

After Recording Return To:
Hayden Homes, LLC
Attention: Amy Sandoval
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2014-018424 COV
07/29/2014 10:25:43 AM Pages: 81 Fee: \$132.00
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CHERRY GLEN

(Plat of Cherry Glen)

Property Tax Parcel Number: 1-1089-100-0014-000
1-1089-100-0015-000

Cherry Glen Subdivision: lots 1-42

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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR CHERRY GLEN**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF CHERRY GLEN ("Declaration") is made this ____ day of _____, 2014, by Hayden Homes, LLC, an Oregon limited liability company, as the Declarant.

RECITALS

WHEREAS, the Declarant is the owner, or controls, all that certain real property and improvements thereon located in Benton County, State of Washington, also referred to as "The Plat of Cherry Glen", recorded July 17, 2014 in Book _____, Page _____ (also referred to as "Property"); and
A.F. # 2014-017349

WHEREAS, Declarant intends to develop the Property as a planned community known as "Cherry Glen", and Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments and liens on the Property under a comprehensive general plan of improvement and development for the benefit of all of the Owners, the Lots and Common Area, within "Cherry Glen"; and

WHEREAS, Declarant has deemed it desirable for the preservation of the values and amenities in "Cherry Glen" to create a Homeowners Association, to which will be delegated and assigned the powers and authority to own, maintain and administer the Association, the Common Area, and facilities, and administer and enforce the covenants, conditions, and restrictions of this Declaration, and collect and disburse the assessments and charges hereinafter created.

NOW THEREFORE, the Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens, or as noted herein, which shall run with the land and shall be binding upon all parties having or acquiring any right, title or interest in the Property or any part thereof and shall inure to the benefit of the Association and for the benefit of each Lot Owner.

ARTICLE 1

DEFINITIONS

1.1. "Architectural Review Committee" or "ARC" shall mean the Declarant until 100% of the Lots have sold and been constructed or until 10 years after the recording of the Declaration, and thereafter shall refer to the Board of Directors unless the Board has appointed a separate body to carry out the functions described in Article 6 in which case "ARC" shall refer to this body.

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1.2. "Articles" shall mean the Articles of Incorporation for the non-profit corporation, Cherry Glen Homeowners Association, or such similar name approved by and filed with the Washington Department of Corporations.

1.3. "Association" shall mean and refer to Cherry Glen Homeowners Association, its successors and assigns.

1.4. "Board" or "Board of Directors" shall mean the Board of Directors of Cherry Glen Homeowners Association.

1.5. "Bylaws" shall mean and refer to the Bylaws of the Association, and are attached hereto as Exhibit "A".

1.6. "Common Area" shall mean and refer to any areas of land shown on the recorded Plat of the Property, including any improvements thereon, which are intended to be devoted to the common use and enjoyment of the members of the Association, and areas outlined herein as the maintenance responsibility of the Association, unless provided otherwise in this Declaration.

1.7. "Conversion Date" shall be the date upon which Class B membership shall cease and be converted to Class A membership. Such date shall be the date which is earlier of (i) the date at which 80% of the total Lots anticipated to be created have sold to an Owner other than a Successor Declarant; or (ii) upon written election of the Declarant.

1.8. "Declarant" shall mean and refer to Hayden Homes, LLC, its successors or assigns, or any successor or assign to all remainder of their interests in the development of the Property. All successors to Declarant shall have the same rights and interest as the initial Declarant. "Declarant" shall not refer to any other subsequent purchaser of a Lot or Home

1.9. "Declaration" shall mean the covenants, conditions, restrictions, and all other provisions set forth in this Declaration of Covenants, Conditions and Restrictions for Cherry Glen

1.10. "General Common Expenses" shall mean any Common Area expenses incurred by the Association for the benefit of all of the Owners of the Lots within the Property. Such definition shall also apply to the words "Common Expenses" as used in this Declaration.

1.11. "Home" shall mean and refer to any portion of a structure situated on a Lot designed and intended for use and occupancy as a residence by a single family or household.

1.12. "Cherry Glen" shall mean the real property described on the recorded Plat for the Property, and any annexations of additional lands to Cherry Glen, and any Common Area included within the Plat of Cherry Glen.

1.13. "Lot" shall mean and refer to any plot of land indicated upon the recorded Plat map of the Property or any part thereof creating individual Home sites, including any annexations to Cherry Glen.

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1.14. "Lot Easement Area" shall mean and refer to those portions of any Lot subject to any easement benefiting the Association. The term "Lot Easement Area" shall not refer to any portions of any Lot encumbered by an easement to any other party, including without limitation, any governmental entity.

1.15. "Members" shall mean and exclusively refer to the Owners of Lots in Cherry Glen, and who are members of the Cherry Glen Homeowners Association.

1.16. "Occupant" shall mean and refer to the occupant of a Home who shall be the Owner, lessee or any other person authorized by the Owner to occupy the premises, and occupies any portion of a Home.

1.17. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot or a purchaser in possession under a land sale contract. The foregoing does not include persons or entities that hold an interest in any Lot merely as security for the performance of an obligation.

1.18. "Plat" shall mean and refer to the recorded Plat of Cherry Glen, and any annexations to the original Plat.

1.19. "Property" shall mean and refer to all real property described on the Plat of Cherry Glen, and any annexations of additional property, including any Common Area Tracts, and all improvements located on the real property, as may be brought within the jurisdiction of the Association and be made subject to this Declaration.

1.20. "Rules and Regulations" shall mean and refer to the documents containing rules and regulations and policies adopted by the Board of the Association or the Architectural Review Committee ("ARC") and as may be from time to time amended by the Board and/or ARC.

1.21. "Tract" shall mean a parcel of land shown on the Plat and denoted by the word "Tract".

1.22. "Turnover Meeting" shall be the meeting called by the Declarant to turn over control of the Association to the Class A members, in accordance Section 8.2 of this Declaration.

ARTICLE 2

PROPERTY SUBJECT TO THIS DECLARATION

2.1. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in Benton County, Washington, in that certain Plat map entitled "CHERRY GLEN", filed in the Plat Records of Benton County, Washington, more particularly described as Lots 1 through 39 and 41-42 and all Common Area, including Tracts A through D, as shown on the Plat. A Home was previously built on Lot 40. This Home is not included in the Association, and is not subject to the Declaration. Tracts E and F will be owned

by the owners of Parcels 110891011512001 and 110891011512002, respectively, following a boundary line adjustment, and are not subject to the Declaration.

2.2. At any time during the initial term of this Declaration, as described in Article 12, Section 12.8, the Declarant may, at its sole option, annex additional property into the Association to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant. Declarant currently anticipates that there will be a total of 41 Lots in the subdivision, including the Lots on this Plat, and Lots expected to be created in property to be annexed to the subdivision, but this number may be adjusted to be higher or lower at the sole discretion of Declarant. Declarant shall have no obligation of any kind to annex any additional land to the Property.

(a). Eligible Property. There is no limitation on the number of Lots that Declarant may annex to the Property, or the right of Declarant to annex common property, except as may be established by applicable ordinances, agreements, or land use approvals.

(b). Consent or Joinder Not Required. No consent or joinder of any Class A member as defined in this Declaration or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section.

(c). Declaration of Annexation. Annexation shall be evidenced by a written "Notice of Addition", or "Declaration of Annexation", executed by the Declarant, setting forth the legal description of the property being annexed and any additional covenants, conditions and restrictions to be applied to such annexed property. Notwithstanding any provision apparently to the contrary, a Notice of Addition or Declaration with respect to any annexed property may:

(i) establish such new land classifications and such limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property;

(ii) with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of such annexed property; and/or

(iii) contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

Such Notice of Additional Property by Declarant shall contain at least the following provisions:

- a. A reference to this Declaration stating the date of recording and the recording number, or book and page, where it was recorded;
- b. A statement that the provisions of this Declaration shall apply to such added Property; and
- c. A legal description of such added Property.

Without limitation of the meaning of the foregoing provisions of this Section, in any Declaration of Annexation the Declarant may, but shall not be obligated to, establish different Types of Lots and have particular rights and obligations pertain to different Types of Lots, establish easements particular to different Lots, establish assessments that pertain only to certain Types of Lots, establish maintenance obligations of the Association or of Owners that vary in accordance with different Types of Lots or different tracts of Common Area, establish insurance and casualty provisions that relate to certain Types of Lots and not others, and establish limited common areas that benefit particular Lots to the exclusions of other Lots and provisions particular to such limited common areas.

(d). Voting Rights; Allocation of Assessments. Upon annexation, additional lots so annexed shall be entitled to voting rights and shall be responsible for payments or assessments as required for that fiscal year. At the beginning of the next fiscal year, assessments shall be reallocated and reapportioned equally based on the total number of lots following such annexations.

(e). No Duty to Annex. Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property into the Association and no owner of property excluded from the Association shall have any right to have such property annexed thereto.

ARTICLE 3

OWNERSHIP AND EASEMENTS

3.1. Non-Severability. The interest of each Owner in the use and benefit of the Common Area, if any, shall be appurtenant to the Lot owned by the Owner. No Lot shall be conveyed by the Owner separately from the interest in the Common Area, if any, subject to the provisions of Section 3.3. Any conveyance of any Lot shall automatically transfer the right to use the Common Area, if any, without the necessity of express reference in the instrument of conveyance. There shall be no judicial partition of any Common Area. Each Owner, whether by deed, gift, devise or operation of law, for his own benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests and causes of action for judicial partition of any interest in any Common Area and does further agree that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The ownership interest in any Common Area

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and Lots described in this Article are subject to the easements granted and reserved in this Declaration. Each of the easements reserved or granted herein shall be deemed to be established upon the recordation of this Declaration and shall forever be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots and shall be superior to all other encumbrances applied against or in favor of any portion of Cherry Glen.

3.2. Ownership of Lots. Title to each Lot in Cherry Glen shall be conveyed in fee to an Owner. If more than one person and/or entity owns an undivided interest in the same Lot, such person and/or entities shall constitute one Owner.

3.3. Ownership of Common Areas. Title to the Common Areas, if any, shall be conveyed to the Association not later than Turnover. The Association shall accept such conveyance, and such Property shall thereafter be Common Area Property to be maintained by the Association for the benefit of all of its Members. The Declarant or the Board of Directors may convey title to future Common Area Tract(s), if any, to a City, County or other Government agency. Common Area properties may not be sold or transferred without the express written approval of the City of Kennewick and/or Benton County, and shall be considered subservient estates to all Lots within the Plat for the purpose of real estate taxes.

- (a) Tract A shall be owned and maintained by the Cherry Glen Homeowners Association, and shall include a landscape strip and the perimeter fence along the western Lot line of Lot 28.
- (b) Tract B shall be owned and maintained by the Cherry Glen Homeowners Association, and shall include a landscape strip and perimeter fence along the western Lot line of Lot 29 and Lots 38-39, and the northern Lot line of Lot 39.
- (c) Tract C shall be owned and maintained by the Cherry Glen Homeowners Association, and shall include a landscape strip and perimeter fence along the northern Lot line of Lots 41-42.
- (d) Tract D shall be owned and maintained by the Cherry Glen Homeowners Association, and shall include a landscape strip and perimeter fence along the northern Lot line of Lot 1.
- (e) All streets in the community shall be owned and maintained by the City of Kennewick.
- (f) A block wall will be constructed around the existing empty parcel south of Lots 25-28 and west of Lots 19-23. The Association is not responsible for any repairs, replacement, or maintenance of said fence.

3.4. Easements. Individual deeds to Lots may, but shall not be required to, set forth the easements specified in this Article.

(a) Easements on Plat. The Lots and Common Area are subject to the easements and rights of way shown, or noted, on the Plat of Cherry Glen. These shall include, but are not limited to, sewer, utility, irrigation, and access easements.

(b) Easements for Common Area. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area, if any, which shall be appurtenant to and shall pass with the title to every Lot.

(c) Easements Reserved by Declarant. So long as Declarant owns any Lot, Declarant reserves an easement over, under and across any Common Areas in order to carry out sales activities necessary or convenient for the sale of Lots. In addition, Declarant hereby reserves to itself, and for its successors and assigns, a perpetual easement and right-of-way for access over, upon and across any Common Areas for construction, utilities, communication lines, drainage, and ingress and egress for the benefit of the Lots or other property owned by Declarant. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under and across any Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the improvements on the Property or other real property owned by Declarant in such a way as to not unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by that Owner or his/her/their family, tenants, guests or invitees.

(d) Additional Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration shall be subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of Cherry Glen, and whether or not shown on the Plat. No structure, planting or other material shall be placed or permitted to remain within any easement area, Common Areas or any future Common Areas, which may damage or interfere with the installation or maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which 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 the Lot, except for those improvements for which a public authority, utility company or the Association is responsible. Provided, nothing in this provision shall be construed as prohibiting customary landscaping and irrigation improvements in easement areas within Lots, including any required set back areas.

(e) Association's Easements. There are hereby reserved to the Association and its duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association set forth in this Declaration, the Bylaws and Articles, as the same may be amended or supplemented.

(f) Easement to Governmental Entities. There is hereby reserved and granted a non-exclusive easement over any Common Area to all governmental and quasi-governmental entities, agencies, utilities, and their agents for the purposes of performing their duties within Cherry Glen.

(g) Maintenance. The Association reserves a maintenance easement over all present or future Common Area Tracts, as well as over any areas maintained by the Association.

(h) Maintenance Obligations/Owner Restrictions. Except as noted in this document, the Owner, at his/her expense, shall maintain, repair and replace the improvements and utility installations in any Lot Easement Area in a condition acceptable by the Board and shall hold the Association harmless from any such costs.

(i) Public Utility Easements. An easement is hereby reserved under and upon the exterior six (6) feet at the front boundary lines of all Lots for the installation, construction, renewing, operating and maintaining electric, telephone, TV, cable, water and sanitary sewer services. In addition, a sidewalk and utility easement, as necessary to comply with ADA slope requirements, shall be reserved upon the exterior eighteen (18) feet along the front boundary lines of all Lots adjacent to public streets. Additional sidewalk and utility easements are as noted on the plat. No building, structure, tree or other obstruction shall be placed or located on or in a Public Utility Easement.

ARTICLE 4

LOTS AND HOMES

4.1. Residential Use. Lots shall be used for residential purposes only. Except with the consent of the Board of Directors, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Lot. Nothing in this paragraph shall be deemed to prohibit the following:

(a) Commercial Activities of Individual Residences. The right of the Owner of a Lot to maintain his/her professional or personal library, keep his/her personal business or professional records or accounts, handle his/her personal business or professional telephone calls or confer with business or professional associates, clients or customers, in his/her residence, so long as such activity is not observable outside of the residence, does not significantly increase parking or vehicular traffic, or is in violation of applicable local government ordinances. The mere parking on a Lot or in the street, of a vehicle bearing the name of a business shall not, in and of itself, constitute a violation of this provision. The Board of Directors shall not approve commercial activities otherwise prohibited by this paragraph unless the Board determines that only normal residential activities would be observable outside of the residence and that the activities would not be in violation of applicable local government ordinances.

(i) Neither the Association, the Board of Directors, nor the management agent shall be held responsible for any loss of wages, income or computer connectivity if telephone, computer or internet service is interrupted by the Association, an Association vendor, or utility, or the management agent.

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4.2. Construction. Except for construction performed by or contracted for by Declarant, no construction, reconstruction or exterior alterations shall occur on any Lot, unless the approval of the ARC is first obtained pursuant to Article 6. Consideration such as siting or location on the Lot, shape, size, color, design, height, solar access, or material may be taken into account by the ARC in determining whether or not to consent to any proposed work. Such work includes, but is not limited to Homes, storage shelters, swimming pools, spas, landscaping, greenhouses, patios, fencing, basketball hoops or remodeling. The intent of this covenant is to ensure quality of workmanship and material, harmony of external design with the existing and planned structures as to location and visual compatibility and finish grade elevations. Original construction designs, materials and product specifications by Declarant may vary from any or all specified in this document. All construction performed by or contracted for by Declarant, shall be presumed to have met these minimum requirements or have been granted a variance thereto.

4.3. The following restrictions are minimum standards applicable to all Lots:

(a) Mobile Homes. Mobile homes will not be permitted on any Lot within the Plat for Cherry Glen;

(b) Height. No Home shall exceed two (2) stories, excluding basement and/or garage levels, in height above the ground at street level, and the ARC, in its discretion, may adopt Guidelines to further define and impose maximum height limitations, which may vary from area to area within the Property and from Lot to Lot, in its discretion;

(c) Floor Area. The square footage of a Home shall be reasonable and appropriate to the other homes in the Property. The Architectural Review Committee or the Board acting in place of the ARC shall, in its sole discretion, determine the adequacy of this provision.

(d) Garages. All Homes will have a garage for not less than two automobiles. In addition, each Lot shall have area sufficient to park at least two (2) automobiles on the driveway on such Lot. Garages may be used as a sales office by Declarant, but must be converted to a garage before permanent occupancy. Garages are to be maintained primarily for the storage of automobiles or similar vehicles. No garage may be enclosed or otherwise used for habitation, nor may any garage door be removed except when necessary to repair or replace a garage door with the same type of garage door.

(e) Security Doors/Windows and Screen Doors. No security doors and no exterior security bars or devices on windows and doors shall be installed without the prior written approval of the ARC. If the ARC approves any type security door or window security, such approval shall encourage or require a single style for all Homes so they will maintain a uniform and aesthetic appearance.

4.4. Completion of Construction. The construction of any building on any Lot, including painting and all exterior finish, shall be completed within six (6) months from the

beginning of the construction so as to present a finished appearance when viewed from any angle. The Lot and building area shall be kept reasonably clean and in workmanlike order, free of litter, during the construction period with a garbage disposal facility located on site during such construction period. All lots purchased will commence construction within twelve (12) months from the date the lot is purchased. If construction has not commenced within three (3) months after the project has been approved by the ARC, the approval shall be deemed revoked unless the Owner has applied for and received an extension of time from the ARC. In the event of undue hardship due to weather conditions, this provision may be extended for a reasonable length of time upon written approval from the ARC. All provisions of this Article 4 shall exclude any construction by the Declarant.

4.5 Landscaping.

(a) Landscape installation on Lot by Owners is subject to approval by the ARC. Street frontage trees, landscaping and /or perimeter landscaping installed by the Declarant on or abutting individual Lots are to be maintained by the Owner in good condition, including watering. Any remaining front, side, or back yard landscaping is to be completed within three (3) months of closing. In the event of undue hardship due to weather conditions, this provision may be extended upon written approval from the Architectural Review Committee. Landscape completion shall also include provision for adequate surface water drainage to prevent unnecessary discharge onto adjoining Lots or over sidewalks and driveways. All landscaping on Lots shall be maintained by Owners in a good condition, including watering, weeding, pruning, fertilization, mowing, and other forms of maintenance. If Owner fails to maintain said landscaping, Declarant, or Association in their place reserves the rights outlined in 4.30 to maintain. Declarant is not responsible for trees, vegetation or soil condition on any Lot.

(b) Declarant reserves the right to install and maintain landscape improvements on Lots for sales and marketing purposes, and hereby reserves a landscape easement for this purpose. Declarant is not obligated to provide any landscaping in said areas noted in this section.

4.6. Rental of Homes. An Owner shall be entitled to rent or lease his residence if:

(a) Written Rental Agreements Required. There is a written rental or lease agreement specifying that: (i) the tenant shall be subject to all provisions of the Declaration, Bylaws and Rules and Regulations, and (ii) failure to comply with any provision of the Declaration, Bylaws and Rules and Regulations shall constitute a default under the rental agreement.

(b) Minimum Rental Period. The period of the rental or lease is not less than thirty (30) days; and

(c) Tenant Must Be Given Documents. The Owner gives each tenant a copy of the Declaration, Bylaws and Rules and Regulations.

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(d) Owner Responsibility. Owner shall be responsible for any violations by tenants and shall be solely responsible for either correcting or eliminating such violations, or getting tenant to do same.

4.7. Animals. No animals, livestock or poultry of any kind shall be raised, bred, kept or permitted within any Lot other than a reasonable number of domestic household pets which are not kept, bred or raised for commercial purposes and which are reasonably controlled so as not to be a nuisance. Any inconvenience, damage or unpleasantness caused by such pets, including noise, shall be the responsibility of the respective Owners thereof. No dogs shall be permitted to roam the Property unattended, and all dogs shall be kept on a leash while outside a Lot. An Owner may be required to remove a pet from the property upon the receipt of the third notice in writing from the Association Board of Directors of violation any rule, regulation or restriction governing pets within the Property. A "reasonable number of domestic household pets" and the definition of "domestic household pets" shall be subject to rules adopted and approved by the Board in its sole discretion.

4.8 Nuisance. No noxious, harmful or offensive activities shall be carried on upon any Lot or any Common Area, nor shall anything be done or placed on any Lot or any Common Area which interferes with or jeopardizes the enjoyment, or which is a source of annoyance to the other Owners or Occupants.

4.9 Firearms. The discharge of firearms within the Property is prohibited. The term "firearms" includes "BB" guns, pellet guns, and other firearms of all types, regardless of size.

4.10 Parking.

(a) Parking is allowed on areas paved by asphalt or concrete only. Parking shall only be in garages or driveways if no portion of the vehicle overhangs the street, sidewalks, or pathways. The parking of vehicles is prohibited within the Property if posted, marked "No Parking," or if curbs are painted to restrict parking.

(b) Non-commercial passenger vehicles under 10,000 lbs. such as cars, trucks, SUVs, and motorcycles licensed to be ridden on public streets may park in public view as allowed in 4.10(a). Campers, boats, boat trailers, utility trailers, recreational vehicles, watercraft, commercial vehicles, or other types of non-passenger vehicles, equipment, implements, or accessories may be stored or kept within an enclosed garage, or on the side of the Unit, provided that it is fully screened from view by a screening structure or fencing approved by the ARC.

(c) Campers, boats, boat trailers, utility trailers, recreational vehicles, watercraft, commercial vehicles, or other types of non-passenger vehicles, equipment, implements, or accessories may be temporarily kept on the public streets within the Property or on a paved driveway located on a Lot for a period not to exceed forty-eight (48) hours and only for the purposes of cleaning, preparation for use and unloading.

4.11 Vehicles in Disrepair. No Owner shall permit any vehicle, which is not currently licensed or is in an extreme state-of-disrepair to be abandoned or to remain parked upon any Lot for a period neither in excess of forty-eight (48) hours, nor on any Common Area for any

length of time. A vehicle shall be deemed in an "extreme state of disrepair" when the Board of Directors reasonably determines that its presence offends the Owners and Occupants. Should any Owner fail to remove such vehicle within five (5) days following the date on which the notice is mailed to him/her by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner. All oil or grease on roadways and/or driveways shall be cleaned up immediately by Owner.

4.12 Maintenance or Repair of Vehicles. Any maintenance or repair of vehicles or other machinery or equipment must take place entirely within the enclosed garage of an Owner.

4.13 Signs. Plastic artwork of any kind to be placed in public view must be approved by the Architectural Review Committee. No sign, banner or billboard of any kind may be kept or placed on any Lot or mounted, painted or attached to any Unit, fence or other improvement so as to be visible from public view in the Subdivision or adjacent public street or carried by any person or by any other means displayed within the Subdivision except as provided below:

(a) "For Sale" signs: An Owner may erect one (1) sign not exceeding two (2) feet by three (3) feet in dimension, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the property for sale.

(b) "For Rent" signs: An Owner may erect one (1) sign not exceeding three (3) square feet in area advertising the property for rent. Such signs shall be visible from the front of the Unit only, and shall be displayed from within the Unit. No such sign shall be erected within a lawn or landscape area on any Lot, or attached to the outside of the Unit.

(c) Political signs: Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

(d) Flags: The foregoing restrictions shall not be deemed to prohibit the display of the flag of the United States by an Owner or occupant of a Lot if the flag is displayed in a manner consistent with federal flag display law, 4 U.S.C. § 1 et seq. and RCW 64.38.055.

(e) Declarant Signs: Signs, banners, flags, monuments, and billboards may be erected by the Declarant and are exempt from the provisions of this Section 4.13.

(f) Builder Signs: A Builder may erect signs and banners on any Lot or Unit owned by the Builder if such signs and/or banners are erected for the purpose of marketing and selling Units constructed by the Builder on Lots owned by the Builder, subject to rules and restrictions established by Declarant from time to time. A Builder may also erect signs and/or banners on the Common Areas to market and sell Units constructed by the Builder on Lots owned by the Builder, provided that Declarant

authorizes in writing (in Declarant's sole discretion) the erection of such signs and/or banners on the Common Areas.

4.14 Rubbish and Trash. No Lot or part of the Common Area, if any, shall be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste shall be kept in appropriate containers for timely and proper disposal, out of public view. Yard rakings, dirt and other material resulting from landscaping work shall not be dumped onto streets, Common Areas, if any, or any other Lots. Should any Owner fail to remove any trash, rubbish, garbage, yard rakings or any such materials from any Lot, any roadways or any Common Area where deposited by him/her within five (5) days following the date on which notice is mailed to him/her by the Board of Directors, the Association may have such materials removed and charge the expense of such removal to the Owner. Each Owner is responsible for trash disposal, and shall remove individual trash containers within 12 hours of collection. No trash and/or storage containers shall be visible from any adjacent street or neighboring Lot, and shall not be allowed to emit any odors or attract insects or rodents.

4.15 Fences. The Architectural Review Committee must pre-approve all fences. The perimeter fence located on Tracts A-D will be maintained by the Association. Any additional fencing installed on Owner's Lots either by Owner, or by Declarant, will be the responsibility of the Owner to maintain, and shall be maintained in a condition acceptable to the Board and the ARC. Fences shall not exceed six (6) feet in height from the finished Lot grade on the highest side. No side yard fencing may extend closer to the front of the yard than the leading edge of the Home constructed or to be constructed on such Lot. The ARC shall permit vinyl fences and wood fences, but any wood fences shall be painted or stained (with a color approved by the ARC) or sealed to protect against decay. Chain link fences are prohibited, unless approved by the ARC for an animal containment area. In no case will a chain link enclosure be visible from the street or any adjacent Lots. All wood fencing shall be of either "solid Board" or "Good Neighbor" design. On street sides and open spaces, the "Solid Board Finished Side" shall face away from the home. All fence materials, designs, and colors are subject to approval of the ARC in its sole discretion, and all local setbacks must be obeyed. No permitted front yard fence shall be taller than 3 feet and no side or rear fencing shall be taller than 6 feet.

4.16 Hedges. Hedges or other solid screen planting may be used as lot line barriers. Hedges must be setback from the sidewalk no less than three (3) feet, and must be kept trimmed to a maximum of six (6) feet. No building, wall, fence, paving, landscaping or construction of any type shall be erected or maintained by an Owner of a Lot so as to trespass or encroach upon the community areas.

4.17 Setback, Maximum Height, and Minimum Yard Requirements: Each Lot shall be subject to: (1) any setback and minimum yard requirements shown for such Lot on the recorded Plat of Cherry Glen; (2) all setback height, and minimum yard requirements established by Benton County or other governmental entity with jurisdiction over such Lot; and (3) any land use review procedure established by Benton County or other government entity with jurisdiction over such Lot for review and approval of variance from any such governmental requirements. The Architectural Review Committee, upon application from a Member, may in its discretion waive any violation of this Section, which it finds to have been inadvertent, provided the same would not constitute a violation of applicable government regulations.

4.18 Service Facilities; Utilities. Service facilities (e.g. garbage containers) shall be screened such that the elements screened are not visible at any time from the street or a neighboring home. The exterior location of any heating and air conditioning compressors or heat pumps shall be approved in advance by the ARC. Said locations must take into consideration the noise and view from adjacent Homes. No window air-conditioning or heating units are allowed. No overhead wire, service drop or other facility for the distribution of electric energy or for telecommunication purposes, nor any pole, tower or other structure supporting outdoor overhead wires shall be erected, placed or maintained within the Property. All Owners of Lots, their heirs, successors and assigns shall use underground service wires to connect their premises and the structure built thereon to the underground electric, telephone utility or cable television facilities provided, except as mandated by local jurisdictions or public utility companies. All utility lines shall be maintained, repaired and replaced by the Owner of each Lot or all Owners individually and/or collectively at their sole expense. The Association is not responsible for the maintenance of any utility, cable TV, or phone services of facilities.

4.19 Clothes Hanging Devices. Clothes hanging devices exterior to a Unit shall be temporary, unaffixed structures not to exceed six (6) feet in height and shall not be placed nearer to any street abutting the Lot than the side yard setback line or the back of the Unit constructed on the Lot. Clothes hanging devices shall be screened from public view by a fence.

4.20 Mailboxes and Other Delivery Boxes: Mailboxes shall be installed only in groups of boxes in accordance with the requirements of the United States Postal Service and applicable governmental authorities. Individual mailboxes are prohibited. Newspaper boxes and any other delivery boxes may not be installed unless first approved as to location and design by the Architectural Review Committee.

4.21 Antennae and Satellite Dishes. Except as otherwise provided by law or this Section 4.21, no exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation may be erected, constructed, or placed on any Lot or Unit. With prior written consent of the ARC, exterior satellite dishes or antennas with a surface diameter of one meter (39") or less and antennas designed to receive television broadcast signals only may be placed on any Lot if they are not visible from any street and are screened from neighboring Lots. The ARC may adopt reasonable rules and regulations governing the installation, safety, placement, and screening of such antennas, satellite dishes, and other transmission devices. Such rules shall not unreasonably delay or increase the cost of installation, maintenance, or use or preclude reception of a signal of acceptable quality (the ARC, in its sole discretion, may determine what constitutes a signal of acceptable quality). Such rules and regulations may prohibit installation of exterior satellite dishes or antennas if signals of acceptable quality can be received by placing antennas inside a Unit without causing an unreasonable delay or cost increase. Approved installation locations shall in no way violate current FCC rules or regulations concerning said installation locations. The authority of the ARC in this matter shall be subject to any regulations issued by the Federal Communications Commission ("FCC") or any other applicable governmental authority.

4.22 Solar Energy Panels. Except as otherwise provided by applicable law or this Section 4.22, no Solar Energy Panel (as defined below) may be erected, constructed, or placed

on any Lot or Unit. With the prior written consent of the ARC, an Owner may install a ground-mounted or roof-mounted Solar Energy Panel on its Lot provided that all of the following conditions are satisfied:

(a) If ground-mounted, then the Solar Energy Panel may only be located in the rear yard of a Lot and must be screened from public view by a fence or landscaping approved by the ARC, unless the screening materially effects the economic installation of the Solar Energy Panel (as determined by the ARC in its reasonable discretion) or degrades the operational performance quality of the Solar Energy Panel by more than ten percent (10%);

(b) If roof-mounted, then (i) no part of the Solar Energy Panel may extend above the roof line of the Unit on which it is installed, (ii) no Solar Energy Panel may be installed on any roof facing a street unless the Solar Energy Panel conforms to the slope of the roof and the top edge of the Solar Energy Panel is parallel to the roof ridge, and (iii) the Solar Energy Panel frame, support brackets and visible piping and wiring are painted to coordinate with the roofing materials; and

(c) The Solar Energy Panel meets applicable health and safety standards and requirements imposed by state and local permitting authorities.

The ARC may adopt additional rules and regulations governing the installation, safety, placement, and screening of a Solar Energy Panel, provided that such rules and regulations do not conflict with RCW 64.38.055 or other applicable laws. For purposes of this Section, "Solar Energy Panel" means a panel device or system or combination of panel devices or systems that relies on direct sunlight as an energy source, including a panel device or system or combination of panel devices or systems that collects sunlight for use in the heating or cooling of a structure or building, the heating or pumping of water, and the generation of electricity.

4.23 Window Treatments. Aluminum foil, reflective film, newspapers or similar treatments shall not be placed on windows or glass doors.

4.24 Exterior Lighting, Noisemaking Devices and Holiday Decorations. Except with the consent of the ARC, no exterior lighting or noisemaking devices shall be installed or maintained on any Lot, other than security and fire alarms. However, false alarms of security and fire systems will, if not corrected, be considered a violation of Section 4.8 of this Declaration. Further, it is anticipated that customary lighting at doorways, garage fronts, and in front yard poles or permitted fixtures adjacent to driveways will be permitted so long as they are constructed and designed to be directed downward and so long as they don't unreasonably focus or direct strong lighting on areas outside of the Owner's Lot. Seasonal holiday lighting and decorations are permissible if consistent with any applicable rules and regulations and if installed no more than thirty (30) days before the celebrated holiday, and removed within thirty (30) days after the celebrated holiday.

4.25 Grades, Slopes, Drainage and/or Retaining Walls. There shall be no interference with the established drainage patterns or systems over or through any Lot within the Property so as to affect any other Lot, any Common Area or any areas outside the Property

unless adequate alternative provisions are made for proper drainage and are approved by the ARC. The term "established drainage" shall mean any wall, drainage swales, conduits, inlets and outlets designed and constructed on the Property or Common Areas, if any.

4.26 Retaining Walls. Retaining walls may have been constructed within the Property (the "Retaining Walls"). The Retaining Walls are not in all cases located on a Lot or Common Area line. The location of a Retaining Wall (or the construction by an Owner of any improvements on or near the Retaining Wall) shall not constitute evidence of the intended location of a Lot line, or provide grounds for any claim of adverse possession or prescriptive easement. Each Lot upon which any portion of a Retaining Wall is located shall be subject to an easement, for the benefit of all other Lots, for the purposes of support by and natural drainage from such Retaining Wall. Retaining Walls may or may not have been designed by a professional engineer, and no Owner shall take any action to add, construct or place any improvement on the Lot so that it may, in the judgment of the Association: result in disturbance of, weakening of, or damage to the Retaining Walls; increase any engineered load or alter design criteria; or cause damage to the wall and surrounding properties. Any improvements on Lot will need prior approval of Architectural Review Committee. Regardless of such approval, any Lot Owner who takes such action shall be responsible for all resulting costs of repair and restoration of the Retaining Wall. Otherwise, neither the Association nor any other Owner shall have any affirmative obligation to maintain or repair the Retaining Walls. However, should they elect to do so, the Association, any Owner whose Lot is adjacent to a Retaining Wall, and their duly authorized agents and representatives, shall have the right to enter the property upon which any portion of a Retaining Wall is located for the purpose of making any necessary repair to or maintenance of the Retaining Wall.

4.27 Damage or Destruction to Home and/or Lot. If all or any portion of a Lot or Home is damaged by fire or other casualty, the Owner shall either (i) restore the damaged improvements or (ii) remove all damaged improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (i) above must be performed so that the improvements are in substantially the same condition in which they existed prior to the damage, subject to current governmental regulations and building codes, provisions of Article 6 to be complied with by the Owner. The Owner must commence such work within sixty (60) days after the damage occurs and must complete the work within six (6) months thereafter.

4.28 Detached Buildings. Detached accessory buildings, including, but not limited to, storage buildings, greenhouses, children's playhouses and similar structures, shall not be built without the prior written consent of the ARC. Every outbuilding shall be compatible with the Home to which it is appurtenant in terms of its design, color and material composition. Outbuildings shall be of a one (1) story design and the outside walls shall not exceed ten (10) feet in height, nor will the overall height exceed twenty (20) feet, measured from the existing Lot grade, or have total floor areas in excess of 450 square feet. No such buildings shall be used as additional living space and none shall contain any plumbing. Notwithstanding the foregoing, the ARC may, in its discretion, impose smaller height and/or size restrictions on accessory buildings on any Lots, and/or impose limits on the number of accessory buildings permitted on any Lot, including the right to determine that no accessory building is appropriate on a particular Lot or at any location or locations on any such Lot, in its sole discretion.

4.29 Owner's Maintenance Obligations. Each Owner shall maintain their Lot and Improvements in a clean and attractive condition, in good repair and in such a fashion as not to create a hazard of any kind. Such maintenance shall include, without limitation, painting or staining, repair, replacement and care of roofs, gutters, downspouts, surface water drainage, walks and other exterior improvements and glass surfaces. In addition, each Owner shall keep shrubs, trees, grass and plantings of every kind neatly trimmed, fertilized, property cultivated and free of trash, weeds and other unsightly materials. The provisions of this section include all areas on Lots, except as provided in 3.4 (g), above.

4.30 Right of Maintenance and Entry by Association. If an Owner fails to perform maintenance and/or repair which he/she is obligated to perform pursuant to this Declaration for buildings or landscaping, and if the Board determines, after notice and the opportunity for a hearing (given pursuant to the provisions of the Bylaws attached hereto as Exhibit "A"), that such maintenance and/or repair is necessary to preserve the attractiveness, quality, nature and/or value of Cherry Glen, the Board may cause such maintenance and/or repair in connection therewith to be performed and may enter any such Lot whenever entry is necessary in connection with the performance of any maintenance or construction which the Board is authorized to undertake. Entry shall be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than forty-eight (48) hours, except in emergency situations. Such right of maintenance shall include, but not be limited to, buildings, street trees, and front and side yard landscape. All maintenance performed on behalf of Lot Owners shall be at the Owners expense.

4.31 Association Rules and Regulations. The Board of Directors, from time to time, may adopt, modify or revoke Rules and Regulations governing the conduct of persons and the operation or use of Lots and any Common Areas, as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. A copy of any Rules and Regulations, upon adoption, amendment, modification or revocation thereof, shall be delivered by the Board of Directors promptly to each Owner and shall be binding upon all Owners and Occupants of all Lots upon the date of delivery or actual notice thereof. The method of adoption of such Rules and Regulations shall be provided in the Bylaws of the Association, attached hereto as Exhibit "A".

4.32 County Ordinances and Regulations. The standards and restrictions of the Article 4 shall be the minimum required. To the extent the ordinances and regulations of the City of Kennewick, and/or Benton County are more restrictive or provide for a higher or different standard, the ordinances and regulations of the City of Kennewick, and/or Benton County, or any jurisdiction Property may be annexed into, shall prevail.

4.33 Violation. The Association may impose a fine, charge or penalty for any violation of this Declaration, the Bylaws and Rules and Regulations after reasonable notice of the violation and a reasonable opportunity for a hearing. Additionally, the Association may seek injunctions or other equitable relief or may file an action for money damages owing from such violations.

4.34 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might.

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be. Neither the Association, any managing agent retained by the Association, Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants that the Association, its Board of Directors and committees, any managing agent retained by the Association, Declarant, and any successor Declarant are not insurers and that each person using the Property assumes all risks for loss or damage to persons, to property and to the contents of Lots resulting from acts of third parties and releases such parties from any liability therefore.

ARTICLE 5

COMMON AREA

5.1 Use of Common Area. Use of the Common Areas is subject to the provisions of the Declaration, Bylaws, Articles and Rules and Regulations promulgated by the Board of Directors. There shall be no use of the Common Area except by Owners and their invitees. There shall be no obstruction of any part of the Common Area. Nothing shall be stored or kept in the Common Area without the prior written consent of the Board of Directors. No alterations or additions to the Common Area shall be permitted without the prior written approval by the Board of Directors. Any work so authorized by the Association's Board of Directors shall be considered a temporary easement over the Common Area. Nothing shall be stored or kept in the Homes or Common Area, which will increase the rate of insurance on the Common Area, or other Association insurance, without the prior written consent of the Board. At the Owner's sole expense, written approval from the Association's insurance carrier for such work in the Common Area must be obtained. If there are any insurance settlement claims or condemnation awards paid to the Association, a portion of the entire proceeds may be directed to the Lot Owner for said improvements.

5.2 Maintenance of Common Area. The Association shall be responsible for maintenance, repair, replacement, and upkeep of the Common Areas, including, but not by way of limitation, the entrance monument; any drainage systems, landscaping, irrigation systems, benches, or common area lighting not maintained by a public agency; and any other Improvements that may be included in Common Area. The Association shall keep the Common Area and improvements thereon in good condition and repair, provide for all necessary services and cause all acts to be done which may be necessary or proper to assure the maintenance of the Common Area in first class condition.

5.3 Alterations to Common Area. Only the Association shall construct, reconstruct, or alter any improvement situated upon the Common Area. A proposal for any construction of or alteration, maintenance or repair to an improvement may be made at any meeting. A proposal

may be adopted by the Board, subject to the limitations contained in the Bylaws and this Declaration.

5.4 Funding. Expenditures for alterations, maintenance or repairs to an existing capital improvement for all Common Area for which a reserve has been collected shall be made from the reserve account. Pursuant to section 10.7 below, the Board may levy a special assessment to fund any construction, alteration, repair or maintenance of an improvement (or any other portions of the Common Area) for which no reserve has been collected or for which the reserve account is insufficient to cover the cost of the proposed improvement.

5.5 Condemnation of Common Area. If all or any portion of Common Area is taken for any public or quasi-public use under any statute, by right of eminent domain or by purchase in lieu of eminent domain, the entire award shall be received by and expended by the Board of Directors in a manner which in their discretion is in the best interest of the Association. The Association shall represent the interest of all Owners in any negotiations, suit or action or settlement in connection with such matters.

5.6 Damage or Destruction of Common Area. In the event any Common Area is damaged or destroyed by an Owner or any of his Occupants, guests, tenants, licensees, agents or members of his family in a manner that would subject such Owner to liability for such damage under RCW Chapter 64.38, such Owner does hereby authorize the association to repair such damage. The association shall repair the damage and restore the area in workmanlike manner as originally constituted or as may be modified or altered subsequently by the Association in the discretion of the Board of Directors. The reasonable cost necessary for such repairs shall become a special assessment upon the Lot of the Owner who caused or is responsible for such damage.

ARTICLE 6

ARCHITECTURAL REVIEW COMMITTEE

6.1. Architectural Review. No improvement shall be commenced, erected, placed or altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the ARC. It is the intent and purpose of this Declaration to assure quality of workmanship and materials and to assure harmony of exterior design with the existing improvements and landscaping.

6.2. Architectural Review Committee, Appointment and Removal. The ARC shall consist of no fewer than three (3) members and no more than five (5) members, as the Board may appoint from time to time. The Declarant reserves the right to appoint all members of the ARC and all replacements thereto until 100% of the Lots have been sold and constructed, or until 10 years after the recording of the Declaration. The Declarant may appoint a single person to serve as the ARC. The terms of office for each member of the ARC shall be for one (1) year unless lengthened by the Board at the time of appointment or unless the Board serves as the ARC in which event the terms of the ARC members shall be the same as their terms as Board members. The Board may appoint any or all of its members for the ARC and there should be no

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requirement for non-Board members on the ARC. The Board may appoint one or more members to the ARC who are not Owners, but who have special expertise regarding the matters that come before the ARC. In the sole discretion of the Board, such non-Owner members of the ARC may be paid and that cost paid by applicants or the Association.

6.3. Majority Action. Except as otherwise provided in this Declaration, a majority of the members of the ARC shall have the power to act on behalf of the ARC, without the necessity of a meeting and without the necessity of consulting the remaining member of the ARC. The ARC may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

6.4. Duties. The ARC shall consider and act upon the proposals and/or plans submitted pursuant to this Article. The ARC, from time to time and at its sole discretion, may adopt architectural rules, regulations and guidelines ("Architectural Standards"). The Architectural Standards shall interpret and implement the provisions of this Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials and similar features which may be used in Property; provided, however that the Architectural Standards shall not be in derogation of the minimum standards established by this Declaration.

6.5. ARC Decision. The ARC shall render its approval or denial decision with respect to the construction proposal within thirty (30) business days after it has received all material required by it with respect to the application. All decisions shall be in writing. In the event the ARC fails to render its decision of approval or denial in writing within sixty (60) days of receiving all material required by it with respect to the proposal, the application shall be deemed approved. Approval by the ARC does not imply government approval, which is solely the responsibility of the Owner.

6.6. ARC Discretion. The ARC may, at its sole discretion, withhold consent to any proposed work if the ARC finds the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ARC intends for Cherry Glen. Consideration such as siting or location on the Lot, shape, size, color, design, height, solar access, or other effect on the enjoyment of other Lots, and any other factors which the ARC reasonably believe to be relevant, may be taken into consideration by the ARC in determining whether or not to consent to any proposed work.

6.7. Non-waiver. Consent by the ARC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing the ARC's right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

6.8. Appeal. At any time after Declarant has delegated appointment of the members of the ARC to the Board of Directors pursuant to Section 6.2, any Owner adversely impacted by action of the ARC may appeal such action to the Board of Directors. Appeals shall be made in writing within ten (10) days of the ARC's action and shall contain specific objections or mitigating circumstances justifying the appeal. If the Board is already acting as the ARC, the appeal shall be treated as a request for a rehearing, but in such case the Board must actually meet and receive evidence and argument. A final and conclusive decision shall be made by the Board of Directors within fifteen (15) days after receipt of such notification. The determination of the Board shall be final.

6.9. Effective Period of Consent. The ARC's consent to any proposed work shall automatically be revoked three (3) months after issuance unless construction of the work has been commenced or the Owner has applied for and received an extension of time from the ARC.

6.10. Determination of Compliance. The ARC shall inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ARC finds that the work was not performed in substantial conformance with the approval granted, or if the ARC finds that the approval required was not obtained, the ARC shall notify the Owner in writing of the noncompliance. The notice shall specify the particulars of any noncompliance and shall require the Owner to take the necessary action to bring the work into compliance with the approved project.

6.11. Noncompliance. If the ARC determines that an Owner has not constructed an improvement consistent with the specifications on which approval is based, and if the Owner fails to diligently commence to remedy such noncompliance in accordance with the provisions of the notice of noncompliance, then at the expiration of the third (3rd) day from the date of such notification, the ARC shall provide a notice of a hearing to consider the Owner's continuing noncompliance. The hearing shall be set not more than thirty (30) days from the date of the notice of noncompliance. At the hearing, if the ARC finds that there is no valid reason for the continuing noncompliance, the ARC shall determine the estimated costs of correcting it. The ARC shall then require the Owner to remedy or remove the same within a period of not more than ten (10) days from the date of the ARC's determination. If the Owner does not comply with the ARC's ruling within such period or within any extension of such period as the ARC, at its discretion, may grant, the Association may (a) remove the noncomplying improvement, (b) remedy the noncompliance, or (c) file suit to compel compliance. The costs of such action shall be assessed against the Owner and his Lot, including all attorneys' fees and other costs expended and incurred to enforce compliance before suit or action is filed and at trial or on any appeal or review of same.

6.12. Liability. Neither the ARC, the Board, their agents, nor any member thereof shall be liable to any Owner, Occupant, or builder for any damage, loss or prejudice suffered or claimed or claimed to be suffered arising from any action by the ARC or a member thereof or failure of the ARC or a member thereof, provided only that the member has acted in good faith in accordance with the actual knowledge possessed by him.

6.13. Estoppel Certificate. Within fifteen (15) working days after written request is delivered to the ARC by an Owner, and upon payment to the ARC of a reasonable fee fixed by the ARC to cover costs, the ARC shall provide such Owner with a certificate executed by the Chairman of the ARC, and acknowledged, certifying with respect to any Lot owned by the Owner, that as of the date thereof either (a) all improvements made or done upon or within such Lot by the Owner comply with this Declaration or any Rules and Regulations either promulgated by the Board or the ARC, or (b) such improvements do not so comply, in which event, the certificate shall also identify the noncomplying improvements and set forth with particularity the nature of such noncompliance. The Owner, his heirs, devisees, successors and assigns shall be entitled to rely on the certificate with respect to the matters set forth. The certificate shall be conclusive as between the Declarant, the ARC, the Association and all Owners, and all such persons deriving an interest through any of them.

6.14. ARC Limitations.

(a) Common Area Considerations. The ARC will only have authority to make decisions related to the Lots and not the Common Area. Any architectural or design considerations on the Common Area will be solely within the power of the Board of Directors. Construction by the Declarant is presumed to have been approved and is thereby exempt from this review. In all cases, which the ARC consent is required by this Declaration, the provision of this Article shall apply. The ARC and the Board of Directors are hereby granted an easement over the Lots to enable the ARC to carry out its designated functions.

(b) Municipal Regulations. Neither the ARC, the Board, nor the Association is responsible for determining compliance with structural and building codes, solar ordinances, zoning codes or other governmental regulations, all of which are the responsibility of the Lot Owners.

(c) Defect Liability. PLANS AND SPECIFICATIONS ARE NOT APPROVED FOR ENGINEERING, STRUCTURAL DESIGN OR QUALITY OF MATERIALS, AND BY APPROVING SUCH PLANS AND SPECIFICATIONS NEITHER THE ARC, THE BOARD OF DIRECTORS, THE MEMBERS, THE MANAGING AGENT, NOR THE ASSOCIATION ASSUMES LIABILITY OR RESPONSIBILITY FOR THESE MATTERS, NOR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND SPECIFICATIONS. OWNER IS SOLELY RESPONSIBLE FOR ALL IMPROVEMENTS, PERMITS AND COSTS OF SAID WORK.

(d) General Liability. Neither the ARC, the Board, their agents, nor any member thereof shall be liable to any Owner, Occupant, or builder for any damage, loss or prejudice suffered or claimed, or claimed to be suffered, arising from any action by the ARC or a member thereof, or failure of the ARC or a member thereof, provided only that the member has acted in good faith in accordance with the actual knowledge possessed by him.

ARTICLE 7

CHERRY GLEN HOMEOWNERS ASSOCIATION

7.1. Association Powers. The Association shall be a non-profit, mutual benefit corporation established under the Washington Statutes and have all of the powers and responsibilities granted to it by said Statutes, including RCW 64.38.020.

7.2. Members. Each Owner shall be a mandatory member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Without any other act or acknowledgement, Occupants and Owners shall be

governed and controlled by this Declaration the Articles, Bylaws, and Rules and Regulations and any amendments thereof. Ownership of a Lot shall be the sole qualification for being a Member in the Association.

7.3. Proxy. Each Owner may cast his vote in person, pursuant to a proxy executed by the Owner, or by written ballot, as provided by Washington Statutes. An Owner may not revoke a proxy given pursuant to this section except by actual notice or revocation to the person presiding over a meeting of the Association. A proxy shall not be valid if it is undated or purports to be revocable without notice. A proxy shall terminate one (1) year after its date, unless the proxy specifies a shorter term.

7.4. Voting Rights. The Association shall have two (2) classes of voting members.

(a) Class A. Class A members shall be all Owners of Lots other than the Declarant, and each Class A member shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

(b) Class B. The Class B member shall be Declarant, its successors and assigns. The Class B member shall have three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the earlier of:

(i). When 80% of the Lots in all phases of the Property have been sold and conveyed to Owners other than Declarant; or

(ii). At such earlier time as Declarant may elect in writing to terminate Class B membership.

Thereafter, each Owner, including the Declarant, shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote, and the total number of votes shall be equal to the total number of Lots.

When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractional or split votes shall be disregarded, except for purposes of determining a quorum. The total number of votes as of the Termination Date and thereafter shall be equal to the total number of Lots.

7.5. Procedure. All meetings of the Association, the Board of Directors, the ARC, and Association committees shall be conducted with such rules of order as may from time to time be adopted by the Board of Directors. Notwithstanding which rule of order is adopted, the chairman shall be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

ARTICLE 8

DECLARANT CONTROL

8.1. Interim Board and Officers. The Declarant hereby reserves administrative control of the Association. The Declarant, in its sole discretion, shall have the right to appoint and remove members of the Interim Board of Directors, which shall manage the affairs of the Association and which shall be vested with all powers and rights of the Board of Directors. The Interim Board shall consist of one to three members. Notwithstanding the provision of this Section, at the Turnover Meeting (as hereinafter defined) at least one (1) Director shall be elected by Owners other than the Declarant, even if the Declarant otherwise has voting power to elect all of the members of the Board.

8.2. Turnover Meeting. The Declarant shall call a meeting for the purpose of turning over administrative control of the Association from the Declarant to the Class A members within ninety (90) days of the earlier of:

(a) Upon Sale of Lots. The date that 80% of the Lots subject to this Declaration, including any recorded annexation of additional Lots, have been conveyed to persons other than the Declarant, except another party whose sole intent is to build homes for re-sale; or

(b) Declarant's Earlier Election. At such earlier time as Declarant may elect in writing to terminate Class B membership.

The Declarant shall give notice of the meeting to each Owner as provided in the Bylaws, attached hereto as Exhibit "A". If the Declarant does not call the meeting required under this Section, any Owner may do so. There is no quorum requirement for the turnover meeting.

8.3. Board of Directors. At and following Turnover, the Board of Directors of the Association shall be comprised of three (3) directors. The Directors elected at the Turnover Meeting shall serve until the first annual meeting of the Corporation. The Turnover Meeting may serve as the annual meeting of the corporation for the year in which it is held. The directors will be elected by a plurality of the total membership of the Cherry Glen Homeowners Association. In the event of a vacancy occurring on the Board, the position of such director(s) shall be filled in accordance with the terms and provisions of the Bylaws, attached hereto as Exhibit "A", through appointment by the Board of Directors. Terms of office shall be staggered such that at the first annual meeting election after the Turnover Meeting, as described in the Bylaws attached, two (2) Directors shall serve for a term of two-years, and one (1) Director for a term of one-year. At all subsequent Annual Meetings, the term of office for elected Directors will be 2 years.

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ARTICLE 9

DECLARANT'S SPECIAL RIGHTS

9.1. General. Declarant is undertaking the work of developing Lots and other improvements within Cherry Glen. The completion of the development work and the marketing and sale of the Lots is essential to the establishment and welfare of the Property as a residential community. Until the Homes on all Lots on the Property have been constructed, fully completed and sold, with respect to any Common Areas and each Lot on the Property, the Declarant shall have the special rights set forth in this Article 9.

9.2. Marketing Rights. Declarant shall have the right to maintain a sales office and model on one or more of the Lots which the Declarant may or may not own, to be staffed by the employees of the Declarant or any licensed real estate sales agents. The Declarant and prospective purchasers and their agents shall have the right to use and occupy the sales office and models during reasonable hours any day of the week. The Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations of the Property, including, without limitation, the Common Area.

9.3. Declarant's Easements. The Declarant has reserved easements over the Property as more fully described in Article 3.4, Sections (c) and (d) hereof.

9.4. Appearance and Design of Cherry Glen. Declarant shall not be prevented from changing the exterior appearance of any Common Area, including the landscaping or any other matter directly or indirectly connected with project in any manner deemed desirable by Declarant, provided that the Declarant obtain governmental consents required by law. The construction and material standards of Article 4 notwithstanding, Declarant may change exterior and/or interior designs of Homes and Lots from initial plans and provisions in this document, without notice. This may include designs, colors, and type of materials, provided Declarant obtains any necessary governmental consent.

9.5. Construction by Declarant. All construction by Declarant is presumed to have been approved by the ARC and to meet any Design Guidelines of the Association.

ARTICLE 10

FUNDS AND ASSESSMENTS

10.1. Purpose of Assessment. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and Occupants, and for the improvement, operation and maintenance of the Common Area owned by the association, including maintenance and administrative costs and insurance for Association.

10.2. Common Expense Designations. Common Expenses of the nature described in Section 10.1 which are to be, or are, incurred by the Association for the benefit of all of the

Owners of Lots within the Property shall be separately budgeted for allocation among all such Owners and shall be designated "General Common Expenses".

10.3. Covenants to Pay. Declarant, on behalf of each and every subsequent Owner of any Lot, covenants and agrees that each Lot will pay the Association the assessments and any additional charges levied pursuant to this Article 10.

(a) Funds Held. The assessments collected by the Association shall be held by the Association for and on behalf of each Owner and shall be used solely for the operation, care and maintenance of Cherry Glen as provided by this Declaration. Upon the sale or transfer of any Lot, the Owner's interest in the funds shall be deemed automatically transferred to the successor in interest of such Owner, and is not refundable.

10.4. Basis of Assessments and Commencement of Assessments.

(a) Assessments are to be levied against all Lots, except those owned by the Declarant, or any successor Declarant or Builder who acquires all of the platted Lots in a bulk purchase, whether or not such Lots have been improved with a substantially completed Home. Provided, however, that no Assessment shall be levied against any Lot, until such time as it is first conveyed to a purchaser other than Declarant or Declarant's assignee.

Assessments for all Lots conveyed by the Declarant to a purchaser/Owner, either by deed or land sales contract, shall begin on the day of the recording of the deed or land sale contract conveying or contracting to convey the Lot to the new Owner.

(b) In lieu of paying operating assessments, Declarant will contribute, in a timely manner non-refundable monies to the Association in order to support budgeted, or previously agreed to, operating costs in excess of current Association revenues, so long as Declarant owns any Lots. After the date of the Turnover Meeting, Declarant shall pay assessments on any Lots still owned.

(c) Notwithstanding Section 10.4(a), to the extent required by law, Reserve Fund Assessments described in Section 10.6 shall begin accruing on each platted Lot from the date of the first Lot as the Property becomes subject to assessment under Section 10.4(a); provided, however, that the Declarant may defer payment of any accrued reserve assessment for a Lot under this Section 10.4(c) until the date such Lot is first conveyed to a purchaser other than Declarant or Declarant assignee, but no later than Turnover. The books and records of the Association shall reflect the amount owing from Declarant for all such Reserve Fund Assessments.

10.5 Annual Assessments. Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. Annual assessments shall be levied on a fiscal year basis. The fiscal year shall be the calendar year unless another year is adopted by vote of the Board members. At the Board's discretion, annual assessments shall be payable in monthly, quarterly, semi-annually or annual installments, and shall be payable on the first day of each billing period during the term of this Declaration.

(a) Budget. Regardless of the number of Members or the amount of assets of the Association, each year the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing; (i) estimated revenue and expenses on an accrual basis; (ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area, if any, and for contingencies; (iii) an itemized estimate for the remaining life of, and the methods of funding to defray repair, replacement or additions to major components of the Common Area, if any; and (iv) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs and repair, replacement or additions to major components of the Common Area, if any.

For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, it shall be the duty of the Board of Directors to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include: a reserve in accordance with a reserve budget for the Common Area Properties, if any are owned by the Association, separately prepared. The Board of Directors shall cause the budget and the annual assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current calendar year. Within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than sixty (60) days after mailing of a budget summary.

The budget and the annual assessment shall become effective unless disapproved at said Owners meeting by a majority of the total Association vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board of Directors fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget and annual assessments in effect for the then current year shall continue for the succeeding year.

(b) Allocation of Assessments. The total amount in the General Association budget shall be charged equally against all Lots subject to assessments.

(c) Non-Waiver of Assessments. If before the expiration of any fiscal year the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year shall continue until a new annual assessment is fixed.

10.6. Reserve Funds. The Reserve Study and Fund provisions in this Section 10.6 are intended to comply with the terms and conditions contained in RCW 64.38.65 through RCW 64.38.90.

(a) Reserve Fund for Replacing Any Association Owned Common Area Improvements. Declarant shall in addition establish a reserve fund in the name of the Association for replacement, in whole or in part, of any Common Area and any

improvements located in, on, or under any Common Area for which the Association is responsible pursuant to this Declaration, that will normally require replacement in more than one (1) and fewer than thirty (30) years, including any exterior painting, if any Common Area includes exterior painted surfaces. The reserve account need not include those items that could reasonably be funded from the maintenance fund. For purposes of funding the reserve fund, the Declarant initially, and thereafter the Association shall impose an assessment to be called the "Reserve Fund Assessment" against each Lot, which assessment shall be spread equally over the Lots. However, after the turnover meeting, the Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet other temporary expenses. The Reserve Fund Assessment shall be based on the reserve study, and updates thereof, described in Section 10.6 (b), or other sources of reliable information. Nothing herein shall limit the authority of the Declarant or the Association to establish other separate and unrelated reserve funds that are funded by assessments for reserves that are in addition to the Reserve Fund or that relate only to a particular type or category of Lot. The Reserve Fund shall be kept separate from other funds and may be used only for the purposes for which reserves have been established as specified in this Section.

Required Reserve Fund Assessments for completed improvements shall begin accruing from the date the first Lot assessed is conveyed. Declarant is responsible for reserve assessments, but they may elect to defer payment of the Reserve Fund Assessments due on Lots they own until the date of the conveyance of the Lot to an Owner. However, such payment may not be deferred beyond the date of the Turnover Meeting. The book and records of the Association shall reflect the amount owing from the Declarant and Approved Builder for all Reserve Fund Assessments.

After the Turnover Meeting, the Board may borrow funds from the Reserve Fund to meet high seasonal demands on the regular operating funds or to meet other unexpected increases in expenses. Such funds borrowed from the Reserve Fund shall be repaid from regular annual or special assessments against the Lots, if the Board has adopted a resolution, which may be an annual, continuing resolution, authorizing the borrowing of funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period.

The Board may adjust the amount of the Reserve Fund Assessments as indicated by any reserve study or update, and provide for any other reserve items that the Board, in its discretion, may deem appropriate during a fiscal year. In addition, after the second anniversary of the turnover meeting, the Association may elect to reduce or increase future Reserve Fund Assessments by a 75% vote of the Owners.

Any funds established for any of the purposes mentioned in this Section shall be deemed to be within the Reserve Fund notwithstanding that it may not be so designated by the Board of Directors. The amount of the Reserve Fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner.

(b) Reserve Study. The Board of Directors shall conduct a reserve study no less than every three (3) years, but shall annually review and update an existing study, of

any Association owned Common Area components to determine the requirements of the reserve fund described in Section 10.5 above. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item at the end of its useful life; and (d) a thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule.

10.7 Special Assessments. The Board of Directors shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

(a) Deficits in Operating Budget. To correct a deficit in the operating budget, by vote of a majority of the Board;

(b) Breach of Documents. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

(c) Repairs. To make repairs or renovations to any Association owned Common Area if sufficient funds are not available from the operating budget or replacement reserve accounts by vote of a majority of the Board; or

(d) Capital Additions. To make capital acquisitions, additions or improvements, by vote of at least seventy-five percent (75%) of all votes allocated to the Lots.

10.8 Accounts.

(a) Types of Accounts. Assessments collected by the Association may be deposited into at least two (2) separate accounts with a bank, which accounts shall be designated as (i) the Current Operating Account and (ii) the Reserve Account. Those portions of the assessments collected for current maintenance and operation levied under Section 10.5 will be in the Current Operating Account and those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements under Section 10.6 into the Reserve Account. Special Assessments shall be deposited into one of the two accounts, whichever is deemed by the Board to be appropriate. .

(b) Reserve Account. The Association shall pay out of the Reserve Account only those costs that are attributable to the maintenance, repair or replacement of capital improvements for which reserves have been collected and held. No funds collected for the Reserve Account may be used for ordinary maintenance and operation purposes, unless repaid within six (6) months of withdrawal, or as approved by a majority of Owners.

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(c) Current Operating Account. All ordinary maintenance and operating expenses shall be paid from the Current Operating Account.

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

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

10.11 Default in Payment of Assessments, Enforcement of Liens.

(a) Personal Obligation. All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligations of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure) the grantees shall be jointly and severally liable with the grantor(s) for all Association assessments imposed through the recording date of the instrument affecting the conveyance. Said provisions shall be in accordance with the provisions of RCW Chapter 64.38. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

(b) Association Lien. At any time any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof is delinquent, the Association, by and through its Board or any management agent, may file a notice of lien in the deed records of Benton County, Washington, against the Lot in respect to which the delinquency pertains. Once filed, such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorneys' fees (whether or not suitor action is instituted) and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. The provisions regarding the attachment, notice, recordation and duration of liens established on real property under RCW Chapter 64.38, as the same may be amended, shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under RCW Chapter 64.38. The lien of the Association shall be superior to all other liens and encumbrances except property taxes and assessments, any first mortgage, deed of trust or land sale contract recorded previously to the Association's notice of lien and any mortgage or deed of trust granted to an institutional lender which is recorded previously to the Association's notice of lien.

(c) Interest; Fines; Late Fees; Penalties. The Board in its reasonable discretion may from time to time adopt resolutions to set the rate of interest, and to impose late fees, fines and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, any Rules and Regulations, and any rules and regulations adopted by the ARC. The adoption of such impositions shall be communicated to all

Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing addresses of such Owners. Such impositions shall be considered assessments which are lienable and collectible in the same manner as any other assessments. Provided, however, no fine or penalty for violation of this Declaration, the Bylaws or any Rules and Regulations (other than late fees, fines or interest arising from an Owner's failure to pay regular or special assessments) may be imposed against an Owner or his/her Lot until such Owner is given an opportunity for a hearing as provided in Section 4.31.

(d) Acceleration of Assessments. In the event an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, upon not less than ten (10) days written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

(e) Association's Right to Rents/Receiver. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his/her Lot or shall be entitled to the appointment of a Receiver. Any default by the Owner in any provisions of the Declaration or Bylaws shall be deemed to be a default by the Owner of any mortgage to which the Owner is party or to which the Lot is subject.

ARTICLE 11

INSURANCE

11.1. Types of Insurance. For the benefit of the Association and the Owners, the Board of Directors shall obtain, maintain at all times, and pay for out of the Operations Fund, the types of insurance described in the following sections of Article 11. Such policies shall be issued by reputable insurance companies, authorized to do business in the State of Washington. Such policies shall provide that the coverage there under cannot be canceled or substantially modified without at least 10 days written notice to the Association. The named insured on the policy shall read Cherry Glen Homeowners Association.

11.2. Liability Insurance. The Association shall maintain comprehensive general liability insurance coverage insuring the Declarant, the Association, the Board of Directors, and the managing agent, against liability to the public or to Owners and their invitees or tenants, incident to the operation, maintenance, ownership or use of the Common Areas, including legal liability arising out of lawsuits related to employment contracts of the Association. There may be excluded from such policy or policies coverage of an Owner (other than as a member of the Association or Board of Directors) for liability arising out of acts or omissions of such Owner and liability incident to the ownership and/or use of the part of the Property as to which such Owner has the exclusive use or occupancy;

(a) Limits of liability under such insurance shall not be less than One Million Dollars (\$1,000,000) on a combined single-limit basis;

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(b) Such policy or policies shall be issued on a comprehensive liability basis and shall provide a cross-liability endorsement wherein the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured;

11.3. Property Damage Insurance. The Association shall obtain, and maintain in effect, fire and extended coverage casualty insurance (including coverage for damage resulting from vandalism and malicious mischief) with respect to the Common Areas (including any insurable improvements in the Common Areas) in an amount equal to 100% of the replacement cost thereof.

(a) The casualty coverage may be obtained on a "blanket" basis.

(b) The casualty insurance shall include the following terms, if the Board determines they are reasonably available:

- (i) A waiver of subrogation by the insurer as to any claims against the Board, any Owner, or any guest of an Owner;
- (ii) A waiver by the insurer of its right to repair and reconstruct instead of paying cash;
- (iii) A provision that no policy may be canceled, invalidated, or suspended because of the action of an Owner;
- (iv) A provision that no policy may be canceled, invalidated, or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the Association a reasonable time to make the correction; and
- (v) A provision that any "other insurance" clause in any policy shall exclude from its coverage all owners' policies.

11.4. Workers' Compensation Insurance. The Association shall maintain workers' compensation insurance to the extent necessary to comply with any applicable laws.

11.5. Fidelity Insurance. The Board of Directors may cause the Association to maintain blanket fidelity insurance for all officers, directors, trustees, management agent, and employees of the Association and all other persons handling or responsible for funds of, or administered by, the Association. In the event that the Association has retained a management agent, the Board of Directors may require such agent to maintain fidelity bonds for its officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The cost of such insurance, if any, shall be borne entirely by the Association.

(a) The total amount of fidelity insurance coverage required shall be based upon the best business judgment of the Board of Directors.

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(b) Such fidelity insurance shall name the Association as obligee and shall contain waivers by the insurance issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions. The insurance shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association.

11.6. Insurance by Lot Owners. Each Owner shall be responsible for obtaining, at his or her own expense, homeowner's insurance covering the improvements on the Owner's Lot and liability resulting from use or ownership of the Lot, unless the Association agrees otherwise. The insurance coverage maintained by the Association shall not be brought into contribution with the insurance obtained under this section by the Owners.

11.7. Planned Community Requirements. The insurance maintained by the Association shall comply with the requirements of Washington state law.

ARTICLE 12

GENERAL PROVISIONS

12.1 Records. The Board of Directors shall preserve and maintain minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall also keep detailed and accurate financial records including individual assessment accounts of Owners, the balance sheet, and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, the amounts paid upon the account, and the balance due on the assessments. The minutes of the Association, the Board and committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

(a) Inspection by Members and Mortgagees. This Declaration, the Bylaws, attached hereto as Exhibit "A", copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board of Directors and committees shall be made available for inspection and copying by any member of the Association or by the duly appointed representative of any member and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to such Person's interest as a member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board of Directors shall prescribe.

- (i) Rules for Inspection. The Board of Directors shall establish reasonable rules with respect to:
- Notice to be given to the custodian of the records;
 - Hours and days of the week when such an inspection may be made; and

- Payment of the cost of reproducing copies of documents.
- (ii) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

12.2 Indemnification of Directors, Officers, Employees and Agents. To the fullest extent allowed by applicable Washington law, the Association shall indemnify any Director, officer, employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association) by reason of the fact that he/she is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he/she acted in good faith and in a manner he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of nolo contendere or its equivalent, shall not of itself create a presumption that a person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the Association, and with respect to any criminal action or proceedings, had reasonable cause to believe his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association to reimbursement of such payment from such person, should it be proven at a later time that such person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director, officer, employee or agent shall have a right of contribution over and against all other Directors, officers, employees or agents and members of the Association who participated with or benefited from the acts which created said liability.

12.3 Enforcement; Attorneys' Fees. The Association and the Owners within the Property or any mortgagee on any Lot shall have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens and charges now or hereinafter imposed by any of the provisions of this Declaration as may pertain specifically to such parties or owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of their right to do so thereafter.

12.4 Agreements. Subject to the prior approval of Declarant (so long as Declarant owns any property for development and/or sale in the Property) all agreements and determinations, including settlement agreements regarding litigation involving the Association, all fully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal

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representatives, successors, assigns, and others having an interest in the Property or the privilege of possession and enjoyment of any part of the Property.

12.5 Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation, any use restriction or rule, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

12.6 Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Property.

12.7 Severability. Invalidity of any one of these covenants, conditions or restrictions by judgment or court order shall not affect the other provisions hereof and the same shall remain in full force and effect for the duration of this document.

12.8 Duration. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of this Declaration being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners and ninety percent (90%) of the first mortgagees. However, amendments that do not constitute rescission of the planned development may be adopted as provided in Section 12.9 below. Additionally, any such rescission, which affects any Common Area, shall require the prior written consent of Benton County.

12.9 Amendment. Except as otherwise provided in Sections 12.5, 12.8, and the restrictions set forth elsewhere herein, this Declaration may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes for all Lots subject to this Declaration, of each class of members that are eligible to vote. However, during the period of time prior to the Turnover Meeting, Declarant has right to amend Declaration, Bylaws and Articles of Incorporation without notice to or approval by any Class A members. Any amendment must be executed, recorded and certified as provided by law and a copy provided to all Owners of record within 30-days prior to the effective date of the amendment. Provided, however, that no amendment of this Declaration shall effect an amendment of the Bylaws or Articles without compliance with the provisions of such documents, and the Washington Non-Profit Corporation statutes. Provided further, so long as the Declarant own any Lot, no amendment affecting the general plan and development or any other right of the Declarant herein contained may be effected without the express written consent of the Declarant or its successors and assigns.

12.10 Release of Right of Control. The Declarant may give up their right of control in writing at any time by notice to the Association.

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12.11 Personal Pronouns. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall apply to the plural and vice versa.

12.12 Unilateral Amendment by Declarant. The Declarant may amend this Declaration in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Washington, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Washington, or such other state, the approval of which entity is required in order for it to insure, guarantee or provide financing in connection with development of the Property and sale of Lots. Prior to the Turnover Meeting, no Declarant amendment shall require notice to or approval by any Class A member.

12.13 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Cherry Glen, such conflict shall be resolved by looking to the following documents in the order shown below:

1. Plat
2. Declaration of Covenants, Conditions and Restrictions;
3. Articles of Incorporation;
4. Bylaws; and
5. Rules and Regulations.

The remainder of this page left blank intentionally.

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IN WITNESS WHEREOF, the undersigned being the Declarant herein, has executed this instrument this 25th day of July, 2014.

By: [Signature]

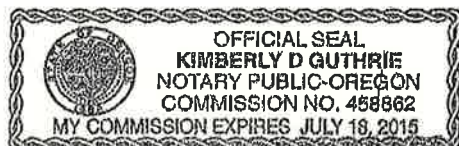
Name: Jim Sansburn

Title: ~~Member~~, Hayden Homes, LLC
VP Finance

STATE OF Oregon)
) ss.
County of Deschutes)

This instrument was acknowledged before me on the 25th day of July, 2014, by Jim Sansburn, as a ~~Member~~ of Hayden Homes, LLC
VP - Finance

Kimberly D. Guthrie
NOTARY PUBLIC FOR Deschutes County
My Commission Expires: 7.18.2015



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