

PUBLIC OFFERING STATEMENT

FOR

The Timbers Condominium Association

August 10, 2019

**RIGHT TO CANCEL**

YOU ARE ENTITLED TO RECEIVE A COPY OF THIS PUBLIC OFFERING STATEMENT AND ALL MATERIAL AMENDMENTS TO THIS PUBLIC OFFERING STATEMENT BEFORE CONVEYANCE OF YOUR UNIT. UNDER RCW 64.90.635 OF THIS ACT, YOU HAVE THE RIGHT TO CANCEL YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT WITHIN SEVEN DAYS AFTER FIRST RECEIVING THIS PUBLIC OFFERING STATEMENT. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU MORE THAN SEVEN DAYS BEFORE YOU SIGN YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT, YOU HAVE NO RIGHT TO CANCEL YOUR CONTRACT. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU SEVEN DAYS OR LESS BEFORE YOU SIGN YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT, YOU HAVE THE RIGHT TO CANCEL, BEFORE CONVEYANCE OF THE UNIT, THE EXECUTED CONTRACT BY DELIVERING, NO LATER THAN THE SEVENTH DAY AFTER FIRST RECEIVING THIS PUBLIC OFFERING STATEMENT, A NOTICE OF CANCELLATION PURSUANT TO SECTION (3) OF THIS NOTICE. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU LESS THAN SEVEN DAYS BEFORE THE CLOSING DATE FOR THE CONVEYANCE OF YOUR UNIT, YOU MAY, BEFORE CONVEYANCE OF YOUR UNIT TO YOU, EXTEND THE CLOSING DATE TO A DATE NOT MORE THAN SEVEN DAYS AFTER YOU FIRST RECEIVED THIS PUBLIC OFFERING STATEMENT, SO THAT YOU MAY HAVE SEVEN DAYS TO CANCEL YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT.

YOU HAVE NO RIGHT TO CANCEL YOUR CONTRACT UPON RECEIPT OF AN AMENDMENT TO THIS PUBLIC OFFERING STATEMENT; HOWEVER, THIS DOES NOT ELIMINATE ANY RIGHT TO RESCIND YOUR CONTRACT, DUE TO THE DISCLOSURE OF THE INFORMATION IN THE AMENDMENT, THAT IS OTHERWISE AVAILABLE TO YOU UNDER GENERALLY APPLICABLE CONTRACT LAW.

IF YOU ELECT TO CANCEL YOUR CONTRACT PURSUANT TO THIS NOTICE, YOU MAY DO SO BY HAND-DELIVERING NOTICE OF CANCELLATION, OR BY MAILING NOTICE OF CANCELLATION BY PREPAID UNITED STATES MAIL, TO THE SELLER AT THE ADDRESS SET FORTH IN THIS PUBLIC OFFERING STATEMENT OR AT THE ADDRESS OF THE SELLER'S REGISTERED AGENT FOR SERVICE OF PROCESS. THE DATE OF SUCH NOTICE IS THE DATE OF RECEIPT, IF HAND-DELIVERED, OR THE DATE OF DEPOSIT IN THE UNITED STATES MAIL, IF MAILED. CANCELLATION IS WITHOUT PENALTY, AND ALL PAYMENTS MADE TO THE SELLER BY YOU BEFORE CANCELLATION MUST BE REFUNDED PROMPTLY.

**OTHER DOCUMENTS CREATING BINDING LEGAL OBLIGATIONS**

THIS PUBLIC OFFERING STATEMENT IS A SUMMARY OF SOME OF THE SIGNIFICANT ASPECTS OF PURCHASING A UNIT IN THIS COMMON INTEREST COMMUNITY. THE GOVERNING DOCUMENTS AND THE PURCHASE AGREEMENT ARE COMPLEX, CONTAIN OTHER IMPORTANT INFORMATION, AND CREATE BINDING LEGAL OBLIGATIONS. YOU SHOULD CONSIDER SEEKING THE ASSISTANCE OF LEGAL COUNSEL.

**OTHER REPRESENTATIONS**

YOU MAY NOT RELY ON ANY STATEMENT, PROMISE, MODEL, DEPICTION, OR DESCRIPTION UNLESS IT IS (1) CONTAINED IN THE PUBLIC OFFERING STATEMENT DELIVERED TO YOU OR (2) MADE IN WRITING SIGNED BY THE DECLARANT OR DEALER OR THE DECLARANT'S OR DEALER'S AGENT IDENTIFIED IN THE PUBLIC OFFERING STATEMENT. A STATEMENT OF

OPINION, OR A COMMENDATION OF THE REAL ESTATE, ITS QUALITY, OR ITS VALUE, DOES NOT CREATE A WARRANTY, AND A STATEMENT, PROMISE, MODEL, DEPICTION, OR DESCRIPTION DOES NOT CREATE A WARRANTY IF IT DISCLOSES THAT IT IS ONLY PROPOSED, IS NOT REPRESENTATIVE, OR IS SUBJECT TO CHANGE.

#### MODEL UNITS

MODEL UNITS ARE INTENDED TO PROVIDE YOU WITH A GENERAL IDEA OF WHAT A FINISHED UNIT MIGHT LOOK LIKE. UNITS BEING OFFERED FOR SALE MAY VARY FROM THE MODEL UNIT IN TERMS OF FLOOR PLAN, FIXTURES, FINISHES, AND EQUIPMENT. YOU ARE ADVISED TO OBTAIN SPECIFIC INFORMATION ABOUT THE UNIT YOU ARE CONSIDERING PURCHASING.

#### RESERVE STUDY

THE ASSOCIATION DOES HAVE A CURRENT RESERVE STUDY. ANY RESERVE STUDY SHOULD BE REVIEWED CAREFULLY. IT MAY NOT INCLUDE ALL RESERVE COMPONENTS THAT WILL REQUIRE MAJOR MAINTENANCE, REPAIR, OR REPLACEMENT IN FUTURE YEARS, AND MAY NOT INCLUDE REGULAR CONTRIBUTIONS TO A RESERVE ACCOUNT FOR THE COST OF SUCH MAINTENANCE, REPAIR, OR REPLACEMENT. YOU MAY ENCOUNTER CERTAIN RISKS, INCLUDING BEING REQUIRED TO PAY AS A SPECIAL ASSESSMENT YOUR SHARE OF EXPENSES FOR THE COST OF MAJOR MAINTENANCE, REPAIR, OR REPLACEMENT OF A RESERVE COMPONENT, AS A RESULT OF THE FAILURE TO: (1) HAVE A CURRENT RESERVE STUDY OR FULLY FUNDED RESERVES, (2) INCLUDE A COMPONENT IN A RESERVE STUDY, OR (3) PROVIDE ANY OR SUFFICIENT CONTRIBUTIONS TO A RESERVE ACCOUNT FOR A COMPONENT.

#### DEPOSITS AND PAYMENTS

ONLY EARNEST MONEY AND RESERVATION DEPOSITS ARE REQUIRED TO BE PLACED IN AN ESCROW OR TRUST ACCOUNT. ANY OTHER PAYMENTS YOU MAKE TO THE SELLER OF A UNIT ARE AT RISK AND MAY BE LOST IF THE SELLER DEFAULTS.

#### CONSTRUCTION DEFECT CLAIMS

CHAPTER 64.50 RCW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

#### ASSOCIATION INSURANCE

THE EXTENT TO WHICH ASSOCIATION INSURANCE PROVIDES COVERAGE FOR THE BENEFIT OF UNIT OWNERS (INCLUDING FURNISHINGS, FIXTURES, AND EQUIPMENT IN A UNIT) IS DETERMINED BY THE PROVISIONS OF THE DECLARATION AND THE ASSOCIATION'S INSURANCE POLICY, WHICH MAY BE MODIFIED FROM TIME TO TIME. YOU AND YOUR PERSONAL INSURANCE AGENT SHOULD READ THE DECLARATION AND THE ASSOCIATION'S POLICY PRIOR TO CLOSING TO DETERMINE WHAT INSURANCE IS REQUIRED OF THE ASSOCIATION AND UNIT OWNERS, UNIT OWNERS' RIGHTS AND DUTIES, WHAT IS AND IS NOT COVERED BY THE ASSOCIATION'S POLICY, AND WHAT ADDITIONAL INSURANCE YOU SHOULD OBTAIN.

#### QUALIFIED WARRANTY

YOUR UNIT IS NOT COVERED BY A QUALIFIED WARRANTY UNDER CHAPTER 64.35 RCW.

## **SPECIFIC INFORMATION**

**A) NAME AND ADDRESS OF DECLARANT:**

SSHI LLC, a Delaware limited liability company dba D.R. Horton  
11241 Slater Ave. NE, Suite 200  
Kirkland, Washington 98033

**B) NAME AND ADDRESS OF THE MANAGEMENT COMPANY OF THE COMMON INTEREST COMMUNITY, IF ANY:**

Ponderosa Community Management, LLC  
PO Box 11706  
Spokane Valley, WA 99211

Declarant has not designated the management company or any person affiliated with the management company as its agent. Please refer to the Other Representations paragraph on Page 1.

**C) RELATIONSHIP OF THE MANAGEMENT COMPANY TO DECLARANT, IF ANY:**

None.

**D) NAME AND ADDRESS OF THE COMMON INTEREST COMMUNITY**

The Timbers Condominium Association  
Lake Stevens, WA  
See Schedule J for a list of unit addresses

**E) NATURE OF THE COMMON INTEREST COMMUNITY:**

The community is a plat community as defined in the Washington Uniform Common Interest Ownership Act.

**F) FIVE MOST RECENT COMMON INTEREST COMMUNITIES COMPLETED BY THE DECLARANT OR AN AFFILIATE OF DECLARANT WITHIN THE PAST FIVE YEARS:**

- Sweetbriar at Monroe, WA (100 units)
- Brookwood Trails in Lake Stevens, WA (35 units)
- Crest View Commons in Marysville, WA (53 units)
- Meadow View Estates in Renton, WA (14 units)
- The Grove at Lake Stevens in Lake Stevens, WA (53 units)

**G) NATURE OF THE INTEREST BEING OFFERED FOR SALE:**

The interest offered for sale is a fee simple title in an airspace condominium lot. For purposes of this public offering statement, "lot" and "unit" mean the same thing.

**H) GENERAL DESCRIPTION OF THE COMMON INTEREST COMMUNITY:**

The Timbers Condominiums will have 250 airspace condominium residences along with several open space tracts some of which may contain recreation and picnic areas, park areas, trails, benches wetland areas and landscaping as common amenities.

**I) STATUS OF CONSTRUCTION OF THE UNITS AND COMMON ELEMENTS:**

Ground work and some construction has begun on the homes as well as construction on some of the common elements. Declarant is building 250 airspace condominiums in the community. On the

date hereof, it is estimated, but not guaranteed, that construction of the homes that Declarant is building will be completed on or around Winter 2023. Currently the homes are approximately 10% complete.

**J) NUMBER OF EXISTING UNITS IN THE COMMUNITY:**

There are no units in the community since construction has only begun. When built, there will be 250 units. Declarant does not plan on adding any additional units.

**K) PRINCIPAL COMMON AMENITIES IN THE COMMUNITY, AND THOSE THAT WILL BE OR MAY BE ADDED TO THE COMMUNITY:**

The Timbers may contain open space tracts, a fire access tract, utility tracts, monument tracts picnic areas, trails, benches, play structures and landscape improvements.

**L) LIMITED COMMON ELEMENTS THAT MAY BE ALLOCATED TO THE UNITS OFFERED FOR SALE:**

There will be no limited common element ("LCE").

**M) RIGHTS OF NON-OWNERS TO USE ANY OF THE COMMON ELEMENTS:**

The roads known 35<sup>th</sup> ST NE, 103<sup>rd</sup> DR NE, 104<sup>th</sup> DR NE, 104<sup>th</sup> AVE NE, Oak Road, Willow Road, are dedicated to public use. There are various stormwater and utility easements over the community which grant the city, their agents, utility providers and emergency responders the right to use or enter certain portions of the property. These are reflected in your title commitment, referenced in Section (ff) herein and/or on the Map attached hereto as Exhibit B.

**N) REAL PROPERTY NOT IN THE COMMUNITY THAT UNIT OWNERS HAVE A RIGHT TO USE:**

Tract 999 is a park and storm tract which is granted to the City of Lake Stevens and is a public park that the homeowners have a right to use.

**O) SERVICES PROVIDED OR EXPENSES PAID BY THE DECLARANT THAT ARE NOT IN THE COMMUNITY BUDGET BUT THAT MAY BECOME A COMMON EXPENSE:**

Declarant or its predecessor posted or will be required to post one or more maintenance bonds with the city in connection with declarant's build out and the maintenance of certain common elements, improvements, landscaping, street trees, storm water/drainage facilities, and/or other items and shared facilities within and serving the community. Declarant shall be responsible for initially installing and completing all such plat improvements as required by the city. Thereafter, the association shall keep and maintain those improvements in good condition and repair. See Section 9.11. of the Declaration.

**P) ESTIMATED ASSESSMENT OR PAYMENT, IF ANY, WHICH MUST BE PAID AT CLOSING:**

The first buyer of each unit must pay to the association (or the declarant, if the declarant has already made the payment to the association) a non-refundable contribution to the working capital of the association in the amount of \$500. In addition, the Buyer will also pre-pay 2 months' worth of assessments at closing to the HOA at \$55 per month. If assessments have commenced, a pro rata portion of one months of assessments, which is estimated to be \$55 per month per unit plus the balance of the remainder of the current years dues will be due at closing.

**Q) LIENS OR ENCUMBRANCES ON THE COMMON ELEMENTS THAT WILL NOT BE DISCHARGED AT CLOSING:**

None, except as may be provided herein in Section (ff).

**R) EXPRESS CONSTRUCTION WARRANTIES TO BE PROVIDED TO THE BUYER:**

Declarant warrants that the unit, home, common elements and limited common elements, if any, are suitable for the ordinary uses of real estate of their type that, subject to the provisions of the Home Builder's Limited Warranty issued to purchasers at closing and any specific disclaimer given to a purchaser prior to closing pursuant to a purchase and sale agreement, and that the unit, home, common elements and limited common elements, if any, and improvements thereto will be substantially free from defective materials and will be constructed substantially in accordance with applicable law, according to sound engineering and construction standards, and in a workmanlike manner. Provided, however, that there shall be no claim against the seller or builder unless the purchaser or the association establishes that (i) the alleged breach has adversely affected or will adversely affect the performance of the portion of the unit, home, common elements and limited common elements, if any, alleged to be in breach, (ii) that such alleged defect/adverse effect is significant, and (iii) such claim satisfies any notice and other requirements contained in RCW 64.50 and the requirements of RCW 64.90. Declarant will assign to purchaser, to the extent assignable, any warranties issued by the manufacturer or supplier of new equipment or appliances installed in the home. Please refer to the Construction Defect Claims paragraph on Page 2. Declarant is providing a Home Builder's Limited Warranty, a sample of which is attached as Exhibit H.

**S) UNSATISFIED JUDGMENTS OR PENDING SUITS AGAINST THE ASSOCIATION; PENDING SUITS MATERIAL TO THE COMMUNITY KNOWN TO DECLARANT**

None.

**T) LITIGATION BROUGHT BY AN OWNERS ASSOCIATION, UNIT OWNER OR GOVERNMENTAL ENTITY AGAINST DECLARANT OR ANY AFFILIATE ARISING OUT OF THE CONSTRUCTION, SALE OR ADMINISTRATION OF ANY COMMON INTEREST COMMUNITY WITHIN THE PREVIOUS FIVE YEARS:**

None. The declarant is affiliated with D.R. Horton, a public company traded on the New York Stock Exchange under the symbol "DHI." D.R. Horton and its related entities have been involved in the development of numerous platted community and condominium projects over an extended period. D.R. Horton is subject to the periodic reporting requirements of the Exchange Act and, accordingly, files periodic financial and other information with the SEC on a regular basis, including but not limited to its annual report on Form 10-K for the year ended September 30, 2018 (filed on November 16, 2018) and its quarterly report on Form 10-Q for the period ended December 31, 2018 (filed on January 29, 2019). Such filings are available at D.R. Horton's website at [investor.drhorton.com/financial-information/financial-reports/current-quarterly-results.aspx](http://investor.drhorton.com/financial-information/financial-reports/current-quarterly-results.aspx). Purchasers are encouraged to review D.R. Horton's Annual Report Form 10-K, Quarterly Reports on Form 10-Q and other filings with the SEC to gain a more thorough understanding of D.R. Horton's litigation history.

**U) RESTRICTIONS ON USE OR OCCUPANCY OF UNITS; RENTAL OF UNITS; RIGHTS OF FIRST REFUSAL; RESALE RESTRICTIONS:**

Use and occupancy restrictions are contained in Article 10 of the Declaration and include by way of example, units are restricted to residential use with some limited options for home business that meet the certain required conditions; parking restrictions; a limit of up to two pets; and restrictions on the use of exterior lighting, yard art and fences that may be installed by owners. For a complete list of use restrictions, refer to Article 10 of the Declaration and the applicable rules.

Restrictions on renting or leasing of units are contained in Section 10.1.2 of the Declaration. Leases may not be for a period of less than one year, and tenants are subject to all governing documents of the association. For a complete list of rental and leasing restrictions, refer to Section 10.1.2 of the Declaration and the applicable rules.

The Declaration contains no rights of first refusal to lease or purchase any units or common elements.

The Declaration contains no restrictions on the resale price of a unit or the amount that may be received by a unit owner upon sale.

**v) INSURANCE COVERAGE PROVIDED FOR THE BENEFIT OF OWNERS:**

The association's insurance policy will only cover the Building Components of the units as defined in Article 20 of the Declaration. The association insurance policy will not cover any interior items such as furnishings, fixtures or equipment within the homes or units. Each owner is required to obtain and maintain insurance approved by the board for the owner's unit and the home which meet or exceed the requirements set forth in the Declaration. Refer to Article 20 of the Declaration. The association's insurance will cover only the Building Components and common elements.

**w) CURRENT OR EXPECTED FEES FOR THE USE OF ANY COMMON ELEMENTS OR FACILITIES, OR TO ANY OTHER ASSOCIATION, WHICH ARE NOT INCLUDED IN THE COMMON EXPENSES:**

None.

**x) BONDS OR THIRD-PARTY ASSURANCES THAT THE IMPROVEMENTS WILL BE BUILT:**

Declarant or its predecessor posted or will be required to post one or more maintenance bonds with the city in connection with declarant's build out and the maintenance of certain common elements, improvements, landscaping, street trees, storm water/drainage facilities, and/or other items and shared facilities within and serving the community. Declarant shall be responsible for initially installing and completing all such plat improvements as required by the city. Thereafter, the association shall keep and maintain those improvements in good condition and repair. See Section 9.11.1 of the Declaration.

**y) RESERVE STUDY:**

A current reserve study is included as Exhibit I and was prepared in accordance with the requirements of RCW 64.90.550-555.

**z) COST SHARING ARRANGEMENTS WITH OTHER ASSOCIATIONS OR OWNERS:**

A cost sharing agreement will be in place between The Timbers Condominium Association HOA and the City of Lake Stevens for the maintenance of Tract 999, the park and stormwater detention system. On the date hereof, it is estimated, but not guaranteed, that the Association will pay The City of Lake Stevens \$3,600 on an annual basis for the maintenance of the park and stormwater detention system.

**AA) ESTIMATED CURRENT COMMON EXPENSE LIABILITY FOR THE UNITS BEING OFFERED FOR SALE:**

Common expense assessments are allocated equally among the Units. Assessments are estimated to be \$55 per month per Unit, are currently assessed annually, and may be assessed monthly, quarterly or annually as determined by the board.

**BB) ASSESSMENTS, FEES OR CHARGES KNOWN TO DECLARANT THAT MAY CONSTITUTE A LIEN IN FAVOR OF A GOVERNMENTAL AGENCY AGAINST A UNIT OR THE COMMON ELEMENTS IF NOT PAID:**

None.

**CC) PORTIONS OF THE COMMUNITY (OTHER THAN UNITS) THAT AN OWNER MUST MAINTAIN:**

None. The maintenance responsibilities of the association as to the common elements and limited common elements are provided in Section 11.2 of the Declaration.

**DD) TIMESHARING:**

Timesharing of units is prohibited.

**EE) SPECIAL DECLARANT RIGHTS; TERMINATION DATES; POTENTIAL CHANGES OF ALLOCATED INTERESTS ARISING FROM EXERCISE:**

Declarant has reserved the following special declarant rights relating to the community:

1. The right to complete any improvements indicated on the map or described in the declaration or this public offering statement;
2. The right to exercise any development right described in the declaration;
3. The right to maintain sales offices, management offices, advertising signs and models in units it owns or in the common elements and to remove them when no longer needed;
4. The right to use easements through the common elements for the purpose of making improvements in the community or within real estate that may be added to the community;
5. The right to appoint or remove officers and directors or to veto actions of the board or association;
6. The right to control construction, design review or aesthetic committees or processes;
7. The right to attend meetings of the unit owners and the board; and
8. The right of access to association records to the same extent as a unit owner.

Declarant has reserved the following development rights relating to the community:

1. The right to reallocate limited common elements with respect to unsold units that terminates seven years from the date the Declaration is recorded; provided that such reallocation, if any, will not modify any allocated interests.

**FF) LIENS ON REAL ESTATE TO BE CONVEYED TO THE ASSOCIATION:**

1. Excepting and reserving to the United States of America all the oil, gas, coal and other mineral rights of whatsoever nature, upon, in or under the said lands, together with the usual mining rights, powers and privileges, including the rights of access to and the use of such parts of the surface as may be necessary for mining and savings said minerals.
2. Covenant to bear part or all of the cost of construction, repair or maintenance of easement granted over adjacent property.
3. Covenants, conditions, restrictions, recitals, reservations, easements, easement provisions, dedications, building setback lines, notes, statements, and other matters, if any, but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth on Snohomish County Short Plat No. SP84(5-75). Under recording number 2387510 for parcels M and N.
4. Covenants, conditions, restrictions, recitals, reservations, easements, easement provisions, dedications, building setback lines, notes, statements, and other matters, if any, but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth on Snohomish County Boundary Line Adjustment No. 96 109709. Under recording number 9612200070 for parcel L.
5. Covenants, conditions, restrictions, recitals, reservations, easements, easement provisions, dedications, building setback lines, notes, statements, and other matters, if any, but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry,

or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth on Snohomish County Boundary Line Adjustment No. 96 110782. Under recording number 9612200199 for parcels J and K.

6. Nourse Feasibility Study Agreement including the terms, covenants and provisions thereof. Under recording number 200602150504 for parcel F.
7. Development Agreement including the terms, covenants and provisions thereof. Under recording number 200706140102.
8. Nourse 2017 Developer Extension Agreement including the terms, covenants and provisions thereof. Under recording number 201704110227.
9. City of Lake Stevens Ordinance No. 995 and the terms and conditions thereof. Under recording number 201711290091.
10. General and special taxes and charges, payable February 15, delinquent if first half unpaid on May 1, second half delinquent if unpaid on November 1 of the tax year (amounts do not include interest and penalties).
11. Any rights, interests, or claims which may exist for matters disclosed by survey for Job Jumber 11-150B performed by LDC, the Civil Engineer Group Including but not limited to Fence(s) and Wall(s) do not conform to the property lines Landscaping does not conform to the property lines.
12. Nourse Phases 1 and 2 Developer Extension Agreement and the terms and conditions thereof. Under recording number 201711300190.
13. Nourse Phases 3 and 4 Developer Extension Agreement and the terms and conditions thereof. Under recording number 201711300191.

**GG) PHYSICAL HAZARDS KNOWN TO THE DECLARANT THAT ARE NOT READILY ASCERTAINABLE BY THE BUYER:**

None.

**HH) BUILDING CODE VIOLATION CITATIONS KNOWN TO THE DECLARANT THAT HAVE NOT BEEN CORRECTED:**

None.

**II) AGE RELATED OCCUPANCY RESTRICTIONS:**

None.

**JJ) ADDITIONAL INFORMATION OF INTEREST:**

None.

**KK) MATERIAL DIFFERENCES IN TERMS OF FURNISHINGS, FIXTURES, FINISHES AND EQUIPMENT BETWEEN UNIT RENDERINGS, DEPICTIONS AND ILLUSTRATIONS AND UNITS BEING OFFERED:**

Declarant may maintain model units within the community. The following décor is not included: furniture, bedding, rugs, pictures, display or other interior decorating, TV, stereo, audio, video or gaming equipment, printers, computers or phones. The model units may contain some or all the following modifications from the basic plans and specifications which may be available as upgrades to a unit:

- Enhanced front and rear landscaping
- Optional front door style
- Hard surface flooring upgrades for color, shape, and materials
- Additional electrical outlets, lighting and optional fixtures
- Optional air conditioning, speakers, surround sound, alarm system

- Optional window screens and blinds
- Optional appliances
- Upgraded cabinet styles and color
- Accent wall treatment such as paint or wall paper or trim detail
- Window treatments such as valances, panels and shutters

The actual features, fixtures and equipment to be included in each unit will be reflected in an addendum to the purchase and sale agreement for the unit, unless the home has been completed. Any renderings, depictions and illustrations are not to scale and may not show the location or dimensions of the boundaries, ceiling heights, closet size, electrical outlet locations, views of surrounding buildings, or the actual appliances, equipment, fixtures, finishes, colors and landscaping to be installed in the units or the exterior of the building. The displays of finish materials and color boards are for illustrative purposes only. The declarant has reserved the right to substitute different appliances, equipment, fixtures and finishes prior to closing. Buyer should not rely on renderings, depictions or illustrations as a precise depiction of the units.

**LL) THE FOLLOWING DOCUMENTS ARE A PART OF THIS PUBLIC OFFERING STATEMENT:**

<b>Exhibit</b>	<b>Document</b>
Exhibit A	Declaration
Exhibit B	Map/Plat
Exhibit C	Association Articles of Incorporation
Exhibit D	Association Bylaws
Exhibit E	Association Rules
Exhibit F	Association Budget
Exhibit G	Association Balance Sheet
Exhibit H	Home Builder's Limited Warranty
Exhibit I	Reserve Study
Exhibit J	Unit Addresses

**EXHIBIT A  
TO  
PUBLIC OFFERING STATEMENT**

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

[SEE ATTACHED SHEETS]

AFTER RECORDING RETURN TO:  
D.R. HORTON  
11241 SLATER AVE, SUITE 200  
KIRKLAND, WA 98033  
ATTN: HOA DEPARTMENT

CONFORMED COPY  
201905220476 68 PGS  
05/22/2019 3:42pm \$166.00  
SNOHOMISH COUNTY, WASHINGTON

CONDOMINIUM DECLARATION  
FOR  
THE TIMBERS, A CONDOMINIUM

Grantor: FORESTAR (USA) REAL ESTATE GROUP Inc., a Delaware corporation

Grantee: THE TIMBERS, A CONDOMINIUM

Abbr. Legal Description: Parcels A-N, a portion of the NE 1/4 of SW 1/4, SEC 6, Twp 29 N, RGE 6, W.M., Snohomish County, WA

(Full Legal on Schedule A)

Assessor's Parcel No.: 290606-004-028; 290606-004-029; 290606-004-030; 290606-004-031; 290606-004-032; 290606-004-033; 290606-004-036; 003857-002-005; 003857-002-001; 290606-002-009; 290606-003-005; 290606-003-004; 290606-003-022; 290606-003-017; 290606-003-018; 290606-003-025; 290606-003-026; 003857-005-002; and 003857-005-001

THE CONDOMINIUM MAP FOR THIS COMMUNITY WAS FILED WITH THE AUDITOR OF SNOHOMISH COUNTY, WASHINGTON UNDER AUDITOR'S FILE NO.  
201905225003

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**CONDOMINIUM DECLARATION  
FOR  
THE TIMBERS, A CONDOMINIUM**

**ARTICLE 1 CONSTRUCTION AND VALIDITY OF DECLARATION**

Section 1.1 Purpose. The Declarant has recorded this Declaration to create an air-space condominium community upon the real estate described in Schedule A. By recording this Declaration and the Map, Declarant is submitting the real property to CIC Act to enhance the value of the Community, establish a system for governance of the Community, and protect the interests of Persons having any right, title or interest to real estate in the Community pursuant to the CIC Act. This Declaration shall be effective as of the date that it is recorded.

Section 1.2 Construction. The creation and operation of the Community are governed by this Declaration, the Map, the Washington Miscellaneous and Mutual Corporations Act, and the CIC Act. In the event a provision of the Declaration is inconsistent with a provision of the CIC Act, the provisions of the CIC Act will prevail. In the event of a conflict between a provision of this Declaration and the Bylaws, the Declaration will prevail except to the extent the Declaration is inconsistent with the CIC Act. An insignificant failure of the Declaration or the Map, or any amendment thereto, to comply with the CIC Act will not, however, invalidate the creation of the Community, nor will it make unmarketable or otherwise affect the title to a Unit and its Common Ownership Interest.

Section 1.3 Covenant Running with Land. This Declaration shall operate as servitude and shall bind the Declarant, the Association, all Owners and any other Persons having any right, title or interest in the real estate subject to this Declaration, or any portion thereof, together with their grantees, successors, heirs, executors, administrators, devisees or assigns, and shall inure to the benefit of every portion of the Condominium property and any interest therein, and each Owner, and his/her heirs, successors and assigns. Acceptance of any portion of the Condominium property shall be deemed acceptance of the terms and provisions of this Declaration.

Section 1.4 Severability. The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision if the remaining provision or provisions comply with the CIC Act.

Section 1.5 Percentage of Owners or Mortgagees. For purposes of determining the percentage of Owners, Mortgagees or voting power necessary to approve a proposed decision or course of action where an Owner owns, or a Mortgagee holds Mortgages on, more than one Unit, an Owner shall be deemed a separate Owner for each Unit so owned and a Mortgagee shall be deemed a separate Mortgagee for each first Mortgage so held.

Section 1.6 Inflationary Increase in Dollar Limits. Any dollar amounts specified in this Declaration in connection with any proposed action or decision of the Board or Association shall be proportionately increased on July 1 of each year by the percentage change in the consumer price index specified in Section 065(2) of the CIC Act.

**ARTICLE 2 DEFINITIONS**

Section 2.1 Words Defined. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply. The singular form of words includes the

plural and the plural includes the singular. Masculine, feminine and neutral pronouns are used interchangeably.

"Additional Property" means the real property described in Schedule B to this Declaration, as it may be amended from time to time.

"Allocated Interests" means the Common Ownership Interest, if any, as to any Common Elements owned in common by the Unit Owners, the Common Expense Liability and the Voting Interest allocated to each of the Units in the Community. The formulas used to determine the Allocated Interests are set forth in Article 6.

"Arbitration Demand" is defined in Section 28.1.

"Architectural Control Committee" or "ACC" means any committee established or designated by the Board for the purpose of carrying out some or all of the Board functions set forth in Article 11.

"Articles" means the Articles of Incorporation for the Association.

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

"Association" is defined in Section 13.1.

"Authorized Users" means the agents, servants, Tenants, family members, invitees, and licensees of an Owner who are accorded rights, directly or indirectly, by that Owner to use or access all or a portion of that Owner's Unit and its appurtenant interest in the Common Elements.

"Board" means the board of directors of the Association as described in Article 15 and in the Articles and Bylaws.

"Books and Records of the Association" means the books and records that the Association is required to maintain pursuant to Section 495 of the CIC Act.

"Bylaws" means the bylaws of the Association as they may from time to time be amended.

"CIC Act" means the Washington Uniform Common Interest Ownership Act, Chapter 277, Laws of 2018, codified as Chapter 64.90 RCW, as it may from time to time be amended.

"City" means the City of Lake Stevens, Washington.

"City Development Agreement" means collectively, the Development Agreement between the City and KR-N9, LLC, a Washington limited liability company (as the successor-in-interest to L116-1 Nourse, LLC), dated April 25, 2007, recorded under Snohomish County Auditor File No. 200706140102, as amended by that certain Amendment No. 1 /5-Year Extension to Development Agreement dated July 13, 2011, recorded under Snohomish County Auditor File No. 201107150061, and as amended by that certain Amendment No. 2 to Development Agreement dated August 29, 2017, recorded under Snohomish County Auditor File No. 201709180455.

**“Common Elements”** means (i) any real estate, other than a Unit, within the Community that is owned or leased by either (A) the Association, or (B) in common by the Unit Owners, and (ii) any other interests in real estate for the benefit of any Unit Owners that are subject to this Declaration. The term includes any Limited Common Elements.

**“Common Expenses”** means expenditures made by, or financial liabilities of, the Association, including expenses related to the maintenance, repair and replacement of the Common Elements, allocations to reserves, and expenses related to any utility services provided by, or billed through, the Association to the Unit Owners. The Common Expenses shall include the Tract 999 Costs (defined in Section 9.9). Some Common Expenses are allocated to the Units according to the Common Expense Liability of the Unit. Other Common Expenses are Specially Allocated Expenses.

**“Common Expense Liability”** means the liability for Common Expenses (other than Specially Allocated Expenses) allocated to each Unit, as described in Article 6. The Common Expense Liability may change if additional Units are added to the Community.

**“Common Ownership Interest”** means the undivided ownership interest in any Common Elements that are owned in common by the Unit Owners, allocated to each Unit, as described in Article 6. The Common Ownership Interest may change if additional Units are added or removed from the Community.

**“Community”** or **“Property”** means the Units and Common Elements created by this Declaration and the Map, as they may be amended.

**“Community-Wide Standard”** means the standard of conduct, maintenance, or other activity generally prevailing in the Community, or the minimum standards established by the Board pursuant to any Rules adopted by the Board, whichever is the higher standard. Declarant shall initially establish such standard and it may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and desires within the Community change.

**“Condominium”** means The Timbers, a condominium common interest community.

**“Control Termination Date”** means the date that is the earlier of (i) 60 days after Conveyance of 75% of the Units that may be created in the Community, including Units later created, to Owners other than the Declarant or a Dealer; (ii) two years after the last Conveyance or transfer of record of a Unit except as security for a debt; (iii) two years after any Development Right to create Units was last exercised; or (iv) the date on which Declarant records a Record terminating all rights to appoint or remove any director or officer of the Association or any master association, or to veto or approve a proposed action of any Board or Association.

**“Conveyance”** means any transfer of the ownership of a Unit, including a transfer by deed or by real estate contract and, with respect to a Unit created from a leasehold estate, a transfer by lease or assignment thereof. Conveyance does not mean a transfer solely as security for a debt or other obligation.

**“Dealer”** means a person who, together with such persons’ affiliates, owns or has a right to acquire six or more units in the Community.

"Declarant" means FORESTAR (USA) REAL ESTATE GROUP Inc., a Delaware corporation), and its successors and assigns.

"Declaration" means this Condominium Declaration for The Timbers, A Condominium, as it may from time to time be amended.

"Development Right" means any right or combination of rights reserved in this Declaration, or an amendment thereto, for the benefit of the Declarant, or its successors or assigns to: (a) add real estate or improvements to the Community; (b) create Units, Common Elements or Limited Common Elements within any real estate initially included, or subsequently added, to the Community; (c) subdivide or combine Units or convert Units into Common Elements; (d) withdraw real estate from the Community; or (e) reallocate Limited Common Elements with respect to Units that have not been conveyed by the Declarant.

"Electronic Transmission" or "electronically transmitted" means any electronic communication (a) not directly involving the physical transfer of a Record in a Tangible Medium and (b) that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a Tangible Medium by a sender and recipient.

"Eligible Mortgagee" means the holder, insurer or guarantor of a security interest on a Unit that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees, as such term is defined in the CIC Act.

"Entry Monuments" means any entry monuments, signs, landscaping, lighting and other improvements, including water and electricity, installed by the Declarant or Association to mark an entry to the Community.

"Fannie Mae" means the Federal National Mortgage Association, a federally chartered corporation.

"Fence Requirements" shall mean the requirements for fences as provided herein, as well as any requirements included within the Rules adopted by the Board.

"Fire Lanes" means any areas within any public right-of-way, easement or on private property that is designated for the use, travel and parking of fire trucks and other firefighting or emergency equipment.

"Foreclosure" means a forfeiture or judicial or non-judicial foreclosure of a Mortgage or a deed in lieu thereof.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a federally chartered corporation.

"Governing Documents" means this Declaration, the Map, and the Articles, Bylaws, and Rules of the Association, as they may be amended from time to time.

"Home" means a condominium residence, and its associated improvements, located on and within an air-space Unit.

**"HUD"** means the United States Department of Housing and Urban Development.

**"Limited Common Element"** means a portion of the Common Elements allocated in this Declaration, or by operation of law, for the exclusive use of one or more, but fewer than all, of the Units.

**"Managing Agent"** means the Person, if any, designated by the Board under Section 15.3.

**"Map"** means the condominium map for the Community recorded under Auditor's File Number 201905225603. The term Map includes any recorded amendments, corrections, and addenda thereto.

**"Mortgage"** means a recorded mortgage, deed of trust or real estate contract.

**"Mortgagee"** means any holder, insurer or guarantor of a Mortgage on a Unit.

**"Notice and Opportunity to Be Heard"** means the procedure described in Section 18.5.

**"Owner"** or **"Unit Owner"** means the Declarant or other Person who owns a Unit, but does not include any Person who (i) has an interest in a Unit solely as security for an obligation, whether monetary or regulatory; (ii) is the beneficiary of rights under easements and/or covenants granted by an Owner; or (iii) is an Authorized User.

**"Person"** means a natural person, corporation, partnership, limited partnership, trust, governmental agency or other legal entity.

**"Qualified Financial Institution"** means a bank, savings association, or credit union whose deposits are insured by the federal government.

**"RCW"** means Revised Code of Washington.

**"Record"**, when used as a noun, means information inscribed on a Tangible Medium or contained in an Electronic Transmission.

**"Rules"** means the rules or regulations adopted by the Association, as they may be amended from time to time.

**"Special Declarant Rights"** means all rights identified in ARTICLE 12, together with any right or combination of rights reserved in this Declaration for the benefit of the Declarant to: (a) complete improvements indicated on the Map, described in the Declaration or the public offering statements; (b) exercise any Development Rights; (c) maintain sales offices, management offices, signs advertising the Community and models; (d) use easements through the Common Elements for the purpose of making improvements within the Community or within real estate that may be added to the Community; (e) make the Community subject to a master association; (f) merge or consolidate the Community with any other community of the same type; (g) appoint or remove any director or officer of the Association or any master association, or veto or approve a proposed action of any Board or Association; (h) control any construction, design review, or aesthetic standards committee or process; (i) attend meetings of the Units Owners and, except during an executive session, the Board; and (j) have access to the records of the Association to the same extent as a Unit Owner.

"Specially Allocated Expenses" means those Common Expenses described in Section 16.6 of this Declaration.

"Street" shall mean any public or private road, drive lane or driveway lane (if located in a public right of way or Common Elements), alley, or similar place or other thoroughfare either as shown on the Map of the Property, however designated, or as so used as a part of the Common Elements; but not any access-way designated on the Map or otherwise as a Limited Common Element for the private use between specific Owners.

"Street Landscaping" means the street trees, grass, landscaping and vegetation (as applicable) located within or along the streets in the Community.

"Street Lighting" means the lighting for streets within or adjacent to the Community.

"Structure" means any improvement on any Unit, including without limitation, any Home, building, garage, carport, porch, shed, greenhouse, deck, pool, pool cover, curbing, cedar fence, wall, rockery, antenna, dish or other receiving device.

"Tangible Medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

"Tenant" means an occupant of Unit other than the Unit Owner, or its personal guests, family members, care givers or roommates. The term includes renters, lessees, tenants and subtenants.

"Tract" means Tracts 994 through 999 identified on the Map.

"Transition Date" means the date that is (i) 30 days after the Control Termination Date, or (ii) in the absence of a Special Declarant Right to appoint or remove directors and officers or veto or approve Board or Association actions, 60 days after the Conveyance of 75% of the Units that may be created to Unit Owners other than a Declarant.

"Transition Meeting" means the Association meeting called after the Transition Date to elect a new Board pursuant to Section 415(4) of the CIC Act.

"Unit" means a physical portion of the Community designated for separate ownership, the boundaries of which are shown on the Map and described in Section 5.2, as amended. Each lot shown on the Map, as such Map may be amended, is a Unit.

"VA" means the United States Veterans Administration.

"Voting Interest" means the proportionate number of votes in the Association allocated to each Unit, as described in Section 6.4. The Voting Interest may change if additional Units are added to the Community.

"Yard" means the outdoor area within the Unit and includes any cedar fences installed by Declarant or an Owner therein.

Section 2.2 Statutory Definitions. Some of the terms defined above are also defined in the CIC Act. The definitions in the Declaration are not intended to limit or contradict the definitions in the CIC Act. If there is any inconsistency or conflict, the definition in the CIC Act will prevail.

## **ARTICLE 3 NAME OF COMMUNITY**

The name of the Community is The Timbers Condominiums. The Community is an airspace condominium community. The term condominium is further defined in Section 010(11) of the CIC Act.

## **ARTICLE 4 DESCRIPTION OF REAL ESTATE AND BUILDINGS**

Section 4.1 Description of Real Estate. The real estate subject to this Declaration and added to the Condominium is described in Schedule A, as such Schedule may be amended consistent with this Declaration and the CIC Act.

## **ARTICLE 5 DESCRIPTION OF UNITS**

Section 5.1 Number and Identification of Units. There are 137 Units in the Community. The location, configuration and identifying number of each Unit are shown on the Map and further described on the attached Schedule C. The Declarant has the right to create a total of 250 Units in the Community.

Section 5.2 Unit Boundaries. The Units in the Condominium are "air space" units, which are sometimes referred to as "site condominiums." The horizontal boundaries of the Units are the planes in space which are shown on the Map. The vertical boundaries of the Units are the planes in space located at the elevations stated on the Map. All portions of the Homes constructed or to be constructed within a Unit, including but not limited to the walls, roofs, foundations, overhangs, awnings, decks, porches, patios and attached garages, shall be located entirely within the Unit. All spaces, dirt, buildings, structures, vegetation and improvements located within the boundaries of a Unit are a part of the Unit. The Declarant has reserved the right to file amendments to the Map and Plans and this Declaration, if necessary, upon the substantial completion of construction of any Home in a Unit in order to make the Unit's boundaries consistent with the provisions of this Section.

Section 5.3 Unit Data. Schedule C sets forth the following data for each Unit within the Condominium including: (i) the identifying number; (ii) approximate area; (iii) projected number of bathrooms, bedrooms, and levels to be built in the Home within the Unit; and (iv) the Allocated Interests of the Unit.

## **ARTICLE 6 ALLOCATED INTERESTS**

### **Section 6.1 Allocated Interests.**

6.1.1 This Declaration allocates certain interests in the Community to each Unit. Those interests are: a Common Ownership Interest, a Common Expense Liability and a Voting Interest. The formula used for allocating these interests are set forth in Section 6.2. The allocation of these interests to each Unit can only be changed as provided in this Declaration. The Allocated Interests and the title to a Unit may not be separated or separately conveyed, whether voluntarily or involuntarily, except in conformity with this Declaration. The Allocated Interests shall be deemed to be conveyed with the Unit to which they are allocated even though the description in the instrument of Conveyance may refer only to the title to the Unit. When and if the Declarant creates additional Units, it will recalculate the Allocated Interests of the Units using the same formulas, and will amend this Declaration accordingly.

6.1.2 The Declarant shall have the right to recalculate the Allocated Interests and amend the Declaration and the Map if the Allocated Interests are incorrect for any reason, including changes in the data used to calculate the Allocated Interests, changes in Unit boundaries, the combination or subdivision of Units, or clerical errors in the Map or Declaration.

Section 6.2 Common Ownership Interest. The Common Ownership Interest of each Unit is equal to the fraction, the numerator of which is the Unit, and the denominator of which is the total number of Units in the Community. The formula for allocating the Common Ownership Interests is: equally among all of the Units.

Section 6.3 Common Expense Liability. The Common Expense Liability of each Unit is equal to the fraction, the numerator of which is the Unit, and the denominator of which is the total number of Units in the Community. Except for Specially Allocated Expenses, the Common Expenses are allocated to the Units according to the Common Expense Liability, the formula for which is: equally among all of the Units. Specially Allocated Expenses are allocated according to Section 16.6.

Section 6.4 Voting Interest. The Voting Interest of each Unit is equal to the fraction, the numerator of which is the Unit, and the denominator of which is the total number of Units in the Community. The formula for allocating votes to the Units is: equally among all of the Units.

## **ARTICLE 7 COMMON ELEMENTS**

Section 7.1 Description. The Common Elements include, without limitation, the following portions of the Community, to the extent applicable: Tract 998 as open space and an entry monument, Tract 997 as fire access, and Tract 996 as landscaping; additional Common Elements may include Limited Common Elements described in Section 8.1, street lights, sidewalks, Street Landscaping, recreational facilities, tot lots, parks, trails, wetlands and wetland buffers, critical areas, mail kiosks, storm water detention vault and treatment facilities, and common utility systems. The Declarant may add or subtract from the Common Elements during the Development Period by amendment to this Declaration. If the Common Elements shown on the Map are different from those described herein, the Common Elements described on such Map shall be deemed to be the Common Elements unless this Declaration has been amended or modified and states that such amendment or modification changes the Common Elements shown on the Map.

Section 7.2 Use of Common Elements. Except as otherwise stated in this Declaration, no Owner may alter any Common Element or construct or remove anything in or from any Common Element except with the prior written consent of the Board. The right to use the Common Elements, including the Limited Common Elements, shall be governed by the provisions of the CIC Act and the Governing Documents. The Owners have no right, however, to use or occupy the Additional Property.

Section 7.3 Open Space Area. Tracts 998 and 999 are open space and park areas that may contain storm water facilities as set forth on the Map. The development and use of any open space area is restricted by the terms of the Map. Tract 995 is a future critical area and development tract as set forth on the Map. The Declarant has installed 6ft vinyl wrapped cyclone fences between Tract 995 and the adjoining Units. The fences are part of the Common Elements and no owner may modify or remove any such fence. Any Owner that wishes to install a solid cedar fence, wall or other barrier that serves to separate an adjoining Unit from such Tract must comply with the City restrictions or requirements relating to fencing at or around the Tract.

**Section 7.4     Obstruction of Fire Lanes Prohibited.** Parking will not be allowed along the Common Element emergency vehicle access easement identified as Tract 997 on the Map, located between Units 77 and 78. The purpose of this restriction is to provide adequate road width for the access of emergency vehicles as defined on the Map. The obstruction of a designated fire lane by a parked vehicle or any other object is prohibited and constitutes a traffic hazard as defined in state law and an immediate hazard to life and property. Any object will be immediately towed or removed at the Owner's expense without warning.

**Section 7.5     Conveyance or Encumbrance of Common Elements.** Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) by a Unit Owner of its interest in the Common Elements shall be void unless the Unit to which that interest is allocated is also transferred. The Association may not convey or subject to a security interest any portion of the Common Elements unless Owners of Units to which at least 80% of the Voting Interests in the Association are allocated, including 80% of the votes allocated to Units not owned by the Declarant, agree to that action. All Owners of Units to which any Limited Common Element is allocated must, however, agree in order to convey that Limited Common Element or subject it to a security interest. Any agreement to convey Common Elements or subject them to a security interest must be evidenced by the execution of an agreement, or ratification of an agreement, in the same manner as a deed, by the requisite number of Unit Owners. The agreement must specify a date after which it will be void unless recorded before that date. The agreement and all ratifications of the agreement must be recorded in every county in which a portion of the Community is located and will only be effective upon recordation.

## **ARTICLE 8     LIMITED COMMON ELEMENTS**

**Section 8.1     Description and Allocation of Limited Common Elements.** The following portions of the Common Elements are Limited Common Elements:

**8.1.1     Private Storm Drainage Easements for Units 29-33; 34-43; 47-51; 55-61; 98-117 and 134-136.** As provided and identified on the Map, there shall be Limited Common Element private storm drainage easements for the use and benefit of only those Owners whose Units are benefitted by the drainage facilities, more specifically an LCE for: (i) Units 29, 30, 31, 32 and 33; (ii) Units 34, 35, 36 37, 3, 39, 40, 41, 42 and 43; (iii) Units 47, 48, 49, 50 and 51; (iv) Units 55, 56, 57, 58, 59, 60 and 61; (v) Units 98 through 117; and (vi) Units 134, 135 and 136 (collectively referred to as "LCE Private Storm Easements"). The LCE Private Storm Easements shall be used as storm and drainage facilities by the respective benefited Owners. The maintenance, repair, improvement and replacement of the LCE Private Storm Easements is set forth in Section 9.15.

**Section 8.2     Change in Status of Common Elements.** Except for the Development Rights of the Declarant, no Common Element may be reallocated as a Limited Common Element, and no Common Element or Limited Common Element may be incorporated into an existing Unit without the approval of Owners of Units holding 67% of the Voting Interest in the Association, including the Owner of the Unit to which the Limited Common Element will be allocated or incorporated. Such reallocation or incorporation shall be reflected in an amendment to the Declaration and the Map.

**Section 8.3     Reallocation Between Units.** An allocation of a Limited Common Element may not be altered without the consent of the Owners of the Units to which the Limited Common Element is allocated. Except in regard to the Development Rights of the Declarant, a Limited Common Element may be reallocated between Units only with the approval of the Board and by an

amendment to the Declaration executed by the Owners of the Units to which the Limited Common Element is allocated. The Board shall approve the request of the Owner or Owners under this Section 8.3 within 30 days, unless the reallocation does not comply with the CIC Act or the Declaration. The failure of the Board to act upon a request within such period shall be deemed approval thereof. The amendment shall be recorded in the names of the parties and of the Community.

Section 8.4     Right to Use Limited Common Elements. Each Owner of a Unit to which a Limited Common Element is allocated shall have the exclusive right to use the Limited Common Element in common with the other Owners, if any, to which that Limited Common Element is allocated. The right to use the Limited Common Element extends to the Owner's Authorized Users, and is governed by the provisions of the CIC Act and the Governing Documents.

## **ARTICLE 9 EASEMENTS**

Section 9.1     Unit Owners. Subject to the Governing Documents and to the Association's rights to regulate the use, maintenance, repair, replacement and modification of the Common Elements, and convey or encumber the Common Elements, each Unit Owner has (i) an easement in and through the Common Elements for access to its Units; and (ii) a right to use the Common Elements that are not Limited Common Elements for the purposes for which the Common Elements are intended. The foregoing easement shall terminate upon the termination of this Community pursuant to Article 25 of this Declaration.

Section 9.2     Driveway Maintenance Easements. Certain Units may have driveways that abut or are close to the boundary line of the adjacent Unit. Each Unit that has any portion of a driveway within one foot of the boundary line of an adjacent Unit has an easement over and across that portion of the adjacent Unit as necessary for the maintaining, repairing or replacing the driveway on the benefitted Unit. The benefitted Owner must repair any damage to the adjoining Unit and must restore the adjoining Unit to a condition similar to that immediately before use of the adjoining Unit.

Section 9.3     Easement for Encroachments. To the extent not provided by the definition of "Unit" in the Declaration and in the CIC Act, each Unit and all Common Elements have an easement over all adjoining Units and Common Elements for the purpose of accommodating any present or future encroachment, overhang or intrusion of (i) eaves, bay windows, gutters, downspouts, utility meters, vents and other similar portions of the Owner's Home; or (ii) any encroachment caused by the construction, reconstruction or repair of the improvements, or the natural settlement, shifting, or movement of the improvements or land. Such easements shall exist so long as the encroachments exist or the Unit Owner has the right to cause them to be replaced, provided, however, no valid easement shall exist if the encroachment was caused willfully by the Owner. Such encroachments shall not be construed to affect the marketability of title to any Unit, nor shall they alter the rights and obligations of the Owners.

Section 9.4     Association Functions Easement. The Association has such easements throughout the Community as are necessary to perform the duties and obligations of the Association as are set forth in the Governing Documents. The Declarant hereby grants to the Association an easement over the Units and all portions thereof and therein for the purpose of otherwise carrying out all obligations, duties, responsibilities and rights of the Association contained in this Declaration.

Section 9.4.1 Landscape Buffer Easements. The Association was granted access to the Landscape Buffer Easement on Lots 62 through 75 as dedicated on the Map. The Owners are responsible for the maintenance of the easement area; if the Association finds they are not maintained during their inspection, the Association has the right granted to them in Section 11.1.2.

Section 9.5 Entry Monument Easement. To the extent located on any Unit or the Common Elements, the Association has an easement on, under, over and across such Unit or Common Element for the purpose of installing, modifying, maintaining, repairing and replacing, entry monuments or signs and associated landscaping and utilities, together with a non-exclusive right of ingress and egress thereto.

Section 9.6 Signage Easement. The Association has an easement on, under, over and across the exterior 10 feet parallel with and abutting all streets and alleys in the Community, as provided in the Plat, in which to install and maintain street signs, directional signs, no parking signs, other types of signs and address columns or monuments.

Section 9.7 Easement for Entry by Security Patrol. If the Board contracts for security patrol service, said service, and its employees, shall have the right to enter onto any Common Element in order to carry out their duties under such security patrol agreement.

Section 9.8 Public Utility Easements. The Map creates and/or describes various easements within the Community for the installation, maintenance, repair and replacement of utilities, including but not limited to the exterior 10 feet of each Unit parallel with and adjoining the street frontage and a 20 foot sanitary sewer and water easement over a portion of Units 22 and 23. No structure, planting, or other material that may damage the utilities or interfere with the use of the easement may be placed within these easement areas. The Owners of the Units subject to utility easements shall not use or alter their Units in any way that would interfere with the proper operation of the storm drainage system or other utilities located within such easement. The Association may adopt Rules regarding use of the portions of the Units subject to these easements.

Section 9.9 Easement over Tract 999 (Stormwater). Pursuant to Section G(5) of Attachment E to the Second Amendment of City Development Agreement: (a) the City owns Tract 999 (which tract is referenced in the City Development Agreement as Tract 990) and has granted, pursuant to the Map, to the Owners an easement for the use of Tract 999, (b) the Owners and the Association agree to ensure that the Community will only contribute routine and normal quantities and quality into the stormwater system in Tract 999, and (c) the Association, on behalf of the Owners, shall be responsible for paying the City for the assessments relating to Tract 999, as further described in Schedule E (the "Tract 999 Costs"). The Tract 999 Costs shall be a Common Expense.

Section 9.10 Private Fence, Retaining Wall and Rockery Easements. Declarant may construct certain rockeries, walls and fences between certain Units and Common Elements. The intention of the Declarant is that each fence, when constructed, shall be located wholly within one Unit or another and not on the property line between Units or Common Elements. Due to obstructions or topography, however, a fence may not be wholly within a Unit or Common Element or immediately adjacent to the property line. Therefore, Declarant reserves an easement on each side of each boundary line, for the Association and each Unit Owner for the installation, maintenance, repair and replacement of walls and fences installed by the Declarant for as long as the wall or fence exists. The Owner of such a fence shall have reasonable access over the

adjoining Unit or Common Element for the purposes of maintaining any fence or retaining wall located on or benefitting their Unit subject to the maintenance restriction contained in Section 11.1.1.6. Before performing any such maintenance, repair or improvements, the Owner shall give all other Owners of the adjacent Units reasonable advance notice (except in an emergency), and shall only enter the adjoining Unit or Units at reasonable times and shall promptly repair any damage caused thereby and restore the property to the condition it was in prior to the entry and shall otherwise indemnify the Association and Owner of the adjacent Unit from any damage caused by such entry. Neither the location of any fence or wall installed by Declarant, nor any conduct of the fence owner in maintaining the land between a neighboring fence (or wall) and the property line shall be construed as modifying the property line. The Owner of a cedar fence shall be responsible for keeping the fence in good condition and repair. The Owners whose Units have or are immediately adjacent to a retaining wall or rockery shall share equally in the cost of maintaining, replacing and improving such retaining wall or rockery such that it shall remain in good working order.

**Section 9.11 Declarant.** The Declarant has an easement through the Common Elements as is reasonably necessary for the purpose of developing and discharging the Declarant's obligations or exercising Special Declarant Rights, and as is necessary to conduct inspections and tests from time to time of all or any parts of the Units or Common Elements, and to determine whether maintenance, repairs or replacements of any such improvements are indicated. The Declarant shall restore the affected portion of the property to substantially the condition immediately prior thereto, and shall indemnify the Association and Owners of any affected Units from any damage resulting therefrom.

**9.11.1 Declarant Easement Regarding Development Bonds.** The Association hereby acknowledges, and all Owners by their acceptance of a deed to any Unit acknowledge, that the Declarant or its predecessor posted or will be required to post one or more maintenance bonds with the City, County or other public governmental authority with jurisdiction over the development of the Community (collectively the "Development Bonds") in connection with Declarant's build out and the maintenance of certain Common Elements, improvements, landscaping, Street trees, storm water/drainage facilities, and/or other items and shared facilities within and serving the Community (all such areas and items, collectively, the "Development Improvements"). Copies of the Development Bonds are on file with the City. The Association and all Owners further acknowledge that they are or will be benefitted by use of the Development Improvements installed under and covered by the Development Bonds and that Declarant will remain obligated to complete certain maintenance and repair work under the Development Bonds until the applicable jurisdiction releases the Development Bonds back to Declarant. Declarant shall be responsible for initially installing and completing all Development Improvements as required by the governmental authority. Thereafter, the Association shall keep and maintain, or ensure that any responsible Owners keep and maintain, all Development Improvements in good condition and repair. Until such time that the City or other governmental authority releases the last of the Development Bonds back to Declarant, Declarant hereby reserves for itself an easement over the Units, Common Elements and remainder of the Property for the purpose of accessing, inspecting, maintaining, repairing and restoring any Development Improvement covered by a Development Bond to the extent required by the applicable jurisdiction holding the Development Bond or as necessary to ensure that such Development Bonds will be released back to Declarant. The foregoing easement is expressly intended to survive and to continue until all Development Bonds are released in full. Declarant and its successors shall use commercially reasonable efforts to exercise the foregoing easement rights in a manner that minimizes interference with Owners and the Community, to the extent

reasonably practicable. If the Association or any Owner causes or permits damage to an item installed under or covered by a Development Bond or otherwise fails to maintain such an item when they had an obligation to maintain the same under this Declaration, the Map or other binding instrument, and Declarant may exercise its easement rights in this paragraph to maintain, repair or replace any aspect of a Development Improvement installed under or covered by a Development Bond, then Declarant shall have the right to perform such maintenance, repair or replacement work and to thereafter seek reimbursement for all reasonable costs incurred from the Association or the responsible Owner. The responsible party shall reimburse Declarant for all such reasonable costs incurred within 30 days after demand, otherwise such costs shall bear interest at the statutory rate and Declarant shall have the right pursue collection of such amounts through any legal means available at law or in equity. For so long as any Development Bonds remain in place, this paragraph may not be amended without the written consent of Declarant. The Association (or any designated Manager), the ACC and Declarant shall have a limited right of entry in and upon the exterior of all improvements located on any Unit for inspection purposes, and taking whatever corrective action may be deemed necessary or proper, consistent with the provisions of this Declaration. However, nothing herein shall be construed to impose an obligation upon the Association, the ACC, or Declarant to maintain or repair any portion of any Unit or any improvement thereon which is the obligation of the Owner to maintain as provided herein. Nothing in this Article shall in any manner limit the right of any Owner to the exclusive occupancy and control over the improvements located upon their Unit, provided each Owner shall permit access to such Owner's Unit and improvements by any Person authorized by the Association, the ACC, or Declarant (including any designated Manager) as is reasonably necessary, in case of any emergency originating on or threatening such Unit or improvements, whether or not such Owner is present.

**Section 9.12    Utility and Municipal Easements Granted by the Declarant.** The Declarant reserves the right to grant and record easements to any utility provider or municipality (i) for the installation, construction, maintenance, repair and reconstruction of all utilities serving any portion of the Community including, without limitation, such utility services as water, sanitary sewer, storm drainage, electricity, cable television, internet access and telecommunications; (ii) for access through the Common Elements to the utility installations; and (iii) for rights of way, slopes, cuts, fills, environmentally critical areas, public facilities or any other purpose or improvement as may be required for the development, construction or sale of the Community, and (iv) which shall include the 10-foot wide utility easement granted by all Owners of each Unit as shown on the Map.

**Section 9.13    Easement for Maintenance.** Each Owner shall have a right to enter upon the Common Elements and the Yard of an adjacent Unit, as necessary to perform maintenance, repair or replacement of the Owner's Unit, Home and improvements and, if reasonably necessary, to read utility meters. The Owner shall give the Owner of an adjacent Unit reasonable advance notice (except in an emergency), shall only enter the adjoining Unit at reasonable times, and shall promptly repair any damage caused thereby and restore the property to the condition it was in prior to the entry and shall otherwise indemnify the Association and Owner of the adjacent Unit from any damage caused by such entry. This includes the LCE Private Storm Easements

**Section 9.14    Other Easements and Restrictions to Which the Condominium is Subject.**

9.14.1 Mineral rights reservations contained in the reservation to the United States of America recorded June 7, 1943 under recording number 748473.

9.14.2 Covenants and maintenance agreement under recording number 1272048.

9.14.3 Covenants, condition, restrictions, reservations and easements under the following: (i) Snohomish County Short Plat No. SP84(5-75) recorded under recording number 2387510; (ii) Snohomish County Boundary Line Adjustment No. 96 109709 recorded under recording number 9612200070; (iii) Snohomish County Boundary Line Adjustment No. 96 110782 recorded under recording number 9612200199.

9.14.4 Covenants, condition, restrictions, reservations and easements contained in the Map.

Section 9.15 LCE Private Storm Easements for 29-33; 34-43; 47-51; 55-61; 98-117 and 134-136. Declarant has constructed LCE Private Storm Easements which shall be used for storm drainage facilities serving the following Units: Units 29-33, 34-43, 47-51, 55-61, 98-117, and 134-136. The Owners of the respective Units benefiting from and utilizing each of the LCE Private Storm Easements shall share equally in the cost of and be responsible for the maintenance, repair, replacement and reconstruction of their respective LCE Private Storm Easements; unless the Association, in its sole discretion, chooses to maintain such storm drainage facilities with the cost of such maintenance to be allocated among the Owners benefitted by such easements.

## **ARTICLE 10 USE RESTRICTIONS AND CONDUCT RESTRICTIONS**

Section 10.1 Use Restrictions. The following use restrictions shall apply to all Units.

10.1.1 Allowed Use. Except as otherwise expressly set forth herein, no Unit shall be used except for residential purposes (and for social, recreational, or other reasonable activities normally incidental to such use); provided, however, upon the written request by an Owner, the Board may allow an Owner to conduct an "in-home business", provided all business activities are carried on within the Home and that there are not an unreasonable number of employees, clients, customers, tradesmen, student, suppliers, or others that come to the Home in connection with such business, but in no event in any number that would unduly burden the Community, its parking or create a material amount of additional traffic through the Community, as such standards are determined by the Board in its sole and absolute discretion. The determination of whether or not a use is incidental to residential uses shall be made by the Board and shall be binding on all Owners. The Units may also be used for the purpose of operating and managing the Community. The Board may, by Rule, specify the limits of residential use in general and also in particular cases. Notwithstanding the foregoing, the Declarant may use any of the Units owned by Declarant as allowed by the CIC Act or this Declaration. Notwithstanding the foregoing, to the extent required under the CIC Act, operation of an "adult family home" on a Unit shall not be prohibited.

10.1.2 Prohibited Uses. The Property is being developed as a residential condominium development. The Units may not be used for Timesharing, as defined in Chapter 64.36 RCW. The Units may not be used for hotel or transient purposes, which shall be defined as: (i) rental for a period of less than one year; (ii) rental under which occupants are provided customary hotel services such as room service for food and beverages, maid service, the furnishing of laundry and linen, busboy service, and similar services; or (iii) the overnight accommodation of business invitees on a temporary or transient basis (such as a hotel, motel or corporate suites operation). All leases, rental and

other occupancy agreements for Units shall expressly provide that they are subject in all respects to the Governing Documents and that any failure by the tenant to comply with the terms of such documents shall be a default under the lease. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and all Tenants shall be deemed bound by the restrictions stated herein. All leases shall be in writing. The Association may request the names and contact information for all tenants including family members who will occupy a Unit. If any lessee or occupant of a Home violates or permits the violation by his/her guests and invitees of any provisions of the Governing Documents, the Board may give notice to the lessee or occupant of the Home and the Owner thereof to cease such violations. If the violation is thereafter repeated, the Board shall have the authority, following Notice and Opportunity to be Heard, to impose a fine upon the Unit Owner in accordance with a schedule adopted by the Board and each day that a violation persists thereafter shall be deemed a separate violation for which the fine may be separately assessed. The Association shall have a lien against the Owner's Unit for any fines not timely paid and any costs incurred by it in connection with such violation, including reasonable attorneys' fees, which may be collected and foreclosed by the Association in the same manner as Assessments as provided herein.

The Board shall have the authority to enact Rules permitting rentals in a manner that will not violate the requirements of Fannie Mae, Freddie Mac, FHA or VA and to prohibit such use if advisable to obtain project approval from such agencies.

10.1.3 Single-Family Residence. Only one (1) single-family residential Home may be constructed or permitted to remain on a Unit.

10.1.4 Other Items. Except as expressly provided herein, no structure of a temporary character, trailer, recreational vehicle, boat, boat trailer, panel truck, bus, camper or camping trailer, tent, shed, shack, basement of any incomplete building, barn or other outbuilding shall be either used or located on any Unit, or on any Street, at any time or used as a Home either temporarily or permanently, unless permitted for temporary use during construction/reconstruction of a Home on a Unit and such temporary structure and use are permitted in advance by the ACC. No prefabricated buildings or structures of any nature, specifically including mobile homes, shall be moved, placed, constructed or otherwise located on any Unit for any period of time unless approved by the ACC in advance. Temporary buildings or structures allowed during construction shall be removed immediately after construction or upon request of the ACC, whichever occurs first. Notwithstanding the foregoing, Declarant may place construction and sales trailers on any Unit which Declarant owns or on Common Elements. Notwithstanding the foregoing, a boat, shed, recreational vehicle or other outbuilding may be located on a Unit if such item is screened or located such that it is not visible from the Street and such item, structure, screening and location are approved in advance by the ACC, which approval shall be in the sole discretion of the ACC. No prior approval by the ACC shall be required if any such trailer, camper, boat, or recreational vehicle is located or parked entirely within the garage of the Home or within any other structure constructed previously with the approval of the ACC.

Section 10.2 Conduct Restrictions. The following conduct restrictions shall apply to all Owners and Authorized Users, except that they shall not apply to, or prohibit any conduct of, Declarant as authorized by the CIC Act or the Governing Documents.

**10.2.1 Roads, Sidewalks, Walkways, Etc.** The roads, sidewalks and walkways used for access shall be used exclusively for normal ingress and egress. No obstructions shall be placed therein unless permitted by the Board or the Rules.

**10.2.2 Parking.** Parking is not allowed on any portion of the sidewalks, or any other portion of the Common Elements, except in designated parking spaces, if any. No vehicles shall be permitted to park on the Streets within the Property for a period exceeding twenty-four (24) hours (excluding weekends and holidays) without the prior written permission of the Association. No vehicle may be parked on any Unit, except in garages and on designated and approved driveways or parking areas, which areas shall be hard-surfaced, unless otherwise permitted by the ACC. Any additional parking added to a Unit after the initial landscaping shall be hard surfaces (unless otherwise approved by the ACC in advance) and constructed only in accordance with a site plan approved by the ACC. Unless otherwise expressly permitted herein, only the cars of guests and visitors may be parked on the Streets (it being the intention to keep Street parking available as much as possible for guests and visitors). All other vehicles of Owners and Occupants shall be parked in garages or on driveways or other approved parking areas located entirely within their Unit, as set forth herein. Owners and Occupants shall, to the extent reasonably practicable, first park their vehicles within available garage spaces within their Unit and then on any available driveway or other approved external parking areas within their Unit, and then on any Street. Notwithstanding the foregoing, if any personal or work-related vehicle of an Owner or Occupant is oversized in nature and does not fit within the garage or on the driveway or other parking surface upon their Unit, then the ACC may permit the parking of such over-sized vehicle on the Streets in its reasonable discretion; provided, however, that the Owner or Occupant must park such vehicle on a Street adjacent or as near as possible to their Unit and in no event shall any inoperative vehicle of an Owner or Occupant be allowed to remain on the Street for more than 48 hours (excluding weekends and holidays). No vehicle may be parked on a Street if it interferes with or impedes the flow of traffic and use of the Street by others or if it interferes with a Unit Owner's ability to pull out of or into their approved driveways or parking areas. Notwithstanding anything in this Section to the contrary, no parking shall be allowed on any area or Street where the Map expressly restricts such parking or where "No Parking," "Emergency Vehicle Access," "Fire Access" or similar signs or markings are otherwise expressly posted in the Community and in Tract 997. No commercial vehicles, motor homes, trailers, campers, boats and other recreational vehicles may be parked on any Common Element except on a temporary basis for loading or unloading. The Association may direct that any vehicle or other thing improperly parked or kept on any portion of the Common Elements be removed at the risk and cost of the Owner thereof. No parking is allowed on the Limited Common Element emergency vehicle access easement on Tract 997 or the access easement dedicated to the City leading to Tract 999.

**10.2.3 Intentionally Deleted.**

**10.2.4 Parking in Unit/Garage Use Restrictions.** No vehicle may be parked in any Unit except in driveways and garages. No vehicle parked in any driveway may extend into the streets or sidewalks of the Community or otherwise impede vehicular or pedestrian traffic or access to any Unit. Owners should use their garages as the primary vehicle storage and parking use; any other use of the garage must not impair the ability to use it for parking if the effect causes additional street parking congestion.

**10.2.5 Further Regulation.** The Board may adopt Rules further regulating conduct on roads, sidewalks, driveways, parking spaces and other Common Elements, including the parking and storage of recreational vehicles, campers, boats and the like, and safe operation of vehicles. The Board may direct that any inoperative vehicle or anything improperly parked or kept in a parking space, or elsewhere in the Community be removed, and if it is not removed the Board may cause it to be removed at the risk and cost of the Owner thereof.

**10.2.6 Trash and Garbage.** Each Owner must store trash and garbage inside the garage of the Home or on the side of the Home if concealed from street view by an approved fence, and set it out for collection in such locations and receptacles as are authorized by the Board only on designated trash collection days, or as otherwise allowed by the Rules. Each Owner is responsible for removing from the Community all trash and garbage generated by that Owner that is not required to be picked up by a service. The Board may adopt such Rules pertaining to such matters as in the judgment of the Board are necessary for the safe, sanitary and efficient operation of the Community.

**10.2.7 Signs.** No sign of any kind may be displayed to the public view on or from any Unit or Common Elements without the prior consent of the Board or pursuant to the Rules. The Board may erect on the Common Elements a master directory of Units including Units that are for sale or lease, and may regulate the size, appearance and location of signs advertising Units for sale or lease.

**10.2.8 Pets.** No animals, livestock or poultry of any kind shall be raised, bred or kept on any Unit except dogs, cats, birds, fish or other typical household pets; provided they are not kept, bred or maintained for commercial purposes; provided further that no more than two (2) dogs or two (2) cats shall be allowed per Unit, excluding fish, birds and other pets that remain caged or housed exclusively indoors; and provided further that the Board may permit in their sole discretion a third or fourth dog/cat (for a total of 4 such household pets) if the additional dog(s)/cat(s) are small in size and the Board determines that such additional pet(s) will not adversely impact or be a nuisance within the Community. Dogs shall be restrained to the Owner's Unit and Yard and shall not be allowed to run at large. All animals must be kept as domestic indoor pets. Leashed animals are permitted within rights-of-way and authorized Common Elements when accompanied by their Owners. Owners shall be responsible for cleaning up any and all of their animals' waste on the Property, including on the respective Owner's Unit. If an Owner fails to clean up their animals' waste, the Association may, but shall not be obligated to, take such action as may be necessary to clean up the animals' waste and shall have the right of entry for such purposes. Any costs incurred by the Association in connection with such action shall be deemed to be a Special Assessment of the Owner whose animal(s) created the waste. No animal shall be allowed to make an unreasonable amount of noise or become a nuisance as determined by the Board, at its sole discretion. Notwithstanding anything above, no animal that is considered dangerous, threatening or otherwise harmful to others or that displays any such qualities after being within the Community shall be permitted or allowed to remain within the Community after Notice and Opportunity to Be Heard, after which the Board shall have the right to require removal of any animal from the Unit which it finds in its sole discretion to violate this subsection.

**10.2.9 Nuisances and Intrusive Activity.** No noxious or offensive activity shall be permitted in or upon any Unit or Common Elements, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Community. No

Owner may conduct, permit or allow any activity or the keeping of anything in the Community that may unreasonably interfere with the other residents' use or enjoyment of their Units or the Common Elements; threaten the comfort, safety or security of any Owner; or be or become a nuisance to other Owners. No use or activity that generates noise, vibration, odors or traffic that would generally be considered unacceptable to households in a single-family neighborhood is allowed. No Owner shall permit anything to be done or kept upon a Unit or upon the Common Elements which would interfere with the right of quiet enjoyment of other Owners or their Authorized Users. The Board may adopt such Rules pertaining to such matters as in the judgment of the Board are necessary.

**10.2.10 Hazardous Substances.** No Owner may permit any Hazardous Substance to be generated, processed, stored, transported, handled, or disposed of on, under, in, or through the Owner's Unit or any portion of the Common Elements. Each Owner must indemnify, defend, and hold harmless the other Owners and the Association from all fines, suits, procedures, claims, and actions of any kind arising out of or in any way connected with any spills or discharges of Hazardous Substances or wastes arising from the operation or use of the Unit or the property by the Owner, Tenants, or invitees of the Unit. As used herein, the term "Hazardous Substance" means any hazardous, toxic, or dangerous substance, waste, or material which is or becomes regulated under any federal, state, or local statute, ordinance, rule, regulation, or other law now or hereafter in effect pertaining to environmental protection, contamination, or cleanup, including without limitation any substance, waste, or material which now or hereafter is designated as a "Hazardous Substance" under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601, *et seq.*); or under any local or state rule or regulation.

**10.2.11 Conveyance by Owners; Notice Required.** The right of an Owner to transfer the Unit is not subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to convey a Unit must, however, deliver a written notice to the Board at least two weeks before closing specifying (a) the Unit being sold; (b) the name and address of the purchaser, the closing agent, and the title insurance company insuring the purchaser's interest; and (c) the estimated closing date. The Board has the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid Assessments and charges outstanding against the Unit, whether or not such information is requested. Promptly upon the Conveyance of a Unit, the new Unit Owner must notify the Association of (i) the date of the Conveyance; (ii) the Unit Owner's name and address; and (iii) the name and notice address of every first Mortgagee of the Unit. If requested, the Association must notify each insurance company that has issued an insurance policy under Article 20 of the name and address of the new Owner and request that the new Owner be made an additional insured under such policy.

**10.2.12 Construction.** No dirt, debris, or other materials shall be allowed to come off of any Units onto any Streets, Common Elements, other Units, or other parts of the Property as a result of any construction or other activities. All Buildings shall be of new construction (unless the ACC approves of recycled or "décor" vintage construction materials in advance). No previously used houses or other buildings shall be moved onto a Unit. The Unit shall be kept clean and clear of debris during construction. No Home may be constructed on any Unit by other than a contractor licensed as a general contractor under the statutes of the State of Washington without the prior approval of the ACC.

**10.2.13 Fences.** Fences must comply with all applicable laws and regulations and the Plat, and specifically any fence located within an easement must comply with and is subject to the approval of the City and the utility purveyor as provided in the Map. Fences may be erected on property lines, except that no fence shall be erected between the Street and 5 feet from the front of the house. Nothing herein shall prevent the erection or maintenance of a necessary or appropriate retaining wall and safety fencing on top of said wall installed by Declarant or otherwise later approved in advance by the ACC. No fence, wall, hedge or mass planting shall at any time extend higher than six feet (6') above the ground, except for necessary and appropriate retaining walls or rockeries (and associated safety fencing on top of the same) which conform to the City codes and are installed by Declarant or otherwise later approved by the ACC in advance. With the exception of necessary or appropriate safety fencing on top of walls, fences shall conform to any applicable Rules concerning fencing, unless otherwise approved by the ACC. No wire fences (other than safety fencing or cyclone fencing describe above) shall be used unless approved by the ACC. If the Map or particular easement does not expressly restrict such fencing, rear and side yard fences are permitted to be located within easements created or dedicated on the face of the Map with the prior written approval of the ACC, provided that such fencing must not interfere with or obstruct the purpose of the easement or any facilities therein. If such a fence or portion of a fence is ever placed within any easements in accordance with the foregoing sentence, the Owner of said fence shall be required to temporarily remove the same at its cost if the party benefitted by such easement requires removal to carry out activities permitted by the easement (e.g., maintenance of utilities) or required to permanently remove the fence at its cost if such benefitted party determines the fence unreasonably interferes with or obstructs its easement rights.

**10.2.14 Lighting.** All area lighting shall be designed and positioned to ensure that the light source is not visible from any other Homes or, if visible, is angled downward so as to adequately mitigate the effect of any light spill over onto adjacent Units (whether or not any visible light is adequately mitigated shall be determined by the ACC in its sole discretion for the protection of the Owners within and for the overall harmony of the ACC). Decorative holiday lighting may be installed no more than thirty (30) days before and shall be removed no later than thirty (30) days after the date of the holiday.

**10.2.15 Yard Art.** No yard pieces or yard art (including but not limited to sculptures, statues, and other freestanding or attached works, whether for decoration or otherwise) that are more than twelve inches (12") tall or twelve inches (12") wide shall be permitted outside of the Home and within view from the Street without prior written approval of the ACC. Flags of the United States or the State of Washington are not considered yard art hereunder and are permitted, provided, however, the Association may place reasonable restrictions on the time, place and manner of display as permitted by federal and state law.

## **ARTICLE 11 MAINTENANCE, CONSTRUCTION AND ALTERATIONS**

**Section 11.1 Owner's Maintenance and Repair Responsibilities.** Except for maintenance and repairs to be performed by the Association under this Article 11, each Owner must, at the Owner's sole expense, maintain, repair and replace (i) its Home and Yard, (ii) all Structures, other improvements and landscaping on its Unit, (iii) to the extent not included in the foregoing, any driveways, fences or walls on its Unit, (iv) that portion of the utility installations (including without limitation power, water, gas, telephone and data lines, sanitary sewers, and storm drainage installations) that are located over the exterior 10 feet of street frontage of their Unit or outside of the Unit but that serve only that Unit, and (v) for Units 29-33, 34-43, 47-51, 55-61, 98-

117, and 134-136, the LCE Private Storm Easements benefiting their respective Unit. Each Owner must keep all such items in good repair and in neat, clean and sanitary condition, in compliance with applicable Laws, the Governing Documents and the Community-Wide Standard.

11.1.1 Grounds; Maintenance of Grounds. The entire front landscaping for each Unit with a Home thereon shall be installed prior to occupancy in accordance with the plan submitted to the ACC. The entire landscaping, including the remaining portions of the side and rear yard, shall be installed within six (6) months. To the extent applicable each Owner shall be responsible for removing the PVC pipe containing the cable connection wires located on their Unit and either burying the cable wires or installing a landscape box and landscaping to screen the cable connection wires and box. Each Owner shall be responsible for the maintenance and repair of all parking areas, driveways, walkways, and landscaping on his/her Unit. Nothing contained herein shall preclude an Owner from recovering (from any person liable therefor) damages to which such Owner might be entitled for any act or omission to act requiring an expenditure by the Owner for the maintenance and repair of the parking area, driveway, walkway, and/or landscaping on Owner's Unit. Such maintenance and repair of the Owner's Unit shall include, without limitation:

11.1.1.1 Parking and Other Areas. Maintenance of all parking areas, driveways and walkways in a clean and safe condition, including paving and repairing or resurfacing such areas when necessary with the type of material originally installed thereon or a substitute therefore as shall, in all respects, be equal in quality, appearance and durability; the removal of debris and waste material and the washing and sweeping of paved areas as required.

11.1.1.2 Lighting. Cleaning, maintaining and re-lamping of any external lighting fixtures, except those as may be the property of any public utility or government body.

11.1.1.3 Landscaping. Landscaping shall emphasize plantings and other features which complement and enhance the existing character of the Community. Maintenance of all landscaping, including the trimming, watering and fertilization of all grass, ground cover, shrubs or trees, removal of dead or waste materials, and replacement of any dead or diseased grass, ground cover, shrubs or trees.

11.1.1.4 Drainage. Maintenance of all storm water drainage systems, yard drains, and catch basins in their originally designed condition, and per any governmental requirements and any conditions as provided here or on the Map. Further, no Owner shall take any action that would interfere with surface water drainage across his/her Unit either through natural drainage or by drainage easements. The topographic conditions of any Unit shall not be altered in any way that would adversely affect or obstruct the approved and constructed storm drain system and surface flows without the written consent of the ACC.

11.1.1.5 Hillsides and Other. Maintenance of all hillsides, slopes and swales in their as designed and completed condition, and which shall not be changed or interfered with without the prior written consent of the Board.

**11.1.1.6 Retaining or Structural Walls.** Declarant may construct retaining or other structural walls on or for the benefit of certain within the Community (collectively "Retaining Walls"). Such Retaining Walls contain drainage pipes and facilities within them to collect and direct storm water run-off. Where such Retaining Walls exist, the removal or deterioration of such Retaining Walls will affect the Units and other real property benefitted by and/or along the same slope supported by such Retaining Walls. No Owner whose Unit is benefitted or burdened by any such Retaining Wall shall alter, damage, destroy or remove such Retaining Wall or any part of it without the prior written consent of the City and the consent of the other Owners of Units and real property affected by such Retaining Wall. The Owners affected by each Retaining Wall shall be jointly and equally responsible for all maintenance and repair of such Retaining Wall as necessary to keep the same structurally sound and in good repair; provided, however, that if the act of any Owner or their Occupants, guests, invitees or other representatives damages or causes excess deterioration to any Retaining Wall, the applicable Owner shall be responsible for all costs to repair such damage and deterioration. If any Owner disputes which Retaining Wall(s) affect their Unit or what work is necessary or appropriate under this Section, the Owner may submit its dispute to the Association and the Association shall engage a neutral professionally licensed geotechnical engineer to make such determination, which shall then be final. The Association shall pass along the cost of such geotechnical engineer to the Owner who was incorrect in the dispute, as a Special Assessment. Each Owner shall permit reasonable access to and use of his or her Unit as necessary or appropriate for all maintenance and repair work on any Retaining Wall called for under this Section. Any work performed on any Retaining Wall must be permitted in accordance with all City rules, must be performed by a licensed and insured contractor, must first be reviewed and approved by a professionally licensed geotechnical engineer, and all work must comply with the recommendations of such engineer.

**11.1.2 Remedies for Failure to Perform Owner Maintenance Obligations.** If any Owner fails to perform the maintenance and repair obligations required herein, then the Board after fifteen (15) days' prior written notice to such delinquent Owner, shall have the right, but not the obligation, to perform such maintenance and repair and to charge the delinquent Owner and his/her Unit for the cost of such work together with interest thereon from the date of the Association's advancement of funds for such work to the date of reimbursement of the Association by Owner. If the delinquent Owner fails to reimburse the Association for such costs within ten (10) days after demand therefore, the Association may, at any time after such advance, record a claim of lien signed by an authorized agent of the Association for the amount of such charge together with interest thereon and enforce the Association lien in accordance with the provisions of this Declaration. The Association lien and the rights to foreclose thereunder shall be in addition to all other rights and remedies which the Board may have hereunder or in equity or at law, including any suit to recover a money judgment for unpaid Assessments.

**Section 11.2 Association's Maintenance and Repair Responsibilities.** Except as otherwise provided in Section 11.1, the Association is responsible for the maintenance, repair, and replacement of the Common Elements, including, without limitation, (i) open space Tracts; (ii) Street Landscaping, including landscaped areas in the public right-of-way; (ii) all Structures, walls, Entry Monuments (if any), and other improvements and landscaping on the Common Elements, provided, however, maintenance and repair of any six (6) foot cedar fencing, or portion thereof, bordering a Common Element and a particular Unit shall be the responsibility of such Unit Owner in accordance with Section 11.1 above; and (iii) all utility installations and storm water facilities

serving the Community and not the responsibility of an Owner or a governmental entity. The Association must keep such items in good repair and in a neat, clean and sanitary condition, in compliance with applicable Laws, the Governing Documents and the Community-Wide Standard.

**Section 11.3 Summary of Maintenance Responsibilities.** The maintenance responsibilities of the Owners and Association are summarized in Schedule D attached hereto. In the event of any conflict between the text of this Article 11 and the schedule, the text shall control.

**Section 11.4 Transfer of Responsibility.** The Board may adopt Rules transferring responsibility to maintain certain Limited Common Elements to the Owners if it determines that the Owners will regularly, properly and consistently maintain the Limited Common Elements, and that there is little risk of damage to the Community or cost to the Association from such transfer of maintenance responsibility. The Association may modify or revoke any such Rules if it determines that modification or revocation is in the best interest of the Community.

**Section 11.5 Construction and Alterations; Architectural Control.** Although the Owners have the responsibility for maintenance, repair and replacement of their Units, Homes and Yards as set forth in this Article 11, the Board shall have the right to regulate any new Structures and any alterations to existing Structures to ensure that they (i) comply with the Governing Documents; and (ii) are harmonious with the other Homes and improvements in the Community. Accordingly, except as set forth in Governing Documents, no Owner may construct or install a new Structure or alter any portion of an existing Structure, without the prior written approval of the Board.

**11.5.1 Scope of Regulation and Authority.** For the avoidance of doubt, the authority of the Board under this Section 11.5 includes regulation of: (i) the location, size, design and appearance of Structures; (ii) the materials and colors of exterior features and surfaces of Structures, including siding, roofing, windows and doors; (iii) the placement and appearance of ancillary items such as antennae, security devices, and hardscaping; and (iv) other factors relating to compliance with the Governing Documents or harmony with the other Homes and improvements in the Community. The Board shall not have authority to (i) regulate the maintenance, repair or reconstruction of a Structure that does not change its location, size or appearance; or (ii) regulate any landscaping (other than hardscaping) on a Unit unless it alters/interferes with the plan requirements of the Community. The Board shall have the authority to adopt Rules to implement and clarify the scope, standards and processes under this Section 11.5 and to appoint, pursuant to the Bylaws, an architectural control committee to exercise some or all of its authority hereunder or to advise it as to matters hereunder.

**11.5.2 Particular Standards.** The following standards shall apply to all Structures and alterations of Structures in the Community.

11.5.2.1 The maximum height of any Home shall be per City code.

11.5.2.2 The maximum height of any fence shall be six (6) feet.

11.5.2.3 No radio, television or satellite antenna, dish or receiving device other than a "protected antenna" (as defined in 47 C.F.R. §1.4000, as it may be amended) may be installed on the front of a Unit. Any receiving device shall not be larger than 24 inches in diameter.

11.5.3 Approval Process. Subject to any Rules adopted by the Board, an Owner desiring to construct or install any new Structures or alter any existing Structures on its Unit must apply to the Board for approval. The Board may require the submission of plans and specifications and other data relating to the proposal. The Board may require that plans and specifications be prepared by a competent professional and may establish requirements for the format and content of materials submitted to it. The Board may require evidence that the Owner has obtained all permits necessary for the proposed work. Construction, alteration or repair shall not be started until written approval thereof is given by the Board. The Board shall act promptly to process applications and render a decision. The failure of the Board to approve a proposal within 60 days after receiving a complete application, shall be deemed to constitute the Board's approval of the proposal.

11.5.4 Declarant Exempt. The Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions of this Section 11.5. Declarant reserves the right to exempt any Dealer to whom Declarant conveys Units from the restrictions of this Section 11.5.

Section 11.6 Construction Work – Common Elements. Except as otherwise allowed by the Conversion Documents, or the Board, no owner may alter any portion of the Common Elements.

Section 11.7 Landscape. The Board may require, at the Owner's expense, the trimming, topping or, removal of any tree, hedge or shrub on an Owner's Unit that it determines is interfering with travel on roads, sidewalks or trails in the Community, or presents a safety hazard related to the Common Elements.

Section 11.8 Declarant Inspections. Until the expiration of all warranties given by the Declarant and the time period for filing any claims against the Declarant, the Declarant shall have the right, but not the obligation, to conduct inspections and tests from time to time of all or any parts of the Common Elements, including the Limited Common Elements, in order to ascertain the physical condition of the improvements in the Community and to determine whether maintenance, repairs or replacements of any such improvements are indicated. The Declarant shall pay all costs of such inspections and tests and restore the affected portion of the property to its condition immediately prior thereto, and shall indemnify the Association and Owners of any affected Units from any damage resulting therefrom. The Declarant shall have such rights of entry on, over, under, across and through the Community as may be reasonably necessary to exercise the rights described in this Section 11.8.

## **ARTICLE 12 SPECIAL DECLARANT RIGHTS**

Section 12.1 Declarant's Right to Complete Improvements. The Declarant and its agents, employees and contractors have the right to complete any improvements and otherwise perform work that is authorized by the Declaration, indicated on the Map, authorized by building permits, provided for under any purchase and sale agreement, necessary to satisfy any express or implied warranty, or otherwise authorized or required by law. The Declarant also has the right to make any modifications, improvements or changes to the Common Elements as the Declarant determines are appropriate to increase the appeal of the Community to potential buyers, to correct problems in the design or construction of the Community, or for the benefit of one or more Units. In conjunction with the foregoing rights, until construction of the Community is completed, the Declarant shall have the right to use any unassigned parking spaces and any portion of any garage

or parking lot for staging, storage, parking and other construction-related purposes. The foregoing rights shall terminate seven years from the date this Declaration is recorded.

**Section 12.2 Declarant's Right to Maintain Sales Facilities.** The Declarant, its agents and its employees have the right to install and maintain in any Units owned by the Declarant and in any of the Common Elements any facilities that the Declarant deems necessary or convenient to the construction, marketing, sale or rental of Units. These facilities may include but are not limited to business offices, management offices, sales offices, construction offices, storage areas, signs, model units and parking areas for Declarant and its employees, agents and contractors, and prospective Tenants or purchasers and their agents. The Declarant may install and maintain as many of such facilities as it deems necessary or convenient in such locations as it deems necessary or convenient. The Declarant may relocate such facilities as it determines is appropriate in its sole discretion. The right to install and maintain such facilities will expire when the Declarant ceases to be a Unit Owner and has no further Development Rights in the Community (including no more right to add property to, or create additional Units in, the Community). The Declarant will have a reasonable time, but in no event less than 60 days after such expiration, to remove any such facilities from the Community. Notwithstanding the foregoing, any sales office, management office, or model unit not designated as a Unit in this Declaration or any amendments thereto shall be a Common Element.

**Section 12.3 Declarant's Right to Use Easements.** The Declarant and its agents, employees and contractors have an easement over, across, under and through the Common Elements and the Units within the Community as reasonably necessary for the purpose of completing construction, exhibiting and preparing Units for sale, making repairs required pursuant to any contract of sale, discharging the Declarant's obligations, or exercising Special Declarant Rights within the Community or within any real estate that may be added to the Community. The foregoing rights shall terminate seven years from the date this Declaration is recorded. The Declarant further reserves mutual nonexclusive easements over, across, and through the Common Elements of the Community for the benefit of the Declarant and its successors and assigns as present and future owners of buildings on the Additional Property, and for the benefit of the Association and all Owners of Units in the Community as follows: (i) for ingress to and egress over the roadways and pathways of the Community and the Additional Property; (ii) to have access to and to tie into and utilize any water, sanitary sewer, storm drainage, electricity, gas, telephone, cable, television, or other utility lines now or hereafter established in the Community and on the Additional Property; and (iii) for the right to use the mail kiosk and trash facilities located on such properties. The easements reserved hereby shall not be exercised in a manner that will overload or materially impair the use and enjoyment of the roadways, pathways, and utilities by Unit Owners or the present and future owners of the buildings on the Additional Property.

**Section 12.4 Declarant's Rights to Enter into Cost Sharing Agreement with City.** The Declarant reserves the right to enter into a cost sharing agreement with the City to establish further details, terms and conditions relating to the City's maintenance of Tract 999 and the cost sharing allocation between the City and the Association relating thereto.

**Section 12.5 Intentionally Deleted.**

**Section 12.6 Declarant's Right to Appoint, Remove and Veto.** Until the Control Termination Date, the Declarant shall have the right to appoint and remove all officers and members of the Board. Notwithstanding the foregoing, not later than 60 days after Conveyance of 25% of the Units that may be created to Owners other than the Declarant, at least one member and not less than 25% of the members of the Board must be elected by Owners other than the

Declarant; and not later than 60 days after Conveyance of 50% of the Units that may be created to Owners other than the Declarant, not less than one-third of the members of the Board must be elected by Owners other than the Declarant. The Declarant may at any time voluntarily terminate its right to appoint and remove officers and members of the Board by recording an amendment to the Declaration surrendering such right. If the Declarant does so, it may, for the duration of the period ending on the Control Termination Date, retain the right to veto or approve proposed actions of the Association or Board before they become effective. To exercise this right, the Declarant must execute and record an instrument that specifies the proposed actions that may be vetoed or approved by the Declarant. The foregoing rights shall terminate on the Control Termination Date.

**Section 12.7    Declarant's Right to Control Architectural Committees.** Until the Declarant no longer owns any Unit in the Community and no longer has a Development Right to create any Units in the Community or real estate added to the Community, the Declarant has the right to appoint and remove all officers and members of any construction, design review or aesthetic standards committee of the Association. In addition, during the period set forth in this Section 12.7, the Declarant shall have the right to control any construction, design review or aesthetic standards review or approval process. The Declarant may voluntarily terminate its right to appoint and remove officers and members of any such committee or control any process by recording an amendment to the Declaration surrendering the right to appoint and remove officers and members of such committee. If the Declarant does so, it may, for the duration of the period set forth in this Section 12.7, exercise the right to approve certain actions of any such committee before they become effective. The foregoing rights will terminate on the later of the date the Declarant no longer owns any Unit in the Community, or the date the Declarant no longer has a Development Right to create any Units in the Community or in real estate added to the Community.

**Section 12.8    Declarant's Right to Attend Association Meetings.** The Declarant has the right, whether or not it owns any Units in the Community, to attend all meetings of the Association, except during any executive session when Owners are excluded. The Association shall send the Declarant notices of all meetings and copies of all minutes of all meetings at the same time that such items are sent to Unit Owners. Notices and minutes shall be delivered to the Declarant in a Tangible Medium at the address specified in Section 26.1 or in such other manner as the Declarant shall specify in a Record from time to time. The foregoing rights shall terminate seven years from the date this Declaration is recorded.

**Section 12.9    Declarant's Right to Association Records.** The Declarant has the right, whether or not it owns any Units in the Community, to have access to the Books and Records of the Association to the same extent as a Unit Owner, including, without limitation, pursuant to Section 13.7 and Section 13.8 of this Declaration. The foregoing rights shall terminate seven years from the date this Declaration is recorded.

**Section 12.10    Declarant's Right to Add Real Estate to the Community.** The Declarant has the right to add some or all of the Additional Property to the Community. The foregoing rights shall terminate seven years from the date this Declaration is recorded. Any future improvements on the Additional Property will be generally of the same quality as the existing improvements. All future improvements on the Additional Property will be substantially complete before the Additional Property is added to the Community. Any liens that arise in connection with the Declarant's ownership of and construction of improvements on the Additional Property shall not adversely affect the rights of other Unit Owners or the priority of Mortgages on the Units. All taxes and costs relating to improvements on the Additional Property before it has been added to the Community shall be paid by or allocated to the Declarant.

Section 12.11 Declarant's Right to Add Improvements to the Community. The Declarant has the right to add the following improvements to the Community: up to 113 additional Units, Critical Areas and Common Elements on the real property identified as Tracts 994 and 995 on the Map. The foregoing rights shall terminate seven years from the date this Declaration is recorded.

Section 12.12 Declarant's Right to Create Units, Limited Common Elements and Common Elements. The Declarant has the right to create up to 113 additional Units on the following real estate: Tracts 994 and 995. The Declarant will be the Owner of any Unit so created. The Declarant is not required to create any additional Units. The Declarant has the right to create additional Common Elements including but not limited to Critical Areas and Buffers. The Declarant is not, however, required to create any additional Common Elements. The foregoing rights shall terminate seven years from the date this Declaration is recorded.

Section 12.13 Declarant's Right to Convert Units to Common Elements. The Declarant has the right to convert any Unit that has not been conveyed to an Owner other than a Declarant into Common Elements. The foregoing rights shall terminate seven years from the date this Declaration is recorded

Section 12.14 Intentionally Deleted.

Section 12.15 Declarant's Right to Reallocate Limited Common Elements Allocated to Unsold Units. The Declarant has the right to reallocate any Limited Common Element allocated to any Unit that has not been conveyed to an Owner other than the Declarant. The foregoing rights shall terminate seven years from the date this Declaration is recorded.

Section 12.16 Exercise of Development Rights.

12.16.1 General. To exercise any Development Right reserved under this Article 12, the Declarant shall prepare, execute and record an amendment to the Declaration. In conjunction therewith, the Declarant shall record an amendment or supplement to the Map if the previous Map lacks the required detail, certification or other matters required under the CIC Act.

12.16.2 Creation of New Units or Limited Common Elements. An amendment creating Units will (i) show any new Unit(s) created; (ii) reallocate the Allocated Interests among all the Units in the Community; (iii) describe any Limited Common Elements thereby created and designate the Units to which they are allocated (to the extent required by RCW 64.90.240 and 250); and (iv) reallocate the Allocated Interests of all Units in the Community using the formulas set forth in Article 6 of the Declaration. The amendment will reallocate the Allocated Interests of all Units in the Community using the formulas set forth in Article 6 of the Declaration.

12.16.3 Conversion of Common Elements. Whenever the Declarant exercises the Development Right to convert a Unit into additional Common Elements, if the Declarant converts the Unit entirely to Common Elements, the amendment to the Declaration must reallocate all the Allocated Interests of that Unit among the other Units as if that Unit had been taken by condemnation under Section 22.

Section 12.17 Use of Property Subject to Development Rights. The Owners shall have the right to use the driveways, sidewalks, parking spaces, and open spaces of the Additional Property that may be added to the Community, subject to the Declarant's Special Declarant Rights.

Section 12.18 Responsibility for Expenses. The Declarant shall be responsible for all expenses incurred in connection with real estate subject to Development Rights. Notwithstanding the foregoing, all expenses associated with the operation, maintenance, repair and replacement of any Common Element that the Owners have a right to use (including, without limitation, amenities, parking spaces, drives, roads, sidewalks, and open spaces) must be paid by the Association as a Common Expense. The Declarant's responsibility shall cease upon the exercise or expiration of such Development Rights, whichever is earlier. The Declarant may pay such costs directly or through the Association. The Declarant is also entitled to all income from such portions of the property and any improvements thereon until the exercise or expiration of such Development Rights.

Section 12.19 Different Parcels; Different Times. Any Development Right may be exercised with respect to different parcels of real estate at different times. No assurances are made as to final boundaries of such parcels or as to the order in which those parcels may be subject to the exercise of each Development Right. Even though a Development Right is exercised in any portion of the real estate subject to that right, that right need not be exercised in all or in any other portion of the remainder of that real estate.

Section 12.20 Liens. Any liens that arise in connection with the Declarant's ownership of or construction of any additional improvements shall attach only to the Declarant's interest in any improvements owned by the Declarant or against the Declarant's Special Declarant Rights and shall not adversely affect the rights of other Unit Owners or the priority of Mortgages on the Units. All taxes and costs relating to improvements before the Units therein have been created shall be paid by or allocated to the Declarant.

Section 12.21 Transfer of Special Declarant Rights. The rights described in this Article 12 shall not be transferred except by instrument evidencing the transfer executed by the Declarant or the Declarant's successor and the transferee and recorded in the county in which the Community is located. The rights and liabilities of the parties involved in such a transfer and of all Persons who succeed to any Special Declarant Right are set out in the CIC Act.

Section 12.22 Termination of Special Declarant and Development Rights. Each Special Declarant Right and Development Right shall terminate as set forth above. The Declarant may, however, voluntarily terminate any or all aspects of its Special Declarant Rights or Development Rights at any time by recording an amendment to the Declaration specifying which rights are thereby terminated.

Section 12.23 Liability for Damage. The Declarant is subject to liability for the prompt repair and restoration, to a condition compatible with the remainder of the Community, of any portion of the Community damaged by the exercise of rights reserved by the Declarant pursuant to or created by this Declaration or the CIC Act.

## **ARTICLE 13 OWNERS ASSOCIATION**

Section 13.1 Form of Association. The Owners of Units shall constitute an owner's association to be known as The Timbers Condominium Association (the "Association"). The Association shall be organized as a nonprofit miscellaneous or mutual corporation, no later than the date the first Unit in the Community is conveyed. Except where expressly reserved to the Owners under the CIC Act or the Governing Documents, the affairs of the Association shall be managed by a Board. The rights and duties of the Board and the Association shall be governed by

the provisions of the CIC Act, the Washington Miscellaneous and Mutual Corporations Act, Chapter 24.06 RCW, the Declaration and the Bylaws.

**Section 13.2 Bylaws.** The initial directors appointed in the Articles will adopt initial Bylaws to supplement the Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with the CIC Act or the Governing Documents. The Bylaws may be amended pursuant to the procedures set forth in Article 24.

**Section 13.3 Qualifications for Membership.** Each Owner of a Unit (including the Declarant as to Units it owns) shall be a member of the Association and shall be entitled to one membership for each Unit owned. Only Owners may be members of the Association. Ownership of a Unit shall be the sole qualification for membership in the Association. Corporations, partnerships, associations, and other legal entities, trustees under an express trust, and other fiduciaries, as well as natural persons, may be members of the Association.

**Section 13.4 Transfer of Membership.** The membership of an Owner in the Association is appurtenant to the Unit giving rise to the membership. The membership may not be transferred in any way except upon the transfer of title to the Unit and then only to the transferee of title to the Unit, provided that if a Unit has been sold on contract, the contract purchaser shall, except as otherwise set forth in the Governing Documents, exercise all rights of the Owner under the Governing Documents, and shall be the voting representative unless otherwise specified. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Unit will automatically transfer the membership in the Association to the new Owner.

**Section 13.5 Voting.**

**13.5.1 Number and Classes of Votes.** The allocation of Voting Interests in the Association is set forth in Section 6.4. Other matters concerning voting are set forth in the Bylaws.

**13.5.2 Arbitration.** If the votes are tied on any matter voted upon by the members of the Association, the matter shall be submitted to arbitration and mediation as provided in Article 28 of this Declaration.

**Section 13.6 Powers of Association.**

**13.6.1 General Powers.** Except to the extent limited by the Governing Documents, the Association shall have (i) all powers authorized under the CIC Act and the Washington Nonprofit Miscellaneous and Mutual Corporations Act; (ii) all powers necessary for the operation of the Community or governance of the Association; (iii) any other powers authorized by this Declaration; and (iv) all powers that may be exercised by any corporation of the same type as the Association.

**13.6.2 Capital Improvements.** The Association may cause additional improvements to be constructed within the Common Elements and may acquire, hold, encumber, convey, and dispose of, in the Association's name, any additional tangible or intangible personal property. If the estimated cost of any such improvements or personal property to the Community exceeds \$25,000, the approval of the Owners holding at least 51% of the votes in the Association shall be required; and if such estimated cost exceeds \$50,000, the approval of the Owners holding 67% of the votes in the Association shall be

required. This Section 13.6.2 does not apply to maintenance, repair or replacement of existing Common Element improvements.

**13.6.3 Rules.** The Board shall have the power to adopt Rules for any purpose authorized under the CIC Act, including the power to adopt Rules to establish and enforce construction and design criteria and aesthetic standards pertaining to the improvements and alterations to the Community. In adopting, amending or rescinding Rules, the Board (i) shall give consideration to the matters brought to its attention after notice to the Unit Owners; and (ii) shall give consideration to the interests of individual Owners and Authorized Users as well as the interests of the Association. All Rules must be reasonable. All Rules must treat similarly situated Units, Owners and Authorized Users similarly. No Rules shall be inconsistent with or violate the provisions of the Governing Documents. Before, adopting, amending or repealing any Rule, the Association must give all Owners notice of: (i) its intention to adopt, amend, or repeal a Rule and provide the text of the Rule or the proposed change; and (ii) a date on which the Board will act on the proposed Rule or amendment after considering comments from Owners. Following adoption, amendment, or repeal of a Rule, the Association must give notice to the Owners of its action and provide a copy of any new or revised Rule.

**Section 13.7 Accounts, Records, Financial Statements, Audits and Funds.** The Association must keep all of its funds in accounts in the name of the Association with a Qualified Financial Institution. The Association shall keep financial records in accordance with accrual-based accounting principles. The Association must establish and maintain its accounts and records in a manner that will enable it to credit Assessments for Common Expenses and Specially Allocated Expenses, including allocations to reserves, and other income to the Association, and to charge expenditures, to the account of the appropriate units in accordance with the provisions of this Declaration. To assure that the Unit Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association must be reconciled at least annually unless the Board determines that a reconciliation would not result in a material savings to any Unit Owner. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association in accordance with accrual-based accounting principles. The annual financial statement shall be audited at least annually by a certified public accountant who is not a member of the Board or an Owner unless the annual Assessments for the year were less than \$50,000.00 and Owners holding a majority of the votes, excluding votes held by the Declarant, waive the audit for that year. The financial statement shall be completed in time for the Association's annual meeting and in any event within 120 days following the end of the fiscal year. Any Mortgagee of a first Mortgage, and Declarant pursuant to Article 12, will be entitled to receive the audited financial statement upon written request. The Board, or Persons having 35% of the voting power of the Association, may require that an audit of the Association and management books be presented at any special meeting. An Owner or Mortgagee, or Declarant pursuant to Article 12, at such Person's expense, may at any reasonable time conduct an audit of the books of the Board and Association. Upon written request of Freddie Mac, Fannie Mae, HUD or VA, if it is a Mortgagee or prospective Mortgagee, the Association shall provide within a reasonable time an audited financial statement of the Association for the preceding fiscal year.

**Section 13.8 Inspection of Documents, Books and Records.** The Association shall make available for inspection upon request, during normal business hours or under other reasonable circumstances to Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and Declarant pursuant to Article 12, and the agents or attorneys of any of them, current copies of the Books and Records of the Association. The Association may require the requesting party to pay a reasonable charge to cover the cost of making the copies.

## **ARTICLE 14 TRANSITION TO OWNER CONTROL**

Section 14.1 Election of New Board. No later than the Transition Date, the Board shall call a Transition Meeting to elect a new Board. The Persons elected to the Board at the Transition Meeting shall take office upon such election. Nothing shall prevent previously elected or appointed directors from being elected at such election.

Section 14.2 Transfer of Association Property. No later than 30 days after the Transition Meeting, the Declarant shall deliver to the Board elected at the Transition Meeting, or the management agent of the Association, all property of the Owners and of the Association held or controlled by the Declarant pursuant to the CIC Act.

Section 14.3 Audit of Association Records. No later than 60 days after the Transition Meeting, the Board shall engage an independent certified public accountant to audit the records of the Association in accordance with generally accepted auditing standards, unless the Owners, other than the Declarant, by majority vote, elect to waive the audit. The cost of the audit shall be a Common Expense.

Section 14.4 Termination of Contracts and Leases Made by the Declarant. Within two years after the Transition Meeting, the Association may terminate, without penalty, upon not less than 90 days' notice to the other party, any of the following if it was entered into before the Transition Meeting: (a) any management, maintenance, operations or employment contract, or lease of recreational or parking areas or facilities; or (b) any other contract or lease between the Association and the Declarant or an affiliate of the Declarant, as defined in Section 010(1) of the CIC Act. The Association may terminate, without penalty, at any time after the Board elected at the Transition Meeting takes office, upon not less than 90 days' notice to the other party any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into. This Section 14.4 does not apply to any lease, the termination of which would terminate the Community or reduce its size, unless the real estate subject to that lease was included in the Community for the purpose of avoiding the right of the Association to terminate a lease under this Section 14.4.

## **ARTICLE 15 THE BOARD OF DIRECTORS**

Section 15.1 Qualifications of Directors and Officers. The qualifications, number, method of election, removal and terms of service of the directors and officers shall be as specified in the Bylaws

Section 15.2 Powers of the Board. Except where expressly reserved to the Owners under the CIC Act or the Governing Documents, the affairs of the Association shall be managed by the Board. The Board may exercise all powers of the Association, except as otherwise provided in the CIC Act, or the Governing Documents. The Board shall arrange for, and shall have the exclusive right to contract for, goods and services necessary for the proper functioning of the Community. Those goods and services may include, but are not limited to, the following:

15.2.1 Utilities. All necessary utility services for the Common Elements and the Units.

15.2.2 Additions to Common Elements. The addition of improvements or personal property to the Common Elements.

15.2.3 Professional Services. Legal and accounting services necessary or proper for the operation of the Community or enforcement of Governing Documents; services of a hearing officer for quasi-judicial disputes; or services of an architect or other professional to assist with applications for changes to the Community.

15.2.4 Maintenance. The maintenance, repair and replacement of the Common Elements including the Limited Common Elements (such as landscaping, and common utility facilities).

15.2.5 Other Necessary Expenditures. Any other materials, supplies, furniture, labor, services, insurance, taxes or assessments which the Board is required to secure or pay for pursuant to the terms of this Declaration or the Bylaws, or under law, or which, in its opinion, is necessary or proper for the operation of the Community, or for the enforcement of this Declaration or the Bylaws.

15.2.6 Liens. The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which may or is claimed to, in the opinion of the Board, constitute a lien against the property or against the Common Elements, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expense incurred by the Board by reason of such lien or liens shall be assessed against the Owners and the Units responsible to the extent of their responsibility and shall be immediately due and payable to the Association.

Section 15.3 Managing Agent. The Declarant or Board may contract with an experienced professional Managing Agent to assist the Board in the management and operation of the Community and may delegate such of its powers and duties to the Managing Agent as it deems to be appropriate, except as limited herein. Any contract with a Managing Agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (a) for cause, on 30 days' written notice; or (b) without cause, on not more than 90 days' written notice.

Section 15.4 Authority to Borrow. If the Board determines that the funds of the Association are or will be insufficient to pay the expenses of the Association, the Association may borrow funds to pay such expenses. To secure the repayment thereof, the Association may, encumber (subject to the limitations set forth in this Declaration) any portion of the Common Elements. Proceeds of the conveyance or financing are an asset of the Association. In addition, to secure the repayment thereof, the Association may assign (subject to the limitations set forth in this Declaration) its right to receive future income of the Association, including any receivable, right to payment, and special and general Assessments from the Unit Owners. Prior to making such an assignment, the Board shall provide a notice of intent to borrow to all the Owners. The notice must include the purpose and maximum amount of the loan, the estimated amount and term of any assessments required to repay the loan, a reasonably detailed projection of how the money will be expended, and the interest rate and term of the loan, and must set a date for a meeting of the Owners to consider ratification of the borrowing not fewer than 14 or more than 60 days after mailing of the notice. Unless at that meeting, whether or not a quorum is present, the Owners to which a majority of the votes in the Association are allocated reject the proposal to borrow funds, the Association may proceed to borrow the funds in substantial accordance with the terms contained in the notice. In connection with the encumbrance of future income of the Association,

the Association may execute such loan documents and undertake such obligations as the lender may require to realize on the encumbrance including powers of attorney, control over deposit accounts, the right to file or foreclose Assessment liens, and the right to contact account debtors (including the Unit Owners) and require that payment be made directly to the lender.

**Section 15.5    Standard of Conduct.** In the performance of their duties, the officers and directors are required to exercise the degree of care and loyalty to the Association required of an officer or a director of a corporation organized, and are subject to the conflict of interest rules governing directors and officers, under Chapter 24.06 RCW.

**Section 15.6    Limitations on Board Authority.** The Board shall act reasonably, in light of the facts determined by the Board, in making all determinations, exercising its discretion, granting or withholding consent, or taking any action on behalf of the Association. The Board shall not, without the vote or agreement of the Unit Owners, (i) amend the Declaration except as set forth in Article 24; (ii) amend the organizational documents of the Association; (iii) terminate the Community; (iv) elect members of the Board; or (v) determine the qualifications, powers, duties, or terms of office of members of the Board. The Board may, in accordance with the Bylaws, fill vacancies in its membership for the unexpired portion of any term.

**Section 15.7    Limitation of Liability; Indemnification.** The liability of each director, officer and committee member, including the Declarant when acting in any such capacity, shall be limited as set forth in the Association's Articles. Each director, officer and committee member, including the Declarant when acting in any such capacity, shall be entitled to indemnity, reimbursement of expenses and advances of expenses as set forth in the Association's Articles.

**Section 15.8    Lawsuits or Arbitration Proceedings.**

**15.8.1    General.** The Association may institute, defend, or intervene in litigation or in arbitration, mediation, or administrative proceedings or any other legal proceeding ("Proceedings") in its own name on behalf of itself or on behalf of two or more Unit Owners, in a representative capacity, on matters affecting the Community, but any action on behalf of Unit Owners shall not convert any individual claims or legal rights that the Unit Owners may have into claims or rights of the Association.

**15.8.2    Notice.** The Board must carefully evaluate the potential costs and risks to the Unit Owners before committing the Unit Owners to a course of action in any Proceedings. The Board shall evaluate those matters and promptly provide notice in a Record to the Units Owners about any legal proceedings in which the Association is a party other than Proceedings involving the enforcement of Rules or to recover unpaid Assessments due to the Association. The notice shall describe: (i) the principal amount sought to be recovered; (ii) the estimated attorneys' fees which will be chargeable to the Association; (iii) the basis on which the attorneys' fees will be paid (for example, hourly, flat fee or contingent); (iv) the estimated cost of all witnesses or investigators including bookkeepers, accountants, consultants, investigators, contractors, and experts; (v) the nature of the Association's claims and defenses and the amount at issue; and (vi) the negative consequences the Unit Owners could suffer by reason of the proposed Proceedings, including the likelihood of special Assessments and the impact of the litigation on Unit sales or refinancings while the Proceedings are pending.

## **ARTICLE 16 BUDGET AND ASSESSMENTS**

Section 16.1 Fiscal Year. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year.

Section 16.2 Preparation of Budget. Not less than 30 days before the end of the fiscal year in which Assessments are collected, the Board shall prepare a budget for the Association for the coming year. The budget must include: (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 amount of regular Assessments budgeted for contribution to the reserve account; (v) a statement of whether the Association has a reserve study that meets the requirements of the CIC Act and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and (vi) the current deficiency or surplus in reserve funding expressed on a per unit basis. The Budget shall also take into account any surplus or deficit carried over from the preceding year, and make provision for reasonable reserves for contingencies. The Board need not reserve for items that can reasonably be funded from cash flow or borrowing, and need not adopt a "fully funded" plan or contribution and may adopt such plan and contribution rate as it deems appropriate in its reasonable discretion. The Board may at any suitable time require the commencement of contributions to such reserve accounts. The Board need not adopt a new budget prior to the Transition Date, and any budget adopted during such period may be based on the actual expenses for the Association and need not provide for accumulation of reserves.

Section 16.3 Ratification of Budget. Within 30 days after adoption of any proposed budget for the Community, the Board shall provide a copy of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not fewer than 14 or more than 50 days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget and the Assessments against the Units included in the Budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, or the required notice is not given, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board. If the Board proposes a supplemental budget during any fiscal year, such budget shall not take effect unless ratified by the Unit Owners in accordance with this Section 16.3.

Section 16.4 Revisions to Budget. The Board may revise the budget and any Assessments based thereon, from time to time for any reason, including non-payment of any Owner's Assessments. Any revision to the budget is, however, subject to the notice requirements and the right of Owners to ratify the revised budget set forth in Section 16.3.

Section 16.5 Assessments for Common Expenses. The sums required by the Association for Common Expenses as reflected in the annual budget and any supplemental budget shall be divided into installments to be paid periodically, as determined by the Board, over the period to be covered by the budget or supplemental budget. The Tract 999 Costs described in Section 9.9 shall be included in the Common Expenses. The Assessment for Common Expenses for each Unit shall be the sum of (a) the Common Expense Liability of that Unit multiplied by the total periodic installment for Common Expenses (except Specially Allocated Expenses) for all Units; and (b) any Specially Allocated Expenses of that Unit. Assessments shall commence against all Units that have been created by this Declaration no later than the date of the first

Conveyance of a Unit to an Owner other than Declarant. Notwithstanding the foregoing, the Declarant may delay the commencement of Assessments for some or all Common Expenses or Specially Allocated Expenses beyond such date, in which event the Declarant must pay all of the Common Expenses or Specially Allocated Expenses that have been delayed during the period of delay. The Declarant may exercise the right to delay Assessments for any Units whether initially created or subsequently created pursuant to a Development Right to create Units. If Declarant has paid insurance premiums prior to the commencement of Assessments, it shall be entitled to a refund from the Association of any unearned premium for the period after commencement of Assessments. If the Association does not have adequate working capital at the commencement of Assessments to reimburse the Declarant for the unearned premiums, it may deliver a promissory note to the Declarant and pay the balance due over time.

Section 16.6 Specially Allocated Expenses. There are no Specially Allocated Expenses.

Section 16.7 Misconduct. To the extent that any Common Expense is caused by the negligence of any Owner or Authorized User of any Unit, the Association may assess that expense against the Owner's Unit.

Section 16.8 Special Assessments. For those Common Expenses which cannot reasonably be calculated and paid on a periodic basis, the Board may levy special Assessments for such expenses against the Units, subject to ratification by the Owners pursuant to Section 16.3.

Section 16.9 Reserve Studies. The Association shall obtain reserve studies and updated reserve studies as required by the CIC Act. 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 of or 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 and need not be completed each year by a reserve study professional; provided, however, that 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. Until the expiration of all warranties given by or imposed upon the Declarant, and the time period for filing any claims against the Declarant, the Board shall contemporaneously send a copy of each reserve study to the Declarant at the address specified in Section 26.1, or such other address as the Declarant may specify in a Record to the Association from time to time.

Section 16.10 Creation of Reserve Account. Once Assessments for replacement reserves are collected, the Board shall establish one or more accounts for the deposit of reserve contributions. Any reserve account must be an income-earning account maintained under the direct control of the Board, and the Board is responsible for administering the reserve account. The operation of the reserve account and any Assessments for contribution to the reserve account shall be further governed by this Article 16 and the Bylaws.

Section 16.11 Withdrawals from Reserve Accounts. The Board may withdraw funds from the Association's reserve accounts 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 months unless the Board determines that repayment within twenty-four 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 16.2 of this Declaration (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 of repayment requirements under this section to pay for replacement costs of reserve components not included in the reserve study.

Section 16.12 Payment of Assessments. On a date as the Board may establish by Rule, each Owner shall pay or cause to be paid to the treasurer or designated agent of the Association all Assessments against the Unit due for that period, as determined by the Board. Any Assessment that is not paid when due will be subject to late charges, interest charges and collection adopted by the Board pursuant to Section 17.9.

Section 16.13 Proceeds Belong to Association. All Assessments and other receipts received by the Association on behalf of the Community shall belong to the Association.

Section 16.14 Failure to Assess. Any failure by the Board or the Association to make the budgets and Assessments hereunder before the expiration of any year for the ensuing year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owner from the obligation to pay Assessments during that or any subsequent year, and the Assessments amounts established for the preceding year shall continue until new Assessments are established.

Section 16.15 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of the Owner's Unit, the Board must furnish a statement signed by an officer or authorized agent of the Association stating the amount of unpaid Assessments against that Unit. The Association must furnish the statement within 15 days after receiving the request. The statement shall be binding on the Association, the Board and every Unit Owner, unless and to the extent known by the recipient to be false. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the statement.

Section 16.16 Recalculation of Assessments. If Common Expense Liabilities are reallocated, Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities. The Board shall have the discretion to determine when to impose the recalculated Assessments, but in no event, shall the Board delay imposition beyond the fiscal year during which the Common Expense Liabilities were reallocated.

Section 16.17 Initial Contribution to Working Capital. The first purchaser (as defined in the CIC Act) of any Unit shall, at the time of closing, pay to the Association (or the Declarant as set forth below), in addition to other amounts due, a non-refundable initial contribution to the Association's working capital in an amount to be determined by Declarant. The Declarant shall not use any such contributions to defray expenses that are the obligation of Declarant.

## **ARTICLE 17 LIEN AND COLLECTION OF ASSESSMENTS**

Section 17.1 Assessments Are a Lien; Priority.

17.1.1 The Association has a lien on a Unit for any unpaid Assessment levied against a Unit from the time the Assessment is due.

17.1.2 A lien under this Article 17 shall be prior to all other liens and encumbrances on a Unit except: (i) liens and encumbrances recorded before the recording

of this Declaration; (ii) a Mortgage on the Unit recorded before the date on which the unpaid Assessment became due; and (iii) liens for real estate taxes and other governmental assessments or charges against the Unit.

17.1.3 Except as provided in this Section 17.1.3, the lien shall also be prior to the Mortgages described in Section 17.1.2(ii) to the extent of an amount equal to:

17.1.3.1 Assessments (whether specially allocated or not) for Common Expenses, excluding any amounts for capital improvements, based on the periodic budgets adopted by the Association pursuant to Article 16, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the Association's lien or a Mortgage described in Section 17.1.2(ii); plus

17.1.3.2 The Association's actual costs and reasonable attorneys' fees incurred in foreclosing its lien but incurred after the giving of the notice described in Section 17.1.3.3; provided, however, that the costs and reasonable attorneys' fees that will have priority under this Section 17.1.3.2 shall not exceed \$2,000 or an amount equal to the amounts described in Section 17.1.3.1, whichever is less.

17.1.3.3 The notice must satisfy the requirements of Section 515 of the CIC Act.

17.1.4 Recording of this Declaration constitutes recorded notice and perfection of the lien for Assessments; however, the Association may record a notice of claim of lien for Assessments in the real estate records of the county in which the Community is located. Such recording shall not constitute the notice referred to in Section 17.1.3.3.

**Section 17.2 Judicial Foreclosure.** A lien arising under this Article 17 may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW, subject to any rights of redemption under Chapter 6.23 RCW. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months.

**Section 17.3 Non-Judicial Foreclosure.** A lien arising under this Article 17 may be foreclosed non-judicially in the manner set forth in Chapter 61.24 RCW for non-judicial foreclosure of deeds of trust. For the purpose of preserving the Association's non-judicial foreclosure option, this Declaration shall be considered to create a grant of each Unit in trust to Chicago Title Company or other title company or their successors or assigns ("Trustee"), to secure the obligations of each Unit Owner to the Association for the payment of Assessments. Each Unit Owner shall retain the right to possession of its Unit so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Unit, which becomes operative in the case of a default in a Unit Owner's obligation to pay Assessments. The Units are not used principally for agricultural or farming purposes. If the Association forecloses its lien non-judicially pursuant to this Section 17.3, it shall not be entitled to the lien priority over Mortgages provided in Section 17.1.3 and shall be subject to the limits on deficiency judgments under Chapter 61.24 RCW.

**Section 17.4 Receiver During Foreclosure.** In an action to collect Assessments or to foreclose on a lien on a Unit, the Association shall be entitled to the appointment of a receiver to

collect all sums due and owing to the Unit Owner before commencement of the action or during the pendency of the action. The receivership shall be governed by Chapter 7.60 RCW. During the pendency of the action, the court may order the receiver to pay sums held by the receiver to the Association for any Assessments against the Unit. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Unit.

Section 17.5 Effect of Foreclosure. The Association or its authorized representative shall have the power to purchase the Unit at the Foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Nothing in this Article 17 shall prohibit the Association from taking a deed in lieu of Foreclosure. Except as provided in Section 17.1.3, the holder of a Mortgage or other purchaser of a Unit who obtains the right of possession of a Unit through Foreclosure shall not be liable for any Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Owners, including such Mortgagee or other purchaser of the Unit. Foreclosure of a Mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale.

Section 17.6 Assessments Are Personal Obligations. In addition to constituting a lien on the Unit, all sums assessed by the Association chargeable to any Unit, including all charges in this Article 17, shall be the personal obligation of the Owner of the Unit when the Assessments are made. Suit to recover personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 17.7 Extinguishment of Lien and Personal Liability. A lien for unpaid Assessments and the personal liability for payment of Assessments are extinguished unless proceedings to enforce the lien or collect the debt are instituted within six years after the full amount of the Assessments sought to be recovered becomes due.

Section 17.8 Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same is assessed as of the time the Assessment is due. In a voluntary Conveyance, other than by foreclosure, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's Conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

Section 17.9 Late Charges and Interest on Delinquent Assessments; Notice to Eligible Mortgagees. The Association may from time to time establish reasonable late charges and a rate of interest to be charged, not to exceed the maximum rate calculated under RCW 19.52.020 on all subsequent delinquent Assessments or installments thereof. If the Association has not established such a rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent. For any Assessments delinquent by more than 60 days, the Association shall provide written notice to the Eligible Mortgagee of such Unit of the Owner's failure to timely pay the amounts due to the Association.

Section 17.10 Recovery of Attorneys' Fees and Costs. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in a suit being commenced

or prosecuted to judgment. In addition, the prevailing party shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

Section 17.11 Limitations on Foreclosure Proceedings. The Association may not commence an action to Foreclose a lien on a Unit under this Article 17 unless: (i) the Unit Owner, at the time the action is commenced, owes a sum equivalent to at least three months of Assessments, and (ii) the Board approves commencement of a Foreclosure action specifically against that Unit. Every aspect of a collection, Foreclosure, sale or other conveyance under this Article 17, including the method, advertising, time, date, place and terms must be commercially reasonable.

Section 17.12 Security Deposit. An Owner who has been chronically delinquent in paying its Assessments may, from time to time, be required by the Board, after Notice and Opportunity to be Heard, to make and maintain a security deposit not in excess of three months' estimated Assessments, which shall be collected and shall be subject to penalties for non-payment as are other Assessments. The deposit shall be held in a separate fund, credited to such Owner, and may be resorted to at any time when such Owner is 10 days or more delinquent in paying Assessments.

Section 17.13 Remedies Cumulative. The remedies provided herein are cumulative, and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

## **ARTICLE 18 ENFORCEMENT OF GOVERNING DOCUMENTS**

Section 18.1 Rights of Action. Each Owner and its Authorized Users and the Association shall comply with the Governing Documents and the proper decisions of the Board. The Declarant shall enjoy all the rights and assume all the obligations of an Owner as to each unsold Unit in the Community owned by the Declarant. The Association acting on behalf of the Owners or any Owner acting on its own behalf may bring an action to recover sums due or damages, or for injunctive relief, or any or all of them, against any party who fails to comply with the Governing Documents and the proper decisions of the Board.

Section 18.2 Additional Rights. In addition to any rights authorized by the CIC Act, the Board may, after Notice and Opportunity to Be Heard, take any of the following actions against any party who fails to comply with the Governing Documents and the proper decisions of the Board:

18.2.1 Require an Owner, at its own expense, to stop work on, and remove, any improvement from such Owner's Unit or other areas of the Community in violation of the Governing Documents and to restore the property to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

18.2.2 Levy Assessments to cover costs incurred by the Association to cure a violation of the Governing Documents;

18.2.3 Apply a security deposit posted by an Owner to any unpaid charges or Assessments;

18.2.4 Suspend any right or privilege of a Unit Owner who fails to pay an Assessment, but the Association may not (i) deny a Unit Owner or other occupant access to the Owner's Unit; (ii) suspend a Unit Owner's right to vote; or (iii) withhold services provided to a Unit or a Unit Owner by the Association if withholding the service would endanger the health, safety, or property of any Person; and

18.2.5 Exercise self-help or take action to abate any violation of the Governing Documents.

Notice and Opportunity to Be Heard shall not be required in an emergency situation or in regard to the removal of vehicles or items that are in violation of parking Rules.

Section 18.3 Remedies Cumulative; Attorneys' Fees. All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association or Owner prevails, it shall be entitled to recover all costs, including, without limitation, its attorneys' fees and court costs, reasonably incurred in such action.

Section 18.4 Enforcement Discretion; No Waiver. The decision to pursue enforcement action in any particular case shall be left to the judgment of the Board, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Board may determine that, under the circumstances of a particular case:

18.4.1 The Association's position does not justify taking action or further action;

18.4.2 The covenant, restriction or Rule being enforced is, or is likely to be, construed as inconsistent with applicable law;

18.4.3 Although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable Person or to justify expending the Association's resources; or

18.4.4 It is not in the Association's best interests to pursue enforcement action.

Such a decision shall not be construed to be a waiver of the right of the Association to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction or Rule. The receipt by the Board of payment of an Assessment from an Owner, with knowledge of a breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in a Record and signed for by the Board. This Section 18.4 also extends and applies to the Declarant.

Section 18.5 Notice and Opportunity to Be Heard. Whenever this Declaration requires that an action of the Board be taken after Notice and Opportunity to Be Heard, the following procedure shall be observed: The Board shall give written notice of the proposed action to all Owners, Tenants or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than five days from the date notice is delivered by the Board. At the hearing, the affected Person shall have the right, personally or by a representative, to give testimony orally, in a Record or both (as specified in the notice), subject to

reasonable Rules of procedure established by the Board to ensure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected Person shall be notified of the decision in the same manner in which notice of the meeting was given.

## **ARTICLE 19 TORT AND CONTRACT LIABILITY**

Section 19.1 Declarant Liability. An Owner is not liable, solely by reason of being an Owner, for an injury or damage arising out of the condition or use of the Common Elements. Neither the Association nor any Owner except the Declarant is liable for the Declarant's torts in connection with any part of the Community which the Declarant has the responsibility to maintain. An action alleging a wrong done by the Association must be brought against the Association and not against any Owner. An Owner is not precluded from bringing an action contemplated by this Section 19.1 because it is a Unit Owner or a director or officer of the Association.

Section 19.2 Limitation of Liability for Utility Failure. Except to the extent covered by insurance obtained by the Association, neither the Association, the Board, the Managing Agent nor the Declarant shall be liable to any Unit Owner for:

19.2.1 the failure of any utility or other service to be obtained and paid for by the Board;

19.2.2 injury or damage to Person or property caused by the elements, or resulting from electricity, water, rain, dust, mold or mildew which may leak, travel or flow from outside of any building; from any Unit, Common Element or part of the building; from any pipes, drains, conduits, appliances, or equipment; or from any other place; or

19.2.3 inconvenience or discomfort resulting from any action taken to comply with the Governing Documents or any law, ordinance or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

Section 19.3 Limitation of Personal Liability; Indemnification. Each director and officer of the Association shall be insulated from liability for its conduct as a director or officer of the Association to the extent set forth in Article 8 of the Articles and shall be entitled to indemnification to the extent set forth in Article 9 of the Articles.

## **ARTICLE 20 INSURANCE**

Section 20.1 Required Insurance. Commencing not later than the time of the first Conveyance of a Unit to a Person other than the Declarant, the Association shall maintain in its own name, to the extent reasonably available and subject to reasonable deductibles, insurance meeting the requirements of this Article 20. The Association may, however, delay procurement of fidelity insurance until the election of the Board at the Transition Meeting. All insurance must be obtained from insurance carriers who are generally acceptable for similar projects, are authorized to do business in the State of Washington and meet the acceptability criteria of Fannie Mae, Freddie Mac, HUD and VA. The Board shall review at least annually the adequacy of the Association's insurance coverage. The Board shall promptly notify the Unit Owners if the required property or liability insurance is not reasonably available. All insurance policies shall provide that coverage may not be cancelled or substantially reduced without at least 60 days' prior written

Notice (10 days for cancellation for nonpayment of premium) to the Association and Eligible Mortgagees.

**Section 20.2 Property Insurance Requirements.** The Association shall maintain property insurance written on a "special form" of coverage. The property insurance shall cover (i) all Common Elements (including Limited Common Elements, if any) and all real estate that must become Common Elements, (ii) to the extent not described in the foregoing clause, all installed machinery and equipment and personal property owned by the Association and located outside of a Unit (including but not limited to furniture, media equipment, and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering), and (iii) all other personal property of the Association. The property insurance shall insure against all risks of direct physical loss and may, but need not, include damage caused by earthquakes or terrorism. The amount of insurance shall not be less than 100% of the current replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. To ensure adequate property insurance coverage, the Board shall periodically obtain insurance replacement cost appraisals of any buildings and personal property for which insurance is required under this Section 20.2.

**Section 20.3 Liability Insurance Requirements.** The Association shall maintain commercial general liability insurance, including medical payments insurance, which provides coverage for bodily injury and property damage resulting from the operation, maintenance or use of the Common Elements in an amount of at least \$1,000,000 for any single occurrence and \$2,000,000 aggregate and which contains a specific endorsement to preclude the insurer's denial of a Unit Owner's claim because of the negligent act of the Association or other Unit Owners.

**Section 20.4 Fidelity Insurance Requirements.** The Association shall maintain, or require its Managing Agent to maintain, fidelity insurance naming the Association and its officers, directors, trustees and employees, any Managing Agent, and all other Persons who handle or are responsible for handling funds held or administered by the Association, whether or not the Person receives compensation for services, as insured. The bond shall contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definitions of "employee" or similar expression. The policy must provide minimum limits at least equal to the larger of (i) the highest amount of funds, including reserve funds, that the Association is expected to hold at any time while the policy is in force, or (ii) three months of the expected aggregate Assessments for the policy term, plus reserve funds. There shall be no requirement to obtain a fidelity bond prior to the Transition Meeting.

**Section 20.5 Additional Insurance Requirements.** The insurance policies obtained pursuant to Section 20.2 shall:

20.5.1 Provide that the Association is the named insured, and that each Unit Owner is an insured under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

20.5.2 Provide that the insurer waives its right to subrogation under the policy as to any and all claims against the Association, the Owner of any Unit and/or their respective agents, employees or Tenants, and members of their household, and of any defenses based upon coinsurance or upon invalidity arising from the acts of the insured;

20.5.3 Provide that no act or omission by any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, or any failure

of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy; and

20.5.4 Provide that if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and that the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right to set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for any Unit Owner or any Mortgagee.

Section 20.6 Adjustment of Losses; Insurance Trustee; Power of Attorney. Any loss covered by the insurance described in Section 20.2 must be adjusted with the Association, but the proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a Mortgage. The insurance trustee or the Association must hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Sections 20.9 and 21.4, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Community is terminated. Each Owner appoints the Association, or any insurance trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purposes. Each Owner and the Owner's Mortgagee, if any, are beneficiaries of the policy in accordance with percentages established by the Common Ownership Interest of Owner's Unit. Certificates of insurance shall be issued to each Owner and Mortgagee upon request.

Section 20.7 Additional Insurance. The Association may maintain such other insurance as the Board deems advisable; provided that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood, loss of maintenance fees and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for similar projects established by Fannie Mae, Freddie Mac, HUD or VA, or other governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee or an Owner of a Unit within the Community or an insurer of a Mortgage encumbering a Unit, except to the extent such coverage is not reasonably available or has been waived in a Record by such agency.

Section 20.8 Owners' Individual Insurance. Each Unit Owner shall maintain special cause-of-loss coverage in an amount equal to 100% of the replacement cost of its Home and improvements thereon (exclusive of such items as land, foundations, excavations, and other items normally excluded from property policies). Each Unit Owner and Tenant shall maintain a liability policy insuring against liability for property damage or bodily injury caused by the Unit Owner or Tenant or those for whom each is legally responsible, and cover any obligation to pay or reimburse the Association for any deductible under the Association's property insurance or for any portion of loss caused by the insured and not covered by the Association's property insurance. The liability policy shall have a limit of liability of at least \$500,000. Owners must obtain the required insurance from insurance carriers authorized to do business in the State of Washington. All policies must provide that coverage may not be canceled without 30 day's written notice to the

Association. The Board may adopt Rules that establish greater or more specific requirements for such policies, including minimum amounts and types of coverage.

Section 20.9 Use of Insurance Proceeds. Any portion of the Community, for which insurance is required under Section 20.2 which is damaged or destroyed must be repaired or replaced promptly by the Association pursuant to Article 21.

Section 20.10 Certificate. An insurer that has issued an insurance policy under this Article 20 shall issue certificates or memoranda of insurance to the Association and, upon written request, to any Unit Owner or Mortgagee. The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of Chapter 48.18 RCW pertaining to the cancellation or non-renewal of contracts of insurance.

Section 20.11 Notification of Sale of Unit. Promptly upon Conveyance of a Unit, the new Unit Owner shall notify the Association of the date of the Conveyance and the Unit Owner's name and address. The Association shall notify each insurance company that has issued an insurance policy to the Association for the benefit of the Owners of the name and address of the new Owner and request that the new Owner be made a named insured under such policy.

## **ARTICLE 21 DAMAGE AND REPAIR OF DAMAGE TO PROPERTY**

Section 21.1 Definitions: Damage, Substantial Damage, Repair, Emergency Work. As used in this Article 21:

21.1.1 “Damage” shall mean all kinds of damage, whether of slight degree or total destruction, caused by casualty or other occurrence, but shall not include construction defects, deterioration or wear and tear.

21.1.2 “Substantial Damage” shall mean that in the judgment of a majority of the Board the estimated Assessment determined under Section 21.2.4 for any one Unit exceeds 3% of the full, fair market value of the Unit before the Damage occurred, as determined by the then current assessed value for the purpose of real estate taxation.

21.1.3 “Repair” shall mean restoring the damaged improvements to substantially the condition they were in before they were damaged, with the Unit and the Common Elements having substantially the same boundaries as before. “Repair” does include restoration of improvements or betterments installed after Conveyance by the Declarant if those improvements or betterments are not insured because the Owner failed to notify the Board of their installation. Modifications to conform to applicable governmental Rules or available means of construction may be made.

21.1.4 “Emergency Work” shall mean work that the Board deems reasonably necessary to avoid further Damage or substantial diminution in value to the improvements and to protect the Owners from liability from the condition of the site.

Section 21.2 Initial Board Determination. In the event of Damage to any portion of the Community that the Association is required to insure by this Declaration, the Board shall promptly take the following actions. In doing so, the Board shall obtain such advice from professionals (such as engineers, architects, contractors, insurance consultants, lenders and attorneys) as the Board deems advisable and shall consider the information then known to the Board.

21.2.1 Determine the nature and extent of the Damage to the insured property and loss to the Association, together with an inventory of the improvements and property directly affected thereby.

21.2.2 Obtain as reliable an estimate as possible of the cost and time to Repair the Damage, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.

21.2.3 Determine the insurance proceeds and reserves, if any, that will likely be available to pay for the Damage and file a proof of loss statement with the insurance company if the loss is covered by insurance.

21.2.4 Determine (i) the amount, if any, by which the estimated cost of Repair is likely to exceed the expected insurance proceeds, the reserves available to Repair the Damage, other available funds of the Association, and the deductibles owed by Owners; and (ii) the likely amount of the Assessments that would have to be made against each Unit if the excess cost were to be paid as a Common Expense.

**Section 21.3 Notice of Damage.** The Board shall provide each Owner with a written notice summarizing the initial Board determinations made under Section 21.2, explaining any further information needed by the Board to make a final decision on the cost and schedule for Repairs. If the Board determines that the Damage is Substantial Damage then the notice shall also explain any further information needed by the Board to allow the Owners to make an informed decision about Repairs to the Community, and shall call a special meeting to consider whether to Repair the Damage. If the Damage affects a material portion of the Community, the Board shall also send the notice to each first Mortgagee. If the Board fails to call a meeting within 30 days of the Damage, any Owner or Mortgagee may call such a meeting. The Board may, but is not required to, call such a meeting in other circumstances.

**Section 21.4 Execution of Repairs.**

21.4.1 The Association shall promptly Repair any damaged portion of the Community that the Association is responsible to insure and to maintain or repair unless:

21.4.1.1 The Community is terminated by vote at a special meeting called in accordance with Section 21.3 and taken in accordance with the termination provisions in Article 25 of the Declaration and, as applicable, the CIC Act;

21.4.1.2 Repair would be illegal under any state or local health or safety statute or ordinance; or

21.4.1.3 Owners holding at least 80% of the votes in the Association, including every Owner of a Unit or Limited Common Element which will not be rebuilt, and the Declarant if the Declarant has the right to create Units in the Community, vote not to Repair the Damage.

21.4.2 The Board shall have the authority to employ architects and engineers, advertise for bids, let contracts to contractors and others and take such other action as is reasonably necessary to make the Repairs. Contracts for the Repair work shall be awarded when the Board, by means of insurance proceeds and sufficient

Assessments, has provided for paying the cost. The Board may authorize the insurance carrier to make the Repairs if the Board is satisfied that the work will be done satisfactorily, and if such authorization does not contravene any insurance trust agreement or requirement of law.

21.4.3 The Board may enter into a written agreement with a reputable financial institution or trust or escrow company that the institution or company shall act as an insurance trustee to adjust and settle any claim for casualty loss in excess of \$50,000, or for the institution or company to collect the insurance proceeds and carry out the provisions of this Article 21.

The Board may expend so much of the insurance proceeds and Association funds as the Board deems reasonably necessary for Emergency Work (which Emergency Work may include but is not necessarily limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, and the property shall thereafter be held and distributed as provided in Section 21.5. The cost of Repair or replacement in excess of insurance proceeds, reserves, and deductibles paid by Owners, is a Common Expense.

Section 21.5 Effect of Decision Not to Repair. If all of the damaged or destroyed portions of the insured property are not repaired or replaced:

21.5.1 The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Community;

21.5.2 The insurance proceeds attributable to Units and Limited Common Elements that are not repaired or replaced shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lien holders, as their interests may appear; and

21.5.3 The remainder of the proceeds shall be distributed to all the Unit Owners or lien holders, as their interests may appear, in proportion to their Common Ownership Interests.

If the Unit Owners vote not to rebuild any Unit, that Unit's Allocated Interests are automatically reallocated upon the vote as if the Unit had been condemned under Article 22, and the Association promptly shall prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Notwithstanding the provisions of this Section 21.5, Article 25 governs the distribution of insurance proceeds if the Community is terminated.

## **ARTICLE 22 CONDEMNATION**

Section 22.1 Power of Attorney. The Association shall represent the Unit Owners in any legal proceedings related to the condemnation of all or part of the Common Elements, and shall have the sole authority to control, negotiate and settle such matters on behalf of the Unit Owners. Each Owner appoints the Association as attorney-in-fact for the purpose of representing the Owners in any proceedings, negotiations, settlements or agreements regarding a condemnation of any part of the Common Elements. Any proceeds from a condemnation shall be paid to the Association for the benefit of affected Units and their Mortgagees, as set forth herein. Should the Association not act, based on their right to act pursuant to this Section 22.1, the affected Owners may individually or jointly act on their own behalf.

**Section 22.2    Consequences of Condemnation; Notices.** If any Unit or portion thereof or the Common Elements or Limited Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall promptly give notice of the proceeding or proposed acquisition to each Owner and first Mortgagee and to the Declarant unless each and every Development Right and Special Declarant Right has expired.

**Section 22.3    Condemnation of a Unit.** If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Unit Owner with a remnant of a Unit that may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Owner for the Owner's Unit and its Allocated Interests, whether or not any Common Elements are acquired. The award shall be distributed to the Owner or lien holder of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides, that Unit's Allocated Interests are automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Association shall promptly prepare, execute, and record an amendment to this Declaration reflecting the reallocations. Any remnant of a Unit remaining after part of a Unit is taken under this Section 22.3 is thereafter a Common Element.

**Section 22.4    Condemnation of Part of a Unit.** Except as provided in Section 22.3, if part of a Unit is acquired by condemnation, the award must compensate the Unit Owner for the reduction in value of the Unit and its Common Ownership Interest, whether or not any Common Elements are acquired. The award shall be distributed to the Owner or lien holders of the Unit, as their interests may appear. Upon acquisition, unless the decree otherwise provides: (a) that Unit's Common Ownership Interest and Common Expense Liability are reduced in proportion to the reduction in the size of the Unit; and (b) the portion of the Allocated Interests divested from the partially acquired Unit is automatically reallocated to that Unit and the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, with the partially acquired Unit participating in the reallocation on the basis of its reduced Allocated Interests.

**Section 22.5    Condemnation of Common Element or Limited Common Element.** If part of the Common Elements is acquired by condemnation, any portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Unit to which that Limited Common Element was allocated at the time of the acquisition, or to lien holders, as their interests may appear, and the portion of the award attributable to the other Common Elements shall be distributed to the Association. If the Board determines that a particular Owner's interest in the Common Elements will be diminished with respect to other Owners by the acquisition of a Common Element, the Declaration may be amended to adjust that Owner's Common Expense Liability allocation, or to remove the allocation of a Limited Common Element to that Owner's Unit, as the case may be.

**Section 22.6    Reconstruction and Repair.** Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article 21.

**Section 22.7    Taking of Special Declarant Rights.** The Association will have no power to represent the Declarant in any condemnation or eminent domain proceedings relating to any Development Rights or Special Declarant Rights. The Declarant, and not the Association, will be entitled to receive all awards attributable to any Development Rights or Special Declarant Rights.

## **ARTICLE 23 PROCEDURES FOR SUBDIVIDING OR COMBINING UNITS**

Section 23.1 Subdivision or Combination of Units. A Unit may not be subdivided into a greater number of Units, and two or more Units may not be combined into a lesser number of Units. This Section 23.1 does not apply to the exercise of Development Rights.

## **ARTICLE 24 AMENDMENT OF DECLARATION, MAP, ARTICLES OR BYLAWS**

Section 24.1 Procedures. Except in cases of amendments that may be executed by the Declarant, the Association or certain Owners under other provisions of this Declaration or under the CIC Act, the Declaration, the Map, the Articles and the Bylaws may be amended only by vote or agreement of the Owners as specified in this Article 24. Provisions in this Declaration pertaining to Special Declarant Rights that have not expired may not be amended without the consent of Declarant.

24.1.1 Any Owner or Owners may propose amendments to the Board. If approved by a majority of the Board, the amendment shall be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners with 20% or more of the votes in the Association, the Board shall submit the amendment to the members of the Association for their consideration at the next regular or special meeting for which timely notice can be given. The notice for any meeting at which an amendment will be considered shall include the text of the amendment.

24.1.2 Amendments may be adopted at a meeting of the members of the Association or by such alternative methods as allowed by the Bylaws, after such notice as is required by the Bylaws and this Declaration has been given to all Persons (including Mortgagees) entitled to receive notices.

24.1.3 Upon its adoption and the receipt of any necessary consent under this Article 24, an amendment to the Declaration or the Map will become effective when it is recorded or filed in the real estate records in the county in which the Community is located. The amendment shall be indexed in the name of the Community and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto. No action to challenge the validity of an amendment to the Declaration or Map adopted by the Association pursuant to this Article 24 may be brought more than one year after the amendment is recorded. An amendment to the Articles shall be effective upon filing the amendment with the Secretary of State. An amendment to the Bylaws shall be effective upon adoption.

24.1.4 Amendments under this Section 24.1 shall be prepared, executed, recorded and certified on behalf of the Association by any officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

Section 24.2 Consent Required. Except in cases of amendments that may be executed by a Declarant, the Association, or certain Owners under the CIC Act pursuant to different standards, including as specified in RCW 64.90.285, the percentages of consent of Owners and Mortgagees required for adoption of amendments to the Declaration, the Articles and the Bylaws are as follows:

**24.2.1 General.** Except as set forth elsewhere in this Section 24.2, an amendment to the Declaration, the Map, Articles or Bylaws shall require the vote or agreement of Unit Owners holding at least 67% of the Voting Interest in the Association.

**24.2.2 Creation of Special Declarant Rights; Increase in Units; Boundary Changes; Changes in Allocated Interests.** Except to the extent permitted or required under the CIC Act or this Declaration, an amendment to the Declaration that creates or increases Special Declarant Rights, increases the number of Units, changes the boundaries of any Unit, or changes the Allocated Interests of a Unit shall require the vote or agreement of the Owners holding at least 90% of the Voting Interest in the Association, including the consent of any Owner of a Unit, the boundaries or Allocated Interests of which will be changed by the amendment, and the consent of at least 51% of the first Mortgagees, which may be by implied approval in accordance with Section 26.2, for those Units subject to Mortgages.

**24.2.3 Modification of Allowed and Prohibited Uses.** Except to the extent permitted or required under the CIC Act or this Declaration, an amendment to the Declaration that allows any use of the Units other than residential use or that prohibits the residential use of the Units shall require the vote or agreement of the Owners holding at least 90% of the Voting Interest in the Association and the consent of at least 51% of first Mortgagees, which may be by implied approval in accordance with Section 26.2, for those Units subject to Mortgages. Any such amendment must provide reasonable protection for a use permitted at the time the amendment is adopted.

**24.2.4 Director and Officer Indemnification.** No amendment to any provision in the Declaration, Articles or Bylaws may restrict, eliminate or modify (i) any right of a director or officer of an Association to indemnification or any (ii) limitation of liability of such persons, as to conduct that occurred prior to the amendment. Any current or former director or officer affected by such amendment, who is not a Unit Owner is a third party beneficiary of this provision entitled to enforce it.

**24.2.5 Special Declarant Rights.** No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right that has not expired without the consent of the Declarant and any Mortgagee of record with a security interest in the Special Declarant Right or in any real estate subject thereto. No amendment may restrict, eliminate, or otherwise modify any right of directors or officers to indemnification for conduct that occurred prior to the amendment, without the consent of that director or officer.

**24.2.6 Mortgagee Consent.** The consent of at least 51% of the first Mortgagees for those Units subject to Mortgages, which may be by implied approval in accordance with Section 26.2, shall be required for any amendment of a materially adverse nature to the interests of first Mortgagees.

**Section 24.3 Amendments by the Declarant.** In addition to any other rights to amend the Governing Documents in the CIC Act or this Declaration, the Declarant may at any time, upon 30 days advance notice to the Association, adopt, execute and record an amendment or supplement to the Governing Documents to (i) correct a mathematical mistake, an inconsistency, or a scrivener's error; or (ii) clarify an ambiguity in the Governing Documents with respect to an objectively verifiable fact, including, without limitation, recalculating any Allocated Interest, clarifying or correcting the location, dimensions or characteristics of the constructed improvements, clarifying or correcting the as-built boundaries or areas of the Units, or complying with the requirements of Fannie Mae, Freddie Mac, HUD, VA, lenders, or title insurers, all within five years after the

recording or adoption of the Governing Document containing or creating the mistake, inconsistency, error or ambiguity. The Declarant may execute and record any such amendment itself and need not otherwise comply with the requirements of this Article 24.

## **ARTICLE 25 TERMINATION OF COMMUNITY**

Section 25.1 Action Required. Except in the case of the taking of all Units by condemnation or a judicial termination of the Community pursuant to the CIC Act, the Community may be terminated only by (i) agreement of Owners of Units to which at least 80% of the Voting Interest in the Association is allocated; (ii) consent, which may be by implied approval in accordance with Section 26.2, of at least 51% of the first Mortgagees for those Units subject to Mortgages; and (iii) the consent of all the holders, including Declarant, of any unexpired Development Rights or Special Declarant Rights.

Section 25.2 Limitation on Termination. The Community may not be terminated while the Declarant has any Development Right or Special Declarant Right without the consent of the Declarant and any Mortgagee of record with a security interest in the Development Right or Special Declarant Right or in any real estate subject thereto, excluding Mortgagees of Units owned by Persons other than the Declarant.

Section 25.3 CIC Act Governs. The applicable provisions of the CIC Act relating to termination of common interest communities, contained in Section 290 of the CIC Act, as it may be amended, shall govern the termination of the Community, including, but not limited to, the disposition of real estate in the Community and the distribution of proceeds from the sale of real estate.

## **ARTICLE 26 NOTICES**

Section 26.1 Form and Delivery of Notice. Notices to the Association, Board, any Owner or any occupant of a Unit must be provided in such manner as provided in the CIC Act. Notices to the Declarant must be provided in a Tangible Medium and must be transmitted by mail, private carrier or personal delivery to the following address, or such other address as the Declarant may specify in written notice to the Board or the Owners:

FORESTAR (USA) REAL ESTATE GROUP Inc  
C/O D R Horton  
11241 Slater Ave NE, Suite 200  
Kirkland, WA 98033  
Attn: HOA Coordinator

Section 26.2 Notices to Eligible Mortgagees and Mortgagees. Notices to an Eligible Mortgagee shall be provided in writing and delivered by certified or registered mail, return receipt requested to the address on file with the secretary of the Association or, if none, the last known address. The Board shall send to Eligible Mortgagees timely written notice via certified or registered mail, with a return receipt requested, of: (i) any proposed amendment to the Declaration that is of a material adverse nature to Mortgagees; (ii) in accordance with Article 25, any proposed action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs or for other reasons; (iii) any condemnation or casualty loss that affects a material portion of the Condominium or the Unit securing the Eligible Mortgagee's Mortgage; (iv) any 60-day delinquency in the payment of Assessments or charges owned by the Owner of the Unit securing the Eligible Mortgagee's Mortgage; (v) if not provided by the insurance company, a

lapse, cancellation or material modification of any insurance policy maintained by the Association; and (vi) any proposed action that requires the consent of a specified percentage of Mortgagees in this Declaration or in the Act. An Eligible Mortgagee or Mortgagee who receives a written request to consent to a termination, amendment or other action who does not deliver or post to the requesting party a negative response within 60 days shall be deemed to have consented to such request, provided the request was delivered by certified or registered mail, return receipt requested.

## **ARTICLE 27 ASSIGNMENT BY DECLARANT**

The Declarant reserves the right to assign, transfer, sell, lease, or rent all or a portion of the property then owned by it and reserves the right to assign all or any of its rights, duties and obligations created under this Declaration.

## **ARTICLE 28 DISPUTE RESOLUTION**

Section 28.1 Mediation and Binding Arbitration of Claims. Any and all claims, disputes or controversies (whether under federal, state or local law) between or between or among any of the Association, the Board or one or more Unit Owners or Authorized Users arising from or related to (i) the Governing Documents, (ii) the Community, or (iii) the management or operation of the Community or the Association, including, without limitation, any such claim of breach of contract, negligence, breach of any duty under the Washington Uniform Common Interest Ownership Act or breach of any alleged duty of good faith and fair dealing (collectively, “Claims”), shall be resolved exclusively by binding, non-appealable, arbitration as set forth herein. Notwithstanding the foregoing, the following matters shall not be Claims subject to mandatory mediation or arbitration under this Article 28: (i) any action or remedy initiated by or against any Mortgagee, (ii) judicial Foreclosure actions, (iii) non-judicial trustee’s sales, (iv) the appointment of a receiver during Foreclosure, or (v) actions to collect or enforce any order, decision or award rendered by arbitration.

Section 28.2 Initiation of Arbitration; Mediation. If any party to a Claim determines that the Claim cannot be resolved without intervention, then that party shall give notice in a Tangle Medium to all other parties to the Claim demanding that the Claim be submitted to mediation and arbitration pursuant to this Article 28. The parties shall attempt to resolve any Claims in good faith through mediation at the outset of any arbitration proceeding. Any administrative fees of the mediation service and fees of the mediator shall be borne equally by the parties to the mediation. Each party shall pay its own attorneys’ fees and costs in connection with the mediation.

Section 28.3 Arbitrator’s Authority. This Article 28 shall be deemed to be a self-executing arbitration agreement. Without limiting the authority of the arbitrator under the applicable arbitration rules, the arbitrator shall have the authority to decide (i) the substance of the Claim and any defenses and counterclaims relating thereto; (ii) procedural or evidentiary issues; (iii) issues relating to discovery; (iv) issues relating to applicable law; and (v) issues as to the interpretation or the enforceability of this arbitration agreement, including, without limitation, its revocability, unconscionability or voidability for any cause, the scope of arbitrable issues. The arbitrator shall have the authority to award both damages and injunctive relief and to enforce the arbitration award. The arbitrator shall not have the authority to award punitive or exemplary damages.

Section 28.4 Arbitration Fees. All administrative fees of the arbitration service and fees of the arbitrator shall be borne equally by the parties to the arbitration, subject to the discretion of the arbitrator to reallocate such fees in the interests of justice.

**Section 28.5 Arbitration Service; Arbitrator.** The arbitration shall be conducted by the American Arbitration Association pursuant to its *Construction Industry Arbitration Rules* in effect as of the date of the arbitration demand. The arbitrator shall possess sufficient knowledge in condominium communities as determined by the arbitration service.

**Section 28.6 Arbitration Procedures and Hearing.** All arbitration hearings and meetings shall occur in the county in which the Community is located. The arbitrator shall apply the substantive law of the State of Washington. The arbitrator may allow factual discovery of information from the parties and witnesses to the extent reasonably relevant to claims and damages at issue but shall protect the parties from irrelevant, burdensome or unreasonable discovery. Prior to the arbitration hearing, the parties must agree upon a written statement of the claim theories to be arbitrated. The arbitrator shall schedule the arbitration hearing for the earliest possible time that is consistent with fairness to the parties and the complexity of the issues. A party may request a stenographic record of the arbitration hearing. At the conclusion of the hearing in making the award, the arbitrator shall state in writing the theories raised by the parties and on which the award is based.

**Section 28.7 Attorneys' Fees and Costs.** The arbitrator shall have the authority to award actual reasonable attorneys' fees and costs to the prevailing party. An attorneys' fee award shall be calculated based upon the actual reasonable hours spent multiplied by a reasonable hourly rate given the experience and knowledge of the biller, without adjustment for risk, delay or difficulty. An attorneys' fee award must be reasonable under the Washington Rules of Professional Conduct. For purposes of this section, a party is a prevailing party if it recovers the majority of the relief it has claimed, or if it prevents another party from recovering the majority of the relief it has claimed, including the enforcement of this Article 28. It may be appropriate in some cases to determine the prevailing party on a claim by claim basis. In some cases there may be no prevailing party.

**Section 28.8 Finality.** The decision and award of the arbitrator shall be final and binding and may not be appealed to an arbitration panel or a court. The arbitrator's decision and award and may be entered as a judgment in any state or federal court of competent jurisdiction, and a party may institute judicial proceedings to enforce the arbitration award.

**Section 28.9 Applicability of Arbitration Acts.** The parties expressly agree that the use, operation, management, development, maintenance, repair and replacement of the Community involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act (9 U.S.C. § 1, et seq.) and the Washington Uniform Arbitration Act (Chapter 7.04A RCW) now in effect and as the same may from time to time be amended, to the exclusion of any inconsistent state or local law, ordinance or judicial rule. To the extent that any state or local law, ordinance or judicial rule shall be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the rules of the arbitration service shall govern the conduct of the arbitration.

**Section 28.10 Applicability of Statutes of Limitations.** No Claim can be asserted in arbitration after the date such claim could be asserted in a judicial proceeding under applicable statutes of limitation and repose.

**Section 28.11 Enforceability.** This Article 28 shall inure to the benefit of, and be enforceable by, the Association, the Board, the Unit Owners and Authorized Users and their respective members, managers, officers, directors, employees, agents, attorneys and insurers. The initiation by any party who reserves the right to arbitrate of a judicial proceeding concerning

this arbitration agreement or any matter arbitrable hereunder, or the filing of a lis pendens, shall not be deemed a waiver of the right to arbitrate or to enforce this arbitration agreement, and, notwithstanding any provision of law to the contrary, shall not be asserted or accepted as a reason to delay or refuse to participate in arbitration, or to refuse to enforce this arbitration agreement.

Section 28.12 Severability. If any provision of this Article 28 shall be determined by the arbitrator or by any court to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

Section 28.13 Waiver of Right to Judicial Proceedings. Each person subject to this Declaration waives any right it may have to institute a judicial proceeding to decide a Claim, to demand arbitration under Chapter 64.50 of the Revised Code of Washington, or to demand a trial de novo after arbitration under Chapter 64.50 of the Revised Code of Washington.

Section 28.14 Waiver of Right to Jury Trial. Each person subject to this Declaration waives any right it may have to a jury trial under federal or state law as to any dispute between them arising from or involving a Claim. In addition, if the arbitration provisions of this Article 28 are deemed entirely or partially invalid, void or unenforceable by the arbitrator or a judge, such that the parties are not required to resolve their disputes through binding arbitration for any reason, any and all Claims shall be tried before a judge in a court of competent jurisdiction in the State of Washington in the county where the Community is located, and not before a jury, and all parties waive any right to a trial by jury.

Section 28.15 Survival. The provisions of this Article 28 shall survive the transfer by any party of its interest or involvement in the Community or any Unit and the termination of this Declaration.

**[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK;  
SIGNATURE AND NOTARY ON FOLLOWING PAGE]**

DECLARANT'S SIGNATURE PAGE FOR CONDOMINIUM DECLARATION FOR THE TIMBERS, A CONDOMINIUM

Date: 5-10-19

FORESTAR (USA) REAL ESTATE GROUP  
Inc., a Delaware corporation

By: Thomas H. Burleson  
Name: \_\_\_\_\_  
Title: Thomas H. Burleson  
Senior Vice President

STATE OF TEXAS )  
COUNTY OF TARRANT ) ss.

I do hereby certify that Thomas H. Burleson, personally known to me to be the Senior Vice President of FORESTAR (USA) REAL ESTATE GROUP Inc., a Delaware corporation, the company that executed the within and foregoing instrument, appeared before me 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/she is authorized to execute said instrument.

DATED: 5-10-19



Kristen Carlstrom  
Name: Kristen Carlstrom  
Notary Public for the State of TEXAS  
Residing at: Dallas, TX  
My commission expires: 7-08-19

**SCHEDULE A  
THE TIMBERS CONDOMINIUMS**

**DESCRIPTION OF REAL ESTATE SUBJECT TO DECLARATION AND INCLUDED IN THE  
CONDOMINIUM**

**Parcel A:**

Beginning at the quarter section corner between Sections 5 and 6, Township 29 North, Range 6 East of the Willamette Meridian; thence South along the line between Sections 5 and 6, 1881.24 feet; thence North 85 ° 33' West 2062.39 feet to the true point of beginning; thence North 13 ° 52' East 221.48 feet; thence North 87 ° 34' West 731.82 feet to the North and South line through center of Section 6; thence South on the North and South centerline 630 feet; thence North 61 ° 8' East 793.48 feet to the true point of beginning; Except the Easterly 15 feet for road.

Situate in the County of Snohomish, State of Washington.

**Parcel D:**

Beginning at the quarter corner between Sections 5 and 6, Township 29 North, Range 6 East of the Willamette Meridian; thence South along line between said Sections, 1881.24 feet; thence North 85 ° 33'25" West 2062.39 feet; thence North 13 ° 52'10" East 833.95 feet; thence North 22 ° 55' West 296.14 feet to the true point of beginning; thence North 23 ° 57' West 294.61 feet; thence South 88 ° 30'14" West to the East line of a Tract of land conveyed to Domecele Krizus by deed recorded under Auditor's File No. 162797, in Volume 134 of Deeds, page 625, records of Snohomish County, Washington; thence South along said East line to a point North 89 ° 41'30" West from the true point of beginning; thence South 89 ° 41'30" East to the true point of beginning; Except the Easterly 15 feet for road purposes.

Situate in the County of Snohomish, State of Washington.

**Parcel E:**

Those portions of the Northeast Quarter of the Southwest quarter and of the Northwest Quarter of the Southeast quarter, and the Southeast Quarter of Northwest quarter, and the Southwest Quarter of the Northeast Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian, lying Southerly of Secondary State Highway No. 15-A, described as follows: Beginning at the center of Section 6, Township 29 North, Range 6 East of the Willamette Meridian; thence South 87 ° 19' West 216.06 feet to the Northeast corner of the Krizus tract as conveyed under Auditor's File No. 162797 and the true point of beginning; thence continue South 89 ° 19' West along the Northerly line of said Krizus tract 72.54 feet to the Southeast corner of the Donahue Tract as conveyed under Auditor's File No. 949828; thence North along the Easterly line of said Donahue tract a distance of 612.61 feet to the center line of a road conveyed to Snohomish County under Auditor's File No. 188734, records of Snohomish County, Washington; thence along the centerline of said road South 53 ° 21' East 139.6 feet; thence South 75 ° 14' East along said center line 393.8 feet;

## SCHEDULE A (continued)

thence South 49 ° 55' East along said centerline 87.7 feet; thence South 33 ° 08' East along said centerline 480.8 feet;  
thence continue along said centerline South 23 ° 57' East 215.05 feet to the intersection with the North line of the Haines tract as conveyed under Auditor's File No. 841842;  
thence South 88 ° 30' 14" West 840.99 feet to the Easterly line of the Krizus tract as conveyed under Auditor's File No. 162797, records of Snohomish County, Washington;  
thence Northerly along said Easterly line 252.35 feet to the true point of beginning;  
Except that portion thereof lying North of the South line of Secondary State Highway No. 15-A;  
and Except the Easterly 15 feet for road.  
Situate in the County of Snohomish, State of Washington.

### Parcel H:

All that portion of the following described tract lying Southerly of Secondary State Highway No. 15-A, as follows:  
Beginning at the center of Section 6, Township 29 North, Range 6 East of the Willamette Meridian, records of Snohomish County, Washington;  
thence South 87 ° 19' West 288.6 feet to Point of Beginning;  
thence North 370.4 feet;  
thence South 89 ° 19' West 646 feet;  
thence South 2 ° 22' West 295.7 feet;  
thence South 1 ° 36' West 74.7 feet; thence Easterly to the Point of Beginning;  
Except road off the Westerly side of said tract being a part of the Southeast Quarter of the Northwest Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian.  
Situate in the County of Snohomish, State of Washington.

### Parcel I:

The North 396.4 feet as measured along the East line of the following described tract:  
Beginning at the center of Section 6, Township 29 North, Range 6 East of the Willamette Meridian; thence South 87 ° 19' West 216.01 feet to the true point of beginning;  
thence South 87 ° 19' West 740.34 feet;  
thence South 1 ° 36' East 281.6 feet;  
thence South 13 ° 45' West for 244.4 feet; thence South 23.92 feet;  
thence North 84 ° 16' East 783.94 feet;  
thence Northerly to the true point of beginning; Except County Road; and  
Also except that portion thereof conveyed to the State of Washington by instrument recorded under Auditor's File No. 1272048, records of Snohomish County, Washington.

### Parcel J:

Beginning at the center of Section 6, Township 29 North, Range 6 East of the Willamette Meridian; thence South 87 ° 19' West for 216.06 feet;  
thence South 1 ° 06' West for 396.4 feet to true point of beginning; thence South 87 ° 19' West for 756.2 feet;  
thence South 13 ° 45' West for 123.6 feet;  
thence South for 54.1 feet;  
thence East to a point which is 177 feet South of and bears South 1 ° 06' West from the true point of beginning; thence North 1 ° 06' East for 177 feet to the true point of beginning;

SCHEDULE A (continued)

Together with that parcel of land lying East of the Callow Road and between the North and South lines of the above described tract as extended Westerly to the East line of Callow Road;

Except the West 165 feet as measured along the North line of said tract of the North 115 feet of said tract as measured along the Easterly margin of Callow Road; and

Except that portion conveyed to Paul R. Gurnett by Quit Claim Deed recorded under Auditor's File No. 9612190391, records of Snohomish County, Washington, described as follows:

That portion of the Northeast Quarter of the Southwest Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian, described as follows:

Beginning at the center of said Section; thence South 87 ° 19'00" West for 216.06 feet; thence South 1 ° 06' West for 396.40 feet; thence South 87 ° 19'00" West for 572.20 feet, the true point of beginning; thence South 87 ° 19'00" West for 19 feet; thence South 13 ° 45'00" West for 115 feet; thence North 87 ° 19'00" East for 30 feet; thence North 08 ° 21'48" East for 112.38 feet to the true point of beginning.

That portion of the Northeast Quarter of the Southwest Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian, in Snohomish County, Washington, described as follows:

Commencing at the center of Section 6, Township 29 North, Range 6 East of the Willamette Meridian; thence South 1 ° 24'35" West along the centerline of said Section 6, a distance of 1024.65 feet (1026.42 feet deed); thence South 81 ° 02'31" West (South 81 ° 13' West deed) a distance of 212.49 feet to the Point of Beginning; thence North 1 ° 24'35" East, (North 1 ° 06' East deed) a distance of 474.50 feet (480.60 feet deed) to the South line of a tract of land conveyed to Joseph A. Long and Marie A. Long , his wife, recorded under Auditor's File No. 1387084, records of Snohomish County, Washington; thence South 87 ° 36'23" West along the South line of said Long's tract a distance of 582.63 feet to the Point of Beginning; thence South 7 ° 30'18" West a distance of 7.28 feet; thence North 82 ° 29'42" West a distance of 41.72 feet to said South line of Long's tract; thence North 87 ° 36'23" East along said South line a distance of 42.35 feet to the Point of Beginning. Situate in the County of Snohomish, State of Washington.

Parcel K:

That portion of the Northeast Quarter of the Southwest Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian, records of Snohomish County, Washington, described as follows:

Beginning at the center of said Section; thence South 87 ° 19' West for 216.06 feet; thence South 1 ° 06' West for 396.4 feet; thence South 87 ° 19' West to the Easterly line of the Callow Road, the true point of beginning; hence North 87 ° 19' East for 165 feet; thence South 13 ° 45' West for 115 feet; thence South 87 ° 19' West for 165 feet, more or less, to said Easterly line of said Callow Road; thence North 13 ° 45' East for 115 feet, more or less, to the Point of Beginning;

## SCHEDULE A (continued)

Together with that portion of the Northeast Quarter of said Southwest quarter, Beginning at the center of said Section;  
thence South 87 ° 19'00" West for 216.06 feet;  
thence South 1 ° 06' West for 396.40 feet;  
thence South 87 ° 19'00" West for 572.20 feet the true point of beginning; thence South 87 ° 19'00" West for 19 feet;  
thence South 13 ° 45'00" West for 115 feet;  
thence North 87 ° 19'00" East for 30 feet;  
thence North 08 ° 21'48" East for 112.38 feet to  
the true point of beginning. Situate in the County  
of Snohomish, State of Washington.

### Parcel L:

Beginning at the center of Section 6, Township 29 North, Range 6 East of the Willamette Meridian; thence South 1 ° 06' West along the center line of said Section 6 for 1,026.42 feet; thence South 81 ° 13' West 212.49 feet to the true point of beginning;  
thence continue South 81 ° 13' West 776.84 feet;  
thence North for 569.64 feet to the Southwest corner of a tract of land conveyed to Joseph A. Long and Marie A. Long, his wife, recorded under Auditor's File No. 1387084, records of Snohomish County, Washington;  
thence East along the South line of said Long tract to a point which bears North 1 ° 06' East from the Point of Beginning; thence South 1 ° 06' West for 480.60 feet to the true point of beginning;  
Except that portion of the Northeast Quarter of the Southwest Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian, described as follows:  
Commencing at the center of Section 6, Township 29 North, Range 6 East of the Willamette Meridian;  
thence South 1 ° 24'35" West along the center line of said Section 6 a distance of 1,024.65 feet (1,026.42 feet deed); thence South 81 ° 02'31" West (South 81 ° 13' West deed) a distance of 212.49 feet to the Point of Beginning;  
thence North 1 ° 24'35" East (North 1 ° 06' East deed) a distance of 474.50 feet (480.60 feet deed) to the South line of a tract of land conveyed to Joseph A. Long and Marie A. Long , his wife, recorded under Auditor's File No. 1387084, records of Snohomish County, Washington;  
thence South 87 ° 36'23" West along the South line of said Long's tract a distance of 582.63 feet to the Point of Beginning;  
thence South 7 ° 30'18" West a distance of 7.28 feet;  
thence North 82 ° 29'42" West a distance of 41.72 feet to said South line of Long's tract;  
thence North 87 ° 36'23" East along said South line a distance of 42.35 feet to the Point of Beginning.  
Together with all that portion of the following described tract, lying Easterly of the East margin of Snohomish County Road Survey No. 905;  
Beginning at the Southwest corner of the Northeast Quarter of the Southwest Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian, records of Snohomish County, Washington;  
thence East 359.2 feet along the South boundary of said subdivision;  
thence North 589.64 feet, more or less, to the North line of the South one-half of the Northeast Quarter of the Southwest Quarter of Section 6, Township 29 North, Range 6 East of the Willamette Meridian;

SCHEDULE A (continued)

thence South 84 ° 16'12" West along the North line of the South one-half of the Northeast Quarter of the Southwest quarter to the West line of said Northeast Quarter of the Southwest quarter; thence South along said West line of the Northeast Quarter of the Southwest quarter to the true point of beginning;

(Also known as Parcel 1 of Boundary Line Adjustment No. 96-109709 recorded under Auditor's File No. 9612200070, records of Snohomish County, Washington).

Situate in the County of Snohomish, State of Washington. Parcel M:  
All that portion of Lot 2, Block 5, Baily's Third Add. to Lake Stevens Sandy Beach Tracts, according to the Plat thereof recorded in Volume 10 of Plats, page 106, records of Snohomish County, Washington, lying Easterly of a line described as follows:  
Commencing at the Northeast corner of said Lot 2;  
thence South 80 ° 03'34" West along the North line thereof a distance of 237 feet to the true point of beginning of the herein described line;  
thence South to a point on the South line of Lot 1, Block 5 of said plat 234 feet South 74 ° 53' West of the Southeast corner thereof and the terminus of the herein described line;

(Also known as Lot A of Short Plat recorded under Auditor's File No. 2387510, records of Snohomish County, Washington).

Situate in the County of Snohomish, State of Washington. Parcel N:  
Lots 1 and 2, Block 5, Baily's Third Add. to Lake Stevens Sandy Beach Tracts, according to the Plat thereof recorded in Volume 10 of Plats, page 106, records of Snohomish County, Washington;  
Except that portion of said Lot 2 lying Easterly of a line described as follows:  
Beginning at the Northeast corner of said Lot 2;  
thence South 80 ° 03'34" West along the North line thereof a distance of 234 feet to the true point of beginning of the herein described line;  
thence South to a point on the South line of Lot 1, Block 5 of said plat 234 feet South 74 ° 53' West of the Southeast corner thereof and the terminus of the herein described line;  
Also except the West 10 feet and the South 15 feet thereof conveyed to Snohomish County under Auditor's File No. 2400523, records of Snohomish County, Washington.

(Also known as Lots B, C and D of Short Plat recorded under Auditor's File No. 2387510).  
Situate in the County of Snohomish, State of Washington.

Less Tracts 994 and 995 as Future Critical Areas and development phases (Tracts) as described in Schedule B of this Declaration.

**SCHEDULE B  
THE TIMBERS CONDOMINIUMS**

**DESCRIPTION OF ADDITIONAL REAL ESTATE THAT MAY BE ADDED TO THE CONDOMINIUM**

TRACTS 994 AND 995, AS FUTURE DEVELOPMENT TRACTS OF THE TIMBERS, PHASE 1, A  
BINDING SITE PLAN / CONDOMINIUM, RECORDED UNDER SNOHOMISH COUNTY AUDITORS  
NO. 201905225003

**SCHEDULE C**  
**THE TIMBERS CONDOMINIUMS**

**UNIT DATA; ALLOCATED INTERESTS; VOTING**

<b>Unit No.</b>	<b>***Street No.</b>	<b>Unit Data* (L, BR, BA)</b>	<b>CE**</b>	<b>Votes</b>
1	TBD	not known at time of recording	1/137	1
2	TBD	not known at time of recording	1/137	1
3	TBD	not known at time of recording	1/137	1
4	TBD	not known at time of recording	1/137	1
5	TBD	not known at time of recording	1/137	1
6	TBD	not known at time of recording	1/137	1
7	TBD	not known at time of recording	1/137	1
8	TBD	not known at time of recording	1/137	1
9	TBD	not known at time of recording	1/137	1
10	TBD	not known at time of recording	1/137	1
11	TBD	not known at time of recording	1/137	1
12	TBD	not known at time of recording	1/137	1
13	TBD	not known at time of recording	1/137	1
14	TBD	not known at time of recording	1/137	1
15	TBD	not known at time of recording	1/137	1
16	TBD	not known at time of recording	1/137	1
17	TBD	not known at time of recording	1/137	1
18	TBD	not known at time of recording	1/137	1
19	TBD	not known at time of recording	1/137	1
20	TBD	not known at time of recording	1/137	1
21	TBD	not known at time of recording	1/137	1
22	TBD	not known at time of recording	1/137	1
23	TBD	not known at time of recording	1/137	1
24	TBD	not known at time of recording	1/137	1
25	TBD	not known at time of recording	1/137	1
26	TBD	not known at time of recording	1/137	1
27	TBD	not known at time of recording	1/137	1
28	TBD	not known at time of recording	1/137	1
29	TBD	not known at time of recording	1/137	1
30	TBD	not known at time of recording	1/137	1

<b>Unit No.</b>	<b>***Street No.</b>	<b>Unit Data* (L, BR, BA)</b>	<b>CE**</b>	<b>Votes</b>
31	TBD	not known at time of recording	1/137	1
32	TBD	not known at time of recording	1/137	1
33	TBD	not known at time of recording	1/137	1
34	TBD	not known at time of recording	1/137	1
35	TBD	not known at time of recording	1/137	1
36	TBD	not known at time of recording	1/137	1
37	TBD	not known at time of recording	1/137	1
38	TBD	not known at time of recording	1/137	1
39	TBD	not known at time of recording	1/137	1
40	TBD	not known at time of recording	1/137	1
41	TBD	not known at time of recording	1/137	1
42	TBD	not known at time of recording	1/137	1
43	TBD	not known at time of recording	1/137	1
44	TBD	not known at time of recording	1/137	1
45	TBD	not known at time of recording	1/137	1
46	TBD	not known at time of recording	1/137	1
47	TBD	not known at time of recording	1/137	1
48	TBD	not known at time of recording	1/137	1
49	TBD	not known at time of recording	1/137	1
50	TBD	not known at time of recording	1/137	1
51	TBD	not known at time of recording	1/137	1
52	TBD	not known at time of recording	1/137	1
53	TBD	not known at time of recording	1/137	1
54	TBD	not known at time of recording	1/137	1
55	TBD	not known at time of recording	1/137	1
56	TBD	not known at time of recording	1/137	1
57	TBD	not known at time of recording	1/137	1
58	TBD	not known at time of recording	1/137	1
59	TBD	not known at time of recording	1/137	1
60	TBD	not known at time of recording	1/137	1
61	TBD	not known at time of recording	1/137	1
62	TBD	not known at time of recording	1/137	1
63	TBD	not known at time of recording	1/137	1

<b>Unit No.</b>	<b>***Street No.</b>	<b>Unit Data* (L, BR, BA)</b>	<b>CE**</b>	<b>Votes</b>
64	TBD	not known at time of recording	1/137	1
65	TBD	not known at time of recording	1/137	1
66	TBD	not known at time of recording	1/137	1
67	TBD	not known at time of recording	1/137	1
68	TBD	not known at time of recording	1/137	1
69	TBD	not known at time of recording	1/137	1
70	TBD	not known at time of recording	1/137	1
71	TBD	not known at time of recording	1/137	1
72	TBD	not known at time of recording	1/137	1
73	TBD	not known at time of recording	1/137	1
74	TBD	not known at time of recording	1/137	1
75	TBD	not known at time of recording	1/137	1
76	TBD	not known at time of recording	1/137	1
77	TBD	not known at time of recording	1/137	1
78	TBD	not known at time of recording	1/137	1
79	TBD	not known at time of recording	1/137	1
80	TBD	not known at time of recording	1/137	1
81	TBD	not known at time of recording	1/137	1
82	TBD	not known at time of recording	1/137	1
83	TBD	not known at time of recording	1/137	1
84	TBD	not known at time of recording	1/137	1
85	TBD	not known at time of recording	1/137	1
86	TBD	not known at time of recording	1/137	1
87	TBD	not known at time of recording	1/137	1
88	TBD	not known at time of recording	1/137	1
89	TBD	not known at time of recording	1/137	1
90	TBD	not known at time of recording	1/137	1
91	TBD	not known at time of recording	1/137	1
92	TBD	not known at time of recording	1/137	1
93	TBD	not known at time of recording	1/137	1
94	TBD	not known at time of recording	1/137	1
95	TBD	not known at time of recording	1/137	1
96	TBD	not known at time of recording	1/137	1

<b>Unit No.</b>	<b>***Street No.</b>	<b>Unit Data* (L, BR, BA)</b>	<b>CE**</b>	<b>Votes</b>
97	TBD	not known at time of recording	1/137	1
98	TBD	not known at time of recording	1/137	1
99	TBD	not known at time of recording	1/137	1
100	TBD	not known at time of recording	1/137	1
101	TBD	not known at time of recording	1/137	1
102	TBD	not known at time of recording	1/137	1
103	TBD	not known at time of recording	1/137	1
104	TBD	not known at time of recording	1/137	1
105	TBD	not known at time of recording	1/137	1
106	TBD	not known at time of recording	1/137	1
107	TBD	not known at time of recording	1/137	1
108	TBD	not known at time of recording	1/137	1
109	TBD	not known at time of recording	1/137	1
110	TBD	not known at time of recording	1/137	1
111	TBD	not known at time of recording	1/137	1
112	TBD	not known at time of recording	1/137	1
113	TBD	not known at time of recording	1/137	1
114	TBD	not known at time of recording	1/137	1
115	TBD	not known at time of recording	1/137	1
116	TBD	not known at time of recording	1/137	1
117	TBD	not known at time of recording	1/137	1
118	TBD	not known at time of recording	1/137	1
119	TBD	not known at time of recording	1/137	1
120	TBD	not known at time of recording	1/137	1
121	TBD	not known at time of recording	1/137	1
122	TBD	not known at time of recording	1/137	1
123	TBD	not known at time of recording	1/137	1
124	TBD	not known at time of recording	1/137	1
125	TBD	not known at time of recording	1/137	1
126	TBD	not known at time of recording	1/137	1
127	TBD	not known at time of recording	1/137	1
128	TBD	not known at time of recording	1/137	1
129	TBD	not known at time of recording	1/137	1

<b>Unit No.</b>	<b>***Street No.</b>	<b>Unit Data* (L, BR, BA)</b>	<b>CE**</b>	<b>Votes</b>
130	TBD	not known at time of recording	1/137	1
131	TBD	not known at time of recording	1/137	1
132	TBD	not known at time of recording	1/137	1
133	TBD	not known at time of recording	1/137	1
134	TBD	not known at time of recording	1/137	1
135	TBD	not known at time of recording	1/137	1
136	TBD	not known at time of recording	1/137	1
137	TBD	not known at time of recording	1/137	1
		<b>Totals</b>	<b>1</b>	<b>137</b>

\*Legend: L – levels; BR – bedroom; BA – bathroom

\*\* Common Expenses are allocated equally among the Units.

\*\*\* Addresses are not yet assigned by the municipality

**SCHEDULE D**  
**THE TIMBERS CONDOMINIUMS**  
**MAINTENANCE RESPONSIBILITY CHART**

<b>UNIT IMPROVEMENT:</b>	<b>OWNED BY:</b>	<b>MAINTAINED BY:</b>	<b>PAID FOR BY:</b>
Home and Structures on Unit	Unit Owner	Unit Owner	Unit Owner
Yards, improvements and landscaping on Unit	Unit Owner	Unit Owner	Unit Owner
Portions of Utility Installations serving only one Home	Unit Owner	Unit Owner	Unit Owner
<b>LIMITED COMMON ELEMENT</b>	<b>OWNED BY:</b>	<b>MAINTAINED BY:</b>	<b>PAID FOR BY:</b>
LCE Private Storm Easements	Units 29-33, 34-43, 47-51, 55-61, 98-117, &134-136	Units 29-33, 34-43, 47-51, 55-61, 98-117, & 134-136	Units 29-33, 34-43, 47-51, 98-117, and 134-136
<b>COMMON ELEMENTS</b>	<b>OWNED BY:</b>	<b>MAINTAINED BY:</b>	<b>PAID FOR BY:</b>
Tracts 996 - 998	Association City/ DOT	Association Association	Association: Assessed to all Units Association: Assessed to all Units
<b>PUBLIC PROPERTY</b>	<b>OWNED BY:</b>	<b>MAINTAINED BY:</b>	<b>PAID FOR BY:</b>
Tract 999 Storm & Detention system and Park	Public	Public	Public plus a portion allocated to the Association, such portion to be assessed to all Units
Public Street	Public	Public	Public
Utility Installations Serving Multiple Homes	Public/Private	Public/Private	Public/Private Utility Company

**SCHEDULE E**  
**THE TIMBERS CONDOMINIUMS**

**COST SHARING FOR TRACT 999 DETENTION SYSTEM**

The maintenance costs for the Tract 999 detention system shall be shared between the Association and the City. The Association's share shall equal 60% of the total maintenance costs. The City's share shall equal 40% of the total maintenance costs.

The 60/40 allocation was derived through determining the impervious surfaces of the private improvements (roof, driveway, patio), and the public improvements (pavement and sidewalks) tributary to the detention system. The "Basin A/B Bypass to Wetland Area" (noted in the City's approved Drainage Report) was considered in the calculation, as it was considered for flow control modeling purposes though it was not actually tributary to the detention facility.

The City has determined that the initial maintenance cost will equal \$6,000 per year. The City reserves the right to increase the cost annually by 2%, which is equal to the average cost of living increase. The City shall bill the Association on a periodic basis.

**EXHIBIT B  
TO  
PUBLIC OFFERING STATEMENT**

**MAP/PLAT**

[SEE ATTACHED SHEETS]

# THE TIMBERS BINDING SITE PLAN DIVISION 1 / CONDOMINIUM

SE 1/4 OF SW 1/4, NE 1/4 OF SW 1/4, SE 1/4 OF NW 1/4 AND NW 1/4 OF SE 1/4 OF SEC. 6, TWP. 29 N, RGE. 6 E, W.M.  
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON  
LUA 2017-0042

## DEDICATION

### DEDICATION (CONTINUED)

KNOW ALL MEN, (PERSONS) BY THESE PRESENTS THAT FORESTAR (USA) REAL ESTATE GROUP INC., A DELAWARE CORPORATION, THE UNDERSIGNED OWNER, IN FEE SIMPLE OF THE LAND HEREBY PLATED, HEREBY DECLARE THIS BINDING SITE PLAN, AND DEDICATE TO THE USE OF THE PUBLIC, FOREVER ALL STREETS, AVENUES, PLACES, AND OTHER PUBLIC PROPERTY THEREIN, SHOWING ON THE BINDING SITE PLAN, AND THE USE, FOR ANY, AND ALL PUBLIC PURPOSES, NOT INCONSISTENT WITH THE USE THEREFOR, FOR PUBLIC CUTS, AND FILLS UPON THE LAND, BLOCKS, TRACTS, ETC. SHOWN ON THIS BINDING SITE PLAN, IN THE REASONABLE, ORIGINAL, GRADING OF ALL THE STREETS, AVENUES, PLACES, ETC. SHOWN HEREON; ALSO, THE RIGHT TO DRAIN ALL STREAMS, OVER AND ACROSS ANY LOT OR LOTS WHERE WATER MIGHT TAKE A NATURAL COURSE AFTER THE STREET OR STREETS ARE GRADED. ALSO, ALL CLAIMS FOR DAMAGE AGAINST ANY GOVERNMENTAL AUTHORITY ARE WAIVED WHICH MAY BE OCCASIONED TO THE ADJACENT LAND BY THE ESTABLISHED CONSTRUCTION, DRAINAGE, AND MAINTENANCE OF SAID ROADS.

FOLLOWING ORIGINAL, REASONABLE, GRADING OF ROADS, AND WAYS, HEREON, NO DRAINAGE WATERS ON ANY LOT OR LOTS SHALL BE DIVERTED OR BLOCKED FROM THEIR NATURAL COURSE, SO AS TO DISCHARGE UPON ANY PUBLIC ROAD RIGHTS-OF-WAY TO HAMPER PROPER ROAD DRAINAGE, THE OWNER OF ANY LOT OR LOTS, PRIOR TO MAKING ANY ALTERATION IN THE DRAINAGE SYSTEM, AFTER THE RECORDING OF THE BINDING SITE PLAN, MUST MAKE AMPLIFICATION TO AND RECEIVE APPROVAL FROM THE DIRECTOR OF THE DEPARTMENT OF PUBLIC WORKS FOR SAID ALTERATION, ANY ENCLOSURE OF DRAINAGE WATERS IN CULVERTS OR DRAINS, OR REROUTING THEREOF ACROSS ANY LOT AS MAY BE UNDERTAKEN BY OR FOR THE OWNER OF ANY LOT, AS WELL AS AT THE EXPENSE OF SUCH OWNER.

TRACT 998 ENTRY MONUMENT, AND OPEN SPACE; TRACT 997 FIRE ACCESS; TRACT 996 LANDSCAPE, ARE HEREBY GRANTED AND CONVEYED TO THE TIMBERS CONDOMINIUM ASSOCIATION (THE ASSOCIATION) UPON RECORDING OF THIS BINDING SITE PLAN, OWNERSHIP AND MAINTENANCE OF SAID TRACTS, CONSISTENT WITH CITY CODE, SHALL BE THE RESPONSIBILITY OF THE ASSOCIATION, UNLESS AND UNTIL TRACT OWNERSHIP BY ALL LOTS WITHIN THIS SUBDIVISION IS AUTHORIZED PURSUANT TO A BINDING SITE PLAN ALTERATION, USE OF SAID TRACTS ARE RESTRICTED TO THAT SPECIFIED IN THE APPROVED BINDING SITE PLAN, THE ASSOCIATION AND THE OWNERS OF ALL LOTS WITHIN THE SUBDIVISION SHALL COMPLY WITH THOSE CITY REGULATIONS AND CONDITIONS OF FINAL SUBDIVISION APPROVAL SPECIFIED ON THE BINDING SITE PLAN, THE ASSOCIATION SHALL REMAIN IN EXISTENCE UNLESS, AND UNTIL, ALL LOTS WITHIN THIS SUBDIVISION HAVE ASSUMED COMMON OWNERSHIP OF SAID TRACTS, IN THE EVENT THAT THE ASSOCIATION SHOULD BE DISSOLVED, THEN EACH LOT SHALL HAVE AN EQUAL AND UNDIVIDED OWNERSHIP INTEREST IN THE TRACTS PREVIOUSLY OWNED BY THE ASSOCIATION, AS WELL AS, RESPONSIBILITY FOR MAINTAINING THE TRACTS, MEMBERSHIP IN THE ASSOCIATION, AND PAYMENT OF DUES, OR OTHER ASSESSMENTS FOR MAINTENANCE PURPOSES, SHALL BE A REQUIREMENT OF LOT OWNERSHIP, AND SHALL REMAIN AN APPURTENANCE TO AND INSEPARABLE FROM EACH LOT, THIS COVENANT SHALL BE BINDING UPON AND INURE TO THE BENEFIT OF THE ASSOCIATION, THE OWNERS OF ALL LOTS WITHIN THE SUBDIVISION AND ALL OTHERS HAVING ANY INTEREST IN THE TRACTS OR LOTS.

TRACTS 995 AND 994 FUTURE CRITICAL AREAS AND DEVELOPMENT PHASES ARE HEREBY GRANTED AND CONVEYED, TOGETHER WITH ALL OBLIGATIONS TO MANTAIN THE TRACT CONSISTENT WITH CITY CODE, TO FORESTAR (USA) REAL ESTATE GROUP INC., A DELAWARE CORPORATION, USE OF SAID TRACT IS RESTRICTED TO THAT SPECIFIED IN THE APPROVED BINDING SITE PLAN, THE OWNERS SHALL COMPLY WITH THOSE CITY REGULATIONS AND CONDITIONS OF FINAL SUBDIVISION APPROVAL SPECIFIED ON THE PLAT.

TRACT 999 PARK AND STORM TRACT IS HEREBY GRANTED AND CONVEYED TO THE CITY OF LAKE STEVENS (CITY) UPON RECORDING OF THE BINDING SITE PLAN SUBJECT TO A STORMWATER USE EASEMENT AGREEMENT, MAINTENANCE OF SAID TRACT SHALL BE THE RESPONSIBILITY OF THE CITY.

THE UNDERSIGNED OWNER OR OWNERS OF THE INTEREST IN THE REAL ESTATE DESCRIBED HEREBY DECLARE THIS MAP, AND DEDICATE THE SAME FOR A COMMON INTEREST COMMUNITY NAMED THE TIMBERS, A CONDOMINIUM COMMUNITY, AS THAT TERM IS DEFINED IN THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT, SOLELY TO MEET THE REQUIREMENTS OF THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT AND NOT FOR ANY PUBLIC PURPOSE.

### APPROVALS

CERTIFICATE OF SUBDIVISION APPROVAL  
EXAMINED AND APPROVED THIS 21st DAY OF May, 2019

*Kathy D.*  
LAKE STEVENS PLANNING AND COMMUNITY DEVELOPMENT DIRECTOR

APPROVAL OF PUBLIC IMPROVEMENTS  
EXAMINED AND APPROVED THIS 21st DAY OF May, 2019

*E. Depta*  
LAKE STEVENS PUBLIC WORKS DIRECTOR

CERTIFICATE OF CITY TREASURER  
HEREBY CERTIFY THAT ALL MONIES AND DEBTS PERTAINING TO THIS DIVISION  
WERE PAID TO THE CITY OF LAKE STEVENS BY THE 21st DAY OF  
May, 2019.

APPROVAL OF PUBLIC IMPROVEMENTS  
EXAMINED AND APPROVED THIS 21st DAY OF May, 2019

*B. St.*  
LAKE STEVENS FINANCE DIRECTOR

CERTIFICATE OF CITY TREASURER'S CERTIFICATE

I HEREBY CERTIFY THAT ALL STATE AND COUNTY TAXES HEREFORE LEVIED AGAINST THE PROPERTY DESCRIBED HEREIN, ACCORDING TO THE BOOKS AND RECORDS OF MY OFFICE, HAVE BEEN FULLY PAID AND DISCHARGED,  
INCLUDING 2019 TAXES.

APPROVAL OF PUBLIC IMPROVEMENTS  
EXAMINED AND APPROVED THIS 21st DAY OF May, 2019

*L. Schaefer*  
TREASURER, SNOHOMISH COUNTY

APPROVAL OF PUBLIC IMPROVEMENTS  
EXAMINED AND APPROVED THIS 21st DAY OF May, 2019

*S. St.*  
DEPUTY COUNTY TREASURER

AUDITOR'S CERTIFICATE

FILED FOR RECORD AT THE REQUEST OF MICHAEL R. MERRITT THIS 22nd DAY OF May, 2019, AT 4:30 MINUTES PAST 3 P.M.,  
AND RECORDED IN VOLUME 2019052225003 OF PLATS, PAGE(S) 1 UNDER  
AUDITOR'S FILE NO. 2019052225003 RECORDS OF SNOHOMISH COUNTY,  
WASHINGTON.

*Carylyn Weikel*  
AUDITOR, SNOHOMISH COUNTY

*J. Weston*  
DEPUTY COUNTY AUDITOR

NOTES

1. ALL LAND IS SUBJECT TO DEVELOPMENT RIGHTS SET FORTH IN THE DECLARATION.
2. THE AREA OF EACH UNIT IS BASED ON THE HORIZONTAL BOUNDARIES SHOWN HEREON.
3. THE BOUNDARY AT GROUND LEVEL.
4. ANY REFERENCE REFER TO "LOT" SHALL MEAN AND REFER TO A CONDOMINIUM UNIT, ESTABLISHED IN THIS BINDING SITE PLAN/CONDOMINIUM MAP.

### LAND SURVEYOR'S CERTIFICATE



SNOHOMISH COUNTY A.F. NO. 2019052225003  
VOL/PG  
1 OF 13  
SHEET:

THE TIMBERS  
BINDING SITE PLAN / CONDOMINIUM  
SE 1/4 OF SW 1/4, NE 1/4 OF SW 1/4 SEC. 6, TMM. 29 N, RGE. 6 E, W.M.  
AND NW 1/4 OF SE 1/4 SEC. 6, TMM. 29 N, RGE. 6 E, W.M.  
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON  
DRAWN BY: DATE: DRAWING FILE NAME: SCALE:  
LDC 5-7-18 C18-102B-BSP-C00 MTS. C18-102B

# THE TIMBERS BINDING SITE PLAN DIVISION 1 / CONDOMINIUM

SE 1/4 OF SW 1/4, NE 1/4 OF SW 1/4, SE 1/4 OF NW 1/4 AND NW 1/4 OF SEC. 6, Twp. 29 N, Rge. 6 E, W.M.  
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON  
LUA 2017-0042

## EASEMENTS AND RESTRICTIONS

1. THIS BINDING SITE PLAN IS SUBJECT TO THE RESERVATIONS AND RECITALS CONTAINED IN THE DEED AS SET FORTH IN DOCUMENT RECORDING NUMBER 7,943 UNDER LANDMARK NUMBER 7,484,734, AND DOCUMENT PRODUCED ON JUNE 7, 1943, UNDER THE FOLLOWING EXCERPTS, ET AL., AND DOCUMENT PRODUCED ON JUNE 7, 1943, AMONG OTHER PARTIES, ALL THE OIL, GAS, COAL, AND OTHER MINERAL RIGHTS OF THE STATES OF AMERICA, ALL THE OIL, GAS, COAL, AND OTHER MINERAL RIGHTS OF WHATEVER NATURE, UPON, IN, OR UNDER THE SAID LANDS, TOGETHER WITH THE USUAL MINING RIGHTS, POWERS AND PRIVILEGES, INCLUDING THE RIGHTS OF ACCESS TO AND THE USE OF SUCH PARTS OF THE SURFACE AS MAY BE NECESSARY FOR MINING AND SAWMILL SAWN MINERALS. (SHOWN ON SHEET 4 OF 13)
2. THIS BINDING SITE PLAN IS SUBJECT TO THE COVENANT TO REAR PART OR ALL OF COST OF CONSTRUCTION, REPAIR OR MAINTENANCE OF EASEMENT CREATED OVER ADJACENT PROPERTY FOR THE PURPOSE OF APPROACH OR EASEMENT AS RECORDED, UNDER RECORDING NUMBER 1220208, AFFECTING PARCEL 1. (SHOWN ON SHEET 4 OF 13).

3. THIS BINDING SITE PLAN IS SUBJECT TO THE COVENANTS, CONDITIONS, RESTRICTIONS, RECITALS, RESERVATIONS, EASEMENTS, AGREEMENTS, PROVISIONS, DEDICATIONS, BUILDING SETBACK LINES, NOTES, STATEMENTS, AND OTHER MATTERS, IF ANY, BUT, UNMITTED, TO THOSE ANY COVENANTS OR RESTRICTIONS, IF ANY, INCLUDING, BUT NOT LIMITED TO THOSE BASED UPON RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF MARITAL STATUS, AS PROVIDED IN THE APPROPRIATE STATE OR FEDERAL LAW, EXCEPT TO THE EXTENT THAT SAID COVENANT, OR RESTRICTION IS PERMITTED BY APPLICABLE LAW, AS SET FORTH ON SNOHOMISH COUNTY SHORT PUBL. NO. SPB#45-75 UNDER RECORDING NUMBER 2387510, AFFECTING PARCELS M AND N. SHOWN ON SHEET 4 OF 13.

4. THIS BINDING SITE PLAN IS SUBJECT TO COVENANTS, CONDITIONS, RESTRICTIONS, RECITALS, RESERVATIONS, EASEMENTS, AGREEMENTS, PROVISIONS, DEDICATIONS, BUILDING SETBACK LINES, NOTES, STATEMENTS, AND OTHER MATTERS, IF ANY, BUT, UNMITTED, TO THOSE ANY COVENANTS OR RESTRICTIONS, IF ANY, INCLUDING, BUT NOT LIMITED TO THOSE BASED UPON RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF MARITAL STATUS, AS PROVIDED IN THE APPROPRIATE STATE OR FEDERAL LAW, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW, AS SET FORTH ON SNOHOMISH COUNTY BOUNDARY LINE ADJUSTMENT NO. 96 169709 UNDER RECORDING NUMBER 9612200070, AFFECTING PARCEL L. (CANNOT BE PLOTTED)

5. THIS BINDING SITE PLAN IS SUBJECT TO COVENANTS, CONDITIONS, RESTRICTIONS, RECITALS, RESERVATIONS, EASEMENTS, AGREEMENTS, PROVISIONS, DEDICATIONS, BUILDING SETBACK LINES, NOTES, STATEMENTS, AND OTHER MATTERS, IF ANY, BUT, UNMITTED, TO THOSE ANY COVENANTS OR RESTRICTIONS, IF ANY, INCLUDING, BUT NOT LIMITED TO THOSE BASED UPON RACE, COLOR, RELIGION, SEX, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF MARITAL STATUS, AS PROVIDED IN THE APPROPRIATE STATE OR FEDERAL LAW, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW, AS SET FORTH ON SNOHOMISH COUNTY BOUNDARY LINE ADJUSTMENT NO. 96 169782 RECORDED UNDER RECORDING NUMBER 9612200199, AFFECTING PARCELS J AND K. (CANNOT BE PLOTTED)

6. THIS BINDING SITE PLAN IS SUBJECT TO DEVELOPMENT AGREEMENT INCLUDING THE TERMS, COVENANTS, EASEMENTS, AGREEMENTS, PROVISIONS, DEDICATIONS THEREOF, AND CONDITIONS THEREOF, AS RECORDED ON JUNE 14, 2002, UNDER RECORDING NUMBER 200706140102, AMENDMENT NO. 1, 5 YEAR EXPANDING AGREEMENT HAS BEEN RECORDED UNDER RECORDING NO. 20170750061. AMENDMENT NO. 2 HAS BEEN RECORDED UNDER RECORDING NO. 201709180455. (CANNOT BE PLOTTED)

7. THIS BINDING SITE PLAN IS SUBJECT TO THE NOURSE 2017 DEVELOPER EXTENSION AGREEMENT, INCLUDING THE NOURSE PHASES 1 AND 2 DEVELOPER AGREEMENT ON JUNE 14, 2007, RECORDED ON JUNE 14, 2007, AT #1027, ALSO RECORDED ON JUNE 14, 2007, AS AN ADDENDUM TO AND ADDITION TO RECORDING NUMBER 20170750061, (CANNOT BE PLOTTED)

8. THIS BINDING SITE PLAN IS SUBJECT TO THE NOURSE PHASES 1 AND 2 DEVELOPER EXTENSION AGREEMENT AND THE TERMS AND CONDITIONS THEREOF RECORDED ON NOVEMBER 30, 2017 UNDER RECORDING NUMBER 201709180455. (CANNOT BE PLOTTED)

9. THIS BINDING SITE PLAN IS SUBJECT TO THE NOURSE PHASES 1 AND 2 DEVELOPED AGREEMENT ON JUNE 14, 2007, AS RECORDED ON JUNE 14, 2007, AS ALSO RECORDED ON JUNE 14, 2007, AS AN ADDENDUM TO AND ADDITION TO RECORDING NUMBER 20170750061, (CANNOT BE PLOTTED)

10. THIS BINDING SITE PLAN IS SUBJECT TO AN EASEMENT GRANTED TO PUGET SOUND ENERGY, INC., FOR GAS AND UTILITY DISTRIBUTION SYSTEM AS RECORDED ON SEPTEMBER 11, 2018, UNDER RECORDING NUMBER 201809110452. (CANNOT BE PLOTTED)

11. THIS BINDING SITE PLAN IS SUBJECT TO THE NOURSE PHASES 1 AND 2 DEVELOPED AGREEMENT AND THE TERMS AND CONDITIONS THEREOF RECORDED ON NOVEMBER 30, 2017 UNDER RECORDING NUMBER 201709180455. (CANNOT BE PLOTTED)

12. THIS BINDING SITE PLAN IS SUBJECT TO A MODEL HOME INDEMNIFICATION/HOLD HARMLESS AND THE TERMS AND CONDITIONS THEREOF RECORDED ON JANUARY 2, 2019 UNDER RECORDING NUMBER 201901020330. (CANNOT BE PLOTTED)

13. THIS BINDING SITE PLAN IS SUBJECT TO WATER EASEMENTS TO SNOHOMISH COUNTY PUD NO. 1 AS SHOWN ON SHEETS 7 AND 12.

14. THIS BINDING SITE PLAN IS SUBJECT TO A 20' FOOT SEWER EASEMENT TO LAKE STEVENS SEWER DISTRICT AS RECORDED UNDER A.F. NO. 20190425017.

15. THIS BINDING SITE PLAN IS SUBJECT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE TIMBERS CONDOMINIUM ASSOCIATION AND THE TERMS, CONDITIONS AND PROVISIONS CONTAINED THEREIN, RECORDED UNDER A.F. NO. 20190425017.

## NOTES

1. ANY DEVELOPMENT OF THE SITE SHALL BE IN CONFORMITY WITH THE APPROVED BINDING SITE PLAN.

2. PURSUANT TO THE RECORDED DEVELOPMENT AGREEMENT, THE TIMBERS CONDOMINIUM ASSOCIATION (THE ASSOCIATION) WILL SHARE IN THE MAINTENANCE COSTS OF THE STORMWATER FACILITIES LOCATED WITHIN TRACT 999.

3. ANY REFERENCE HEREIN TO "LOT" SHALL MEAN AND REFER TO A CONDOMINIUM UNIT AS HEREBY ESTABLISHED IN THIS BINDING SITE PLAN/CONDOMINIUM MAP.

## EASEMENT PROVISIONS

- AN EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO ALL UTILITIES SERVING SUBDIVISION BINDING SITE PLAN AND THEIR SUBLICESSORS AND ASSIGNEES, UNDER AND UPON THE EXTERIOR OF THE PARCEL, WITH AND ADJOINING THE STREET, ORGANIZATION, OR OTHER PROPERTY, WHETHER IN THE FORM OF CABLES, PIPE, AND WIRES, WITH REPAIR, OPERATE AND MAINTAIN UNDERGROUND CONDUITS, CABLES, PIPE, AND WIRES, WITH NEWER, OLDER, AND OTHER EQUIPMENT FOR THE PURPOSE OF SERVING THIS NECESSARY FACILITIES, AND OTHER PROPERTY WITHIN THE LOT, AND OTHER UTILITY SERVICES TOGETHER WITH ELECTRIC, TELEPHONE, GAS, TELEVISION CABLE, AND OTHER UTILITY SERVICES TOGETHER WITH THE RIGHT TO ENTER UPON THE LOTS, TRACTS AND COMMON AREAS AT ALL TIMES FOR THE PURPOSES HEREIN STATED.

- DRAINAGE EASEMENTS DESIGNATED ON THE BINDING SITE PLAN ARE HEREBY RESERVED FOR THE PURPOSE OF MAINTAINING THE PROPERTY LINE, THAT IS, THE LINE OF THE EASEMENT, TO ENCARGE, CONSTRUCT, OPERATE, MAINTAIN, REPAIR, AND/OR REBUILD AN ENCLOSED, OR OPEN CHANNEL, STORM WATER CONVEYANCE SYSTEM, AND/OR OTHER DRAINAGE FACILITIES, UNDER, UPON, OR THROUGH THE DRAINAGE EASEMENT.

## PRIVATE RETAINING WALL/ROCKERY AND STORM DRAINEAGE EASEMENT

1. ANY LOT THAT INCLUDES OR IS ADJACENT TO A RETAINING WALL OR ROCKERY INSTALLED BY THE DEVELOPER THAT CROSSES, IS ADJACENT TO, OR STRADDLES ONE OR MORE PROPERTY LINES, SHALL BE SUBJECT TO A PERMANENT EASEMENT GRANTED TO THE LOT OWNER ON THE OTHER SIDE OF SUCH PROPERTY LINE FOR PURPOSES OF MAINTAINING, AND REPAIRING, SUCH RETAINING WALL OR ROCKERY, REPAIR, AND MAINTENANCE OF SUCH RETAINING WALL OR ROCKERY SHALL BE THE OWNERSHIP OF THE LOT OWNER(S) ON BOTH SIDES OF SUCH PROPERTY LINE.
2. THE OWNERS OF LOTS THAT BENEFIT FROM WALL DRAINAGE FACILITIES SHALL BE Equally RESPONSIBLE FOR THE MAINTENANCE, REPAIR, AND/OR RECONSTRUCTION OF THAT PORTION OF THE WALL DRAINAGE FACILITIES THEY HAVE BENEFIT FROM, EXCEPT NO OWNER SHALL BE RESPONSIBLE FOR THE MAINTENANCE, REPAIR, AND/OR RECONSTRUCTION OF THAT PORTION OF THE DRainage UTILITIES THEY HAVE BENEFIT OF USE.

## LANDSCAPE BUFFER EASEMENT

AN EASEMENT IS HEREBY RESERVED FOR AND GRANTED TO THE TIMBERS CONDOMINIUM ASSOCIATION OVER THE LANDSCAPE BUFFERS AS SHOWN ON LOTS 62-75 ON SHEETS 7 AND 8 FOR THE PURPOSES OF INSPECTION AND MAINTANCE AS REQUIRED.

## PRIVATE STORM DRAINAGE EASEMENT PROVISIONS

1. THE 5'-FOOT WIDE PRIVATE STORM EASEMENT LOCATED ACROSS TRACT 999 AS SHOWN HEREON, IS HEREBY RESERVED FOR AND GRANTED TO LOTS 35, 36, 37, 38, 59, 60 AND BANCS, REVERSES AND SIGHTS, AND CONSTRUCTION OF THE DRAINAGE FACILITIES THEREIN, HEREBY RESERVED AND FOR CONSTRUCTION OF THAT PORTION OF THE COMMONLY USED STORM SERVER LOCATED UPSTREAM FROM THE POINT OF CONNECTION OF THAT RESPECTIVE LOT OWNER.
2. THE 5'-FOOT WIDE PRIVATE STORM EASEMENT LOCATED ACROSS TRACT 999, AS SHOWN HEREON, IS HEREBY RESERVED FOR AND GRANTED TO LOTS 47, 48, 50 AND 51, THE OWNERS OF SAID LOTS SHALL BE Equally RESPONSIBLE FOR THE DRAINAGE FACILITIES THEREIN, HEREBY RESERVED AND FOR RECONSTRUCTION OF THAT PORTION OF THE COMMONLY USED STORM SERVER LOCATED UPSTREAM FROM THE POINT OF CONNECTION OF THAT RESPECTIVE LOT OWNER.
3. THE 5'-FOOT WIDE PRIVATE STORM EASEMENT LOCATED ACROSS TRACT 999, AS SHOWN HEREON, IS HEREBY RESERVED FOR AND GRANTED TO LOTS 34, 35, 36, 37, 38, 40, 41, 42, AND 43, THE OWNERS OF SAID LOTS SHALL BE Equally RESPONSIBLE FOR THE DRAINAGE FACILITIES THEREIN, HEREBY RESERVED AND FOR CONSTRUCTION OF THAT PORTION OF THE COMMONLY USED STORM SERVER LOCATED UPSTREAM FROM THE POINT OF CONNECTION OF THAT RESPECTIVE LOT OWNER.
4. THE 5'-FOOT WIDE PRIVATE STORM EASEMENT LOCATED ACROSS TRACT 999, AS SHOWN HEREON, IS HEREBY RESERVED FOR AND GRANTED TO LOTS 29, 30, 31, 32 AND 33, THE OWNERS OF SAID LOTS SHALL BE Equally RESPONSIBLE FOR THE MAINTENANCE, REPAIR, AND/OR RECONSTRUCTION OF THAT PORTION OF THE COMMONLY USED STORM SERVER LOCATED UPSTREAM FROM THE POINT OF CONNECTION OF THAT RESPECTIVE LOT OWNER.
5. THE 5'-FOOT WIDE PRIVATE DRAINAGE EASEMENT LOCATED ACROSS LOT 135, AS SHOWN HEREON, IS HEREBY RESERVED FOR AND GRANTED TO LOTS 134 AND 136 FOR THE PURPOSE OF DRAINAGE, THE OWNERS OF LOTS 134 THROUGH 136 SHALL BE Equally RESPONSIBLE FOR THE MAINTENANCE, REPAIR, AND/OR RECONSTRUCTION OF THAT PORTION OF THE DRAINAGE UTILITIES THEY HAVE BENEFIT OF USE.
6. THE 5'-FOOT WIDE PRIVATE DRAINAGE EASEMENT LOCATED ACROSS LOT 101 AS SHOWN HEREON, IS HEREBY RESERVED FOR AND GRANTED TO LOTS 98 THROUGH 117 FOR THE PURPOSE OF DRAINAGE, THE OWNERS OF LOTS 98 THROUGH 117 SHALL BE Equally RESPONSIBLE FOR THE MAINTENANCE, REPAIR, AND/OR RECONSTRUCTION OF THAT PORTION OF THE DRAINAGE UTILITIES THEY HAVE BENEFIT OF USE.

SNOHOMISH COUNTY A.F. NO. 2019052225003  
SHEET: 2 OF 13  
VOL./PG



**THE TIMBERS CONDOMINIUM  
BINDING SITE PLAN**

SE 1/4 OF SW 1/4, NE 1/4, SE 1/4 OF NW 1/4 AND NW 1/4 OF SE 1/4 SEC. 6, Twp. 29 N, Rge. 6 E, W.M.  
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON

DRAWN BY:	DATE:	DRAWING FILE NAME:	SCALE:
TIM	5-7-18	C18-102B-BSP-C100	N.T.S.

www.LDCPlans.com

## SURVEY INFORMATION

### REFERENCES

- (P1) PLAT OF BABY'S THIRD ADD TO LANE STEVENSON (VOLUME 10 OF PLATS, PAGE 10a)
- (R1) RECORD OF SURVEY FOR LANE STEVENSON (SF NO. 91051406)
- (P2) PLAT OF SANDY BEACH TRACTS (VOLUME 10 OF PLATS, PAGE 10a)
- (R2) RECORD OF SURVEY FOR CARL BLASS (SF NO. 9405125001)
- (P3) DIVISION NO. 1 (SF NO. 20200841)
- (R3) RECORD OF SURVEY FOR DUNSTY HOMES (SF NO. 2005045560)
- (P4) PLAT OF BAKER VILLA (SF NO. 200208315503)
- (R4) BOUNDARY LINE ADJUSTMENT (SF NO. 2004025015)
- (P5) PLAT OF AMIA HEIGHTS (SF NO. 2004025065)
- (R5) BOUNDARY LINE ADJUSTMENT/RECORD OF ADJUSTMENT FOR AMIA AND LINDEN J. & COLEEN E. COLSEN (SF NO. 2004102501)
- (P6) PLAT OF CEDAR BANK (SF NO. 2004025015)
- (R6) BOUNDARY LINE ADJUSTMENT FOR JOE SULLIVAN CITY & ASSOCIATES FOR JOE SULLIVAN (SF NO. 2004025056)
- (P7) PLAT OF SUMMER HILL ESTATES (SF NO. 2004025052)
- (R7) BOUNDARY LINE ADJUSTMENT FOR SUMMER HILL ESTATES (SF NO. 2004025054)
- (P8) PLAT OF SHIREWOOD (SF NO. 2004025056)
- (R8) BOUNDARY LINE ADJUSTMENT AND AFFIRMATION OF CORRECTION (SF NO. 2004025058)
- (P9) SHORT SUBDIVISION FOR 20TH STREET SP (SF NO. 200504221504)
- (R9) CORRECTION OF BOUNDARY LINE ADJUSTMENT PER A.R. 200008150004 3 (SF NO. 200504221504)
- (P10) RECORD OF SURVEY FOR BOUNDARY LINE ADJUSTMENT FOR AMORY/JEFFERSON (SF NO. 2004025052)
- (P11) RECORD OF SURVEY FOR BOUNDARY LINE ADJUSTMENT FOR JENSEN HOMES & PROPERTIES, INC. (SF NO. 200006150006)
- (R10) RECORD OF SURVEY FOR RICHMOND AMERICAN HOMES (SF NO. 201502050501)
- (P11) RECORD OF SURVEY FOR ROBERT CHAMBERS (SF NO. 201501015001)
- (R11) RECORD OF SURVEY FOR RON HOLSMER (SF NO. 2017091502)
- (R12) RECORD OF SURVEY FOR JUDITH COOPER (SF NO. 2017110902)
- (R16) NOTCH SURVEY PLANS TITLED "20' 32' - 10' 13' 18' 14' 11' 10' 10' 10' 10' 10' 10' 10' 10' - DATED 9-24-12"

FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE N.W. CORNER OF SEC. 5, TWP. 28N, R.R. 16E. (OCT. 2017)

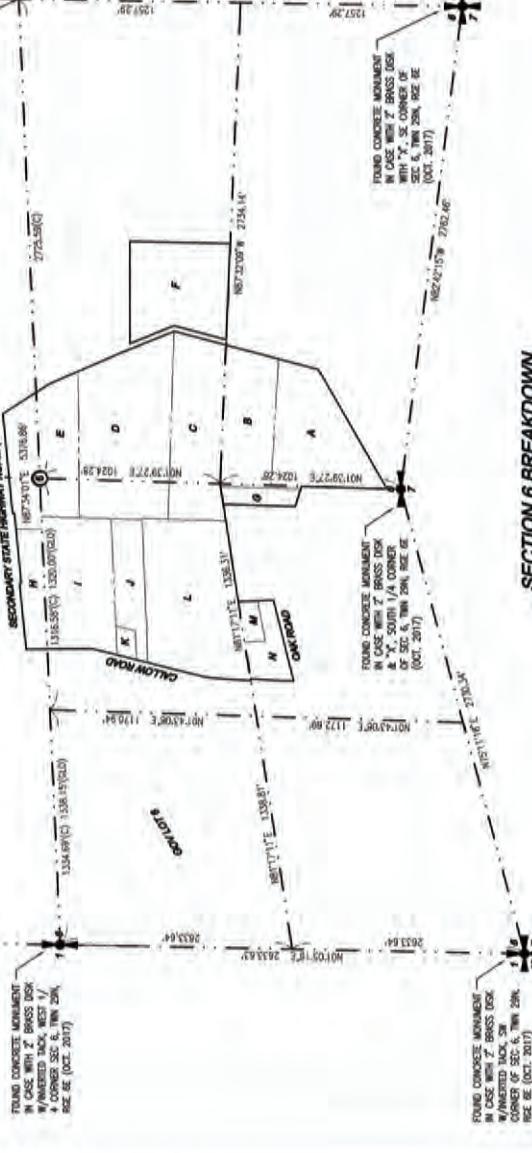
FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE N.W. CORNER OF SEC. 4, TWP. 28N, R.R. 16E. (OCT. 2017)

FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE N.E. CORNER OF SEC. 6, TWP. 28N, R.R. 16E. (OCT. 2017)

FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE S.E. CORNER OF SEC. 6, TWP. 28N, R.R. 16E. (OCT. 2017)

FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE S.W. CORNER OF SEC. 6, TWP. 28N, R.R. 16E. (OCT. 2017)

### SECONDARY STATE HIGHWAY No. 517(EA)



FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE N.E. CORNER OF SEC. 6, TWP. 28N, R.R. 16E. (OCT. 2017)

FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE N.W. CORNER OF SEC. 4, TWP. 28N, R.R. 16E. (OCT. 2017)

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FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE N.W. CORNER OF SEC. 4, TWP. 28N, R.R. 16E. (OCT. 2017)

FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE S.E. CORNER OF SEC. 4, TWP. 28N, R.R. 16E. (OCT. 2017)

FOUND CONCRETE MONUMENT IN CASE WITH 2 BRASS TACKS LOCATED ON THE S.W. CORNER OF SEC. 4, TWP. 28N, R.R. 16E. (OCT. 2017)

NOTCH SURVEY PLANS TITLED "20' 32' - 10' 13' 18' 14' 11' 10' 10' 10' 10' 10' 10' 10' 10' 10' 10' - DATED 9-24-12"

### SURVEY NOTES

1. THIS SURVEY HAS DEPICTED OCCUPATIONAL INDICATORS, SUCH AS STOLES, WALLS AND BUILDINGS, AS PER UNNOTED UNQUOTE.
2. THIS BOUNDARY SURVEY HAS ONLY DEPICTED THE RELATIONSHIP BETWEEN LINES OF OCCUPATION AND DEEDED LINES OF RECORD; NO RESOLUTION OF OWNERSHIP BASED ON UNNOTED RIGHTS HAS BEEN MADE BY THIS SURVEY.
3. THIS SURVEY HAS BEEN PERFORMED WITH THE BENEFITS OF A TITLE BEFORE FROM CRESCO TITLE COMPANY OF WASHINGTON (TAKHAWEE CERTIFICATE NO. 5000015), EFFECTIVE DATE: SEPTEMBER 19, 2017 AT 09:00 AM.

### BASIS OF BEARING

N 01' 59" E BETWEEN NORTH 1/4 CORNER AND SOUTH 1/4 CORNER PER GPS OBSERVATION

### HORIZONTAL DATUM

NO 53 (P) WASHINGTON STATE HORIZONTAL-NORTH ZONE

### EQUIPMENT & PROCEDURES

#### METHOD OF SURVEY:

SURVEY PERFORMED BY FIELD TIME-SERIES:

INSTRUMENTATION: LEDA NE-50 EROIC TOTAL STATION WITH DATA COLLECTOR AND LEDA GS-16 GPS MOUNTED IN ADVISOR TO MANUFACTURES SPECIFICATIONS AS REQUIRED BY WAC 202-130-100

PRECISION:

MEETS OR EXCEEDS STATE STANDARDS BMG 302 - 130-100

<b>SHOUMANSH COUNTY A.F. NO. 20190522-5023</b>  <b>THE TIMBERS</b> <b>BINDING SITE PLAN/CONDOMINIUM</b>	<b>VOL/PAGE</b> <b>3 of 13</b>
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<b>LDC</b> <b>Engineering Structural Planning Survey</b> <b>THE CIVIL ENGINEERING GROUP</b> <b>20210 14th Ave NE</b> <b>Woodinville, WA 98072</b> <b>www.LDcorp.com</b>	
--	--

<b>SE 1/4 OF SW 1/4, NE 1/4, SE 1/4 OF NW 1/4, NW 1/4 OF SE 1/4 SEC. 6, TWP. 28N, R.R. 16E, W.M., CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON</b>	<b>JOB NUMBER</b> <b>C1B-1028</b>
--	--------------------------------------

SCALE:

3'

Vol/Pg:

3 of 13

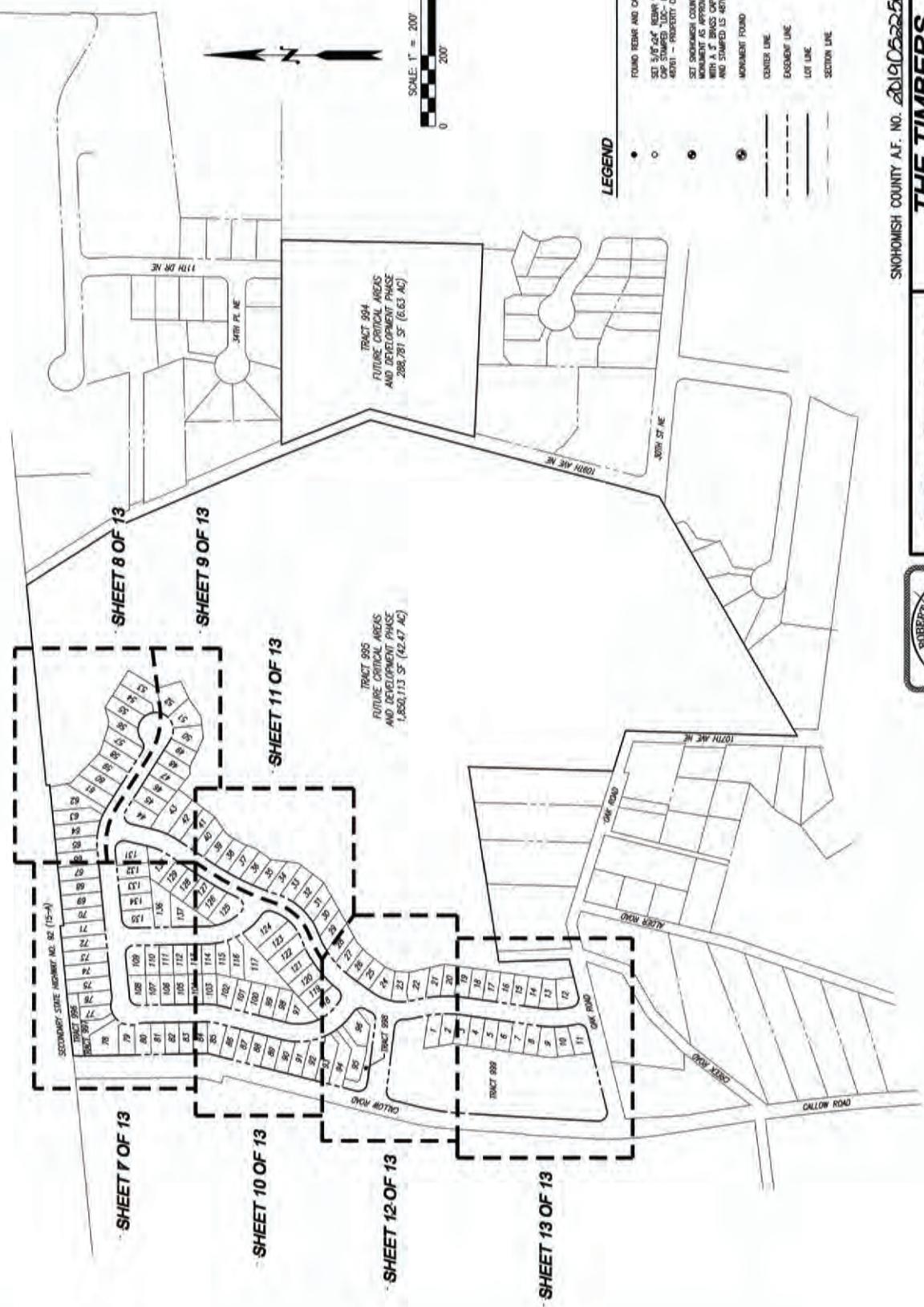




# THE TIMBERS BINDING SITE PLAN

SE 1/4 OF SW 1/4, NE 1/4 OF SW 1/4, SE 1/4 OF NW 1/4 AND NW 1/4 OF SE 1/4 OF SEC. 6, TWN. 29 N, RGE 6 E, W.M.  
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON  
LUA 2017-0067

VOL/PG



SHEET: 6 OF 13  
VOL/PG  
SNOHOMISH COUNTY A.F. NO. 20190522-5003  
**THE TIMBERS**  
**BINDING SITE PLAN/CONDOMINIUM**  
SE 1/4 OF SW 1/4, NE 1/4 OF SW 1/4, SE 1/4 OF NW 1/4  
AND NW 1/4 OF SE 1/4 SEC. 6, TWN. 29 N, RGE 6 E, W.M.,  
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON  
TM 5-7-18 C1B-1028-BSP-C30 1'=200'

<b>LDC</b>	Engineering Structural Planning Survey	THE CIVIC ENGINEERING GROUP P.O. BOX 1099 Ft. Atkinson, WI 53530 20210 42nd Ave Wheaton, IL 60187 www.LDCcorp.com
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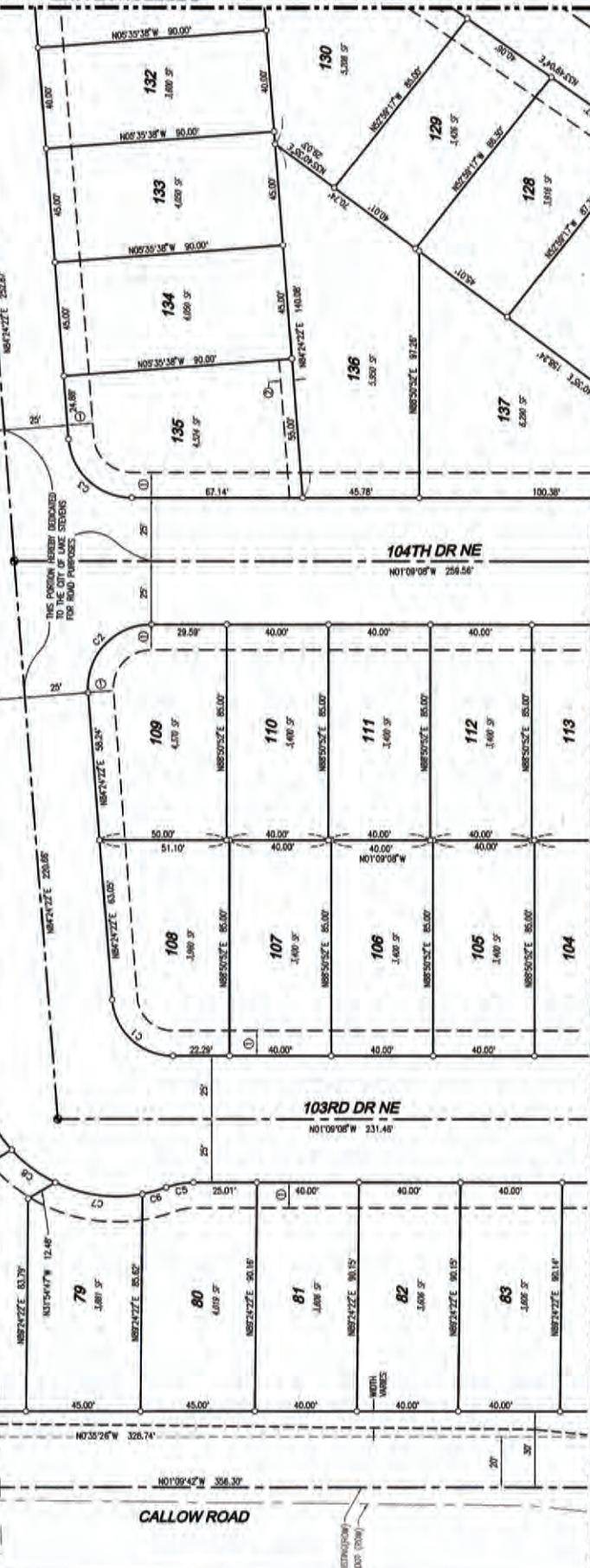


SCALE: 1' = 60'  
0 30' 60'

SECONDARY STATE HIGHWAY NO. 92 (15-A)



REFERENCE LINE (SEE SHEET 8)



REFERENCE LINE  
(SEE SHEET 10)

CURVE NAME	CURVE LENGTH	BENDS	DELTAS
C1	35.84	24.00	85' 50" 35' 50"
C2	41.21	25.00	94' 70" 36' 50"
C3	37.53	25.00	55' 50" 22' 10"
C4	47.51	25.00	105' 20" 55' 50"
C5	10.97	30.50	20' 50" 10' 20"
C6	9.67	55.50	20' 00" 10' 00"

EASEMENTS

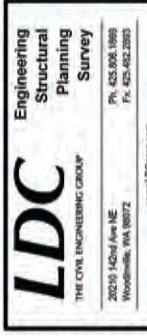


ROBERT MCNAUL SHERIFF  
SNOHOMISH COUNTY, WASHINGTON  
PRECINCT 1 LAND DIVISION

2010 12th Ave NE  
Woodinville, WA 98072

PN: 425-934-1689  
Fax: 425-452-2002

www.LDChq.com



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VOL/PG  
7 OF 13



SNOHOMISH COUNTY A.F. NO. 2019-052250003

DRAWN BY: DATE: DRAWING FILE NAME: JOB NUMBER:

C18-1028-BSP-C30 1' = 30' C18-1028-BSP-C30

HIGHWAY PLATED EDITION,  
SEE LANDSCAPE BUTTERFIELD  
EASEMENT ON SHEET 2

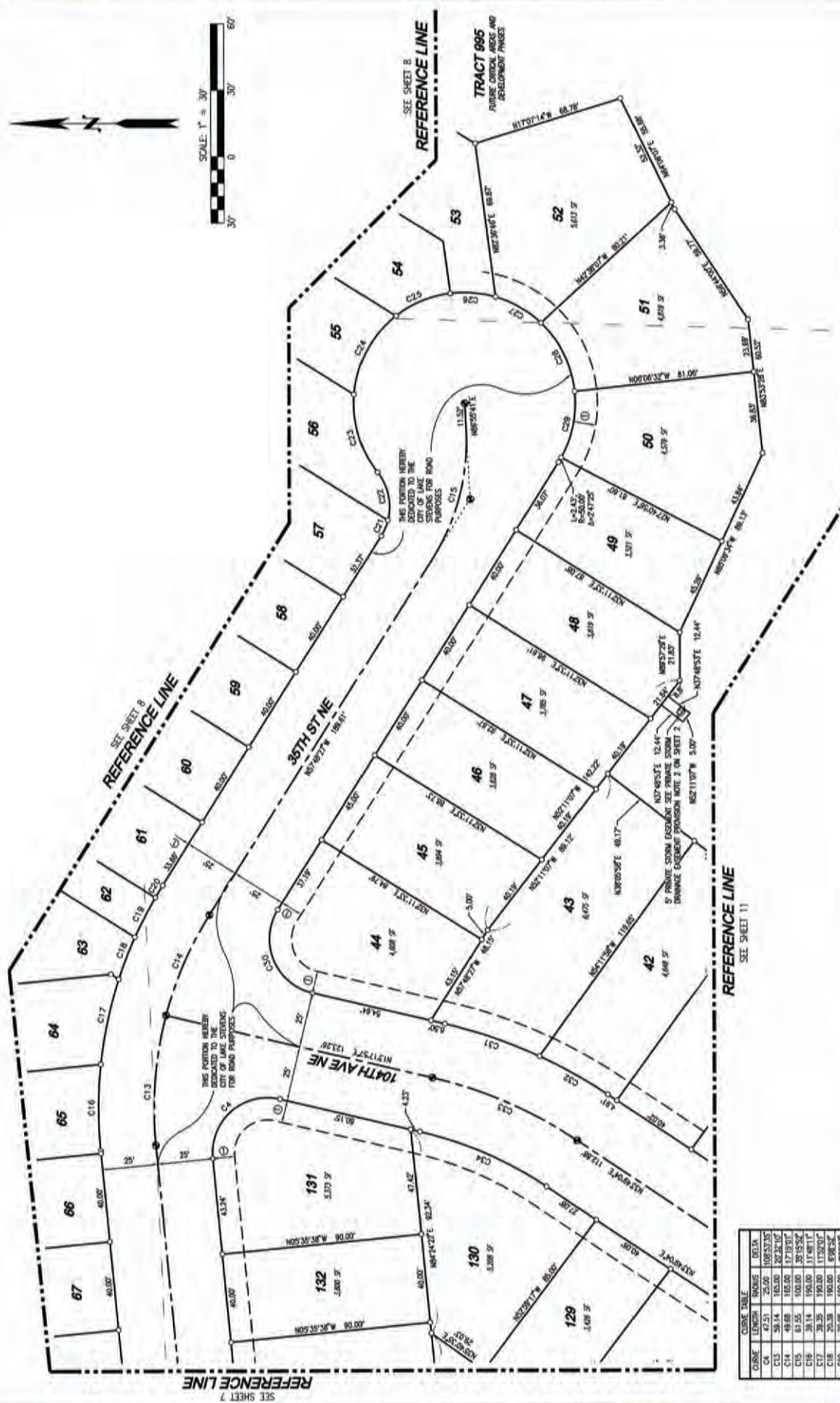
**SECONDARY STATE HIGHWAY NO. 92 (15A)**



LINE NUMBER	LEADER	PARCELS	DELLA
C4	47.51	75.00	108.53-35
C13	58.14	165.00	207.32-19
C14	49.68	165.00	171.50-01
C15	61.05	100.00	35.19-92
C16	38.14	160.00	114.61-17
C17	59.35	160.00	117.93-17
C18	20.39	160.00	69.85-57
C19	26.08	160.00	69.85-23
C20	6.54	160.00	75.84-07
C21	7.75	25.00	52.65-57
C22	21.02	25.00	17.69-07
C23	37.55	50.00	47.02-01
C24	41.25	50.00	47.16-12
C25	26.74	50.00	30.38-47
C26	20.58	50.00	27.84-11
C27	21.98	50.00	27.92-37
C28	35.06	50.00	40.71-39
C29	30.99	50.00	35.29-47
C30	41.51	25.00	109.57-35
C31	45.22	225.00	117.93-17
C32	25.56	225.00	30.38-17
C33	71.62	200.00	207.32-17
C34	62.67	175.00	207.32-17



<b>THE TIMBERS BINDING SITE PLAN/CONDOMINIUM</b>	
VOL/PG	
SHEET 8 OF 13	
SNOHOMISH COUNTY A.F. NO. 2019062025003	
SE 1/4 OF SW 1/4, NE 1/4 OF NW 1/4, SE 1/4 OF NW 1/4 AND NW 1/4 OF SE 1/4 SEC. 6, TMI. 29 N. RGE. 6 E., W.M.	
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON	
DRAWN BY:	DATE:
LDC	5-7-18
Engineering Structural Planning Survey	DRAWING FILE NAME: C18-1028-BSP-C30
SCALE: 1"=30'	
JOB NUMBER: C18-1028	
PR. 425 806 1460 Fr. 425 462 2893 www.LDCproj.com	



**SEE SHEET 8  
REFERENCE LINE**

**SEE SHEET 11  
REFERENCE LINE**

**SEE SHEET 13  
REFERENCE LINE**

**VOL/PKG**  
**9 OF 13**

**SHOONWICH COUNTY A.F. NO. 2019052225003**

**THE TIMBERS  
BINDING SITE PLAN/CONDOMINIUM**

**SE 1/4 OF SW 1/4, NE 1/4, SE 1/4 OF NW 1/4  
AND NW 1/4 OF SE 1/4 SEC. 6, TMA. 29 N, RGE. 6 E, W.M.,  
CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON**

**DRAWN BY:** LDC  
**DATE:** 5-7-18  
**DRAWING NAME:** C1B-1028-BSP-C30  
**JOB NUMBER:** C1B-1028

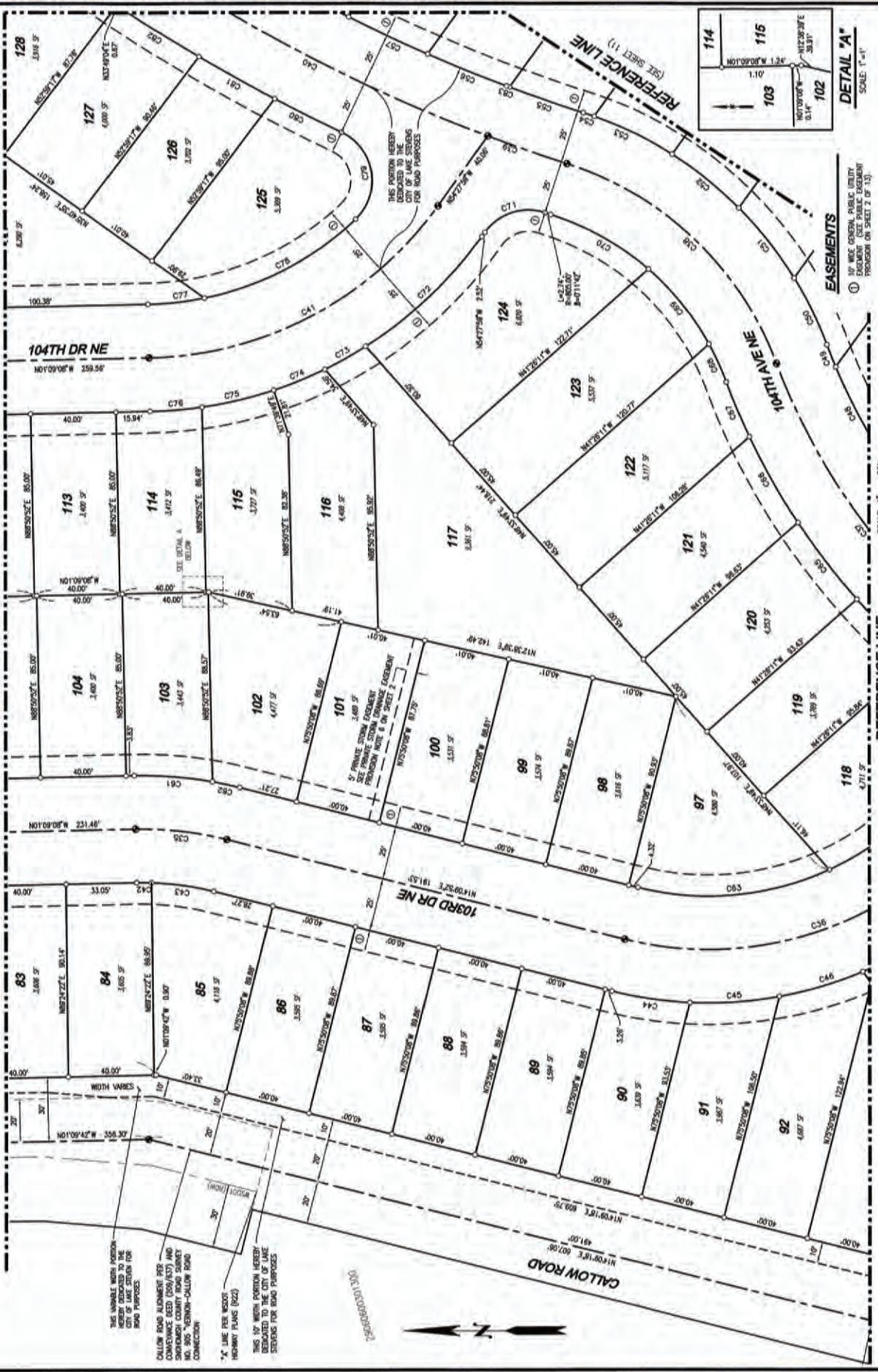


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Woodinville, WA 98072  
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**PL. 425, BLDG 1099  
F. 425, BLDG 2859**

(SEE SHEET 7)

REFERENCE LINE



VOL/PG	SHEET 10 of 13
<b>THE TIMBERS BINDING SITE PLAN/CONDominium</b>	
SE 1/4 OF SW 1/4, NE 1/4, SE 1/4 OF NW 1/4 AND NW 1/4 OF SE 1/4 SEC 6, TMI 23 N, RGE E 5 MM, CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON	
DRAWN BY:	DATE:
F. Atchison	5-7-18
DRAWING NO.: C18-102B-BSP-C3D	
SCALE: 1'-0"	



CURE TIME	CURE TIME	
	BRICKS	REED
CURE: DRY	BRICKS: 15.00	REED: 22.00
CURE: 4.27%	BRICKS: 22.00	REED: 30.00
CURE: 8.54%	BRICKS: 29.00	REED: 37.00
CURE: 12.81%	BRICKS: 36.00	REED: 44.00
CURE: 17.08%	BRICKS: 43.00	REED: 52.00
CURE: 21.35%	BRICKS: 50.00	REED: 60.00
CURE: 25.62%	BRICKS: 56.00	REED: 67.00
CURE: 30.00%	BRICKS: 63.00	REED: 74.00
CURE: 34.38%	BRICKS: 70.00	REED: 81.00
CURE: 38.65%	BRICKS: 77.00	REED: 88.00
CURE: 42.92%	BRICKS: 84.00	REED: 95.00
CURE: 47.19%	BRICKS: 91.00	REED: 102.00
CURE: 51.46%	BRICKS: 98.00	REED: 110.00
CURE: 55.73%	BRICKS: 105.00	REED: 117.00
CURE: 60.00%	BRICKS: 112.00	REED: 124.00
CURE: 64.27%	BRICKS: 119.00	REED: 132.00
CURE: 68.54%	BRICKS: 126.00	REED: 140.00
CURE: 72.81%	BRICKS: 133.00	REED: 148.00
CURE: 77.08%	BRICKS: 140.00	REED: 156.00
CURE: 81.35%	BRICKS: 147.00	REED: 164.00
CURE: 85.62%	BRICKS: 154.00	REED: 172.00
CURE: 90.00%	BRICKS: 161.00	REED: 180.00
CURE: 94.27%	BRICKS: 168.00	REED: 188.00
CURE: 98.54%	BRICKS: 175.00	REED: 196.00
CURE: 100.00%	BRICKS: 182.00	REED: 204.00
CURE: 100.00%	BRICKS: 189.00	REED: 212.00
CURE: 100.00%	BRICKS: 196.00	REED: 220.00
CURE: 100.00%	BRICKS: 203.00	REED: 228.00
CURE: 100.00%	BRICKS: 210.00	REED: 236.00
CURE: 100.00%	BRICKS: 217.00	REED: 244.00
CURE: 100.00%	BRICKS: 224.00	REED: 252.00
CURE: 100.00%	BRICKS: 231.00	REED: 260.00
CURE: 100.00%	BRICKS: 238.00	REED: 268.00







<b>LDC</b>	<b>Engineering Structural Planning Survey</b>	<b>THE TIMBERS BINDING SITE PLAN/CONDOMINIUM</b>	<b>VOL/PG</b>
THE CIVIL ENGINEERING GROUP 20210 142nd Ave NE Woodinville, WA 98072		SE 1/4 OF SW 1/4, NE 1/4, SE 1/4 OF NW 1/4 AND NW 1/4 OF SE 1/4 SEC 6, TMM 23 N, RGE 6 E, W.M. CITY OF LAKE STEVENS, SNOHOMISH COUNTY, WASHINGTON	13 OF 13
PL. #42-806-1699 FAX: 425-282-2893	DRAWN BY: DATE: DRAWING FILE NAME: 038510040101 TM	JOB NUMBER: C1B-1028	
www.LDCorp.com			



**EXHIBIT C  
TO  
PUBLIC OFFERING STATEMENT**

**ARTICLES OF INCORPORATION**

[SEE ATTACHED SHEETS]

ARTICLES OF INCORPORATION  
OF  
THE TIMBERS CONDOMINIUM HOMEOWNERS ASSOCIATION

THE UNDERSIGNED, acting as incorporator of a corporation under the Washington Non-profit Miscellaneous and Mutual Corporations Act, chapter RCW 24.06 ("Nonprofit Act"), adopts the following Articles of Incorporation for the corporation.

ARTICLE 1. NAME

The name of this corporation shall be The Timbers Condominium Homeowners Association.

ARTICLE 2. DURATION

The duration of this corporation shall be perpetual.

ARTICLE 3. PURPOSES AND POWERS

The corporation is organized for the purpose of (i) exercising the powers and privileges, and performing the duties and obligations of the owners association set forth in that certain Declaration of Covenants, Conditions, Easements and Restrictions ("Declaration") for Cedarhome Square ("Community") recorded in Snohomish County, Washington, as it may be amended, and (ii) exercising any and all powers, rights and privileges of a unit owners association pursuant to the Washington Uniform Common Interest Ownership Act, chapter 64.90 RCW ("CIC Act"). The corporation shall have all powers granted by the Nonprofit Act and the CIC Act, but the powers of the corporation shall be subject to and shall be exercised in accordance with the provisions of the Declaration, as it may be amended. Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Declaration.

ARTICLE 4. MEMBERS

The members shall consist exclusively of Owners of Units in the Community. All Owners shall automatically be members by virtue of ownership of a Unit in the Community. The corporation shall have one class of members, which shall consist of the Owners of the Units in the Community. The common ownership interest, common expense liability and voting rights of members shall vary as set forth in the Declaration. The rights, privileges and obligations of the members are set forth in the Nonprofit Act, the CIC Act, the Declaration and the Bylaws of the corporation.

ARTICLE 5. CAPITAL STOCK

The corporation will not have capital stock.

ARTICLE 6. DISTRIBUTION OF SURPLUS FUNDS

The corporation may distribute surplus funds to members as allowed under the Nonprofit Act, the CIC Act, and the Declaration.

ARTICLE 7. DISSOLUTION

Upon dissolution or final liquidation of the corporation, the assets of the corporation shall be distributed among the members of the corporation in accordance with the Nonprofit Act, the CIC Act and the Declaration.

ARTICLE 8. REGISTERED OFFICE AND AGENT

The name of the initial registered agent of the corporation is Chalo Wilson. The address of the initial registered office of this corporation is 11241 Slater Ave NE, Suite 200, Kirkland, WA 98033.

#### ARTICLE 9. DIRECTORS

The number of directors of the corporation shall be as set forth in the Declaration and the Bylaws, and may be increased or decreased from time to time in the manner specified therein. The initial board of directors shall consist of two directors. The names and addresses of the persons who shall serve as directors until their successors are elected and qualified, unless they resign or are removed are:

Ashley Johnson, President  
11241 Slater Ave. Suite #200.  
Kirkland, WA 98033

Lauren Adams, VP  
11241 Slater Ave. Suite #200.  
Kirkland, WA 98033

Alan Paszek, Secretary/Treasurer  
11241 Slater Ave. Suite #200.  
Kirkland, WA 98033

#### ARTICLE 10. LIMITATION OF LIABILITY

A director or officer of the corporation shall have the immunities from liability as granted under RCW 24.06.035, as it may be amended. Any amendment to or repeal of this Article 10 shall not adversely affect any right of a director or officer of the corporation hereunder with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

#### ARTICLE 11. INDEMNIFICATION

Except as otherwise set forth in this Article 11, the corporation shall indemnify each person made party to a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative, formal or informal ("Proceeding"), because the person is or was a director or officer of the corporation, against all expenses and liabilities, including attorneys' fees, incurred in the Proceeding or any settlement thereof without the requirement of any further approval or finding by the members, the directors or independent legal counsel.

Notwithstanding the foregoing, the corporation shall not indemnify a director or officer under this Article 11 for: (i) acts or omissions of the director finally adjudged to be intentional misconduct or a knowing violation of law, (ii) conduct of the person adjudged to be in violation of section 23B.08.310 of the Washington Business Corporation Act, or (iii) any transaction with respect to which it was finally adjudged that such person personally received a benefit in money, property, or services to which the person was not legally entitled.

The corporation shall advance the reasonable expenses incurred by a person who is a party to a Proceeding if the person furnishes the corporation with a written affirmation of his or her good-faith belief that he or she met the standard of conduct set forth in this Article 11, and with a written undertaking, executed personally or on his or her behalf, to repay the advance if it is ultimately determined that he or she did not meet the standard of conduct. The written undertaking must be an unlimited general obligation of the person and need not be secured, but shall be accepted without reference to the person's financial ability to make payment.

If a claim under this Article 11 is not paid in full by the corporation within sixty (60) days after a written claim has been received by the corporation, or if a claim for expenses incurred in defending a Proceeding in advance of its final disposition is not paid within twenty (20) days after a written claim has been

received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, to the extent successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. The claimant shall be presumed to be entitled to indemnification hereunder upon submission of a written claim (and, in an action brought to enforce a claim for expenses incurred in defending any Proceeding in advance of its final disposition, where the required undertaking has been tendered to the corporation), and thereafter the corporation shall have the burden of proof to overcome the presumption that the claimant is so entitled. It shall be a defense to any such action (other than an action with respect to expenses) that the claimant has not met the standard of conduct that makes it permissible hereunder for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its directors, independent legal counsel, or members) to have made a determination prior to the commencement of such action that indemnification of or reimbursement or advancement of expenses to the claimant is proper under the circumstances because he or she has met the applicable standard of conduct set forth herein nor an actual determination by the corporation (including its directors, independent legal counsel, or members) that the claimant is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the action or create a presumption that the claimant is not so entitled.

The rights conferred in this Article 11 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation or the Bylaws, agreement, vote of members or disinterested directors, or otherwise.

Any rights provided under this Article 11 shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators. The rights of a director or officer arising hereunder shall not be eliminated or impaired by an amendment to or repeal of this Article 11 after the occurrence of the act or omission that is the subject of the Proceeding for which indemnification or advancement of expenses under this Article 11 is sought. The rights conferred by this Article 11 shall be deemed to be contract rights between the corporation and each person who is or was a director or officer. The corporation expressly intends each such person to rely on the rights conferred hereby in performing his or her respective duties on behalf of the corporation.

## ARTICLE 12. DISSENTERS' RIGHTS

No member has paid any consideration to the corporation for its membership. A dissenting member shall be limited to a return of one dollar for its membership interest in any circumstance under which it may be entitled to a return under Section 245 of the Nonprofit Act.

## ARTICLE 13. AMENDMENT

These Articles of Incorporation may only be amended as set forth in the Declaration.

## ARTICLE 14. INCORPORATOR

The name and address of the incorporator is Chalo Wilson, 11241 Slater Ave NE, Suite 200, Kirkland, WA 98033.

IN WITNESS WHEREOF, the incorporator has hereunto set his hand and seal this 30th day of November 2018.

---

Chalo Wilson, Incorporator

CONSENT TO SERVE AS REGISTERED AGENT

The undersigned hereby consents to serve as registered agent in the State of Washington for the Cedarhome Square Homeowners Association. The undersigned understands that as agent for the corporation, the undersigned will be responsible to receive service of process in the name of the corporation, to forward all mail to the corporation, and to immediately notify the office of the Secretary of State in the event it resigns or changes its address, or the corporation changes the address of its registered office.

Address of Registered Agent:

11241 Slater Ave NE, Suite 200, Kirkland, WA 98033

DATED this 27<sup>th</sup> day of June, 2019.

By:

  
\_\_\_\_\_  
Chelsea Margolis

**EXHIBIT D  
TO  
PUBLIC OFFERING STATEMENT**

**BYLAWS**

[SEE ATTACHED SHEETS]

**Bylaws  
Of  
The Timbers Condominium Association**

These Bylaws provide for the governance of the The Timbers Condominium Association ("Association"), a corporation organized under the Washington Nonprofit Miscellaneous and Mutual Corporations Act, chapter RCW 24.06 ("Nonprofit Act"), to be the Owners' association for The Timbers Condominium Association (the "Community"), created pursuant to the Washington Uniform Common Interest Ownership Act, chapter 64.90 RCW ("Act") and the Declaration of Covenants, Conditions and Restrictions for the Community, recorded in Snohomish County, Washington, as it may from time to time be amended ("Declaration"). Capitalized terms used herein and not otherwise defined have the meaning given to them in the Declaration.

**ARTICLE 1      MEMBERSHIP; VOTING**

Section 1.1    Membership. The qualifications for membership in the Association are as set forth in the Declaration.

Section 1.2    Number of Votes. Each Unit is entitled to the Voting Interest set forth in the Declaration for each Unit owned by that Owner, so that the Owner's total Voting Interest is the aggregate Voting Interest allocated to all of that Owner's Units.

Section 1.3    Association-Owned Units. In any vote of the Unit Owners, votes allocated to a Unit owned by the Association must be cast in the same proportion as the votes cast on the matter by Unit Owners other than the Association.

Section 1.4    Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of their estate, through a parent having custody of the minor.

Section 1.5    Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for the Unit. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an Ownership interest in a Unit, or by actual notice to the Board of the death or judicially declared incompetence of any person with an Ownership interest in the Unit, except in cases in which the person designated is a Mortgagee of the Unit. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney in fact of the Owner under a durable power of attorney, or the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Unit shall be the group composed of all of its Owners.

Section 1.6    Votes Pledge to a Mortgagee. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If the Board has been notified by the Mortgagee that it is enforcing its right to vote pursuant to such pledge, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge; provided, however, that if the Board has received such notices from more than one Mortgagee, the Mortgagee holding the Mortgage with the highest level of priority among the Mortgages held by those Mortgagees shall be entitled to vote.

Section 1.7    Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in a Unit shall promptly inform the Board of their interest. Persons who claim to be members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert Ownership of a Unit or any interest therein and any Mortgages thereon.

Section 1.8 Manner of Voting. When a vote is conducted at a meeting, Owners may vote in person, by absentee ballot pursuant to Section 1.11 of these Bylaws, or by a proxy pursuant to Section 1.12 of these Bylaws. When a vote is conducted without a meeting, Unit Owners may vote by ballot pursuant to Section 1.13 of these Bylaws.

Section 1.9 Voting at a Meeting. Unit Owners or their proxies who are present in person at a meeting of the members may vote by voice vote, show of hands, standing, written ballot, or any other method for determining the votes of Unit Owners, as designated by the person presiding at the meeting. If only one of the Owners of a Unit is present at a meeting, that Owner is entitled to cast all the votes allocated to that Unit.

Section 1.10 Voting by Multiple Owners at a Meeting. If more than one of the Unit Owners are present, the votes allocated to that Unit may be cast only in accordance with the agreement of a majority in interest of the Owners. [may be altered] There is a majority agreement if any one of the Owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by any of the other Unit Owners of the Unit. If there is no majority agreement, the vote of those Owners shall not be counted.

Section 1.11 Voting by Absentee Ballot at a Meeting. Whenever proposals or Board members are to be voted upon at a meeting of the members, an Owner may vote by duly executed absentee ballot if: (i) the name of each candidate and the text of each proposal to be voted upon are set forth in a writing accompanying or contained in the notice of meeting; and (ii) a ballot is provided by the Association for such purpose. When an Owner votes by absentee ballot, the Association must be able to verify that the ballot is cast by the Owner having the right to do so. Any absentee ballots shall be sent to all Owners in the same manner as notice of meetings, with a specified deadline for the return of the ballots, which shall be no later than the date of the meeting.

Section 1.12 Voting by Proxy; Pledged Votes to Mortgagee. Votes allocated to a Unit may be cast pursuant to a directed or undirected proxy duly executed by an Owner in the same manner as provided in RCW 24.06.110. If a Unit is owned by more than one person, each Owner of a Unit may vote or register a protest to the casting of votes by the other Owners of the Unit through a duly executed proxy. An Owner may revoke a proxy given pursuant to this Section 1.12 only by actual notice of revocation to the secretary or other person presiding over a meeting of the members or by delivery of a subsequent proxy. The death or disability of a Unit Owner does not revoke a proxy given by the Unit Owner unless the person presiding over the meeting has actual notice of the death or disability. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates 11 months after its date of issuance.

Section 1.13 Voting Without a Meeting. The Association may conduct a vote without a meeting. In that event, the following requirements apply:

(a) The Association must notify the Unit Owners that the vote will be taken by ballot.

(b) The notice must state: (i) the time and date by which a ballot must be delivered to the Association to be counted, which may not be fewer than 14 days after the date of the notice, and which deadline may be extended in accordance with (g) of this Section 1.13; (ii) the percent of votes necessary to meet the quorum requirements; (iii) the percent of votes necessary to approve each matter other than election of Board members; and (iv) the time, date, and manner by which Unit Owners wishing to deliver information to all Unit Owners regarding the subject of the vote may do so.

(c) The Association must deliver a ballot to every Owner with the notice.

(d) The ballot must set forth each proposed action and provide an opportunity to vote for or against the action.

(e) A ballot cast pursuant to this Section 1.13 may be revoked only by actual notice to the Association of revocation. The death or disability of a Unit Owner does not revoke a ballot unless the Association has actual notice of the death or disability prior to the date set forth in (b)(i) of this Section 1.13.

(f) Approval by ballot pursuant to this Section 1.13 is valid only if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action.

(g) If the Association does not receive a sufficient number of votes to constitute a quorum or to approve the proposal by the date and time established for return of ballots, the Board may extend the deadline for a reasonable period not to exceed 11 months upon further notice to all members in accordance with (b) of this Section 1.13. In that event, all votes previously cast on the proposal must be counted unless subsequently revoked as provided in this Section 1.13.

(h) A ballot or revocation is not effective until received by the Association.

(i) The Association must give notice to Unit Owners of any action taken pursuant to this Section 1.13 within a reasonable time after the action is taken.

(j) When an action is taken pursuant to this Section 1.13, a record of the action, including the ballots or a report of the persons appointed to tabulate such ballots, must be kept with the minutes of meetings of the Association.

**Section 1.14    Voting by Lessees**. If the Governing Documents require that votes on specified matters affecting the common interest Community be cast by lessees rather than Owners of leased Units: (i) this Section 1.14 applies to lessees as if they were Owners (ii) Owners that have leased their Units to other persons may not cast votes on those specified matters; and (iii) lessees are entitled to notice of meetings, access to records, and other rights respecting those matters as if they were Owners. Owners must also be given notice, in the manner provided in these Bylaws, of all meetings at which lessees may be entitled to vote. [determine if lessees should vote or should have any of these rights]

**Section 1.15    Manner of Acting**. Except as otherwise provided by the Act, the Declaration, or these Bylaws, [a majority] [may be changed] of the votes cast determines the outcome of any action of the members.

## ARTICLE 2      MEETINGS OF MEMBERS

**Section 2.1    Place**. Meetings of the members of the Association shall be held at the Community or a suitable place within the county in which the Community is located, as may be convenient to the membership and designated from time to time by the Board.

**Section 2.2    Annual Meeting**. A meeting of the members must be held at least once each year. The annual meeting of the Association shall be held in the first quarter of each fiscal year on a date fixed by the Board. At such annual meeting the Owners shall elect members to the Board or fill vacancies therein, and transact such other business as shall properly come before the meeting

**Section 2.3    Budget Meeting**. Within 30 days after adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to all of the members and set a date for a meeting of the members to consider ratification of the budget.

**Section 2.4    Special Meetings**. A special meeting of the members may be called by the president, by resolution of the Board, or upon the written request of a majority of the Board, or upon the written request of Owners having not less than 20% of the Voting Interest in the Association. If the Association does not provide notice to Unit Owners of a special meeting within 30 days after the requisite number or percentage of Unit Owners request the secretary to do so, the requesting members may

directly provide notice to all the Unit Owners of the meeting. Only matters described in the meeting notice delivered pursuant to Section 2.5 may be considered at a special meeting.

Section 2.5     Notice of Meetings. The Board shall provide notice to Unit Owners of the time, date, and place of each annual, budget and special meeting of members not less than 14 days and not more than 50 days before the meeting date. Notice may be by any means described in Section 324 of the Act to each Owner, the Declarant pursuant to the Declaration, and to each Eligible Mortgagee, if required by Article 26 of the Declaration. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the text of any proposed amendment to the Declaration or organizational documents of the Association, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer. Before, during, or after any meeting of the members, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the members shall constitute a waiver of timely and adequate notice unless the member expressly challenges the notice when the meeting begins.

Section 2.6     Quorum. A quorum is present throughout any meeting of the members if persons entitled to cast 20% of the votes in the Association are present in person or by proxy at the beginning of the meeting, have voted by absentee ballot, or are present by any combination of the foregoing. If a quorum is present at a meeting, a majority of the members present may adjourn the meeting from day to day or to such time and place as may be decided by the directors and no notice of such adjournment need be given. No business shall be transacted at an adjourned meeting that could not have been transacted at the meeting from which the adjournment was taken.

Section 2.7     Adjournment of Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members present, in person or by proxy, may by majority vote adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 2.8     Order of Business. The order of business at meetings of the members shall be as follows unless dispensed with on motion:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors (annual meeting or special meeting called for such purpose);
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

Owners must be given a reasonable opportunity at any meeting to comment regarding any matter affecting the Community or the Association.

Section 2.9     Parliamentary Authority. In the event of dispute as to parliamentary procedure at a meeting of the members, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

Section 2.10     Action of Members by Communications Equipment. Meetings of the members may be conducted by telephonic, video, or other conferencing process if (i) the meeting notice states the conferencing process to be used and provides information explaining how Unit Owners may participate in the conference directly or by meeting at a central location or conference connection, and (ii) the process provides all Unit Owners the opportunity to hear or perceive the discussion and to comment regarding matters affecting the Community and the Association.

Section 2.11 Presumption of Assent. A member of the Association present at a membership meeting at which action is taken on any matter put to a vote of the membership shall be presumed to have assented to the action taken unless that member's dissent or abstention is entered in the minutes of the meeting, or unless such member files a written dissent or abstention to such action with the person acting as secretary of the meeting before the adjournment thereof, or forwards such dissent or abstention to the secretary of the Association immediately after the adjournment of the meeting. The right to dissent or abstain shall not apply to a member who voted in favor of an action.

Section 2.12 Minutes. Minutes of all membership meetings shall be maintained in a record by the secretary of the Association or by another person designated by the directors. The decision of each matter voted upon at a membership meeting must be recorded in the mintues. Minutes for every meeting shall be approved by the Association before or at the next Association meeting.

### ARTICLE 3 BOARD OF DIRECTORS

Section 3.1 Number. The affairs of the Association shall be initially governed by a Board composed of the directors set forth in the Articles. Prior to the Control Termination Date, the Declarant may appoint and remove the directors pursuant to any Special Declarant Right to appoint and remove directors, subject to the right of the Owners to elect additional director or directors, as described in the Declaration. No later than the Transition Date, the Board shall give notice of a Transition Meeting of the Owners to elect a new Board. At the Transition Meeting, the Owners shall elect a Board of three directors. The number of directors may be increased or decreased to not fewer than three or more than five, from time to time, by amendment of these Bylaws, provided that no decrease in number shall have the effect of shortening the term of any incumbent director.

The affairs of the Association shall be initially governed by a Board composed of the directors set forth in the Articles. Each Unit Owner shall, upon acquiring title to a Unit, have the right to appoint one director to the Board at the election meeting. When the Declarant is not in control Unit Owners may appoint directors.

Section 3.2 Term. The directors shall take office upon adjournment of the meeting at which they are elected. The directors shall hold office until their respective successors shall be elected and qualified, subject to provisions herein relating to vacancy and removal. The normal term of office for directors will be for three years. However, to provide for staggered terms, at the first election, one-third of the number of directors (or the whole number nearest to one-third) shall be elected for one year, the same number shall be elected for two years, and the remainder shall be elected for three years.

A director shall serve from appointment by the appointing Unit Owner until death, disability, resignation, or removal by the appointing Unit Owner.

Section 3.3 Qualifications. A majority of the directors must be Unit Owners in the Community. A director identified in the Articles or appointed by the Declarant pursuant to any Special Declarant Right to appoint directors or officers need not be a member of the Association. In determining the qualifications of a director or officer, the term "Unit Owner" shall include any director, officer, member, partner, or trustee of any corporation, limited liability company, partnership, trust, or other person who is, either alone or in conjunction with another person, a Unit Owner. Any such person shall be disqualified from continuing in office if the person ceases to have such affiliation with the Unit Owner or is otherwise disqualified from continuing in such office as a natural person.

Section 3.4 Vacancies. Vacancies on the Board caused by reasons other than the removal by a vote of the Association may be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum.

Each person so selected shall be a director for the unexpired portion of the term or, if earlier, until the next regularly scheduled election of directors.

**Section 3.5     Removal of Directors and Officers by Owners.** Owners present in person, by proxy, or by absentee ballot at any meeting of the members at which a quorum is present may remove any Board member and any officer elected by the Unit Owners, with or without cause, if the number of votes in favor of removal cast by Unit Owners entitled to vote for election of the Board member or officer proposed to be removed is at least the lesser of: (i) a majority of the votes in the Association held by such Unit Owners, or (ii) two-thirds of the votes cast by such Unit Owners at the meeting. Notwithstanding the foregoing, (x) a Board member appointed by the declarant may not be removed by a Unit Owner vote during any period of declarant control, (y) a Board member appointed under section 305(3) of the Act may be removed only by the person that appointed that member; and (z) the Unit Owners may not consider whether to remove a Board member or officer at a meeting of the Unit Owners unless that subject was listed in the notice of the meeting. At any meeting at which a vote to remove a Board member or officer is to be taken, the Board member or officer being considered for removal must have a reasonable opportunity to speak before the vote. At any meeting at which a Board member or officer is removed, the Unit Owners entitled to vote for the Board member or officer may immediately elect a successor Board member or officer consistent with this chapter.

**Section 3.6     Removal of Directors and Officers by the Board.** The Board may, without an Owner vote, remove from the Board a Board member or officer elected by the Owners if (i) the Board member or officer is delinquent in the payment of Assessments more than 60 days, and (ii) the Board member or officer has not cured the delinquency within 30 days after receiving notice of the Board's intent to remove the Board member or officer. The Board may remove an officer elected by the Board at any time, with or without cause. At any meeting at which a vote to remove a Board member or officer is to be taken, the Board member or officer being considered for removal must have a reasonable opportunity to speak before the vote. The removal must be recorded in the minutes of the next Board meeting.

**Section 3.7     Compensation.** A director who is an Owner shall not be entitled to compensation for service as a director. If the Members determine that it is in their best interest to elect a director who is not an Owner, the directors who are Owners may establish reasonable compensation to the non-Owner director, obtain directors' and officers' insurance coverage, and take other actions to attract and retain competent outside directors.

**Section 3.8     Organization Meeting.** The first meeting of the initial Board shall be held on a date and at a place to be fixed by the president, and no notice shall be necessary to the newly elected directors in order to legally call the meeting.

**Section 3.9     Board Meetings During Declarant Control.** During the period of declarant control, the Board must meet at least four times a year. At least one of those meetings must be held at the Community or at a place convenient to the Community.

**Section 3.10     Board Meetings After Declarant Control.** After the transition meeting, all Board meetings must be at the Community or at a place convenient to the Community unless the Unit Owners amend these bylaws to vary the location of those meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year.

Meetings of the Board shall be held at the Community or a suitable place within the county in which the Community is located, as may be agreed to by the Board members. Because each Unit Owner is entitled to appoint one Board member, the Board may elect to have combined meetings of the Board and the Association for any matter that requires the approval of the Unit Owners.

**Section 3.11     Notice of Board Meetings.** Unless the meeting is included in a schedule given to the Unit Owners or the meeting is called to deal with an emergency, the secretary must provide notice of each Board meeting to each Board member and to the Owners. The notice must be given at least 14 days before the meeting and must state the time, date, place, and agenda of the meeting.

**Section 3.12    Waiver of Notice.** Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by the director of timely and adequate notice unless the director expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

**Section 3.13    Quorum.** A quorum of the Board is present for purposes of determining the validity of any action taken at a meeting of the Board only if individuals entitled to cast a majority of the votes on that action are present at the time a vote regarding that action is taken. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Board members present is the act of the Board. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting, provided a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The directors present at a duly convened meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum; provided however, that any act of the Board shall require a quorum and the votes described in this Section 3.13. Abstention from voting on a motion by a director present at a meeting at which there is a quorum shall be counted as a vote against the motion.

**Section 3.14    Voting by Proxy or Ballot.** A Board member may not vote by proxy or absentee ballot.

**Section 3.15    Presumption of Assent.** A Board member who is present at a Board meeting at which any action is taken is presumed to have assented to the action taken unless the Board member's dissent or abstention to such action is lodged with the person acting as the secretary of the meeting before adjournment of the meeting or provided in a record to the secretary of the Association immediately after adjournment of the meeting. The right to dissent or abstain does not apply to a Board member who voted in favor of such action at the meeting.

**Section 3.16    Board Packets.** If any materials are distributed to the Board before the meeting, the Board must make copies of those materials reasonably available to the Owners, except that the Board need not make available copies of unapproved minutes or materials that are to be considered in executive session.

**Section 3.17    Open Meetings.** Meetings must be open to the Unit Owners and their voting representatives except during executive sessions, but the Board may expel or prohibit attendance by any person who, after warning by the chair of the meeting, disrupts the meeting. At each Board meeting, the Board must provide a reasonable opportunity for Owners to comment regarding matters affecting the Community and the Association. A gathering of members of the Board or committees at which the Board or committee members do not conduct Association business is not a meeting of the Board or committee. Board members and committee members may not use incidental or social gatherings to evade the open meeting requirements of this Section 3.17

**Section 3.18    Executive Sessions.** The Board may hold an executive session only during a regular or special meeting of the Board. A final vote or action may not be taken during an executive session. An executive session may be held only to: (i) consult with the Association's attorney concerning legal matters; (ii) discuss existing or potential litigation or mediation, arbitration, or administrative proceedings; (iii) discuss labor or personnel matters; (iv) discuss contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or (v) prevent public knowledge of the matter to be discussed if the Board or committee determines that public knowledge would violate the privacy of any person.

**Section 3.19    Participation by Communications Equipment.** Fewer than all Board members may participate in a regular or special meeting of the Board by, or conduct a meeting through, the use of any means of communication by which all Board members participating can hear each other during the

meeting. A Board member participating in a meeting by these means is deemed to be present in person at the meeting.

Section 3.20 Meetings by Communications Equipment. All members of the Board may meet by telephonic, video, or other conferencing process if: (i) the meeting notice states the conferencing process to be used and provides information explaining how Owners may participate in the conference directly or by meeting at a central location or conference connection; and (ii) the process provides all Owners the opportunity to hear or perceive the discussion and to comment as provided in Section 3.17.

Section 3.21 Board Action by Written Consent. Instead of meeting, the Board may act by unanimous consent as documented in a record by all its members. Actions taken by unanimous consent must be kept as a record of the Association with the meeting minutes. After the transition meeting, the Board may act by unanimous consent only to undertake ministerial actions, actions subject to ratification by the Unit Owners, or to implement actions previously taken at a meeting of the Board. Such written consent may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document.

Section 3.22 Minutes. Minutes of all Board meetings shall be maintained in a record by the secretary of the Association or by another person designated by the directors. The decision of each matter voted upon at a membership meeting must be recorded in the minutes. Minutes for every meeting shall be approved by the Association before or at the next Association meeting.

Section 3.23 Duties of Directors. In the performance of their duties, the officers and directors are (i) required to exercise the degree of care and loyalty to the Association required of an officer or director of a corporation organized under chapter 24.06 RCW, and (ii) subject to the conflict of interest rules governing directors and officers, under chapter 24.06 RCW. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One or more officers or employees of the Association whom the director believes to be reliable and competent in the matter presented;

(b) Counsel, public accountants, or other persons as to matters that the director believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which the director does not serve, duly designated in accordance with a provision in the Articles or Bylaws as to matters within its designated authority, which committee the director believes to merit confidence;

as long as, in any such case, the director acts in good faith, after reasonable inquiry, when the need thereof is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

## ARTICLE 4 OFFICERS

Section 4.1 Designation. The principal officers of the Association shall initially be a president, a secretary, and a treasurer, all of whom shall be elected by and from the Board. The directors may appoint from the Board such other officers as in their judgment may be necessary or desirable. If there are more than three directors, the directors may also elect a vice president. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

**Section 4.3      Removal of Officers.** At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

**Section 4.4      President.** The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Association and the Board and shall have all powers and duties usually vested in the office of the president.

**Section 4.5      Vice President.** The vice president, if any, shall perform the duties of the president when the president is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

**Section 4.6      Secretary.** The secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the business records of the Board and the Association, other than financial records kept by the treasurer. The secretary shall also perform such other duties as may be prescribed by the Board.

**Section 4.7      Treasurer.** The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. [VP can be eliminated. Other positions can be consolidated]

**Section 4.8      Other Officers and Employees.** Other officers of the Association, and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.

**Section 4.9      Compensation.** The Board may pay reasonable compensation to any officer or Owner who performs substantial services for the Association in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until 60 days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within 60 days after the notice of the decision was given.

**Section 4.10      Vacancies.** Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting of the Board.

## **ARTICLE 5      COMMITTEES**

**Section 5.1      Committees of Directors.** The Board may appoint one or more committees that consist of one or more directors. Any committee authorized to exercise any power reserved to the Board must include at least two Board members who have exclusive voting power for that committee. Committees that are not so composed may not exercise the authority of the Board and shall be advisory only. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Association and the Community.

**Section 5.2      Limitation on Committees.** No committee shall have the authority to: amend the organizational documents of the Association; recommend the sale, lease, or transfer of substantially all the assets of the Association; recommend a voluntary dissolution of the Association; declare distributions; make Assessments; approve a plan of merger, consolidation, or exchange; or take any action prohibited under the Nonprofit Act, the Act, the Declaration, or the Articles, or otherwise reserved to the full Board of Directors or to the members of the Association.

## ARTICLE 6      HANDLING OF FUNDS

Section 6.1    Accounts. The Association shall establish such accounts as the directors deem necessary to properly administer the Association and operate and maintain the Community. The treasurer shall be responsible for supervising the funds of the Association. Once the Association begins making Assessments, it shall keep at least two separate funds as described in this Article 6.

Section 6.2    Working Capital Account. The Association shall establish and keep a separate checking account to be known as the "Working Capital Account." This account will be used for the normal administration of the Association and operation and maintenance of the Community and will receive all monthly Assessments, first purchasers' initial working capital contributions to the Association, and other monies received by the Association. Checks shall be issued from this account for all management and operation expenditures necessary for the Community and maintenance expenses that do not require resorting to reserve funds. Reserve funds for the Replacement Reserve Account and any other reserve account that may be established will normally be deposited in the Working Capital Account and checks immediately issued to the other account so an overall account of the funds received and disbursed by the Association is centralized in the ledger of the Working Capital Account.

Section 6.3    Replacement Reserve Account. Once the Association begins making Assessments, it shall maintain a separate account or fund that shall be known as the "Replacement Reserve Account." The treasurer shall deposit to this account all funds received for the future periodic maintenance, repair, and replacement of the Common Elements. The monies in this account may not be commingled with any other funds of the Association and may only be used for the purposes and in the manner set forth in the Declaration.

Section 6.4    Deposit or Investment of Funds. The funds of the Association may not be commingled with the funds of any other association or with the funds of any managing agent of the association or any other person, or be kept in any trust account or custodial account in the name of any trustee or custodian. Withdrawals of funds from the Replacement Reserve Account shall require the signature of at least two persons who are officers or directors of the Association.

## ARTICLE 7      ADMINISTRATIVE AND FINANCIAL PROVISIONS

Section 7.1    Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 7.2    Contracts. The Board, except as otherwise provided in the Bylaws, may by resolution authorize any officer or agent of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have power or authority to bind the Association in any contract or engagement or to pledge its credit or to render it liable for any purpose in any amount.

Section 7.3    Checks, Drafts, Etc. Except as otherwise specifically determined by resolution of the Board, or as otherwise required by the laws of the State of Washington, checks, drafts, promissory notes, orders for the payment of money, or other evidence of indebtedness of the Association shall be signed by such officer or officers, or agent or agents, of the Association and in such manner as is from time to time determined by resolution of the Board.

Section 7.4    Books and Records. The Association shall keep at its registered office, its principal office in Washington, or at its secretary's office in Washington, the following:

- (a)     The Association's current Articles and any amendments thereto;
- (b)     The Association's current Bylaws and any amendments thereto;
- (c)     The Association's records of accounts and finances;
- (d)     The name and addresses of the Association's current officers and directors; and

- (e) The minutes of the proceedings of the Board, and any minutes that may be maintained by committees of the Board.

Records may be written or electronic if capable of being converted to writing.

Section 7.5 Copies of Resolutions. Any person dealing with the Association may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board when certified by the president or secretary.

Section 7.6 A Director's Inspection Rights. Every director shall have the right at any reasonable time to inspect and copy all books, records, and documents of any kind and inspect the physical properties of the Association and shall have such other rights to inspect the books, records, and properties of the Association as may be required under any of the Governing Documents or by the provisions of the laws of the State of Washington.

Section 7.7 Right to Copy and Make Extracts. Any inspection under the provisions of this Article 7 may be made in person or by an agent or attorney of that person, and the right to make such inspection shall include the right to make copies and to make extracts at the sole expense of the party conducting the inspection.

## ARTICLE 8 AMENDMENTS

These Bylaws may only be amended as set forth in Article 24 of the Declaration.

CERTIFICATE

I hereby certify that the foregoing Bylaws were duly adopted by the directors of the Association by unanimous consent on June 19, 2019.



Thomas H. Burleson

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Senior Vice President

**EXHIBIT E  
TO  
PUBLIC OFFERING STATEMENT**

**RULES AND REGULATIONS**

[SEE ATTACHED SHEETS]

## **Rules and Regulations** **The Timbers Condominium Association**

### **Authority**

These rules are set forth pursuant to the authority conferred to The Timbers Condominium Association, herein after referred to as the "Association."

Authority conferred by Section 13.6.3 of that certain Declaration of Covenants, Conditions, and Restrictions for The Timbers Condominium Association recorded under Snohomish County Recording No. 201905225003 (as amended from time to time, the "CC&Rs"), which states "*The Board shall have the power to adopt Rules to establish and enforce construction and design criteria and aesthetic standards pertaining to the improvements and alterations to the Community.*"

### **Intent**

It is the intent of these rules and regulations to augment the recorded CC&Rs for the purpose of protecting the value and desirability of the homes within the Community and protecting the natural beauty of the common areas, which is the purpose of the Association.

These Community Rules and Regulations do not replace the Articles of Incorporation, CC&Rs, or Bylaws. Rather, they supplement those documents. To the extent these rules and regulations conflict with the CC&Rs or Bylaws, the CC&Rs or Bylaws shall govern.

Any violation of the rules and regulations below or the CC&Rs will be considered a finable offense. A violation notice will be issued for violations stating the timeframe for compliance, the specifics of the alleged offense, and the fine schedule. Owners and tenants are responsible at all times for the reasonable conduct of their family members and guests. Owners are responsible for notification to tenants of covenant restrictions and rules and regulations. Owners are responsible for notifying the Board immediately of any change in billing address.

#### **1. Good Citizenship**

- A. Quiet hours will be between the hours of **10:00 pm and 7:00 am**.
- B. No noxious or offensive activities shall be carried on, in or upon any Unit, nor shall anything be done therein which may be or become an annoyance or nuisance to other Unit Owners.

#### **2. Yard Maintenance**

- A. Front yard landscaping and all landscaping visible from the street or common areas must be kept well maintained, including mowing, weed removal, fertilization and watering (except in times of water rationing decreed by the local water utility).
- B. Backyards are to be landscaped within 6 months of completion of a Housing Unit.  
(Section 11.1.1 of the CC&Rs)

#### **3. Vehicles and Parking**

- A. No motor vehicles exceeding one-ton load capacity, recreational vehicles, mobile homes, travel trailers, tent trailers, utility trailers, campers, boats, boat trailers, detached campers, camper shells or other similar vehicles or equipment may be parked or repaired on any Unit, common area, or street within the Property (except as provided in the CC&Rs or within garages).

- i. This does not apply to cleaning, loading, and short-term parking (short-term parking is less than 24 hours).
    - ii. With prior permission of the Architectural Control Committee ("ACC"), recreational vehicles may be temporarily allowed in accordance with the CC&Rs.
  - B. No motor vehicles which are illegal to operate due to licensing or physical conditions shall be parked or stored on any Unit (except in a garage) or in the street for more than 24 hours. Motor vehicles, inoperable for reasons of mechanical failure, shall not be parked and/or stored on any Unit (except in a garage) or street for more than 24 hours.
    - i. Non-complying vehicles will be subject to possible towing and/or fines.
  - C. No motor vehicle may be parked on any surface not originally designated for parking by the builder/developer or otherwise approved by the ACC. Surfaces designated for parking include garages, driveway aprons, and streets (where not prohibited). Vehicles should not impair use of sidewalks nor access to driveways. Any vehicle not parked in accordance with these restrictions shall be subject to fine and/or towing at the owner's expense unless parked in accordance with a written exemption granted by the ACC.
  - D. Vehicle fluid and oil spills must be immediately removed and cleaned up by, or at the expense of the Resident.
4. Animals
- A. A Unit owner may keep dogs, cats and other indoor household pets in accordance with these Community Rules and Regulations and Section 10.2.8 of the CC&Rs.
    - i. All animals shall be kept solely as domestic pets.
    - ii. No animals shall be kept in number and bred or maintained for commercial purposes.
    - iii. When not restricted to the Owner's Unit, pets within the Community shall be leashed and accompanied by a person who shall be responsible for promptly cleaning up any animal waste and disposing of same in suitable containers.
    - iv. No animal shall be allowed to make an unreasonable amount of noise or become a nuisance inside or outside of the dwelling.
5. Trash Containers
- A. All garbage and other waste materials shall be kept in appropriate sanitary containers located in the garage or on the side of the home and concealed from view from the street and from adjoining Units to the extent practicable.
    - i. Garbage containers may be put out by the curb the night prior to garbage pick-up and must be removed from the curb the night of garbage pick-up. Containers are not to remain out over 24 hours.
6. Holiday Displays and Other Exterior Adornments
- A. All holiday displays and decorations must be removed within 30 days of the end of the pertinent holiday. No displays or decorations may be installed earlier than 30 days before the pertinent holiday. All holiday decoration that appear seasonal in nature must be removed per the above listed guidelines no matter the holiday or religious affiliation.

- B. Any seasonal or year round exterior decorations, displays or adornments (including statuaries, fountains, and ponds) are prohibited in the front yard unless approved by the ACC.
7. Home Business
- A. Home business occupations are permitted provided such businesses are undetectable from the street by sight, sound, odor, or noise.
    - i. The business use shall operate in its entirety within the dwelling unit and only by persons residing in the dwelling.
    - ii. The business use shall be clearly incidental and secondary to the use of the dwelling for dwelling purposes and shall not change the character of the dwelling or of the neighborhood by increasing noise, lights, traffic, or other disturbances.
    - iii. The business operation must comply with all applicable municipal ordinances, and maintain current licenses as required by the municipality. The Board will require copies of licenses.
8. Signage (Section 10.2.7) With ACC approval:
- A. No more than one professionally made "Home for Sale" or "Home for Lease" sign not larger than six (6) square feet in total size shall be displayed at any time.
  - B. A reasonable number of garage sale signs may be posted within the community so long as they are posted no earlier than two days prior to the sale and removed no later than 6:00 pm on the last day of the garage sale.
  - C. Except for security alarm signs, all other commercial and advertising signs are prohibited.
  - D. During regular political campaigns, owner may display political signs not larger than (4) square feet in total, which shall be in place no longer than (60) days and must be removed the day following the election for which they are displayed.
9. Architectural Changes (Section 11.5)
- A. No structure shall be constructed or caused to be constructed on any Unit unless the plans for the structure have been approved in writing by the ACC.
    - i. This includes any building, wall, or other structure or exterior addition, change, or alteration to it that is to be commenced or erected upon a Unit; including parking bays, new roofs or siding materials, sheds, garages, play structures, decks, and any other item that would be visible from the street or common areas.
    - ii. Fences (Section 10.2.13): Any new fencing or alterations to fencing (including color) must be approved by the ACC prior to construction or alteration. All new staining must be stained per an approved stain color by the ACC. All new fencing must conform to the specifications as set forth in the approved fence details for perimeter or interior fencing, as attached to these Rules. The Board may adopt different fencing standards as permitted.
  - B. All requests must be routed through the ACC for the Community Name Homeowners Association, Board of Directors, or the Board's representative.
    - i. All requests must be sent via certified mail or via e-mail to the ACC or HOA Management Company, with verification of receipt requested or by obtaining a written

receipt of acceptance signed and dated by a member of the ACC or Management Company.

- C. Failure to submit in advance may result in the ACC having to require removal or changes, the costs of which must be paid by the Unit owner.
- D. The ACC shall approve or disapprove such plans within 60 days of the date of receipt of a complete submittal. Any application requiring additional information to review the request will be considered incomplete. The 60-day timeline does not start until all required information is received.

10. Satellite Dishes and Antennas

- A. Satellite dishes not exceeding twenty-four inches (24") in diameter (or other size hereafter adopted by the Board or ACC to reasonably accommodate Owners, as set forth in Section 11.5.2.3 of the CC&Rs) may be allowed on the buildings with the prior written approval of the ACC. The satellite dish must also meet the following criteria:
  - a. The satellite dish is placed in the most discreet location.
  - b. The satellite dish is screen from view.
  - c. The satellite dish is not visible from the Street.
- B. Solar panels are permitted as provided in the CC&Rs, provided that the ACC may impose reasonable conditions upon such installation to the extent permitted by law.

11. Assessments, Late Fees, and Fines

- A. Homeowner assessments are due on the 1<sup>st</sup> of each month and are considered late if not received (postmarked) by the 5<sup>th</sup> of each month.
- B. A \$25.00 late fee will be charged for any assessments or outstanding balances that are not paid within 5 days of the due date. In addition, a \$10.00 fee may be assessed each time a late fee is charged to cover the administrative fees for collecting any late assessments.
- C. An additional \$25.00 late fee will be charged for each subsequent month that payment is not made, or the account has an outstanding balance owing. In addition, a \$10.00 fee is charged to cover the administrative fees for collecting any late assessments.
- D. If a homeowner's account has an overdue balance for 90 days or more, or if otherwise determined necessary by the Board, the Association may bring action against the person or entity per the governing documents. Said action may include all or any one of the following actions:
  - Record a lien for the amount of the assessment plus interest, late charges, any attorney fees and costs incurred or estimated to be incurred in enforcing the lien with the County within which the residence is located.
  - Setting up a personal judgment
  - Garnishment of wages and accounts
  - Judicial foreclosure
  - Non-judicial foreclosure
  - Sending account to a collection agency

12. Violations and fines. The following escalating fines apply per infraction:

- A. The first violation of the Rules and Regulations or the CC&Rs will result in a written warning.

- B. The second violation notice of the same or similar Rule or Section of the CC&Rs within 12 months will result in a \$50 fine.
  - C. The third violation notice of the same or similar Rule or Section of the CC&Rs within 12 months will result in a \$100 fine.
  - D. The fourth violation notice of the same or similar Rule or Section of the CC&Rs within 12 months will result in a \$200 fine.
  - E. Each subsequent violation notice for infraction of the same or similar Rule or Section of the CC&Rs within 12 months will result in a \$200 fine.
13. Appeal Process:
- A. If a homeowner feels that a notice of violation is not legitimate, or feels that clarification of the violation is necessary, they may submit an appeal in writing to the Board in care of the HOA Management Company within 48 hours after the notice of violation is received. The Board will have 30 days to review and issue a ruling.
  - B. As part of their appeal submission or during the review process, the homeowner may submit any evidence, statements and other information concerning the violation. The homeowner may also request to be heard before the Board prior to their determination. The Board shall consider all reasonable information and shall grant any request to be heard prior to their ruling.
    - i. If the ruling on the appeal is in favor of the homeowner, then a notice of resolution will be issued to the homeowner.
    - ii. If the ruling on the appeal is not in favor of the homeowner, the homeowner is subject to the aforementioned fine schedule and the 12-month violation time period will begin to accrue again from the point at which the violation was issued.

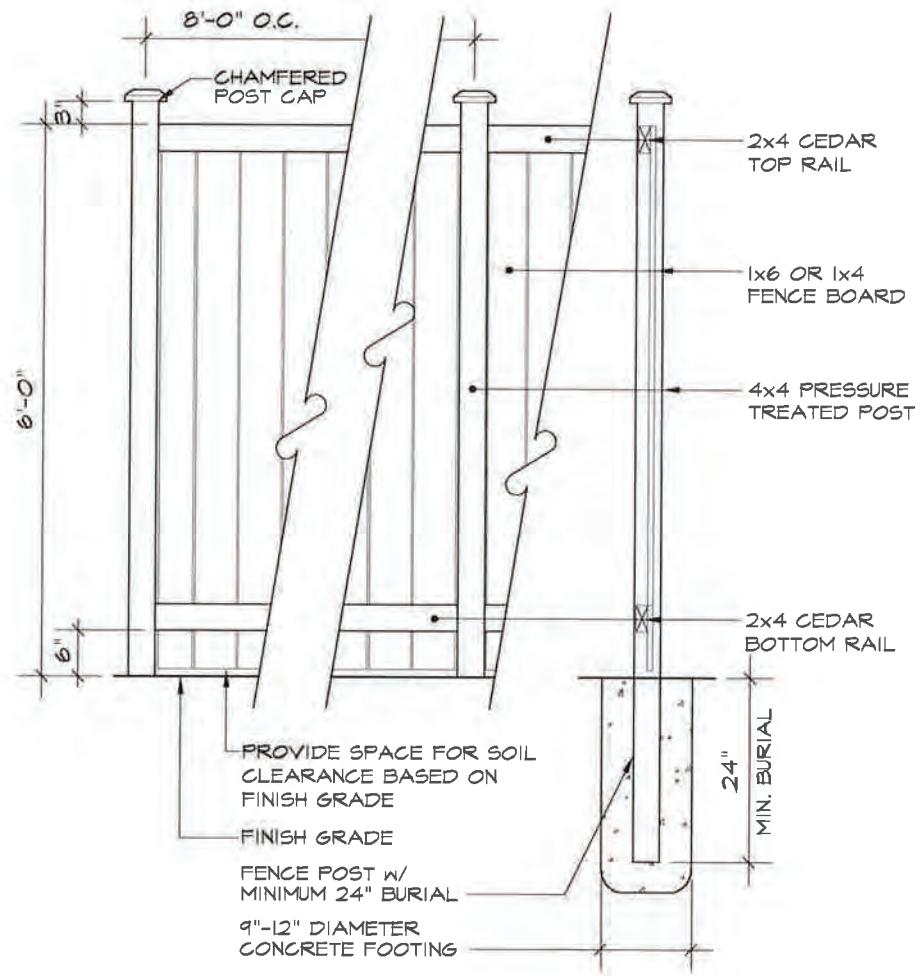
CERTIFICATE

I hereby certify that the foregoing Rules and Regulations were duly adopted by the directors of the Association by unanimous consent on June 19, 2019.

  
\_\_\_\_\_  
Name: Thomas H. Burleson  
Title: Senior Vice President

**Fence Exhibit Attached**

**STANDARD 6' FENCE**  
**TYPE 'A'**



NOTES:

1. TIGHT KNOT CEDAR
2. ALL HARDWARE/FASTENERS TO BE NON-FERROUS
3. THE FINISHED SIDE OF THE FENCE SHALL FACE THE EXTERIOR OF THE LOT
4. ALL FENCES STAINED WITH SHERWIN WILLIAMS WOODSCAPES SEMI-TRANSPARENT CUSTOM COLOR #8084-33344 OR SHALL BE STAINED WITH AN ALTERNATIVE BRAND AND COLOR AS APPROVED BY THE BOARD OR THE ACC
5. THE BOARD MAY ADOPT, BY RESOLUTION, DIFFERENT FENCING STANDARDS THAT ARE ACCEPTABLE FOR THE COMMUNITY IN ADDITION TO THOSE SET FORTH IN THIS EXHIBIT, SO LONG AS SUCH NEW STANDARDS DO NOT DETRACT FROM THE OVERALL AESTHETICS OF THE COMMUNITY

**EXHIBIT F  
TO  
PUBLIC OFFERING STATEMENT**

**ASSOCIATION BUDGET**

[SEE ATTACHED SHEETS]

**The Timbers Condominiums  
Prospectus Operations Budget**

	ANNUALLY	MONTHLY	
	\$	\$	Per Unit
<b>Assessment Per Home (250)</b>	<b>\$ 660.00</b>	<b>\$ 55.00</b>	
<b>Income:</b>			
40000-00 - Assessments, Member	\$ 165,000.00	\$ 55.00	
	<b>Total Income: \$ 165,000.00</b>	<b>\$ 55.00</b>	
<b>Common Expenses:</b>			
<b>Operations</b>			
Postage	\$ 2,000.00	\$ 0.67	
Printing & Reproduction	\$ 2,000.00	\$ 0.67	
Corp Annual Renewal	\$ 10.00	\$ 0.00	
Administrative, Other	\$ 3,500.00	\$ 1.17	
Management Fees - Base Fee	\$ 30,000.00	\$ 10.00	
Legal Fees- Collections	\$ 2,000.00	\$ 0.67	
Legal Fees- Collection bill back to owner	\$ (1,000.00)	\$ (0.33)	
Audit/ Tax Return	\$ 2,200.00	\$ 0.73	
Insurance- Package	\$ 3,750.00	\$ 1.25	
Insurance- D&O	\$ 1,200.00	\$ 0.40	
Operational Contingency	\$ 1,600.00	\$ 0.53	
<b>Utilities</b>			
Electricity- Snohomish Co. PUD	\$ 6,200.00	\$ 2.07	
Irrigation/ Water- Alderwood Water	\$ 25,000.00	\$ 8.33	
<b>Landscaping and Maintenance</b>			
General Maintenance	\$ 5,960.00	\$ 1.99	
Maintenance Supplies	\$ 3,000.00	\$ 1.00	
Electrical Repairs	\$ 3,000.00	\$ 1.00	
Landscape Maintenance- Common Areas	\$ 41,410.32	\$ 13.80	
Landscape Maintenance- Seasonal Color	\$ 5,100.00	\$ 1.70	
Landscape Maintenance- Irrigation Repair	\$ 6,569.68	\$ 2.19	
Wetlands/ Detention Pond Maintenance	\$ 5,000.00	\$ 1.67	
Fence Maintenance	\$ 1,500.00	\$ 0.50	
	<b>Sub-Total Expense: \$ 150,000.00</b>	<b>\$ 50.00</b>	
	<b>Transfer to Reserves: \$ 15,000.00</b>	<b>\$ 5.00</b>	
	<b>Budget Difference: \$ -</b>	<b>\$ -</b>	

Approved:

Ashley Johnson  
HOA President

08/08/19

Date

- ♦ In accordance with RCW 64.90.480 all common expenses are assessed against all units in accordance with their common expense liability. The Assessment (dues) amount reflected is based on 2019 costs and is anticipated to increase over time.
- ♦ Total expenses reflect the anticipated costs of a fully built out Association in 2019 dollars and do not reflect current actual anticipated costs. All amounts herein are based on actual costs in similar common interest communities or bids received from independent third party professionals. Actual expenses upon full build out may vary.
- ♦ The Association has received, from an independent professional reserve specialist, a reserve study that meets the requirements of RCW 64.90.545
- ♦ In accordance with RCW 64.90.610 there are no expected fees or charges to be paid by unit owners for the use of the common areas.

**EXHIBIT G  
TO  
PUBLIC OFFERING STATEMENT**

**ASSOCIATION BALANCE SHEET**

<b>ASSETS</b>	<b>\$0</b>
<b>LIABILITIES</b>	<b>\$0</b>
<b>EXCESS OF ASSETS OVER LIABILITIES</b>	<b>\$0</b>

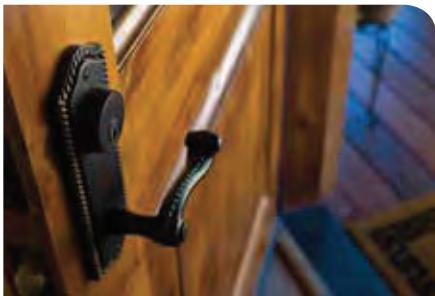
**EXHIBIT H  
TO  
PUBLIC OFFERING STATEMENT**

**HOME BUILDER'S LIMITED WARRANTY**

[SEE ATTACHED SHEETS]

# THE LIMITED WARRANTY

10 YEAR WRITTEN WARRANTY FOR NEW HOMES



10 Year New Home Warranties

## SUBJECT TO CHANGE.

## NO WARRANTY WILL BE ISSUED UNLESS THE BUILDER COMPLIES WITH ALL WARRANTY PROGRAM STANDARDS.

This Limited Warranty does not cover consequential or incidental damages. The Warrantor's total aggregate liability of this Limited Warranty is limited to the Final Sales Price listed on the Application For Warranty form.

The Builder makes no housing merchant implied warranty or any other warranties, express or implied, in connection with the attached sales contract or the warranted Home, and all such warranties are excluded, except as expressly provided in this Limited Warranty. There are no warranties which extend beyond the face of this Limited Warranty.

Some states do not allow the exclusion or limitation of incidental or consequential damages by the Builder so all of the limitations or exclusions of this Limited Warranty may not apply to you.

### Warranty Confirmation

Your Warranty consists of your Limited Warranty book and your Warranty Confirmation. AFTER 60 days from your closing, you may obtain your Warranty Confirmation at [confirm.rwcwarranty.com](http://confirm.rwcwarranty.com). You do not have a warranty without the Warranty Confirmation. If you do not have access to the Internet, please contact the plan Administrator to obtain your Limited Warranty book and Warranty Confirmation.

### SAMPLE WARRANTY

The RWC Limited Warranty displayed in this book is a SAMPLE only. The RWC Limited Warranty applicable to your home may differ from the one displayed here. You must consult your validated RWC Limited Warranty book for the terms of coverage that apply to your home.

For your Limited Warranty to be in effect, you should receive the following documentation:

Limited Warranty #319 • Application For Warranty form #316 (Refer to I.B.3. for applicability) • Warranty Confirmation

Insurer: Western Pacific Mutual Insurance Company, A Risk Retention Group

# RESIDENTIAL WARRANTY COMPANY, LLC



Dear Home Buyer,

Congratulations on the purchase of your new Home. This is probably one of the largest, most important investments you've ever made and we wish you many years of enjoyment. You've chosen a Home built by a leading Builder which includes the RWC Limited Warranty, assurance that your investment is well protected. This book explains the Limited Warranty in its entirety, and we encourage you to take time to READ IT CAREFULLY.

This Limited Warranty provides you with protection in accordance with this warranty book for ten full years of Home ownership. During the first two years, your Builder is responsible for specified warranty obligations. In the unlikely event your Builder is unable or unwilling to perform, the Warranty is provided subject to the conditions, terms and exclusions listed. For the remaining eight years, your Warranty applies to Major Structural Defects as defined in this book.

This is not a warranty service contract, but a written ten year limited warranty which your Builder has elected to provide with your Home.

Take time now to read this book. Familiarize yourself with the Warranty and its limitations. Contact your Builder regarding specific construction standards and how they apply to your Home.

Again, congratulations and enjoy your new Home!

Very truly yours,  
Residential Warranty Company, LLC

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D. HUD (Applicable to VA/FHA financed homes only)	
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Residential Warranty Company, LLC  
5300 Derry Street, Harrisburg, PA 17111  
717-561-4480

The RWC Limited Warranty displayed on this page is a SAMPLE only. The RWC Limited Warranty applicable to your home may differ from the one displayed here. You must consult your validated RWC Limited Warranty book for the terms of coverage that apply to your home.



## SECTION I.

### **A. Introduction**

To help you better understand your Limited Warranty, refer to the following list of definitions which apply in this book.

### **B. Definitions\***

#### **1. Administrator**

Residential Warranty Company, LLC (RWC) is the Administrator of this Limited Warranty. RWC is neither Warrantor nor Insurer.

#### **2. Appliances and Items of Equipment, including Attachments and Appurtenances**

Water heaters, pumps, stoves, refrigerators, compactors, garbage disposals, ranges, dishwashers, washers and dryers, bathtubs, sinks, commodes, faucets, light fixtures, switches, outlets, thermostats, furnaces and oil tanks, humidifiers, oil purifiers, air conditioning materials, in-house sprinkler systems and similar items.

#### **3. Application For Warranty**

The form signed at closing by you, the Purchaser, and your Builder which identifies the location, the Effective Date Of Warranty and the Final Sales Price of the enrolled Home. If the Builder is participating in the RWC electronic enrollment process, the Application for Warranty form is eliminated. This information will be included on your Warranty Confirmation.

#### **4. Arbitrator**

The person appointed by the independent arbitration service to resolve an Unresolved Warranty Issue.

#### **5. Builder**

The person, corporation, partnership or other entity which participates in the RWC Limited Warranty Program and has obtained this Limited Warranty for you.

#### **6. Consequential Damages**

All consequential damages including, but not limited to, damage to the Home that is caused by a warranted Defect but is not itself a warranted Defect and costs of shelter, transportation, food, moving, storage or other incidental expenses related to relocation during repairs.

#### **7. Cooling, Ventilating and Heating Systems**

All ductwork, refrigerant lines, steam and water pipes, registers, convectors and dampers.

#### **8. Defect**

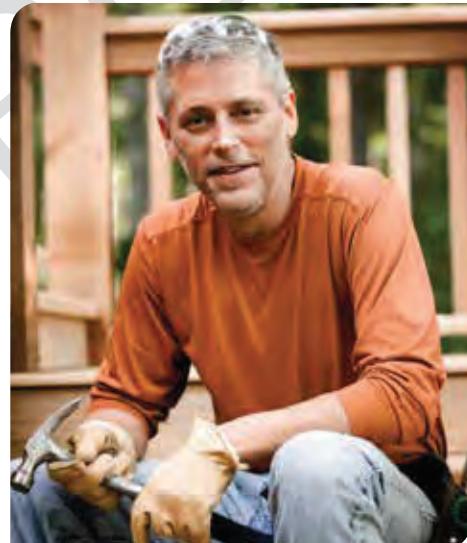
A condition of any item warranted by this Limited Warranty which exceeds the allowable tolerance specified in this Limited Warranty. Failure to complete construction of the Home or any portion of the Home, in whole or in part, is not considered a Defect.

#### **9. Effective Date Of Warranty**

The date coverage begins as specified on the Application for Warranty form or on your Warranty Confirmation if your Builder is participating in the electronic enrollment process.\*

#### **10. Electrical Systems**

All wiring, electrical boxes and connections up to the house side of the meter base.



#### **11. Home**

The single family dwelling, identified on the Application For Warranty form, which may be a townhome, condominium or duplex.

#### **12. Insurer**

Western Pacific Mutual Insurance Company, a Risk Retention Group (WPMIC), located at 9265 Madras Ct, Littleton, CO 80130, phone: 303-263-0311. (*Refer to Section IV. for instructions on requesting warranty performance.*)

#### **13. Limited Warranty**

The terms and conditions contained in this book including any applicable addenda.

**The RWC Limited Warranty displayed on this page is a SAMPLE only. The RWC Limited Warranty applicable to your home may differ from the one displayed here. You must consult your validated RWC Limited Warranty book for the terms of coverage that apply to your home.**

\*FHA/VA Homeowners, refer to HUD Addendum, Section V.D.



## DEFINITIONS



### SECTION I.

#### 14. Major Structural Defects (MSD)

All of the following conditions must be met to constitute a Major Structural Defect:\*

- a. actual physical damage to one or more of the following specified load-bearing components of the Home;
- b. causing the failure of the specific major structural components; and
- c. which affects its load-bearing function to the degree that it materially affects the physical safety of the occupants of the Home.

Load-bearing components of the Home deemed to have MSD potential:

- (1) roof framing members (rafters and trusses);
- (2) floor framing members (joists and trusses);
- (3) bearing walls;
- (4) columns;
- (5) lintels (other than lintels supporting veneers);
- (6) girders;
- (7) load-bearing beams; and
- (8) foundation systems and footings.

Examples of non-load-bearing elements deemed not to have Major Structural Defect potential:

- (1) non-load-bearing partitions and walls;
- (2) wall tile or paper, etc.;
- (3) plaster, laths or drywall;
- (4) flooring and subflooring material;
- (5) brick, stucco, stone, veneer, or exterior wall sheathing;
- (6) any type of exterior siding;
- (7) roof shingles, sheathing\* and tar paper;
- (8) Heating, Cooling, Ventilating, Plumbing, Electrical and mechanical systems;
- (9) Appliances, fixtures or Items of Equipment; and
- (10) doors, windows, trim, cabinets, hardware, insulation, paint and stains.

#### 15. Owner

See Purchaser.

#### 16. Plumbing Systems

All pipes located within the Home and their fittings, including gas supply lines and vent pipes.

#### 17. Purchaser

You. The Purchaser includes the first buyer of the warranted Home and any and all subsequent Owners who take title within the warranty period.

#### 18. Residence

See Home.

#### 19. Sewage Disposal System (Private or Public)

This system includes, but is not limited to, all waste, drainage, sewer pipes and lines, cleanouts, tanks, pumps, drainfields and seepage pits, outside and beyond the exterior wall of the Home.

#### 20. Structurally Attached

An integral part of the Home being structurally supported by footings, block walls or reinforced concrete and connected to the foundation of the Home.

#### 21. Unresolved Warranty Issue

All requests for warranty performance, demands, disputes, controversies and differences that may arise between the parties to this Limited Warranty that cannot be resolved among the parties. An Unresolved Warranty Issue may be a disagreement regarding:

- a. the coverages in this Limited Warranty;
- b. an action performed or to be performed by any party pursuant to this Limited Warranty;
- c. the cost to repair or replace any item covered by this Limited Warranty.

#### 22. Warrantor

Your Builder in Years 1 and 2; the Insurer in Years 3 through 10 and in Years 1 and 2 if your Builder defaults.

#### 23. Warranty Confirmation

The document you obtain by going to [confirm.rwcwarranty.com](http://confirm.rwcwarranty.com) and then following the directions to validate your warranty. It includes your Validation Number, Effective Date of Warranty, Term of Coverage and applicable Addenda.

#### 24. Water Supply System (Private or Public)

This system includes, but is not limited to, all supply and distribution pipes, fittings, valves, pumps and wells, outside the exterior wall of the Home, which supply water to the Home.

**The RWC Limited Warranty displayed on this page is a SAMPLE only. The RWC Limited Warranty applicable to your home may differ from the one displayed here. You must consult your validated RWC Limited Warranty book for the terms of coverage that apply to your home.**

## THE LIMITED WARRANTY

### A. Introduction to the Limited Warranty

1. This book provides specific details, conditions and limitations of the Limited Warranty including procedures for requesting warranty performance and for binding arbitration, in accordance with the procedures of the Federal Arbitration Act. Additional information may be received by calling RWC at 717-561-4480. Read this document in its entirety to understand the protection it affords, the exclusions applicable to it, the Warranty Standards which determine its interpretations and operation and your responsibilities.
2. This is NOT an insurance policy, a maintenance agreement or a service contract. It is an explanation of what you, the Purchaser, can expect from this Limited Warranty.
3. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty.
4. You are responsible for maintenance of your new Home. General and preventative maintenance are required to prolong the life of your new Home.
5. This Limited Warranty is **automatically transferred** to subsequent Owners during the ten-year term of this Limited Warranty, except in the case of a foreclosure that voids the warranty as provided in Section II.A.6.\*
6. This Limited Warranty becomes void and all obligations on the part of Warrantor cease as of the date an Owner vacates the Home due to foreclosure proceedings.\*
7. This Limited Warranty is subject to changes required by various regulating bodies. FHA and VA, as well as some local agencies have mandated the additions noted in the Addenda Section of this Limited Warranty book. Notations throughout indicate where the Addenda apply.

### B. The Limited Warranty

1. **Actions taken to cure Defects will NOT extend the periods of specified coverages in this Limited Warranty.**
2. Only warranted elements which are specifically designated in the Warranty Standards are covered by this Limited Warranty.

The RWC Limited Warranty displayed on this page is a SAMPLE only. The RWC Limited Warranty applicable to your home may differ from the one displayed here. You must consult your validated RWC Limited Warranty book for the terms of coverage that apply to your home.

\*FHA/VA Homeowners, refer to HUD Addendum, Section V.D.

3. The Warrantor has the choice to repair, replace or pay the reasonable cost to repair or replace warranted items which do not meet Warranty Standards and are not excluded in the Limited Warranty.
4. If a warranted MSD occurs during the appropriate coverage period, and is reported as required in **Section IV.**, the Warrantor will repair, replace or pay you the reasonable cost to repair or replace the warranted MSD, limited to actions necessary to restore the MSD to its load-bearing capacity.



### SECTION II.



### C. Warranty Coverage\*

1. **ONE YEAR COVERAGE:** Your Builder warrants that for a period of one (1) year after the Effective Date Of Warranty, warranted items will function and operate as presented in the Warranty Standards of Year 1, **Section III.A.** Coverage is ONLY available where specific Standards and Actions are represented in this Limited Warranty.\*
2. **TWO YEAR COVERAGE:** Your Builder warrants that for a period of two (2) years from the Effective Date Of Warranty, specified portions of the Heating, Cooling, Ventilating, Electrical and Plumbing Systems, as defined in this Limited Warranty, will function and operate as presented in the Warranty Standards of Years 1 and 2 only, **Section III.B.**†
3. **TEN YEAR COVERAGE:** Major Structural Defects (MSD) are warranted for ten (10) years from the Effective Date Of Warranty. Your Builder is the Warrantor during Years 1 and 2 of this Limited Warranty and the Insurer is the Warrantor in Years 3 through 10.
4. **CONDOMINIUM COVERAGE:** This Limited Warranty shall only apply to warranted common elements. Warranted common elements are those portions of the defined Electrical, Heating, Ventilating, Cooling, Plumbing and structural Systems



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### THE LIMITED WARRANTY

which serve two (2) or more residential units, and are contained wholly within a residential structure. Warranty coverage for common elements shall be for the same periods and to the same extent as similar or comparable items in individual residential units. Examples of common elements which are covered by this Limited Warranty are hallways, meeting rooms and other spaces wholly within the residential structure designated for the use of two (2) or more units. Examples of common elements which are not covered under this Limited Warranty are club houses, recreational buildings and facilities, exterior structures, exterior walkways, decks, balconies, arches or any other non-residential structure which is part of the condominium.\*



#### D. Conditions\*

1. This Limited Warranty provides coverage only in excess of coverage provided by other warranties or insurance, whether collectible or not.
2. This Limited Warranty is binding on the Builder and you and your heirs, executors, administrators, successors and assigns.
3. This Limited Warranty shall be interpreted and enforced in accordance with the laws of the state in which the Home is located.
4. This Limited Warranty is separate and apart from your contract and/or other sales agreements with your Builder. It cannot be affected, altered or amended in any way by any other agreement which you may have.

5. This Limited Warranty cannot be modified, altered or amended in any way except by a formal written instrument signed by you, your Builder and the Administrator.
6. If any provision of this Limited Warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
7. All notices required under this Limited Warranty must be in writing and sent by email or certified mail, return receipt requested. If you send your written notice by email, your written notice must be sent to [warranty.resolution@rwcwarranty.com](mailto:warranty.resolution@rwcwarranty.com). The written notice will not be considered received without a valid confirmation of receipt number. If you do not receive a confirmation of receipt number within 48 hours of emailing your written notice, contact RWC by calling 717-561-4480 and request to speak with the Warranty Resolution Department's Customer Service. If sending your written notice by certified mail, return receipt requested, it must be postage prepaid, to the recipient's address shown on the Application for Warranty form, or to whatever address the recipient may designate in writing.
8. If actions by the Warrantor on any obligations under this Limited Warranty are delayed by an event beyond its control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, acts of God, acts of the common enemy, war, riot, civil commotion or sovereign conduct, or acts or omissions by you or any other person not a party of this Limited Warranty.
9. If your Builder fails to complete any part of the Home that is reasonably foreseeable to cause damage to the Home, then it is your responsibility to complete such parts of the Home to avoid the damage. If you fail to complete the work, then any resulting damage is not covered under this Limited Warranty. The warranty period for any item completed after the Effective Date of Warranty shall be deemed to have commenced on the Effective Date of Warranty.\*
10. Costs incurred for unauthorized repairs to warranted items are not reimbursable. Written authorization prior to incurring expenses must be obtained from the Administrator.\*

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## THE LIMITED WARRANTY

11. Whenever appropriate, the use of one gender includes all genders and the use of the singular includes the plural.



12. Under this Limited Warranty, the Warrantor is not responsible for exact color, texture or finish matches in situations where materials are replaced or repaired, or for areas repainted or when original materials are discontinued.
13. Your Builder must assign to you all manufacturers' warranties on products included in the Final Sales Price of your Home. Neither the Insurer nor the Administrator shall be liable for your Builder's failure to do so.
14. You are responsible for establishing a written, final walk-through inspection list of items in need of service prior to occupancy or closing, whichever is first. This list must be signed and dated by you and your Builder. Keep a copy for your records.

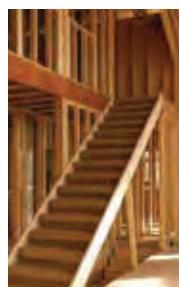
### E. Exclusions

The following are NOT covered under this Limited Warranty:

1. Loss or damage:
  - a. to land.
  - b. to the Home, persons or property directly or indirectly caused by insects, birds, vermin, rodents, or wild or domestic animals.
  - c. which arises while the Home is used primarily for non-residential purposes.
  - d. which is covered by any other insurance or for which compensation is granted by legislation.\*
  - e. resulting directly or indirectly from flood, surface water, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table

which were not reasonably foreseeable, water below the surface of the ground (including water which exerts pressure on or seeps or leaks through a building, sidewalk, driveway, foundation, swimming pool, or other structure), wetlands, springs or aquifers.\*

- f. from normal deterioration or wear and tear.
- g. caused by material or work supplied by anyone other than your Builder or its employees, agents or subcontractors.
- h. from your or the condominium association's failure to perform routine maintenance on the Home, common areas, common elements or your or the condominium association's grounds.
- i. after Year 1, to, resulting from, or made worse by all components of structurally attached decks, balconies, patios, porches, stoops, porch roofs and porticos.
- j. after Year 1, to, resulting from, or made worse by elements of the Home which are constructed separate from foundation walls or other structural elements of the Home such as, but not limited to, chimneys and concrete floors of basements and attached garages.
- k. to wiring, to and between communication devices from the source of power, whether or not connected to the interior wiring system of the Home. Such devices shall include, but not be limited to, telephone systems, television cable systems, intercom systems, computer systems and security systems. Sources of power shall include, but not be limited to, service entrance conductors, switches, outlets, receptacles and junction boxes.
- l. to, or caused by, recreational facilities; driveways; walkways; patios, porches and stoops not structurally attached; decks and balconies which are not bolted to or cantilevered from the main structure of the Home; boundary and/or retaining walls; bulkheads; fences; landscaping, sodding, seeding, shrubs, trees and plantings; subsurface drainage systems (other than footer drains); lawn sprinkler systems; off-site improvements, including streets, sidewalks, adjacent property and the like; or any other improvements not part of the Home itself.



### SECTION II.

## THE LIMITED WARRANTY

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- m. caused by any item listed as an additional exclusion on the Application for Warranty form.
- 2. Loss or damage resulting from, or made worse by:
  - a. changes in the grading of the property surrounding the Home by anyone except your Builder or its employees, agents or subcontractors.
  - b. changes in grading caused by erosion.
  - c. modifications or additions to the Home, or property under or around the Home, made after the Effective Date Of Warranty (other than changes made in order to meet the obligations of this Limited Warranty).
  - d. intrusion of water into crawl spaces.\*
  - e. the weight and/or performance of any type of waterbed or any other furnishing which exceeds the load-bearing design of the Home.
  - f. the presence or consequence of unacceptable levels of radon, formaldehyde, carcinogenic substances or other pollutants and contaminants; or the presence of hazardous or toxic materials resulting in uninhabitability or health risk within the Home.
  - g. acts or omissions by you, your agents, employees, licensees, invitees; accidents, riots, civil commotion, nuclear hazards, acts of God or nature, fire, explosion, blasting, smoke, drought, water escape, windstorms, tropical storms, hurricanes, hail, lightning, ice, snow, falling trees, aircraft, vehicles, flood, mud slides, sink-holes, mine subsidence, faults, crevices, earthquake, land shock waves or tremors occurring before, during or after a volcanic eruption, or manmade events such as war, terrorism or vandalism.
  - h. your failure to perform routine maintenance.
  - i. your failure to minimize or prevent such loss or damage in a timely manner.
  - j. defects in, but not limited to: recreational facilities; driveways; walkways; patios, porches and stoops not structurally attached; decks and balconies which are not bolted to or cantilevered from the main structure of the Home; boundary and/or retaining walls; bulkheads; fences; landscaping, sodding, seeding, shrubs, trees and plantings; sub-surface drainage systems (other than footer drains); lawn sprinkler systems; off-site improvements, including streets, sidewalks, adjacent property and the like; or any other improvements not part of the Home itself.
  - k. defects in detached garages or outbuildings (except those which contain Plumbing, Electrical, Heating, Cooling or Ventilating Systems serving the Home, and then only to the extent where Defects would affect these systems). A detached garage is one which is constructed on its own foundation, separate and apart from the foundation of the Home. A breezeway, fence, utility line or similar union shall not cause a garage or outbuilding to be considered attached.
  - l. negligent maintenance or operation of the Home and its systems by anyone other than your Builder or its agents, employees or subcontractors.
  - m. any portion of a Water Supply System, private or public, including volume and pressure of water flow.\*
  - n. quality and potability of water.
  - o. any portion of a Sewage Disposal System, private or public, including design.\*
  - p. dampness, condensation or heat build-up caused by your failure to maintain proper ventilation.\*



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## THE LIMITED WARRANTY

3. Failure of your Builder to complete construction of the Home or any part of the Home on or before the Effective Date Of Warranty or damages arising from such failure. An incomplete item is not considered a Defect, although your Builder may be obligated to complete such items under separate agreements between you and your Builder.
4. Any deficiency which does not result in actual physical damage or loss to the Home.
5. Any Consequential Damages.\*
6. Personal property damage or bodily injury.
7. Violation of applicable Building Codes or ordinances unless such violation results in a Defect which is otherwise covered under this Limited Warranty. Under such circumstances, the obligation of the Warrantor under this Limited Warranty shall only be to repair the defective warranted portion of the Home, but not to restore or bring the Home to conform to code.
8. Any request for warranty performance submitted to the Administrator after an unreasonable delay or later than 30 days after the expiration of the applicable warranty period.
9. Warranted Defects that you repair without prior written authorization of the Administrator.\*
10. Any damages to, or resulting from a swimming pool whether located within or outside the Home, as a result of its construction, placement, use, equipment, maintenance, etc.
11. The removal and/or replacement of items specifically excluded from coverage under this Limited Warranty, such as landscaping or personal property, and items not originally installed by your Builder, such as wallpaper, where removal and replacement are required to execute a repair.
12. Any Defect consisting of, caused by, contributed to, or aggravated by moisture, wet or dry rot, mold, mildew, fungus or rust, regardless of the originating cause of any moisture or water penetration that leads to the Defect.
13. Sound transmission and sound proofing between rooms or floor levels.
14. Appliances and Equipment included in the Home are not warranted under this Limited Warranty, but may be covered by separate warranties provided by the manufacturer or supplier. These warranties are passed on to you by your Builder at closing and are separate from this Limited Warranty. Damage caused by improper maintenance or operation,

negligence, or improper service of these items by you or your agent will not be covered under this Limited Warranty.†

15. Modifications or additions to the Home, or property under or around the Home, made after the Effective Date of Warranty (other than changes made in order to meet the obligations of this Limited Warranty).



## SECTION II.



### F. Limitation of Liability

1. The Warrantor's liability and obligations are limited to the repair, replacement or the payment of the reasonable cost of repair or replacement of warranted items not to exceed an aggregate equal to the Final Sales Price of the Home as listed on the Application for Warranty form or in the absence of an Application for Warranty form, as otherwise provided to the Administrator by the Builder. The choice to repair, replace or make payment is the Warrantor's.
2. All other warranties, express or implied, including, but not limited to, all implied warranties of fitness, merchantability or habitability, are disclaimed and excluded to the extent allowed by law.

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† Homeowners in the State of New York, refer to State of New York Addendum, Section V.B. \*FHA/VA Homeowners, refer to HUD Addendum, Section V.D.



## SECTION III.



## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply. †

### 1. FOUNDATIONS

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>BASEMENT</b>		
<b>1.1</b> Cracks appear in control joints.	No action required.	The expansion/contraction joint is placed to control cracking. This is not a deficiency.
<b>1.2</b> Uneven concrete floors in finished areas of a basement.	Builder will correct those areas in which Defect exceeds 3/8 in. within a 32 in. measurement.	In rooms not initially finished as living areas or where a floor or a portion of a floor surface has been designed for specific drainage purposes, a slope which exceeds 3/8 in. within a 32 in. measurement is not a deficiency.
<b>1.3</b> Cracks in poured concrete foundation walls.	Builder will correct any crack which exceeds 1/4 in. in width.	Shrinkage cracks are common and should be expected. Surface patching and epoxy injections are examples of acceptable repair methods.
<b>1.4</b> Cracks in block or veneer wall.	Builder will correct cracks which exceed 1/4 in. in width.	Some cracks are common through masonry and mortar joints. Cracks 1/4 in. or less are considered routine Owner maintenance.
<b>1.5</b> Leaks resulting in actual flow or trickling of water through wall or floor, causing an accumulation.	Builder will correct.	A one-time occurrence may not indicate a Defect. Owner must maintain proper grading around the Home and maintain any surface water control systems installed by Builder. Dampness and condensation are normal conditions and are not covered by this Limited Warranty.
<b>1.6</b> Disintegration of the concrete floor surface.	Builder will correct disintegrated surfaces caused by improper placement of concrete.	Disintegration caused by erosion due to salt, chemicals, implements used and other factors beyond Builder's control is not a warranted deficiency.
<b>1.7</b> Cracks in concrete floor which rupture or significantly impair performance of floor covering.	Builder will correct so Defect is not readily noticeable when floor covering is in place.	Minor impressions in floor covering are not considered significant imperfections.
<b>1.8</b> Cracks in concrete floor of unfinished area (no floor covering) or in areas not designed for living.	Builder will correct cracks which exceed 1/4 in. in width or vertical displacement.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.
<b>1.9</b> Condensation on walls, joists, support columns and other components of basement area.	No action required.	Maintaining adequate ventilation and moisture control is considered Owner maintenance.

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† Homeowners in the State of New York, refer to State of New York Addendum, Section V.B.

## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 1. FOUNDATIONS

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>CRAWL SPACE</b>		
<b>1.10</b> Cracks in poured concrete foundation walls.	Builder will correct any crack which exceeds 1/4 in. in width.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks of 1/4 in. or less are common and should be expected.
<b>1.11</b> Cracks in block or veneer wall.	Builder will correct cracks greater than 1/4 in. in width.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks of 1/4 in. or less are common and should be expected.
<b>1.12</b> Inadequate ventilation.	Builder will install properly sized louvers or vents.	Maintaining adequate ventilation and moisture control, including seasonal adjustment of vent openings, is considered Owner maintenance.
<b>1.13</b> Condensation on walls, joists, support columns and other components of the crawl space area.	No action required.	Maintaining adequate ventilation and moisture control, including seasonal adjustment of vent openings, is considered Owner maintenance.
<b>SLAB ON GRADE</b>		
<b>1.14</b> Cracks appear at control joints.	No action required.	Expansion/contraction joint is placed to control cracking. This is not a deficiency.
<b>1.15</b> Uneven concrete floors in finished areas.	Builder will correct areas in which Defect exceeds 3/8 in. within a 32 in. measurement.	In rooms not initially finished as living areas or where a floor or a portion of a floor surface has been designed for specific drainage purposes, a slope which exceeds 3/8 in. within a 32 in. measurement is acceptable.
<b>1.16</b> Disintegration of concrete floor surface.	Builder will correct disintegrated surfaces caused by improper placement of concrete.	Disintegration caused by erosion due to salt, chemicals, implements used and other factors beyond Builder's control is not a warranted deficiency.
<b>1.17</b> Crack in concrete floor which ruptures or significantly impairs performance of floor covering.	Builder will correct so Defect is not readily noticeable when floor covering is in place.	Minor impressions in floor covering are not considered significant imperfections.
<b>1.18</b> Cracks in attached garage slab.	Builder will correct cracks which exceed 1/4 in. in width or vertical displacement.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.
<b>1.19</b> Cracks in concrete floor of unfinished area (no floor covering) or in areas not designed for living.	Builder will correct cracks which exceed 1/4 in. in width or vertical displacement.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.
<b>1.20</b> Cracks in visible face of foundation.	Builder will correct cracks in excess of 1/4 in. in width.	Surface patching and epoxy injections are examples of acceptable repair methods. Shrinkage cracks are common and should be expected.

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## SECTION III.

### WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

## 2. FRAMING

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>CEILING</b>		
2.1 Uneven ceiling.	Builder will correct if unevenness exceeds 1/4 in. within a 32 in. measurement.	Some minor framing imperfections should be expected.
<b>FLOOR</b>		
2.2 High and low areas.	Builder will correct if high or low areas exceed 1/4 in. within a 32 in. measurement.	Some minor framing imperfections should be expected.
2.3 Floor squeaks.	Builder will correct if caused by a defective joist or improperly installed subfloor. Builder will take corrective action to reduce squeaking to the extent possible within reasonable repair capability without removing floor or ceiling finishes.	A large area of floor squeaks which is noticeable, loud and objectionable is a Defect. A squeak-proof floor cannot be guaranteed. Lumber shrinkage as well as temperature and humidity changes may cause squeaks.
<b>ROOF</b>		
2.4 Split or warped rafters or trusses.	No action required.	Some splitting and warping is normal and is caused by high temperature effects on lumber.
<b>WALL</b>		
2.5 Bow or bulge.	Builder will correct if bow or bulge exceeds 1/2 in. within 32 in. horizontal or vertical measurement.	Minor framing imperfections should be expected.
2.6 Out-of-plumb.	Builder will correct where out-of-plumb condition exceeds 3/4 in. within 8 ft. vertical measurement.	Minor framing imperfections should be expected.
2.7 Wall is out-of-square.	No action required.	A wall out-of-square is not a Defect.

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## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

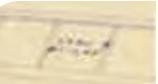
The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.



### 3. EXTERIOR

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>STRUCTURALLY ATTACHED WOOD OR COMPOSITE DECKS</b>		
<b>3.1</b> Wood twisting, warping or splitting.	Builder will correct only if due to improper installation.	Twisting, warping or splitting of wood deck material is normal due to exposure to the elements. Owner maintenance is required.
<b>3.2</b> Settlement.	Builder will correct slope of deck which exceeds a ratio of 2 in. in a 10 ft. measurement.	Some slope is often provided to allow for water drainage.
<b>3.3</b> Loose railing or post.	Builder will correct if due to improper installation.	Owner maintenance is required.
<b>DOORS</b>		
<b>3.4</b> Binds, sticks or does not latch.	Builder will correct if caused by faulty workmanship or materials.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.
<b>3.5</b> Wood door panel shrinks.	No action required.	Panels will shrink and expand and may expose unfinished surfaces.
<b>3.6</b> Warping.	Builder will correct warping which exceeds 1/4 in., measured vertically, horizontally or diagonally.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.
<b>3.7</b> Split in panel.	Builder will correct if split allows the entrance of elements.	Splits which do not allow the entrance of elements are considered normal. Owner maintenance is required.
<b>3.8</b> Separation between door and weather-stripping.	Builder will correct if daylight is visible or if entrance of elements occurs under normal conditions.	Even with properly installed weather-stripping, some movement of the door, when closed, may be expected. Owner maintenance is required for minor alterations to adjustable thresholds and other parts of the door.
<b>3.9</b> Screen mesh is torn or damaged.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>3.10</b> Overhead garage door fails to operate or allows rain or snow to leak through.	Builder will correct garage doors which do not fit or operate properly.	Some entrance of elements can be expected and is not considered a deficiency. If Owner installs a garage door opener, Builder is not responsible for operation of door.

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## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 3. EXTERIOR

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>ROOFING</b>		
<b>3.11</b> Roof and roof flashing leaks.	Builder will correct active and current leaks that occur under normal conditions.	No action is required if leak is due to snow or ice buildup, high winds or driving rains. Prevention of snow or ice buildup is the Owner's responsibility. Substantiation of an active and current leak is the Owner's responsibility.
<b>3.12</b> Lifted, torn, curled, or cupped shingles.	No action required.	Owner maintenance is required. Cupping in excess of 1/2 in. should be reported to the manufacturer.
<b>3.13</b> Shingles that have blown off.	Builder will correct affected area if due to poor installation.	Shingles shall not blow off in winds less than the manufacturer's specifications.
<b>3.14</b> Inadequate ventilation.	Builder will provide adequate ventilation.	Moisture accumulation in attics which are not adequately vented is a deficiency. Owner is responsible to keep vents clear of obstructions to promote air flow.
<b>3.15</b> Water stays in gutters.	Builder will correct to limit standing water depth at 1 in.	Owner is responsible for keeping gutters and downspouts clean.
<b>3.16</b> Gutter or downspout leaks.	Builder will correct leaks at connections.	Owner is responsible for keeping gutters and downspouts clean. Gutters may overflow during heavy rains.
<b>SITE WORK</b>		
<b>3.17</b> Standing water within 10 ft. of the foundation.	Builder will correct water which stands for more than 24 hours, or more than 48 hours in swales.	Standing water beyond the 10 ft. perimeter of the foundation is not covered by this Limited Warranty. Owner is responsible for establishing and maintaining adequate ground cover.
<b>3.18</b> Settling of ground around foundation walls, utility trenches or other filled areas on property where there has been excavation and backfill which affected foundation drainage.	If final grading was performed by Builder, he will replace fill in excessively settled areas only once.*	If settlement does not exceed 6 in., it is Owner's responsibility to fill affected areas. The party responsible for establishing the final grade shall provide for positive drainage away from foundation. Owner is responsible for establishing and maintaining adequate ground cover.
<b>STRUCTURALLY ATTACHED STOOP, PORCH &amp; PATIO</b>		
<b>3.19</b> Settlement, heaving or movement.	Builder will correct if movement exceeds 1 in. from the Home for stoops, porches and patios which are structurally attached.	Stoops, porches and patios which are poured separately and simply abut the house are not covered by this Limited Warranty.
<b>3.20</b> Concrete splatters on adjacent surfaces.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.

## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 3. EXTERIOR



OBSERVATION	ACTION REQUIRED	COMMENTS
<b>WALL COVERING</b>		
<b>3.21</b> Entrance of elements through separations of wood, hardboard or fiber cement siding or trim joints, or separation between trim and surfaces of masonry or siding.	Builder will correct entrance of elements or separations exceeding 3/8 in. by caulking or other methods.	Any separations 3/8 in. or less are considered routine Owner maintenance.
<b>3.22</b> Cracks in stucco or similar synthetic based finishes.	Builder will correct cracks which exceed 1/8 in. in width.	Caulking and touch-up painting are examples of acceptable repair methods. Builder is not responsible for exact color, texture or finish matches. Hairline cracks are common.
<b>3.23</b> Siding materials become detached from the Home.	Builder will correct affected area if due to improper workmanship or materials.	Separated, loose or delaminated siding can be due to improper maintenance and is not considered a Defect.
<b>3.24</b> Aluminum or vinyl siding is bowed or wavy.	Builder is responsible only if installed improperly and waves or bowing exceed 1/2 in. within a 32 in. measurement.	Check your manufacturer's warranty on this product for coverage regarding dents, holes, wind specifications, etc.
<b>3.25</b> Paint or stain peels or deteriorates.	Builder will correct. If 75% of a particular wall is affected, entire wall will be corrected.	Some fading is normal due to weathering. Mildew and fungus on exterior surfaces are caused by climatic conditions and are considered routine maintenance. Varnish or lacquer deteriorates quickly and is not covered by this Limited Warranty.
<b>3.26</b> Paint splatters and smears on other surfaces.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>3.27</b> Faulty application of paint on wall and trim surfaces.	Builder will correct affected area. If greater than 75% of wall or trim piece is affected, entire surface will be corrected.	Some minor imperfections such as overspray, brushmarks, etc., are common and should be expected.
<b>3.28</b> Knot holes bleed through paint or stain.	Builder will correct affected areas where excessive bleeding of knots appear.	Knot holes will be apparent depending on the quality of material used.
<b>3.29</b> Vent or louver leaks.	Builder will correct if caused by improper installation.	Properly installed louvers or vents may at times allow rain or snow to enter under strong wind conditions and is not a deficiency.
<b>3.30</b> Cracks in masonry, veneer, stone, etc.	Builder will correct cracks which exceed 1/4 in. in width.	Some cracks are common through masonry and mortar joints. Cracks 1/4 in. or less are considered routine Owner maintenance.

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## SECTION III.

### WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 3. EXTERIOR

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>WINDOWS</b>		
<b>3.31</b> Condensation or frost on interior window surface.	No action required.	Condensation is relative to the quality and type of windows. Temperature differences in high levels of humidity along with individual living habits will cause condensation.
<b>3.32</b> Clouding or condensation between panes of glass.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>3.33</b> Glass breakage.	Builder will correct only if damage is documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>3.34</b> Excessive drafts and leaks.	Builder will correct poorly fitted windows.	Relative to the quality and type of windows, drafts are sometimes noticeable around windows, especially during high winds. It may be necessary for the Owner to have storm windows installed to provide a satisfactory solution in high wind areas. All caulking materials expand and contract due to temperature variation and dissimilar materials. Maintenance of weather-stripping is Owner's responsibility.
<b>3.35</b> Difficult to open, close or lock.	Builder will correct.	Windows should open, close and lock with reasonable pressure.

### 4. INTERIOR

<b>DOORS</b>		
<b>4.1</b> Latch is loose or rattles.	No action required.	Some minor movement should be expected.
<b>4.2</b> Binds, sticks or does not latch.	Builder will correct if due to faulty workmanship and materials.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.
<b>4.3</b> Warping.	Builder will correct warping which exceeds 1/4 in., measured vertically, horizontally or diagonally.	Seasonal changes may cause doors to expand and contract, and are usually temporary conditions.
<b>4.4</b> Excessive opening at bottom.	Builder will correct gaps in excess of 1-1/2 in. between bottom of passage door and finished floor or 2 in. between bottom of closet door and finished floor.	Gaps under doors are intended for air flow.
<b>4.5</b> Rubs on carpet.	Builder will correct.	Builder is not responsible if Owner installs carpet.

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## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 4. INTERIOR



OBSERVATION	ACTION REQUIRED	COMMENTS
<b>WALLS, CEILINGS, SURFACES, FINISHES &amp; TRIMS</b>		
<b>4.6</b> Cracks and separations in drywall, lath or plaster; nail pops.	Builder will correct cracks in excess of 1/8 in. in width. Builder will correct nail pops which have broken finished surface. Repair cracks and/or nail pops and touch up paint to match as close as possible, one time only. Such conditions should be reported near the end of Year 1 of the warranty period to allow for normal movement of the Home.	Minor seam separations and cracks, and other slight imperfections, are common and should be expected. Minor depressions and slight mounds at nail heads are not Defects.
<b>4.7</b> Peeling of wallpaper.	Builder will correct if not due to Owner neglect or abuses.	Builder is not responsible for wallpaper installed by Purchaser. Owner is responsible for maintaining adequate ventilation in areas of high humidity, such as kitchens and bathrooms.
<b>4.8</b> Separated seams in wallpaper.	Builder will correct if wall surface is readily visible.	Minor imperfections can be expected.
<b>4.9</b> Lumps, ridges and nail pops in wallboard which appear after Owner has wall covering installed by himself or others.	No action required.	Owner should insure that surface to be covered is suitable for installation of wall covering.
<b>4.10</b> Surface deficiencies in finished woodwork.	Builder will correct readily apparent splits, cracks, hammer marks and exposed nail heads, only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>4.11</b> Gaps between trim and adjacent surfaces, and gaps at trim joints.	Builder will correct gaps in excess of 1/8 in. at trim joints and 1/4 in. between trim and adjacent surfaces.	Some separation due to lumber shrinkage is normal and should be expected.
<b>4.12</b> Cracks in ceramic grout joints.	Builder will correct cracks in excess of 1/8 in. one time only.	Cracking of grout joints is common and is considered routine Owner maintenance unless excessive.
<b>4.13</b> Ceramic tile cracks or becomes loose.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>4.14</b> Cracking or deterioration of caulking.	No action required.	All interior caulking shrinks and deteriorates. Owner maintenance is required.

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**SECTION  
III.**



## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 4. INTERIOR

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>WALLS, CEILINGS, SURFACES, FINISHES &amp; TRIMS</b>		
<b>4.15</b> Wall or trim surfaces visible through paint.	Builder will correct affected area. If greater than 75% of wall, trim piece, or ceiling is affected, entire surface will be corrected. The surface being painted shall not show through new paint when viewed from a distance of 6 feet under normal lighting conditions.	Some minor imperfections such as overspray, brushmarks, etc., are common and should be expected.
<b>FLOOR COVERING*</b>		
<b>4.16</b> Resilient flooring comes loose at edge.	Builder will correct.	Owner maintenance is required.
<b>4.17</b> Gaps at seams of resilient flooring.	Builder will correct gaps of similar materials in excess of 1/8 in., and 3/16 in. where dissimilar materials abut.	Minor gaps should be expected.
<b>4.18</b> Fastener pops through resilient flooring.	Builder will correct affected area where fastener has broken through floor covering.	Sharp objects such as high heels, table and chair legs, can cause similar problems, and are not covered by this Limited Warranty.
<b>4.19</b> Depressions or ridges in resilient flooring at seams of sub-flooring.	Builder will correct depressions or ridges which exceed 1/8 in. in height or depth.	This is determined by placing a 6 in. straight edge over ridge or depression, with 3 in. on either side, and measuring height or depth at sub-flooring seam.
<b>4.20</b> Cuts and gouges in any floor covering.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>4.21</b> Hollow sounding marble or tile.	No action required.	Hollow sounding marble or tile is not a deficiency of construction and is not covered under this warranty.
<b>4.22</b> Fades, stains or discolors.	Builder will correct stains or spots only if documented prior to occupancy.	Fading is not a deficiency. Owner is responsible for establishing a pre-closing walk-through inspection list.
<b>4.23</b> Premature wearing of carpet.	No action required.	Excessive wear in high-traffic areas such as entryways and hallways is normal. Wearability is directly related to quality of carpet.
<b>4.24</b> Visible gaps at carpet seams.	Builder will correct gaps.	Seams will be apparent. Owner maintenance is required.
<b>4.25</b> Carpet becomes loose or buckles.	Builder will correct one time only.	Some stretching is normal. Owner should exercise care in moving furniture.

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## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 5. MECHANICAL

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>ELECTRICAL</b>		
<b>5.1</b> Circuit breakers trip excessively.	Builder will correct if tripping occurs under normal usage.	Ground Fault Circuit Interrupters (GFCI) are intended to trip as a safety factor. Tripping that occurs under abnormal use is not covered by this Limited Warranty.
<b>5.2</b> Outlets, switches or fixtures malfunction.	Builder will correct if caused by defective workmanship or materials.	Owner should exercise routine care and maintenance. Replacement of light bulbs is Owner's responsibility.
<b>HEATING &amp; COOLING</b>		
<b>5.3</b> Condensation lines clog under normal use.	No action required.	Condensation lines will clog under normal conditions. Continued operation of drain line requires Owner maintenance.
<b>5.4</b> Noisy ductwork.	Builder will correct oil canning noise if caused by improper installation.	When metal heats and cools, ticking and cracking may occur and are not covered by this Limited Warranty.
<b>5.5</b> Insufficient heating.	Builder will correct if Heating System cannot maintain a 70 degree Fahrenheit temperature, under normal operating and weather conditions. Temperature shall be measured at a point 5 ft. above center of floor in affected area. All rooms may vary in temperature by as much as 4 degrees.	Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature falls below design temperature thereby lowering temperature in the Home. Certain aspects of the Home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these Standards and are not covered by this Limited Warranty.
<b>5.6</b> Insufficient cooling.	Builder will correct if Cooling System cannot maintain a 78 degree Fahrenheit temperature, under normal operating and weather conditions. Temperature shall be measured at a point 5 ft. above center of the floor in the affected room. On excessively hot days, where outside temperature exceeds 95 degrees Fahrenheit, a difference of 17 degrees from outside temperature will be difficult to maintain. All rooms may vary in temperature by as much as 4 degrees.	Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature rises above design temperature thereby raising temperature in the Home. Certain aspects of the Home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these Standards and are not covered by this Limited Warranty.
<b>5.7</b> Refrigerant line leaks.	Builder will correct.	Owner maintenance is required on the system.





## SECTION III.

### WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

### 5. MECHANICAL

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>PLUMBING</b>		
5.8 Pipe freezes and bursts.	Builder will correct if due to faulty workmanship or materials.	Proper winterization of pipes is considered routine maintenance and Owner should maintain suitable temperatures inside the Home.
5.9 Noisy water pipe.	Builder will correct hammering noise if caused by improper installation.	Some noise can be expected due to flow of water and pipe expansion. This is not a Defect.
5.10 Plumbing fixtures and trim fittings leak or malfunction.	Builder will correct if due to faulty workmanship and materials.	Owner maintenance is required. Scratches, tarnishing or marring must be noted on a pre-closing walk-through inspection list.
5.11 Damaged or defective plumbing fixtures and trim fittings.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list. Defective trim fittings and plumbing fixtures are covered under the manufacturer's warranty.

### 6. SPECIALTIES

#### BATHROOM & KITCHEN

6.1 Cabinet separates from wall or ceiling.	Builder will correct separation in excess of 1/4 in.	Some separation is normal. Caulking is an acceptable method of repair.
6.2 Crack in door panel.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
6.3 Warping of cabinet door or drawer front.	Builder will correct if warp exceeds 3/8 in. as measured from cabinet frame.	Seasonal changes may cause warping and may be a temporary condition.
6.4 Doors or drawers do not operate.	Builder will correct.	Owner maintenance is required.
6.5 Chips, cracks, scratches on countertop, cabinet fixture or fitting.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
6.6 Delamination of countertop or cabinet.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.
6.7 Cracks or chips in fixture.	Builder will correct only if documented prior to occupancy.	Owner is responsible for establishing a pre-closing walk-through inspection list.

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## WARRANTY STANDARDS • A. YEAR 1 COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.



### 6. SPECIALTIES

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>CHIMNEY &amp; FIREPLACE</b>		
<b>6.8</b> Exterior and interior masonry veneer cracks.	Builder will correct cracks in excess of 1/4 in. in width.	Some cracks are common in masonry and mortar joints. Cracks 1/4 in. in width or less are considered Owner maintenance.
<b>6.9</b> Firebox color is changed; accumulation of residue in chimney or flue.	No action required.	Owner maintenance is required.
<b>6.10</b> Chimney separates from the Home.	Builder will correct separation in excess of 1/2 in. within 10 ft.	Newly built chimneys will often incur slight amounts of separation.
<b>6.11</b> Smoke in living area.	Builder will correct if caused by improper construction or inadequate clearance.	Temporary negative draft situations can be caused by high winds; obstructions such as tree branches too close to the chimney; the geographic location of the fireplace; or its relationship to adjoining walls and roof. In some cases, it may be necessary to open a window to create an effective draft. Since negative draft conditions could be temporary, it is necessary that Owner substantiate problem to Builder by constructing a fire so the condition can be observed.
<b>6.12</b> Water infiltration into firebox from flue.	No action required.	A certain amount of rainwater can be expected under certain conditions.
<b>6.13</b> Firebrick or mortar joint cracks.	No action required.	Intense heat may cause cracking.
<b>INSULATION</b>		
<b>6.14</b> Air infiltration around electrical receptacles.	No action required.	Air flow around electrical boxes is normal and is not a deficiency.

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## SECTION III.

### WARRANTY STANDARDS • B. YEARS 1 & 2 COVERAGE ONLY C. TEN YEAR MSD COVERAGE ONLY

The following Warranty Standards are applicable only to warranted items stated in Section II of this Limited Warranty. Read Section II to determine if the following Warranty Standards apply.

#### B. SYSTEMS - YEARS 1 & 2

OBSERVATION	ACTION REQUIRED	COMMENTS
<b>ELECTRICAL</b>		
<b>B.1</b> Wiring fails to carry specified load.	Builder will correct if failure is due to improper installation or materials.	Switches, outlets and fixtures are applicable to <b>Year 1 Coverage Only</b> .
<b>HEATING AND COOLING</b>		
<b>B.2</b> Ductwork separates.	Builder will correct.	Owner maintenance is required.
<b>PLUMBING*</b>		
<b>B.3</b> Pipe leaks.	Builder will correct.	Condensation on pipes does not constitute leakage. Faulty faucets, valves, joints and fittings are applicable to <b>Year 1 Coverage Only</b> .
<b>B.4</b> Water supply stops.	Builder will correct if due to faulty workmanship or materials inside the Home.	Drought or causes other than faulty workmanship and materials will not be covered under this Limited Warranty.
<b>B.5</b> Clogged drain or sewer.	Builder will correct clog within structure caused by faulty workmanship or materials.	Clogs and stoppages beyond the exterior wall are not covered by this Limited Warranty. Routine Owner maintenance and proper use is required.

#### C. TEN YEAR MSD COVERAGE

MAJOR STRUCTURAL DEFECTS	
<b>C.1.</b> Major Structural Defects.	The criteria for establishing the existence of a Major Structural Defect is set forth in Section I.B.14 of this Limited Warranty Agreement.  The Warrantor will correct Major Structural Defects, limited to such actions as are necessary to restore the load-bearing capability of the component(s) affected by a Major Structural Defect.

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\*FHA/VA Homeowners, refer to HUD Addendum, Section V.D.

## REQUESTING WARRANTY PERFORMANCE



### A. Notice to Warrantor in Years 1 & 2

1. If a Defect occurs in Years 1 and 2, you must notify your Builder in writing. Your request for warranty performance should clearly describe the Defect(s) in reasonable detail.
2. Request for warranty performance to your Builder does not constitute notice to the Administrator, and it will not extend applicable coverage periods.
3. If a request for warranty performance to your Builder does not result in satisfactory action within a reasonable time, written notice must be given to RWC, Administrator, at [warranty.resolution@rwcwarranty.com](mailto:warranty.resolution@rwcwarranty.com) or forwarded by certified mail, return receipt requested to 5300 Derry Street, Harrisburg, Pennsylvania 17111, Attn: Warranty Resolution Department. This notice should describe each item in reasonable detail.
4. *Please note that a written request for warranty performance must be emailed no later than thirty (30) days after the expiration of the applicable warranty period or sent to RWC by certified mail, return receipt requested and postmarked no later than thirty (30) days after the expiration of the applicable warranty period. For example, if the item is one which is warranted by your Builder during your second year of coverage, a request for warranty performance must be emailed or mailed to RWC and postmarked no later than thirty (30) days after the end of the second year to be valid.*
5. You must provide the Warrantor with reasonable weekday access during normal business hours in order to perform its obligations. Failure by you to provide such access to the Warrantor may relieve the Warrantor of its obligations under this Limited Warranty.
6. If your Builder does not fulfill its obligations under this Limited Warranty, the Administrator will process the request for warranty performance as described in the Limited Warranty and subject to the provisions of IV.F.

### B. Notice to Warrantor in Years 3–10

If a Defect related to a warranted MSD occurs in Years 3 through 10 of this Limited Warranty, you must notify the Administrator to review the item within a reasonable time after the situation arises. All such notices must be presented in writing to RWC, Administrator, at [warranty.resolution@rwcwarranty.com](mailto:warranty.resolution@rwcwarranty.com) or forwarded by certified mail, return receipt requested to RWC, Ad-

ministrator, 5300 Derry Street, Harrisburg, Pennsylvania 17111, Attn: Warranty Resolution Department. Any such notice should describe the condition of the MSD in reasonable detail. Requests for warranty performance emailed or postmarked more than thirty (30) days after the expiration of the term of this Limited Warranty will not be honored.

### C. Purchaser's Obligations

1. **Your notice to the Administrator must contain the following information:**
  - a. Validation # and Effective Date Of Warranty;
  - b. Your Builder's name and address;
  - c. Your name, address, email address and phone number (including home, cell and work numbers);
  - d. Reasonably specific description of the warranty item(s) to be reviewed;
  - e. A copy of any written notice to your Builder;
  - f. Photograph(s) may be required; and
  - g. A copy of each and every report you have obtained from any inspector or engineer.
2. You have an obligation to cooperate with the Administrator's mediation, inspection and investigation of your warranty request. From time to time, the Administrator may request information from you regarding an alleged Defect. Failure by you or your appointed representative to respond with the requested information within thirty (30) days of the date of the Administrator's request can result in the closing of your warranty file.

### D. Mediation and Inspection

Within thirty (30) days following the Administrator's receipt of proper notice of request for warranty performance, the Administrator may review and mediate your request by communicating with you, your Builder and any other individuals or entities who the Administrator believes possess relevant information. If, after thirty (30) days, the Administrator has not been able to successfully mediate your request, or at any earlier time when the Administrator believes that your Builder and you are at an impasse, then the Administrator will notify you that your request has become an Unresolved Warranty Issue. At any time following the receipt of proper notice of your request for warranty performance, the Administrator may schedule an inspection of the item. You must provide the Administrator reasonable access for any such inspection as discussed in Section IV.A.5. The Administrator, at its discretion,

## REQUESTING WARRANTY PERFORMANCE

may schedule a subsequent inspection to determine Builder compliance.

**When a request for warranty performance is filed and the deficiency cannot be observed under normal conditions, it is your responsibility to substantiate that the need for warranty performance exists including any cost involved. If properly substantiated, you will be reimbursed by the Warrantor.**

### E. Arbitration\*

**You begin the arbitration process by giving the Administrator written notice of your request for arbitration of an Unresolved Warranty Issue.** The written notice of your request for arbitration must be received by the Administrator no later than thirty (30) days following the expiration of the ten year warranty period. However, if you receive notification of an Unresolved Warranty Issue from the Administrator following the expiration of the ten year warranty period, then this period is extended and written notice of your request for arbitration must be received by the Administrator no later than thirty (30) days from the date of your receipt of notification of the Unresolved Warranty Issue. Within twenty (20) days after the Administrator's receipt of your notice of request for arbitration, any Unresolved Warranty Issue that you have with the Warrantor shall be submitted to an independent

Within one (1) year after an arbitration award, either party may apply to the U.S. District Court where the Home is situated to confirm the award. The Administrator's receipt of a written request for arbitration in appropriate form shall stop the running of any statute of limitations applicable to the matter to be arbitrated until the Arbitrator renders a decision. The decision of the Arbitrator shall be final and binding upon all parties.<sup>†</sup>

Since this Limited Warranty provides for mandatory binding arbitration of Unresolved Warranty Issues, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.\*

In Years 1 & 2, the Builder shall have sixty (60) days from the date the Administrator sends the Arbitrator's award to the Builder to comply with the Arbitrator's decision. In Years 3-10, the Warrantor shall have sixty (60) days from the date the Administrator receives the Arbitrator's award to comply with the Arbitrator's decision. Warranty compliance will begin as soon as possible and will be completed within the sixty-day compliance period with the exception of any repair that would reasonably take more than sixty (60) days to complete, including, but not limited to, repair delayed or prolonged by inclement weather. The Warrantor will complete such repair or replacement as soon as possible without incurring overtime or weekend expenses.

You may request a compliance arbitration within twenty (20) days after the sixty-day compliance period has expired by giving the Administrator written notice of your request. You must pay the fees for the compliance arbitration prior to the matter being submitted to the arbitration service.



arbitration service experienced in arbitrating residential construction matters upon which you and the Administrator agree. This **binding** arbitration is governed by the procedures of the Federal Arbitration Act, 9 U.S.C. §§ 1 *et. seq.* If you submit a request for arbitration, you must pay the arbitration fees before the matter is submitted to the arbitration service. After arbitration, the Arbitrator shall have the power to award the cost of this fee to any party or to split it among the parties to the arbitration. The arbitration shall be conducted in accordance with this Limited Warranty and the arbitration rules and regulations to the extent that they are not in conflict with the Federal Arbitration Act.

### F. Conditions of Warranty Performance

1. You must provide the Warrantor and/or Administrator with reasonable weekday access during normal business hours to inspect the condition of your Home and/or to perform their obligations.
2. When your request for warranty performance is determined to be a warranted issue, the Warrantor reserves the right to repair or replace the warranted item, or to pay you the reasonable cost of repair or replacement.
3. In Years 1 and 2, if your Builder defaults in its warranty obligations, the Administrator will process the request for warranty performance provided you pay a warranty service

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\*FHA/VA Homeowners, refer to HUD Addendum, Section V.D.

<sup>†</sup> Homeowners in the State of New York, refer to State of New York Addendum, Section V.B.

## REQUESTING WARRANTY PERFORMANCE

- fee of \$250 for each request prior to repair or replacement.\*♦♦
4. In Years 3 through 10 you must pay the Administrator a warranty service fee of \$500 for each request.\*♦♦
  5. If the Administrator elects to award you cash rather than repair or replace a warranted item, the warranty service fee will be subtracted from the cash payment.
  6. If the Warrantor pays the reasonable cost of repairing a warranted item, the payment shall be made to you and to any mortgagee or mortgagee's successor as each of your interests may appear; provided that the mortgagee has notified the Administrator in writing of its security interest in the Home prior to such payment. Warrantor shall not have any obligation to make payment jointly to the Purchaser and mortgagee where the mortgagee has not notified your Builder or the Administrator in writing of its security interest in the Home prior to such payment. Any mortgagee shall be completely bound by any mediation or arbitration relating to a request for warranty performance between you and the Warrantor.\*
  7. Prior to payment for the reasonable cost of repair or replacement of warranted items, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the warranted Defects and any conditions arising from the warranted items.
  8. Upon completion of repair or replacement of a warranted Defect, you must sign and deliver to the Builder or the Administrator, as applicable, a full and unconditional release, in recordable form, of all legal obligations with respect to the Defect and any conditions arising from the situation. The repaired or replaced warranted item will continue to be warranted by this Limited Warranty for the remainder of the applicable period of coverage.
  9. If the Warrantor repairs, replaces or pays you the reasonable cost to repair or replace a warranted item, the Warrantor shall be subrogated to all your rights of recovery against any person or entity. You must execute and deliver any and all instruments and papers and take any and all other actions necessary to secure such rights, including, but not limited to, assignment of proceeds of any insurance or other warranties to the Warrantor. You shall do nothing to prejudice these rights of subrogation.
  10. Any Warrantor obligation is conditioned upon your proper maintenance of the Home, common elements and grounds to prevent damage due to neglect, abnormal use or improper maintenance.



### SECTION IV.

#### 11. Condominium Procedures:

- a. In the case of common elements of a condominium, at all times, owner(s) of each unit affected by the common elements in need of warranty performance shall each be responsible to pay the warranty service fee (\$250 in Years 1 and 2, \$500 in Years 3 through 10) for each request for warranty performance.\*♦
- b. If a request for warranty performance under this Limited Warranty involves a common element in a condominium, the request may be made only by an authorized representative of the condominium association. If the Builder retains a voting interest in the association of more than 50%, the request may be made by unit owners representing 10% of the voting interests in the association.
- c. If a request for warranty performance under this Limited Warranty involves a common element affecting multiple units, and all affected units are not warranted by the RWC Warranty Program, the Insurer's liability shall be limited to only those units warranted by the RWC Warranty. The limit of liability shall be prorated based upon the number of units warranted by this Limited Warranty.

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\*FHA/VA Homeowners, refer to HUD Addendum, Section V.D.

♦Homeowners in Maryland, refer to Maryland Addendum, Section V.E.

\*Homeowners in Newark, Delaware, refer to Newark, Delaware, Addendum, Section V.A.



## SECTION V.

### ADDENDA

#### A. Newark, Delaware, Addendum

The warranty service fee as described in **Sections IV.F.3., IV.F.4. and IV.F.11.a** will be waived for homes built in the city of Newark, Delaware.

#### B. State of New York Addendum

Except as expressly provided in this Addendum, the warranties and rights listed herein are in addition to, and are not exclusive of, any warranties or rights listed in this Limited Warranty.

1. **Appliances and Items of Equipment** — Subject to other terms and conditions listed in this Limited Warranty, the exclusion concerning deficiencies in Appliances and Items of Equipment described in **Section II.E.14.** of this Limited Warranty shall not apply during the first two (2) years of the warranty term wherever (i) such Appliances and Items of Equipment are components of the Cooling, Ventilating, Heating, Electrical or Plumbing Systems; and (ii) the deficiencies in such fixtures, Appliances or Items of Equipment are the result of defective installation by your Builder.
2. **Standards — Section III.** — If the statutes of the State of New York provide greater coverage than the provisions of this Limited Warranty, those provisions shall modify the warranty to allow for the greater coverage.
3. **Alternative Dispute Resolution** — When making a request for warranty performance pursuant to **Section IV.E.** of this Limited Warranty, you have no obligation to submit to binding arbitration, nor do you have to pay any fee or charge for participation in non-binding arbitration or any mediation process concerning your request. However, any Unresolved Warranty Issues must be submitted to arbitration before a legal proceeding may be commenced. Further, if an Owner resorts to litigation, the rights and obligations imposed by **Section IV.E.** shall apply to such litigation.

#### C. State of Indiana Addendum

The warranties and rights listed above are in addition to, and are not exclusive of, any warranties listed in this book.

Notwithstanding anything contained in the attached printed form of the RWC Limited Warranty, this Limited Warranty shall include the following protection per **Section II.C.**, and is amended to read as follows:

1. **Two Year Coverage** — Commencing on the Effective Date of this Limited Warranty as specified on the Application For Warranty

form, and subject to the terms and conditions listed herein, your Builder warrants that for a period of two (2) years your Home will be free from Defects due to nonconformity with the Warranty Standards set forth in **Section III.** of this Limited Warranty. With respect to fixtures, Appliances and Items of Equipment, the Warranty is for one (1) year or the manufacturer's written warranty, whichever is less. For Year Two Coverage for Indiana Homes with VA/FHA Financing, the following provisions of the HUD Addendum **Section V.D.** are not applicable in Year 2: **Section V.D.5, Section V.D.13, Section V.D.16, and Section V.D.19.**

2. **Years 3 and 4 Coverage Only** — During the third and fourth year following the Effective Date Of Warranty as specified on the Application For Warranty form, and subject to the terms and conditions listed in this Limited Warranty, your Warrantor warrants that your Home will be free from Defects due to nonconformity with the Warranty Standards set forth in **Section III. A. 3.11-3.16.**

#### D. HUD Addendum (Applicable to VA/FHA Financed Homes only)

1. **Section I.B. Emergency Conditions** — The following definition is added: Emergency Condition is an event or situation that presents an imminent threat of damage to the Home or common elements and results in an unsafe living condition due to Defects or Major Structural Defect failures that manifest themselves outside of the Warrantor's normal business hours and precludes you from obtaining prior written approval to initiate repairs to stabilize the condition and prevent further damage.
2. **Section I.B.9. Effective Date Of Warranty** — The following language is substituted: The Effective Date Of Warranty will be the date on which closing or settlement occurs in connection with the initial sale of the Home. In no event will the Effective Date Of Warranty be later than the date of FHA endorsement of your Mortgage on the Home.
3. **Section I.B.14. Major Structural Defects** — The following language is substituted for a-c.: A Major Structural Defect is actual physical damage to the designated load-bearing portions of a Home caused by failure of such load-bearing functions to the extent that the Home becomes unsafe, unsanitary, or otherwise unlivable. The following language is added: Delamination or rupture of roof



## SECTION V.

The RWC Limited Warranty displayed on this page is a SAMPLE only. The RWC Limited Warranty applicable to your home may differ from the one displayed here.  
You must consult your validated RWC Limited Warranty book for the terms of coverage that apply to your home.

- sheathing shall be deemed a Major Structural Defect in need of warranty performance.
- 4. Sections II.A.5 and II.A.6** — Foreclosure does not void the Limited Warranty for VA/FHA Financed Homes only.
- 5. Section II.C.1. One Year Coverage** — The following language is added: Notwithstanding anything to the contrary contained in this Limited Warranty, during the first year of coverage, your Builder will repair or restore the reliable function of Appliances and Equipment damaged during installation or improperly installed by your Builder. In addition, your Builder will correct Construction Deficiencies in workmanship and materials resulting from the failure of the Home to comply with standards of quality as measured by acceptable trade practices. Construction Deficiencies are Defects (not of a structural nature) in the Home that are attributable to poor workmanship or to the use of inferior materials which result in the impaired functioning of the Home or some part of the Home. Defects resulting from your abuse or from normal wear and tear are not considered Construction Deficiencies.
- 6. Section II.C.4. Condominium Coverage** — The following language is substituted: The Limited Warranty shall only apply to warranted common elements which are those portions of the defined Electrical, Heating, Ventilating, Cooling, Plumbing and structural Systems which serve two (2) or more residential units, and are contained wholly within a residential structure that, if defective, would constitute a health or safety condition for the occupants. Examples of common elements which are covered by this Limited Warranty are hallways, meeting rooms, stairwells and other spaces wholly within the residential structure serving two (2) or more units; and structurally attached balconies, arches and decks. Examples of common elements which are not covered under this Limited Warranty are club houses, recreational buildings and facilities, walkways, exterior structures, or any other non-residential structure which is part of the condominium.
- 7. Section II.C.** — The following coverage is added for the **State of Colorado ONLY**: The Builder's warranty for basement slabs in the State of Colorado is extended from the first through the fourth year.
- 8. Section II.D.** — The following statement is added: This agreement is non-cancelable by the Warrantor.
- 9. Section II.D.9.** is deleted.
- 10. Section II.D.10.** — The following language is added: Repairs to the Home may be made

without the prior written authorization of the Warrantor only in the event an Emergency Condition arises that necessitates repairs be made for the sole purpose of protecting the Home from further damage. You must notify the Warrantor as soon as possible, but in no event, later than five (5) days after the repairs have been made in order to qualify for reimbursement. An accurate, written record of the repair cost must accompany your notification.

- 11. Section II.E.1.d.** — The following language is substituted: Loss or damage which is covered by any other insurance or for which compensation is granted by state legislation.
- 12. Section II.E.1.e.** — The following language is substituted: resulting directly or indirectly from flood, waves, tidal water, overflow of a body of water, or spray from any of these (whether or not driven by wind), water which backs up from sewers or drains, changes in the water table which were not reasonably foreseeable, wetlands, springs or aquifers. Surface water and underground water which cause an unforeseeable hydrostatic condition with resultant damage to the structure are covered.
- 13. Section II.E.2.d.** is deleted.
- 14. Section II.E.2.m.** — The following language is substituted: any portion of a public Water Supply System, including volume and pressure of water flow.
- 15. Section II.E.2.o.** — The following language is substituted: any portion of a public Sewage Disposal System, including design.
- 16. Section II.E.2.p.** — exclusion is deleted.
- 17. Section II.E.5.** — The following language is substituted: Consequential Damages to personal property are excluded. Consequential Damages to real property as a result of a Defect or repair of a Defect are covered.
- 18. Section II.E.9.** — The following language is added: Warranted Defects repaired as a result of emergency property protection measures as described and defined in this addendum are covered.
- 19. Section III.A.**
  - a. **Site Work** — The following language is substituted:
    - (1) **3.18 (Action Required)** If final grading was performed by the Builder, he will replace fill in excessively settled areas.
  - b. **Floor Covering** — The following language is added:
    - (1) **4.26 (Observation)** Gaps or cracks between finished floor boards. **(Action Required)** Builder will correct gaps or

## ADDENDA

### SECTION V.

cracks which exceed 1/8 in. in width. **(Comments)** Finished wood floors expand and contract due to humidity changes in your Home. Cracks and gaps which shrink and disappear in non-heating seasons are considered normal.

- (2) **4.27 (Observation)** Cupping, crowning or loose finished floor boards. **(Action Required)** Builder will correct only if caused by a Defect in installation. **(Comments)** Finished wood flooring cups from gaining or losing moisture on one side faster than the other. Some cupping and crowning should be considered normal due to growth rings in the tree and the part of the tree used. The Builder is not responsible for natural properties of the product, or for climatic conditions and personal living habits which can affect moisture content of floor boards. Cupping or crowning action may have loosened nails or adhesive. Owner is responsible if condition is caused by conditions beyond Builder's control.
- (3) **4.28 (Observation)** Ceramic tile cracks or loosens. **(Action Required)** Builder will correct only if documented prior to occupancy. **(Comments)** Owner is responsible for establishing a pre-closing walk-through inspection list.
20. **Section III.B.6.** — The following language is added: **(Observation)** Septic system fails. **(Action Required)** Builder will correct if damage is due to poor workmanship or materials, which are not in conformance with Sewage Enforcement Officer's instructions as per design and installation only. **(Comments)** Builder is required to abide by state or local requirements for the installation of on-site sewage disposal system. Any deficiency or failure which occurs or is caused by a condition other than faulty workmanship or materials, such as design, is not covered by this Limited Warranty. Owner is responsible for routine maintenance of system, which may include, but not be limited to: pumping the septic tank; adding chlorine to a chlorinator; and refraining from driving or parking vehicles or equipment on the system. Damages caused by freezing, soil saturation, underground springs, water run-off, excessive use and an increase in level of water table are among causes not covered by this Limited Warranty.
21. **Section IV.E. Arbitration** — The following language is added: The judicial resolution of disputes is not precluded by this warranty and may be pursued by the homeowner at any time during the dispute resolution process.
22. **Section IV.E. Arbitration** — Because HUD does not require mandatory arbitration, the following is deleted: Since this Limited Warranty provides for mandatory binding arbitration of disputes, if any party commences litigation in violation of this Limited Warranty, such party shall reimburse the other parties to the litigation for their costs and expenses, including attorney fees, incurred in seeking dismissal of such litigation.
23. **Section IV.F.3., F.4. and F.11.a.** — The following language is substituted: In the first two (2) years, if your Builder does not fulfill its obligations under this Limited Warranty, the Insurer will be responsible for your Builder's obligations, subject to a one-time warranty service fee of \$250. The Insurer's liability in Years 3 through 10 under this Limited Warranty is subject to a warranty service fee of \$250 per request for warranty performance. In each instance, you must pay the fee prior to the Insurer's repair or replacement. In the event of payment, the fee will be subtracted from the cash payment. In the case of the common elements of a condominium, the warranty service fee shall be \$250 per Home affected by each common element in need of service, limited to a maximum of \$5,000 per free standing structure.
24. **Section IV.F.6.** — The following language is added: Where a warranted Defect is determined to exist and where the Warrantor elects to pay the reasonable cost of repair or replacement in lieu of performing such repair or replacement, the cash offer must be in writing. You will be given two (2) weeks to respond. Cash offers over \$5,000 are subject to an on-site review by a HUD approved fee inspector (inspection costs will be paid by the Warrantor) unless:
- the cash offer is made pursuant to a binding bid by an independent third party contractor, which will accept an award of a contract from you pursuant to such bid;
  - payment is being made in settlement of legal action;
  - you are represented by legal counsel.

### E. Maryland Addendum

You should contact the Administrator personally to verify the existence of your Warranty. Further, you should report any Warranty problems, which are not promptly resolved by your Builder, to the Administrator.

- Section IV.F.3. and IV.F.4.** are not applicable for the state of Maryland.

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**EXHIBIT I  
TO  
PUBLIC OFFERING STATEMENT**

**RESERVE STUDY**

[SEE ATTACHED SHEETS]

# Reserve Study Specialist

2107 S Fruitland Puyallup, Wa 98371

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(253) 948-2890



The Timbers  
3698 Callow Road  
Lake Stevens, WA 98258

Account - Version

**January 1, 2020**

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# **Important Information**

This document has been provided pursuant to an agreement containing restrictions on its use. No part of this document may be copied or distributed, in any form or by any means, nor disclosed to third parties without the expressed written permission of Reserve Study Specialist. The client shall have the right to reproduce and distribute copies of this report, or the information contained within, as may be required for compliance with all applicable regulations.

This reserve analysis study and the parameters under which it has been completed are based upon information provided to us in part by representatives of the association, its contractors, assorted vendors, specialist and independent contractors, the Community Association Institute, and various construction pricing and scheduling manuals including, but not limited to: Marshall & Swift Valuation Service, RS Means Facilities Maintenance & Repair Cost Data, RS Means Repair & Remodeling Cost Data, National Construction Estimator, National Repair & Remodel Estimator, Dodge Cost Manual and McGraw-Hill Professional. Additionally, costs are obtained from numerous vendor catalogues, actual quotations or historical costs, and our own experience in the field of property management and reserve study preparation.

It has been assumed, unless otherwise noted in this report, that all assets have been designed and constructed properly and that each estimated useful life will approximate that of the norm per industry standards and/or manufacturer's specifications. In some cases, estimates may have been used on assets, which have an indeterminable but potential liability to the association. The decision for the inclusion of these as well as all assets considered is left to the client.

We recommend that your reserve analysis study be updated on an annual basis due to fluctuating interest rates, inflationary changes, and the unpredictable nature of the lives of many of the assets under consideration. All of the information collected during our inspection of the association and computations made subsequently in preparing this reserve analysis study are retained in our computer files. Therefore, annual updates may be completed quickly and inexpensively each year.

Reserve Study Specialist would like to thank you for using our services. We invite you to call us at any time, should you have questions, comments or need assistance. In addition, any of the parameters and estimates used in this study may be changed at your request, after which we will provide a revised study.

This reserve analysis study is provided as an aid for planning purposes and not as an accounting tool. Since it deals with events yet to take place, there is no assurance that the results enumerated within it will, in fact, occur as described.

# Part I

## Introduction

Preparing the annual budget and overseeing the association's finances are perhaps the most important responsibilities of board members. The annual operating and reserve budgets reflect the planning and goals of the association and set the level and quality of service for all of the association's activities.

## Funding Options

When a major repair or replacement is required in a community, an association has essentially four options available to address the expenditure:

The first, and only logical means that the Board of Directors has to ensure its ability to maintain the assets for which it is obligated, is by **assessing an adequate level of reserves** as part of the regular membership assessment, thereby distributing the cost of the replacements uniformly over the entire membership. The community is not only comprised of present members, but also future members. Any decision by the Board of Directors to adopt a calculation method or funding plan which would disproportionately burden future members in order to make up for past reserve deficits, would be a breach of its fiduciary responsibility to those future members. Unlike individuals determining their own course of action, the board is responsible to the "community" as a whole.

Whereas, if the association was setting aside reserves for this purpose, using the vehicle of the regularly assessed membership dues, it would have had the full term of the life of the roof, for example, to accumulate the necessary moneys. Additionally, those contributions would have been evenly distributed over the entire membership and would have earned interest as part of that contribution.

The second option is for the association to **acquire a loan** from a lending institution in order to effect the required repairs. In many cases, banks will lend to an association using "future homeowner assessments" as collateral for the loan. With this method, the current board is pledging the future assets of an association. They are also incurring the additional expense of interest fees along with the original principal amount. In the case of a \$150,000 roofing replacement, the association may be required to pay back the loan over a three to five year period, with interest.

The third option, too often used, is simply to **defer the required repair or replacement**. This option, which is not recommended, can create an environment of declining property values due to expanding lists of deferred maintenance items and the association's financial inability to keep pace with the normal aging process of the common area components. This, in turn, can have a seriously negative impact on sellers in the association by making it difficult, or even impossible, for potential buyers to obtain financing from lenders. Increasingly, lending institutions are requesting copies of the association's most recent reserve study before granting loans, either for the association itself, a prospective purchaser, or for an individual within such an association.

The fourth option is to pass a "**special assessment**" to the membership in an amount required to cover the expenditure. When a special assessment is passed, the association has the authority and responsibility to collect the assessments, even by means of foreclosure, if necessary. However, an association considering a special assessment cannot guarantee that an assessment, when needed, will be passed. Consequently, the association cannot guarantee its ability to perform the required repairs or replacements to those major components for which it is obligated when the need arises. Additionally, while relatively new communities require very little in the way of major "reserve" expenditures, associations reaching 12 to 15 years of age and older, find many components reaching the end of their effective useful lives. These required expenditures, all accruing at the same time, could be devastating to an association's overall budget.

## **Types of Reserve Studies**

Most reserve studies fit into one of three categories:

Full Reserve Study;

Update with site inspection; and

Update without site inspection.

In a **Full Reserve Study**, the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a “fund status” and “funding plan”.

In an **Update with site inspection**, the reserve provider conducts a component inventory (verification only, not quantification unless new components have been added to the inventory), a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both the “fund status and “funding plan.”

In an **Update without site inspection**, the reserve provider conducts life and valuation estimates to determine the “fund status” and “funding plan.”

## **The Reserve Study: A Physical and a Financial Analysis**

There are two components of a reserve study: a physical analysis and a financial analysis.

### **Physical Analysis**

During the physical analysis, a reserve study provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates.

### **Developing a Component List**

The budget process begins with full inventory of all the major components for which the association is responsible. The determination of whether an expense should be labeled as operational, reserve, or excluded altogether is sometimes subjective. Since this labeling may have a major impact on the financial plans of the association, subjective determinations should be minimized. We suggest the following considerations when labeling an expense.

## **Operational Expenses**

Occur at least annually, no matter how large the expense, and can be budgeted for effectively each year. They are characterized as being reasonably predictable, both in terms of frequency and cost. Operational expenses include all minor expenses, which would not otherwise adversely affect an operational budget from one year to the next. Examples of *operational expenses* include:

<b>Utilities:</b>	Bank Service Charges Electricity Gas Water Telephone Cable TV	Dues & Publications Licensing, Permits & Fees Insurance(s) <b>Services:</b> Landscaping Pool Maintenance Street Sweeping	Accounting Reserve Study <b>Repair Expenses:</b> Tile Roof Repairs Equipment Repairs Minor Concrete Repairs Operating Contingency
<b>Administrative:</b>	Supplies		

## **Reserve Expenses**

These are major expenses that occur other than annually, and which must be budgeted for in advance in order to ensure the availability of the necessary funds in time for their use. Reserve expenses are reasonably predictable both in terms of frequency and cost. However, they may include significant assets that have an indeterminable but potential liability that may be demonstrated as a likely occurrence. They are expenses that, when incurred, would have a significant effect on the smooth operation of the budgetary process from one year to the next, if they were not reserved for in advance. Examples of reserve expenses include:

Roof Replacements	Park/Play Equipment
Painting	Pool/Spa Re-plastering
Deck Resurfacing	Pool Equipment Replacement
Fencing Replacement	Pool Furniture Replacement
Asphalt Seal Coating	Tennis Court Resurfacing
Asphalt Repairs	Lighting Replacement
Asphalt Overlays	Insurance(s)
Equipment Replacement	Reserve Study
Interior Furnishings	

## **Budgeting is Normally Excluded for:**

Repairs or replacements of assets which are deemed to have an estimated useful life equal to or exceeding the estimated useful life of the facility or community itself, or exceeding the legal life of the community as defined in an association's governing documents. Examples include the complete replacement of elevators, tile roofs, wiring and plumbing. Also excluded are insignificant expenses that may be covered either by an operating or reserve contingency, or otherwise in a general maintenance fund. Expenses that are necessitated by acts of nature, accidents or other occurrences that are more properly insured for, rather than reserved for, are also excluded.

## **Financial Analysis**

The financial analysis assesses the association's reserve balance or "fund status" (measured in cash or as percent fully funded) to determine a recommendation for the appropriate reserve contribution rate in the future, known as the "funding plan".

## **Preparing the Reserve Study**

Once the reserve assets have been identified and quantified, their respective replacement costs, useful lives and remaining lives must be assigned so that a funding schedule can be constructed. Replacement costs and useful lives can be found in published manuals such as construction estimators, appraisal handbooks, and valuation guides. Remaining lives are calculated from the useful lives and ages of assets and adjusted according to conditions such as design, manufactured quality, usage, exposure to the elements and maintenance history.

By following the recommendations of an effective reserve study, the association should avoid any major shortfalls. However, to remain accurate, the report should be updated on an annual basis to reflect such changes as shifts in economic parameters, additions of phases or assets, or expenditures of reserve funds. The association can assist in simplifying the reserve analysis update process by keeping accurate records of these changes throughout the year.

## **Funding Methods**

From the simplest to the most complex, reserve analysis providers use many different computational processes to calculate reserve requirements. However, there are two basic processes identified as industry standards: the cash flow method and the component method.

The cash flow method develops a reserve-funding plan where contributions to the reserve fund are designed to offset the variable annual expenditures from the reserve fund. Different reserve funding plans are tested against the actual anticipated schedule of reserve expenses until the desired funding goal is achieved. This method sets up a "window" in which all future anticipated replacement costs are computed, based upon the individual lives of the components under consideration. The Reserve Study Specialist Threshold and the Reserve Study Specialist Current Assessment funding models are based upon the cash flow method.

The component method develops a reserve-funding plan where the total contribution is based upon the sum of contributions for individual components. The component method is the more conservative of the two funding options, and assures that the association will achieve and maintain an ideal level of reserve over time. This method also allows for computations on individual components in the analysis. The Reserve Study Specialist Component Funding model is based upon the component methodology.

## Funding Strategies

Once an association has established its funding goals, the association can select an appropriate funding plan. There are four basic strategies from which most associations select. It is recommended that associations consult professionals to determine the best strategy or combination of plans that best suit the association's need. Additionally, associations should consult with their financial advisor to determine the tax implications of selecting a particular plan. Further, consultation with the American Institute of Certified Public Accountants (AICPA) for their reporting requirements is advisable. The four funding plans and descriptions of each are detailed below. Associations will have to update their reserve studies more or less frequently depending on the funding strategy they select.

**Full Funding**---Given that the basis of funding for reserves is to distribute the costs of the replacements over the lives of the components in question, it follows that the ideal level of reserves would be proportionately related to those lives and costs. If an association has a component with an expected estimated useful life of ten years, it would set aside approximately one-tenth of the replacement cost each year. At the end of three years, one would expect three-tenths of the replacement cost to have accumulated, and if so, that component would be "fully-funded." This model is important in that it is a measure of the adequacy of an association's reserves at any one point of time, and is independent of any particular method which may have been used for past funding or may be under consideration for future funding. This formula represents a snapshot in time and is based upon current replacement cost, independent of future inflationary or investment factors:

**Fully Funded Reserves = Age divided by Useful Life the results multiplied by Current Replacement Cost**

When an association's total accumulated reserves for all components meet this criterion, its reserves are considered "fully-funded."

The Reserve Study Specialist **Threshold Funding Model (Minimum Funding)**. The goal of this funding method is to keep the reserve cash balance above zero. This means that while each individual component may not be fully funded, the reserve balance overall does not drop below zero during the projected period. An association using this funding method must understand that even a minor reduction in a component's remaining useful life can result in a deficit in the reserve cash balance.

The Reserve Study Specialist **Threshold Funding Model**. This method is based upon the cash flow funding concept. The minimum reserve cash balance in threshold funding, however, is set at a predetermined dollar amount (other than \$0).

The Reserve Study Specialist **Current Assessment Funding Model**. This method is also based upon the cash flow funding concept. The initial reserve assessment is set at the association's current fiscal year funding level and a 30-year projection is calculated to illustrate the adequacy of the current funding over time.

The Reserve Study Specialist **Component Funding Model**. This is a straight-line funding model. It distributes the cash reserves to individual reserve components and then calculates what the reserve assessment and interest contribution (minus taxes) should be, again by each reserve component. The current annual assessment is then determined by summing all the individual component assessments, hence the name "Component Funding Model". This is the most conservative funding model. It leads to or maintains the fully funded reserve position. The following details this calculation process.

### **Component Funding Model Distribution of Accumulated Reserves**

The "Distribution of Accumulated Reserves Report" is a "Component Funding Model" calculation. This distribution **does not** apply to the cash flow funding models.

When calculating reserves based upon the component methodology, a beginning reserve balance must be allocated for each of the individual components considered in the analysis, before the individual calculations can be completed. When this distribution is not available, or of sufficient detail, the following method is suggested for allocating reserves:

The first step the program performs in this process is subtracting, from the total accumulated reserves, any amounts for assets that have predetermined (fixed) reserve balances. The user can “fix” the accumulated reserve balance within the program on the individual asset’s detail page. If, by error, these amounts total more than the amount of funds available, then the remaining assets are adjusted accordingly. A provision for a contingency reserve is then deducted by the determined percentage used, and if there are sufficient remaining funds available.

The second step is to identify the ideal level of reserves for each asset. As indicated in the prior section, this is accomplished by evaluating the component’s age proportionate to its estimated useful life and current replacement cost. Again, the equation used is as follows:

$$\text{Fully Funded Reserves} = (\text{Age}/\text{Useful Life}) \times \text{Current Replacement Cost}$$

The Reserve Study Specialist software program performs the above calculations to the actual month the component was placed-in-service. The program projects that the accumulation of necessary reserves for repairs or replacements will be available on the first day of the fiscal year in which they are scheduled to occur.

The next step the program performs is to arrange all of the assets used in the study in ascending order by remaining life, and alphabetically within each grouping of remaining life items. These assets are then assigned their respective ideal level of reserves until the amount of funds available is depleted, or until all assets are appropriately funded. If any assets are assigned a zero remaining life (scheduled for replacement in the current fiscal year), then the amount assigned equals the current replacement cost and funding begins for the next cycle of replacement. If there are insufficient funds available to accomplish this, then the software automatically adjusts the zero remaining life items to one year, and that asset assumes its new grouping position alphabetically in the final printed report.

If, at the completion of this task, there are additional moneys that have not been distributed, the remaining reserves are then assigned, in ascending order, to a level equal to, but not exceeding, the current replacement cost for each component. If there are sufficient moneys available to fund all assets at their current replacement cost levels, then any excess funds are designated as such and are not factored into any of the report computations. If, at the end of this assignment process there are designated excess funds, they can be used to offset the monthly contribution requirements recommended, or used in any other manner the client may desire.

Assigning the reserves in this manner defers the make-up period for any under-funding over the longest remaining life of all assets under consideration, thereby minimizing the impact of any deficiency. For example, if the report indicates an under funding of \$50,000, this under-funding will be assigned to components with the longest remaining lives in order to give more time to “replenish” the account. If the \$50,000 under-funding were to be assigned to short remaining life items, the impact would be felt immediately.

If the reserves are under-funded, the monthly contribution requirements, as outlined in this report, can be expected to be higher than normal. In future years, as individual assets are replaced, the funding requirements will return to their normal levels. In the case of a large deficiency, a special assessment may be considered. The program can easily generate revised reports outlining how the monthly contributions would be affected by such an adjustment, or by any other changes that may be under consideration.

## **Funding Reserves**

Three assessment and contribution figures are provided in the report, the “Monthly Reserve Assessment Required”, the “Average Net Monthly Interest Earned” contribution and the “Total Monthly Allocation to Reserves.” The association should allocate the “Monthly Reserve Assessment Required” amount to reserves each month when the interest earned on the reserves is left in the reserve accounts as part of the contribution. Any interest earned on reserve deposits, must be left in reserves and only amounts set aside for taxes should be removed.

The second alternative is to allocate the “Total Monthly Allocation” to reserves (this is the member assessment plus the anticipated interest earned for the fiscal year). This method assumes that all interest earned will be assigned directly as operating income. This allocation takes into consideration the anticipated interest earned on accumulated reserves regardless of whether or not it is actually earned. When taxes are paid, the amount due will be taken directly from the association’s operating accounts as the reserve accounts are allocated only those moneys net of taxes.

## **Users’ Guide to your Reserve Analysis Study**

Part II of your Reserve Study Specialist Report contains the reserve analysis study for your association. There are seven types of reports in the study as described below.

### **Report Summaries**

The Report Summary for all funding models lists all of the parameters that were used in calculating the report as well as the summary of your reserve analysis study.

### **Index Reports**

The **Distribution of Accumulated Reserves** report lists all assets in remaining life order. It also identifies the ideal level of reserves that should have accumulated for the association as well as the actual reserves available. This information is valid only for the “Component Funding Model” calculation.

The **Component Listing/Summary** lists all assets by category (i.e. roofing, painting, lighting, etc.) together with their remaining life, current cost, monthly reserve contribution, and net monthly allocation.

## **Detail Reports**

The Detail Report itemizes each asset and lists all measurements, current and future costs, and calculations for that asset. Provisions for percentage replacements, salvage values, and one-time replacements can also be utilized. These reports can be sorted by category or group.

The numerical listings for each asset are enhanced by extensive narrative detailing factors such as design, manufactured quality, usage, exposure to elements and maintenance history.

The Reserve Study Specialist Detail Index is an alphabetical listing of all assets, together with the page number of the asset's detail report, the projected replacement year, and the asset number.

## **Projections**

Thirty-year projections add to the usefulness of your reserve analysis study.

## **Definitions**

### **Report I.D.**

Includes the Report Date (example: November 15, 1992), Account Number (example: 9773), and Version (example: 1.0). Please use this information (displayed on the summary page) when referencing your report.

### **Budget Year Beginning/Ending**

The budgetary year for which the report is prepared. For associations with fiscal years ending December 31<sup>st</sup>, the monthly contribution figures indicated are for the 12-month period beginning 1/1/20xx and ending 12/31/20xx.

### **Number of Units and/or Phases**

If applicable, the number of units and/or phases included in this version of the report.

### **Inflation**

This figure is used to approximate the future cost to repair or replace each component in the report. The current cost for each component is compounded on an annual basis by the number of remaining years to replacement, and the total is used in calculating the monthly reserve contribution that will be necessary to accumulate the required funds in time for replacement.

### **Annual Assessment Increase**

This represents the percentage rate at which the association will increase its assessment to reserves at the end of each year. For example, in order to accumulate \$10,000 in 10 years, you could set aside \$1,000 per year. As an alternative, you could set aside \$795 the first year and increase that amount by 5% each year until the year of replacement. In either case you arrive at the same amount. The idea is that you start setting aside a lower amount and increase that number each year in accordance with the planned percentage. Ideally this figure should be equal to the rate of inflation. It can, however, be used to aide those associations that have not set aside appropriate reserves in the past, by making the initial year's allocation less formidable.

## **Investment Yield Before Taxes**

The average interest rate anticipated by the association based upon its current investment practices.

## **Taxes on Interest Yield**

The estimated percentage of interest income that will be set aside to pay income taxes on the interest earned.

## **Projected Reserve Balance**

The anticipated reserve balance on the first day of the fiscal year for which this report has been prepared. This is based upon information provided and not audited.

## **Percent Fully Funded**

The ratio, at the beginning of the fiscal year, of the actual (or projected) reserve balance to the calculated fully funded balance, expressed as a percentage.

## **Phase Increment Detail and/or Age**

Comments regarding aging of the components on the basis of construction date or date of acceptance by the association.

## **Monthly Assessment**

The assessment to reserves required by the association each month.

## **Interest Contribution (After Taxes)**

The interest that should be earned on the reserves, net of taxes, based upon their beginning reserve balance and monthly contributions for one year. This figure is averaged for budgeting purposes.

## **Total Monthly Allocation**

The sum of the monthly assessment and interest contribution figures.

## **Group and Category**

The report may be prepared and sorted either by group (location, building, phase, etc.) or by category (roofing, painting, etc.). The standard report printing format is by category.

## **Percentage of Replacement or Repairs**

In some cases, an asset may not be replaced in its entirety or the cost may be shared with a second party. Examples are budgeting for a percentage of replacement of streets over a period of time, or sharing the expense to replace a common wall with a neighboring party.

## **Placed-In-Service Date**

The month and year that the asset was placed-in-service. This may be the construction date, the first escrow closure date in a given phase, or the date of the last servicing or replacement.

## **Estimated Useful Life**

The estimated useful life of an asset based upon industry standards, manufacturer specifications, visual inspection, location, usage, association standards and prior history. All of these factors are taken into consideration when tailoring the estimated useful life to the particular asset. For example, the carpeting in a hallway or elevator (a heavy traffic area) will not have the same life as the identical carpeting in a seldom-used meeting room or office.

## **Adjustment to Useful Life**

Once the useful life is determined, it may be adjusted, up or down, by this separate figure for the current cycle of replacement. This will allow for a current period adjustment without affecting the estimated replacement cycles for future replacements.

## **Estimated Remaining Life**

This calculation is completed internally based upon the report's fiscal year date and the date the asset

was placed-in-service.

**Replacement Year**

The year that the asset is scheduled to be replaced. The appropriate funds will be available by the first day of the fiscal year for which replacement is anticipated.

**Annual Fixed Reserves**

An optional figure which, if used, will override the normal process of allocating reserves to each asset.

**Fixed Assessment**

An optional figure which, if used, will override all calculations and set the assessment at this amount. This assessment can be set for monthly, quarterly or annually as necessary.

**Salvage Value**

The salvage value of the asset at the time of replacement, if applicable.

**One-Time Replacement**

Notation if the asset is to be replaced on a one-time basis.

**Current Replacement Cost**

The estimated replacement cost effective at the beginning of the fiscal year for which the report is being prepared

**Future Replacement Cost**

The estimated cost to repair or replace the asset at the end of its estimated useful life based upon the current replacement cost and inflation.

**Component Inventory**

The task of selecting and qualifying reserve components. This task can be accomplished through on-site visual, review of association design and organizational documents, a review of established association precedents, and discussion with appropriate association representative(s).

## A Multi-Purpose Tool

Your Reserve Study Specialist Report is an important part of your association's budgetary process. Following its recommendations should ensure the association's smooth budgetary transitions from one fiscal year to the next, and either decrease or eliminate the need for "special assessments".

In addition, your Reserve Study Specialist reserve study serves a variety of useful purposes:

- Following the recommendations of a reserve study performed by a professional consultant can protect the Board of Directors in a community from personal liability concerning reserve components and reserve funding.
- A reserve analysis study is required by your accountant during the preparation of the association's annual audit.
- The Reserve Study Specialist reserve study is often requested by lending institutions during the process of loan applications, both for the community and, in many cases, the individual owners.
- Your Reserve Study Specialist Report is also a detailed inventory of the association's major assets and serves as a management tool for scheduling, coordinating and planning future repairs and replacements.
- Your Reserve Study Specialist Report is a tool that can assist the Board in fulfilling its legal and fiduciary obligations for maintaining the community in a state of good repair. If a community is operating on a special assessment basis, it cannot guarantee that an assessment, when needed, will be passed. Therefore, it cannot guarantee its ability to perform the required repairs or replacements to those major components for which the association is obligated.
- Since the Reserve Study Specialist reserve analysis study includes measurements and cost estimates of the client's assets, the detail reports may be used to evaluate the accuracy and price of contractor bids when assets are due to be repaired or replaced.
- The Reserve Study Specialist reserve study is an annual disclosure to the membership concerning the financial condition of the association, and may be used as a "consumers' guide" by prospective purchasers.
- The Reserve Study Specialist Owners' Summary meets the disclosure requirements of the California Civil Code and also the recently adopted ECHO standards.
- Your Reserve Study Specialist Report provides a record of the time, cost, and quantities of past reserve replacements. At times the association's management company and board of directors are transitory which may result in the loss of these important records.

**The Timbers**  
Lake Stevens, WA  
**RA Current Assessment Funding Model Summary**

Report Date	January 01, 2020
Budget Year Beginning	January 01, 2020
Budget Year Ending	December 31, 2020

***Report Parameters***

Inflation	1.60%
Annual Assessment Increase	1.60%
Interest Rate on Reserve Deposit	1.75%
2020 Beginning Balance	

**Current Assessment Funding Model**

***Current Assessment Funding Model Summary of Calculations***

No Required Annual Contribution  
Average Net Annual Interest Earned  
Total Annual Allocation to Reserves

**The Timbers**  
Lake Stevens, WA  
**RA Threshold Funding Model Summary**

Report Date	January 01, 2020
Budget Year Beginning	January 01, 2020
Budget Year Ending	December 31, 2020

***Report Parameters***

Inflation	1.60%
Annual Assessment Increase	1.60%
Interest Rate on Reserve Deposits	1.75%
2020 Beginning Balance	

**Threshold Funding Model**

***Threshold Funding Model Summary of Calculations***

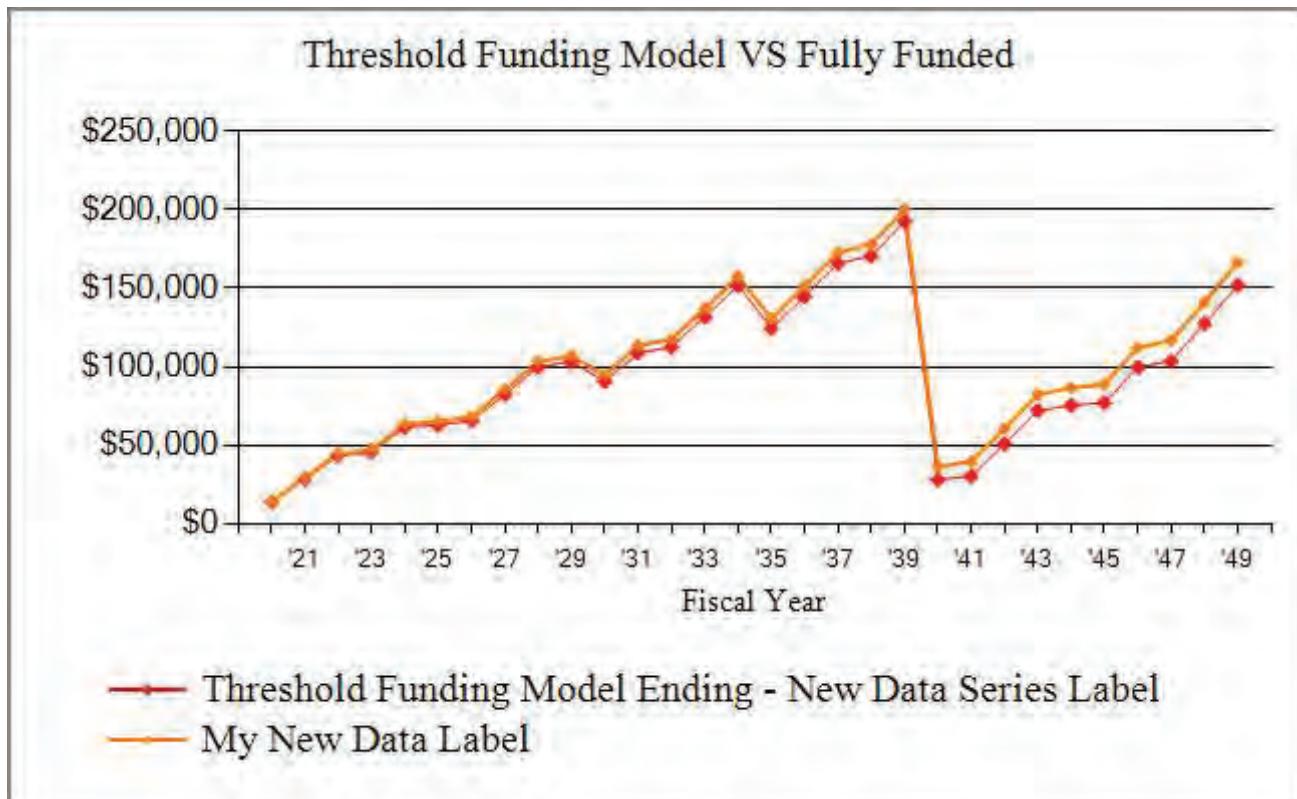
Required Annual Contribution	\$13,809.16
Average Net Annual Interest Earned	\$241.66
Total Annual Allocation to Reserves	\$14,050.82

**The Timbers**  
**RA Threshold Funding Model Projection**

Beginning Balance: \$0

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2020	157,175	13,809	242		14,051	14,438	97%
2021	159,690	14,030	491		28,572	29,338	97%
2022	162,245	14,255	749		43,576	44,711	97%
2023	164,841	14,483	788	13,005	45,843	47,356	97%
2024	167,479	14,714	1,060		61,617	63,498	97%
2025	170,158	14,950	1,082	14,720	62,929	65,189	97%
2026	172,881	15,189	1,128	13,639	65,608	68,256	96%
2027	175,647	15,432	1,418		82,458	85,483	96%
2028	178,457	15,679	1,717		99,854	103,243	97%
2029	181,312	15,930	1,776	14,304	103,256	107,017	96%
2030	184,213	16,185	1,558	30,407	90,591	94,757	96%
2031	187,161	16,444	1,873		108,908	113,466	96%
2032	190,155	16,707	1,936	15,002	112,548	117,507	96%
2033	193,198	16,974	2,267		131,789	137,134	96%
2034	196,289	17,246	2,608		151,643	157,359	96%
2035	199,430	17,522	2,141	46,816	124,489	130,632	95%
2036	202,621	17,802	2,490		144,781	151,335	96%
2037	205,863	18,087	2,850		165,718	172,666	96%
2038	209,156	18,376	2,933	16,501	170,526	177,877	96%
2039	212,503	18,670	3,311		192,507	200,243	96%
2040	215,903	18,969	483	183,897	28,062	36,441	77%
2041	219,357	19,272	526	17,306	30,554	39,591	77%
2042	222,867	19,581	877		51,012	60,697	84%
2043	226,433	19,894	1,241		72,147	82,468	87%
2044	230,056	20,212	1,299	18,150	75,508	86,480	87%
2045	233,737	20,536	1,327	20,220	77,151	88,792	87%
2046	237,477	20,864	1,715		99,731	112,027	89%
2047	241,276	21,198	1,783	19,035	103,677	116,643	89%
2048	245,137	21,537	2,191		127,406	141,027	90%
2049	249,059	21,882	2,613		151,900	166,162	91%

**The Timbers**  
**RA Threshold Funding Model VS Fully Funded Chart**



The **Threshold Funding Model** calculates the minimum reserve assessments, with the restriction that the reserve balance is not allowed to go below \$0 or other predetermined threshold, during the period of time examined. All funds for planned reserve expenditures will be available on the first day of each fiscal year. The **Threshold Funding Model** allows the client to choose the level of conservative funding they desire by choosing the threshold dollar amount.

**The Timbers  
Lake Stevens, WA  
RA Component Funding Model Summary**

Report Date	January 01, 2020
Budget Year Beginning	January 01, 2020
Budget Year Ending	December 31, 2020

***Report Parameters***

Inflation	1.60%
Interest Rate on Reserve Deposit	1.75%
2020 Beginning Balance	

**Component Funding Model**

***Component Funding Model Summary of Calculations***

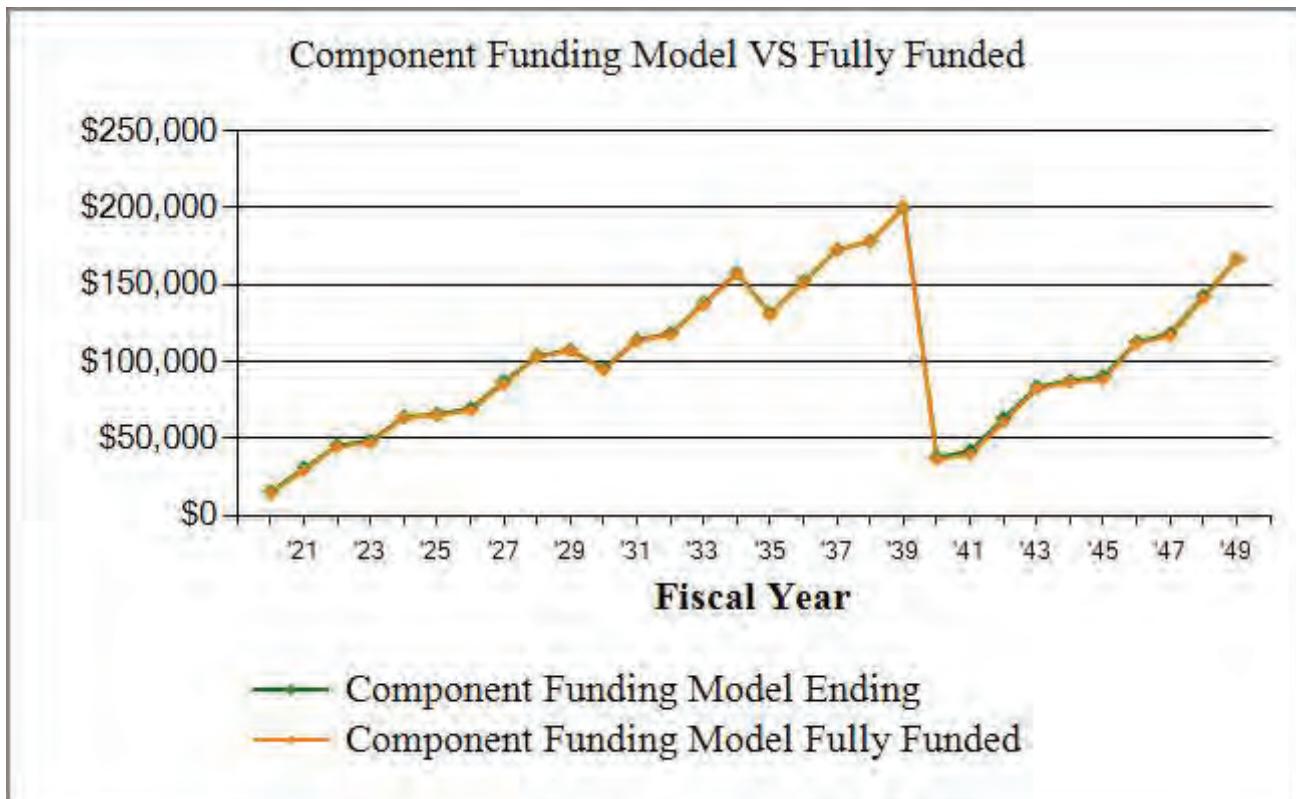
Required Annual Contribution	\$15,242.25
Average Net Annual Interest Earned	\$266.74
Total Annual Allocation to Reserves	\$15,508.99

**The Timbers**  
**RA Component Funding Model Projection**

Beginning Balance: \$0

Year	Current Cost	Annual Contribution	Annual Interest	Annual Expenditures	Projected Ending Reserves	Fully Funded Reserves	Percent Funded
2020	157,175	15,242	267		15,509	14,438	107%
2021	159,690	14,816	531		30,856	29,338	105%
2022	162,245	13,953	784		45,593	44,711	102%
2023	164,841	15,254	837	13,005	48,679	47,356	103%
2024	167,479	14,492	1,105		64,277	63,498	101%
2025	170,158	15,281	1,135	14,720	65,973	65,189	101%
2026	172,881	16,096	1,198	13,639	69,627	68,256	102%
2027	175,647	15,726	1,494		86,846	85,483	102%
2028	178,457	15,175	1,785		103,806	103,243	101%
2029	181,312	16,220	1,850	14,304	107,573	107,017	101%
2030	184,213	16,891	1,646	30,407	95,702	94,757	101%
2031	187,161	16,353	1,961		114,016	113,466	100%
2032	190,155	17,368	2,037	15,002	118,418	117,507	101%
2033	193,198	17,223	2,374		138,015	137,134	101%
2034	196,289	16,931	2,712		157,658	157,359	100%
2035	199,430	18,287	2,260	46,816	131,389	130,632	101%
2036	202,621	18,101	2,616		152,106	151,335	101%
2037	205,863	17,846	2,974		172,927	172,666	100%
2038	209,156	18,765	3,066	16,501	178,257	177,877	100%
2039	212,503	18,654	3,446		200,357	200,243	100%
2040	215,903	20,681	650	183,897	37,790	36,441	104%
2041	219,357	20,753	722	17,306	41,959	39,591	106%
2042	222,867	20,062	1,085		63,106	60,697	104%
2043	226,433	19,005	1,437		83,548	82,468	101%
2044	230,056	20,650	1,506	18,150	87,554	86,480	101%
2045	233,737	21,524	1,555	20,220	90,414	88,792	102%
2046	237,477	20,607	1,943		112,964	112,027	101%
2047	241,276	22,240	2,033	19,035	118,202	116,643	101%
2048	245,137	21,938	2,452		142,593	141,027	101%
2049	249,059	21,326	2,869		166,787	166,162	100%

**The Timbers**  
**RA Component Funding Model VS Fully Funded Chart**



The **Component Funding Model's** long-term objective is to provide a plan to a fully funded reserve position over the longest period of time practical. This is the most conservative funding model.

**The Timbers**  
**RA Component Funding Model Assessment & Category Summary**

Description	Replacement Year	Useful Life	Adjustment	Remaining Life	Current Cost	Assigned Reserves	Fully Funded
<b>Fencing/Security</b>							
Black Chain Link	2040	20	0	20	<u>47,006</u>	0	<u>2,350</u>
Fencing/Security - Total							
<b>Grounds Components</b>							
Bark	2025	5	0	5	13,597	0	2,719
Bench	2030	10	0	10	1,195	0	119
Landscape	2023	3	0	3	5,450	0	1,817
Picnic Table	2030	10	0	10	5,152	0	515
Play Structure	2040	20	0	20	20,595	0	1,030
Swing Set	2030	10	0	10	<u>6,001</u>	0	<u>600</u>
Grounds Components - Total							
<b>Mailboxes</b>							
Mailboxes	2040	20	0	20	<u>34,880</u>	0	<u>1,744</u>
Mailboxes - Total							
<b>Tree Trimming</b>							
Trees/ Arborist	2023	3	0	3	<u>5,450</u>	0	<u>1,817</u>
Tree Trimming - Total							
<b>Irrigation</b>							
Irrigation	2035	15	0	15	<u>10,900</u>	0	<u>727</u>
Irrigation - Total							
<b>Monument</b>							
Monument	2040	20	0	20	<u>5,450</u>	0	<u>272</u>
Monument - Total							
<b>Reserve Study Update</b>							
Reserve Study Update	2023	3	0	3	<u>1,500</u>	0	<u>500</u>
Reserve Study Update - Total							
Total Asset Summary					<u>\$157,175</u>	<u>\$14,211</u>	

Percent Fully Funded	0%
Current Average Liability per Unit (Total Units: -1)	\$14,211

**The Timbers**  
**RA Distribution of Accumulated Reserves**

Description	Remaining Life	Replacement Year	Assigned Reserves	Fully Funded Reserves
Landscape	3	2023		1,817
Reserve Study Update	3	2023		500
Trees/ Arborist	3	2023		1,817
Bark	5	2025		2,719
Bench	10	2030		119
Picnic Table	10	2030		515
Swing Set	10	2030		600
Irrigation	15	2035		727
Black Chain Link	20	2040		2,350
Mailboxes	20	2040		1,744
Monument	20	2040		272
Play Structure	20	2040		1,030
			:	
Total Asset Summary				\$14,211

	Percent Fully Funded	0%
Current Average Liability per Unit (Total Units: -1)	\$14,211	

**The Timbers**  
**RA Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2020</i>	
<i>No Replacement in 2021</i>	
<i>No Replacement in 2022</i>	
<b>Replacement Year 2023</b>	
Landscape	5,716
Reserve Study Update	1,573
Trees/ Arborist	5,716
<b>Total for 2023</b>	<b>\$13,005</b>
<i>No Replacement in 2024</i>	
<b>Replacement Year 2025</b>	
Bark	14,720
<b>Total for 2025</b>	<b>\$14,720</b>
<b>Replacement Year 2026</b>	
Landscape	5,995
Reserve Study Update	1,650
Trees/ Arborist	5,995
<b>Total for 2026</b>	<b>\$13,639</b>
<i>No Replacement in 2027</i>	
<i>No Replacement in 2028</i>	
<b>Replacement Year 2029</b>	
Landscape	6,287
Reserve Study Update	1,730
Trees/ Arborist	6,287
<b>Total for 2029</b>	<b>\$14,304</b>
<b>Replacement Year 2030</b>	
Bark	15,936
Bench	1,400
Picnic Table	6,039
Swing Set	7,033
<b>Total for 2030</b>	<b>\$30,407</b>

**The Timbers**  
**RA Annual Expenditure Detail**

Description	Expenditures
<i>No Replacement in 2031</i>	
<b>Replacement Year 2032</b>	
Landscape	6,594
Reserve Study Update	1,815
Trees/ Arborist	6,594
<b>Total for 2032</b>	<b>\$15,002</b>
<i>No Replacement in 2033</i>	
<i>No Replacement in 2034</i>	
<b>Replacement Year 2035</b>	
Bark	17,252
Irrigation	13,830
Landscape	6,915
Reserve Study Update	1,903
Trees/ Arborist	6,915
<b>Total for 2035</b>	<b>\$46,816</b>
<i>No Replacement in 2036</i>	
<i>No Replacement in 2037</i>	
<b>Replacement Year 2038</b>	
Landscape	7,252
Reserve Study Update	1,996
Trees/ Arborist	7,252
<b>Total for 2038</b>	<b>\$16,501</b>
<i>No Replacement in 2039</i>	
<b>Replacement Year 2040</b>	
Bark	18,677
Bench	1,641
Black Chain Link	64,570
Mailboxes	47,913
Monument	7,486
Picnic Table	7,077
Play Structure	28,290
Swing Set	8,243
<b>Total for 2040</b>	<b>\$183,897</b>

**The Timbers**  
**RA Annual Expenditure Detail**

Description	Expenditures
<b>Replacement Year 2041</b>	
Landscape	7,606
Reserve Study Update	2,093
Trees/ Arborist	7,606
<b>Total for 2041</b>	<b>\$17,306</b>
<i>No Replacement in 2042</i>	
<i>No Replacement in 2043</i>	
<b>Replacement Year 2044</b>	
Landscape	7,977
Reserve Study Update	2,196
Trees/ Arborist	7,977
<b>Total for 2044</b>	<b>\$18,150</b>
<b>Replacement Year 2045</b>	
Bark	20,220
<b>Total for 2045</b>	<b>\$20,220</b>
<i>No Replacement in 2046</i>	
<b>Replacement Year 2047</b>	
Landscape	8,366
Reserve Study Update	2,303
Trees/ Arborist	8,366
<b>Total for 2047</b>	<b>\$19,035</b>

**The Timbers  
RA Spread Sheet**

<b>Description</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Bark										
Bench										
Black Chain Link										
Irrigation										
Landscape										
Mailboxes										
Monument										
Picnic Table										
Play Structure										
Reserve Study Update										
Swing Set										
Trees/ Arborist										
<b>Year Total:</b>										
	<b>13,005</b>									
		<b>14,720</b>								
			<b>13,639</b>							
				<b>14,304</b>						

**The Timbers  
RA Spread Sheet**

<b>Description</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>
Bark	15,936									
Bench	1,400									
Black Chain Link										
Irrigation										
Landscape										
Mailboxes										
Monument										
Picnic Table										
Play Structure										
Reserve Study Update										
Swing Set										
Trees/ Arborist										
<b>Year Total:</b>	<b>30,407</b>		<b>15,002</b>			<b>46,816</b>			<b>16,501</b>	

**The Timbers  
RA Spread Sheet**

<b>Description</b>	<b>2040</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>	<b>2049</b>
Bark	18,677									
Bench	1,641									
Black Chain Link	64,570									
Irrigation										
Landscape	7,606									
Mailboxes	47,913									
Monument	7,486									
Picnic Table	7,077									
Play Structure	28,290									
Reserve Study Update	2,093									
Swing Set	8,243									
Trees/ Arborist	7,606									
<b>Year Total:</b>	<b>183,897</b>	<b>17,306</b>								
			<b>18,150</b>	<b>20,220</b>						<b>19,035</b>

**The Timbers**  
**RA Detail Report by Category**

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**Black Chain Link - 2040**

Asset ID	1001	Asset Cost	\$47,006.25
		Percent Replacement	100%
Fencing/Security		Future Cost	\$64,569.85
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2040	Annual Assessment	No Assessment
Remaining Life	20	Interest Contribution	
		Reserve Allocation	

**Description:** Removing and replacing the black chain link fencing will be maintained by the association.

This is the description of the install: 2 3/8 Terms, 1 7/8 line posts set 8 ft O.C in concrete, 1 5/8 toprail, 9 ga smooth bottom tension wire, w/EX 2x9x48" black wire. All posts and framework to be black tube.

**Replacement Cost:** The cost estimate was provided by Western Pacific Fence Auburn WA.

1 - 2300 LF of Black Chain Link	@ \$18.75 per LF =	\$ 43,125.00
1 - Sales Tax ( 9.0% )	@ 3,881.25 =	<u>3,881.25</u>
	Total =	\$ 47,006.25

**The Timbers  
RA Detail Report by Category**

<b>Fencing/Security - Total Current Cost</b>	<b>\$47,006</b>
Assigned Reserves	\$0
Fully Funded Reserves	\$2,350

**The Timbers**  
**RA Detail Report by Category**

**Bark - 2025**

Asset ID	1002	Asset Cost	\$13,596.66
Percent Replacement	100%		
Grounds Components		Future Cost	\$14,719.76
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	5		
Replacement Year	2025	Annual Assessment	No Assessment
Remaining Life	5	Interest Contribution	
		Reserve Allocation	



**Description:** Removing and replacing the bark will be maintained by the association. Entire site is 166 yds of bark plus 23 yds of bark on Callow Rd if lawn is changed to bark.

**Replacement Cost:** The cost estimate was provided by Brightview Landscaping.

1- 189 yds of bark	@ \$66.00 per yard = \$ 12,474.00
1 Sales Tax ( 9.0% )	@ \$1,122.66 = <u>1,122.66</u>
	Total = \$ 13,596.66

**The Timbers**  
**RA Detail Report by Category**

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**Bench - 2030**

Asset ID	1011	Asset Cost	\$1,194.53
Percent Replacement	100%		
Grounds Components		Future Cost	\$1,400.02
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2030	Annual Assessment	No Assessment
Remaining Life	10	Interest Contribution	
		Reserve Allocation	

**Description:** The association will be responsible for repairing and/or replacing the bench.

**Replacement Cost:** The cost estimate was provided Pacific Outdoor Products Maple Valley, WA

1 - Bench	@ \$ 843.00 =	@ \$ 843.00
1 - Installation Fee	@ 252.90 =	252.90
1 - Sales Tax ( 9% )	@ 98.63 =	<u>98.63</u>
	Total =	\$ 1,194.53

**The Timbers**  
**RA Detail Report by Category**

**Landscape - 2023**

Asset ID	1004	Asset Cost	\$5,450.00
Percent Replacement	100%	Future Cost	\$5,715.81
Grounds Components		Assigned Reserves	<i>none</i>
Placed in Service	January 2020	Annual Assessment	No Assessment
Useful Life	3	Interest Contribution	
Replacement Year	2023	Reserve Allocation	
Remaining Life	3		



**Description:** The association will be responsible for refreshing the landscaping.

**Replacement Cost:**

1 - Landscape Refresh	@ \$ 5,000.00 = \$ 5,000.00
1 - Sales Tax ( 9.0% )	@ 450.00 = <u>450.00</u>
	Total = \$ 5,450.00

**The Timbers**  
**RA Detail Report by Category**

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**Picnic Table - 2030**

Asset ID	1012	Asset Cost	\$5,152.21
Percent Replacement		100%	
Grounds Components		Future Cost	\$6,038.52
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	10		
Replacement Year	2030	Annual Assessment	No Assessment
Remaining Life	10	Interest Contribution	
		Reserve Allocation	

**Description:** The association will be responsible for replacing and/or repairing the picnic tables.

**Replacement Cost:**

3- Picnic Tables	@ \$ 1,212.00 =	@ \$ 3,636.00
1 - Installation Fee	@ 1,090.80 =	1,090.80
1 - Sales Tax ( 9% )	@ 425.41 =	<u>425.41</u>
	Total =	\$ 5,152.21

**The Timbers**  
**RA Detail Report by Category**

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**Play Structure - 2040**

Asset ID	1009	Asset Cost	\$20,594.68
Percent Replacement	100%		
Grounds Components		Future Cost	\$28,289.76
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2040	Annual Assessment	No Assessment
Remaining Life	20	Interest Contribution	
		Reserve Allocation	

**Description:** The association will be responsible for replacing and/or repairing the play structure.

**Replacement:** The cost estimate was provided by Pacific Outdoor Products Maple Valley, WA.

1 - Play Structure	@ \$ 14,534.00 =	@ \$ 14,534.00
1- Installation Fee	@ 4,360.20 =	4,360.20
1 - Sales Tax ( 9% )	@ 1,700.48 =	<u>1,700.48</u>
	Total =	\$ 20,594.68

**The Timbers**  
**RA Detail Report by Category**

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**Swing Set - 2030**

Asset ID	1010	Asset Cost	\$6,001.00
Placed in Service	January 2020	Percent Replacement	100%
Useful Life	10	Future Cost	\$7,033.32
Replacement Year	2030	Assigned Reserves	<i>none</i>
Remaining Life	10	Annual Assessment	No Assessment
		Interest Contribution	
		Reserve Allocation	

**Description:** The association will be responsible for replacing and/or repairing the swing set.

**Replacement Cost:** The cost estimate was provided by Pacific Outdoor Products Maple Valley, WA.

1 - Swing Set	@ \$ 4,235.00 =	@ \$ 4,235.00
1 - Installation Fee	@ 1,270.50 =	1,270.50
1 - Sales Tax ( 9% )	@ 495.50 =	<u>495.50</u>
	Total =	\$ 6,001.00

**The Timbers  
RA Detail Report by Category**

<b>Grounds Components - Total Current Cost</b>	<b>\$51,989</b>
Assigned Reserves	\$0
Fully Funded Reserves	\$6,801

**The Timbers**  
**RA Detail Report by Category**

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**Mailboxes - 2040**

Asset ID	1007	Asset Cost	\$34,880.00
		Percent Replacement	100%
	Mailboxes	Future Cost	\$47,912.70
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2040	Annual Assessment	No Assessment
Remaining Life	20	Interest Contribution	
		Reserve Allocation	

**Description:** The association will be responsible for replacing and/or repairing the mailboxes.

**Replacement Cost:**

16 - Mailboxes ( including installation )	@ \$ 2,000.00 =	\$ 32,000.00
1 - Sales Tax ( 9 % )	@ 2,880.00 =	<u>2,880.00</u>
	Total =	\$ 34,880.00

**The Timbers  
RA Detail Report by Category**

<b>Mailboxes - Total Current Cost</b>	<b>\$34,880</b>
Assigned Reserves	\$0
Fully Funded Reserves	\$1,744

**The Timbers**  
**RA Detail Report by Category**

**Trees/ Arborist - 2023**

Asset ID	1003	Asset Cost	\$5,450.00
		Percent Replacement	100%
Placed in Service	Tree Trimming	Future Cost	\$5,715.81
Useful Life	January 2020	Assigned Reserves	<i>none</i>
Replacement Year	3	Annual Assessment	No Assessment
Remaining Life	2023	Interest Contribution	
	3	Reserve Allocation	



**Description:** Removing and replacing the trees will be maintained by the association.

**Replacement Cost:** The cost estimate was provided by Brightview Landscaping.

1 - Tree Replacement	@ \$ 5,000.00 = \$ 5,000.00
1 - Sales Tax ( 9.0% )	@ 450.00 = <u>450.00</u>
	Total = \$ 5,450.00

**The Timbers  
RA Detail Report by Category**

<b>Tree Trimming - Total Current Cost</b>	<b>\$5,450</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$1,817</b>

**The Timbers**  
**RA Detail Report by Category**

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Irrigation - 2035

Asset ID	1005	Asset Cost	\$10,900.00
		Percent Replacement	100%
	Irrigation	Future Cost	\$13,830.32
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	15		
Replacement Year	2035	Annual Assessment	No Assessment
Remaining Life	15	Interest Contribution	
		Reserve Allocation	

**Description:** The association will be responsible repairing anything regarding the irrigation system and/or replacing any of the irrigation timing boxes.

**Replacement Cost:** The cost estimate was provided by Brightview Landscaping.

1 - Irrigation System Upgrades	@ \$ 10,000.00 = \$ 10,000.00
1 - Sales Tax ( 9% )	@ 900.00 = <u>                900.00</u>
	Total = \$ 10,900.00

**The Timbers  
RA Detail Report by Category**

<b>Irrigation - Total Current Cost</b>	<b>\$10,900</b>
Assigned Reserves	\$0
Fully Funded Reserves	\$727

**The Timbers**  
**RA Detail Report by Category**

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**Monument - 2040**

Asset ID	1006	Asset Cost	\$5,450.00
		Percent Replacement	100%
	Monument	Future Cost	\$7,486.36
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	20		
Replacement Year	2040	Annual Assessment	No Assessment
Remaining Life	20	Interest Contribution	
		Reserve Allocation	

**Description:** Repairing and/or replacing the monument will be maintained by the association.

**Replacement Cost:**

1 - Monument	@ \$ 5,000.00 =	\$ 5,000.00
1 - Sales Tax ( 9% )	@ 450.00 =	<u>450.00</u>
	Total =	\$ 5,450.00

**The Timbers  
RA Detail Report by Category**

<b>Monument - Total Current Cost</b>	<b>\$5,450</b>
Assigned Reserves	\$0
Fully Funded Reserves	\$272

**The Timbers**  
**RA Detail Report by Category**

**Reserve Study Update - 2023**

Asset ID	1008	Asset Cost	\$1,500.00
		Percent Replacement	100%
Reserve Study Update		Future Cost	\$1,573.16
Placed in Service	January 2020	Assigned Reserves	<i>none</i>
Useful Life	3		
Replacement Year	2023	Annual Assessment	No Assessment
Remaining Life	3	Interest Contribution	
		Reserve Allocation	

**Description:** The association will responsible for doing a updated Reserve Study Level 1 every 3 years.

**Replacement Cost:**

1 - Reserve Study

@ \$ 1,500.00 = Total Cost \$ 1,500.00

**The Timbers  
RA Detail Report by Category**

<b>Reserve Study Update - Total Current Cost</b>	<b>\$1,500</b>
<b>Assigned Reserves</b>	<b>\$0</b>
<b>Fully Funded Reserves</b>	<b>\$500</b>

**The Timbers  
RA Detail Report by Category**

**Detail Report Summary**

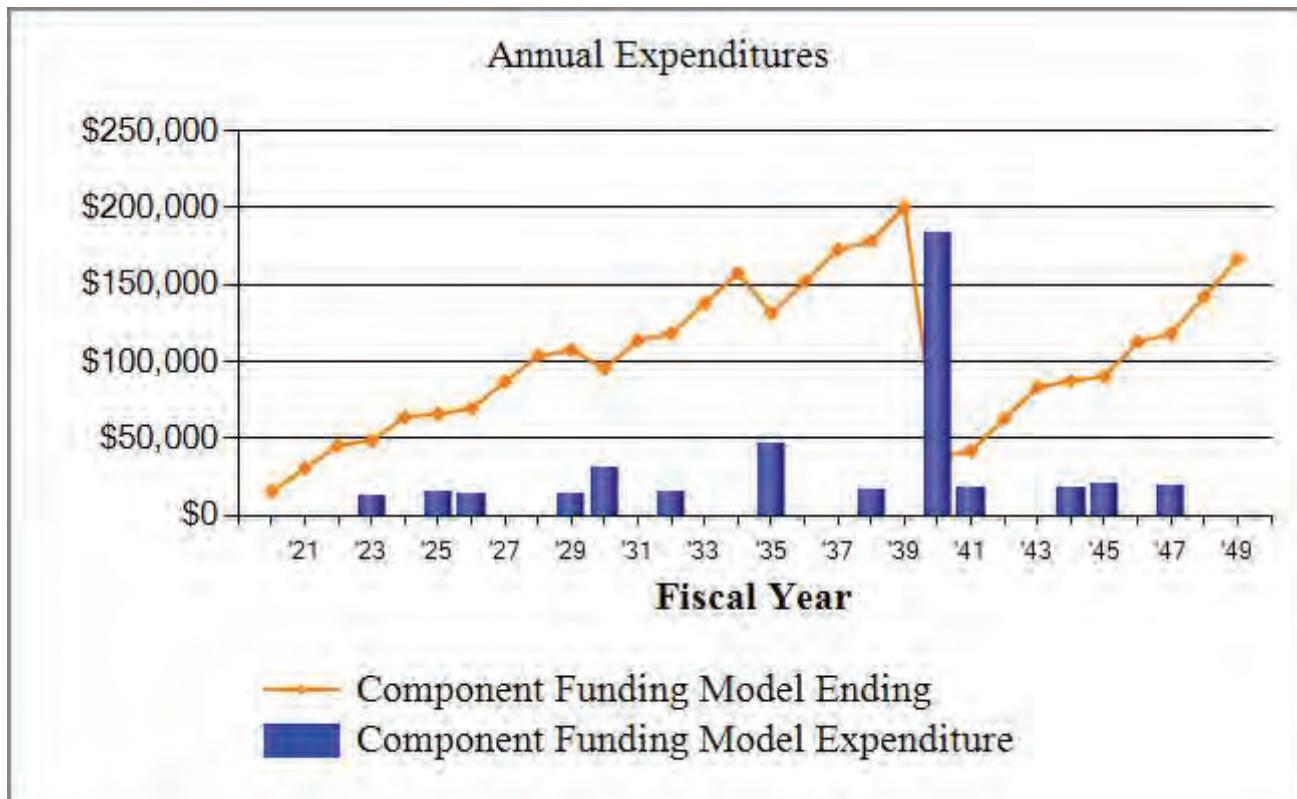
**Grand Total**

Assigned Reserves  
Annual Contribution  
Annual Interest  
Annual Allocation

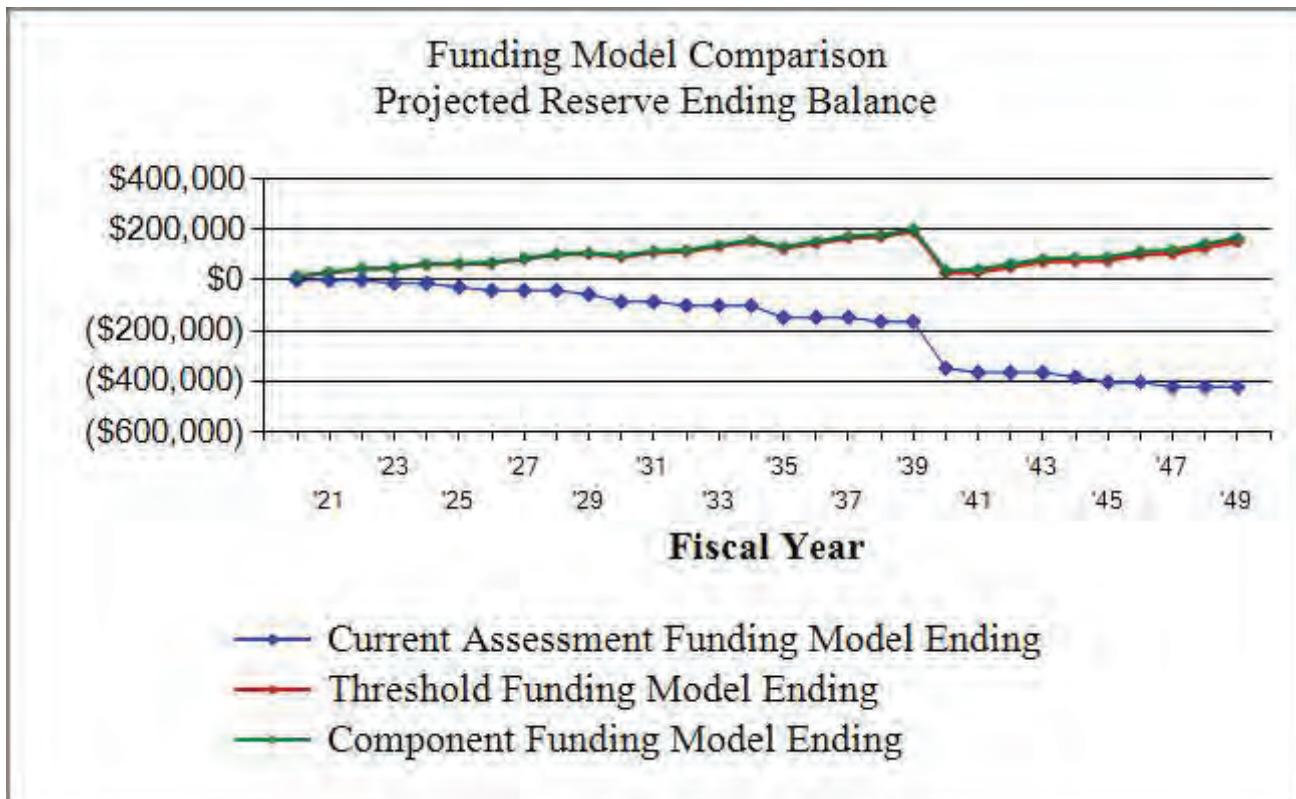
**The Timbers**  
**RA Category Detail Index**

Asset ID	Description	Replacement	Page
1002	Bark	2025	2-18
1011	Bench	2030	2-19
1001	Black Chain Link	2040	2-16
1005	Irrigation	2035	2-29
1004	Landscape	2023	2-20
1007	Mailboxes	2040	2-25
1006	Monument	2040	2-31
1012	Picnic Table	2030	2-21
1009	Play Structure	2040	2-22
1008	Reserve Study Update	2023	2-33
1010	Swing Set	2030	2-23
1003	Trees/ Arborist	2023	2-27
Total Funded Assets		12	
Total Unfunded Assets		<u>0</u>	
Total Assets		12	

**The Timbers**  
**RA Annual Expenditure Chart**

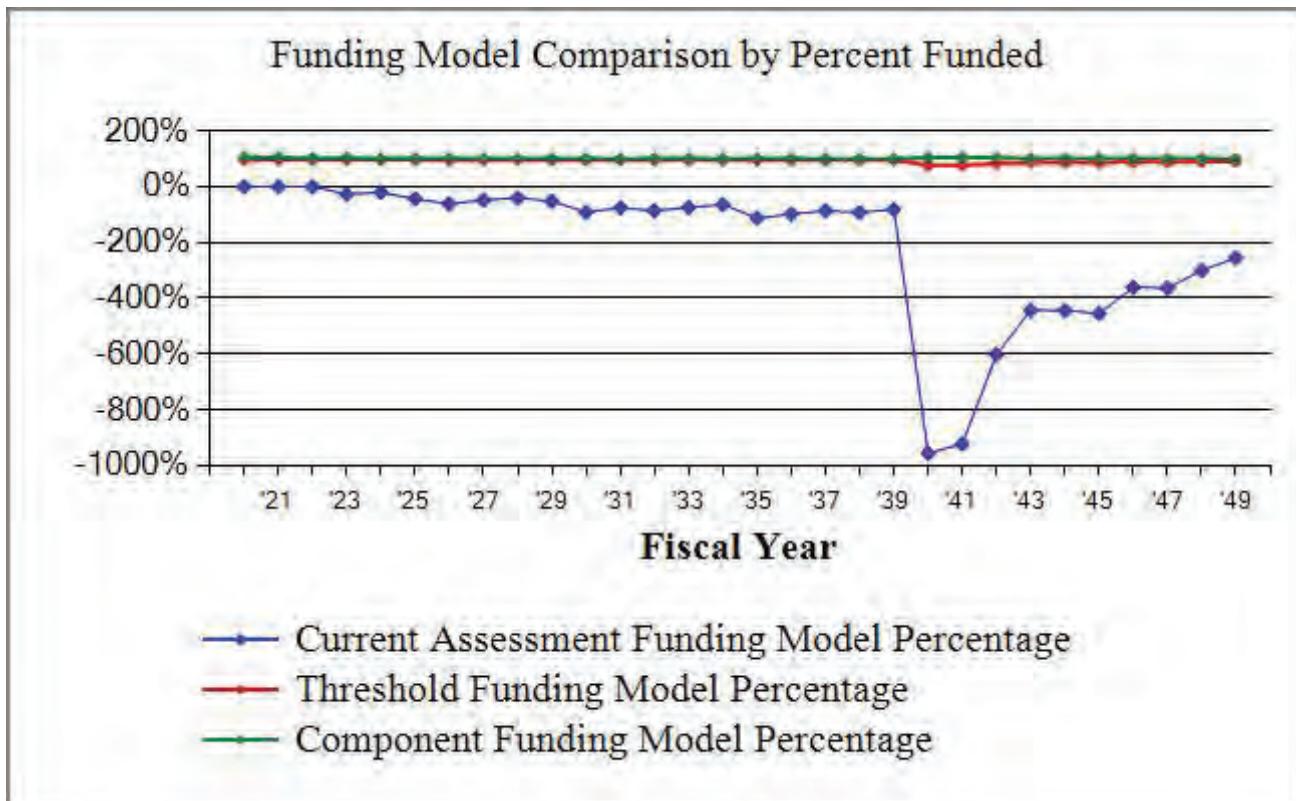


**The Timbers**  
**RA Funding Model Reserve Ending Balance Comparison Chart**



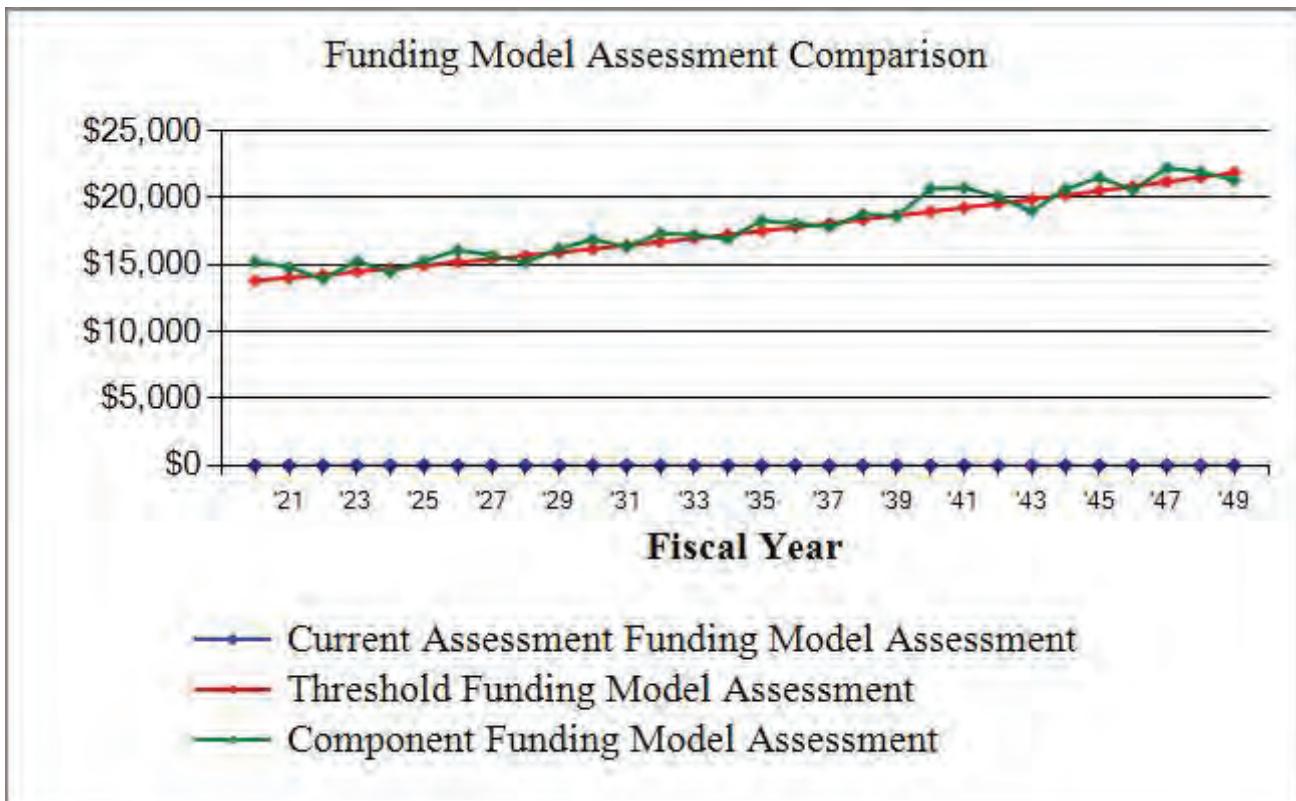
The chart above compares the projected reserve ending balances of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**The Timbers**  
**RA Funding Model Comparison by Percent Funded**



The chart above compares the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) by the percentage fully funded over 30 years. This allows your association to view and then choose the funding model that might best fit your community's needs.

**The Timbers**  
**RA Funding Model Assessment Comparison Chart**



The chart above compares the annual assessment of the three funding models (Current Assessment Funding Model, Threshold Funding Model and Component Funding Model) over 30 years.

**EXHIBIT J**  
**TO**  
**PUBLIC OFFERING STATEMENT**

**LIST OF UNIT ADDRESSES**

<b>Lot #</b>	<b>House #</b>	<b>Street</b>	<b>City and Zip</b>
1	3220	104 AVE NE	Lake Stevens, WA 98258
2	3218	104 AVE NE	Lake Stevens, WA 98258
3	3216	104 AVE NE	Lake Stevens, WA 98258
4	3214	104 AVE NE	Lake Stevens, WA 98258
5	3212	104 AVE NE	Lake Stevens, WA 98258
6	3210	104 AVE NE	Lake Stevens, WA 98258
7	3208	104 AVE NE	Lake Stevens, WA 98258
8	3206	104 AVE NE	Lake Stevens, WA 98258
9	3204	104 AVE NE	Lake Stevens, WA 98258
10	3202	104 AVE NE	Lake Stevens, WA 98258
11	3200	104 AVE NE	Lake Stevens, WA 98258
12	3201	104 AVE NE	Lake Stevens, WA 98258
13	3203	104 AVE NE	Lake Stevens, WA 98258
14	3205	104 AVE NE	Lake Stevens, WA 98258
15	3207	104 AVE NE	Lake Stevens, WA 98258
16	3209	104 AVE NE	Lake Stevens, WA 98258
17	3211	104 AVE NE	Lake Stevens, WA 98258
18	3213	104 AVE NE	Lake Stevens, WA 98258
19	3215	104 AVE NE	Lake Stevens, WA 98258
20	3217	104 AVE NE	Lake Stevens, WA 98258
21	3219	104 AVE NE	Lake Stevens, WA 98258
22	3221	104 AVE NE	Lake Stevens, WA 98258
23	3301	104 AVE NE	Lake Stevens, WA 98258
24	3303	104 AVE NE	Lake Stevens, WA 98258
25	3305	104 AVE NE	Lake Stevens, WA 98258
26	3307	104 AVE NE	Lake Stevens, WA 98258
27	3309	104 AVE NE	Lake Stevens, WA 98258
28	3311	104 AVE NE	Lake Stevens, WA 98258
29	3313	104 AVE NE	Lake Stevens, WA 98258
30	3315	104 AVE NE	Lake Stevens, WA 98258
31	3317	104 AVE NE	Lake Stevens, WA 98258
32	3319	104 AVE NE	Lake Stevens, WA 98258
33	3321	104 AVE NE	Lake Stevens, WA 98258
34	3401	104 AVE NE	Lake Stevens, WA 98258
35	3403	104 AVE NE	Lake Stevens, WA 98258
36	3405	104 AVE NE	Lake Stevens, WA 98258
37	3407	104 AVE NE	Lake Stevens, WA 98258
38	3409	104 AVE NE	Lake Stevens, WA 98258
39	3411	104 AVE NE	Lake Stevens, WA 98258
40	3413	104 AVE NE	Lake Stevens, WA 98258
41	3415	104 AVE NE	Lake Stevens, WA 98258
42	3417	104 AVE NE	Lake Stevens, WA 98258
43	3419	104 AVE NE	Lake Stevens, WA 98258
44	10500	35 ST NE	Lake Stevens, WA 98258
45	10502	35 ST NE	Lake Stevens, WA 98258
46	10504	35 ST NE	Lake Stevens, WA 98258
47	10506	35 ST NE	Lake Stevens, WA 98258

48	10508	35 ST NE	Lake Stevens, WA 98258
49	10510	35 ST NE	Lake Stevens, WA 98258
50	10512	35 ST NE	Lake Stevens, WA 98258
51	10514	35 ST NE	Lake Stevens, WA 98258
52	10516	35 ST NE	Lake Stevens, WA 98258
53	10519	35 ST NE	Lake Stevens, WA 98258
51	10515	35 ST NE	Lake Stevens, WA 98258
55	10513	35 ST NE	Lake Stevens, WA 98258
56	10511	35 ST NE	Lake Stevens, WA 98258
57	10509	35 ST NE	Lake Stevens, WA 98258
58	10507	35 ST NE	Lake Stevens, WA 98258
59	10505	35 ST NE	Lake Stevens, WA 98258
60	10503	35 ST NE	Lake Stevens, WA 98258
61	10501	35 ST NE	Lake Stevens, WA 98258
62	10419	35 ST NE	Lake Stevens, WA 98258
63	10417	35 ST NE	Lake Stevens, WA 98258
64	10415	35 ST NE	Lake Stevens, WA 98258
65	10413	35 ST NE	Lake Stevens, WA 98258
66	10411	35 ST NE	Lake Stevens, WA 98258
67	10409	35 ST NE	Lake Stevens, WA 98258
68	10407	35 ST NE	Lake Stevens, WA 98258
69	10405	35 ST NE	Lake Stevens, WA 98258
70	10403	35 ST NE	Lake Stevens, WA 98258
71	10401	35 ST NE	Lake Stevens, WA 98258
72	10311	35 ST NE	Lake Stevens, WA 98258
73	10309	35 ST NE	Lake Stevens, WA 98258
74	10307	35 ST NE	Lake Stevens, WA 98258
75	10305	35 ST NE	Lake Stevens, WA 98258
76	10303	35 ST NE	Lake Stevens, WA 98258
77	10301	35 ST NE	Lake Stevens, WA 98258
78	3502	103 DR NE	Lake Stevens, WA 98258
79	3412	103 DR NE	Lake Stevens, WA 98258
80	3410	103 DR NE	Lake Stevens, WA 98258
81	3408	103 DR NE	Lake Stevens, WA 98258
82	3406	103 DR NE	Lake Stevens, WA 98258
83	3404	103 DR NE	Lake Stevens, WA 98258
84	3402	103 DR NE	Lake Stevens, WA 98258
85	3400	103 DR NE	Lake Stevens, WA 98258
86	3322	103 DR NE	Lake Stevens, WA 98258
87	3320	103 DR NE	Lake Stevens, WA 98258
88	3318	103 DR NE	Lake Stevens, WA 98258
89	3316	103 DR NE	Lake Stevens, WA 98258
90	3314	103 DR NE	Lake Stevens, WA 98258
91	3312	103 DR NE	Lake Stevens, WA 98258
92	3310	103 DR NE	Lake Stevens, WA 98258
93	3308	103 DR NE	Lake Stevens, WA 98258
94	3306	103 DR NE	Lake Stevens, WA 98258
95	3304	103 DR NE	Lake Stevens, WA 98258
96	3302	103 DR NE	Lake Stevens, WA 98258
97	3301	103 DR NE	Lake Stevens, WA 98258
98	3303	103 DR NE	Lake Stevens, WA 98258
99	3305	103 DR NE	Lake Stevens, WA 98258
100	3307	103 DR NE	Lake Stevens, WA 98258
101	3309	103 DR NE	Lake Stevens, WA 98258

102	3401	103 DR NE	Lake Stevens, WA 98258
103	3403	103 DR NE	Lake Stevens, WA 98258
104	3405	103 DR NE	Lake Stevens, WA 98258
105	3407	103 DR NE	Lake Stevens, WA 98258
106	3409	103 DR NE	Lake Stevens, WA 98258
107	3411	103 DR NE	Lake Stevens, WA 98258
108	3413	103 DR NE	Lake Stevens, WA 98258
109	3422	104 DR NE	Lake Stevens, WA 98258
110	3420	104 DR NE	Lake Stevens, WA 98258
111	3418	104 DR NE	Lake Stevens, WA 98258
112	3416	104 DR NE	Lake Stevens, WA 98258
113	3414	104 DR NE	Lake Stevens, WA 98258
114	3412	104 DR NE	Lake Stevens, WA 98258
115	3410	104 DR NE	Lake Stevens, WA 98258
116	3408	104 DR NE	Lake Stevens, WA 98258
117	3406	104 DR NE	Lake Stevens, WA 98258
118	3300	104 AVE NE	Lake Stevens, WA 98258
119	3302	104 AVE NE	Lake Stevens, WA 98258
120	3304	104 AVE NE	Lake Stevens, WA 98258
121	3306	104 AVE NE	Lake Stevens, WA 98258
122	3308	104 AVE NE	Lake Stevens, WA 98258
123	3310	104 AVE NE	Lake Stevens, WA 98258
124	3312	104 AVE NE	Lake Stevens, WA 98258
125	3402	104 AVE NE	Lake Stevens, WA 98258
126	3404	104 AVE NE	Lake Stevens, WA 98258
127	3406	104 AVE NE	Lake Stevens, WA 98258
128	3408	104 AVE NE	Lake Stevens, WA 98258
129	3410	104 AVE NE	Lake Stevens, WA 98258
130	3412	104 AVE NE	Lake Stevens, WA 98258
131	10408	35 ST NE	Lake Stevens, WA 98258
132	10406	35 ST NE	Lake Stevens, WA 98258
133	10404	35 ST NE	Lake Stevens, WA 98258
134	10402	35 ST NE	Lake Stevens, WA 98258
135	10400	35 ST NE	Lake Stevens, WA 98258
136	3423	104 DR NE	Lake Stevens, WA 98258
137	3421	104 DR NE	Lake Stevens, WA 98258