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 AUDITOR, Pierce County, WASHINGTON

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Document Title: DECLARATION OF COVENANTS
Grantor(s) (Last name first, then first name and initials): Red51 LLC Additional Names on Page _____ of Document.
Grantee(s) (Last name first, then first name and initials): Red51 LLC Additional Names on Page _____ of Document.
Legal Description (Abbreviated: i.e., lot, block, plat; or section, township, range): Lots 1-35 Plat of Summer View, Section 27, Township 19 N, Range 03 E Legal Description is on Page(s) 1 of Document.
Reference Number(s) (Of documents assigned or released): Additional Reference Numbers on Page _____ of Document.
Assessor's Property Tax Parcel/Account Number: 0319273072

**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS,
EASEMENTS AND RESERVATIONS
OF THE PLAT OF
SUMMER VIEW TOWNHOMES**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS AND RESERVATIONS, (the “Declaration”) is made by Red51 LLC, a Washington limited liability company, (the “Declarant”) this 27 day of January, 2025.

The recorded plat of Summer View Townhomes (the Plat) and these Covenants comply with RCW 64.90 *et seq.* State law requires that the Declarant/Dealer of this Plat make certain disclosures to purchasers of lots of the plat.

The Developer/Declarant of the Plat has not reserved any development rights in the Plat. There are no plans to add additional lots to the Plat. There are storm water facilities for the plat that must be maintained by the HOA in accordance with the recorded Stormwater Maintenance Agreement at AFN 2025022150v2.

PROJECT DESCRIPTION.

The plat of Summer View Townhomes is a residential subdivision pursuant to the Washington State Subdivision Statute, RCW 58.17.010 *et seq.* All lots are being sold on a fee simple basis but are bound by the terms of the recorded final plat map, this recorded Declaration and the corporate documents of the HOA and the lots are bound by extensive reciprocal use easements and shared use provisions and common improvement maintenance obligations burdening each lot for the benefit of the other lot owners.

The plat is governed by a Homeowner Association (“HOA” or “Association”) registered with the Secretary of State as a Washington Non-Profit Corporation. Each lot owner is a member of the HOA with the right to vote and to assist in the governance of the Association. The HOA has an annual budget to pay for the maintenance of Common Areas and Common Elements and, to a limited extent described herein, for the repair and maintenance of the exterior of the dwelling units owned by the lot owners and for the provision of insurance, landscape services, refuse disposal and other property and stormwater facility maintenance and any commonly used utilities or facilities. The budget is prepared and approved in accordance with State law, RCW 64.90.525.

The subdivision was reviewed and approved by Pierce County, the governing jurisdiction. All required improvements for the subdivision have been constructed and inspected and approved by Pierce County.

THE LOTS

There are 35 single family residential lots encompassing the entirety of the project property. The buildings and the uses of the lots are shown on the Summer View Townhomes plat map. The lots are accessed by a public road, 176th Street East, and internal private driveway and drive isles.

THE COMMON AREAS.

There are common areas and improvements thereon that are owned in common by the lot owners that are located on the individual lots of the plat. The lot owners are collectively responsible for the maintenance of the common areas and common improvements shown on the lots through the HOA. The Lots and common area are private and not open to the public.

There are mailbox structures with individual boxes for each lot. The mailbox structures are common elements and are jointly owned by the lot owners through the HOA. There are stormwater facilities on the lots that are common elements and are jointly owned by the lot owners through the HOA. There are driveways and drive isles on the lots that are common elements and are jointly owned by the lot owners through the HOA. There is landscaping and outdoor recreational facilities on the lots that are common elements and are jointly owned by the lot owners through the HOA.

THE BUILDINGS AND UNITS.

The plat has ten buildings. Five buildings have four dwelling units each and five buildings have three dwelling units each. The buildings are configured as “townhomes” with common “party” walls separating the units. The party walls are the same as the lot lines between each lot. Each unit has a garage and a shared drive isle access way. The buildings have common roofs and exteriors that will require shared maintenance in order to preserve the integrity of the buildings. The HOA shall undertake a “reserve study” to determine the maintenance needs of the buildings and collect from the lot owners funds sufficient to adequately maintain the common portions of the buildings. The maintenance, repair and upkeep of the interiors of the units and of the windows of the units shall be the responsibility of the individual unit owners.

THE EASEMENTS.

Each lot owner hereby grants to the other lots owners and to the HOA easements over, across, under and through their respective lots, outside the boundaries of the units thereon, for the purposes of access, building maintenance and repair, landscape maintenance, stormwater structures and maintenance thereof, recreational features and use thereof, parking as indicated on the plat. No lot owner shall block or impede access of any other lot owner to the owner's unit.

ARTICLE 1. DECLARATION.

Section 1.1 Declarant is the owner and developer of that certain real property (the "Property") in Pierce County, State of Washington recorded as the plat of Summer View Townhomes under Pierce County Auditor No. 202502215002 and legally described on the face of the plat.

Section 1.2. Declarant wishes to subject the Property to this Declaration.

Section 1.3. Declarant declares that the Property is hereby made subject to, and shall be held, conveyed and occupied subject to the covenants, conditions, restrictions, easements, assessments and liens set forth herein in addition to any set forth on the recorded Plat. The matters set forth herein are for the purpose of enhancing the value and desirability of the Property, and shall be deemed to be covenants running with the land, and shall be binding upon Declarant and all Declarant's guaranties, assigns and successors, until the expiration of this Declaration.

ARTICLE 2. COMMON AREAS, IMPROVEMENTS AND EASEMENTS.

Section 2.1. Common Areas and Common Area Improvements.

Section 2.1.1. "Common Areas" shall mean and include all areas of the individual lots outside the constructed boundaries of the individual units. The common areas as defined herein and any and all easement rights for such areas and for such improvements, as set forth herein, shall be deemed granted by the individual lot owners to each other and to the Homeowners Association.

Section 2.1.2. "Common Area Improvements" shall mean and include all improvements and facilities installed upon the individual lots of the plats outside of the individual units located thereon. The common area improvements shall include without limitation, trees, landscaping, fencing, outdoor recreation equipment, the mailboxes, the driveways and drive isle, the parking area, the stormwater system, the utility lines outside the boundaries of the units and all other installed amenities and improvements, if any. The owners are responsible

for the maintenance of the common areas and common improvement through the HOA.

Section 2.2. Ownership and Control. The Association shall be responsible for the control and management of the Common Areas and the Common Area Improvements. The Association shall manage the Common Areas and the Common Area Improvements for the common use and enjoyment of the Lot Owners, subject to the rights of any public utilities holding easements to operate and maintain any facilities installed within said easements.

Section 2.3. Lot Owners Easement of Enjoyment. Every Lot Owner shall have a nonexclusive perpetual right and easement of enjoyment in and to the Common Areas. Such easement of enjoyment shall be appurtenant to and shall be conveyed with the title to every Lot, even though such easement is not expressly mentioned or described in the conveyance or other instrument. Such easement shall be subject to the following:

Section 2.3.1. Rules. The right of Association to adopt rules and regulations governing the Owner's use and enjoyment of the Common Areas and Common Area Improvements.

Section 2.3.2. Utilities. The right of the Association, or a public utility, as applicable, to exclusive use and management of the Common Areas and Common Area Improvements and easements that provide or contain utility storm drainage lines, sewer lines, water lines, or gas lines, and/or facilities or equipment.

Section 2.3.3. Suspension. The right of the Association to suspend the voting rights and right of use of the Common Areas by an Owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed one hundred eighty (180) days for any infraction of its published rules and regulations.

Section 2.3.4. Miscellaneous. The other restrictions, limitations and reservations contained or provided for in this Declaration and the Articles of Incorporation and Bylaws of the Association.

Section 2.4. Maintenance of Common Areas and Common Area Improvements. Until the Declarant turns over the responsibility the Common Area to the Association, the Declarant shall, at its sole cost and expense, maintain and operate the Common Areas and Common Area Improvements. After the Declarant has turned over the responsibility of the Common Areas to the Association, the Association shall, at its sole cost and expense, maintain and operate the Common Areas and Common Area Improvements, including common

area landscaping, subject to the rights of any public utilities holding easements to operate and maintain any facilities installed within said easement. The Homeowners' Association shall provide adequate funds for maintenance of Common Areas within the Plat.

Section 2.5. No Interference. No Lot Owner shall allow or permit any structure or landscaping to be located, installed or grown upon the area subject to the easement for utilities and drainage which might in any way damage or interfere with the installation and operation of utility lines or drainage facilities. No Lot Owner shall allow or permit any structure or landscaping to be located, installed or grown upon the Common Areas of the plat.

Section 2.6. Damage by Lot Owner. Any Lot Owner who causes, or whose family, agents, or invitees cause any damage or destruction to the Common Areas or Common Area Improvements shall pay the full cost of repair or restoration which is not paid by any casualty insurance proceeds.

Section 2.7. Authority of County. As part of the development of the plat, the Declarant constructed storm water collection facilities within the Plat. In the event the declarant or successors or the Homeowner Association, in the judgment of the County, fails to maintain any private drainage facilities associated with the plat, or if the Proponent or successors willfully or accidentally reduce the capacity of the drainage system or render any part of the drainage system unusable, the Declarant, the Declarant's successors and the individual lot owners agree to the following remedy: After 30 days' notice by registered mail to the Declarant and/or the lot owners, the County will assess financial sanctions (P.C.C. 17A.10.130) and/or initiate enforcement proceedings. In the event the County determines the lack of maintenance has resulted in a situation of imminent danger to life, limb or property, the County will correct the problem as necessary to restore the full design capacity of the drainage system. In this event, the County will bill the lot owners of the plat for all costs associated with such work to include engineering, administration, legal fees, construction, equipment and personnel. Costs or fees incurred by the County, including attorney's fees and expert's fees should legal action be required to collect such payments, shall be borne by the Declarant and/or the lot owners.

ARTICLE 3. CONSTRUCTION ON LOTS AND USE OF LOTS.

Section 3.1. The townhomes constructed on each lot, and each individual unit thereof, shall be maintained in the appearance by which they were originally sold to the lot owner subject to the exterior maintenance obligation of the Association. It is in the interest of each Owner that such uniformity of use be maintained as herein provided. No structures other than the original buildings shall be erected,

altered, placed or permitted to remain on any Lot. Accessory Structures including storage buildings are prohibited

Section 3.2.4. No Alteration Without Approval. No Buildings constructed upon the Lots shall be altered without the prior written approval of the Homeowners' Association. No alteration of the color of any structure, shall be made without the prior written approval of the Homeowners' Association.

Section 3.2.5. Repair and Replacement. In the event any of Buildings constructed upon the Lots shall be damaged or destroyed, the repair and replacement of the building shall be such as to replicate the original design and features of the Buildings as closely as possible.

Section 3.4. Use Restrictions.

Section 3.4.1. Residential Use. Except as provided below, the Lots are intended for and restricted to the use as family residences only, (except, that each family residence may have an in-home office if permitted unless specifically prohibited by federal, state or local codes or ordinances) on an ownership, rental or lease basis, and for social, recreational, or other reasonable activities normally incident to such use. Notwithstanding the above, Declarant and Participating Builders may use dwellings owned by them as sales offices and models.

Section 3.4.2. Leases. Any lease or rental agreement between an Owner and a tenant shall provide; (1) that the terms of the tenancy shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association and any rules and regulations established by the Board; (2) that any failure by the tenant to comply with the terms of such document shall be a default under the lease. All leases or rental agreements shall be in writing.

Section 3.4.3. Maintenance of Structures and Lots. Each Owner shall, at his sole expense, keep the interior of the unit on his Lot in a clean and sanitary condition, free of rodents and pests, and in good order, condition and repair.

Section 3.4.4. Parking. No recreation vehicle of any kind including, but not limited to boats, campers, motor homes, and trailers, (whether operable or not) shall be parked, stored, maintained, constructed on any of the plat driveways, drive isles or parking areas. The parking areas are for short term use (less than 12 hours) of owners, visitors or vendors. The Homeowners' Association shall establish use rules for the parking areas as needed. No vehicle shall be parked at any way that interferes with a lot owner access to his lot and unit thereon.

No commercial vehicle including, but not limited to, trucks in excess of one (1) ton, tractors and other such heavy equipment shall be parked, stored, or

maintained on any driveway, drive isle or parking space or on any Lot without the prior written consent of the Homeowners' Association.

Section 3.4.6. Signs. No signs of any kind shall be displayed to the public view on or from any Lot without the prior written consent of the Association Board, except for street numbers, family name, "For Rent" or "For Sale" signs in a form permitted by rules and regulations of the Association, except for those signs that are required by Washington State Law and/or a Washington State Agencies. In the absence of any such rule or regulation, there may only be placed on each Lot one (1) each of the permitted types of signs. "For Sale" and "For Rent" signs shall not be larger than sixteen (16') square feet. Notwithstanding the above, Declarant and any Participating Builder may place such signs on Lots as are necessary to meet the requirements of any law, ordinance or governmental regulation. Violation of signage rules shall carry a \$500.00 per day fine from the first placement of sign to date of removal of sign. The owner in violation shall pay this sum to the Association, in addition to any legal expenses incurred by the Association.

Section 3.4.7. Animals. No animals or fowls may be raised, kept, and permitted on any Lot, except that domestic dogs, cats, and caged birds are kept within the dwelling unit, provided such dogs, cats and pet birds are not permitted to run at large and are not permitted to be kept, breed, or raised for commercial purposes or in unreasonable numbers. No such household pet which becomes an annoyance or nuisance of the neighborhood shall thereafter be kept on any Lot or in any unit.

Section 3.4.8. Temporary Structures. No out buildings, basement, tent, shack, garage, trailer or shed or temporary building of any kind shall be used as a residence either temporary or permanently, except for a construction shack used in connection with the Construction of a dwelling Structure.

ARTICLE 4. SUMMER VIEW TOWNHOMES HOMEOWNERS ASSOCIATION.

Section 4.1. Form of Association. Summer View Homeowners Association shall be a Washington nonprofit corporation. The rights and duties of the members and of the Association shall be governed by the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association and such other Rules and Regulations as the Association may hereafter adopt.

Section 4.2. Membership. Each Owner of a Lot shall be a member of the Association and shall be entitled to one membership for each Lot owned;

provided that, if a Lot has been sold by real estate contract, the contract purchaser shall be the member.

Section 4.2.1. Qualification. Ownership of a Lot shall be the sole qualification for membership in the Association. Membership rights may be suspended in accordance with the terms of the Declaration, the Articles of Incorporation or the Bylaws of the Association.

Section 4.2.2. Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot(s) giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way, except upon the transfer of title to the Lot, and then only to the transferee of the title to the Lot. Any attempt to make a prohibited transfer shall be void. If a person (including Declarant), owns more than one Lot, he shall have the votes appertaining to each Lot Owned.

Section 4.3. Voting. The total voting power of the Association at any given time shall equal the number of Lots included within the Property at that time.

Section 4.3.1. Number of Votes. The Owner or Owners of each Lot within the Property shall be entitled to one (1) vote. If a person (including Declarant), owns more than one Lot, he shall have the votes appertaining to each Lot owned.

Section 4.3.2. Voting Representative. There shall be one (1) voting representative for each Lot. Each member shall designate a voting representative for each Lot he owns by giving written notice to the Board the name of the representative designated. If a member (including Declarant) owns more than one Lot, he may have one or more voting representatives. and each voting representative may exercise the votes appertaining to one or more of the Lots owned, provided that the voting representative(s) or the voting representatives together may not exercise more votes than the number or Lots owned by the member. Voting representatives need not be Owners.

Section 4.3.3. Joint Owner Disputes. The vote of each Lot shall be cast as a single vote; fractional votes shall not be permitted. If joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If more than one (1) vote is cast for a particular Lot, none of the said votes shall be counted and said votes shall be deemed to be void.

Section 4.3.4. Pledged Votes. An Owner may, but shall not be obligated to, pledge his vote on all issues or on certain specific issues to a Mortgagee,

provided, however, that if an Owner is in default under a First Mortgage on his Lot for ninety (90) consecutive days or more, the Owner's First Mortgage shall be automatically be authorized to declare at any time thereafter that the Lot Owner has pledged his vote to the Mortgage on all issues arising after such declaration and during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

Section 4.4. Meetings and Notice of Meetings.

Section 4.4.1. Annual Meetings. There shall be an annual meeting of the members of the Association in the first quarter of each calendar year at such reasonable place and time as may be designated by written notice from the Board delivered to the members no less than thirty (30) days and no more than fifty (50) days before the meeting. The financial statement for the preceding fiscal year (if any) and the budget the Board has adopted for the pending fiscal year shall be presented at the annual meeting for the information of the members.

Section 4.4.2. Special Meetings. Special meetings of the members of the Association may be called at any time for the purpose of considering matters which require the approval of all members (Owners), or for any other reasonable purpose. Such special meetings shall be called by written notice from the President; his receipt of a request signed by a majority of the Board; or written request of the Owners having at least twenty percent (20%) of the total voting power of the Association. Said notice; shall be given to all Owners not less than three (3) days and no more than five (5) days before the date fixed for the meeting; shall specify the date, time and place of the meeting; and shall include a general statement of the matter to be considered.

Section 4.5. Bylaws. The affairs of the Association shall be administered in accordance with the provisions of the Declaration and the Articles of Incorporation and Bylaws of the Association. The Bylaws shall be deemed to contain provisions identical to those provided in this Declaration and may contain supplementary, not inconsistent, provisions regarding the operation of the Association and the administration of the Common Areas and the Common Area Improvements and the Common Access Ways. In the event that any of the provisions of the Bylaws are inconsistent with the terms of this Declaration, the terms of this Declaration shall prevail.

Section 4.6. Books and Records. The Board shall cause to be kept complete detailed, and accurate books and records of the receipts and expenditures (if any) of the Association, in a form reasonably approved by the Board. The books and records, authorizations for payment of expenditures, and all contracts, documents,

papers and other records of the Association shall be available for examination by the Lot Owners, Mortgagees, and the agents or attorneys or either of them, during normal business hours and at any other reasonable time or times.

ARTICLE 5. MANAGEMENT OF THE ASSOCIATION.

As used in this Declaration, the term "Board" include both the initial Board of Directors and the Permanent Board of Directors established in accordance with this Declaration.

Section 5.1. Initial Board of Directors. The initial Board of Directors shall be composed of two (2) members appointed by the Declarant. The initial Board of Directors shall govern the affairs of the Association. The Declarant hereby appoints _____ and _____ as the members of the initial Board of Directors. If any of the appointed members dies, becomes unable to serve, resigns or is removed during the term of the Initial Board of Directors, the Declarant shall appoint a successor. Upon the sale of 1/3 of the lots, Declarant shall appoint a new lot owner to the Board. Upon sale of 1/2 of the lots, Declarant shall appoint an additional lot owner to the Board.

Section 5.2. Permanent Board of Directors. The Permanent Board of Directors shall consist of Three (3) directors elected by the voting representatives of the members of the Association. The Permanent Board of Directors may elect at an annual meeting of the members of the Association if said annual meeting occurs on a date which enable the Permanent Board to be elected before the expiration of the term of the Initial Board of Directors. If not, the Declarant shall call a special meeting of the members of the Association for the purpose of electing the first Permanent Board of Directors. The term of the Directors elected at the meeting shall expire at the first annual meeting, and at each annual meeting of the Association occurring after their election. Commencing at said next occurring annual meeting, and at each annual meeting thereafter, the voting representatives shall elect three (3) directors who will serve for a term of one (1) year, until the next annual meeting of the Association. Directors may be re-elected.

Section 5.3. Removal - Vacancies. Any director serving on the Permanent Board of Directors may be removed from the Board with or without cause by the majority vote of the voting representatives at a special meeting called for that purpose. Any vacancy in the Permanent Board of Directors created or caused by any reason whatsoever, may be filled by an election held at a special meeting of the Association called for that purpose or by the remaining directors, if the special meeting of the Association does not occur within sixty (60) days of the occurrence of the vacancy.

Section 5.4. Action by Board. A majority of the members of the Board shall constitute a quorum. The Board shall act by majority votes of the directors present at any meeting where a quorum exists. Meetings shall be called, held and conducted in accordance with the Bylaws. The Board may delegate all or any portion of its administrative duties to a manager or officer of the Association.

Section 5.5. Officers. The officers of the Association shall be a president, a secretary and a treasurer, who shall be appointed or elected by the Board. The Board may also appoint or elect such other officers as the Board may determine to be appropriate. The term and duties of each officer shall be specified in the Bylaws. Any officer may be removed at any time, with or without cause, by the Board.

Section 5.6. Compensation. The directors and officers of the Association shall serve without compensation.

Section 5.7. Limitation of Liability.

Section 5.7.1. Limitation of Liability. So long as a member of the Homeowners' Association Committee, a Board member, an Association Officer, an member, or Declarant has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such Person, then no such Person, shall be personally liable to any Owner, or to any other Person, including the Association, for any damages, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of such Person; provided that this Section 5.7.1 shall not apply to the extent that the consequences of such act, omission, error, or negligence are covered by an insurance actually obtained by the Board.

Section 5.7.2. Indemnifications. Each Board member, member of the Homeowners' Association Committee or Association officer (including Declarant) who acted within the limits described in Section 5.7.1, shall be indemnified by the Association to the full extent permitted by law, against all expenses and liable and/or liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may be become(s) involved, by reason of holding or having paid such position or any settlement thereof, whether or not he held such position at the time such expenses or liable and/or liabilities are incurred; except to the extent such expenses liabilities are covered by insurance; and except in such cases wherein such Person did not conduct himself in good faith, or he did not reasonably believe his conduct to be in the Association's best interest (in the case of conduct in his own official capacity with the Association), or he did not reasonably believe his conduct to be at least not opposed to the Association's best

interest (in cases other than conduct in his own official capacity with the Association), or (in a criminal proceeding) where he had reasonable cause to believe his conduct to be unlawful; provided that no indemnification shall be made in respect to any proceeding in which such Person shall have been adjudged to be liable to the Association. No indemnification may be made unless authorized in the specific case as provided in RCW 23B.08.510 and RCW 23B.08.570 (as now existing or hereafter amended).The Association may purchase and maintain insurance on behalf of any person who is, or was, a director, officer, employee, member of the Homeowners' Association committee, or agent, against any liability asserted against him and incurred by him in any capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Section.

Section 5.8. Authority and Responsibility of the Board. The Board shall have the following authority power and duties.

Section 5.8.1. Adoption of Rules and Regulations. The Board is empowered to adopt, amend and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to ensure compliance with the general guidelines of the Declaration to promote the comfortable use and enjoyment of the Property and to govern the operation and procedures of the Association. The rules and regulations shall be binding upon all Owners, occupants and all other Persons claiming any interest in the Property after a copy has been given to each Owner in the manner prescribed for the giving of notices in Article 14 of this Declaration.

Section 5.8.2. Preservation of Common Areas. The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the Common Areas and Common Area Improvements, settle claims, or otherwise act in what it considers to be the best interest of the Association.

Section 5.8.3. Assessments. The Board shall determine the amount of any assessment to be collected from the Owners for the common expenses of the Association, and to establish reserves, and shall collect the assessment and enforce the collection of assessments in accordance with the provisions of this Declaration, Bylaws and any applicable laws.

Section 5.8.4. Actions. The Board may institute or defend actions at law, in equity or before administrative bodies to further or protect the interest of the Association or the Owners and may incur such expenses (including expenses for legal counsel) as may be reasonable, necessary or convenient to accomplish such purpose.

Section 5.8.5. Other. The Board may exercise all other rights and perform all other duties as are reasonably necessary or incidental to the use, enjoyment, operation, management or administration of the Association, the Common Areas or the Common Area Improvements.

Section 5.8.6. No Business. Nothing contained in this Declaration shall be construed to authorize the Association to conduct a business for profit. The Association is prohibited from doing any business for a profit.

ARTICLE 6. BUDGET AND ASSESSMENT FOR COMMON EXPENSES.

Section 6.1. Common Expenses. Common expenses include those expenses incurred by the Association in the operation, management and administration of the Association, the Common Areas and Common Area Improvements as permitted by the provisions of this Declaration and the Bylaws and for the maintenance obligation pertaining to the roofs and exteriors of each Building in the plat.

Section 6.2. Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 6.3. Budget. Within sixty (60) days before the beginning of each calendar year, or such other fiscal year as the Board may adopt, the Board shall estimate the charges, including common expenses and any special charges for particular Lots, to be paid during the coming fiscal year; shall make provision for creating, funding and maintaining reasonable reserves for contingencies and operations, as well as maintenance, repair, replacement and acquisition of Common Areas and Common Area Improvements; and shall take into account any expected income and any surplus available from prior year's operating fund. The Declarant or the Initial Board of Directors may at any suitable time establish the first such estimate and budget. Following adoption of the Budget, the Board shall mail a copy to all lot owners who may then object in accordance with State Statute.

Section 6.4. Assessment of Lots.

Section 6.4.1. General Assessments. As soon as the estimate and budget is prepared as set forth in Section 6.3, the Board shall assess each Lot within the Property with its pro rata share, (based upon the number of Lots then within the Property), of such estimated common expenses. The amount of assessment against each Lot shall be equal. The Board, at its election, may require the Lot

Owners to pay any amount assessed in equal quarterly or semi-annual installments or in a single lump sum installment, and unless and until otherwise determined by the Board, the assessment shall be paid quarterly. If the sum estimated and budgeted and being collected and/or already collected at any time proves excessive, the Board may reduce the amount being assessed and/or apply existing funds (in excess of the current needs and require reserves) against future assessments and/or refund such excess funds. Any failure by the Board or the Association to make the budget and assessments hereunder before the expiration of any fiscal year for the ensuing provisions of the Declaration, or a release of the Owners from the obligation to pay assessments during that or any subsequent year. The Assessment amount and payment method established for the preceding fiscal year (if any) shall continue until a new assessment is established.

Section 6.4.2. Special Assessments. If the sum estimated and budgeted by the Board at any time proves to be inadequate for any reason (including non-payment for any reason of any Owner's assessment), the Board may at any time levy a further assessment against all of the Lots. The Board may at any time make special assessments against particular Lots for any amounts (other than general assessments) owed to the Association by the Lot Owner under the terms of this Declaration or the Articles of Incorporation or Bylaws of the Association.

Section 6.4.3. Reserve Fund. The Association shall establish a Reserve Fund specially dedicated to the repair and maintenance of the roofs and exteriors (excepting windows) of the buildings of the plat in accordance with the Reserve Study conducted by the Declarant and/or the Association. The contribution to the Reserve Fund shall be the same for all Lots owners notwithstanding any variation on the amount of roof top or exterior area associated with any particular unit.

Section 6.4.4. Payment by Declarant. Until the expiration of the term of the Initial Board of Directors as provided in Section 5.1 above, the Declarant shall maintain the Common Areas and Common Area Improvements and pay all cost incident thereto, and all cost of providing the insurance required by this Declaration.

Section 6.5.1. Rate of Assessment. Both annual and special assessments and contribution to the Reserve Fund shall be fixed at a uniform rate for all Lots.

Section 6.5.2. Initiation Fee. The initiation fee that will be paid by each lot owner at the time of closing of each lot shall be \$500.00 which shall be paid at the time of closing and which amount will be paid directly to the Declarant to partially reimburse said Declarant for expenses of Declarant incurred on behalf of the Association.

Section 6.5.3. Initial Assessment. The initial assessment until changed by action of the Association shall be \$500.00 per month beginning on the first day of the month following closing of the sale of the lot which said amount shall be paid to the Association, and a one-time fee of \$200.00 paid to the builder for partial reimbursement of expenses to be paid at the time of closing.

Section 6.5.4. Purpose. The assessments levied by the Board shall be used exclusively to promote the recreation, health, safety and welfare of the Lot Owners, for the improvement and maintenance of the Common Areas and Common Area Improvements to pay the cost of operating the Association, to fund the Reserve Account and to pay any other costs that the Board is authorized to incur pursuant to the provisions of this Declaration.

ARTICLE 7. LIEN AND COLLECTION OF ASSESSMENTS.

Section 7.1. Assessments Are a Lien: Priority. All unpaid sums assessed by the Association for the share of the common expenses chargeable to any Lot and any sums specifically assessed to any Lot under the authority of this Declaration shall constitute a lien on the Lot and all of its appurtenances and improvements from the date the assessment becomes due until fully paid. The amount of the lien shall include all interest and late charges in connection with said unpaid assessment and all cost and expenses, including attorneys' fees, incurred by the Association in the collection of said unpaid assessment. The lien for such unpaid assessments shall be subordinate to tax liens on the Lot in favor of any assessing unit and/or special district, and to all sums unpaid on all First Mortgages or record which were made in good faith and for value, but to the extent permitted by applicable law, shall have priority over all other liens against the Lot. A First Mortgagee that obtains possession through a Mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, shall take the Lot free of any claims for the share of common expenses or assessments by the Association chargeable to the Lot which became due before such possession, but will be liable for the common expenses and assessments that accrue after the taking of possession. The Lot's past-due share of common expenses or assessments shall become new common expenses chargeable to all of the Lots, including the Lot foreclosed upon. Notwithstanding any of the foregoing, however, the defaulting Owner or real estate contract purchaser shall continue to be personally liable for pass due assessments as provided in Section 7.3. For purposes of this Section, "Mortgage" does not include a real estate contract and "Mortgagee" does not include the vendor or the assignee or designee of a vendor of a real estate contract.

Section 7.2. Lien May be Foreclosed. The lien for delinquent assessments may be foreclosed by suit by the Board, acting on behalf of the Association, in like

manner as the foreclosure of a mortgage of real property. The Board acting on behalf of the Association shall have the Power to bid on the Lot at the foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 7.3. Assessments Are Personal Obligations. In addition to constituting a lien on the Lot, all sums assessed by the Association, chargeable to any Lot, together with interest, late charges, costs and attorneys' fees in the event of delinquency, shall be the joint and several personal obligations of the Owner(s) and any contract purchaser of the Lot when the assessment is made. In connection with the voluntary transfer of a Lot, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments up to the closing date of the transfer, without prejudice to the grantee's right to recover from the grantor the amount paid by the grantee therefore. Suit to recover personal judgment for any delinquent assessment shall be maintainable without foreclosing or waiving the liens securing them.

Section 7.4. Remedies Cumulative. There remedies provided herein are cumulative, and the Board may pursue any or all of them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

ARTICLE 8. INSURANCE.

Section 8.1. Liability Insurance. The Board shall obtain as of the date on which the first Lot is transferred from Declarant or a Participating Builder to an Owner Occupant, and shall maintain at all subsequent time, a general comprehensive liability insurance policy insuring the Board, the Association and the directors and officers of the Association against any liability to the public or to the Owners and their invitees or tenants incident to the ownership or use of the Common Areas or Common Area Improvements. Said insurance shall be in an amount determined by the Board, but shall not be less than \$500,000.00 covering all claims for personal injury or death and/or property damage arising out of a single occurrence.

Section 8.2. Building Insurance. The Association shall procure and keep in effect an "all risk" policy of insurance for the ten buildings of the plat.

Other Insurance. At such times as the Board deems appropriate, the Board shall cause the Association to purchase and maintain as a common expense such other insurance as the Board deems advisable.

ARTICLE 9. DAMAGE AND REPAIR OF DAMAGE TO COMMON AREAS.

Section 9.1. Damage by Particular Owner. Any Lot Owner who causes, or whose family, agents, or invitees cause any damage or destruction to the Common Areas or Common Area Improvements shall pay the full cost of repair or restoration which is not paid by any casualty insurance proceeds. The Lot Owner shall pay the same within ten (10) days after receiving from the Board written demand therefore containing documentation of the amount due. If the Lot Owner fails to pay the same within said ten (10) day period, the Board may make a special assessment against said Lot and Owner as provided in Section 6.4.2 in the amount of the cost of repair or restoration, plus interest thereon at the rate of nine percent (9.0%) per annum from the date of the written demand to the date of the assessment, plus any costs or attorneys' fees incurred by the Board in attempting to collect the amount due before making the assessment.

Section 9.2. Party Walls. To the extent not inconsistent with the provisions of this Declaration and the plat, the general rules of law regarding party walls and liability for property damage due to negligent or willful acts or omissions shall apply to the Party walls of the Buildings of the plat. Nothing may be done that will lessen or impair the structural support or integrity of a party walls. Each owner of a party wall unit shall have the right to joint use, with the owner of the party wall unit of the party wall and no owner may undertake or permit any act that impairs the use of the party wall by the adjoining unit owner. The unit owners shall maintain the unit and take all steps reasonably necessary to protect the party wall from damage of deterioration from any cause, whether sudden or cumulative including but not limited to water, moisture intrusion, dry rot and infestation by vermin or insects. The owner of each party wall shall have the right to expose and gain access to the interior of the party wall for the purpose of maintaining, repairing, restoring, reconstructing, rebuilding and altering any component of that party wall subject to the following:

- (i) All work shall comply with all applicable laws and codes and shall be permitting if required.
- (ii) No work may negatively affect the adjoining unit by, for example, removing sound proofing, or insulation or altering any utility service or otherwise.
- (iii) No work may in any way impair the structural integrity or functioning of the party wall.
- (iv) The owner undertaking or causing to be undertaken any work on or to the party wall shall be responsible for all costs thereof and shall be responsible for any damage in any way arising out of or relating to the work done.

- (v) The owner undertaking any work shall defend and indemnify any other owner from any lien, claim or demand from any party associated with the work done.

Section 9.3. Damage Not by Particular Owner. In the event of any casualty, loss or other damage to the Common Areas or Common Area Improvements not caused by a particular Lot Owner, his family agents, or invitees, if any insurance proceeds available to the Board for restoration or repair are insufficient to pay the full cost of the same, and if the current assessments, in the opinion of the Board, are insufficient to pay the remaining cost thereof, the Board may make a special assessment against each Lot within the Property for its pro rata share of the expense to repair and/or restore the same as provided for in Section 6.4.2

Section 9.4. Notice to Owner(s). The Board shall notify each Lot Owner of any special assessment pursuant to Section 9.2 not less than ten (10) days prior to the date such special assessment and the first installment thereon is due and payable, which notice shall be accomplished by a reasonable detailed statement of the Board's estimate of the expense of repairing and/or restoring the Common Area and/or Common Area Improvements.

Section 9.5. Damage to Lot Buildings. In the event of damage or destruction to the Buildings located upon any Lot, the Association shall repair or restore such damage or destroyed Buildings in a good and workmanlike manner in conformance with the original plans and specifications of the Building.

ARTICLE 10. DURATION.

The covenants, conditions, and restrictions of this Declaration shall run with, and bind the Property and shall inure to the benefit of, and the enforcement by, the Owners, their respective legal representatives, heirs, successors, and assigns, for a period of Twenty Five (25) years at which time they shall automatically renew for periods of Ten years each unless terminated by the then owners of the lots.

ARTICLE 11. AMENDMENTS OF DECLARATION.

Section 11.1. Amendments by Lot Owners. Any Lot Owner may propose amendments to this Declaration by submitting the proposed amendments to the Board. If a simple majority of the members of the Board approve of a proposed amendment, it shall cause the proposed amendment to be submitted to the members of the Association for their consideration at their next regular or special meeting. If an amendment is proposed by Owners of two (2) or more of the Lots,

then, regardless of whether the Board approves of the proposed amendment, it shall be submitted to the members of the Association for their consideration.

Section 11.1.1. Notice of Proposed Amendment. The notice of a meeting at which an amendment is to be considered shall include the entire text of the proposed amendment.

Section 11.1.2. Adoption of Amendments. Except as specifically provided herein (or unless a Article, Section specifically prohibits it from being amended); amendments may be to this Declaration by affirmative vote of sixty percent (60%) of the voting power of the Association at any annual meeting of the Association, any special meeting of the Association called for that purpose, or without a meeting if all Owners have been duly notified and voting representatives representing at least sixty percent (60%) of the members consent in writing to such amendment.

Section 11.1.3. Unanimous Consent for Certain Amendments. The unanimous consent of all Owners shall be required for adoption of either (1) an amendment changing the voting power or portion of assessments appurtenant to each Lot, or (2) an amendment of this Article 11.

Section 11.2. Amendments by Declarant. Until such time as Declarant has sold and closed one hundred percent (100%) of the Lots. Declarant may amend this Declaration without approval of any Owners, provided that no such amendment may be made which would have the effect of changing the voting power or portion of assessments appurtenant to each Lot or of amending Section 11.1.3.

ARTICLE 12. NOTICES.

All notices required or permitted under the provisions of this Declaration or the Bylaws or rules and regulations of the Association shall be in writing and may be delivered either personally or by U.S. Mail. If delivery is made by U.S. Mail, the notice shall be deemed to have been delivered on the third (3) day of regular mail delivery after a copy has been deposited in the United States mail, first class, postage prepaid, addressed to the Person entitled to such notice at the most recent address known to the Board. Mailing address may be changed by notice in writing to the Board. Notices to the Board may be given to any Board member or mailed to the following address:

Red51
c/o Leroy Surveyors & Engineers
12815 Canyon Road East
Suite F

