201611280829 RJOHNSO 52 PGS 11/28/2016 04:21:35 PM \$124.00 AUDITOR, Pierce County, NPSHINGTON

When Recorded Return to:

SUNRISE MASTER ASSOCIATION Attn: Eric Corliss 3106 A Sumner Tapps Highway East Lake Tapps WA 98391

AUDITOR'S NOTE

LEGIBILITY FOR RECORDING AND COPYING UN-SATISFACTORY IN A PORTION OF THIS INSTRU-MENT WHEN RECEIVED

SECOND AMENDED AND RESTATED SUNRISE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

Grantor(s): SUNRISE DEVELOPMENT CORPORATION OF WASHINGTON

Grantee(s): SUNRISE MASTER PLANNED COMMUNITY

Legal Description (abbreviated): PTNS SECS. 23 – 27, 35, 36, TOWNSHIP 19N,

AND SECS. 1-2, TOWNSHIP 18N, R 4E,

WILLAMETTE MERIDIAN, PIERCE COUNTY,

WASHINGTON

☑ Complete legal on EXHIBIT A

Reference No. of Related Documents:

9105010059; 9106060368;

9107110621; 9206120741 200612190411; 200804020565

TABLE OF CONTENTS

Pag	-
ARTICLE 1. DEFINITIONS	.5
ARTICLE 2. PROPERTY SUBJECT TO THIS DECLARATION; DEVELOPMENT	
ARTICLE 3. SUNRISE MASTER ASSOCIATION	
ARTICLE 4. USE COVENANTS, CONDITIONS AND RESTRICTIONS ON PROPERTY17	,
ARTICLE 5. COMMON AREAS AND EASEMENTS26	
ARTICLE 6. BUDGET AND ASSESSMENTS31	
ARTICLE 7. ENFORCEMENT36	
ARTICLE 8. SUBORDINATION OF LIENS41	
ARTICLE 9. INDEMNIFICATION42	
ARTICLE 10. INSURANCE; LOSSES; CONDEMNATION42	
RTICLE 11. LIMITATION OF LIABILITY43	
RTICLE 12. GENERAL PROVISIONS43	

SECOND AMENDED AND RESTATED SUNRISE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS

THIS SECOND AMENDED AND RESTATED SUNRISE DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS ("Declaration") is dated for reference purposes November 1, 2016 and is made by SUNRISE DEVELOPMENT CORPORATION OF WASHINGTON, a Washington corporation ("Declarant").

RECITALS

- A. This Declaration amends, restates and replaces in their entirety (i) that certain Sunrise Declaration of Covenants, Conditions, Restrictions and Easements recorded May 1, 1991, under Pierce County Auditor's File No. 9105010059 (the "Original Declaration"); and (ii) that certain Amended and Restated Sunrise Declaration of Covenants, Conditions, Restrictions and Easements recorded June 6, 1991 under Pierce County Auditor's File No. 9106060368, rerecorded July 11, 1991 under Pierce County Auditor's File No. 9107110621, and rerecorded June 12, 1992 under Pierce County Auditor's File No. 9206120741, together with the First Addendum to Amended and Restated Sunrise Declaration of Covenants, Conditions, Restrictions and Easements recorded December 19, 2006 under Pierce County Auditor's File No. 200612190411 and Amendment to the Amended and Restated Sunrise Declaration of Covenants, Conditions, Restrictions and Easements dated April 1, 2008 and recorded under Pierce County Auditor's File No. 200804020565, (as amended, the "First Amended Declaration").
- B. Declarant is the successor to the interests of Rainier Terrace Limited Partnership, a Washington limited partnership, the entity named as the "Declarant" in the First Amended Declaration (the "Original Declarant").
- C. Pursuant to Statutory Warranty Deeds dated August 1, 1994 and recorded December 29, 1994 under Pierce County Auditor's File Nos. 9412290666 and 9412290667, Declarant is the successor to the interests of Mount Rainier Ventures Limited Partnership, a Washington limited partnership ("MRVLP"), and Rainier South Ventures Limited Partnership, a Washington limited partnership ("RSVLP"). MRVLP and RSVLP, as the owners of the Property (as defined herein), delegated and assigned to the Original Declarant the power and authority to develop and manage the Property, and to exercise and fulfill all obligations of the Original Declarant.
- D. The real property that is subject to this Declaration is more particularly described on the attached EXHIBIT A and is referred to herein as the "Property."

- E. Declarant intends to continue to develop the Property as the planned community now known as Sunrise and formerly known as Rainier Terrace Planned Community. The current Sunrise planned community is more specifically described in the Sunrise Master Planned Community Development Agreement dated as of September 15, 2016 between Pierce County and Declarant, as it may be amended and restated (the "Development Agreement"). The Development Agreement supersedes and replaces the Sunrise Master Planned Community Development Agreement dated as of November 15, 2001, which in turn superseded and replaced the Concomitant Zoning Agreement and Master Land Use Plan to which the original development of Sunrise was subject and which were described in Exhibit B of Pierce County Ordinance 86-925, recorded on March 3, 1987 under Pierce County Auditor's No. 8703030386.
- F. This Declaration is intended to continue to provide for the preservation and enhancement of the property values, amenities, and opportunities in Sunrise, to contribute to the health, safety, welfare and recreation of the residents of Sunrise, and to provide for the maintenance of the land and improvements thereon, all of which is for the benefit of said Property and each owner thereof and shall inure to the benefit of and bind the Property and each and every parcel thereof.
- G. To provide a means for meeting the purposes and intent of this Declaration and the requirements of Pierce County, an association of the owners of property within Sunrise was incorporated on May 13, 1991 as the Sunrise Master Association, a Washington nonprofit corporation (the "Association").
- H. The Board of the Association, which includes one or more members elected by Owners other than Declarant, reviewed and analyzed the First Amended Declaration and concluded that it was out of date and inadequate to meet the current needs of the Sunrise community. The Board sought and received input from current Owners other than Declarant by holding meetings, sending explanatory notices, and otherwise consulting with Owners. As a result, the Board, by action duly taken, requested Declarant to adopt this Declaration for the purpose of amending and replacing in its entirety the First Amended Declaration.

NOW, THEREFORE, Declarant, pursuant to its authority under Section 11.4 of the First Amended Declaration, declares that the Property is, has been and shall continue to be held, transferred, sold, conveyed, and occupied subject to this Declaration and each Owner, whether or not it is expressed in the deed by which the Owner acquires a Unit, shall be deemed to have agreed to the covenants, conditions, restrictions and easements set forth herein.

AND FURTHER, Declarant confirms the delegation and assignment to the Association, subject to the terms and conditions set forth herein, of the power to own, maintain, and administer the Common Areas (as defined herein), to administer and enforce this Declaration, to collect and disburse the Assessments and charges herein created, and to promote the health, safety, welfare and recreation of the residents of Sunrise.

ARTICLE 1. <u>DEFINITIONS</u>

- 1.1 "ARC" means the Architectural Review Committee of the Association established to review, approve or approve with conditions any proposed plans for construction of Improvements within Sunrise as described more fully in Section 3.5.
- 1.2 "Assessment" means all sums chargeable by the Association against a Unit or its Owner, including, without limitation: (a) general and Special Assessments for common expenses; (b) Specific Assessments; (c) conveyance assessments (d) charges and fines imposed by the Association; (e) interest and late charges on any delinquent account; and (f) costs of collection, including reasonable attorney's fees, incurred by the Association in connection with the collection of a delinquent Owner's account.
- 1.3 "Association" means the Sunrise Master Association, a Washington nonprofit corporation, and its successors and assigns.
 - 1.4 "Board" means the board of directors of the Association.
 - 1.5 "Class" means a voting class as described more fully in <u>Section 3.3.2</u>.
- 1.6 "Commercial Property" means that portion of the Property designated by the Master Plan as CC-Community Commercial. Other portions of the Property with designations that might permit commercial uses and residential uses, shall be considered Residential Property unless and until they are actually developed with non-residential uses at which time they shall be considered Commercial Property. If buildings contain both residential and non-residential uses, the property shall be considered Residential Property.
- 1.7 "Common Areas" means all real and personal property and Improvements thereon owned or leased by the Association or over which the Association has an easement or other use right for the common use and enjoyment of the Owners. Common Areas may be improved by certain common facilities and, if and when so improved, the Common Areas shall include such common facilities. Common Areas shall only be dedicated as described in Section 5.1.

By way of example and without limitation, the Common Areas shall include any of the following which meet the requirements of the above definition: (a) open space areas and improvements thereon, (b) recreational and athletic facilities, (c) pedestrian trails, (d) non-motorized bicycle paths, (e) Median Strips, (f) cul-de-sac islands, (g) Community Fencing, (h) Ponds, (i) wetlands and marshes, (j) parking areas, (k) landscaping, (l) irrigation, (m)street lights, (n) the Illumination System, (o) sewer, water, storm drainage and other utility systems located (i) on or in the Common Areas or (ii) between the Common Areas and the streets or (iii) on or in other public or utility easements, and (p) monuments. Common Areas include Native Growth Protection Areas, as described in Section 1.31, in which the Association has an ownership, easement or other real property interest.

- 1.8 "Common Expenses" means all expenses associated with improving, maintaining, operating, and replacing the Common Areas, including, but not limited to, the following: (a) expenses of administration, maintenance, operation, repair or replacement of the Common Areas, (b) premiums or deductibles for all insurance policies required or permitted by this Declaration, (c) all property and other taxes and assessments on the Common Areas, or otherwise payable by the Association (d) utility and service charges, (e) reserves for anticipated operational shortfalls, (f) reserves for the major maintenance, repair, and replacement of the Common Areas, including any such costs that are infrequent, significant, and impractical to include in an annual budget, (g) legal fees and costs and collection costs, (h) recoupment of unpaid Assessments against a foreclosed Unit per Section 8.5, (i) fees for architectural services provided to the ARC, and (j) any other expenses established from time to time as reasonably necessary by the Board. Common Expenses shall not include the cost of construction of Initial Plat Improvements (as defined herein) to the Common Areas, and such costs shall be the sole responsibility of Declarant or such other Person recording the plat as the owner pursuant to RCW Ch. 58.17.
- 1.9 "Community Fencing" means fencing that (a) abuts a Common Area, except those Common Areas identified as open space tracts, wetlands under project approvals by Pierce County, NPGA, ponds and/or (b) is designated by the Declarant or the Association as being for the common benefit of the Owners. A record of the Community Fencing will be kept by the Association. The Declarant and of the Association during the Development Period and Association thereafter may modify the designation of Community Fencing from time to time as needed based on community benefit, accessibility and other matters of community interest.
- 1.10 "Community-Wide Standard" means the standard of conduct, quality, maintenance and design generally prevalent within Sunrise. Such standard has been initially established by Declarant and may contain both objective and subjective elements. Objective elements may be more specifically defined by restrictions set forth in this Declaration, rules and guidelines adopted by the ARC, and the Association's Rules and Board resolutions.
- 1.11 "Condominium Unit" means any condominium unit created pursuant to a declaration recorded in accordance the Washington Condominium Act, or any successor statute
 - 1.12 "Conveyance Assessment" means Assessment in accordance with Section 6.6.
- 1.13 "Declarant" means Sunrise Development Corporation of Washington, a Washington corporation, or any successor and assign, if such successor or assign should acquire all or substantially all of the Undeveloped Property within Sunrise for the purpose of development; provided, however, that no successor or assign of Declarant shall have any rights or obligations of Declarant hereunder unless such rights and obligations are specifically assigned in a recorded instrument or are passed by operation of law. Certain rights and obligations of Declarant, as set forth herein, shall cease at the end of the Development Period. Unless rights and obligations of Declarant are specifically limited to the Development Period, they shall continue as long as the Declarant owns any portion of the Property.

- 1.14 "Declaration" means this document, as it may from time to time be amended or supplemented.
- 1.15 "Designated Builder" means any Person designated as such in writing to the Association by Declarant and acquiring a portion of the Property for the purpose of constructing Improvements for resale to future Owners or for further subdivision, development, or resale in the ordinary course of such Person's business.
- 1.16 "Development Period" means the period from the date of the Original Declaration until the earliest to occur of the following: (a) four months after 95% of the Property has been conveyed to Owners (that are not Designated Builders, and other than Declarant) for such Owners' own use rather than for resale; (b) June 6, 2040; or (c) upon written notice from Declarant to the Association in which Declarant elects to terminate the Development Period.
- 1.17 "First Mortgage" means a Mortgage with priority over all other Mortgages encumbering a Unit.
- 1.18 "Governing Documents" means this Declaration, any Supplemental Declarations, the Articles of Incorporation and Bylaws of the Association, and the Association's Rules, as each may be amended from time to time.
- 1.19 "Illumination System" means the lighting system for the public streets within Sunrise.
- 1.20 "Improvements" means any Living Unit, commercial building, gazebo, garage, driveway, fence, wall, gate, patio, shed, sport court, cabana, swimming pool or other recreational facility, landscaping, utilities, sewage or storm water facility, and any other building, structure or improvement of any type on any Lot.
- 1.21 "Initial Unit Assessment Date" means the date on which the liability for Assessments for such Unit initially commences, and shall be:
- (a) the first day of the month following the recording date of a deed or other conveyance of such Unit to the first Owner thereof (other than Declarant or any Designated Builder described in paragraph (b) below); or
- (b) as to any Unit acquired from Declarant by a Designated Builder for the purpose of development and resale, the earlier of (i) the first day of the month following the recording date of the deed or other conveyance of such Unit to the first Owner thereof by such Designated Builder or (ii) the expiration of the six (6) month exemption period provided in Section 6.9.1;
- (c) as to each Unit in a Multi-Family Rental Structure, on the first day of the month following the issuance of a Certificate of Occupancy for the structure in which it is located.

- 1.22 "Initial Plat Improvements" means those improvements to the Property required to be constructed pursuant to a preliminary plat design but shall not include any enhancements, replacements, modifications or repairs thereto.
- 1.23 "Institutional Lender" means any lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such a lender, or any private or governmental institution which has insured the loan of such a lender, including the Department of Housing and Urban Development, the Department of Veterans Affairs, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any combination of any of the foregoing entities.
- 1.24 "Limited Common Areas" means those Common Areas that are designated on the face of the plat or other recorded instrument, in this Declaration or a Supplemental Declaration, or by the Association, for use by less than all of the Members.
- 1.25 "Living Unit" means a building or structure or any portion thereof situated in Sunrise that is designed and intended for use and occupancy as a residence by a Single Family. A Living Unit shall be deemed to include an attached or detached house, a Condominium Unit, and a residence within a Multi-Family Rental Structure. If one Living Unit is constructed on one Lot, the Living Unit shall be deemed to encompass the underlying Lot.
- 1.26 "Lot" means any legally segmented and alienable portion of Sunrise created after May 1, 1991, the date of the Original Declaration, through subdivision, short subdivision, site plan approval, lot line adjustment or any other legal process for dividing land, with the exception of streets, utility and similar tracts, areas dedicated to Pierce County, NGPA tracts and Common Areas.
- 1.27 "Master Plan" means the overall plan for development of the Property approved by Pierce County under the Development Agreement, the present version of which is illustrated in **EXHIBIT B** hereof, as it may be amended from time to time, and as further defined in <u>Section 2.2</u>. If the Master Plan is amended, then this definition shall refer to the most current version thereof.
- 1.28 "Median Strips" means the median strips in the roads serving the Property, if such strips are owned by the Association, even after the roads have been dedicated to Pierce County.
- 1.29 "Members" means members of the Association, which shall consist of all the Owners of the Units and the Undeveloped Property.
- 1.30 "Mortgage" means any recorded mortgage, deed of trust or real estate contract encumbering one or more Units.
- 1.31 "Mortgagee" means the holder and beneficiary of any Mortgage, including the vendor under a real estate contract, and shall not be limited to Institutional Lenders. A First Mortgagee is the holder of a First Mortgage.

- "Multi-Family Rental Structure" means a structure owned by the same entity or 1.32 entities with two or more Living Units under one roof, except where such a structure consists entirely of owner-occupied Condominium Units or Single Family owner-occupied attached housing units.
- "NGPA" means an area designated as a Native Growth Protection Area on a plat, a 1.33 Supplemental Declaration, or other instrument recorded by Declarant the beneficial interest in which may be dedicated and conveyed to the Association as provided herein. An NGPA may include portions of Lots. NGPAs may also include Common Areas that have as one of their major functions (a) the natural retention and transmission of storm water, (b) drainage, (c) the maintenance of land in its native state which may nonetheless allow for passive recreational use, or (d) the maintenance of significant hydrological features such as lakes and certain valuable bogs and wetlands.
- 1.34 "Non Standard Vehicles" means all vehicles other than passenger cars, vans, pickup trucks and motorcycles used by Owners and their families and guests for daily transportation.
 - 1.35 "Notice" shall have the meaning set forth in Section 12.12.
- "Owner" means the record holder of the fee simple title to any Unit and to any of 1.36 the Undeveloped Property, whether one or more persons or entities, including Declarant. If a Unit is sold under a recorded real estate contract, the purchaser rather than the seller will be considered the Owner. The term "Owner" shall exclude contract sellers, mortgagees and those having such an interest merely as security for the performance of an obligation.
- "Person" means a natural person, a corporation, a partnership, a limited liability company, a trustee, or any other legal entity.
- 1.38 "Ponds" means the storm water retention and/or detention ponds built to collect and store runoff water, including those associated with the roads in the Property.
- "Property" means all real property and improvements that are subject to this 1.39 Declaration, and legally described on Exhibit A hereto, and shall include such other real property, if any, from and after the times such other real property is subjected to the Declaration or is annexed to the Property under the provisions of Article 2 hereof. The term "Property" shall exclude any portion of the real property described on EXHIBIT A which is deleted pursuant to Section 2.1.2 hereof.
- "Quorum of Members" means the representation by presence or proxy of Members 1.40 who hold fifteen percent (15%) of the outstanding votes of each voting Class. If a particular Class is incapable of exercising its vote for any reason, including but not limited to the fact that there are no Members yet in that particular Class or that the Members' voting rights have been suspended for nonpayment of Assessments, then such Class shall not be considered for purposes of requiring a Quorum or other affirmative vote of that Class.

- 1.41 "Residential Property" means all portions of the Property except those that are Commercial Property as defined above.
- 1.42 "Rules" means those rules and regulations for the Property and Association which are adopted by the Board to supplement this Declaration to provide administrative, enforcement, governance and operating procedures for the Association, its Members and the Common Areas, including any architectural guidelines adopted in accordance with Section 3.5.2.
- 1.43 "Screened from View" means located behind a solid fence or wall constructed of materials approved by the ARC and six (6) feet in height unless another height is approved by the ARC. The ARC may approve a vegetative screen comparable to a solid wall or fence. The screening shall be effective from the street, sidewalks, Common Areas, and adjacent Lots. The screening will not be effective to shield portions of vehicles or other screened items above the protection of the approved fence, wall or other screen.
- 1.44 "Single Family" means one family, as the term "family" is defined in the Zoning Ordinance, as the same may be amended from time to time.
 - 1.45 "Special Assessment" means Assessments levied in accordance with Section 6.4.
 - 1.46 "Specific Assessment" means Assessments levied in accordance with Section 6.5.
- 1.47 "Standard Vehicles" means passenger cars, vans, pick-up trucks and motorcycles used by Owners and their families and guests for daily transportation
- 1.48 "Steep Slope Area" means an area designated by Declarant on a final plat, short plat, binding site plan, or other analogous recorded plan or map affecting the Property in which clearing, grading, construction and vegetation removal is restricted pursuant to Articles 4 and 5; provided, however that Steep Slope Areas shall not be designated on any Lot without the Lot Owner's prior consent, which shall not be unreasonably withheld.
- 1.49 "Subassociation" means a separate Washington nonprofit corporation or other entity that is created as a homeowners association for a particular neighborhood or area within the Property.
- 1.50 "Supplemental Declaration" means any declaration of supplemental covenants, conditions, restrictions, and easements ("Supplemental Covenants") which may be recorded by Declarant, which extends the provisions of this Declaration to real property other than the Property, or which contains additional provisions or restrictions as deemed appropriate by Declarant and/or as herein required.
- 1.51 "Undeveloped Property" means the portion of the Property which has not been initially transferred to an Owner other than Declarant or a Designated Builder and on which no Living Unit has been constructed and occupied.

- 1.52 "Unit" means, for ease of reference herein, a Lot or a Living Unit, where no distinction between the same is intended.
- 1.51 "Vehicles" means passenger vehicles, commercial vehicles, trucks, mobile homes, campers, recreational vehicles, boats, travel trailers, tent trailer, camper shells, detached campers, boats, boat trailers, motorcycles, motorized bikes, scooters, ATVs, golf carts, cargo trailers, and all other vehicles and machinery and equipment that is wheeled and either towed or self-propelled, whether operable or not.
- 1.52 "Zoning Ordinance" means the zoning ordinances and provisions applicable to the Property contained in the Pierce County Code, as amended from time to time.

ARTICLE 2. PROPERTY SUBJECT TO THIS DECLARATION; DEVELOPMENT

- 2.1 <u>The Property</u>. The Property that is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration is located in Pierce County, and is more particularly described in **EXHIBIT A**.
- 2.1.1 Additions to the Property. Additional land may be added to the Property by Declarant if the Development Period has not yet expired or by the Association with the approval of seventy-five percent (75%) of the total outstanding votes in the Association. The additions authorized hereunder shall be made by recording one or more Supplemental Declarations with respect to the additional land, and by delivering to the Association any applicable preliminary or final plat or other analogous recorded plan, map or document for such land.
- 2.1.2 <u>Deletions from the Property</u>. Declarant reserves the right to delete portions of the Property from this Declaration. Any such deletion shall be effective as of the later of (i) delivery of a notice to the Association from the Declarant identifying the portions of Property being deleted, and (ii) recording of such notice, in the real property records of Pierce County.

2.2 The Master Plan.

2.2.1 <u>Development</u>. The Master Plan, illustrated in its current form on **EXHIBIT B**, is the dynamic design for the development of and growth within the Property as a planned community. The Master Plan is referred to in the Development Agreement as the "Land Use and Zoning Map". During the Development Period, the Master Plan may be amended by Declarant, subject to any applicable Pierce County approvals. The Master Plan shall not bind Declarant to make any specific additions or improvements to the Property or to create any specific Common Areas, except to the extent Declarant is required to do so by any recorded final plat, short plat, binding site plan, condominium declaration or other analogous recorded plan, map or document that creates Lots, Living Units or Common Areas. Declarant reserves the right to remove Undeveloped Property from this Declaration.

- 2.2.2 Additional Restrictions. Declarant hereby reserves the right, from time to time, to impose additional restrictions on all or part of the Property owned by Declarant. Declarant also reserves the right during the Development Period to modify the restrictions contained in this Declaration including, but not limited to, the imposition of Assessments only on Owners within a particular neighborhood or area pursuant to Section 6.5.2 and special allocation of Assessments for the Commercial Property described in Section 6.9.3. Such restrictions shall run with the land and shall be for the benefit of Declarant, all Owners and the Association and shall be enforceable as provided herein including, without limitation, Article 7.
- 2.2.3 <u>Special Restrictions</u>. The Supplemental Declaration for any particular neighborhood or area may restrict occupancy of any Unit within such neighborhood or area to individuals who are 55 years of age or older, in compliance with the Federal Fair Housing Act, other applicable federal, state and local laws, and regulations adopted thereunder.
- 2.2.4 Consent to Development: Amendments. Declarant hereby reserves, in its sole discretion, the right to amend the Master Plan in response to changes in the technological, economic, environmental, or social conditions related to the development or marketing of the Property or in response to changes in requirements of governmental agencies and financial institutions, subject to obtaining necessary approvals, if any, from Pierce County. By reason of this Declaration, each Owner hereby consents and waives any objection and protest to the development of the Property for single family residential, multi-family residential, commercial and other permitted uses. Each Owner agrees that Declarant's plans for the Property may be regularly modified and amended to obtain approvals for the development of Sunrise, including without limitation modifications relating to density and location of uses.
- 2.3 <u>Commercial Property</u>. The Commercial Property is an area within Sunrise intended to be developed for commercial, industrial, manufacturing, office and other permitted uses. Declarant may, by Supplemental Declaration or otherwise, make provision for equitable voting rights or other mechanisms for input in Association decision making and/or for equitable contribution to Assessments by Owners of the Commercial Property.
- 2.4 <u>Views Not Protected</u>. Although certain Units located in the Property may, at any point in time, have particular views, no express or implied rights or easements hereunder exist for views. This Declaration makes no representation or warranty whatsoever, express or implied, concerning the view from any Unit. Any view that exists at any point in time from a Unit may be impaired or obstructed by further construction within or outside the Property, including by construction of Improvements (including landscaping) by Declarant or the Association, construction by third parties (including other Owners), and by the natural growth of landscaping. No third party, including any broker or salesperson, has any right to bind the Association with respect to the preservation of any view from any Unit or any view of a Unit from any other property.

ARTICLE 3. SUNRISE MASTER ASSOCIATION

3.1 Organization.

- 3.1.1 Powers. The Association is a nonprofit corporation organized and existing under the laws of the State of Washington and charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as such may be amended from time to time. No Governing Document, other than this Declaration, shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. The Association shall effectuate the purposes of this Declaration, including but not limited to: (i) adopting and enforcing Rules, (ii) adopting an operating and capital budget, (iii) controlling and administering the Association's funds including the levy, collection, disbursement of Assessments, (iv) administering and enforcing the covenants set forth in this Declaration and any Supplemental Declaration and (v) establishing, maintaining, repairing and administering the Common Areas.
- 3.1.2 Other Entities. The Association shall have the right to form one or more affiliated entities, for any purpose or purposes deemed appropriate by a majority vote of the Board. Without limiting the generality of the foregoing, one or more Subassociations may be formed by Declarant for the operation and maintenance of any particular neighborhood or area within the Property or to perform any function within Sunrise. All fees and expenses associated with the formation and operation of the Subassociation shall be assumed by the Subassociation. However, no such affiliated entity shall take any action to lessen or abate any right of the Members nor shall the formation of such an entity diminish the rights of the Association.
- 3.1.3 Merger. In accordance with its Articles of Incorporation, the property, rights, and obligations of the Association may, by operation of law, be (a) transferred to another surviving or consolidated association similar in corporate nature and purposes, or (b) merged with the property, rights and obligations of an association similar in corporate nature and purposes. The surviving or consolidated association may administer the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation, change, or addition to this Declaration within the Property except as hereinafter provided. Such a merger or consolidation shall require the assent of seventy-five percent (75%) of the total outstanding votes in the Association, by vote (a) in person or by proxy at a duly called meeting, (b) via mail, or (c) by electronic transmission.
- 3.2 <u>Membership</u>. Each Owner of a Unit shall be a Member of the Association. Membership in the Association is appurtenant to, and may not be separated from, the ownership of each Lot and Living Unit to which it relates.

3.3 Voting.

3.3.1 <u>Voting Rights</u>. The right to vote may not be severed or separated from ownership of any Unit, and any sale, transfer or conveyance of any Unit to a new Owner shall operate to transfer the appurtenant vote without the requirement of any expressed reference thereto.

- 3.3.2 <u>Classes of Membership</u>. The Association shall have three (3) classes of membership as follows:
- (a) <u>Class A</u>. Class A Members shall consist of all Owners of Single Family attached and detached Units, including Condominium Units unless the Condominium is deemed to be a Multi-Family Rental Structure as defined herein. Each Class A Member shall be entitled to one vote per Unit owned.
- which Multi-Family Rental Structures have been or are to be built. Each Class B Member shall be entitled to (i) one vote per Lot owned if no Multi-Family Rental Structure has been constructed thereon, or (ii) one vote per Living Unit constructed within the Multi-Family Rental Structure that has been constructed on such Lot. For example, the Owner of an undeveloped Multi-Family Lot would have one vote. If one hundred Units were built on that Lot, the Owner would have one hundred votes. A structure shall be considered constructed under this paragraph when a Certificate of Occupancy has been issued.
- (c) <u>Class C.</u> The Class C Member is the Declarant. The Class C Member shall be entitled to a total of 4,727 outstanding votes in the Association, representing one vote for each of 4,727 Units presently authorized by the Master Plan for the Property. During the Development Period, the Class C Member shall be entitled to cast 4,727 votes, less the number of votes held by the Members of the other Classes. If less than or more than 4,727 Units are authorized under the Master Plan for the Property at any time during the Development Period then the number of votes the Class C Member is entitled to vote shall be readjusted at such time to reflect the actual number of Units authorized by the Master Plan, less the number of votes held by the Class A and Class B Members.

The Class C membership shall terminate at the expiration of the Development Period, and thereafter Declarant shall have the number of votes to which it is entitled as a Class A and/or Class R Member

- (d) <u>Commercial Property Owners</u>. The Owners of the Commercial Property shall have such memberships and voting rights as set forth in any Supplemental Declaration affecting the Commercial Property that is duly recorded. In no event shall Owners of the Commercial Property be assigned voting rights that would enable the Owners of Commercial Property to: (a) by unanimous vote of such Owners of Commercial Property, levy a general or Special Assessment; or (b) elect a majority of the members of the Board.
- 3.3.3 <u>Voting by Electronic Transmission</u>. Members may vote by electronic transmission if, to the extent, and in the manner authorized by the Bylaws of the Association, as such Bylaws may be amended.

- 3.4 Board of Directors. The Board shall have authority to establish Rules and procedures and shall have the full authority and all rights, responsibilities, privileges and duties to manage the Association. A majority of the Board may designate one or more of its members as a representative to act for it. In the event of death or resignation of any Board member during the Development Period, the Declarant shall have full authority to appoint a successor member until a replacement member is elected by the appropriate voting Class. After the Development Period such authority shall be exercised by the remaining members of the Board. Members of the Board shall not be entitled to any compensation for services performed. The Board shall elect officers of the Association from among the members of the Board, which shall include a president who shall preside over meetings of the Board and the Association. The terms of Directors and any term limits shall be set forth in the Bylaws, except that no term limit may be imposed for Directors elected by the Class C member.
- 3.4.1 Election of Directors During the Development Period. During the Development Period, there shall be five directors, unless a greater number is specified in the Bylaws. The directors shall be elected as follows: (a) Class A shall elect 20% of the directors; (b) Class B shall elect 20% of the directors; and (c) Class C shall elect 60% of the directors. The Commercial Property Owners shall not be entitled to elect any directors. The parties intend that each of Class A and B shall be entitled to elect at least one director, and that Class C shall be entitled to elect at least one more director than the total number of directors elected by all other Classes. Notwithstanding the foregoing, in the event that the number of directors that a particular Class is entitled to elect is not a whole number, then the number shall be (i) rounded down to the nearest whole number for each Class other than Class C; and (ii) rounded up to the nearest whole number for Class C.

Example 1: There are five directors on the Board. Each of Class A and Class B are entitled to elect one director (20% of 5), and Class C is entitled to appoint the other three directors (60% of 5).

Example 2: There are seven directors on the Board. Each of Class A and Class B are entitled to elect one director (20% of 7 = 1.4, which is rounded down to 1), and Class C is entitled to elect five directors (60% of 7 = 4.2, which is rounded up to 5).

Further, in the event that any Class is incapable of exercising its vote (e.g., if there are no Members of a particular Class authorized to vote), then Class C shall be entitled to appoint the director(s) for that Class. Directors need not be Owners of Lots or Living Units.

3.4.2 Election of Directors After Development Period. After the expiration of the Development Period, the directors shall be elected as follows: (a) Class A shall be entitled to elect 60% of the directors; and (b) Class B shall be entitled to elect 40% of the directors. In the event that the number of directors that a particular Class is entitled to elect is not a whole number, then the number shall be (i) rounded up to the nearest whole number for Class A; and (ii) rounded down to the nearest whole number for Class B. Directors need not be Owners.

- 3.5 Architectural Review Committee. Subject to Declarant's rights in Section 3.5.4, the Board shall establish and continuously maintain the ARC, and appoint its members. Members of the ARC may include members of the Board but need not be Owners. The ARC shall develop and enforce rules and guidelines intended to control the architectural, landscaping and aesthetic features of Sunrise. The ARC shall review the external design of proposed Improvements, and approve or disapprove the details and written plans and specifications showing the nature, kind, shape, materials, colors, architectural character, and location of proposed residences and other Improvements and exterior additions to or changes or alterations in any of the foregoing. The ARC shall have no authority over Improvements made by the Declarant in the initial development of Sunrise in accordance with approvals granted by Pierce County.
- 3.5.1 Construction and Improvements: Vegetation and Landscaping. construction or installation of Improvements, and the removal, planting, pruning, cutting or trimming of vegetation within a Steep Slope Area or NGPA ("Vegetation Maintenance"), shall be subject to review and approval by the ARC. Such approval must be obtained in writing by an Owner before commencement of construction of any such Improvement on any Lot or any Vegetation Maintenance, and construction must strictly conform to the plans and specifications approved by the ARC. If the ARC, with the concurrence of the Board, determines that the construction or Vegetation Maintenance was not completed in accordance with the approved plans and specifications or plat conditions or applicable law, then the ARC, with the concurrence of Board, may require that the construction or Vegetation Maintenance be altered so as to comply with such requirements. No approval, disapproval or other action or inaction by the ARC (or Declarant exercising the powers of the ARC) shall be deemed to constitute any warranty or representation regarding workmanship. No approval under this paragraph is required for any actions by the Declarant in the initial development of the Property; provided however that any actions by the Declarant within a Steep Slope Area or NGPA shall be in accordance with applicable law.
- 3.5.2 ARC Guidelines. The Board shall have the power to adopt from time to time and to enforce guidelines, criteria, reasonable review fees, and procedures governing submissions to the ARC by Owners and the review of such submissions by the ARC. The guidelines shall provide that the ARC shall approve or disapprove plans and specifications within thirty (30) days of notice to the Owner that the ARC has received all required submissions and, if ARC approval or disapproval is not given within such thirty (30) day period, the plans and specifications shall be deemed approved. The ARC shall submit any requested budget information to the Board and the Board shall annually budget a reasonable amount for the operations of the ARC as a Common Expense. The ARC shall also have the authority to grant its approval of base plans submitted by Designated Builders so as to avoid separate review of Improvements on each individual Lot.
- 3.5.3 <u>Alternative to ARC</u>; <u>Subcommittees</u>. As an alternate to establishing a separate ARC, the Board may act as, and exercise all rights and powers of, the ARC. In that event, all references to the ARC in the Governing Documents shall be deemed to refer to the Board. The Board may also create subcommittees of the ARC as it deems appropriate for efficient review of

any proposed Improvements. By way of example, Improvements to already developed Lots may be reviewed by one subcommittee while Improvements to Lots that are in the process of first being developed with buildings may be reviewed by a different subcommittee.

- 3.5.4 <u>Declarant Authority</u>. Notwithstanding anything herein to the contrary, until the expiration of the Development Period, the Declarant shall have the sole authority to fulfill the ARC's function of review and approval of any Improvements.
- Rules governing the use of the Property, in addition to the use restrictions contained in this Declaration, and whether or not expressly contemplated herein. Any such Rules shall be consistent with this Declaration and shall not unreasonably differentiate among Owners. The Board may impose fines or take any other appropriate enforcement action in accordance with Article 7. Any such Rules shall become effective 30 days after promulgation or amendment and after notice has been given to the Owners. A copy of the Rules then in force shall be retained by the secretary of the Association and shall be available for inspection by any Owner during reasonable business hours. Such Rules shall have the same force and effect as if set forth herein.

ARTICLE 4. <u>USE COVENANTS, CONDITIONS AND RESTRICTIONS ON PROPERTY</u>

- Declaration and as provided in any final plat, short plat, site plan approval, or the Master Plan or other recorded plan or document approved by Pierce County and affecting all or a portion of the Property. In addition, the use of the Property shall be subject to the Zoning Ordinance and other applicable governmental regulations. Such uses may include, but are not limited to, residential, retail, and commercial, industrial, manufacturing and office uses, active and passive recreational uses, utility uses, public uses such as schools and fire stations, and other uses and facilities normally incidental to the Sunrise planned community. Sections 4.3 4.7 inclusive, shall not apply to the Commercial Property or to the Declarant's initial development of the property in accordance with approvals granted by Pierce County.
- 4.2 ARC Approval: Completion of Improvements. All Units and other Improvements within Sunrise shall obtain architectural approval pursuant to Section 3.5 prior to any construction or installation. No Improvement shall be constructed, erected, or maintained, nor shall any exterior addition, change or alteration to any Improvement be made, nor shall clearing or excavation be undertaken, nor any other action taken that is subject to review by the ARC pursuant to Section 3.5, until after the Owner that proposes to take such action, submits a detailed written proposal summarizing such action and the ARC approves the same in writing. The authority of the ARC is limited to the extent that authority is restricted by State or federal laws as to particular Improvements such as solar panels and satellite dishes. However, the ARC authority shall only be limited to the extent of an actual conflict with those laws. The ARC shall have no authority over Improvements made by the Declarant in the initial development of Sunrise in accordance with approvals granted by Pierce County.

4.3 Construction.

- 4.3.1 <u>Construction Sites.</u> All construction sites shall be maintained and construction performed in accordance with any construction site maintenance requirements adopted or determined by Declarant or the ARC from time to time. All construction sites shall be kept reasonably clean, and refuse shall be disposed of frequently, prior to and during the construction period.
- 4.3.2 Completion of Construction. The construction of any Living Unit or other Improvement shall be undertaken diligently and continuously by the Owner, including all landscaping and all exterior finish, paint, and trim. The construction of new Living Units shall be completed within twelve (12) months from the date of commencement unless completion is delayed by acts of God, labor stoppages or similar causes beyond the reasonable control of the Owner or the Owner's contractors, employees and agents. However, multi-family Units are not subject to this requirement and the time for completion of such Units shall be first by the ARC based on reasonable commercial standards. The construction of other Improvements or the modification or reconstruction of Living Units shall be completed within the time period established by the ARC when granting approval.
- 4.3.3 <u>Compliance with Regulations</u>. All construction shall be in accordance with applicable governmental regulations.
- 4.3.4 <u>Restrictions</u>. No tent, trailer, motor home, mobile home or other temporary structure shall be used for residential purposes during the course of construction on any Lot or after construction is complete. No Owner shall reside in any Unit until final inspections and approval for occupancy have been obtained from Pierce County or any successor governmental entity. This restriction does not apply to temporary occupancy for security purposes during the development of the Property, as may be approved by the Board.
- 4.4 <u>Garbage and Debris</u>. Each Owner shall cause all garbage, yard waste, recycling and any other debris to be regularly removed from the Owner's Lot and Living Unit for proper offsite disposal. All containers shall be kept in a clean and sanitary condition and shall be Screened from View except on the day of curbside pickup. The composting of organic material is permitted on any Lot if it is contained in suitable, covered containers which are properly maintained, secured and protected from animals, and Screened from View. The ARC may specify the type and design of containers for the storage or disposal of garbage, yard waste, recycling and any other debris.
- Animals. No raising, breeding or boarding of animals, livestock, or poultry of any kind is allowed in a Unit. A reasonable number of dogs, cats and other conventional household pets ("Pets") may be kept in a Unit. No Pet may be kept within the Property if it is a nuisance. Those Pets which, in the sole discretion of the Board, make objectionable noise or endanger the health or safety of the occupants of other Units shall be subject to an appropriate enforcement action by the Board, which may include reporting the Pet to the appropriate animal authority. All pens and enclosures for Pets must be approved by the ARC prior to construction and shall be kept clean and odor free at all times. No Pet shall be allowed to run at large. Leashed Pets are permitted on paths,

trails, and rights-of-way, but the individual accompanying the Pet shall promptly and properly dispose of any resulting animal waste. All Pets shall be registered, licensed and inoculated from time to time as required by law and shall be subject to the Rules, which may include designation of particular areas within the Property as "Pet-Free Zones."

- 4.6 Commercial Uses; Home Offices. No commercial use or enterprise shall be permitted in any Unit other than within the Commercial Property. Notwithstanding the foregoing, home offices and occupations are permitted if (i) the existence or operation of the business activity is not apparent by sight, sound or smell from outside the Unit; (ii) the business activity is consistent with the residential character of Sunrise and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other Sunrise residents, as may be determined in the Board's sole discretion; (iii) the business activity is allowed by applicable laws and ordinances; (iv) the business activity does not result in more than three commercial vehicles visiting the Unit per week; and (v) the business activity does not involve the use of more than 25% of the Living Unit's total residential floor area. Determinations as to the acceptability of home occupations shall be made by the Board in the exercise of its reasonable discretion and may be subject to such other Rules as are adopted in accordance with this Declaration.
- 4.7 <u>Vehicles</u>. The parking of Vehicles within Sunrise is subject to the provisions of this Declaration and the Rules of the Association. Vehicles shall be parked and stored within a Unit and shall not be parked on any street, except for such period as may be allowed under applicable Pierce County ordinances or, if applicable, such shorter period as may set forth in the Rules of the Association. Pierce County ordinances governing parking shall be deemed to apply to all private streets and enforceable by the Association, unless specifically provided for otherwise by the Rules of the Association.
- 4.7.1 <u>Prohibited Parking</u>. No parking shall be allowed on sidewalks or rolled curbs in Sunrise, nor shall any parking be allowed that would block driveway or sidewalk access.
- 4.7.2 <u>Violations</u>. If a Vehicle is parked in violation of this Declaration or the Rules, the Association may issue a written notice of the nature of the violation, the action required to correct the violation (such as removal of the Vehicle) and the time period for such corrective action. The violation notice may be left on the Vehicle if the owner of the Vehicle cannot easily be located or determined. If the corrective action is not taken within such period, then the Association shall have the right to have the Vehicle towed away at the expense of the owner and/or to impose a fine on its owner.
- 4.7.3 Towing Expenses. Any expenses or liabilities incurred or suffered by the Association in towing a Vehicle parked in violation of this Declaration or the Rules shall be recoverable: (a) from the owner of the Vehicle; or (b) if the owner of the vehicle is a guest, invitee, employee or agent of an Owner, from that Owner. Any amounts due hereunder from an Owner shall become a lien on that Owner's Unit, and may be realized upon in accordance with the provisions herein governing collection of Assessments and foreclosure of liens.

4.7.4 <u>Restrictions on Repairs</u>. Except for emergencies, the repair or extraordinary maintenance of Vehicles shall not be carried out on the Property except in an enclosed garage.

4.7.5 Non Standard Vehicles.

- 4.7.5.1 Non Standard Vehicles may not be parked on any Lot except for: (i) the temporary parking, on the concrete driveway situated on a Lot or the street in front of the respective Owner's Lot for a period of not more than twenty-four (24) successive hours on a frequency of no more than four (4) times per month for the purpose of cleaning or packing for use, provided that such Non Standard Vehicle is not used for any cooking or sleeping purposes during that time; (ii) temporary construction trailers or facilities maintained during, and used exclusively in connection with the construction of any Improvement approved by the ARC so long as the location of such trailers and facilities have been approved by the ARC; (iii) Non Standard Vehicles may be parked in garages on Lots.
- 4.8 Motorcycles: ATV's. Vehicles are generally prohibited within any NGPA, Steep Slope Area, or designated environmentally sensitive areas (e.g., wetlands) and, except as may be specifically authorized by the Board, within any Common Area. In addition, motorcycles, motorbikes, all-terrain vehicles, snowmobiles and similar Vehicles are prohibited within Sunrise (other than in garages for storage purposes), except for properly muffled, street-legal Vehicles operated on roads established for general vehicular purposes.
- signs within Sunrise. The Board shall have the authority to establish a sign policy regulating all signs within Sunrise. The Board may delegate this authority to the ARC. No signs or advertising devices of any character shall be posted or displayed anywhere on any Unit, or elsewhere within the Property, except (a) for signs allowed pursuant to the Association's sign policy, (b) for-sale or for-lease signs that comply with the Association's signage policy, (c) marketing signs posted by a Designated Builder with the approval of Declarant, or (d) political signs removed within five days after the applicable election or vote and otherwise complying with the Association's sign policy. No signs shall be posted in right-of-ways, except with proper permits issued by the appropriate governmental agency and provided that a copy of such permit is provided to the Association. No signs may be posted in any Common Area without the written approval of the Board whether or not such signs would otherwise comply with the adopted sign policy. This provision shall not apply to the Declarant in its development of Sunrise in accordance with approvals granted by Pierce County.
- 4.9.1 <u>Garage Sale Signs</u>. Garage sale and similar signs are prohibited except when posted in strict compliance with the Association's signage policy. No signs may be posted on mailboxes, light poles or similar installations.
- 4.9.2 <u>Traffic and Other Signs</u>. Entrance, street, directional, traffic control, safety, NGPA, Steep Slope Area, and environmentally sensitive area (e.g., wetlands) signs maintained by the Declarant or the Association are expressly permitted and are not subject to the Association's sign policy. In addition, signs and other advertising devices maintained by Declarant or by any Designated Builder and authorized by Declarant in connection with the development, marketing

advertising, sale or rental of any Unit are expressly permitted and are not subject to the Association's sign-policy.

- 4.10 <u>No Easement Obstructions</u>. No structure, planting or other material shall be placed or permitted to remain on any portion of the Property which may damage or unreasonably interfere with (i) any traffic sight distance, (ii) any utility or similar easement, or (iii) the installation or maintenance of utilities, or which may unreasonably change, obstruct or retard the direction or flow of any drainage channels.
- 4.11 Antennas; Satellite Dishes. An Owner may not install an antenna, dish or other receiving device in or on any portion of the Owner's Unit, except as provided in this Section. With ARC approval, each Owner shall have the right to install a protected antenna, as defined by the provisions of 47 C.F.R. § 1.4000 ("FCC Rule") as it now exists or is hereafter amended or replaced, or any other federal, state or local law, code, rule or regulation that preempts, prohibits or limits restrictions on, or conditions to, the installation, maintenance or repair of telecommunications equipment desired by an Owner), but no other kind of antenna, dish or receiving device, within the Owner's Unit, subject to the conditions and limitations set forth in this Section. If the provisions of this Section conflict with any applicable federal, state or local law, ordinance, rule or regulation, the terms of such law, ordinance, rule or regulation shall prevail, but the conditions and limitations set forth in this Section shall be enforced to the maximum extent permitted by law.
- 4.12 <u>Weapons</u>. No weapon of any kind or nature, including firearms, bows, slingshots, and BB guns, shall be discharged within the Property except by governmental officials acting in their official capacity. No hunting is allowed anywhere within the Property.
- 4.13 <u>Maintenance Obligations of Owner</u>. Each Owner shall maintain the Owner's Unit and any Improvements thereon in good order, condition and repair and in accordance with the Community-Wide Standard. Such maintenance shall not be the responsibility of the Association.
- 4.13.1 Yard and Buffer Areas. In addition, each Owner shall maintain, in an attractive manner and in accordance with the Community-Wide Standard, the Owner's yard and landscaping, the buffer area between the Owner's Lot line and the right-of-way line and the buffer area between the Owner's Lot line and adjacent Lot lines; provided, however, that such use shall at all times be deemed permissive and shall at no time give rise to any prescriptive or adverse claims or rights of any kind.
- 4.13.2 Fences. Each Owner shall be required to maintain in good order, condition and repair all fences on the Owner's Lot, including the side of any Community Fencing located along such Owner's Lot line that faces the Owner's Lot. The Owner's responsibility for such side of Community Fencing is limited to painting, staining and other similar maintenance tasks, which shall be performed in accordance with guidelines set by the Association. Owners shall keep areas adjacent to Community Fencing free from debris, stored materials, and vegetation other than grass or groundcover. All other maintenance, repair and replacement of Community Fencing shall be the Association's responsibility, including major repairs and replacement.

- 4.13.3 <u>Drains</u>. Each Owner shall maintain in proper working order all roof drains and area storm drains serving the Owner's Unit and shall ensure that the water from those drains flows into the storm drainage system installed to serve the Property. Each Owner is prohibited from restricting, altering, or otherwise impairing the natural water flow in a manner such that any other Unit or Common Area is damaged, flooded, or otherwise made subject to excessive run-off of water.
- 4.13.4 Failure to Maintain. After Notice to any Owner from the Association of such Owner's failure to properly maintain the Owner's Unit and any Improvements thereon, and an opportunity to be heard, and after approval of a two-thirds (2/3) majority vote by the Board, the ARC or other Association committee to which such oversight responsibility shall have been delegated, the Association shall have the right, through its agents and employees, to enter upon the Owner's Unit to repair, maintain, and/or restore the Unit, Improvements thereon, and landscaping to the standards described herein. The cost of such work shall be a Specific Assessment pursuant to Section 6.5 and shall be a lien against the Owner's Unit, which shall have the same effect as and may be enforced in the same manner as other liens of the Association pursuant to Article 7.
- 4.14 <u>Sales and Construction Facilities</u>. Declarant, Designated Builders and any agents or contractors designated by Declarant, may maintain on Declarant designated portion(s) of the Property owned by Declarant, Designated Builders or any commercial builder, such facilities as in the sole discretion of Declarant may be reasonably required, convenient or incidental to the construction and sale of Units or Improvements thereon, including without limitation business offices, storage areas, construction yards, signs, model homes or sales offices. Any such facilities shall be consistent with the Zoning Ordinance and other applicable governmental regulations and shall be subject to review and approval pursuant to <u>Section 4.2</u> above.
- 4.15 <u>Nuisance</u>. No noxious or offensive activity shall be carried on upon any Unit, the Common Areas or any other portion of the Property, nor shall anything be done thereon which is or may become an annoyance or a nuisance. Without limitation, the foregoing restriction shall apply to any activity which emits obnoxious odors or which creates noise or other conditions that disturb the peaceful enjoyment by other Owners or occupants of their Units, which threatens the health or safety of other Owners or occupants, or which is likely to cause discomfort, embarrassment or annoyance to other Owners or occupants. The Board or a committee designated by it shall determine whether any activity violates the restrictions set forth in this Section. Any such violation shall be subject to enforcement action by the Board in accordance with <u>Article 7</u>.
- 4.16 <u>Derogation of Laws</u>. Any activity which violates local, state or federal laws or regulations shall be deemed to be a violation of this Declaration; provided, however, that the Board may, but shall have no obligation to, take enforcement with respect to such a violation.
- 4.17 <u>Fires</u>. No outdoor fires shall be permitted, except barbecues, fire bowls, manufactured fire pits, and clearing/clean-up fires during or prior to construction shall be permitted. All fires shall be subject to applicable laws, ordinances and regulations including any requirement to obtain a permit, license or approval for a fire. All fire bowls and fire pits are subject to ARC application and approval.

- 4.18 <u>Contractors</u>. All Improvements shall be constructed by an insured and bonded general contractor licensed in the State of Washington, unless otherwise approved by the ARC.
- 4.19 Other Declarations. No Person shall record any declaration of covenants, conditions, and restrictions, a declaration of condominium, or any similar instrument affecting any portion of the Property without the prior written consent of (i) Declarant during the Development Period or (ii) the Board after termination of the Development Period; provided, that such consent may be subject to terms, conditions and procedures reasonably established by Declarant or the Board, as applicable. Any attempted recordation without such consent shall result in such instrument being void and of no force or effect unless subsequently approved in writing by Declarant or the Board. This restriction shall not be interpreted to prohibit correction deeds, lot line adjustments, settlement of boundary line disputes and adjustments of unit boundaries within a condominium or other amendments to such documents following their original recording.
- Association or its agent in writing at least fourteen (14) days prior to any conveyance of the Unit. The Association shall then prepare a certificate which shall (i) set forth any Assessments and charges due upon such Unit at the time of conveyance, (ii) certify whether or not the Association's records indicate that the Unit is in violation of the Governing Documents, and (iii) otherwise comply with any other legal requirement. The Association shall transmit the certificate to the escrow company or other Person closing the transaction. Outstanding Assessments, if any, and a reasonable charge for preparation of the certificate shall be deducted from the selling Owner's proceeds at the closing and transmitted directly to the Association. Any Assessments already paid may be prorated between the Owner and buyer at closing of escrow on the Unit. The Association shall have no obligation to prorate Assessments in connection with the sale of a Unit. If the selling Owner fails to so notify the Association of the pending conveyance, the selling Owner and the purchaser shall be jointly and severally responsible for all Assessments on the Unit until the date the notice is issued, notwithstanding the transfer of title.
- 4.21 <u>Leasing Restrictions</u>. The rental of a Unit shall be governed by the provisions of this Declaration, including, without limitation, this Section 4.21.
- 4.21.1 Leasing Definitions. As used in this Declaration, renting or leasing a Unit means the granting of a right to use or occupy a Unit, for a specified term or indefinite term (with rent received on a periodic basis), in exchange for the payment of rent (that is, money, property or other goods or services of value), and the occupancy of a Unit solely by a person or persons other than its Owner, whether or not rent is paid; but does not mean and include joint ownership of a Unit by means of joint tenancy, tenancy-in-common or other forms of co-ownership, or the occupancy of a Unit by any person who resides in a Unit with its Owner, whether or not rent is charged therefor. As used in this Declaration, "Tenant" means and includes a tenant, lessee, renter, subtenant, sublessee or other non-Owner occupant of a Unit that is not occupied by its Owner. The rights of the Association and the obligations applicable to an Owner under Section 4.20 shall be applicable to any Tenant who subleases a Unit or enters into an assignment of a Lease for a Unit, and the obligations of a Tenant shall likewise be applicable to the sub-Tenant or assignee of a Tenant in

such a situation. Notwithstanding anything herein to the contrary, Section 4.20 shall not be applicable to the rental of a Unit acquired by the Association following a foreclosure of the Association's lien for Assessments or to the rental of a Unit by a receiver appointed on motion of the Association in connection with a lien foreclosure action filed by the Association.

- 4.21.2 Minimum Lease Term Required. No Unit Owner shall be permitted to rent or lease less than the entire Unit or to rent or otherwise permit the Owner's Unit to be used for hotel or transient purposes, which shall be defined as rental, occupancy or use by a Tenant or other non-Owner Occupant for an initial occupancy period of less than one (1) year. No Owner or Tenant who does not occupy a Unit as a primary residence shall cause or allow the overnight accommodation of employees or business invitees in a Unit on a temporary or transient basis. Every lease shall be for a fixed initial term of not less than one (1) year, but may be renewed on a month-to-month basis thereafter.
- 4.21.3 <u>Minimum Period of Ownership Occupancy Required</u>. No Owner shall be permitted to rent or lease his or her Unit during the one (1) year period after he or she shall have acquired title thereto. For purposes of this Section 4.20.3, if a person or persons acquires a Unit through inheritance, that person or persons shall be deemed to have owned and occupied that Unit during the period that the decedent owned and occupied the Unit.
- 4.21.4 Lease Requirements. No rental of a Unit shall be valid or enforceable unless it is made by means of a written instrument or agreement between the Owner(s) and the Tenant(s). No lease shall be valid unless it bears the written approval by the Association granted prior to the occupancy of the Tenant. The occupancy of a Unit by a Tenant and every lease of a Unit shall be subject to the Governing Documents. By entering into occupancy of a Unit, a Tenant agrees to be bound by the Governing Documents. The Association shall have and may exercise the same rights of enforcement and remedies for breach of the Governing Documents against a Tenant as it has against an Owner, and such exercise shall not be considered an election of remedies. Each lease shall contain language acknowledging the Association's rights and the Tenant's obligations under the Governing Documents, but the absence of such language shall not reduce or impair the Association's rights. Tenants cannot assign or transfer their lease, nor sublet the whole or any part of a Unit, and any such assignment, transfer, or sublease shall be null and void.
- 4.21.5 <u>Lease Approval</u>. Prior to the rental of a Unit to a Tenant, and prior to the renewal of any previously approved lease, the Unit Owner shall submit to the Association a valid and binding lease, executed by both the Owner and the proposed Tenant, and contingent only on the approval of the Association, together with a request for the written consent of the Association. The Association shall, as expeditiously as practical, grant its consent to the Owner if the requested rental would not cause the aggregate number of all non-Owner occupied Units in the Association to exceed the Rental Ceiling specified in Section 4.20.6 below, and is otherwise in accordance with this Section 4.20.
- 4.21.6 Rental Ceiling Set. The maximum number of non-Owner occupied Units in the Association at any one time shall not exceed ten percent (10%) of the Units (the "Rental Ceiling"). If an Owner wishes to rent a Unit but is prohibited from doing so because of the Rental Ceiling,

the Association shall place the Owner's name on a rental waiting list. The rental waiting list shall be maintained by the Board of Directors or its designee.

- 4.21.7 <u>Hardship Exception</u>. Where, on written application from an Owner, the Board determines that a hardship exists whereby that Owner would suffer serious harm by virtue of the limitation on renting contained in 4.20.6, and where the Board further determines that a variance from the policies contained therein would not detrimentally affect the other Owners, the Board may, in its discretion, grant an Owner a waiver of the Rental Ceiling for a temporary period not to exceed one (1) year. In the discretion of the Board, and on written application, this hardship exception may be extended for an additional period not to exceed one (1) year for good cause shown. A Unit rented under a hardship exception granted by the Board shall not be counted as a non-Owner occupied Unit for the purpose of determining whether a rental would cause the number of non-Owner occupied Units to exceed the Rental Ceiling.
- 4.21.8 Renting to a New Tenant. If a Tenant moves out of the Owner's Unit prior to the expiration of the lease term or the Tenant and Owner do not renew the lease at the expiration of the Lease term, the Association shall not withhold consent for the Owner to rent the Unit to a new Tenant; provided, however, that: (a) within seven (7) days after the Owner's Unit becomes unoccupied, the Owner submits a written notice to the Association that the Owner's Unit is unoccupied and that the Owner is seeking a new Tenant; and (b) within ninety (90) days after the Owner's Unit becomes unoccupied, the Owner submits to the Association a valid and binding lease, executed by both the Owner and the proposed Tenant, contingent only upon the approval of the Association.
- 4.21.9 Governing Documents to Be Provided to Tenants. Each Unit Owner who leases a Unit shall provide that Tenant with a copy of the Governing Documents.
- 4.21.10 <u>Authority to Adopt Rules for Rentals</u>. The Board of Directors shall have the authority to adopt additional Rules relating to the leasing of Units.
- 4.21.11 <u>Adult Family Homes.</u> This Section 4.20 shall not apply to "adult family homes" as defined in RCW Chapter 70.128.
- 4.21.12 <u>Multi-Family Rental Structures</u>. This Section 4.20 shall not apply to Owners of Multi-Family Rental Structures.
- 4.22 <u>Driveways and Drainage</u>. Any driveway crossing over a drainage ditch must be constructed with a culvert(s) (i) of an adequate size as approved by the ARC, (ii) meeting Pierce County and other governmental standards, and (iii) installed at a sufficient depth to assure the free and unobstructed flow of water through the culvert. The Owner shall keep any culvert under the Owner's driveway unobstructed and in good operating condition. Damage caused by driveway connections to the streets or to the adjacent ditches or shoulders shall be repaired at the expense of the Owner(s) of such connecting driveways.

- 4.23 NGPAs: Steep Slope Areas. Construction of Improvements and other activities within any NGPA or Steep Slope Area shall be in accordance with Section 5.2.
- 4.24 <u>Utilities</u>. All pipes, lines or wires for telephone, cable television, electrical, gas or other utility use shall be underground or in conduit attached to an Improvement.
- 4.25 Relief From Certain Provisions. In cases where an Owner has made a factual showing that strict application in writing of the provisions of Sections, 4.5, 4.6, 4.7, 4.9, or 4.11 of this Article (regulating animals, commercial uses, vehicles, signs, antennas and satellite dishes respectively) would work a severe hardship upon the Owner, the Board may grant the Owner relief from any of such provisions, in addition to any exceptions or provisions already contained in those sections; provided, however, that such relief shall be limited by its scope or by conditions to only that necessary to relieve the severe hardship; and provided further, that no such relief shall be granted if the condition thereby created would, in the reasonable judgment of the Board, violate the provisions of Section 4.15. The written decision of the Board in granting or denying such relief shall be final and conclusive.
- 4.26 Owner's Compliance with Governing Documents. Each Owner shall, as of the date the Owner takes ownership of a Unit, be deemed to have covenanted and agreed, on behalf of the Owner and the Owner's heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents, as they may be amended from time to time.

ARTICLE 5. COMMON AREAS AND EASEMENTS

- 5.1 <u>Title to Common Areas</u>. Declarant shall convey to the Association from time to time during the Development Period, and until the Property is fully developed, the Common Areas designated as such in any Supplemental Declaration or deed recorded by Declarant. Common Areas may be conveyed to the Association or to the Owners in undivided interests by other Persons but only with the prior written approval and acceptance of the Board as evidenced on an instrument of conveyance.
- 5.1.1 <u>Unapproved Conveyance</u>. If any areas are dedicated or deeded to the Association or to the Owners in undivided interests by Persons other than Declarant without the Associations prior approval, the Association may take any or all of the following actions:
 - (a) Convey the areas back to the Person making the dedication or grant;
 - (b) Process modifications to county approvals that may be necessary to allow conveyance as described in subparagraph (a) above;
 - (c) Perform any maintenance or other work on the conveyed areas as the Board deems necessary in its sole discretion, until such time as the area is conveyed back to the Person dedicating or granting the property as described above. The Association shall be entitled to recover the costs of any actions described in

- Section 5.1.1, including attorney's fees and expert fees, and such costs, together with interest at the highest allowable rate and shall constitute a lien against any portion of the Property owned by such Person dedicating or granting the property as described above. Such lien may be enforced in the same manner as any other Assessment lien under this Declaration.
- 5.1.2 <u>Use of Common Areas</u>. Each Owner shall have a nonexclusive easement for the common use and enjoyment of the Common Areas, consistent with the purposes of the particular Common Area, any legal restrictions, and the Rules of the Association. Easements to use the Common Areas shall be appurtenant to and run with each Unit and shall not be assigned or conveyed except upon transfer of title to such Unit. When conveyed to the Association, Common Areas shall be fully constructed per County approved plat design and free and clear of financial liens and encumbrances.

5.2 NGPA and Steep Slope Areas.

- 5.2.1 <u>Establishment</u>. Any NGPA or Steep Slope Area may be designated by Declarant or the Association in the manner described in <u>Section 1.31</u> and <u>1.42</u>. Within the NGPAs and Steep Slope Areas, no tree or vegetation shall be cut, removed, or destroyed, and no Improvements constructed, except as specifically provided herein. Such areas shall instead be kept and maintained as much as possible in their native, undeveloped state.
- 5.2.2 <u>Improvements by Declarant or Association</u>. Notwithstanding anything to the contrary herein, but subject to any restrictions imposed by Pierce County or any other governmental authority, the following Improvements may be constructed by Declarant or the Association within NGPAs and Steep Slope Areas:
 - (d) Recreational areas, streets, and other vehicular access ways, pedestrian, equestrian, and bicycle paths, and other walks, driveways, and utility service routes, or other Improvements shown on a final plat or other recorded map or plan creating a particular neighborhood or area;
 - (e) Docks, piers, moorages, or observation structures located on, in, or adjacent to any lake in Sunrise and observation structures, if located on, in, or adjacent to any marsh in Sunrise;
 - (f) Utility transmission lines, including sanitary sewer, water, natural gas, telephone, cable television, or other utility lines, together with facilities and appurtenances related thereto; and
 - (g) Storm water retention/detention ponds or basins, storm water drainage lines, and all other elements, appurtenances, and facilities of the storm water drainage system.

5.2.3 <u>Vegetation Management</u>.

- (a) Pruning or removal of trees and vegetation ("Vegetation Management") within a NGPA or Steep Slope Area is subject to the conditions described herein and may be prohibited. Restrictions established on a recorded plat, to the extent they impose greater restrictions on clearing than provided herein, shall control. Vegetation Management within NGPAs or Steep Slope Areas shall be permitted only (i) upon prior written approval of the Board, to be granted only if the proposal will not materially and adversely affect the primary purpose of the NGPA or Steep Slope Area and (ii) if the Vegetation Management is undertaken in accordance with any applicable governmental requirements; provided, however, that Declarant may, in the initial development of the Property, remove or prune vegetation in a manner consistent with applicable law. Any Vegetation Management shall be done in a competent and workmanlike manner and may be subject to conditions imposed by the Board and any governmental authority.
- (b) Owners of Units adjacent to or affected by an NGPA or Steep Slope Area may petition Pierce County or any successor governmental authority for approval of a formal plan for Vegetation Management for the benefit of all such Units. If the plan is approved, the Owners may request the Association to undertake the Vegetation Management with the cost thereof assessed against such Units as a Specific Assessment pursuant to Section 6.5.
- 5.3 <u>Drainage Easement</u>. Declarant declares, grants and conveys to the Association and the Owners a nonexclusive drainage easement for the purpose of providing storm water drainage for portions of the Property as set forth on the face of, or in the storm drainage plans approved as part of, any final plat of the Property, or other Pierce County approval. To the extent applicable, such drainage easement shall be deemed a covenant running with the land.
 - (a) Unless specifically approved by the ARC, any construction, fill, debris, or other improvement which impedes the drainage of storm water within any such easement area is prohibited.
 - (b) All maintenance, repair and/or rebuilding of drainage easement improvements shall be performed and paid for by the Association, unless and until the improvements are dedicated to, and accepted by, Pierce County or another governmental entity with jurisdiction.
 - (c) Each Owner (and not the Declarant or the Association) is responsible for maintaining proper drainage on its Unit and is obligated to correct any drainage problems on such Unit.
 - (d) The Association shall have the right to enter onto any Unit and to take all actions necessary to correct any drainage problems relating to the drainage system on such Unit which affect other Units or the common drainage system, after

prior notice to the Owner of such Unit, except in case of an emergency in which case no notice shall be required. Unless such work is a result of any negligent act or omission of the Association, the cost thereof shall be the responsibility of the Owner of such Unit.

- 5.4 <u>Utilities Easement</u>. Declarant reserves for itself during the Development Period, and grants to the Association a non-exclusive easement (but not through or under any structure) to the extent reasonably necessary for the purpose of:
- (a) Installing utilities, cable and other telecommunication systems, security and similar systems, drainage systems, street lights, and signage within the Common Areas or within public rights-of-way or easements reserved for such purpose on recorded plats, or on other County approved plans and documents, and
- (b) Inspecting, maintaining, repairing and replacing all such utilities, systems and improvements described above.
- 5.5 <u>Information Center Easement</u>. Declarant hereby reserves for itself an easement over a portion of any Lot owned by the Association or any Common Area as may be designated by Declarant from time to time for purposes of construction, operation and use of an information or sales center during the Development Period.
- 5.6 <u>Common Areas Easement</u>. Every Owner shall have a right and easement of use, access and enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:
- (a) Any restrictions or limitations in the Governing Documents or any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed or other instrument conveying such property to the Association;
- (c) The Board's authority to adopt Rules regulating the use and enjoyment of the Common Areas and to take enforcement action pursuant to Article 7;
- (d) The Board's authority to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (e) The Board's authority to suspend the right to use the Common Areas and recreational facilities by an Owner for (i) any period during which any Assessment against the Owner's Unit remains unpaid and (ii) for a reasonable period for any infraction of the Governing Documents;
- (f) The right of the Association to mortgage all or a portion of the Common Areas, subject to such Owner and Mortgagee approval as may be required herein.

- (g) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association, provided that such dedication or transfer is for a use consistent with the use of such Common Area pursuant to the Master Plan or as otherwise designated by the Declarant, otherwise, the dedication or transfer is subject to the approval of at least two-thirds (2/3) of each Class of Members and, if required, Mortgagees.
- (h) The right of the Association to designate Limited Common Areas, as long as the Association takes any exclusion from use of such Limited Common Areas into account when determining Assessments.
- (i) The right of the Board to restrict or prohibit access to certain Common Areas, including by restricting or prohibiting gates that otherwise would provide access from a Unit to a restricted Common Area.
- 5.7 <u>Maintenance of Common Areas</u>. Any action to maintain, repair, replace, improve, and otherwise manage all of the Common Areas so as to keep them in good repair and condition, consistent with the Community-Wide Standard shall only be taken by the Association, unless otherwise approved by the Board. Without limitation, such maintenance, repair, replacement, and improvement may be undertaken as the Board reasonably determines would promote the recreation, health, safety, and welfare of the Owners.
- 5.7.1 <u>Fencing</u>. The Association's maintenance obligations shall include the Community Fencing, as defined above, but the Association shall have no obligation to maintain any other fences within Sunrise.
- 5.7.2 <u>Landscaping: Utilities</u>. The Association's maintenance obligations shall also include the landscaping, irrigation systems, sewer and water systems, buildings, utilities and telecommunication systems within or serving the Common Areas.
- 5.7.3 <u>Public Property</u>. The Association may also maintain property which it does not own, including property dedicated to the public right of way, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard of Sunrise.
- 5.7.4 <u>Reimbursement of Association</u>. To the extent that Common Area costs incurred by the Association arise from the negligence or intentional act of an Owner, the Association may seek reimbursement from such Owner.
- 5.7.5 Owner's Maintenance. The Association is not obligated to perform maintenance which is the responsibility of any Owner, such as the maintenance of certain buffer areas by Owners pursuant to Section 4.13. However, the Association may agree to assume certain maintenance obligations for one or more Units such as the maintenance of private gates and or storm ponds serving only certain Units; provided, however, that the costs of such maintenance shall be specifically assessed to such Units pursuant to Section 6.5 and any maintenance agreement entered into by the Association and the Owners of such Units.

- Regarding Road Dedication Agreement. As part of developing the Property, an Agreement Regarding Road Dedication, Illumination System, Storm Water Collection and Detention Ponds, License for Maintenance, and Easements dated April 19, 1991, was made by and among the Original Declarant, Mt. Rainier Ventures, Rainier South Ventures, and Pierce County, as recorded under Pierce County Auditor's File No. 9104190268 (as subsequently amended, the "Road Dedication Agreement"). The Association will succeed to the rights and obligations thereunder. Without limitation, the Road Dedication Agreement provides for: (a) Declarant's dedication to Pierce County of all or a portion of the roads serving the Property; (b) installation and maintenance of the Illumination System and the Ponds; (c) maintenance of sight distances as required by Pierce County; and (d) maintenance of the Median Strips, the sidewalks and grass strips along the roads. All expenses associated with the foregoing other than Initial Plat Improvements and any other ongoing obligations under the Road Dedication Agreement shall be considered part of the Common Expenses unless the Board designates all or a portion of such expenses as part of the Designated Benefits Specific Assessment allowed in Section 6.5.2.
- 5.9 Reservation of Easement. There is reserved to the Declarant and granted and conveyed to the Association, their agents and employees, an easement over each and every Lot for entry and access in a reasonable manner and at reasonable times and places for the performance generally of all their rights and duties as provided in this Declaration, and for the development of the Property by Declarant in accordance with County approvals..
- 5.10 No Representations. Declarant makes no representations regarding the construction or existence of any particular common facilities or improvements to the Common Areas. Declarant may elect not to construct all of the improvements to the Common Areas described in Section 1.6, this Article 5 or elsewhere in this Declaration.

ARTICLE 6. BUDGET AND ASSESSMENTS

- 6.1 Owner's Covenant to Pay Assessments. Each Owner shall pay to the Association all Assessments, fines and fees payable hereunder including the general Assessments, Special Assessments, Specific Assessments, and Conveyance Assessments. Such Assessments, together with penalties, interest, costs and reasonable attorneys' fees, shall be both a charge and continuing lien upon the Unit against which such Assessment is made and an obligation of the individual owning the Unit at the time the Assessment came due.
- 6.2 Fiscal Year: Association Budget. The Association's fiscal year shall be the calendar year unless the Board designates another fiscal year. Not less than thirty (30) days prior to the beginning of each fiscal year, the Board shall adopt an Association budget for the following fiscal year, setting forth the amounts reasonably estimated for Common Expenses, including any contributions to be made to a reserve fund pursuant to Section 6.3.5. The budget shall also reflect sources and estimated amounts of funds to cover such expenses, which may include any surplus from prior years, Assessment income and income from other sources. Subject to the ratification requirements set forth below, the Board may revise the budget from time to time as deemed necessary or advisable to account for and defray additional costs or expenses of the Association.

Upon ratification of a budget each such fiscal year, the Board shall assess all Units with Assessments as provided in this Declaration.

6.2.1 Declarant Subsidy. Declarant may, but shall not be obligated to, reduce the general Assessment for any fiscal year by payment of a subsidy, which may be either a contribution, an advance against future Assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years. The terms and conditions of any such advance or loan shall be set forth in written agreement between Declarant and the Association.

6.2.2 Meeting to Ratify Budget; Notice.

- (a) Within thirty (30) days after the Board adopts a final budget, the Board shall (i) set a date for a meeting of the Owners to consider ratification of the budget, and (ii) deliver a written notice to each Owner containing the following: (A) a copy or summary, as determined by the Board, of the budget; (B) the amount of Assessments to be levied against the Owners pursuant to such budget, and (C) notice of the date, time and place of the ratification meeting.
- (b) The ratification meeting shall be not less than fourteen (14) nor more than sixty (60) days after notice is given to the Owners. The budget shall automatically become effective unless rejected or disapproved by seventy-five percent (75%) of the total outstanding votes in the Association, in person or by proxy, at a meeting that is duly called for the purposes of ratification of the subject matter, regardless of whether a quorum is present.
- 6.2.3 <u>Disapproved Budget</u>. If any proposed budget is disapproved or the Board fails for any reason to determine the budget for any fiscal year, then the budget most recently in effect shall continue in effect until a new budget is ratified.

6.3 General Assessment.

- 6.3.1 <u>Purpose</u>. The Association shall levy a general Assessment for the payment of Common Expenses, including funding of appropriate reserves in accordance with <u>Section 6.3.5</u>, and including reasonable fees paid for management services provided to the Association by Declarant or by a professional manager.
- 6.3.2 <u>Basis for Assessment</u>. All Owners shall, after the Initial Unit Assessment Date, pay a general Assessment calculated as a pro rata share of the Common Expenses. The amount of each Owner's general Assessment shall be the Common Expense amount determined by the Association's ratified budget divided by the total number of Units subject to Assessment or reasonably anticipated to become subject to Assessment during the fiscal year, as determined by the Board, multiplied by the number of Units owned by each Owner.

- 6.3.3 <u>Method of Assessment</u>. Installments of general Assessments may be collected on a monthly, quarterly, semi-annual or annual basis, as determined by the Board. Each Owner shall pay the Assessments due in equal installments as determined by the Board and payable in advance of when due.
- 6.3.4 <u>Date of Commencement of Assessments</u>. The liability of an Owner for payment of general Assessments shall commence on the Initial Unit Assessment Date as defined in <u>Section 1.19</u>, and shall continue thereafter. The due dates of any Special or Specific Assessment payments shall be fixed by the Board, but in no event prior to the Initial Unit Assessment Date.
- 6.3.5 Reserve Fund. Pursuant to the requirements of RCW Ch. 64.34 and any successor legislation, the Association shall regularly undertake a reserve study to determine the costs of anticipated major maintenance, repair and replacement of Common Areas, whose infrequent and significant nature makes them impractical to include in the Association's annual budget. With reference to the results of any such reserve study, the Board shall include as part of the Association's annual budget an allocation to a reserve fund of an amount determined by the Board to be sufficient to meet the projected capital needs of the Association with respect to both the amount and timing for such anticipated capital expenditures. The reserve fund shall either be (i) deposited with a banking institution, the accounts of which are insured by any agency of the United States of America or, (ii) in the discretion of the Board, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve fund shall be expended only for the purposes described above and shall not be used to fund Initial Plat Improvements. The Association may establish such other reserves for such other purposes as it may from time to time consider to be necessary or appropriate.

6.4 Special Assessments.

- 6.4.1 <u>Common Area Costs</u>. In addition to the general Assessment authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, applicable to that year and payable over not more than the next succeeding year, or other period as determined by the Board and subject to the ratification procedures set forth in <u>Section 6.2.2</u>. This is for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of the Common Areas, including fixtures and personal property related thereto that is in excess of costs included in the annual budget. However, Special Assessments shall not be used to fund Initial Plat Improvements, and further, any such Special Assessment shall be subject to the ratification of Owners under <u>Section 6.2.2</u>.
- 6.4.2 <u>Legal Fees and Damages</u>. The Board may levy from time to time a Special Assessment payable in a lump sum or installment basis, as the Board directs, for the purpose of defraying in whole or in part any legal fees, costs and/or damages or awards incurred in legal actions in which the Association is a party, or in which a member of either the Board, the ARC or any committees of the Board is named as a party as a result of a decision made or action performed while acting on behalf of the Association.

- 6.5 <u>Specific Assessments</u>. The Association shall have the power to levy Specific Assessments against one or more Units as follows:
- 6.5.1 Restoration: Restitution. The Board may levy a Specific Assessment upon any Unit whose Owner: a) fails to maintain such Unit, as provided in Section 4.13; b). or who fails to provide such maintenance funds as may be required by any Supplemental Declaration for such Unit; c). or who damages or destroys any Common Area by the Owner's negligent or intentional act; or d). who deeds or dedicates property to the Association or to the Owners in undivided interests without approval under Section 5.1. Any such Specific Assessment shall be limited to the amount necessary to meet the cost of restoration or deficiency in required funds and the cost of collection thereof.
- 6.5.2 <u>Designated Benefits</u>. The Board may levy a Specific Assessment against all Units within a particular neighborhood or area of Sunrise if necessary to pay for costs associated with certain Common Areas, other amenities or services that (i) the Owners of sixty-seven percent (67%) of the Units and Declarant (if any portion of Declarant's property is to be assessed) in a particular neighborhood or area have requested particular improvements or services to serve their Units, as opposed to the entire Sunrise community; or (ii) are designated as benefiting such particular neighborhood or area in either the Supplemental Declaration for such property or serve a limited area as shown in the final plat or other document creating a particular neighborhood or area. Examples of improvement amenities serving a particular area include areas served by a private gate or private roads. Designated Benefits Assessments under subparagraph (ii) above do not require a request by Owners or a vote. A request under subparagraph (i) above shall be accompanied by payment of the amount the Board reasonably deems necessary to pay the costs of conducting a vote regarding the levying of a Specific Assessment to pay for such designated benefits. Upon receipt of such written request and payment, the Board shall conduct a vote of Owners in such area to determine the amount of the Assessment. The Owners of Units within the designated benefits area shall be solely responsible for payment of any costs associated with the designated benefits and Declarant shall have no liability therefor unless Declarant, as an Owner of property within such designated benefits area, shall have consented to the designated benefits. Notwithstanding anything to the contrary, if the Board determines that any such improvement or service is not practicable or is contrary to the overall interests of the Sunrise community, it may decline to make such Specific Assessment.
- Owner of the Unit other than Declarant or a Designated Builder and on each subsequent conveyance of such Unit, the Owner acquiring the Unit (as opposed to the Person conveying the Unit) shall pay to the Association a Conveyance Assessment equal to the amount of one year's current general Assessment applicable to the Unit. The Conveyance Assessment shall be deposited to the Association's operating fund. The Conveyance Assessment paid by such Owner is in addition to, and shall not be considered an advance payment of, any general, Specific, or Special Assessment otherwise applicable to the Unit. Conveyance of a Unit not made in exchange for valuable monetary consideration is exempt from Conveyance Assessments under this Section 6.6. Examples of such conveyances include, but are not limited to, a gift, devise or bequest; a transfer to a trust solely for

the benefit of, or a corporation, partnership or limited liability company all of the equity of which is owned by, the Owner, the Owner's spouse and/or the Owner's lineal descendants; and a court-ordered transfer, such as in a bankruptcy, reorganization or receivership proceeding.

- 6.7 No Waiver. No Owner may waive or otherwise escape liability for the Assessments provided herein by nonuse of the Common Areas or abandonment of its Unit.
- by the Association chargeable to any Unit, shall be the joint and several obligation of the Owner or Owners of the Unit to which the same was assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent Assessments shall be maintainable without foreclosing or waiving the liens securing them.

6.9 Exemptions.

- 6.9.1 <u>Designated Builders.</u> A Designated Builder shall be exempt from Assessment for any Lot hereunder until six (6) months after conveyance of such Lot to the Designated Builder by Declarant. Thereafter, until the recording date of the deed or other conveyance of such Lot to the first Owner thereof by such Designated Builder, the Designated Builder shall be subject to Assessment on each such Lot at fifty percent (50%) of the Assessment that would otherwise be payable by an Owner of such Lot who is not a Designated Builder.
- each fiscal year during the Development Period, the Association shall calculate the operating budget and shall subtract the following amounts therefrom: (i) any general, Special and Specific Assessments due and payable by Owners hereunder and (ii) all expected revenues for the benefit of the Association, including without limitation any revenues collected in connection with use of the Common Areas. The resulting difference shall be referred to herein as the "Declarant's Share", and shall represent the amount of the anticipated shortfall in the Association's operating budget for that year. Declarant shall not be assessed by the Association for the Undeveloped Property during the Development Period, but shall, pay to the Association an amount equal to the Declarant's Share, less any portion thereof that would be deposited in the Association's reserve fund. The Declarant's Share shall be paid in equal monthly or quarterly installments, or as otherwise determined by the Board, and payable 30 days in advance of when due.

Declarant may elect, at any time and from time to time during the Development Period, at Declarant's sole option, to provide services to the Association or on behalf of the Association in lieu of paying, or as partial payment of, Declarant's Share. By way of example, and not by limitation, if the Association has budgeted a certain amount in its operating budget for a fixed level of maintenance, and through economies of scale or other efficiencies Declarant is able to provide such maintenance at a lower cost than the certain amount budgeted, then Declarant may elect to

provide that fixed level of maintenance in lieu of paying that certain amount of Declarant's Share for that year.

- 6.9.3 <u>Commercial Property Contribution to Assessments</u>. If the Owner of any Commercial Property is assessed pursuant to <u>Section 2.3</u>, and then subsequently such Owner's beneficial use of certain Common Areas is denied or reduced by this Declaration, any Supplemental Declaration or the Rules, the general and Special Assessments payable by such Owner shall be reduced to reflect such change in an amount reasonably determined by the Board.
- 6.9.4 <u>Common Areas: Public Property</u>. The Common Areas and all property dedicated to and accepted by any governmental entity or utility shall be exempt from Assessment.
- 6.9.5 <u>Nonprofit Organizations</u>. Declarant and/or the Association shall have the right, but not the obligation, to grant exemptions to entities qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code so long as such entities own property subject to this Declaration for purposes listed in Section 501(c).
- 6.10 <u>County Maintenance Assessments</u>. If Pierce County accepts or assumes responsibility for any portion of the Common Areas, and assesses the Association for operational and maintenance charges associated with such Common Areas, then the Association shall have the right to either include such charges as part of the Common Expenses or levy a Special or Specific Assessment for payment of such charges.

ARTICLE 7. ENFORCEMENT

- Governing Documents, the Association acting through the Board shall notify the Owner in writing of the specifics of the violation and the requirements to remedy or abate the violation. If the Owner is unable, unwilling or refuses to comply with the Association's requirements for remedy or abatement, or if the Owner and the Association cannot agree to a mutually acceptable resolution of the violation within the framework and intent of this Declaration, after notice and opportunity to be heard in accordance with the Rules, then the Association acting through the Board, shall have the right to do any or all of the following:
- 7.1.1 Assess reasonable fines, which may include legal fees and costs incurred for violations, against such Owner in accordance with applicable Rules in the manner and amount the Board deems appropriate in relation to the violation, which fines shall constitute Specific Assessments for purposes of this Declaration;
- 7.1.2 Enter the offending Unit and remove the cause of such violation, or alter, repair or change the item which is in violation of the Governing Documents in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, which amount shall constitute a Specific Assessment payable by the Owner;

- 7.1.3 Cause any vehicle parked in violation of the Governing Documents to be towed and impounded at the Owners' expense;
 - 7.1.4 Suspend the voting rights of the Owner;
- 7.1.5 Suspend the Owner's right to use any Common Areas for the period that the violations remain unabated, provided that the Association shall not deprive any Owner of access to the Owner's Unit in the absence of a court order to such effect: and
 - 7.1.6 Bring suit or action against the Owner to enforce the Governing Documents.
- 7.2 <u>Lien for Assessments</u>. The Association has a lien on a Unit for any unpaid Assessment (see definition of "Assessment") levied against said Unit from the time the Assessment is due.

Such lien shall be superior to all other liens, except (a) the liens of all taxes and Assessments, and other levies which by law would be superior, and (b) the lien or charge of any recorded First Mortgage made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or non-judicial foreclosure. Sale or transfer of any Unit shall not affect the Assessment lien or relieve such Unit from the lien for any subsequent Assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the First Mortgage shall extinguish the lien as to any installments of such Assessments due prior to the foreclosure. The subsequent Owner to the foreclosed Unit shall not personally be liable for Assessments on such Unit due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to Assessment, including the Owner acquiring the Unit through foreclosure, its successors and assigns.

- 7.3 <u>Default in Payment of Assessments: Enforcement of Lien.</u> If an Assessment levied under this Declaration is not paid by its due date, such Assessment shall be delinquent and shall bear interest from the due date at the rate set forth below. In such event the Association may exercise any or all of the following remedies:
- 7.3.1 The Association may take any appropriate enforcement action specified in Section 7.1 above until such amounts are paid in full and may declare all remaining periodic installments of any annual Assessment immediately due and pavable.
- 7.3.2 The lien may be foreclosed in accordance with the provisions regarding the foreclosure of liens against real property under Washington law. The Association, through its duly authorized agents, may bid on the Unit at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Unit. While a Unit is owned by the Association following foreclosure:

 (a) no Assessments shall be levied on it and (b) each other Unit shall be charged, in addition to its usual Assessments, its pro rata share of Assessments that would have been charged if such Unit had it not been acquired by the Association.

7.3.3 The Association may bring an action to recover a money judgment against the Owner for unpaid Assessments under this Declaration without foreclosing or waiving the lien described in Section 7.2. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

The Association shall have any other remedy available to it by law or in equity.

- 7.4 Interest, Expenses and Attorneys' Fees. Any amount not paid to the Association when due in accordance with this Declaration shall, unless otherwise waived by the Board, bear interest from the due date until paid at a rate of twelve percent (12%) per annum, or such other rate as may be established by the Board, but not to exceed the lawful rate of interest under the laws of the State of Washington. In addition to interest, the Board may establish and collect a reasonable late charge (i.e. late fee) to be charged against a Unit and its Owner or Owners each month that said Owner(s) maintains a delinquent Assessment balance with respect to their Unit. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal, in connection with any bankruptcy proceeding, and in the enforcement of a judgment.
- 7.5 Non-exclusiveness and Culmination of Remedies. An election by the Association to pursue any remedy provided for violation of the Governing Documents shall not prevent concurrent or subsequent exercise of another remedy permitted under this Declaration. The remedies provided in this Declaration are not exclusive but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association.

7.6 <u>Dispute Resolution</u>.

- 7.6.1 Mediation/Arbitration. Any claim, controversy or dispute by or among Declarant, the Association or one or more Owners, or any of them, arising out of or related to the Governing Documents or the Property shall be first subject to mediation and, if not timely settled by mediation, resolved by arbitration in accordance with this Section 7.6. Any party may at any time opt to forego mediation and submit the matter directly to arbitration as provided in this Declaration. The decisions and award of the arbitrator shall be final, binding and nonappealable. The arbitration shall be conducted in Pierce County, Washington pursuant to the arbitration statutes of the State of Washington and any arbitration award may be enforced by any court with jurisdiction. Filing for arbitration shall be treated the same as filing in court for purposes of meeting any applicable statute of limitations or for purposes of filing a notice of pending action ("lis pendens").
- 7.6.2 <u>Selection of Arbitrator</u>. The arbitration shall be conducted by a single arbitrator selected by mutual agreement of the parties. The arbitrator selected shall be neutral and unbiased, except to the extent the arbitrator's prior relationship with any party is fully disclosed and consented to by the other party or parties. If the parties are unable to agree upon the arbitrator

- within ten (10) days after a party's demand for arbitration, upon application of any party, the Presiding Judge of the Superior Court of Pierce County, Washington shall designate the arbitrator. The arbitrator shall have not less than fifteen (15) years of practice, and substantial knowledge of real estate law.
- 7.6.3 <u>Consolidated Arbitration</u>. Upon demand by any party, claims between or among the parties and third parties shall be submitted in a single, consolidated arbitration.
- 7.6.4 <u>Discovery</u>. The parties to the arbitration shall be entitled to such discovery as would be available to them in an action in Pierce County Superior Court. The arbitrator shall have all of the authority of the Court incidental to such discovery, including without limitation authority to issue orders to produce documents or other materials, to issue orders to appear and submit to deposition, and to impose appropriate sanctions including without limitation award against a party for failure to comply with any order.
- 7.6.5 Evidence. The parties to the arbitration may offer such evidence as they desire and shall produce such additional evidence as the arbitrator may deem necessary for an understanding and determination of the dispute. The arbitrator shall determine the admissibility of the evidence offered. All evidence shall be taken in the presence of the arbitrator and all of the parties, except where any of the parties is absent in default or has waived its right to be present.
- 7.6.6 Excluded Matters. Notwithstanding the foregoing, the following matters shall not be subject to mediation or arbitration under this Section 7.6 (but shall be subject to the applicable provisions of paragraph 7.6.7 below):
 - (a) actions relating to the collection of fees, Assessments, fines and other charges imposed or levied by the Association (other than disputes as to the validity or amount of such fees, Assessments, fines or charges, which disputes shall be subject to mediation/arbitration as provided above);
 - (b) actions to enforce any order, decision or award rendered by arbitration pursuant to this <u>Section 7.6</u>;
 - (c) any action by the Association to obtain equitable relief (e.g., temporary restraining order, injunction, or specific performance) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Section 3.5 and Article 4;
 - (d) any action for declaratory or injunctive relief which seeks a determination as to applicability, enforcement, clarification, or interpretation of any provisions of the Declaration;
 - (e) any action between Owners, which does not include Declarant or the Association as a party, if such suit asserts a claim which would constitute a cause of action independent of the Governing Documents if the amount in controversy exceeds \$5,000.00,

which amount shall be increased in proportion to increases in the Consumer Price Index for Seattle-Tacoma for All Urban Consumers, All Items, from the date of recordation of this Declaration to the date of any such claim;

- (f) any action in which any indispensable party is not a party subject to arbitration under this Section 7.6;
- (g) any action as to which any applicable statute of limitations would expire within 180 days of a demand for arbitration having been given, unless the party or parties against whom the claim is made agree to toll the statute of limitations as to such claim for such period as may reasonably be necessary to comply with the provisions of this Section 7.6; and
- (h) any action between an Owner and a builder of Improvements within such Owner's Unit with respect to (i) any statutory warranty, (ii) any contractual warranty, or (iii) any construction defect claim.

The filing of a lis pendens or the application to any court for the issuance of any provisional process or similar remedy described in the Washington or Federal Rules of Civil Procedure shall not constitute a waiver of the right or duty to utilize the procedures specified in this <u>Section 7.6</u>.

- 7.6.7 Costs and Attorneys' Fees. The fees of any mediator and the costs of mediation shall be divided and paid equally by the parties. Each party shall pay its own attorneys' fees and costs in connection with any mediation. The fees of any arbitrator and the costs of arbitration shall be paid by the non-prevailing party or parties; if none, such fees and costs shall be divided and paid equally by the parties. Should any suit, action or arbitration be commenced in connection with any dispute related to or arising out of the Governing Documents, to obtain a judicial construction of any provision of the Governing Documents, to rescind any of the Governing Documents or to enforce or collect any judgment or decree of any court or any award obtained during arbitration, the prevailing party shall be entitled to recover its costs and disbursements, together with such investigation, expert witness and attorneys' fees incurred in connection with such dispute, as the court or arbitrator may adjudge reasonable, at trial, in the arbitration, upon any motion for reconsideration, upon petition for review, and on any appeal of such suit, action or arbitration proceeding. The determination of who is the prevailing party and the amount of reasonable attorneys' fees to be paid to the prevailing party shall be decided by the arbitrator (with respect to attorneys' fees incurred prior to and during the arbitration proceeding) and by the court or courts, including any appellate or review court, in which such matter is tried, heard or decided, including a court that hears a request to compel or enjoin arbitration or that hears exceptions made to an arbitration award submitted to it for confirmation as a judgment (with respect to attorneys' fees incurred in such proceedings).
- 7.6.8 <u>Survival</u>. The mediation and arbitration agreement set forth in this <u>Section 7.6</u> shall survive the transfer by any party of its interest or involvement in the Property and any Unit therein and the termination of this Declaration.

ARTICLE 8. SUBORDINATION OF LIENS

- 8.1 <u>Intent of Subordination Provisions</u>. The provisions of this <u>Article 8</u> apply for the benefit of each First Mortgagee who lends money for purposes of construction or to secure the payment of the purchase price of a Unit.
- 8.2 <u>First Mortgagee's Nonliability</u>. A First Mortgagee shall not, merely by reason of its security interest, be liable for the payment of any Assessment under this Declaration, nor for the observation or performance of any covenant or restriction, except those enforceable by equitable relief and not requiring the payment of money or except as hereinafter provided.
- 8.3 First Mortgagee's Rights During Foreclosure. During the pendency of any proceeding to foreclose a mortgage, including any redemption period, the First Mortgagee or receiver, if any, may exercise any and all rights and privileges of the Owner of the encumbered Unit, including without limitation the right to vote (subject to Section 7.1.4) in the Association to the exclusion of the Owner's exercise of such rights.
- 8.4 <u>First Mortgagee as Owner</u>. At such time as a First Mortgagee, or any successor or assign thereof, shall become the record owner of a Unit, the First Mortgagee or successor or assign shall be subject to all terms and conditions of this Declaration, including the obligation to pay for all Assessments and charges in the same manner as any Owner.
- 8.5 First Mortgagee's Title Free and Clear of Liens. A First Mortgagee acquiring title to a Unit through foreclosure or deed in lieu thereof shall acquire title to the encumbered Unit free and clear of any lien arising from this Declaration to secure payment of any Assessment or charge installment which became due but was unpaid prior to the First Mortgagee's acquiring title. The Association may, as determined by the Board, treat any such unpaid Assessments against a Unit as a Common Expense and shall prorate such unpaid Assessments among the remaining Units (other than those owned by Declarant), and each such remaining Unit shall be liable for its prorated share in the same manner as any other Assessment.
- 8.6 <u>Survival of Assessment Obligation</u>. After foreclosure, any unpaid Assessment shall continue to exist and remain a personal obligation of the Owner against whom the same was assessed, and the Association shall use reasonable efforts to collect the same from such Owner.
- 8.7 <u>Subordination of Assessment Liens</u>. The liens for Assessments provided in this Declaration shall be subordinate to the lien of any mortgage placed upon a Unit by a First Mortgagee as a construction loan, security interest, or a purchase price security interest, and the Association upon demand will execute a written subordination document to confirm the First Mortgagee's priority. The sale or transfer of any Unit shall not affect the Assessment liens provided for in this Declaration except as otherwise specifically provided herein, and in the case of a transfer of a Unit in foreclosure to a First Mortgagee, Assessment liens shall arise against the Unit for any Assessment payments coming due after the date of completion of the foreclosure or deed in lieu thereof.

ARTICLE 9. INDEMNIFICATION

Each member of the Board, the ARC and any of the Board's other committees, and any agents thereof, shall be indemnified by the Association against all expenses and liabilities (including attorneys' fees and costs) reasonably incurred by or imposed in connection with any litigation or other proceeding by reason of such individual holding a position or office, whether or not such person holds that position at the time the expense or liability is incurred, except to the extent such expenses or liabilities are covered by insurance and except where such person is adjudged guilty of willful misfeasance in the performance of his/her duties. However, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association.

ARTICLE 10. INSURANCE; LOSSES; CONDEMNATION

- Insurance Coverage. The Board shall procure for the Association, and continuously maintain, as a Common Expense, one or more policies of insurance as follows: (a) insurance against property loss or damage by fire or other hazards covered by the standard extended coverage endorsement in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of Common Areas that are insurable, or such other fire and casualty insurance as the Board determines will give substantially equal or greater protection, (b) commercial general liability insurance for the Association, the Owners, Declarant, and any agents, guests, invitees, licensees, or others, incident to the use and ownership of the Common Areas, (c) fidelity coverage naming the Association to protect against dishonest acts by the Board or any officers, agents, or other persons responsible for handling Association funds, (d) worker's compensation insurance to the extent required by applicable laws, (e) insurance against loss of personal property to the Association by fire, theft, and other losses with deductible provisions as the Association deems advisable, and (f) any other insurance the Board deems advisable. Such insurance policies shall meet the insurance and fidelity bond requirements for similar projects established by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and Department of Veterans Affairs, so long as any of them is a First Mortgagee or Owner, except to the extent such coverage is not available or has been waived in writing by any of the foregoing.
- 10.2 <u>Casualty Losses</u>. The Board shall notify the Owners of any event of substantial damage or destruction of any Common Area, and all applicable insurance proceeds for such damage or destruction shall be paid to the Association for repair, replacement, or other disbursement as determined by the Board.
- 10.3 <u>Condemnation</u>. In the event any part of a Common Area is sought to be acquired by eminent domain or other proceedings, the Association shall give prompt notice thereof to the Owners. All compensation, damages, or other proceeds shall be paid to the Association.

ARTICLE 11. <u>LIMITATION OF LIABILITY</u>

So long as a member of the Board, the ARC, any of the Board's other committees, Declarant or any agents of the foregoing has acted in good faith, without willful or intentional misconduct, upon the basis of information and possessed by such persons, then that Person shall not be personally liable to any Owner, the Association, or to any other Person for any damage, loss, or claim on account of any act, omission, error, or negligence of such Person, except this section shall not apply to the extent such acts, omissions or errors are covered by the Association's insurance. In connection with all reviews, acceptances, inspections, permissions, consents or approvals required or permitted by or from the Declarant, the Association or the ARC under this Declaration, none of the Declarant, the Association, or the ARC shall be liable to any Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against any Owner or such other Person and arising out of or in any way relating to the subject matter of any such review, acceptance, inspection, permission, consent or approval, whether given, granted, withheld or denied.

ARTICLE 12. GENERAL PROVISIONS

- 12.1 <u>Enforcement</u>. The Association, Declarant, and each Owner of a Unit subject to this Declaration shall have the right to enforce by any proceedings at law or in equity all rights, duties, obligations, covenants and easements now or hereafter imposed by the provisions of this Declaration. Failure by the Association or Declarant to enforce any right, duty, obligation or covenant herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- 12.2 <u>Remedies Cumulative</u>. Remedies provided by this Declaration are in addition to, cumulative with, and are not in lieu of, other remedies provided by law. There shall be, and there is hereby created and declared to be, a conclusive presumption that any violation or breach or attempted violation or breach of the covenants, conditions, and restrictions herein cannot be adequately remedied by an action at law or exclusively by recovery of damages.
- 12.3 Covenants Running with the Land. The covenants, conditions, restrictions, liens, easements, enjoyment rights, and other provisions contained herein are intended to and shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing, or otherwise occupying any portion of Sunrise, their heirs, executors, administrators, successors, grantees, and assigns. All instruments granting or conveying any interest in any Unit and all leases or subleases shall refer to this Declaration and shall recite that it is subject to the terms hereof as if fully set forth therein. However, all terms and provisions of this Declaration are binding upon all successors in interest despite an absence of reference thereto in the instrument of conveyance, lease, or sublease.

12.4 <u>Amendments</u>.

12.4.1 <u>By Declarant</u>. Declarant may, during the Development Period, amend this Declaration in its sole discretion.

- 12.4.2 <u>By Association</u>. This Declaration may be amended by an instrument executed by the Association for and on behalf of the Owners if the following conditions are met: (a) that such amendments shall have received the prior approval of a vote of the Owners (except Declarant) having seventy-five percent (75%) of the total outstanding votes in the Association; and (b) the Declarant shall also have consented in writing to such amendment, which consent may be given or withheld in Declarant's sole discretion but no such Declarant consent shall be necessary after the expiration of the Development Period. No amendment that would restrict, reduce, encumber or limit the Declarant's rights or privileges under this Declaration may be made at any time without the Declarant's consent so long as Declarant owns any portion of the Property for purposes of development or sale.
- 12.4.3 <u>Recording</u>. Amendments shall take effect only upon recording with the Pierce County Auditor's Office or any successor recording office.
- 12.4.4 First Mortgagee Approval. In addition to any other provisions, the prior written approval of fifty-one percent (51%) of First Mortgagees who have requested from the Association notification of amendments shall be required for any material amendment to the Declaration or the Association's Bylaws of any of the following: voting rights, Assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity bonds; responsibility for maintenance and repair; the boundaries of any Unit except minor lot line adjustments; reallocation of interest in the Common Areas, or rights to their use except designated benefit areas as described in Section 6.5.2; convertibility of Units into Common Areas or of Common Areas into Units; imposition of any restrictions on the right of an Owner to sell or transfer the Owner's Unit; a decision by the Association to establish selfmanagement when professional management had been required previously by First Mortgagees; any action to terminate the legal status of the Sunrise development after substantial destruction or condemnation occurs; or any provisions which are for the express benefit of First Mortgagees.
- 12.4.5 <u>Failure of Mortgagee to Respond</u>. Any First Mortgagee that has received a written request from the Board to consent to any amendment shall be deemed to have approved such amendment if the Association does not receive a written response from the First Mortgagee within thirty (30) days following the date the Association issues such request; provided, however, that such request shall be delivered to the First Mortgagee by certified or registered mail, return receipt requested.
- 12.5 <u>Taxes</u>. Each Owner shall pay without abatement, deduction, or offset, all real and personal property taxes, general and Special Assessments, including local improvement Assessments, and other charges of every description levied on or assessed against the Owner's Unit, or personal property located on or in the Unit. The Association shall likewise pay without abatement, deduction, or offset, all of the foregoing taxes, Assessments, and charges levied or assessed against the Common Areas.

- 12.6 <u>Transfer of Certain Utilities, Utility Repair Easement</u>. Declarant, and the Association, may transfer and convey its interest in any sewer, water, storm drainage, or other general utility in Sunrise to a public body for ownership and maintenance, together with any necessary easements relating thereto, and each Unit shall become burdened thereby.
- 12.7 <u>Non-Waiver</u>. No waiver of any breach of this Declaration shall constitute a waiver of any other breach, whether of the same or any other covenant, condition, or restriction.
- 12.8 Attorneys' Fees. The Association shall be entitled to recover any costs and expenses, including title reports, and reasonable attorneys' fees incurred in connection with the enforcement of any provision of this Declaration, the Association's Articles of Incorporation, Bylaws, or Rules and Regulations or in the collection of delinquent Assessments, whether or not suit is actually commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal, in connection with any bankruptcy proceeding, and in the enforcement of a judgment.

In the event an attorney is retained or a suit or action filed to enforce any provision of this Declaration or to collect any money due hereunder or to foreclose a lien, the non-prevailing party shall pay to the prevailing party all reasonable costs and expenses, including title reports, and all attorney's fees that the prevailing party has incurred in connection with any suit or action and any appeal from the decision of a trial court or any intermediate appellate court.

- 12.9 No Abandonment of Obligation. No Owner, through non-use of any Common Area, or by abandonment of the Owner's Unit, may avoid or diminish the burdens or obligations imposed by this Declaration.
- 12.10 <u>Interpretation</u>. The captions of the various articles, sections and paragraphs of this Declaration are for convenience of use and reference only and do not define, limit, augment, or describe the scope, content or intent of this Declaration or any parts of this Declaration. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the masculine and neuter, and each includes a legal entity when the context so requires. The single number includes the plural whenever the context so requires.
- 12.11 <u>Severability</u>. Invalidation of any one of these covenants, conditions, restrictions, easements, or provisions by judgment or court order shall in no way affect any other of the same, all of which shall remain in full force and effect.

12.12 Notices.

12.12.1 General. All notices, demands, or other communications ("Notices") permitted or required to be given by this Declaration shall be in writing and may be given as follows: (a) delivered personally, (b) mailed postage prepaid by certified or registered mail, return receipt requested (if a Notice to Declarant, the Association, or to fewer than all Owners), (c) mailed first-class postage prepaid (if a Notice to all Owners), or (d) electronically transmitted in accordance with Section 12.12.2. Notices that are mailed or delivered shall be

deemed given on the earlier of: when deposited in the mail addressed to the Owner at the Owner's address as it appears in the records of the Association with postage thereon paid and the date of actual receipt.

- 12.12.2 <u>Notice by Electronic Transmission</u>. Notice may be sent by electronic transmission in accordance with RCW Ch. 24.03, including RCW 24.03.009, 24.03.080, and 24.03.085, and any successor legislation.
- 12.12.3 Addresses. Notice to any Owner may be given at any Unit owned by such Owner; provided, however, that an Owner may from time to time by written Notice to the Association designate such other place or places or individuals for the receipt of future Notices. If there is more than one Owner of a Unit, Notice to any one such Owner shall be sufficient. The address of the Association shall be given to each Owner at or before the time the Owner becomes an Owner. If the Association changes its address, Notice shall be given to all Owners.
- 12.13 <u>Applicable Law</u>. This Declaration shall be construed in all respects under the laws of the State of Washington.
- 12.14 <u>Limitations</u>. As long as Declarant has an interest in developing the Property, the Association may not use its financial resources to defray any costs of opposing any of Declarant's development activities regarding the Property so long as such activities remain consistent with the general intent of the Master Plan. Nothing in this section shall be construed to limit the rights of Owners to act as individuals or in affiliation with other Owners or groups.

EXECUTED as of the day and year first above written.

DECLARANT:

SUNRISE DEVELOPMENT CORPORATION (OF
WASHINGTON, a Washington corporation	

By: Vice President

STATE OF WASHINGTON COUNTY OF PIEYCE ss.

I certify that I know or have satisfactory evidence that EVIC COVISS is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the VICE president of Sunrise Development Corporation of Washington, a Washington corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 28th day of November 2016.



Printed Name Candre S Bellamyo

NOTARY PUBLIC in and for the State of Washington, residing at Sumner Washington

My Commission Expires 5/15/17

EXHIBIT A THE PROPERTY

PARCELS COMPRISING THE PLANNED COMMUNITY KNOWN AS "SUNRISE"

PARCEL A:

THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 24, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

PARCEL B:

THE WEST HALF OF THE NORTHWEST QUARTER, AND THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

PARCEL C:

THE EAST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 26, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

PARCEL D:

THE EAST HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 26, TOWNSHIP 19 NORTH, RANGE 4 EAST. WILLAMETTE MERIDIAN.

PARCEL E:

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTH HALF OF THE SOUTH HALF OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 26, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

PARCEL F:

THE SOUTH HALF OF THE SOUTHWEST QUARTER OF SECTION 26, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

PARCEL G:

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 26, TOWNSHIP 19 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN.

PARCEL H:

THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 27, TOWNSHIP 19 NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN. EXCEPT THE NORTH 418 FEET OF THE WEST 417 FEET THEREOF AND EXCEPT PUYALLUP-GRAHAM COUNTY ROAD NO. 2.

PARCEL I:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 27, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

Apex

EXHIBIT A THE PROPERTY

PARCEL J:

THAT PORTION OF SECTION 35, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, LYING NORTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING A THE WEST QUARTER CORNER OF SAID SECTION 35;
THENCE ALONG THE WEST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 35
NORTH 00°56'35" WEST, 278.89 FEET TO THE TRUE POINT OF BEGINNING;
THENCE LEAVING SAID WEST LINE SOUTH 59°14'14" EAST, 3203.83 FEET;
THENCE SOUTH 79°31'03" EAST, 2592.14 FEET TO THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 35, THE TERMINUS OF SAID LINE AND FROM SAID TERMINUS THE SOUTHEAST CORNER OF SAID SOUTHEAST QUARTER BEARS SOUTH 01°14'28" EAST,
731.94 FEET DISTANT.

PARCEL K:

THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 36, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

PARCEL L:

GOVERNMENT LOTS 1 AND 2 OF SECTION 2, TOWNSHIP 18 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, BEING THE NORTH HALF OF THE NORTHEAST QUARTER OF SAID SECTION; EXCEPT THE BABLER-WRIGHT ROAD.

TOGETHER WITH

THAT PORTION OF SECTION 35, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN, IN PIERCE COUNTY, WASHINGTON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 35;

THENCE ALONG THE WEST LINE THEREOF NORTH 00°32'26" WEST, 2679.42 FEET TO THE WEST QUARTER CORNER OF SAID SECTION:

THENCE CONTINUING ALONG SAID WEST LINE NORTH 00°56'35" WEST, 278.89 FEET;

THENCE LEAVING SAID WEST LINE SOUTH 59°14'14" WEST, 3203.83 FEET;

THENCE SOUTH 79°31'03" EAST, 2592.14 FEET TO THE EAST LINE OF SAID SECTION;

THENCE ALONG SAID EAST LINE SOUTH 01°14'28" EAST, 731.94 FEET TO THE SOUTHEAST CORNER OF SAID SECTION:

THENCE ALONG THE SOUTH LINE THEREOF SOUTH $88^{\circ}01'28''$ WEST, 2642.26 FEET TO THE POINT OF BEGINNING.



EXHIBIT A THE PROPERTY

PARCEL M:

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN. EXCEPT THE NORTH 30 FEET THEREOF. ALSO EXCEPT THE WEST 30 FEET THEREOF FOR 122 ND AVENUE EAST.

PARCEL N:

THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

TOGETHER WITH THE NORTH 30 FEET OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE

EXCEPT THE WEST 30 FEET THEREOF FOR 122ND AVENUE EAST.

PARCEL O:

THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 23, TOWNSHIP 19 NORTH, RANGE 4 EAST, WILLAMETTE MERIDIAN.

ALL OF THE ABOVE DESCRIBED PARCELS SITUATE IN PIERCE COUNTY, WASHINGTON.

(THE PARCELS DESCRIBED HEREIN ARE COMPILED FROM PUBLIC DOCUMENTS AND DEEDS RECORDED UNDER AFNS 9408030522 AND 9408030523 RECORDS OF PIERCE COUNTY, WASHINGTON.)



TIMOTHY J. MCDANIEL, P.L.S. **WASHINGTON STATE REGISTRATION NO. 45792**

2601 South 35th Street, Suite 200, Tacoma, Washington 98409 (253) 473-4494 Fax: (253) 473-0599





