

Return Address:

TACEY LAW GROUP P.S.

22833 Bothell-Everett Hwy., #218

Bothell, WA 98021



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SNOHOMISH COUNTY, WASHINGTON

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR PACIFIC MEADOWS

A Planned Residential Development

Grantor/Declarant PRH, LLC, a Washington Limited Liability Company

Grantee Pacific Meadows, a planned residential development

Legal Description ABBREVIATED LEGAL DESCRIPTION PORTION OF
THE SE ¼ OF THE NEW ¼, SEC 10, T.30 N., R.5E, W. M
SNOHOMISH COUNTY, WASHINGTON
Official legal description on Exhibit A

Assessor's Tax Parcel ID # 30051000203100 and 300510002040700

Reference # (if applicable) N/A 200707115113

**DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATIONS
FOR
PACIFIC MEADOWS**

A Planned Residential Development

This Declaration is made as of this 28th day of June, 2007 by PRH, LLC, a Washington limited liability company, hereinafter referred to as "Declarant".

RECITALS

A The Declarant is the owner of that certain real property and improvements located within Snohomish County, Washington, commonly known as Pacific Meadows, consisting of two separate divisions, referred to hereinafter as "Pacific Meadows" or the "Property" and more particularly described in **Exhibit A** attached hereto, as may be supplemented from time to time by Declarant per Section 16 below

B Declarant desires to create a homeowners association at Pacific Meadows to provide for the maintenance, preservation, and architectural control of the privately-owned parcels and Common Areas (as defined below) within the community and to promote the health, safety, happiness, and welfare of the residents of the community

C Declarant, being the sole owner of the Property, hereby makes this Declaration for the purpose of submitting the Property to this Declaration, and declares that the Property described above shall be held, sold, conveyed, encumbered, leased, rented, occupied and improved subject to the following covenants, conditions, restrictions, reservations, grants of easement rights, rights of way, liens, charges and equitable servitudes, which are for the purpose of protecting the value and desirability of the Property and shall be binding on all parties having any right, title or interest in the Property or any part thereof, and shall insure to the benefit of each owner thereof. This Declaration shall run with the land and bind Declarant, its successors and assigns, all subsequent owners of the Property or any part thereof, together with their grantees, successors, heirs, executors, administrators, devisees or assigns. Any conveyance, transfer, sale, assignment, lease or sublease of a Lot in the Property, shall and hereby is deemed to incorporate by reference all provisions of this Declaration. The provisions of this Declaration shall be enforceable by Declarant, any Lot Owner, the Association, and any first Mortgagee of any Lot

ARTICLE 1. INTERPRETATIONS

Section 1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Project

Section 1.2 Covenant Running with Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, as applicable, binding on Declarant, its successors and assigns, all subsequent Owners of the Project or any Lots, together with their grantees, successors, heirs, executors, administrators, devisees or assigns

Section 1.3 Declarant is Original Owner. Declarant is the original Owner of all Lots and Project and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Lots or portions of the Project are filed of record by Declarant.

Section 1.4 Captions. Captions given to the various articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof.

Section 1.5 Definitions. For the purpose of this Declaration and any amendments hereto, the following definitions shall apply:

1.5.1 **“Architectural Control Committee” or “ACC”** shall mean the Board, as defined below, or a committee by the name designated by the Board

1.5.2 **“Articles”** shall mean the Articles of Incorporation of the Association, as defined below.

1.5.3 **“Assessments”** shall mean all sums chargeable by the Association against a Lot, including, without limitation: (a) general and special assessments for maintenance, repair or replacement of the Common Areas; (b) special assessments against a Lot Owner for work done on the Owner's Lot; (c) fines imposed by the Association; (d) interest and late charges on any delinquent account; and (e) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account

1.5.4 **“Association”** shall mean the Pacific Meadows, Snohomish Homeowners Association, a Washington non-profit corporation, as described more fully in **Article 3**, and its successors and assigns

1.5.5 **“Board”** shall mean and refer to the Board of Directors of the Association, as provided for in **Article 3**.

1.5.6 **“Bylaws”** shall mean the Bylaws of the Association as they may from time to time be amended

1.5.7 **“County”** shall mean Snohomish County, Washington

1.5.8 **“Common Area”** shall mean all real property and improvements described in **Section 2.1**

1.5.9 **“Declarant”** shall mean PRH, LLC, a Washington limited liability company, and its successors and assigns if such successors and assigns should (i) acquire more than one Lot from the Declarant for the purpose of development, and (ii) be specifically assigned the rights and duties of Declarant by written instrument in recordable form

1.5.10 **“Declarant Control Period”** shall mean the period of time from the date

of recording of this Declaration until the later of: (i) the date on which the number of votes of the Class A Members of the Association is greater than or equal to the number of votes of the Class B Member, (ii) the seventh (7th) anniversary of the date of recording of this Declaration, or an earlier period as may be agreed to by Declarant. A partial delegation of authority by Declarant of any of its management duties described in the Declaration shall not terminate the Declarant Control Period.

1.5.11 **"Declaration"** shall mean this Declaration of Covenants, Conditions, Restrictions, and Reservations for Pacific Meadows, and any amendments thereto.

1.5.12 **"Home"** shall mean a structure located on a Lot which is designed and intended for use and occupancy as a residence or which is intended for use in connection with such residence

1.5.13 **"Lot"** shall mean and refer to any of the one-hundred fifty-seven (157) numbered lots shown upon the recorded Plat of Pacific Meadows. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on the Lot

1.5.14 **"Member"** shall mean a person entitled to membership in the Association pursuant to **Section 3.5**

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

1.5.16 **"Mortgagee"** shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Lot created by a Mortgage and shall also mean the vendor, or the designee of vendor, of a real estate contract for the sale of a Lot. For the purpose of determining the percentage of first Mortgagees approving a proposed decision or course of action, a Mortgagee shall be deemed a separate Mortgagee for each Lot on which it holds a Mortgage which constitutes a first lien on said Lot. Mortgagees shall have the same voting rights as the owners of any Lot subject to such Mortgage.

1.5.17 **"Notice and Opportunity"** shall mean the procedure wherein the Board shall give written notice of the proposed action to all Owners, tenants or occupants of Homes 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 (5) days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

1.5.18 **"Owner"** shall mean the owner of record, whether one or more persons or entities, of a fee simple title to any Lot and, except as may be otherwise expressly provided herein, shall, in the case of a Lot which has been sold pursuant to a real estate contract, include any person of record holding a vendee's interest under such real estate contract, to the exclusion

of the vendor thereunder. Any person or entity having such an interest merely as security for the performance of an obligation shall not be considered an owner.

1.5.19 **"Person"** shall include natural persons, partnerships, corporations, associations and personal representatives

1.5.20 **"Plat Map"** shall mean the Plat of Pacific Meadows recorded in conjunction with this Declaration which depicts the layout of the Lots and Common Area on the Property. "Plat or Plat Map" shall also refer to any additional property included in a plat of the real property referred to in Exhibit A, but not included in the description of the property subject to this Declaration on Exhibit A, which additional property may or may not be subjected to the terms of this Declaration in the future in a manner described in Article 16

1.5.21 **"Property"** shall mean that real property and improvements located within the County, commonly known as Pacific Meadows and more particularly described on Exhibit A attached hereto, together with such additional property, whether contiguous or noncontiguous, as is subjected to this Declaration in accordance with Article 16.

1.5.22 **"Project"** shall mean the Property, the Plat, the construction designs and plat development requirements to construct the improvements required for the development, construction and maintenance of Pacific Meadows.

1.5.23 **"Structure"** shall mean any building, fence, wall, pole, driveway, walkway, patio, swimming pool, or the like

1.5.24 **"Transition Date"** shall mean the earlier of the following (i) the date on which the number of votes of the Class A Members of the Association is greater than or equal to the number of votes of the Class B Member or (ii) the seventh (7th) anniversary of the date of recording of this Declaration

Section 1.6 Percentage of Mortgagees. For purposes of determining the percentage of first Mortgagees approving a proposed decision or course of action, a Mortgagee shall be deemed a separate Mortgagee for each Lot on which it holds a mortgage that constitutes a first lien on said Lot

Section 1.7 Percentage of Owners. For purposes of determining the percentage of Owners approving a proposed decision or course of action, an Owner shall be deemed a separate Owner for each Lot owned by such Owner.

ARTICLE 2. COMMON AREAS

Section 2.1 Description of Common Area. The Common Area, as shown on the Plat Map, is comprised of the following

Tract 998

Open Space and Entry Signage

Tract 997 and 999 Retention/Recreation Area
Tract 994 and 995 Open Space
Tract 993 and 996 Native Growth Protection Area

Section 2.2 Dedication of Common Area. Declarant, by recording the Plat Map, dedicates and conveys the Common Areas to the Association

Section 2.3 Use of Common Area. Each Owner shall have the right to use the Common Areas in common with all other Owners, subject to this Declaration, the Bylaws, any rules and regulations adopted by the Association, and the following:

2.3.1 The Association may totally bar or restrict use of portions of the Common Area where ordinary use could be dangerous, unreasonably increase Association costs, or be detrimental to the environment, or is inconsistent with its designated use on the Plat Map

2.3.2 The Association shall have the right to suspend the voting rights by any Owner for any period during which any assessment against such Owner's Lot remains unpaid, and for a period not to exceed sixty (60) days for any, and for each separate, infraction of the Association's published rules and regulations

2.3.3 The Association shall have the right to dedicate or transfer all or any portion of the Common Area, including easements thereon, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless two-thirds ($\frac{2}{3}$) of each class of Members vote or consent in writing to such dedication or transfer. The instrument dedicating or transferring all or any portion of the Common Area shall be executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained

2.3.4 The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon any Common Area.

2.3.5 The right of the Association to limit the number of guests of Members

2.3.6 The right of the Declarant, at any time during the Declarant Control Period, to reserve to itself rights of entry, licenses, easements or similar rights to use the Common Areas for purposes specified in such reservation

Section 2.4 Delegation of Use. Any Member may delegate, in accordance with such rules and regulations as the Association shall promulgate, his or her right of use and enjoyment of the Common Area to family members, guests, and tenants of such Member. Each Owner shall be responsible for informing such Owner's family members, guests, tenants, and service personnel of the contents of this Declaration as well as any rules and regulations that may be adopted by the Association as they may relate to the use and enjoyment of the Common Area. Each Owner shall be personally liable for any damage to any Common Areas or any other area maintained by the Association or to any other property of the Association, whether real or personal, caused by the Owner or the Owner's family member, guest, tenant, agent, workman, contractor or other licensee or invitee. The Association may have a lien upon the Owner's Lot for the amount of such damages as determined by the Board after Notice and Opportunity to be heard.

Section 2.5 Maintenance. Except to the extent covered by a County maintenance program, the Association shall have full responsibility for the maintenance, repair, replacement and improvement of the Common Areas. All such areas and facilities shall be reasonably maintained for their intended use, subject to applicable governmental restrictions. In addition, the Association shall maintain the trees and shrubs located within the landscape easement area as shown on the Plat Map as a buffer for adjoining properties.

Section 2.6 Ownership of Common Area. The Common Areas, if any, within any additional lands will be deemed to be conveyed to the Association upon the recording of an amendment to this Declaration incorporating such Additional Lands within the Project and will be depicted on the Plat Map recorded in conjunction with such amendment. The Common Area shall exclude those portions of common areas (and improvements thereto) which have been or may hereafter be, dedicated to and owned by the public or a governmental entity. The Common Area shall for all purposes be under the control, management and administration of the Declarant during the Declarant Control Period, and under the control, management and administration of the Association thereafter. The Association (and the Owners who are Members thereof) has the responsibility and obligation to maintain, repair and administer the Common Area in a clean, attractive, sanitary and safe condition and in full compliance with applicable, governmental laws, rules and regulations and the provisions of this Declaration.

Section 2.7 Bonds Affecting Common Areas. In connection with the improvement and governmental approval of the Project and the recording of the Plat Map, Declarant may from time to time procure one or more maintenance, improvement, performance or other bonds for the benefit of one or more governmental authorities or private parties. Declarant reserves to itself for the duration of the period for which any such bond is required to be maintained (whether during or after the Declarant Control Period), all rights necessary or convenient to allow Declarant, its agents and contractors to take such action with respect to the property and/or improvements covered by any such bond as may be required from time to time (i) to comply with the obligations for which the bond was issued, or (ii) by the governmental entity or private party that is the beneficiary or obligee of such bond. Without limiting the foregoing, Declarant, its agents and contractors shall have the right to enter upon any and all Common Areas or other portion of the Project affected by any such bonds and to abate, correct or remove any circumstance or condition that requires abatement, correction or removal by the beneficiary or obligee of the bond. Declarant, its agents and

contractors shall not be deemed guilty of any manner of trespass by any such entry, abatement, correction or removal. The rights reserved under this section with respect to any given bond shall continue through the date on which all obligations required by the governmental entity or private party with respect to such bond are performed, and the bond is surrendered to Declarant. Notwithstanding any term of this Declaration to the contrary, the rights described in this **Section 2.2** shall be personal to the undersigned Declarant and shall not transfer to its successors and assigns.

Section 2.8: Declarant Approval. During the Declarant Control Period, the exercise of all of the rights and powers set forth in **Subsections 2.3.1 through 2.3.6** shall require the prior written approval of Declarant.

ARTICLE 3. HOMEOWNERS ASSOCIATION

Section 3.1 Establishment. There is hereby created an Association called the Pacific Meadows, Snohomish Homeowners Association (the "Association").

Section 3.2 Form of Association. The Association shall be a nonprofit corporation formed and operated under the laws of the State of Washington.

Section 3.3 Articles and Bylaws. Declarant will adopt Articles of Incorporation in the form attached hereto as **Exhibit B**, and will propose to the initial Board of Directors, the adoption of Bylaws in the form attached hereto as **Exhibit C**, to supplement this Declaration and to provide for the administration of the Association and the Property and for other purposes not inconsistent with this Declaration. In the event of any conflict between this Declaration and the Articles for such nonprofit corporation, the provisions of this Declaration shall prevail. Bylaws for the administration of the Association and the Property, and to further the intent of this Declaration, shall be adopted or amended by the Owners at regular or special meetings, provided that the initial Bylaws shall be adopted by the Board of Directors. In the event of any conflict between this Declaration and any Bylaws, the provisions of this Declaration shall prevail.

Section 3.4 Board of Directors. The Association shall be managed by a Board of Directors who are Members of the Association. They shall be elected as set forth in the Articles of Incorporation and Bylaws of the Association.

Section 3.5 Membership and Voting Rights. The Association shall have two (2) classes of voting membership:

3.5.1 Class A Members shall be all Owners except the Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned, whether improved or not. When more than one Person holds an interest in any Lot, all such Persons shall be Members. The vote for such Lot shall be exercised as the joint owners may decide among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

3.5.2 The Class B Member shall be the Declarant who shall be entitled to three

(3) votes for each Lot owned by it. The Class B class of membership shall cease and be converted to Class A membership upon the occurrence of the earlier of the following events: (i) the number of votes of the Class A Members is greater than or equal to the number of votes of the Class B Member, or (ii) the seventh (7th) anniversary of the date on which this Declaration is recorded.

Section 3.6 Transfer of Membership. The membership in the Association of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be transferred in any way except upon the transfer of title to the Lot and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner.

Section 3.7 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipt and expenditures of the Association, in a form that complies with generally accepted accounting principles. The Board or a majority of the Owners may at any time require an annual audit prepared by an independent certified public accountant which shall be paid for by the Association.

Section 3.8 Inspection of Association Documents, Books and Records. The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, and other rules, books, records, and financial statements of the Association, and the most recent annual audited financial statement, if one is prepared. "Available" shall mean available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to pay the cost of making the copies.

Section 3.9 Declarant Control Period. During the Declarant Control Period, the Association and the ACC (as defined in Section 5.1 below), together with all Common Areas administered by the Association shall, for all purposes, be under the management and administration of Declarant or its assignees. During the Declarant Control Period, Declarant shall appoint the directors of the Association as provided in the Bylaws. Declarant may appoint any persons Declarant chooses as directors. At the Declarant's sole discretion, Declarant may appoint Members of the Association to such committees or positions in the Association, including the ACC, as Declarant deems appropriate, to serve at Declarant's discretion, and Declarant may assign such responsibilities, privileges and duties to the Members as Declarant determines, or for such time as Declarant determines. Members appointed by Declarant during the Declarant Control Period may be dismissed at Declarant's discretion.

Declarant's control of the Association during the Declarant Control Period is established in order to ensure that the Project and the Association will be adequately administered in the initial phases of development and to insure an orderly transition of Association operations. From and after the end of the Declarant Control Period, the Association shall have the authority and obligation to manage and administer the Common Areas and to enforce this Declaration. Such authority shall include all authority provided for in the Association's Articles, Bylaws, rules and

regulations and this Declaration, together with other duties that may be assigned to the Association in any easement or in the plat of Pacific Meadows. From and after the end of the Declarant Control Period, the Association shall also have the authority and obligation to manage and administer the activities of the ACC and its responsibilities.

3.9.1 Resignation of Directors After Transition Date. On the happening of the earlier of the foregoing events, any directors selected by the Declarant shall resign and be succeeded by directors elected by the Unit Owners.

3.9.2 Election by Members of Directors After Transition Date. Within thirty (30) days after the termination of any period of Declarant Control, the Unit Owners shall elect a Board of Directors of three (3) Members. The Board of Directors shall then elect their officers from the Members of the Board of Directors, as set forth in the Bylaws. The Members of the Board of Directors and officers shall take office upon election.

ARTICLE 4. MANAGEMENT OF THE ASSOCIATION

Section 4.1 Administration of the Property. The Members covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration and the Bylaws of the Association which are made a part hereof. Administrative power and authority shall be vested in the Board.

Section 4.2 Management by Declarant. The Project shall be managed on behalf of the Association by the Declarant during the Declarant Control Period. Declarant may terminate the Declarant Control Period as to all or a part of the Project by giving at least thirty (30) days' prior written notice of Declarant's election to permanently relinquish all of its authority under this Section 4.2 by written notice to all Owners. So long as Declarant is managing the Project, Declarant or a managing agent selected by Declarant shall have the exclusive power and authority to exercise all the rights, duties and functions of the Board and the Association set forth or necessarily implied in this Declaration, provided, however, that the Association may not be bound directly or indirectly to any contracts or leases without the right of termination exercisable without cause and without penalty at any time after transfer of control to the Board elected pursuant to Subsection 3.9.2, upon not more than ninety (90) days notice to the other party to the contract.

Section 4.3 Authority and Duties of the Board. On behalf of and acting for the Association, the Board, for the benefit of the Property and the Members, shall have all powers and authority permitted to the Board under this Declaration including, but not limited to, the following:

4.3.1 Assessments. Levy, collect, and enforce the collection of, assessments, as more particularly set forth in Article 7 hereof, to defray expenses attributable to carrying out the duties and functions of the Association hereunder.

4.3.2 Insurance. Require any officer or employee of the Association handling or responsible for Association funds to furnish adequate fidelity insurance, the premiums for

which shall be paid by the Association

4 3 3 **Contract with Third Parties.** Contract and pay for any materials, supplies, labor or services which the Board should determine are necessary or proper for carrying out its powers and duties under this Declaration, including legal, accounting, management, security patrol or other services, however, if any materials, supplies, labor or services are provided for particular Lots or their Owners, the cost thereof shall be specially charged to the Owners of such Lots. The Board may pay the Declarant a reasonable fee for any services it performs on behalf of the Association. Enter into agreements with one or more qualified persons to provide for the maintenance and repair of the Common Areas, the collection of assessments, the sending of all required notices to Owners, the operation of Association meetings, and other regular activities of the Association

4 3 4 **Utilities.** Contract and pay for the local utility's provision of street lighting throughout the Property.

4 3 5 **Banking Authority.** All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as is from time to time determined by the Board

4 3 6 **Maintenance and Repair of Common Areas.** Pay for the costs of painting, maintenance, repair and all landscaping and gardening work for all Common Area, and improvements located thereon, so as to keep the Project in a good, clean, attractive, sanitary and safe condition and in full compliance with applicable governmental laws, rules and regulations and the provisions of this Declaration. The foregoing shall include the cost of maintaining storm retention ponds or similar facilities, if any, the cost of maintaining, repairing and replacing mailbox stands that serve more than one (1) Lot, and such replacing and repairing of furnishings and equipment, if any, for the Common Areas as the Board shall determine are necessary and proper. Notwithstanding the foregoing, during any period when Declarant has procured a bond for the benefit of the Project, which bond affects any portion of the property and/or improvements that constitute the Project and/or any required off-site improvements for the Project, neither the Board, the Association or any Owner shall have any right to disturb, modify, maintain, remove, replace, or repair any portion of such property or improvements that are covered by any such bond or to grant to a third party any license, right of entry, or easement over, under or through any portion of the Project covered by any such bond without the prior written approval of Declarant. Notwithstanding any provision of this Declaration to the contrary, the approval rights described in the prior sentence shall be personal to the undersigned Declarant and shall not transfer to its successors and assigns.

4 3 7 **Maintenance of Rights of Way and Drainage Easement, Etc.** To the extent deemed advisable by the Board, pay for the costs of maintaining and landscaping rights of way, traffic islands and medians, or other similar areas which are within or adjacent to the Project boundaries, and which are owned by or dedicated to a governmental entity, if said governmental entity fails to do so, provided, the Lot Owner at the Owner's expense (rather than the Association) shall maintain and landscape such areas as are adjacent to such Owner's Lot

The Board shall further take all appropriate action and pay expenses associated with keeping the Private Storm Drain Ditch Easement clear of obstructions. Said easement area is reflected on the Pacific Meadows Plat recorded in connection with the Project, and benefits the adjacent land identified as Tax Parcel No 30051000100400

4.3.8. **Fences, Landscaping, Etc.** To the extent deemed advisable by the Board, pay for the cost of constructing, maintaining, repairing and replacing perimeter and interior fences, if any, and landscaping and improvements on easements, if any, which are located on or across Lots; provided, the Board at its option may require a Lot Owner at the Owner's expense to maintain, repair and replace such fences, landscaping and improvements as are adjacent to such Owner's Lot. All such perimeter and interior fences shall be constructed, maintained, repaired and replaced in accordance with the Common Fence Design Standards contained in attached **Exhibit D.**

4.3.9. **Enforce Declaration.** Enforce the applicable provisions of the Declaration for the management and control of the Project

4.3.10. **Attorney-in-Fact.** Each Owner, by the mere act of becoming an Owner, shall irrevocably appoint the Association as his/her attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Project, to deal with the Project upon damage or destruction, and to secure insurance proceeds.

Section 4.4 Adoption of Rules and Regulations. When and to the extent it deems advisable, the Board may adopt reasonable rules and regulations governing the maintenance and use of the Common Areas and the Property and other matters of mutual concern to the Members, which rules and regulations are not inconsistent with this Declaration and the Bylaws and which treat all Members fairly and in a non-discriminatory manner.

Section 4.5 Additional Powers of the Association. In addition to the duties and powers of the Association, as specified herein and elsewhere in this Declaration, but subject to the provisions of this Declaration, the Association, acting through its Board, shall have the power to do all other things which may be deemed reasonably necessary to carry out its duties and the purpose of this Declaration.

ARTICLE 5. ARCHITECTURAL CONTROL

Section 5.1 Construction and Exterior Alterations or Repairs.

5.1.1 All Structures (including, without limitation, concrete or masonry walls, rockeries, driveways, fences, hedges, swimming pools, if any, or other Structures) to be constructed, erected, placed or altered within the Property, all exterior alterations and repairs (including, but not limited to, re-roofing or repainting) of any Structures on the Property and visible from any street or other Lot, and any construction or alteration of landscaping on the Property must be approved by the Board or an Architectural Control Committee composed of three (3) or more representatives appointed by the Board, provided, that until completed Homes have been constructed on all of the Lots, Declarant shall act as the ACC. Complete plans and specifications of all such proposed buildings, structures, exterior alterations, and repairs, or landscaping together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the ACC shall be submitted to the ACC before construction, alteration or repair is begun. Construction, alterations or repair shall not be started until written approval thereof is given by the ACC.

5.1.2 The ACC will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the exterior design with proposed or existing structures on the Lots and, as to location of the building, with respect to topography, finish grade elevation and building setback restrictions and compliance with the Plat Map, in accordance with architectural guidelines to be adopted by the ACC.

5.1.3 All plans and specifications submitted for approval by the ACC must be submitted in duplicate at least thirty (30) days prior to the proposed construction or exterior alteration or repair starting date. In the event the ACC fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, the ACC will be deemed to have given its approval.

5.1.4 The maximum height of any building shall be established by the ACC as part of plan approval and shall be given in writing together with the approval. If the ACC has failed to disapprove such design and location within the thirty (30) day limit, and such design and location is thereby deemed approved, the maximum height of any building shall no greater than the height restrictions of local zoning, land use building codes.

5.1.5 The ACC may require that all plans or specifications be prepared by an architect or a competent house designer approved by the ACC. One complete set of the plans and specification shall in each case be delivered to and permanently left with the ACC. All buildings or structures shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the ACC. The ACC shall have the right to refuse to approve any design, plan or color for such improvements, construction or exterior, alteration or repair visible from a street or other Lot which is not suitable or desirable, in the ACC's opinion, and such refusal may be based entirely on aesthetic or other factors.

5 1 6 In evaluating any design, the ACC may consider the suitability of the proposed building or other structure, the material of which it is to be built, the exterior color scheme, the site upon which such buildings or structures are proposed to be built, the harmony thereof with the surroundings, and the effect or impairment that such building or structure will have on the view or outlook of surrounding Lots, compliance with the Plat Map, and any and all other factors which, in the ACC's opinion, shall affect the desirability or suitability of such proposed structure, building, improvements, or exterior alteration or repair

5.1.7 The ACC shall have the right to disapprove the design or installation of a swimming pool or any other recreational structure or equipment deemed undesirable, in the ACC's reasonable opinion, based on aesthetic factors or otherwise. The ACC may consider the visual impact of the proposed structure or equipment and the noise impact of the related activities upon all nearby Lots or Common Areas. Any enclosure or cover used in connection with such a recreational structure or equipment whether temporary, collapsible, or seasonal, shall be treated as a permanent structure for purposes of these covenants, and shall be subject to all the conditions, restrictions, and requirements as set forth herein for all buildings and structures.

5 1 8 The ACC may require, at the Owner's expense, the trimming, topping or, if deemed necessary by the ACC, removal of any tree, hedge or shrub on the Owner's Lot which, the ACC determines is reasonably blocking or interfering with the view or access to sunlight of another Lot or any Common Area.

5 1 9 Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions of this Section 5.1 as to any Lot owned by Declarant

5.1.10 By majority vote, the ACC may adopt or amend architectural guidelines consistent with this Declaration for making its determinations hereunder

5 1 11 No Structure shall be erected, altered, placed or permitted to remain on any Lots unless the Structure complies with the Plat Map and with applicable building codes. The ACC may require that the Owner furnish the ACC with evidence that all necessary permits have been obtained from the County for any work on a Lot for which ACC approval is required under this Section prior to commencement of the work

Section 5.2 Declarant Facilities. Notwithstanding any provision in this Declaration to the contrary, Declarant and its agents, employees and contractors shall be permitted to maintain during the period of sale of Lots or Homes upon such portion of the Property (other than Lots sold by Declarant) as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Lots and Homes, including but not limited to business offices, storage area, signs, model units, sales office, construction office and parking areas for all prospective tenants or purchasers of Declarant

Section 5.3 Variances. So long as Declarant owns any Lot, the Board may in its reasonable discretion, upon written request of the Declarant, grant a variance from the requirements of Article 6; thereafter, the Board may, upon written request of an Owner, grant a variance from the requirements of Article 6 only in cases where, because of the physical characteristics of the Lot, strict enforcement would result in an unnecessary hardship. Beginning at such time that Declarant owns no Lots, the Board may only grant a variance from the provisions of Sections 6.14, 6.18, 6.21, 6.26 through 6.32, 6.34, 6.35, and 6.46. The Board's authority to grant such a variance shall not be delegated to the ACC. Prior to granting such a variance, the Board shall hold an open hearing at which other Owners may comment. At least fifteen (15) days prior to such hearing, the Board shall give written notice of the nature of the requested variance: to the Owner of each Lot immediately adjacent to the Lot for which the variance is requested, to other Owners that would reasonably be affected by the variance, and by requiring the Owner requesting the variance to post a notice on such Owner's Lot in a form reasonably satisfactory to the Board.

Section 5.4 Appeals. Any aggrieved Owner may appeal a decision of the ACC to the Board by written notice within sixty (60) days after the ACC's written decision. The Board will review the ACC decision at the Board's next regularly scheduled meeting (but in any event not later than thirty (30) days after receipt of the notice of appeal). The Board shall give written notice to the appealing Owner of the time and place of such meeting at least five (5) days in advance. During the Declarant Control Period, the Declarant shall perform the role of the Board described in this Section 5.4.

ARTICLE 6.

USE AND MAINTENANCE OBLIGATIONS OF OWNERS

Section 6.1 Home and Yard Maintenance. Except for such maintenance and repairs which are to be performed by the Association pursuant to the provisions of this Declaration, each Owner, at said Owner's cost and expense, shall promptly and continuously maintain, repair, replace and restore the Home and other Structures or improvements on the Owner's Lot in a good, clean, attractive, safe and sanitary condition and in full compliance with all applicable laws, the provisions of this Declaration, and any rules and regulations of the Association. If any Owner fails to maintain, repair, replace or restore the Owner's Home, other Structures located on the Lot, or the Owner's Lot, the Association may, after Notice and Opportunity to be Heard, at the Owner's cost and expense, maintain, repair, replace or restore such items or areas and the Owner shall pay or reimburse the Association on demand for all such costs and expenses. All trees, hedges, shrubs, and flowers shall be kept in an attractive, neat, trimmed and pruned condition. Owners shall not allow their Lots to become overgrown or unkempt so as to create visual nuisance. Leaves, clippings, dead plants and other yard waste shall be placed in a compost pile or appropriate containers for disposal.

Section 6.2 Restrictions on Storage. No Owner shall store or allow any occupant or tenant to store any trailers, boats, motor homes, recreational vehicles, motorcycles, or trucks over two (2) tons (except those used by Declarant in connection with the development of the Property or construction of the Homes) or any disabled or inoperable motor vehicle on the Property unless any such vehicle is completely enclosed and hidden from view within a garage or within such other enclosure as may be approved in advance by the ACC. Violations of this Section shall

subject such vehicles to impound, at the expense and risk of the owner thereof

Section 6.3 Roads and Sidewalks. The road and sidewalks, located in Pacific Meadows shall be used exclusively for normal access, ingress and egress, and no obstructions shall be placed thereon or therein except by express written consent of the Board. The Board may adopt rules and regulations governing parking by Owners and their guests in Pacific Meadows.

Section 6.4 Residential Use. All Lots and Structures located thereon shall be used, improved and devoted exclusively for residential purposes only, including (i) sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants or personal guests, and similar activities commonly conducted within a residential dwelling (without regard to whether the Owner or occupant uses the Home as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis) or such other reasonable ancillary purposes commonly associated with residential dwellings and otherwise in compliance with this Declaration and all applicable laws for residential dwellings, (ii) for use as a home office or for a home occupation not involving use by nonresident employees or regular visits by customers or clients, (iii) for the common social, recreational or other reasonable uses normally incident to such purposes, and (iv) for purposes of operating the Association and managing the Property.

Section 6.5 No Nuisances. No noxious or offensive conditions shall be permitted upon any Lot or improvement thereon, nor shall anything be done thereon which is or may become an annoyance to other occupants on the Property.

Section 6.6 Restriction on Further Subdivision. No Lot, or any portion of a Lot in the Property, shall be divided and sold or resold, or ownership changed or transferred whereby, the ownership of any portion of the Property shall be less than the area required for the use district in which the Property is located, provided, the foregoing shall not prohibit deeds of correction, deeds to resolve boundary disputes and similar corrective instruments.

Section 6.7 Garbage and Trash Removal. No Lot or Common Area shall be used as a dumping ground for rubbish, trash, garbage, litter, junk and other debris. All garbage, trash and yard waste shall be placed in appropriate sanitary containers for regular disposal or recycling. Each Owner shall be responsible for the prompt and regular disposal of all of garbage, trash, junk and yard waste from the Owner's Lot. All containers for garbage, trash and yard waste may be placed in public view only on the designated collection day.

Section 6.8 Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept in or on any Home or Lot or on any Common Area, except that domesticated dogs, cats or other usual household pets (hereinafter referred to as "pets") not exceeding two (2) per Home may be kept on the Lots subject to rules and regulations adopted by the Board. Dog houses, kennels, dog runs or the like may be kept or maintained on any Lot or on the outside of any Home, so long as any of the foregoing items cannot be viewed from the street facing any lot or from the first floor of any residence within the Plat. All pets when outside a Home shall be maintained on an adequate leash or other means of physically controlling the pet, by a person capable of controlling the pet at all times or by a suitable

invisible electronic confinement system not dangerous to humans. Pets shall not be allowed to leave excrement on any Lot or on any portion of the Common Area. Any Owner whose pet violates these regulations shall be liable to all such harmed Owners and their families, guests, and invitees. The Board may, after Notice and Opportunity to be Heard, require the removal of any pet which the Board finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

Section 6.9 Signs. No signs shall be displayed to public view on any Lot until the Transition Date. After the Transition Date, only the following signs shall be permitted: (i) one professionally created sign of not more than one square foot displaying the resident's name, (ii) one sign of not more than five square feet advertising the Lot for sale or rent, (iii) signs used by Declarant or other home builders to advertise Lots or Homes for sale, (iv) the permanent entry signs for Pacific Meadows.

Section 6.10 Renting and Leasing.

6 10 1 With respect to the leasing, renting, or creation of any kind of tenancy of a Home, the Owner (except for a lender in possession of a Lot and improvements located thereon following a default in a first Mortgage, a foreclosure proceeding, or any deed of trust sale or other arrangement in lieu of a foreclosure) shall be prohibited from leasing or renting less than the entire Home, and for any term less than thirty (30) days, and all leasing or rental agreements shall be in writing and be subject to this Declaration, the Articles and Bylaws with a default of the tenant in complying with this Declaration, the Articles or Bylaws constituting a default under such lease or rental agreement.

6 10 2 If a Home is rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Home as is required to pay any amounts due the Association hereunder, plus interest and costs, if such amounts are in default over thirty (30) days. The renter or lessee shall not have the right to contest payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent to the extent such rent is paid to the Association, but will not discharge the liability of the Owner (and the Home under this Declaration for assessments and charges) or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Home or its Owner, or in derogation of any rights which a Mortgagee of such Home may have with respect to such rents. Other than as stated herein, there are no restrictions on the right of any Owner to lease or otherwise rent his Home.

Section 6.11 Zoning Regulations. Zoning regulations, building regulations, environmental regulations and other similar governmental regulations applicable to the Property subject to this Declaration shall be observed. In the event of any conflict between any provision of such governmental regulations and restrictions of this Declaration, the more restrictive provisions shall apply.

Section 6.12 Business Use. No business of any kind shall be conducted on any Lot with the exception of (i) the business of the Declarant in developing and selling Homes or Lots, and (ii) home occupations approved by the Board which do not involve employees, regular visits

by customers or clients, create excess traffic, parking problems, noise, or otherwise violate this Declaration. Owners shall also comply with all of the requirements of the appropriate local government concerning the operation of such home occupations. No business materials, supplies or equipment shall be stored on any Lot within the view of another Lot, except for items relating to an improvement which is under construction in conformance with this Declaration.

Section 6.13 Temporary Residence. No outbuilding, tent, shack, garage, trailer, shed or temporary building of any kind shall be used as a residence either temporarily or permanently, except for trailers used by Declarant, builders, or contractors during the construction period.

Section 6.14 Satellite Dishes. Except for a thirty-six inch (36") dish not in view from the front of any residence located within the Plat or as otherwise approved by the ACC in writing, no antenna, satellite dish or similar equipment shall be affixed to the exterior of any Structure or otherwise placed on any Lot. The ACC may regulate the location and screening of any antenna, satellite dish or similar equipment which the Owner may have a right to install on the Owner's Lot pursuant to the federal law.

Section 6.15 Governmental and Plat Requirements. All Structures and other Lot improvements shall comply with the Plat Map and all applicable governmental requirements including, without limitation, minimum setback requirements.

Section 6.16 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 6.17 Use and Disposal of Hazardous Substances. The Owner of each Lot shall comply with all state, federal and local laws and regulations governing or in any way relating to the handling, storage, use, dumping, discharge or disposal of any hazardous substance or material. The owner of each Lot shall not dispose of or discharge any hazardous substance or materials on any Lot, Common Area, public street or other area located within the Property.

Section 6.18 Completion of Projects. Any Structures or improvements, including any repairs or replacement thereof, constructed on any Lot shall be completed as to external appearance, including finish painting, within six (6) months from the commencement of construction except for reasons beyond the control of the Owner, in which case a longer period may be permitted by the ACC. This period may be extended by the ACC due to inclement weather.

Section 6.19 Mailboxes. Each of the mailboxes and mailbox structures shall be placed in locations approved by the United States Postal Service. Owners may not damage or otherwise interfere with a mailbox structure.

Section 6.20 Exterior Add-ons. No awnings, air conditioning units, or other projections shall be placed on or hung from the exterior surfaces of any Home unless they have

been approved by the ACC. Notwithstanding the foregoing, basketball hoops may hang from exterior surfaces of a Home as long as the hoop is hidden from view from the road located within the Property

Section 6.21 Outdoor Fires. Outdoor barbeques may be used for cooking on the Lots when permitted by law. Reasonable and adequate precautions against fires must be taken. Excessive smoke or soot accumulation from fires shall not be allowed. No other outdoor fires shall be permitted on the Property, except for fires by Declarant or contractors for burning construction wastes where all necessary government permits have been obtained, or with fireplace chimneys constructed with material approved by the ACC and as otherwise required by this Declaration

Section 6.22 Screened Service Areas. Unsightly items must be hidden from view within a Home or garage or within a fenced or screened area where they will not be seen from any Lot or road. Unsightly items shall include, but shall not be limited to, garbage and trash, clothes lines, bicycles, recreational gear, outdoor maintenance equipment, firewood and ladders. The design and materials used for any fenced or screened area shall be consistent with the general appearance of the Home and must receive prior approval from the ACC

Section 6.23 Damage and Repair of Property. Upon any Substantial Damage (as defined below) to any Home or Lot, the Owner shall promptly restore and Repair (as defined below) the Home to substantially the same size and design as the original Home. The prior written consent or vote of the Board and a vote of sixty-seven percent (67%) of the total votes entitled to be cast by the Owners of the Lots is required to rebuild in accordance with a plan that is different from the original plan or as modified by alterations approved by the Board. As used in this Section, Substantial Damage shall mean that in the judgment of a majority of the Board the estimated damage for this Home exceeds ten percent (10%) of the full, fair market value of the Home before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation

Section 6.24 Catch Basin. The Owner of each Lot shall ensure the cleaning of all catch basins, if any, located on such Lot at least once prior to September 15 of each calendar year

Section 6.25 Lot Size. No residential structure shall be erected or placed on any Lot which has a Lot area of less than that required by the government entity having appropriate jurisdiction over the Project

Section 6.26 Garages. Every Home must have a garage capable of holding at least two (2) full-size cars, but no more than three (3) full-size vehicles (any car, boat, recreational vehicle, etc. shall be deemed one (1) car for purposes of this limitation). All vehicles must be stored in garages or in a manner which the Board reasonably determines is not offensive when viewed from the street or from the ground level of adjacent Lots or Common Areas.

Section 6.27 Square Footage. Each single family residence must include a minimum of 1,200 square feet for single story Homes and 1,300 square feet for two-story Homes, excluding garage, porches and decks.

Section 6.28 Mobile or Manufactured Housing. There shall be no mobile or manufactured housing

Section 6.29 Driveway Standards. All driveways shall be constructed of concrete with a minimum of aggregate finish or other material approved by ACC. Declarant shall have the option of using asphalt to construct driveways longer than twenty feet (20')

Section 6.30 Parking. Unless substantially screened from view from the street or from the ground level of adjacent Lots and Common Area in a manner reasonably approved by the ACC, no recreational vehicles, commercial vehicles, construction or like equipment, motorcycles, or trailers (utility, boat, camping, horse, or otherwise), shall be allowed to be parked or stored on any Lot or street for a cumulative period in excess of fourteen (14) days in any one (1) calendar year. No motor vehicles of any kind shall be parked overnight on any street adjoining any Lot or Common Area, provided that, such vehicles belonging to guests of a Lot Owner may occasionally be so parked so long as such parking will not violate any other provision of this Section 6.30. No motor vehicle of any kind that is inoperative by reason of mechanical failure shall be parked or stored on any Lot or in any right-of-way or street adjoining any Lot or Common Area for more than seventy-two (72) hours. The Board shall have full authority to determine, in its sole discretion, if any vehicle is obnoxious or undesirable to other Lot Owners and to enforce this covenant. Pursuant to Article 8 of this Declaration, the Association may levy fines or have vehicles that are parked in violation of this Section towed and impounded at the Owner's expense.

Section 6.31 Roof. The exterior of all roofs shall be composed of materials approved by ACC. All roofs must have a pitch of at least 4/12 (four on twelve), unless approved by the ACC based on considerations regarding a specific Lot. Under no circumstances are flat roofs allowed. Roof material shall be at least twenty-five (25) year architectural composition asphalt shingle, charcoal color or other color approved by the ACC, and by a manufacturer approved and accepted by ACC.

Section 6.32 Exterior Finish. The exterior of each Home shall be designed, built and maintained in such a manner as to blend in with the natural surroundings, existing structures and landscaping of the Project. All exterior materials and all exterior colors must be approved by the ACC in accordance with the provisions of this Declaration. Exterior trim, fences, doors, railing, decks, eaves, gutters and the exterior finish of garages and other accessory buildings (including garden sheds) shall be designed, built and maintained to be compatible with the exterior of the structures they adjoin. Homes and other structures may be finished in vinyl siding if approved by the ACC. In no event shall T-111 panelized type siding be permitted on any Home or other structure.

Section 6.33 Utilities. All utilities shall be installed underground. No fuel tank shall be maintained above ground unless properly screened in a manner acceptable to the ACC. All Lots shall be served by public water and sewer. No wells or septic systems shall be constructed or maintained on any Lot.

Section 6.34 Fireplace Chimneys. Fireplace chimneys must be constructed with material approved by the ACC and as otherwise required by this Declaration.

Section 6.35 Games and Play Structures. No deck, platform, dog house, playhouse or structure of a similar kind or nature shall be constructed on any part of a Lot located in front of the rear line of the residence constructed thereon, and any such structure must have prior approval of the ACC.

Section 6.36 Construction of Significant Recreation Facilities. The construction of any significant recreational facilities on any Lot including, but not limited to, such items as swimming pools and tennis, badminton or pickle ball courts shall require the approval of the ACC and shall be subject to the requirements adopted by the ACC

Section 6.37 Window Coverings. All window coverings shall be installed six (6) months after Lot Owner takes possession of his or her residence. Use of sheets, blankets or other materials is strictly prohibited.

Section 6.38 Landscaping. All cleared areas between the front building line and the street shall be fully landscaped within thirty (30) days, depending on weather conditions, of the time when Home is ready for occupancy. Owner shall install or have installed fully landscaped rear and side yards within six (6) months of occupancy unless a longer time is approved by the ACC.

Section 6.39 Temporary Structures. No trailer, basement, tent, shack, garage, barn or other outbuildings or any structure of a temporary character erected or placed on the Project shall at any time be used as a residence, even temporarily. No building or structure shall be moved on to the Project from any land outside the Project. A trailer may be placed and occupied by the designated subdivision sales agent. A construction shack may be used by an Owner's construction contractor during the construction period. Builder may employ a security guard for the purpose of protecting property while under construction. Security guard may reside on the premises in a temporary building or trailer until such time as the last house is completed and sold.

Section 6.40 Easements. Easements for the installation and maintenance of utilities, drainage and irrigation facilities are reserved as shown on the Plat Map and as described in **Article 11**. Within these easements no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and/or maintenance of such utilities, or which may change the directions of flow of water through a drainage channel in the easement, or which may obstruct or retard the flow of water through drainage channels in the easement. Any easement or portion thereof located on any Lot and all improvements thereon shall be maintained continuously by the Lot Owner.

Section 6.41 Use During Construction. Except with the approval of the ACC, no person shall reside in any structure on any Lot until such time as the improvements to be erected thereon in accordance with the plans and specifications approved by the ACC have been completed. Completion shall be considered receipt of a final inspection of the dwelling unit by the Snohomish County Building Department or other applicable government official.

Section 6.42 Excavations. Except with the permission of the ACC, or except as may be necessary in connection with the construction of any approved improvement, no excavation

shall be made nor shall any dirt be removed from or added to any Lot. Except with permission of ACC, no retaining wall of more than four feet (4') in height (exposed height) may be constructed on any Lot.

Section 6.43 Nuisances. No noxious or undesirable thing, or noxious or undesirable use shall be permitted or maintained upon any Lot or upon any other portion of the Project. If the Board determines that a thing or use is undesirable or noxious, that determination shall be conclusive.

Section 6.44 Clothes Lines, Other Structures. No clothes lines or other structures of a similar nature shall be visible from any street or the ground level of any adjacent Lot or Common Area.

Section 6.45 Common Drives. Common drives, walks (if any) and paths (if any) shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the Board.

Section 6.46 Storm Runoff. Each Lot Owner shall ensure that all roof downspout drains are properly cleaned and maintained, and that the tight line drainage lines or storm infiltration system on each Lot are clean and free of any debris. Due diligence shall be exercised by each Lot Owner to prevent adverse impact of storm runoff onto down stream Lots.

ARTICLE 7. COMMON EXPENSES AND ASSESSMENTS

Section 7.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Project, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any assessment duly levied by the Association as provided herein. Such assessments, together with interest, costs, late charges and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, late charges and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to successors in title unless the lien for such delinquent assessments had been properly recorded prior to title transfer or unless expressly assumed by them. Provided, however, that in the case of a sale of any Lot which is charged with the payment of an assessment or assessments payable in installments, the person or entity who is the Owner immediately prior to the date of any such sale shall be personally liable only for the amount of the installments due prior to said date. The new Owner shall be personally liable for installments which become due on and after said date.

Section 7.2 Uniform Rate. Any assessments which may be levied from time to time pursuant to the authority of the Board as set forth in Section 4.3.1, shall be fixed at a uniform rate for each Lot, except for assessments levied against an Owner for the purpose of reimbursing the Association for costs incurred in bringing the Owner or his/her Home and/or Lot into compliance with the provisions of this Declaration. Declarant shall not be obligated to pay any assessment

levied against any Lots owned by it. An assessment against a Lot shall be the joint and several personal obligation of all Owners of that Lot.

Section 7.3 Initial Assessment Amount. Upon the sale of each Lot by the Declarant (whether to a builder or otherwise), each Lot Owner, at the time of his/her purchase of the Lot, shall pay an initial start-up assessment to the Association in the amount of \$300. Such initial assessment shall be in addition to any annual assessment provided for in this Article 7 and shall be for the purpose of reimbursing the Declarant and/or Association for maintenance and operating expenses of and for the Common Areas during the initial development and house sales period. Notwithstanding the provisions set forth above, the Declarant shall not be liable for any initial assessments assessed or due so long as Declarant owns any Lot.

Section 7.4 Limitation on Annual Assessment Amount.

7.4.1 Board Authority. At any time after the sale of the first Lot by the Declarant (whether to a builder or otherwise), the Board shall have the authority, without obtaining prior approval of the Owners, to levy assessments in a given calendar year totaling not more than \$300 per Lot. Assessments included in the foregoing calculation shall not include any assessments which are levied against an Owner for reimbursing the Association for costs incurred in bringing the Owner or his/her Home and/or Lot into compliance with the provisions of this Declaration nor any initial assessments provided for in Section 7.3. Notwithstanding the provisions set forth above, the Declarant shall not be liable for any fees or assessments assessed or due so long as Declarant owns any Lot.

7.4.2 Annual Increase in Dollar Limit. The maximum dollar amount specified in Section 7.4.1 shall not be increased by more than fifteen percent (15%) per year without the approval of a majority of the Lot Owners voting at a meeting duly called for such purpose.

7.4.3 Owner Approval Required. Any assessment to be levied in a given calendar year which would cause the total of all assessments for the year to exceed the sum per Lot permitted by Sections 7.4.1 and 7.4.2 shall require the calling of a meeting of the Association upon notice sent to all Members not less than thirty (30) nor more than sixty (60) days in advance of the meeting, and the approval at such meeting of the levy of such assessment by a majority of the Lots represented at such meeting, provided a quorum is present as defined in the Bylaws.

Section 7.5 Manner and Time of Payment. Assessments shall be payable by each Owner in such reasonable manner as the Board shall designate. Any assessment or installment thereof which remains unpaid for at least fifteen (15) days after the due date thereof shall bear interest at an annual rate of twelve percent (12%), and the Board may also assess a late charge in an amount not exceeding twenty-five percent (25%) of any unpaid assessment which has been delinquent for more than fifteen (15) days.

Section 7.6 Accounts. Any assessments collected by the Association shall be deposited in one or more insured institutional depository accounts established by the Board. The Board shall have exclusive control of such accounts and shall maintain accurate records thereof, provided, however, that the Board may exercise such control through a property manager retained pursuant to

Section 4.3.3 No withdrawal shall be made from said accounts except to pay for charges and expenses authorized by this Declaration

Section 7.7 Lien. In the event any assessment or installment thereof remains delinquent for more than thirty (30) days, the Board may, upon fifteen (15) days prior written notice to the Owner of such Lot of the existence of the default, accelerate and demand immediate payment of the entire assessment. The amount of any assessment assessed or charged to any Lot plus interest, costs, late charges and reasonable attorneys' fees, shall be a lien upon such Lot. A claim of lien may be recorded in the office where real estate conveyances are recorded for the county in which this Project is located. Such claim of lien may be filed at any time at least fifteen (15) days following delivery of the notice of default referred to above. The lien for payment of such assessments and charges shall have priority over all other liens and encumbrances, recorded or unrecorded, limited as provided in **Section 10.1**. Suit to recover a money judgment for unpaid assessments or charges shall be maintainable with or without foreclosure or waiver of the lien securing the same.

Section 7.8 Waiver of Homestead. Each Owner hereby waives, to the extent of any liens created pursuant to this **Article 7**, the benefit of any homestead or exemption law in effect at the time any assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms hereof

Section 7.9 Continuing Liability for Assessments. No Owner may exempt himself/herself from liability for his/her Assessments by abandonment of his/her Lot

Section 7.10 Records, Financial Statements. The Board shall prepare or cause to be prepared, for any calendar year in which the Association levies or collects any assessments, and shall distribute to all Owners, a balance sheet and an operating (income/expense) statement for the Association, which shall include a schedule of assessments received and receivable, identified by the number of the Lot and the name of the Owner so assessed. The Board shall cause detailed and accurate records of the receipts and expenditures of the Association to be kept specifying and itemizing the maintenance, operating, and any other expenses incurred. Such records, copies of this Declaration, the Articles and the Bylaws, and any resolutions authorizing expenditures of Association funds shall be available for examination by any Owner at reasonably convenient hours

Section 7.11 Certificate of Assessment. A certificate executed and acknowledged by the treasurer or the president of the Board, or an authorized agent thereof if neither the president nor treasurer is available, stating the indebtedness for assessments and charges or lack thereof secured by the assessment lien upon any Lot shall be conclusive upon the Association as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any Owner or any encumbrancer of a Lot within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any encumbrancer holding a lien on a Lot may pay any unpaid assessments or charges with respect to such Lot, and, upon such payment, shall have a lien on such Lot for the amounts paid of the same rank as the lien of his/her encumbrance

Section 7.12 Foreclosure of Assessment Lien, Attorneys' Fees and Costs. The Declarant or Board, on behalf of the Association, may initiate action to foreclose the lien of, or collect, any assessment. In any action to foreclose the lien of, or otherwise collect, delinquent

assessments or charges, any judgment rendered in favor of the Association shall include a reasonable sum for attorneys' fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action (including in any arbitration, on appeal, and in any bankruptcy proceeding), in addition to taxable costs permitted by law.

Section 7.13 Curing of Default. The Board shall prepare and record a satisfaction and release of the lien for which a claim of lien has been filed and recorded in accordance with this Article upon timely payment or other satisfaction of all delinquent assessments set forth in the Notice, and all other assessments which have become due and payable following the date of such recordation with respect to the Lot as to which such claim of lien was recorded, together with all costs, late charges and interest which have accrued thereon. An additional administrative fee of twenty-five dollars (\$25.00) covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction of the lien created by the claim of lien shall be executed by the president or treasurer of the Association or by any authorized representative of the Board. For the purposes of this paragraph, the term "costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the claim of lien and in efforts to collect the delinquent assessments secured by the lien and a reasonable sum for attorneys' fees.

Section 7.14 Omission of Assessment. The omission by the Board or the Association to fix the estimate for assessments and charges hereunder for the next year before the expiration of any current 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 the assessments and charges, or any installment thereof for that or any subsequent year. The assessment and charge fixed for the preceding year shall continue until a new assessment or charge is fixed.

Section 7.15 Assessment Deposit. A Lot Owner may be required, by the Board or by the managing agent, from time to time, to make and maintain a deposit of not more than the total of one (1) annual assessment, plus either one (1) special assessment if special assessments are payable on an annual basis, or three (3) special assessment installments if special assessments are payable on a monthly or other periodic basis. Such deposit may be collected as are other assessments and charges. Such deposit shall be held in a separate fund, be credited to such Owner, and be for the purpose of establishing a working capital fund for the initial Project operations and a reserve for delinquent assessments. Resort may be had thereto at any time when such Owner is ten (10) days or more delinquent in paying his/her assessments and charges, to meet unforeseen expenditures, to acquire additional equipment or services deemed necessary or desirable by the Board, or as a credit against any annual or special assessments to become due from such Owner. Said deposits shall not be considered as advance payments of annual assessments. All or any portion of such deposit may at any time be refunded to the Owner by the Association in the discretion of the Board, such refund being made as a cash refund or a credit against assessments subsequently to become due or a combination thereof.

Section 7.16 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

7.16.1 All properties dedicated to and accepted by a governmental entity,

7.16.2 All Common Areas, and

7.16.3 All properties owned by a charitable or nonprofit organization or an organization exempt from taxation by the laws of the State of Washington

However, the land or improvements, which are referred to in Sections 7.16.1, 7.16.2 and 7.16.3 and which are devoted to dwelling use, shall not be exempt from said assessments.

Section 7.17. Effect of Legal Proceedings. In any legal proceeding commenced pursuant to Section 8.1.1, and notwithstanding the assessment limitations provided for in this Declaration, the court having jurisdiction over such proceeding shall also have jurisdiction and power to cause assessments to be levied and collected on an equal per Lot basis in such amounts as is reasonably necessary to cause the Project to be properly administered in accordance with the provisions of this Declaration and the Bylaws, or to cause the provisions of this Declaration and the Bylaws to be properly applied and enforced.

**ARTICLE 8.
COMPLIANCE AND ENFORCEMENT**

Section 8.1 Enforcement.

8.1.1 Each Member, Board member and the Association shall comply strictly with the provisions of this Declaration and with the Bylaws and administrative rules and regulations adopted by the Association (as the same may be lawfully amended from time to time). Failure to comply shall result in a claim for damages or injunctive relief, or both, by the Board (acting through its officers on behalf of the Association and the Owners) or by the aggrieved Owner on his own, against the party (including an Owner or the Association) failing to comply.

8.1.2 Compliance of Lessee. Each Owner who shall rent or lease his/her Lot shall ensure that the lease or rental agreement is in writing and subject to the terms of this Declaration, Articles of Incorporation, and Bylaws. Said agreement shall further provide that failure of any lessee to comply with the provisions of said documents shall be a default under the lease.

8.1.3 In any action or arbitration to enforce the provisions of Section 8.1 or any other provision of this Declaration, the Articles or the Bylaws, the prevailing party in such action or arbitration shall be entitled to an award for reasonable attorneys' fees and all costs and expenses reasonably incurred in preparation for prosecution of said action or arbitration, in addition to all costs permitted by law.

Section 8.2 No Waiver of Strict Performance. The failure of the Board or Declarant, as applicable, in any one or more instances to insist upon or enforce the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of any Bylaws or administrative rules or regulations, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term,

covenant, condition or restriction shall remain in full force and effect. No waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board

Section 8.3 Arbitration. Any dispute between the Owners, between an Owner and the Board or the Association or between an Owner, the Board or the Association and Declarant shall be determined by arbitration in Snohomish County, Washington, under the American Arbitration Association (AAA) Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof, as modified by the Declaration. There shall be one arbitrator selected by the parties within seven (7) days of the arbitration demand or, if not, then selected pursuant to the AAA rules. The arbitrator shall be an attorney with at least five (5) years experience in owners association, subdivision or real estate law. Any issue about whether a claim must be arbitrated pursuant to this Declaration shall be determined by the arbitrator. At the request of either party made not later than forty-five (45) days after the arbitration demand, the parties agree to submit the dispute to nonbinding mediation, which shall not delay the arbitration hearing date. There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing, which shall be held within ninety (90) days of the demand and concluded within two (2) days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge including attorneys' fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages. This arbitration provision shall not cover claims by the Association for collection of assessments, such claims shall be governed by **Article 7**

Section 8.4 Remedies Cumulative. Except for claims which must be arbitrated pursuant to **Section 8.3** above, the remedies provided herein are cumulative and the Board may pursue them concurrently, as well as any other remedies which may be available under law although not expressed herein

ARTICLE 9. LIMITATION OF LIABILITY

Section 9.1 No Personal Liability. So long as a Board member, Association committee member, Association officer, or authorized agent(s) has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, no person shall be personally liable to any Member, or other party including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), any discretionary decision or failure to make a discretionary decision, by such person in such person's official capacity, provided, however, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance or bond obtained by the Board pursuant to **Article 4 or Article 14** hereof.

Section 9.2 Indemnification. Each Board member or Association committee member, or Association Officer, and their respective heirs and successors, shall be indemnified by the Association against all expenses and liability, including attorneys' fees, reasonably

incurred by or imposed in connection with any proceeding to which he or she may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct, or gross negligence or a knowing violation of law in the performance of his or her duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled, provided, however, that in the event of a settlement and reimbursement as being in the best interests of the Association. Nothing contained in this Section 9.2 shall, however, be deemed to obligate the Association to indemnify any Member who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him or her under and by virtue of the Declaration as a Member or Owner of a Lot

ARTICLE 10. MORTGAGEE PROTECTION

Section 10.1 Priority of Mortgages. Notwithstanding all other provisions hereof, the liens created under this Declaration upon any Lot for assessments shall be subject to tax liens on the Lot in favor of any assessing and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by first lien mortgages or deeds of trust which were made in good faith and for value upon the Lot. A mortgagee of a Lot, or other purchaser of a Lot, who obtains possession of a Lot as a result of foreclosure or deed in lieu thereof will be liable for any assessment accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lot Owners including such possessor, his successor and assigns. For the purpose of this Article, the terms "mortgage" and "mortgagee" shall not mean a real estate contract (or the vendor thereunder), or a mortgage or deed of trust (or mortgagee or beneficiary thereunder) securing a deferred purchase price balance owed with respect to a sale by an individual Lot Owner other than Declarant.

Section 10.2 Effect of Declaration Amendments. No amendment of this Declaration shall be effective to modify, change or limit or alter the rights expressly conferred upon mortgagees in this instrument with respect to any unsatisfied mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such mortgage. Any provision of this Article conferring rights upon mortgagees which is inconsistent with any other provision of this Declaration shall control over such other inconsistent provisions.

Section 10.3 Rights of Lien Holders. A breach of any of the provisions, conditions, restrictions, covenants, easements or reservations herein contained shall not affect or impair the lien or charge of any bona fide mortgage made in good faith for value on any Lots, provided, however, that any subsequent owner of the Lot shall be bound by these provisions whether such owner's title was acquired by foreclosure or trustee's sale or otherwise.

Section 10.4 Copies of Notices. If the first mortgagee of any Lot has so requested of the Association in writing, the Association shall give written notice to such first mortgagee that an Owner/mortgagor of a lot has for more than sixty (60) days failed to meet any obligation under this Declaration. Any first mortgagee shall, upon written request, also be entitled to receive written notice of all meetings of the Associations and be permitted to designate a representative to attend such meetings.

Section 10.5 Change in Manner of Architectural Review and Maintenance Within Project. The Association shall not, without prior written approval of seventy-five percent (75%) of all first Mortgagees (based upon one (1) vote for each first Mortgage owned) and seventy-five percent (75%) of all Owners (other than Declarant) of record by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Homes, the exterior maintenance of Homes, maintenance of walkways, fences and driveways, or the upkeep of lawns and plantings in the development, including the provisions of Articles 4 and 5 hereof.

Section 10.6 Furnishing of Documents. The Association shall make available to prospective purchasers, Mortgagees, insurers, and guarantors, at their request, current copies of the Declaration, Bylaws, and other rules governing the Project, and the most recent balance sheet and income/expense statement for the Association, if any has been prepared.

ARTICLE 11. EASEMENTS AND SPECIAL TRACTS

Section 11.1 Association Functions. There is hereby reserved to Declarant and the Association or their duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, or in the Bylaws, and rules and regulations adopted by the Association.

Section 11.2 Utility Easements. Various easements are reserved on the Lots, as provided by the Plat Map and applicable laws, ordinances and other governmental rules and regulations for utility installation and maintenance, including, but not limited to, underground electric power, telephone, cable television, water, sewer, gas and drainage and accessory equipment, together with the right to enter upon the Lots at all times for said purposes. Within these easements, no structure, planting, or other material shall be placed or permitted to remain that may damage, interfere with the installation and maintenance of utilities, that may change the direction of flow of drainage channels in the easements, or that may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot, and all improvements thereon, shall be maintained continuously by the Owner of each Lot, except for those improvements for which a public authority or utility company or the Association is responsible within the easement areas. The Owner shall maintain the portion of any utility on the Owner's Lot or within a private easement for the Owner's Lot that serves only the Owner's Lot to the point of connection to the portion of the system that serves more than one Lot. The Association shall have an easement for the maintenance, repair and replacement of the portions of the easements that serves more than one Lot up to the point of connection to the public system.

Section 11.3 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 of the Lots and the Common Area in order to carry out their duties under such security patrol agreement, provided, however, that said patrol service can enter a Lot only if it is either (i) doing so with reasonable cause, or (ii) acting with the consent of the Owner or tenant of such Lot

Section 11.4 Access to Public Streets. Each Owner and his/her guests and invitees shall have a perpetual, non-exclusive easement across all roadways constructed within the Project, thereby providing access throughout the Project and to public streets.

Section 11.5 Storm Drainage and Maintenance Easements. A private perpetual, nonexclusive easement for storm drainage, grading, landscaping and maintenance is hereby granted and conveyed to the Lot Owners and the Association under and upon the exterior five feet (5') adjoining each side and rear boundary line of each Lot and Tract. If the boundary line of any Lot or Tract is altered, the easement shall relocate accordingly. The Association shall have the right of ingress and egress and the right to excavate, construct, operate, maintain, repair and/or rebuild (i) an enclosed or open channel storm water conveyance system and/or other drainage facilities under, upon or through the drainage easement, provided that each Lot Owner shall have the explicit responsibility for maintaining the portion of the system located on the Owner's Lot, and (ii) landscaping, including retaining walls and similar improvements, fencing, and any regrading that the Association deems reasonable to advance the safety, beautification or value of the Project, provided that each Lot Owner shall have the explicit responsibility for maintaining the portion of any such improvements located on the Owner's Lot.

Section 11.6 Easements Benefiting Adjacent Parcels. There is hereby reserved to Declarant, and to any entity under the control of, controlled by, or under common control with Declarant (a "Declarant Affiliate"), and their duly authorized agents and contractors, a nonexclusive easement under, through and over the Common Area for underground utilities and for vehicular and pedestrian access, which easement shall benefit of any property immediately adjacent to any such Common Area that is at any time (whether then or in the future) owned by Declarant or any Declarant Affiliate. Any entity shall be deemed to be "controlling" or "controlled" if it owns or is owned by an entity with twenty percent (20%) or more of the beneficial ownership of such entity, either directly or indirectly.

ARTICLE 12.
ABANDONMENT OF SUBDIVISION STATUS

Section 12.1 Duration of Covenants. The covenants contained herein shall run with and bind the land and be perpetual, unless modified, by an instrument executed in accordance with **Article 13**.

Section 12.2 Abandonment of Subdivision Status. The Association shall not, without the prior written approval of the governmental entity having jurisdiction over the Property and without prior written approval of one hundred percent (100%) of all first Mortgagees and Owners (other than the sponsor, developer or builder) of record, seek by act or omission to abandon or terminate the subdivision status of the Property as approved by the governmental entity having appropriate jurisdiction over the Property.

ARTICLE 13.
AMENDMENT OF DECLARATION OR PLAT MAP

Section 13.1 Declaration Amendment. Amendments to this Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Until the Transition Date, this Declaration may be amended by an instrument approved and executed by Declarant and approved by seventy-five percent (75%) of each class of Members in the Association. Thereafter, amendments must be approved by Owners, including Declarant, having over seventy-five percent (75%) of the votes in the Association. The Members' approval may be obtained by a special vote of the Members at a meeting of the Association, or the written consent of the requisite percentage of Members. The amendment shall be executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained. Notwithstanding any of the foregoing, the prior written approval of seventy-five percent (75%) of all Mortgagees who have requested from the Association notification of amendment shall be required for any material amendment to the Declaration or the Bylaws of any of the following: voting rights, assessments, assessment liens, and subordination of such liens, reserves for maintenance, repair, and replacement of Common Areas, insurance or fidelity insurance, responsibility for maintenance and repair, the boundaries of any Lot, convertibility of Lots into Common Areas or of Common Areas into Lots; leasing of Lots other than set further herein, imposition of any restrictions on the right of an Owner to sell or transfer his Lot; a decision by the Association to establish self-management when professional management has been required previously by the Mortgagees, or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of first Mortgages. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

Section 13.2 Plat Map. Except as otherwise provided herein, the Plat Map may be amended by revised versions or revised portions there referred to and described as to affect an amendment to the Declaration adopted as provided for in **Section 13.1**. Copies of any such

proposed amendment to the Plat Map shall be made available for the examination of every Owner. Such an amendment to the Plat Map shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county offices in conjunction with the Declaration amendment.

Section 13.3 Amendments to Conform to Construction. Declarant, upon Declarant's sole signature, and as attorney-in-fact for all Lot Owners with irrevocable power coupled with an interest, may at any time, until all Lots have been sold by Declarant, file an amendment to the Declaration and to the Plat Map to conform date depicted therein to improvements as actually constructed and to establish, vacate and relocate easements.

Section 13.4 Amendments to Conform to Lending Institution Guidelines. So long as Declarant continues to own one or more Lots, Declarant, upon Declarant's sole signature, and as an attorney-in-fact for all Lot Owners with an irrevocable power coupled with an interest, may at any time, until all Lots have been sold by Declarant, file such amendments to the Declaration and Plat Map as are necessary to meet the then requirements of Federal National Mortgage Association, Veterans Administration, Federal Home Loan Mortgage Corporation, or other agencies, institutions or lenders financing and/or title insuring the purchase of a Lot from the Declarant.

Section 13.5 Article 16 Amendments. Declarant, upon Declarant's sole signature, and as an attorney-in-fact for all Lot Owners with an irrevocable power coupled with an interest, may at any time, until all Lots have been sold by Declarant, file such amendments to the Declaration and Plat Map as are necessary in the exercise of Declarant's powers under **Article 16** Annexations provided for in **Article 16** shall be approved and recorded as an amendment to this Declaration as provided in this **Article 13**.

ARTICLE 14. INSURANCE

Section 14.1 Association Insurance. The Board shall cause the Association to purchase and maintain at all times as a common expense a policy or policies necessary to provide comprehensive liability insurance, fidelity insurance, worker's compensation insurance to the extent required by applicable laws, insurance against loss of personal property of the Association by fire, theft, or other causes with such deductible provisions as the Board deems advisable, and such other insurance as the Board deems advisable. The Board may also, in its sole discretion, cause the Association to purchase and maintain insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's affairs. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects and licensed to do business in the state of Washington. All such insurance policies and fidelity bonds shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to any and all insureds named therein, including Owners, holders of mortgages, and designated services of mortgagees.

Section 14.2 Owner's Insurance.

14.2.1 All Owners shall obtain and maintain property insurance, liability insurance, and such other insurance as the Board deems advisable. All insurance shall be obtained from insurance carriers that are generally acceptable for similar residential properties and authorized to do business in the state of Washington. All such insurance policies shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the Association. All Owners shall provide the Association with proof of insurance upon the request of the Association.

14.2.2 The property insurance maintained by each Owner shall, at the minimum, provide all risk or special cause of loss coverage, in an amount equal to the full replacement cost of each Home and all fixtures and improvements located thereon, with such reasonable deductibles and exclusions from coverage as the Board may from time to time approve or by rule or regulation establish.

14.2.3 The liability insurance coverage maintained by each Owner shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Lot and such other risks as are customarily covered for similar residential properties with a limit of liability of at least three hundred thousand dollars (\$300,000.00).

14.2.4 Any person or the Home or Lot for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Owner pursuant to Section 6.23 unless the subdivision is terminated or repair or replacement would be illegal under any state or local health safety statute or ordinance.

ARTICLE 15. OWNER'S PROPERTY RIGHTS

Section 15.1 Owner's Rights of Enjoyment. Every Owner shall have a non-exclusive right and easement, in common with all Owners, of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

15.1.1 The right of the Association to limit access to those portions of the Common Areas, which in the opinion of the Board are dangerous.

15.1.2 The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon any Common Area.

15.1.3 The right of the Association to suspend the voting rights and right to use of the Common Areas by an Owner for any period during which any assessment against such Owner's Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

15.1.4 The rights of the Association to dedicate or transfer all or any part of the Common Area, including easements across said properties, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the Owners has been recorded and the provisions of this Declaration hereof have been observed; provided, only a majority of Owners will be necessary to approve dedicating a storm retention pond or similar facility, if any, to a governmental entity which shall maintain such ponds or facilities

15.1.5 The right of the Association to limit the number of guests of Members

15.1.6 The right of the Association, in accordance with this Declaration and its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, but the rights of such Mortgagee in said property shall be subordinate to the rights of the Owners hereunder and subject to the provisions of this Declaration

15.1.7 The right of the Association to take such steps as are reasonably necessary to protect any property mortgaged in accordance with this Section 15.1 against foreclosure, including, but not limited to, the right to charge admission and other fees as a condition to continued enjoyment by the Owners and, if necessary, to open the enjoyment of such properties to the public.

15.1.8 The right of the Declarant, at any time during the Declarant Control Period, to reserve to itself rights of entry, licenses, easements, or similar rights to use the Common Areas for the purposes specified in such reservation.

15.1.9 During the Declarant Control Period, the exercise of all of the rights and powers set forth in Article 3 shall require the prior written approval of Declarant.

Section 15.2 Delegation of Use. Any Owner may delegate (in accordance with the Bylaws), his/her right of enjoyment to the Common Area and facilities to the members of his/her family, or his/her tenants or contract purchasers who reside on the Owner's Lot and (subject to regulation by the Association) to his/her temporary guests

ARTICLE 16.
SUPPLEMENT AND WITHDRAWAL OF ADDITIONAL PROPERTIES

Section 16.1 Supplement and Withdrawal by Declarant. Declarant may from time to time subject to the provisions of this Declaration all or any portion of property owned by the Declarant or the Declarant's successors in interest as designated by the Declarant, including portions which are not contiguous to other portions of the Property, by Recording a Supplemental Declaration describing the additional property to be subjected. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant. Any Additional Lands, including but not limited to those lands listed in Subsection 16.1.1 below, shall be added to the Project covered by this Declaration by the filing for record of an amendment to this Declaration. All Lot Owners hereby covenant and agree to burden the Project and any Additional Lands with all of the duties, responsibilities, costs and expenses related to the management, administration, maintenance and improvement of the Common Areas, and such additional Common Areas as may be included in the Additional Lands. This Declaration does not give the Association or any Lot Owners any rights to any Additional Lands until such Additional Lands are subjected to this Declaration. When any Additional Lands are subjected to the terms of this Declaration, then the Additional Lands shall become part of the Project and the owners of the Additional Lands, including Lot Owners, shall automatically become Members of the Association and shall be entitled to all of the rights and benefits, and subject to all of the obligations of, the Members of the Association. Although not obligated to do so, Declarant reserves the right to discontinue development of and withdraw from the Project any unplatted land within the Project, including any Additional Lands previously annexed, without the assent of the Members of the Association. When any Additional Lands are made subject to this Declaration, they shall also become subject to assessment. Assessments may be adjusted to reflect the total number of Lots obligated to contribute to the Association budget.

16.1.1 **Planned Annexations.** The annexation of the following Additional Lands is contemplated as of the date of filing of this Declaration. This Section does not preclude nor limit in any way the annexation of Additional Lands not listed here.

- (a) The land identified as "Tract 995" in the Survey Map and Plans of Pacific Meadows Division I will be annexed as Pacific Meadows Division II upon completion of the subdivision and improvements thereon, and
- (b) The land identified as the Smith/Romero short plat.

Section 16.2 Non-Declarant Annexations. Annexation of Additional Lands other than Declarant annexations provided for in Section 16.1 hereof shall require the assent of the Owners, Mortgagees and Declarant as provided in Section 13.1.

Section 16.3 Common Areas Within Additional Lands. Common Areas within any Additional Lands subsequently annexed to the existing Project shall be available for the common use of all Owners of Lots within the existing Project as well as within such subsequently annexed Additional Lands. Likewise, Common Areas within the existing Project shall be available for the

common use of all Owners of Lots within such subsequently annexed Additional Lands as well as within the existing Project

Section 16.4 Expansion by Declarant. Declarant's right to expand the Properties pursuant to this Section shall expire 20 years after this Declaration is Recorded. Until then, Declarant may transfer or assign this right to any Person. Any such transfer shall be memorialized in a written, Recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop all of the property described in Exhibit "A" in any manner whatsoever.

Section 16.5 Additional Covenants and Easements. Declarant may subject any portion of the Properties to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by someone other than Declarant, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

Section 16.6 Effect of Recording Supplemental Declaration. A Supplemental Declaration shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

ARTICLE 17. MISCELLANEOUS

Section 17.1 Notices.

17.1.1 Any written notice or other documents as required by this Declaration, may be delivered personally or by certified mail. If by mail, such notice, unless expressly provided for herein to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received 48 hours after a copy thereof has been deposited in the United States mail, postage prepaid, addressed as follows:

17.1.1.1 If to a Member, other than Declarant, to the mailing address of such Member maintained by the Association, pursuant to the Bylaws.

17.1.1.2 If to Declarant, whether in its capacity as a Member, or in any other capacity, the following address (unless Declarant shall have advised the Board in

writing of some other address)

PRH, LLC
17921 Bothell-Everett Hwy., Suite 100
Bothell, WA 98012

17 1 1 3 Prior to the organization of the Association, notices to the Association shall be addressed as set forth above. Thereafter, notices to the Association shall be addressed to the official mailing address furnished by written notice from the Association. In addition, from and after the organizational meeting, notice of the address of the Association shall be given by the Board to each Owner, within a reasonable time after the Board has received actual notice of such Owner's purchase of a Lot.

Section 17.2 Conveyance Notice Required. The right of an Owner to sell, transfer, or otherwise convey his or her Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. If a Lot is being sold, the Board shall have 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 Lot, whether or not such information is requested.

Section 17.3 Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sublessees and assignees of the Member.

Section 17.4 Joint and Several Liability. In the case of joint ownership of a Lot, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners, set forth in or imposed by this Declaration, shall be joint and several.

Section 17.5 Mortgagee's Acceptance.

17 5 1 This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to said Mortgagee's Mortgage.

17 5 2 Declarant shall not consummate the conveyance of title of any Lot until the Mortgage of the Lot shall have accepted the provisions of this Declaration and made appropriate arrangements for partial release of the Lot from the lien on the Mortgage. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of this Declaration and the status of the Lots remaining subject to its Mortgage as well as its acknowledgment that such appropriate arrangements for partial release of Lots has been made, provided, that, except as to Lots so released, said Mortgage shall remain in full force and effect as to the entire property.

Section 17.6 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or

portion thereof shall not affect the validity or enforceability of any other provision hereof

Section 17.7 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Property.

Section 17.8 Captions. Captions given to the various articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof

Section 17.9 Effective Date. The Declaration shall take effect upon recording.

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

DECLARANT:

PRH, LLC, a Washington limited liability company

By


Lynn Eshleman

Its:

Authorized Representative

STATE OF WASHINGTON

COUNTY OF SNOHOMISH

I certify that I know or have satisfactory evidence that LYNN ESHLEMAN is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Authorized Representative of PRH, LLC, a corporation, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument

Dated this 25th day of June, 2008





Signature of Notary

Theresa M. Wester

Legibly Print or Stamp Name of Notary

Notary public in and for the state of Washington, residing at Bothell

My appointment expires 6/10/09

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 30 NORTH, RANGE 5 EAST, W.M., IN SNOHOMISH COUNTY, WASHINGTON, EXCEPT THE FOLLOWING DESCRIBED TRACT.

COMMENCING AT THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 30 NORTH, RANGE 5 EAST, W.M.;

THENCE NORTH ALONG THE WEST LINE OF SAID SOUTHWEST QUARTER A DISTANCE OF 125 FEET TO THE POINT OF BEGINNING,

THENCE EAST 135 FEET PARALLEL TO THE SOUTH LINE OF SAID SOUTHEAST QUARTER,

THENCE NORTH 166 FEET PARALLEL TO THE WEST LINE OF SAID SOUTHEAST QUARTER;

THENCE WEST 135 FEET PARALLEL TO THE SOUTH LINE OF SAID SOUTHEAST QUARTER;

THENCE SOUTH ALONG THE WEST LINE OF SAID SOUTHEAST QUARTER TO THE POINT OF BEGINNING,

EXCEPT THAT PORTION LYING WITHIN 55TH AVENUE NE DESCRIBED AS THE WEST 30 FEET AS MEASURED AT RIGHT ANGLES TO THE WEST LINE OF SAID SOUTHEAST QUARTER OF THE NORTHWEST QUARTER THEREOF

TOGETHER WITH,

THAT PORTION OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 10, TOWNSHIP 30 NORTH, RANGE 5 EAST, W.M., SNOHOMISH COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS.

BEGINNING AT THE NORTHEAST CORNER OF NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 10;

THENCE NORTH 88°12'27" WEST ALONG THE NORTHERLY LINE THEREOF A DISTANCE OF 681.94 FEET;

THENCE SOUTH 00°11'35" EAST A DISTANCE OF 435.02 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE EAST HAVING A RADIUS OF 927.50 FEET;

THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 07°00'00" AN ARC DISTANCE OF 113.22 FEET;

THENCE SOUTH 07°11'35" EAST A DISTANCE OF 107.39 FEET TO THE SOUTHERLY LINE OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 10,

THENCE SOUTH 87°55'26" EAST ALONG SAID SOUTHERLY LINE A DISTANCE OF 668.50 FEET TO THE SOUTHEAST CORNER OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 10,

THENCE NORTH 00°45'16" WEST ALONG THE EASTERLY LINE OF SAID NORTH
HALF A DISTANCE OF 657.51 FEET TO THE POINT OF BEGINNING,

ALL SITUATE IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.

EXHIBIT B

ARTICLES OF INCORPORATION

FOR

PACIFIC MEADOWS, SNOHOMISH HOMEOWNERS'
ASSOCIATION

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**ARTICLES OF INCORPORATION
OF
PACIFIC MEADOWS, SNOHOMISH HOMEOWNERS' ASSOCIATION**

Lynn L. Eshleman, for the purpose of forming a nonprofit corporation under Chapter 24.03 of the Revised Code of Washington, adopts the following Articles of Incorporation.

ARTICLE I Name

The name of the corporation is the PACIFIC MEADOWS, SNOHOMISH HOMEOWNERS' ASSOCIATION, hereinafter referred to as the "Association."

ARTICLE II Duration

The period of duration of the Association is perpetual.

ARTICLE III Purposes

The Association is organized exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986 (or the corresponding provision of any future U.S. Internal Revenue law). This Association does not contemplate pecuniary gain or profit to its members

The specific purposes for which this Association is formed are to provide for the maintenance, preservation, and control of the open space and Shared Areas within a residential development (the "Property") located in Snohomish County, Washington that is Commonly referred to as the plat of Colleen Estates.

The Property is subject to a certain Declaration of Covenants, Conditions and Restrictions recorded on July 11, 2007, under Snohomish County Auditor's File No. 200707110118 (the "Declaration"), which authorizes the formation of the Association. The Association will promote the health, safety, and welfare of the residents within the Property, all in accordance with the provisions of the Declaration.

ARTICLE IV Powers

Without limiting the foregoing, the Association has the authority to exercise any powers conferred by the Declaration, or Bylaws, as currently enacted or hereafter amended or superseded, exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and exercise any other powers necessary and proper for the governance and operation of the Association

ARTICLE V Dissolution

The Association may be dissolved with the assent given in writing and signed by eighty percent (80%) of the votes in the Association that are allocated. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association will be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is not accepted, or in the event that there is not an appropriate public agency, such assets will be granted, conveyed, and assigned to any nonprofit corporation, association, trust or other organization or allocated in an undivided interest to each Owner of a Lot within the property to be devoted to such similar purposes.

ARTICLE VI Registered Office and Agent

The address of the initial registered office of the Association is 22833 Bothell Everett Hwy., Suite 218, Bothell, WA 98021. The name of the registered agent at that address is S. Shawn Tacey.

ARTICLE VII Management

A Board of Directors will manage the affairs of the Association. The right to make, alter, or repeal the Bylaws of the Association is vested in the Board of Directors as set forth in the Bylaws.

ARTICLE VIII Directors

The number of Directors constituting the initial Board of Directors of the Association is one (1), and the name and address of the person who is to serve as Director until the earlier of (i) the first annual meeting of the members; or (ii) until their successors are elected and qualified are as follows:

Lynn L. Eshleman
17921 Bothell-Everett Hwy., Suite 100
Bothell, WA 98012

The number, qualifications, terms of office, manner of election, time and place of meetings, and powers and duties of the Directors are prescribed in the Bylaws.

ARTICLE IX Limitation of Director Liability

A Director of the Association is not personally liable to the Association or its members for monetary damages for conduct as a Director, except for liability of the Director (i) for acts or omissions which involve intentional misconduct by the Director or a knowing violation of law by the Director, or, (ii) for any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled. If the Washington Nonprofit Corporation Act is amended to authorize corporate actions further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Association is eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act, as amended. Any repeal or modification of the foregoing paragraph by the Members of the

Association will not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

ARTICLE X Indemnification of Directors and Officers

The Association indemnifies its Directors and Officers against all liability, damage, and expenses arising from or in connection with service as Directors and Officers with this Association to the maximum extent and under all circumstances permitted by law

ARTICLE XI Incorporator

The name and address of the incorporator is S. Shawn Tacey, 22833 Bothell Everett Hwy , Suite 218, Bothell, WA 98021.

ARTICLE XII Earnings

No part of the net earnings of the Association inures to the benefit of any Member or other individual other than by acquiring, constructing, or providing management, maintenance, and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments.

ARTICLE XIII Members

Every Owner of a Lot is a member of this Association. Membership is appurtenant to and may not be separated from ownership of any Lot that is subject to assessment. Natural persons, partnerships, corporations, trusts, or other lawful business entities may own or have an ownership interest in a Lot.

ARTICLE XIV Amendment

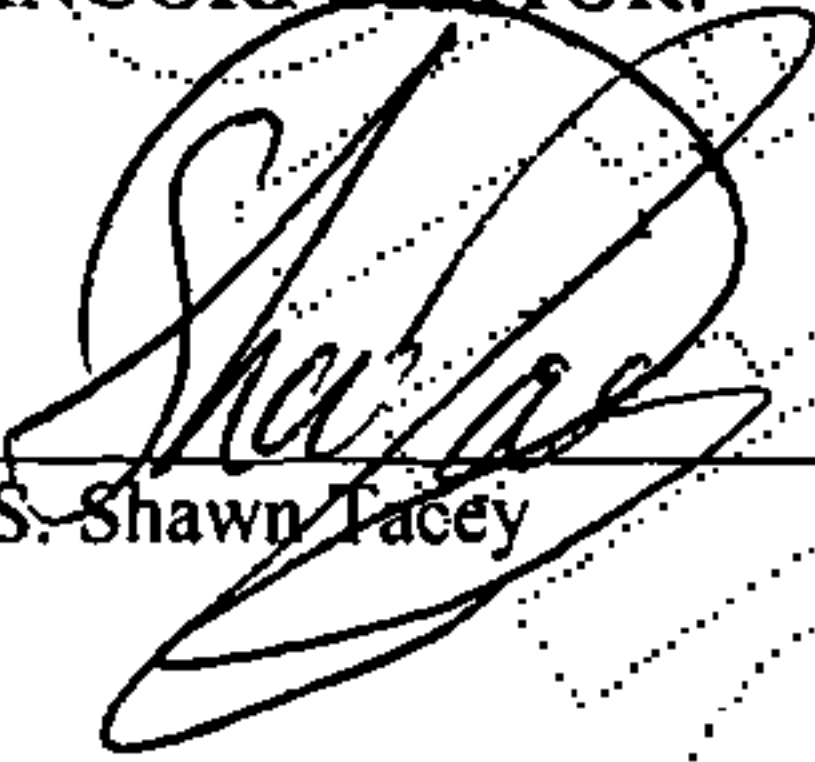
These Articles may be amended by the assent of sixty-seven percent (67%) of the entire membership; provided, however, that the Board of Directors has the authority to appoint a new registered agent, and the Directors shall be appointed or elected as stated in the Bylaws

ARTICLE XV Terms

The terms used in these Articles of Incorporation have the same meaning as in the Declaration.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Washington, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this 15 day of September, 2006.

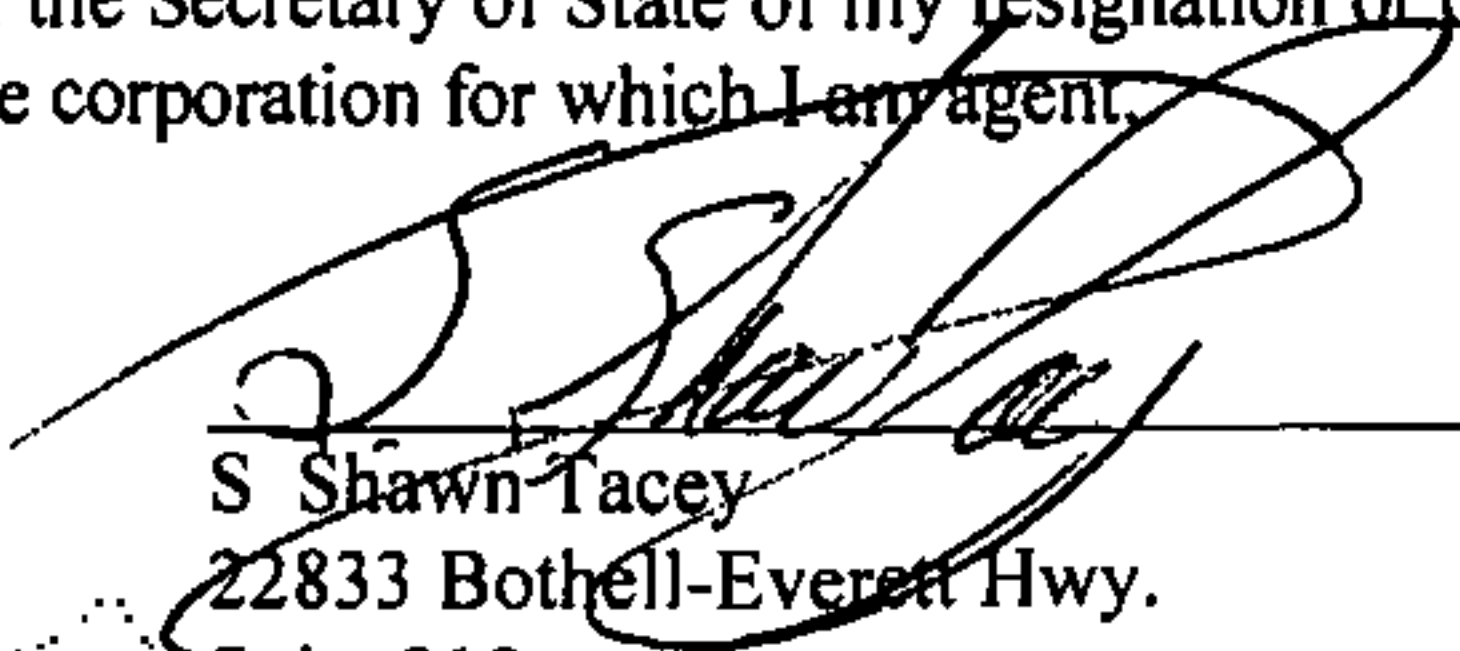
INCORPORATOR:


S. Shawn Tacey

CONSENT TO APPOINTMENT AS REGISTERED AGENT

I, S. Shawn Tacey, hereby consent to serve as registered agent, in the State of Washington, for the following corporation: Pacific Meadows, Snohomish Homeowners' Association. I understand that as agent for the corporation, I will be responsible to accept service of process in the name of the corporation; to forward all mail and license renewals to the appropriate officer(s) of the corporation; and to immediately notify the Office of the Secretary of State of my resignation or of any changes in the address of the registered office of the corporation for which I am agent.

Dated. September 15, 2006.



S. Shawn Tacey
22833 Bothell-Everett Hwy.
Suite 218
Bothell, Washington 98021

EXHIBIT C

BYLAWS

OF

**PACIFIC MEADOWS, SNOHOMISH
HOMEOWNERS' ASSOCIATION**

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**BYLAWS
OF
PACIFIC MEADOWS, SNOHOMISH HOMEOWNERS' ASSOCIATION**

**ARTICLE I
Name and Location**

The name of the corporation is Pacific Meadows, Snohomish Homeowners' Association, hereinafter referred to as the "Association". The mailing address of the principal office of the Association will be 17921 Bothell-Everett Hwy, Suite 100, Bothell, Washington, 98012, but meetings of Members and directors may be held at such places within the State of Washington, County of Snohomish, as may be designated by the Board of Directors.

**ARTICLE II
Definitions**

The terms used in these Bylaws have the same meaning as those used in the Declaration of Covenants, Conditions and Restrictions for Pacific Meadows that was recorded on July 11, 2007, under Snohomish County Auditor's File No 200707110118, (the "Declaration").

**ARTICLE III
Meetings of Members**

Section 1 Annual Meetings The first annual meeting of the Members will be held at the discretion of the original Directors within one (1) year from the date of incorporation of the Association. Thereafter, annual meetings will be held on the anniversary of such date in each succeeding year, or on such date as approved by a majority of the membership if they decide the annual meeting should be held on another date for each succeeding year. If the anniversary date of the annual meeting of the Members is a Saturday, Sunday, or legal holiday, the meeting will be held at the same hour on the first day following which is not a Saturday, Sunday, or legal holiday.

Section 2 Special Meetings Special meetings of the Members may be called at any time by the President, a majority of the Directors, or on written request of Members entitled to vote, in the aggregate, twenty percent (20%) or more of the votes.

Section 3 Notice of Meetings Written notice of each meeting of the Members will be given by, or at the direction of, the Secretary or other person authorized to call the meeting, by hand delivering or by mailing a copy of such notice, postage prepaid, not less than fourteen (14) nor more than sixty (60) days before such meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied in writing by such Member to the Association for the purpose of notice. Such notice will specify the place, day, and hour of the meeting, and the items on the agenda to be voted on by the

Members, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws, changes of a previously approved budget that result in Assessment obligations, and any proposal to remove a Director or officer. All meetings will be held at such place as is convenient for the Members as determined by the Board of Directors, but in any event, in Snohomish County, Washington

Section 4 Quorum Except as set forth and required by the Declaration, the presence at the beginning of any meeting of Members entitled to cast twenty-five percent (25%) of the votes of the Association constitutes a quorum throughout that meeting for any action. If a quorum is not present or represented at any meeting, the Members entitled to vote may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented

Section 5 Manner of Voting At all meetings of Members, each Member may vote in person, by mail, or by proxy. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Unit shall not be divisible and in no event shall more than one (1) vote be cast with respect to any Lot. There should be one voting Owner or agent for each Lot. Such voting Owner or agent shall be designated by the Owner(s) by written notice signed by each party with an ownership interest, which notice shall be filed with the Secretary of the Board of Directors. The voting agent need not be an Owner. When no designation is made, or where designation has been made and revoked and no new designation has been made, the voting Owner shall be the person or group composed of all Owners of that Lot who attend any meeting of the Association, however, votes may not be split by multiple Owners of a Lot. Thus, if multiple Owners cannot agree on a vote, their vote will not be counted on a vote of the Association membership, even though those Owners may be counted for purposes of a quorum (as if abstaining). Any designation of voting agent may be revoked at any time by any one of the parties with an ownership interest in the Lot on written notice filed with the Secretary of the Board of Directors. Such designation is deemed revoked when the Secretary receives actual notice of the death or judicially declared incompetence of the Owner of the Lot, or of the conveyance of such ownership interest. 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 eleven (11) months after its date of issuance.

Section 6 Classes The Association shall have two classes of voting membership.

Class A Members shall be all Owners except the Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned, whether improved or not. When more than one Person holds an interest in any Lot, all such Persons shall be Members. The vote for such Lot shall be exercised as the joint owners may decide among themselves, but in no event shall more than one (1) vote be cast with respect to any Lot.

The Class B Member shall be the Declarant who shall be entitled to three (3) votes for each Lot owned by it. The Class B class of membership shall cease and be converted to Class A membership upon the occurrence of the earlier of the following events: (i) the number of votes of the Class A Members is greater than or equal to the number of votes of the Class B Member, or (ii) the seventh (7th) anniversary of the date on which this Declaration is recorded.

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

Section 7. Parliamentary Rules. Robert's Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Washington law, the Articles of Incorporation, the Declaration or these Bylaws.

ARTICLE IV

Board of Directors; Selection; Term of Office

Section 1. Number of Directors. A Board of Directors manages the affairs of the Association. The Board shall consist of one (1) Director, and that Director shall be appointed by Declarant During the Declarant Control Period, as defined in Section 1.5.10 of the Declaration of which these Bylaws form a part, Declarant shall appoint the Association's single Director. Within a reasonable amount of time after the expiration of the Declarant Control Period, Declarant's representative shall resign, the Board shall be expanded to three (3) Directors and the Association shall duly elect the successors to each Board seat, pursuant to the provisions in Subsections 3.9.1 and 3.9.2 of the Declaration.

Section 2 Compensation. No Director may receive compensation for any service rendered to the Association.

Section 3 Term of Office. The members of the first Board of Directors elected entirely by the Owners will serve terms of three (3) years. By Amendment to these Bylaws, the Association may stagger the terms of the Board of Directors.

Section 4 Removal. Any Director may be removed, with or without cause, upon the affirmative vote of a majority of the Members entitled to vote in the Association present, in person or by proxy, at a properly called meeting at which a quorum is present.

Section 5 Vacancies. Vacancies on the Board caused by reason other than the removal of a Director by a vote of the Association shall 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 until a successor is elected at the next annual meeting of the Association to serve the balance of the unexpired term.

ARTICLE V

Standard of Care for Directors

Section 1. Standard. A Director performs the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a

manner such as the Director believes to be in the best interests of the Association, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances

In performing the duties of a Director, a Director is 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 which 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 of Incorporation or Bylaws, as to matters within its designated authority, which committee the Director believes to merit confidence, so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefore is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted

This section does apply where the consequences of an act, omission, error, or negligence are covered by the insurance obtained by the Board

Section 2 Amendment If the statutory standard of care is, at any time, different than the standard of care set forth in these Bylaws, the Bylaws are deemed amended so that the standard of care is that standard set forth statutorily for nonprofit corporations in the state of Washington.

ARTICLE VI

Meetings of Directors

Section 1. Regular Meetings Regular meetings of the Board of Directors will be held no less than one (1) time a year at such place and hour as may be fixed by the Board of Directors. Notice will be given annually to the Directors of next year's meetings times

Section 2. Special Meetings Special meetings of the Board of Directors will be held when called by the President of the Association, or by any Director, after not less than three (3) days notice to each Director. The meeting will be held at the same place as the regular meetings, unless unavailable, in which event the president will designate the place of the special meeting

Section 3. Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if a majority of the Board of Directors are present at the beginning of the meeting. Directors present through use of telephone are deemed present for purposes of a quorum and may vote by telephone. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 4. Open Meetings Except as provided in this subsection, all meetings of the Board of Directors are open for observation by all Members of record and their authorized agents. The Board of Directors will keep minutes of all actions taken by the Board, which shall be available to all Members. Upon the affirmative vote in an open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of a Member to the Association. The motion will state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session are to be included in the minutes. The Board of Directors will restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion or other action adopted, passed, or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is reasonably identified. The requirements of this subsection do not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

Section 5 Action Without Formal Meeting Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 6 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 him of timely and adequate notice unless he 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 7 Parliamentary Rules. Robert's Rules of Order (current edition) shall govern the conduct of all Board proceedings, when not in conflict with Washington law, the Articles of Incorporation, the Declaration or these Bylaws.

ARTICLE VII

Powers and Duties of Board of Directors

Section 1. Powers The Board of Directors has the power to do the following:

(a) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the Members of the Association by other provisions of these Bylaws, the Articles of Incorporation, the Declaration or as set forth in Ch. 64-38 RCW, as currently enacted or hereafter amended,

(b) As necessary to pursue the Association responsibilities, employ an independent contractor, or such other employees as the Board deems necessary, and to prescribe their duties, and,

(c) Enforce all covenants, restrictions, and conditions of the Declaration as amended (this

power does not in any way reduce the power of any Owner to enforce such covenant, nor does it require enforcement unless the Board of Directors deems such enforcement necessary).

The Board may not act on behalf of the Association to.

- (a) Amend the Declaration in any manner that requires the vote or approval of the Members;
- (b) Amend the Articles of Incorporation;
- (c) Take any action that requires the vote or approval of the Members;
- (d) Terminate the Association, or,
- (e) Elect members of the Board of Directors or determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors; provided, however, that the Board of Directors may fill vacancies in its membership for the unexpired portion of any term

Section 2. Duties It is the duty of the Board of Directors to:

- (a) Keep a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any one of the Members who are entitled to vote,
- (b) Supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to do as follows.
 - (i) Fix the annual budget at least forty-five (45) days in advance of each fiscal year,
 - (ii) Send written notice of, and call a meeting of the Members to ratify the budget, not less than fourteen (14) nor more than sixty (60) days in advance of the meeting;
 - (iii) File a lien in the public records if an Assessment is not paid within sixty (60) days of the date it is due, and,
 - (iv) When deemed necessary, may foreclose on the lien no sooner than sixty (60) days nor later than ten (10) years from date the lien of the unpaid Assessment is filed in the public records;
- (d) Issue, or to cause an appropriate officer to issue, on demand by any person, a certificate signed by the treasurer setting forth whether or not any Assessment has been paid. The Board may make a reasonable charge for the issuance of such certificate. Such certificate shall be conclusive evidence of such payment or nonpayment of any Assessment,

(e) Enforce covenants as provided in the Declaration when deemed necessary by a vote of a majority of the Directors (this power of enforcement is in addition to the powers of the enforcement of any individual Member);

(f) In the event of Common Areas, procure and maintain adequate liability and hazard insurance on property owned by the Association. If available at a reasonable cost, maintain earthquake insurance on all Common Areas that could be damaged in the event of an earthquake. Procure and maintain adequate liability insurance for the Directors of the Board of Directors,

(g) Maintain all Common Areas and fulfill all other obligations as set forth in Article VII of the Declaration, specifically, and contained elsewhere in the Declaration, generally; and,

(h) Perform any and all other functions that are necessary for the maintenance and continuance of the Association.

Section 3 Borrowing The Board of Directors shall have the power to borrow money without the approval of the members of the Association, provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, or the total amount of such borrowing exceeds or would exceed Five Thousand Dollars (\$5,000.00) outstanding debt at any one time.

Section 4 Fining Procedure The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

- (a) Notice. Written notice shall be served upon the violator, specifying
 - (i) the nature of the violation and the fine imposed,
 - (ii) that the violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine imposed;
 - (iii) the name, address and telephone numbers of a person to contact to challenge the fine,
 - (iv) that any statements, evidence, and witnesses may be procured by the violator at the hearing, and
 - (v) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

ARTICLE VIII

Officers and Their Duties

Section 1 Enumeration of Officers The officers of this Association are a president, vice president, secretary, and treasurer, who at all times are members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2 Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members

Section 3 Term The officers of this Association are elected annually by the Board and each holds office for one (1) year, or until that officer's successor is elected, unless the officer sooner resigns, or is removed, or otherwise is disqualified to serve

Section 4 Special Appointments The Board may elect such other officers as the affairs of the Association require, each of whom holds office for such period, have such authority, and perform such duties as the Board may, from time to time, determine

Section 5 Resignation and Removal The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective

Section 6 Vacancies A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy serves for the remainder of the term of the officer who is replaced

Section 7. Multiple Offices Any two or more offices may be held by the same person, including the offices of Secretary and Treasurer.

Section 8 Duties The duties of the officers are as follows

(a) President The president presides at all meetings of the Board of Directors, sees that orders and resolutions of the Board are carried out, signs all written instruments, and co-signs all checks and promissory notes of the Association

(b) Vice President The vice president acts in the place and stead of the president in the event of absence, inability, or refusal to act, and exercises and discharges such other duties as may be required by the Board.

(c) Secretary. The secretary records the votes and keeps the minutes of all meetings and proceedings of the Board and of the Members, serves notice of meetings of the Board and of the Members, keeps appropriate current records listing the Members of the Association together with their addresses, prepares, executes, certifies and records amendments to the Declaration on behalf of the Association and performs such other duties required by the Board

(d) Treasurer The treasurer receives and deposits in appropriate bank accounts all monies of the Association and disburses such funds as directed by resolution of the Board of Directors, co-signs all checks and promissory notes of the Association; keeps proper books of accounts; causes an annual audit of the Association books to be made by a certified public accountant whenever the Annual Assessment exceeds \$50,000, unless waived by sixty-seven percent (67%) of the Members; and prepares an annual budget and a statement of income and expenditures as set forth above. The desired time for preparation is before the regular annual meeting so that the

budget and statement can be presented to the Members at its regular annual meeting.

ARTICLE IX Committees

The Board of Directors may appoint such committees, as it deems appropriate in carrying out its purpose.

ARTICLE X Books and Records

The books, records, and papers of the Association are at all times, during normal business hours as determined by the Board, subject to inspection by any Member, holder of a mortgage on a Lot, and their respective agents on reasonable advance notice. The Declaration, the Articles of Incorporation, the Bylaws, and the Budget of the Association are available for inspection by any Member at the office of the Secretary of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI Amendments

Section 1. Bylaws These Bylaws may be amended only with the written approval of a majority of the Directors. Any amendment will be signed by the approving Directors and copies delivered to all Members within thirty (30) days of adoption.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

ARTICLE XII Indemnification of Directors and Officers

Section 1. Right of Indemnification The Association indemnifies its Directors and Officers against all liability, damage, or expense resulting from the fact that such person is or was a Director or Officer, to the maximum extent and under all circumstances permitted by law.

Section 2. Effect on Other Rights The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article is not exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of shareholders, or disinterested Directors or otherwise.

Section 3. Insurance The Association may maintain insurance, at its expense, to protect itself and any Director, officer, employee, or agent of the Association against any expense, liability, or loss, whether or not the Association would have the power to indemnify such person against such expense, liability, or loss under the Washington Nonprofit Corporation Act. The Association may enter into contracts with any Director or officer of the Association in furtherance of the

provisions of this Article and may create a trust fund, grant a security interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

Section 4: Advance Payment The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Association with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Nonprofit Corporation Act or otherwise

ARTICLE XIII
Transactions Involving Directors

Section 1. Transactions No contracts or other transactions between this Association and any other corporation, and no act of this Association is in any way affected or invalidated by the fact that any Director of this Association is pecuniarily or otherwise interested in, or is a trustee, director, or officer of, such other corporation

Section 2. Disclosure Any Director, individually, or any firm of which any Director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contracts or transactions of the Association, provided, that the fact that such Director or such firm so interested is disclosed to or is known by the Board of Directors or a majority thereof

ARTICLE XIV
Attorney Fees

Should any dispute arise regarding the terms of these Bylaws, the Declaration, the Articles of Incorporation, or the rules and regulations of the Association, the prevailing party may recover reasonable attorney fees and costs, including those for appeals

ARTICLE XV
Venue

Venue, for purposes of these Bylaws, is Snohomish County, Washington.

ARTICLE XVI
Fiscal Year

The fiscal year of the Association is a calendar year, unless determined otherwise by the Board of Directors

IN WITNESS WHEREOF, I, being the sole Director of Pacific Meadows, Snohomish
Homeowners Association have hereunto set our hands on the date(s) indicated below.
DIRECTOR


Lynn L. Bshleman

6/25/07
Date