shall control. The Unit Owners are responsible for providing that the Association continues to be a functioning legal entity.

Section 2.2 Association Board. During the Declarant Control Period, the Declarant, or persons designated by Declarant, shall have the power to appoint or remove any member of the Board. Notwithstanding the foregoing, no later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Unit Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board must be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Unit Owners other than Declarant, not less than thirty-three and one-third percent (33.33%) of the members of the Board must be elected by Unit Owners other than Declarant. Until such members are elected and take office, the existing Board may continue to act on behalf of the Association. Within thirty (30) days after the termination of the Declarant Control Period, the Board must schedule a transition meeting and provide notice to the Unit Owners in accordance with RCW 64.90.445(1)(c). At the transition meeting, the Board elected by the Unit Owners must be elected in accordance with RCW 64.90.410(2). Within thirty (30) days after the transition meeting, Declarant shall deliver the materials required by RCW 64.90.420 to the Association. Within sixty (60) days after the transition meeting, the Board shall retain the services of a certified public accountant to audit the records of the Association as of the date of the transition meeting in accordance with generally accepted accounting standards, unless a majority of the members elects to waive such audit.

Section 2.3 Votes Appurtenant to Units. Every Unit Owner shall be a member of the Association. The Unit Owner(s) of a Unit shall be entitled to cast one (1) vote in the Association for each Unit owned. A vote shall be appurtenant to and held and owned in the same manner as the beneficial fee interest in the Unit to which it relates. A vote shall not be separated from ownership of the Unit to which it relates; provided, however, that when more than one (1) entity holds the beneficial fee interest in any Unit, the vote therefore shall be cast as the Unit Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Unit; and if the several Unit Owners of a Unit are unable to agree as to the casting of their vote, such vote shall not be counted. If a Unit is further subdivided as provide in Section 6.1 or if Units are added pursuant to Article 9 hereof, the Unit Owner of each additional Unit created shall be entitled to one (1) vote in the Association for each Unit owned.

Section 2.4 Unit Owner's Compliance. By acceptance of a deed to a Unit, recording of a real estate contract conveying title to a Unit, or any other means of acquisition of an ownership interest, the Unit Owner thereof covenants and agrees, on behalf of himself and his heirs, successors, and assigns, to observe and comply with the terms of the Map, this Declaration, the Governing Documents of the Association, and all rules and regulations duly promulgated pursuant to Association Action.

Section 2.5 Bylaws, Rules and Regulations. The Board on behalf of the Association shall

have the power to adopt, modify, and amend rules and regulations governing the use of the Real Property, provided that such rules and regulations shall not be inconsistent with this Declaration and during the Declarant Control Period, must be approved in writing by the Declarant. The rules and regulations shall apply uniformly to all Unit Owners, except as specifically provided herein. The Board shall have the power to enforce the rules and regulations on behalf of the Association and may prescribe penalties for the violation of such rules and regulations, including, but not limited to, suspension of the right to use the Common Elements or portions thereof. The Board must, before adopting, amending or repealing any rule, give all Unit Owners notice of: (a) its intention to adopt, amend or repeal a rule and provide the text of the rule or the proposed change; and (b) a date on which the Board will act on the proposed rule or amendment after considering comments from Unit Owners. Following adoption, amendment or repeal of a rule, the Association must give notice to the Unit Owners of its action and provide a copy of any new or revised rule. A copy of the rules and regulations then in force shall be retained by the Secretary of the Association. The Declarant, on behalf of the Board, may adopt the initial Bylaws and rules and regulations of the Association.

Section 2.6 Right of Entry for Inspections, Maintenance, Repairs, Emergencies or Improvements. The Association, acting through its agents and employees, shall have the right to have access to each Unit from time to time as may reasonably be necessary for inspection, maintenance, repair or replacement or improvement of any of the Common Elements accessible therefrom, or for making repairs or remedying conditions, including removing dangerous structures, on a Unit as deemed necessary by the Board, in the Board's reasonable discretion, to prevent damage to the Common Elements or to other Units or improvements thereon, or for any emergency situations. The cost of work necessary to remedy such conditions caused by or refused to be corrected by the Unit Owner shall be a special assessment on such Unit Owner and his Unit only. The Association's right provided in this Section 2.6 shall be exercisable after seven (7) days' notice to the Unit Owner and an opportunity to be heard if requested by the Unit Owner, and approval by a two-thirds (2/3) majority vote by the Board. The foregoing notice shall not be required in the event of an emergency situation, as determined by the Board in its reasonable discretion.

Section 2.7 Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration or the Bylaws or which may be reasonably implied from, or reasonably necessary to effectuate, any such right or privilege.

Section 2.8 Special Declarant Right. Subject to Ch 64.90 RCW, Declarant shall have the right to:

(i) Complete any improvements indicated on the Map or described in this Declaration or the public offering statement pursuant to RCW 64.90.610(1)(h);

(ii) Exercise any Development Right;

(iii) Maintain sales offices, management offices, signs advertising the Plat Community, and models until Declarant no longer owns any Units in the Plat Community or no

longer has the right to create a Unit in the Plat Community;

(iv) Use easements through the Common Elements for the purpose of making improvements within the Plat Community or within real property that may be added to the Plat Community;

(v) Make the Plat Community subject to a master association;

(vi) Merge or consolidate a common interest community with another common interest community of the same form of ownership;

(vii) Appoint or remove any officer or board member of the association or any master association or to veto or approve a proposed action of any board or association;

(viii) Control any construction, design review, or aesthetic standards committee or process until Declarant no longer owns any Units;

(ix) Attend meetings of the Unit Owners and, except during an executive session, the Board;

(x) Have access to the records of the Association to the same extent as a Unit Owner (collectively, the "Special Declarant Rights");

(xi) Add more units and annex adjacent real property into the FDL Development and jurisdiction of the Association;

(xii) Enter into agreements, binding on the Association and the Unit Owners, with Dune Lake Homeowner's Association allowing the Unit Owners of the Association to use certain common facilities of the Dune Lake Homeowner's Association for appropriate consideration and allowing the unit members of the Dune Lake Homeowner's Association to use certain common facilities of the Association for appropriate consideration;

(xiii) Enter into agreements, binding on the Association and the Unit Owners, with the Sole Domestic Water Supplier concerning the provision, payment and regulation of the water system(s) operating within the FDLDevelopment; and

(xiv) Enter into franchise agreements with Grant County, binding on the Association and the Unit Owners, for the placement, maintenance and use of water system facilities within certain county rights-of-way in, adjacent or near the FDL Development.

Except as otherwise provided in this Declaration, all Special Declarant Rights shall expire ten (10) years after the conveyance of the first Unit in the FDL Development; provided, that Declarant may voluntarily terminate any and all such rights at any time by recording an amendment to the

Declaration, which amendment specifies which rights are thereby terminated.

Section 2.9 Association Property. The Association, through action of its Board, may acquire, hold and dispose of tangible and intangible personal property and real property.

ARTICLE 3. ASSOCIATION BUDGET, ASSESSMENTS, AND LIENS

Section 3.1 Unit Owner's Covenants to Pay Assessments. By acquisition of any ownership interest in a Unit, the Unit Owner thereof covenants and agrees thereby, on behalf of himself or herself and his or her heirs, successors, and assigns, to pay the Association, in advance, all general and special assessments levied as provided herein. Assessments for Common Expenses and those specially allocated expenses must commence on all Units that have been created upon the conveyance of the first Unit in The FDL Development; however, Declarant may delay commencement of assessments for some or all Common Expenses or specially allocated expenses, in which event Declarant must pay all of the Common Expenses or specially allocated expenses that have been delayed. In the event that Units may be added pursuant to reserved development rights, Declarant may delay commencement of assessments for such Units in the same manner.

Section 3.2 Specially Allocated Expenses. Pursuant to RCW 64.90.480, the Association shall specifically allocate certain expenses as follows:

(i) Expenses benefitting fewer than all of the Units, or the Unit Owners of such benefitted Units exclusively, must be assessed against the Units benefitted, with the expenses allocated evenly between the benefitted Units.

(ii) Assessments to pay a judgment against the Association may be made only against the Units in the FDL Development at the time the judgment was entered, in proportion to their Common Expense liabilities.

(iii) To the extent that any expense of the Association is caused by the negligence, gross negligence or willful misconduct of any Unit Owner or that Unit Owner's tenant, guest, invitee, or occupant, the Association may assess that expense against the Unit Owner's Unit after notice and an opportunity to be heard, to the extent of the Association's deductible and any expenses not covered under an insurance policy issued to the Association.

(iv) In the event of a loss or damage to a Unit that would be covered by the Association's property insurance policy, excluding policies for earthquake, flood, or similar losses that have higher than standard deductibles, but that is within the deductible under that policy, the Association may assess the amount of the loss up to the deductible against that Unit. This subsection does not prevent a Unit Owner from asserting a claim against another person for the amount assessed if that other person would be liable for the damages under general legal principles.

Section 3.3 Association Budget. The Association shall prepare, or cause the preparation

of, an operating budget for the Association at least annually, in accordance with generally accepted accounting principles. The Declarant shall adopt the initial operating budget for the Association. The operating budget shall set forth all sums required by the Association, as estimated by the Association, to meet its annual costs and expenses, including, but not limited to, all management and administration costs, operating and maintenance expenses of the Common Elements, and services furnished to or in connection with the Common Elements, including the amount of all taxes and assessments levied against, and the cost of liability, property and other insurance on, the Common Elements, and including charges for any services furnished by or to the Association; the cost of utilities and other services; and the cost of funding all reserves established by the Association. The funds required to meet the Association's annual expenses shall be raised from a general assessment against each Unit Owner as provided hereafter. After adoption of the operating budget, the Association may revise the operating budget at any time and from time to time, in accordance with the procedures set forth in Section 3.3(a) below, as it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Association.

(a) Adoption of Budget. Within thirty (30) days after adoption by the Board of any proposed regular or special budget of the Association, the Board shall provide a copy of the proposed budget to all Unit Owners and set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than fifty (50) days after providing the budget. Unless at that meeting the Unit Owners to which a majority of the votes in the Association are allocated reject the budget, in person or by proxy, the budget and the assessments against the Units included in the budget are 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 Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

(b) Budget Summary. As part of the summary of the budget provided to all Unit Owners, the Board shall disclose to the Unit Owners:

(i) The projected income to the Association by category;

(ii) The projected Common Expenses and those specially allocated expenses that are subject to being budgeted, both by category;

(iii) The amount of assessments per unit and the date the assessments are due;

(iv) The current amount of regular assessments budgeted for contribution to Reserve Account;

(v) A statement of whether the Association has a Reserve Study that meets the requirements of RCW 64.90.550 and, if so, the extent to which the budget meets or deviates from the recommendations of the reserve study; and

(vi) The current deficiency or surplus in reserve funding expressed on a per Unit basis.

Section 3.4 Levy of General Assessment. In order to meet the costs and expenses projected in its operating budget, the Association shall determine and levy in advance on every Unit a general assessment, which shall become effective only after the Board follows the procedure for ratification of a budget described in Section 3.3(a) and the Unit Owners do not reject the proposed assessment. The amount of each Unit's general assessment shall be the amount of the Association's operating budget divided by the sum of the number of Units. The omission by the Association, before the expiration of any assessment period, to fix the amount of the general assessment hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release by any Unit Owner from the obligation to pay the general assessment, or any installment thereof, for that or any subsequent assessment period, but the general assessment fixed for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Association of the operating budget during the assessment period for which such budget was prepared, the Association shall, if necessary, revise the general assessment levied against Units and give notice to each Unit Owner in accordance with Section 3.3(a). Notwithstanding the foregoing, the Declarant shall have no obligation to pay general assessments on unsold Units until such time as the Declarant Control Period ends.

Section 3.5 Payment of Assessment. Initial installments of general assessments in the amount of six hundred ($600.00) dollars will be collected on a annual basis, as determined by the Board and ratified by the Unit Owners in accordance with Section 3.3(a). Unless the Board otherwise provides, one-twelfth (1/12) of the General Assessment shall be due in advance on the first day of each calendar month. Any Unit Owner may prepay one or more installments on any assessment levied by the Association without penalty. The amount of the annual general assessments may be upwardly adjusted by the Board at any time based on the expenses of and required reserves needed by the Association so long as the mandatory budget ratification procedure is followed. Notwithstanding the foregoing, the Declarant shall have no obligation to pay general assessments on any unsold Units until such time as the Declarant Control Period ends. After the Declarant Control Period ends and before the Declarant owns no more than one (1) unsold Unit, the Declarant shall pay 25% of the annual general assessment amount levied against other Unit Owners for each unsold Unit owned by the Declarant. When the Declarant owns no more than one (1) unsold Unit, the Declaration shall pay thereafter the same general assessment amount paid by other Unit Owners for the single remaining unsold Unit.

Section 3.6 Nondiscriminatory Assessment. Except as otherwise specifically provided herein, no assessment shall be made at any time which may unreasonably discriminate against any particular Unit Owner or group of Unit Owners in favor of other Unit Owners.

Section 3.7 Commencement of Assessments. Liability of a Unit Owner for assessments shall commence on the date upon which any instrument of transfer to such Unit Owner becomes operative (such as the date of a deed or the date of a recorded real estate contract for the sale of any

Unit) or, if earlier, the commencement date of Unit Owner's occupancy of such Unit.

Upon the initial closing on any Unit from Declarant, the buyer thereof shall pay a one-time assessment in the amount of Five Hundred Dollars ($500.00). This amount shall be in addition to any assessment established by the Association, and shall be paid by all buyers, including builders. This amount may not be used to defray expenses that are the obligation of the Declarant pursuant to RCW 64.90.480.

Section 3.8 Certificates of Assessment Payment. Upon request, the Board shall furnish written certificates certifying the extent to which assessment payments on a specified Unit are paid and current to the date stated therein. A reasonable charge may be made by the Association for the issuance of such certificate.

Section 3.9 Special Assessments. In addition to the general assessments authorized by this Article, the Association may, by following the same procedure for ratification of a budget set forth in Section 3.3(a), levy a special assessment or assessments at any time, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a capital improvement located upon or forming a part of the Common Elements, including necessary fixtures and personal property related thereto, or for such other purpose as the Association may consider appropriate. The due dates of any special assessment payments shall be fixed by the Association Action authorizing such special assessment. The amount of the special assessments may be upwardly adjusted by the Board at any time based on the expenses of and required reserves needed by the Association so long as the mandatory budget ratification procedure is followed. Notwithstanding the foregoing, the Declarant shall have no obligation to pay special assessments on any unsold Units until such time as the Declarant Control Period ends. After the Declarant Control Period ends and before the Declarant owns no more than one (1) unsold Unit, the Declarant shall pay 25% of the special assessment amount levied against other Unit Owners for each unsold Unit owned by the Declarant. When the Declarant owns no more than one (1) unsold Unit, the Declaration shall pay thereafter the same special assessment amount paid by other Unit Owners for the single remaining unsold Unit.

Section 3.10 Effect of Nonpayment of Assessment. If any assessment payment is not made in full within thirty (30) days after it was first due and payable, the unpaid amounts shall constitute a lien against the Unit assessed and shall bear interest from such due date at a rate of twelve (12) percent per annum or the highest rate then permitted by law, whichever is less. By acceptance of a deed to a Unit, recording of a real estate contract therefore, or any other means of acquisition of an ownership interest, and whether or not it shall be so expressed in any such deed or other instrument, each Unit Owner shall be deemed to grant thereby to the Association, its agents and employees, and to Declarant during the Declarant Control Period, the right and power to bring all actions against such Unit Owner personally for the collection of such assessments as a debt, and to enforce the liens created by this Declaration in favor of the Association by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this Declaration shall be for the benefit of the Association

and shall arise in accordance with the terms of this Declaration without the necessity of any further action by the Association. The Association shall have the power to bid at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Unit foreclosed against.

Section 3.11 Duration of Lien. Any lien arising pursuant to Section 3.9 shall be a continuing lien in the amount stated in the assessment from the time of the assessment, but expiring pro rata as the assessment payments are made, and shall also be the personal obligation of the person or entity who is the Unit Owner of the Unit at the time of the assessment. The personal obligation to pay a prior assessment shall not pass to successors in interest unless expressly assumed by them; provided, however, that in the case of a sale or contract for the sale of any Unit which is charged with the payment of an assessment, the person or entity who is the Unit Owner immediately prior to the date of such sale shall be personally liable for the amounts of the monthly installments due prior to said date, and the new Unit Owner shall be personally liable for monthly installments becoming due on or after such date. The foregoing limitation on the duration of the personal obligation of a Unit Owner to pay assessments shall not, however, affect the validity or duration of the continuing lien for unpaid assessments against the respective Unit.

Section 3.12 Reserve Account for Repair or Replacement. Unless the Association has nominal reserve costs or the cost of a reserve study or update exceeds ten percent (10%) of the Association's annual Common Expenses, the Association shall establish and maintain a reserve fund for major maintenance, repair or replacement of the Common Elements and any improvements thereon (**"Reserve Account"**). Such Reserve Account shall be deposited with a banking institution, and in the name of the Association. The Reserve Account shall be expended only for the purpose of affecting the major maintenance, repair or replacement of the Common Elements and any improvements and community facilities thereon, and to any sidewalks, roads, walls or pathways developed as a part of the FDL Development, equipment replacement, and for operating contingencies of a nonrecurring nature. The Board is responsible for administering the Reserve Account. The Association may establish such other reserves for such other purposes as it may from time to time consider to be necessary or appropriate. The proportional interest of any Unit Owner in any such reserves shall be considered an appurtenance of his Unit and shall not be separately withdrawn, assigned, or transferred from the Unit to which it appertains.

Section 3.13 Withdrawals from Reserve Account. The Board may withdraw funds from the Reserve Account to pay for unforeseen or unbudgeted costs that are unrelated to replacement costs of the Reserve Components. Any such withdrawal must be recorded in the minute books of the Association. The Board must give notice of any such withdrawal to each Unit Owner and adopt a repayment schedule not to exceed twenty-four (24) months unless the Board determines that repayment within twenty-four (24) months would impose an unreasonable burden on the Unit Owners. The Board must provide to Unit Owners along with the annual budget adopted in accordance with Section 3.3: (a) notice of any such withdrawal; (b) a statement of the current deficiency in reserve funding expressed on a per unit basis; and (c) the repayment plan. The Board may withdraw funds from the Reserve Account without satisfying the notification for repayment requirements under this Section to pay for replacement costs of Reserve Components not included

in the reserve study.

Section 3.14 Reserve Studies. The provisions of this Section 3.14 are intended to summarize the requirements for reserve studies as provided in RCW 64.90.545 – 64.90.560, and in the event of any conflict with the provisions herein, the statutory provisions shall control.

(a) Board Determination. Unless exempt under Section 3.12, the Association must prepare and update a reserve study in accordance with this RCW 64.90.550 (**"Reserve Study"**). An initial Reserve Study must be prepared by a Reserve Study Professional and based upon either a Reserve Study Professional's visual site inspection of completed improvements or a review of plans and specifications for unbuilt improvements, or both when construction of some but not all of the improvements is complete. An updated Reserve Study must be prepared annually. An updated Reserve Study must be prepared at least every third year by a Reserve Study Professional and based upon a visual site inspection conducted by the Reserve Study Professional.

(b) Unit Owner Demand. When more than three (3) years have passed since the date of the last Reserve Study prepared by a Reserve Study Professional, the Unit Owners to which at least twenty percent (20%) of the votes are allocated may demand, in writing, to the Association that the cost of a Reserve Study be included in the next budget and that the Reserve Study be prepared by the end of that budget year. The written demand must refer to RCW 64.90.555. The Board shall, upon receipt of the written demand, include the cost of a Reserve Study in the next budget and, if that budget is not rejected by the Unit Owners pursuant to Section 3.3, arrange for the preparation of a Reserve Study.

Section 3.15 Limitations on Liability related to Reserve Account and Reserve Studies. Monetary damages or any other liability may not be awarded against or imposed upon the Association, its officers, the Board, or those persons who may have provided advice or assistance to the Association, its officers, or the Board, for failure to: (a) establish a Reserve Account; (b) have a current Reserve Study prepared or updated in accordance with the requirements of Chapter 64.90 RCW and this Declaration; or (c) make the required disclosures in accordance with Section 3.3(b) and Chapter 64.90 RCW.

Section 3.16 Failure to Comply Does Not Relieve Unit Owners. A Unit Owner's duty to pay assessments is not excused, and a budget ratified by the Unit Owners is not invalidated, because of the Association's failure to comply with the Reserve Study or Reserve Account requirements.

Section 3.17 Certain Areas Exempt. The Tracts and all portions of the public roads within the FDL Development dedicated to and accepted by a public authority shall be exempt from assessments by the Association.

ARTICLE 4. ARCHITECTURAL CONTROL COMMITTEE

Section 4.1 Architectural Control Committee. An Architectural Control Committee (**"Committee"**) consisting of at least three (3) members, but in any event always an odd number of members, is hereby created with the rights and powers set forth in this Declaration. The initial members of the Committee shall be representatives appointed by Declarant. Committee members shall not be entitled to compensation for their services hereunder, except as may be determined by the Board of Directors. Declarant shall have the right and power at all times to appoint or renew the appointment of the members of the Committee or to fill any vacancy until the expiration of the Declarant Control Period. After the expiration of the Declarant Control Period, the Board shall have the power to appoint and remove the members of the Committee.

Section 4.2 Jurisdiction and Purpose. The Committee shall review proposed plans and specifications for construction of all Structures within the FDL Development, including any additions, exterior alterations, fences, major landscaping, clearing, painting, paving and excavation. During the Declarant Control Period, a prospective Unit Owner shall submit architectural and landscaping plans and specifications to the Committee for its review prior to closing the purchase of a Unit. Prior to submittal to the Committee, the Unit Owner shall verify all improvements meet all local municipal codes. The Committee assumes no liability and holds no authority to approve, permit, or allow any construction on behalf of the local governing authorities. The Committee shall adopt and publish architectural rules, regulations and procedures for the review of such plans and specifications. No Structure may be installed or constructed on a Unit unless and until the Unit Owner proposing the construction first submits the proposed plans and specifications to the Committee and the Committee approves the construction application and plans of said Unit Owner. Said Unit Owner shall be required, among other things, to complete the construction of any dwelling within two hundred seventy (270) days of the date that the dwelling construction plans are approved by the Committee and to diligently prosecute and complete the construction and installation of any other structure after the structure construction plans are approved by the Committee. Appropriate dust and debris control measures shall be implemented and followed by Unit Owners when constructing any approved dwelling or other structure so that dust and debris does not blow onto and litter adjacent Units and other areas of the FDL Development. It shall be the obligation of each Unit Owner or prospective Unit Owner to be familiar with the rules and procedures of the Committee. As conditions precedent to approval of any matter submitted to it, the Committee shall consider and apply the following rules applicable to the development of Units by Unit Owners as well as any other rules and regulations hereafter adopted by the Committee or set forth in this Declaration:

(a) Consistent with Declaration. The approval of the plan is in the best interest of the Unit Owner and consistent with this Declaration.

(b) General Considerations. General architectural considerations, including relationship and layout of Structures to natural features and adjacent homes, orientation and location of buildings, vehicular access, circulation and parking, setbacks of 10 feet on sides and back and 30 feet from the front property line, height, walls, fences, and similar elements have been designed to be compatible with the overall design of the FDL Development.

(c) Site Considerations. General site considerations, including site layout, relationship of site to vegetation, natural features, open space and topography, orientation and locations of buildings, vehicular access and driveway lighting, circulation and parking, setbacks, height, walls, fences and similar elements have been designed to be compatible with the overall design of the FDL Development.

(d) Landscape Considerations. General landscape considerations, including the location, type, size, color, texture and coverage of plant materials, provisions for irrigation, maintenance and protection of existing landscaped areas and similar elements have been considered to ensure visual relief, to complement buildings and Structures, and to provide an attractive environment for the enjoyment of the Unit Owners in general and the enhancement of the property values in the FDL Development.

(e) Siding. Without limiting the foregoing, each residence, improvement or Structure constructed on a Unit shall be built of new materials except, with approval of the Architectural Control Committee, decorative items such as used brick, weathered planking, and similar items may be incorporated. All siding materials shall be of masonry (including stucco, dryvit, cultured stone, brick, stone, or similar material), and/or wood or wood-type siding material, except that no T-1-11 siding shall be allowed. All paints or natural finishes shall be those colors commonly known as earth tones.

(f) Roofing - Solar Panels. The roof shall be a composition roof or concrete tile roof with a 30-year life. No solar panels shall be installed, placed or maintained on any Unit or any Structure on any Unit.

(g) Entry Walk, Porches, Decks and Fences. Unless otherwise approved by the Committee, all front entry walks shall be concrete, asphalt, or pavers. Decks and porches shall be constructed of cedar or pressure-treated materials, or visually similar composite decking materials. Fences may be constructed with durable vinyl, composite, or wrought iron materials and shall not be constructed with chain link, welded or chicken wire, metal (except wrought iron), plastic, or wood materials.

(h) Driveways. All driveways shall be constructed of concrete paving or asphalt.

(i) Local Codes. All dwellings, buildings, and structures shall be constructed in accordance with all applicable codes and regulations. In the event of a conflict between any applicable codes and this Declaration, the codes shall govern.

(j) Shops. Height must match the home and must have cement floors.

(k) Water Well. No wells shall be installed, drilled, maintained or used on any Unit.

(l) Minimum Living Area for Dwellings. The minimum living or floor area for the

ground/first floor of and for the second floor of a residence or dwelling constructed on a Unit shall be as follows: (1) the ground/1st floor of a one story home must be at least 2,250 square feet; and (2) the ground/1st floor of a two-story home must be at least 1,800 square feet.

Section 4.3 Approval Procedures. Two copies of a preliminary application for approval must be submitted in writing to the Committee at the registered office of the Association. Within fifteen (15) days following receipt of a preliminary application, the Committee shall notify the applicant in writing as to whether the application is complete and, if not, of any additional information that may be required before the Committee can review the application. The Committee's rules and procedures may specify the payment of a reasonable nonrefundable fee, to be set forth in the Committee rules, for the purpose of defraying the costs associated with the Committee's review of the preliminary application. This fee may be adjusted from time to time by the Committee in accordance with its rules and procedures. The Committee shall review the application in accordance with the provisions of this Section as soon as possible after a complete application has been filed. The decision of a majority of the members of the committee shall be the decision of the Committee. One copy of approved plans will remain in the Committee's files. All disapproved plans will be returned to the applicant.

Section 4.4 Failure of Committee to Take Action. Except as provided in Section 4.6 below, in the event that the Committee fails to respond to an applicant's complete and properly submitted application within thirty (30) days after the Committee has notified the applicant that the application is complete, formal written approval will not be required, and the applicant shall be deemed to have fully complied with the provisions for approval; provided, however, if the Committee delivers notice of the need for one (1) thirty (30) day extension prior to expiration of the above-referenced thirty (30) day period, the Committee shall have thirty (30) additional days to make its decision.

Section 4.5 Committee's Obligation. The Committee, in its deliberations and in the discharge of its obligations hereunder, shall act objectively and fairly in making decisions concerning various plans, specifications, plot plans and landscape plans submitted to it by various applicants for consideration in accordance with the provisions of this Declaration. Further, the determinations of the Committee as to noncompliance shall be in writing, signed by the Committee, and shall set forth in reasonable detail the reason for noncompliance. The Committee may approve, approve with conditions, or disapprove an application or any part thereof. In all cases, the sole responsibility for satisfying the provisions of this Declaration and all local building codes and governmental requirements rests with the applicant. In consideration of the Committee's review of an applicant's application, the applicant shall indemnify and hold the Committee harmless from any claim or damages resulting from applicant's failure to comply with applicable building codes or other governmental requirements.

Section 4.6 Exemptions and Variances from Committee Requirements. The Committee may, upon request, grant exemptions and variances from the rules and procedures of the Committee and the requirements of this Declaration when the party requesting such exemption or

variance establishes to the satisfaction of the Committee that the improvements or other matters which are desired by the applicant are aesthetically as appealing, suited to climatic conditions, and compatible with the overall character of the development as are similar improvements or matters which conform to the requirements of this Declaration. Request for an exemption or variance shall be submitted in writing to the Committee and shall contain such information as the Committee shall from time to time require. The Committee shall consider applications for exemption or variance and shall render its decisions within thirty (30) days after notice to the applicant of proper submission. The failure of the Committee to approve an application for an exemption or variance shall constitute disapproval of such application.

Section 4.7 Failure of Applicant to Comply. Failure of the applicant to comply with the rules and procedures of the Committee or the final application as approved by the Committee shall, at the election of the Association's Board exercised after thirty (30) days' written notice to such applicant, constitute a violation of this Declaration. In that event, the Board shall be empowered to assess a monetary penalty commensurate with the violation, which shall constitute a lien against such Unit, enforceable as provided herein and/or pursue any other remedy, including, but not limited to, an action for injunctive relief or specific performance. Before any monetary fine is formally assessed and collected, the violating Unit Owner shall be given notice of the violations and an opportunity to request that the Board review the violations and monetary fine.

ARTICLE 5. SUBORDINATION OF LIENS

Section 5.1 Intent of Provisions. The provisions of this Article 5 apply for the benefit of each Mortgagee who lends money for purposes of construction or to secure the payment of the purchase price of a Unit.

Section 5.2 Mortgagee's Nonliability. The holder of a Mortgage shall not, by reason of its security interest only, be liable for the payment of any assessment or charge, nor for the observance or performance of any covenant or restriction, excepting only those enforceable by equitable relief and not requiring the payment of money, and except as hereafter provided.

Section 5.3 Mortgagee's Rights During Foreclosure. During foreclosure of a Mortgage, including any period of redemption, the holder of the Mortgage may exercise any or all of the rights and privileges of the Unit Owner of the encumbered Unit, including but not limited to the right to vote in the Association to the exclusion of the Unit Owner's exercise of such rights and privileges.

Section 5.4 Mortgagee as Unit Owner. At such time as a Mortgagee shall become the record Unit Owner of the Unit previously encumbered by the Mortgage, the Mortgagee shall be subject to all of the terms and conditions of this Declaration, including the obligation to pay for all assessments and charges in the same manner as any Unit Owner.

Section 5.5 Survival of Assessment Obligation. After the foreclosure of a security interest in a Unit, any unpaid assessments shall continue to exist and remain as a personal obligation

of the Unit Owner against whom the same was levied, and the Association shall use reasonable efforts to collect the same from such Unit Owner.

Section 5.6 Subordination of Assessment Liens. The liens for assessments provided for in this Declaration shall be subordinate to the lien of any first Mortgage or other security interest placed upon a Unit as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm such priority. The sale or transfer of any Unit or of any interest therein shall not affect the liens provided for in this Declaration except as otherwise specifically provided for herein, and in the case of a transfer of a Unit for purposes of realizing a security interest, liens shall arise against the Unit for any assessment payments coming due after the date of completion of foreclosure.

ARTICLE 6. USE OF COVENANTS, CONDITIONS AND RESTRICTIONS

Section 6.1 Authorized and Prohibited Uses. The FDL Development shall be used solely for single-family residential purposes and related facilities normally incidental to a residential community. After the Declarant Control Period no Unit shall be further subdivided, except as permitted in this Declaration without prior approval conferred by Association Action. No Unit shall be used for multi-family residential purposes. The construction, maintenance and use of Accessory Dwelling Units and multi-family dwellings, including, but not limited to, duplexes, tri-plexes, apartments, condos and the like, on any Unit shall be prohibited. No Accessory Structure may be constructed, maintained or used on any Unit before an Association approved and county permitted primary or principal dwelling is fully constructed on said Unit.

Section 6.2 Leasing Restrictions. Short-term rentals are disallowed on any Unit within the FDL Development. No residence on any Unit may be leased or rented or subleased or licensed for use by any party for a period of fewer than one hundred eighty (180) consecutive days, nor shall less than the whole of any Unit be leased or rented. Each lease or rental agreement shall be in writing and shall by its terms provide that it is subject in all respects to the provisions of the Governing Documents. Any failure by a lessee to comply with the terms of the Governing Documents shall be a default under the lease, whether or not it is so expressed therein. A copy of each rental agreement shall be provided in hand or electronic copy to the Association immediately upon its execution by both parties.

Section 6.3 Animals. No wild, domesticated or exotic animals, livestock, or poultry of any kind shall be raised, bred, or kept in the FDL Development except as specifically provided or allowed herein. Up to three (3) of any combination of the following may be kept on any Unit: canines and felines. No canines, felines, or other animals may be kept, bred, or maintained for any commercial purposes. Domestic birds and other small pets normally sold in retail pet stores shall generally be welcomed and allowed provided that they are maintained and kept within the dwelling on the Unit. Notwithstanding the foregoing, no domestic or small pet may be kept if its presence or actions constitute a public or private nuisance. Pets shall be registered, licensed, and inoculated from time to time as required by law. All animals must be in compliance with applicable codes and

regulations. When not confined to the Unit Owner's Unit, pets within the FDL Development shall be leashed and accompanied by a person who shall be responsible for guiding and controlling the pet and cleaning up any animal waste.

Section 6.4 Commercial Uses. No commercial enterprise, including itinerant vendors, shall be permitted on any Unit; provided, however, that the Association may, by adopting rules and regulations, permit specified home occupations to be conducted if allowed by law and if such occupation will not, in the reasonable judgment of the Association, cause traffic congestion or other disruption of the FDL Development community; and provided further that no signs or advertising devices of any character shall be permitted.

Section 6.5 Vehicle Storage. The storage of goods, vehicles, boats, trailers, trucks, campers, recreational vehicles or other equipment or device shall not be permitted on any Unit in open view from the closest public right of way or adjacent Unit(s) except as otherwise indicated below. They shall be kept fully behind a structure, fence or garage doors, except this shall not exclude temporary (less than seventy-two (72) hours) parking of vehicles on the designated driveway areas adjacent to garages on the Units. In addition, a single boat may be stored on the designated driveway adjacent to the garage on any Unit from April 1st to November 1st of each calendar year. Upon forty-eight (48) hours' notice to the Unit Owner of an improperly parked or stored vehicle, boat, or other equipment, the Association has the authority, but shall not be obligated, to have removed at the Unit Owner's expense any such vehicle visible from the street that is parked on any Unit, street or within a Common Element for more than seventy-two (72) hours. No vehicle shall be parked in or on a street overnight.

Section 6.6 Garbage. All trash shall be placed in sanitary containers that are screened so as not to be visible from adjoining Structures or streets or roadways. No Unit or any portion thereof shall be used as a dumping ground for trash or rubbish of any kind. Yard rakings, dirt and debris resulting from landscaping work or Construction shall not be dumped onto adjoining lots or streets or roadways.

Section 6.7 Utilities Underground - Pools. Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no pools, water pipe, sewer pipe, gas pipe, drainage pipe, telephone, power, or television cable, or similar transmission line shall be installed or maintained above the surface of the ground. No pool that is not fully in the ground shall be installed, maintained or used on any Lot.

Section 6.8 Signs. Except for entrance, street, directional, traffic control, and safety signs, no promotional signs or advertising devices of any character shall be posted or displayed in the FDL Development; provided, however, that one temporary real estate sign not exceeding six (6) square feet in area may be erected upon any Unit or attached to any residence placed upon the market for sale or lease. Any such temporary real estate sign shall be removed promptly following the sale or rental or such Unit or residence. In addition, nothing in this subsection shall be construed to prohibit the display of signs regarding candidates for public or Association office, or ballot issues, on or

within a Unit, so long as such signs are no larger than four (4) square feet and in place no longer than sixty (60) days. Flags of the United States or the state of Washington are not considered signs hereunder and are permitted, provided, however, that the Association may place reasonable restrictions on the time, place and manner of display as permitted by federal and state law.

Section 6.9 No Obstruction of Easements. No structure, planting, or other material shall be placed or permitted to remain upon the Real Property which may damage or interfere with any easement or the installation or maintenance of utilities, or which may unreasonably change, obstruct, or retard direction or flow of any drainage channels. No decorative planting, structure or fence may be maintained within an easement area.

Section 6.10 Antennas and Clotheslines. No external aerial antenna, free-standing antenna towers, satellite reception dishes of any kind or clotheslines shall be permitted in the FDL Development; provided, however, satellite dishes of less than twenty-four (24) inches in diameter are permitted if they are located on the rear of the residence or in such location allowed through written consent of the Architectural Control Committee. Satellite dishes greater than twenty-four (24) inches in diameter may be allowed through written consent of the Architectural Control Committee.

Section 6.11 Unit Owners' Maintenance Responsibilities. The maintenance, upkeep, and repair of individual Units and dwellings and other structures shall be the sole responsibility of the individual Unit Owners thereof, and in no way shall it be the responsibility of the Association, its agents, officers or directors. Unit Owners shall maintain their Units and dwellings and other structures in good repair and in a clean, sightly, and sanitary condition at all times. Without limitation as to the foregoing, each Unit Owner shall be obligated to keep his Unit and home in a clean, sightly and sanitary condition and maintain the landscaping on his Unit in a healthy and attractive state and in a manner comparable to that on the other Units in FDL Development. No storage of firewood shall be permitted in front yards. After thirty (30) days' written notice to a Unit Owner from the Association of such Unit Owner's failure to so maintain his home or Unit, and after approval by a two-thirds (2/3) majority vote by the Board, the Association shall have the right, through its agents and employees, to enter upon any Unit which has been found to violate the foregoing standards in order to restore the home or Unit to such standards. The cost of such work shall be a special assessment on such Unit Owner and his Unit only. Any vehicle repair must be done behind the fence.

Section 6.12 Weapons. No firearms of any kind or nature, including rifles, handguns, bows, slingshots, BB guns, slings, traps, or any other like weapon, shall be used or discharged within the FDL Development except as otherwise authorized by law.

Section 6.13 Nuisances Prohibited. No noxious or offensive activity shall be conducted in any portion of the FDL Development, nor shall anything be done or maintained therein in derogation or violation of the laws of the state of Washington or any other applicable governmental entity. Nothing shall be done or maintained on any portion of the FDL Development which

may be or become an annoyance or nuisance to the neighborhood or detract from the value of the community. The Association shall determine by Association Action whether any given use of a Unit unreasonably interferes with the rights of the other Unit Owners to the use and enjoyment of their respective Units or of the Common Elements, and such determination shall be final and conclusive.

Section 6.14 Preservation of Landscaping. No party subject to the terms of this Declaration or his/her/their agents, employees or guests shall destroy or otherwise materially adversely impact landscaping on Common Elements and/or dedicated Tracts, or as otherwise governed by applicable laws, codes and regulations.

Section 6.15 No Accessory Structures or Dwelling Units. No Accessory Structure or any other Structure or improvement of a temporary character, including without limitation a trailer, tent, shack, garage, barn, or other outbuilding shall be installed, placed or used on any Unit partially or primarily as a dwelling or residence, either temporarily or permanently. No Accessory Dwelling Unit shall be installed, placed, maintained or used on any Unit. Accessory Structures shall not be until such time as they

Section 6.16 Window Coverings. Curtains, drapes, blinds or valances shall be installed on all windows within ninety (90) days of occupancy of a residence on a Unit. No newspapers, bed sheets or other makeshift window coverings shall be visible from the exterior of the residence.

Section 6.17 Fences. Fences may be constructed with durable vinyl, composite, or wrought iron materials and shall not be constructed with chain link, welded or chicken wire, metal (except wrought iron), plastic, or wood materials. Unless otherwise authorized by the Board, no fence, wall hedge or mass planting over three feet in height, other than foundation planting, shall be permitted to extend nearer to any street than the minimum setback line; however, nothing shall prevent erection of a necessary retaining wall, the top of which does not extend more than two feet above the finished grade at the back of said retaining wall.

Section 6.18 Unit Size Restriction. No Unit or portion of a Unit in the community shall be divided and sold or resold or ownership changed or transferred, whereby the ownership of any portion of the FDL Development shall be less than the area required in the zoning district in which it is located.

Section 6.19 Damage. Any damage to streets, Common Element improvements, entry structures, fences, landscaping, mailboxes, lights and lighting standards by Unit Owners, their children, contractors, agents, visitors, friends, relatives or service personnel shall be repaired and restored to like new condition by such Unit Owner within twelve (12) days from the occurrence of such damage. After thirty (30) days' written notice to a Unit Owner from the Association of such Unit Owner's failure to so repair, and after approval by a two-thirds (2/3) majority vote by the Board, the Association shall have the right, through its agents and employees, make such repairs on behalf of such Unit Owner. The cost of such work shall be a special assessment on such Unit Owner and

his Unit only.

Section 6.20 Unsightly Conditions. No unsightly conditions shall be permitted to exist on any Unit. Unsightly conditions shall include, without limitation, improperly maintained landscaping; publicly visible storage of firewood; publicly visible storage of boats, trailers or motor homes, manufactured homes, recreational vehicles, or disabled vehicles of any kind whatsoever; laundry hanging or exposed in view for drying; litter, trash, junk or other debris; inappropriate, broken or damaged furniture or plants; non-decorative gear, equipment, cans, bottles, ladders, trash barrels and other such items; and no awnings, air conditioning units, heat pumps or other projections shall be placed on the exterior walls of any housing unit unless prior written approval shall have been obtained from the Architectural Control Committee. This Section 6.21 shall not apply to Units owned by Declarant during the Declarant Control Period.

Section 6.21 Shared Driveways. Unless otherwise provided herein, all shared driveway areas shown on the Map, whether provided as easements or tracts, shall be used only for pedestrian and vehicular ingress and egress. Unless otherwise agreed upon by all Unit Owners benefitting from or burdened by the shared driveway area, parking, the construction or maintenance of improvements, and the storage of personal property shall be prohibited in such shared driveway areas.

ARTICLE 7. COMMON ELEMENTS

Section 7.1 Title to Common Elements. All Common Elements were dedicated in accordance with the terms of the Map upon recording of the Map. Every Common Element shall be subject to an easement of common use and enjoyment in favor of the Association and every Unit Owner, their heirs, successors, and assigns, in accordance with the terms and conditions of the Governing Documents and the Map.

Section 7.2 Maintenance of Common Elements. The Association shall maintain, replace, improve, and otherwise manage all of the Common Elements so as to keep them in good repair and condition and shall conduct such additional maintenance, repair, replacement, construction, or reconstruction as may be determined pursuant to Association Action. The Association shall take any action necessary or appropriate to the maintenance and upkeep of the Common Elements and improvements thereon.

Section 7.3 Monument and Landscaping Maintenance and Easements. The Association shall be responsible for maintaining any monument signage and shall be responsible for maintaining any landscaping in Common Elements in accordance with the terms of the Map and all applicable laws, codes and regulations.

ARTICLE 8. CERTAIN GRANTS, EASEMENTS, COVENANTS AND RESTRICTIONS

Section 8.1 Tracts. Tract B is an open space tract. Upon recording of the Map, said Tracts

were granted and conveyed to the Association. The Association shall be responsible for maintaining the Tracts consistent with local and state laws, rules and regulations.

Section 8.2 General Utility Easement. Upon recording of the Map, an easement was reserved for and granted to all utility providers serving the Real Property, and the providers' respective successors and assigns, under and upon the exterior ten (10) feet parallel with and adjoining the street frontage of all Units, Tracts, and common areas in which to install, lay, construct, renew, operate, and maintain underground conduits, cables, pipe, and wires with necessary facilities and other equipment for the purpose of serving the Real Property and other property with electric, telephone, gas, television cable, and other utility services, together with the right to enter upon the Units, Tracts, and common areas at all times for the purposes stated herein.

Section 8.3 Public Storm Drainage Easements. Upon recording of the Map, the public drainage easements shown on the Map were reserved for and granted to the County, together with the right of ingress and egress and the right to excavate, construct, operate, maintain, repair, and/or rebuild an enclosed or open channel stormwater conveyance system and/or other drainage facilities, under, upon, or through the drainage easement.

Section 8.4 Public Waterline Easements. Upon recording of the Map, an easement was reserved for and granted to the Sole Water upon the exterior ten (10) feet parallel with and adjoining the street frontage of all Units, Tracts, and common areas for the purpose of constructing, reconstructing, operating, and maintaining the water system, together with the right of ingress and egress for such purposes. This easement shall be free from all permanent structures or other structures, such as covered parking, decks, overhangs, sheds, etc., that interfere with the District's maintenance and repair responsibilities.

Section 8.5 Drainage Facility Maintenance Covenant. The Association and Unit Owners shall perform regular maintenance to the drainage facilities installed, or to be installed, upon the Real Property. Regular maintenance shall include, at a minimum, annual inspection of the stormwater drainage system. As applicable, the system shall include the stormwater conveyance system pipes, ditches, swales, and catch basins, stormwater flow regulation system detention ponds, vaults, pipes, retention ponds, flow regulation and control structures, infiltration systems, and water quality control system. The Map provides detailed rights and obligations related to the drainage facilities, including the County's right to inspect said facilities, maintain them, charge the Association and/or Unit Owners for the costs of such maintenance, and bring suit to recover such costs.

ARTICLE 9. PHASED DEVELOPMENT; DEVELOPMENT RIGHTS

Section 9.1 Subsequent Development. Declarant reserves for itself, its successors and assigns, during the Declarant Control Period, the right, by amendment to this Declaration recorded in the County Recorder's Office, in one or more phases, to subject additional properties to this Declaration or to withdraw undeveloped property from it. Each Unit Owner appoints and constitutes

the Declarant as his/her/its attorney-in-fact to adopt and file amendments to this Declaration necessary to add or subtract such properties. The original Unit Owners shall be benefitted by any Common Elements on additional property the Declarant elects to add to the FDL Development, either through Association ownership and/or control of said additional Common Elements or by easements of use and enjoyment in favor of said original Unit Owners on said additional Common Elements. The owners of such property added by Declarant to the FDL Development shall have an easement for use and enjoyment of the existing Common Elements and shall have all the obligations to pay their pro rata cost of maintaining the Common Elements, unless otherwise provided herein. The Declarant shall also have as a Development Right the right to extend existing easements and may create new easements over the Units still within Declarant's control so as to provide access and service to the additional properties. Neither the Association nor any Unit 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 recorded in the County describing such additional property or by addition to the Map. The rights reserved by Declarant in this Section may be exercised by Declarant during the Declarant Control Period at Declarant's sole discretion.

Section 9.2 Rights and Obligations. The owners of properties added to the FDL Development shall be members of the Association, and shall be entitled to all benefits and subject to all obligations of a member, including, but not limited to, the right to vote in Association elections and the obligation to pay assessments as set forth herein. If Declarant elects to withdraw undeveloped property from this Declaration, such withdrawn property shall no longer have any membership rights in the Association or hereunder.

Section 9.3 No Requirement to Add. Nothing contained in this Declaration shall be construed to require the Declarant to subject additional properties to this Declaration.

Section 9.4 Control. Declarant shall have and hereby reserves as a Development Right for itself, its successors, and assigns, an easement for the right, during the Declarant Control Period and any period thereafter in which Declarant is a Unit Owner, to utilize the Common Elements for its business uses and purposes, including, but not limited to, uses and purposes related to the construction, promotion, sale and development of the FDL Development. If additional properties are subjected to this Declaration pursuant to this Article 9, Declarant shall have an easement as described in this Section 9.5 on the Common Elements located therein. Upon termination of the Declarant Control Period, Declarant's easement shall automatically terminate except as to Units for which Declarant owns. Control and the management and administration of the Common Elements shall vest in the Association at the end of the Declarant Control Period subject to the Declarant's aforementioned rights of use.

Section 9.5 Dedication to Governmental Entities. Until the termination of the Declarant Control Period, Declarant reserves as a Development Right the right to withdraw any undeveloped part of the Real Property from this Declaration and to dedicate, transfer or convey it to any state, county, municipal or other governmental entity any such part of the Real Property or reserve it for Declarant's use and/or sale. The rights reserved by Declarant in this Section 9.5 shall be exercised by Declarant at Declarant's sole discretion.

ARTICLE 10. INSURANCE; CASUALTY LOSSES; CONDEMNATION

Section 10.1 Insurance Coverage. Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant, the Association must maintain in its own name, to the extent reasonably available and subject to reasonable deductibles:

(a) Property insurance on the Common Elements and on property that must become Common Elements, insuring against risks of direct physical loss commonly insured against, as near as practicable to the full insurable replacement value (without deduction for depreciation) of the Common Elements, exclusive of land, excavations, foundations, and other items normally excluded from property policies;

(b) Commercial general liability insurance, including medical payments insurance, in an amount not less than One Million Dollars ($1,000,000.00) covering all occurrences commonly insured against for bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements and, in cooperatives, of all Units;

(c) Fidelity insurance; and

(d) Such other insurance as the Association deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for similar projects established by Federal National Mortgage Association, Governmental National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and Veterans Administration, so long as any of them is a Mortgagee or Unit Owner, except to the extent such coverage is not available or has been waived in writing by such agencies.

Section 10.2 Casualty Losses. In the event of substantial damage to or destruction of any of the Common Elements, the Association shall give prompt written notice of such damage or destruction to the Unit Owners and to the holders of all First Mortgages. Insurance proceeds for damage or destruction to any part of the Common Elements shall be paid to the Association as a trustee for the Unit Owners, or its authorized representative, including an insurance trustee, which shall segregate such proceeds from other funds of the Association.

Section 10.3 Condemnation. In the event any part of the Common Elements is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, the Association shall give prompt notice of any such proceeding or proposed acquisition to the Unit Owners and to the holders of all First Mortgages who have requested from the Association notification of any such proceeding or proposed acquisition. All compensation, damages, or other proceeds therefrom, shall be payable to the Association.

ARTICLE 11. ENFORCEMENT

Section 11.1 Right to Enforce. The Association, Declarant, or any Unit Owner shall have the right to enforce, by any appropriate proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration.

Section 11.2 Remedies Cumulative. Remedies provided by this Declaration are in addition to, cumulative with, and are not in lieu of, other remedies provided by law. There shall be, and there is hereby created, a conclusive presumption that any breach or attempted breach of the covenants, conditions, and restrictions herein cannot be adequately remedied by an action at law or exclusively by recovery of damages.

Section 11.3 Covenants Running with the Land. The covenants, conditions, restrictions, liens, easements, enjoyment rights, and other provisions contained herein are intended to and shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing, or otherwise occupying any portion of the Real Property, their heirs, executors, administrators, successors, grantees, and assigns. All instruments granting or conveying any interest in any Unit shall be subject to this Declaration.

Section 11.4 Right to Assess Penalty on Unit for Violations of Declaration. The Board by simple majority vote shall determine whether a Unit Owner has breached, or a Unit is in breach, of any of the covenants, conditions, and restrictions provided herein. After thirty (30) days' written notice to such Unit Owner, the Unit Owner shall have an opportunity to be heard by the Board regarding the violation. After such hearing, the Association by a two-thirds (2/3) majority vote of the Board, is empowered to assess a penalty in accordance with an established schedule of fines adopted by the Board and furnished to the Unit Owners. Such penalty shall be a levied special assessment and constitute a lien against the Unit, enforceable as provided herein.

ARTICLE 12. AMENDMENT

Section 12.1 Amendment by Declarant or Association. Upon thirty (30) days' advance notice to Unit owners, the Declarant may, without a vote of the Unit Owners or approval by the Board, unilaterally adopt, execute, and record a corrective amendment or supplement to the Governing Documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify an ambiguity in the Governing Documents with respect to an objectively verifiable fact including, without limitation, recalculating the liability for Common Expenses, or the number of votes in the Association appertaining to a Unit, within five (5) years after the recordation or adoption of the Governing Document containing or creating the mistake, inconsistency, error, or ambiguity. Any such amendment or supplement may not materially reduce what the obligations of the Declarant would have been if the mistake, inconsistency, error, or ambiguity had not occurred. Upon thirty (30) days' advance notice to Unit Owners, the Association may, upon a vote of two-thirds (2/3) of the members of the Board, without a vote of the Unit Owners, adopt, execute, and record an amendment to the declaration for the following purposes: (a) to correct or supplement the Governing Documents as provided above; or (b) to remove any language and otherwise amend as necessary to effect the

removal of language in direct conflict with the Washington Uniform Common Interest Ownership Act.

Section 12.2 Amendments by Unit Owners. Except in cases of amendments that may be executed by the Declarant or the Association pursuant to Section 12.1 or as expressly permitted in accordance with the Washington Uniform Common Interest Ownership Act, this Declaration may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated; provided, however, that no such amendment shall be valid during the Declarant Control Period without the prior written consent of the Declarant. Notwithstanding any of the foregoing, the prior written approval of fifty-one percent (51%) of all Mortgagees who have requested from the Association notification of amendments shall be required for any material amendment to the Declaration or the Association's Bylaws of any of the following: voting rights; assessments, assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Elements; insurance or fidelity bonds; responsibility for maintenance and repair; reallocation of interest in the Common Elements; leasing of Units other than as set forth herein; imposition of any restrictions on the right of a Unit Owner to sell or transfer his Unit; a decision by the Association to establish self-management when professional management had been required previously by an eligible Mortgagee; any action to terminate the legal status of the Association after substantial destruction or condemnation occurs; or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of First Mortgages. Amendments by the Declarant or Association may change this Declaration in whole or in part and may adopt new covenants and restrictions unrelated to preexisting covenants or restrictions, provided that such amendments are reasonable and not inconsistent with the general plan of the development.

Section 12.3 Effective Date & Cross-References. Amendments shall take effect only upon recording in the official real property records of G r a n t County, Washington. All amendments must contain a cross-reference by recording number to the Declaration and to any prior amendments to the Declaration. All amendments to the Declaration adding Units must contain a cross-reference by recording number to the Map relating to the added Units and set forth all information required under 64.90.225(1) with respect to added Units.

ARTICLE 13. SOLE DOMESTIC WATER SUPPLIER

Section 13.1 Sole Domestic Water Supplier - No Private Well. Each Unit Owner shall have, maintain and pay an account for domestic water services with the Sole Domestic Water Supplier and shall receive domestic water service only from the Sole Domestic Water Supplier. No Unit Owner shall drill, install, maintain or use any private well for domestic water service and/or irrigation water service on his or her Unit.

Section 13.2 Charges, Fees and Costs. Each Unit Owner shall timely and fully pay all customary charges, fees, expenses, late fees, and interest charged and invoiced by the Sole Domestic Water Supplier to the Unit Owner for domestic water service furnished to his or her Unit and/or

based on any past due balances owed ("Water Charges"). Said Water Charges may be adjusted upwardly from time to time by the Sole Domestic Water Supplier in accordance with state law. Each Unit Owner shall comply with the water system rules and regulations adopted by the Sole Water Domestic Water Supplier concerning the domestic water service, including those related to its use, conservation and safety measures, and cross-connection control measures.

ARTICLE 14. GENERAL PROVISIONS

Section 14.1 Taxes. Each Unit Owner shall pay without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against his Unit, or personal property located on or in the Unit. The Association shall likewise pay without abatement, deduction, or offset, all of the foregoing taxes, assessments, and charges levied or assessed against the Common Elements.

Section 14.2 Non-Waiver. No waiver of any breach of this Declaration or failure to enforce any covenant of this Declaration shall constitute a waiver of any other breach, whether of the same or any other covenant, condition, or restriction.

Section 14.3 Attorneys' Fees. In the event of a suit or action to enforce any provision of this Declaration or to collect any money due hereunder or to foreclose a lien, the unsuccessful party in such suit or action shall pay to the prevailing party all costs and expenses, including title reports, and all attorney's fees that the prevailing party has incurred in connection with the suit or action, in such amounts as the court may deem to be reasonable therein, and also including all costs, expenses, and attorneys' fees incurred in connection with any appeal from the decision of a trial court or any intermediate appellate court.

Section 14.4 No Abandonment of Obligation. No Unit Owner, through his non-use of any Common Element, or by abandonment of his Unit, may avoid or diminish the burdens or obligations imposed by this Declaration.

Section 14.5 Captions. The captions of the various articles, sections and paragraphs of this Declaration are for convenience of use and reference only and do not define, limit, augment, or describe the scope, content or intent of this Declaration or any parts of this Declaration.

Section 14.6 Severability. Invalidation of any one of these covenants, conditions, restrictions, easements, or provisions by judgment or court order shall in no way affect any other of the same, all of which shall remain in full force and effect.

Section 14.7 Notices. All notices, demands, or other communications ("Notices") permitted or required to be given by this Declaration shall be in the form of a record, in a tangible medium, or in an electronic transmission in accordance with RCW 64.90.515. If mailed, the Notice shall be by

certified or registered mail, return receipt requested, with postage prepaid and shall be deemed given three days after the date of mailing thereof, or on the date of actual receipt, if sooner. Notices provided by electronic transmission shall be deemed effective according to the requirements of RCW 64.90.515. All other Notices shall be deemed given on the date of actual receipt. Notice in a tangible medium to a Unit Owner must be addressed to the Unit address unless the Unit Owner has requested, in a record delivered to the Association, that Notices be sent to an alternate address or by other method allowed by this Declaration. If there is more than one Unit Owner of a Unit, Notice to any one such Unit Owner shall be sufficient. The address of Declarant and of the Association shall be given to each Unit Owner at or before the time he becomes a Unit Owner. If the address of Declarant or the Association shall be changed, Notice shall be given to all Unit Owners.

Section 14.8 Indemnification. The Association shall indemnify every officer and director authorized to act on behalf of the Association by the Board or by this Declaration against any and all expenses, including counsel fees, reasonably incurred by, or imposed upon, any officer and director in connection with any action, suit or proceeding if approved by the then Board to which he or she may be a party by reason of being or having been an officer and director. The officers and directors shall not be liable for any mistakes 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 and directors may also be members of the Association), and the Association shall indemnify and forever hold each officer and director free and harmless against any and all liability to others on account of any such contract or commitment. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation.

Section 14.9 Applicable Law. This Declaration shall be construed in all respects under the laws of state of Washington.

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

Dune Lake, LLC

By:_____
Lawrence D. Jacobsen, Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF GRANT)

On this day personally appeared before me Lawrence D. J a c o b s e n , to me known to be the Manager of Dune Lake, LLC, a Washington Limited Liability Company, the company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

_____

_____
TYPE OR PRINT NAME
NOTARY PUBLIC in and for state of Washington,
residing at: _____
My commission expires:_____