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Declaration of Covenants, Conditions and Restrictions for Quail Grove Subdivision

Reference Number(s) of related documents:

5496190

Additional Reference #'s on page ____

Grantor(s) (Last name, First name and Middle Initial)

Quail Investments One LLC

Additional grantors on page ____

Grantee(s) (Last name, First name and Middle Initial)

Public, Quail Grove Subdivision

Additional grantees on page ____

Legal Description: (abbreviated form: i.e. lot, block, plat or section township, range, quarter/quarter)

NW 1/4, SE 1/4 S7 T2N R2E WM

Additional legal is on page ____

Assessor's Property Tax Parcel/Account Number

156676000

Additional parcel #'s on page 30

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
QUAIL GROVE SUBDIVISION**

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
QUAIL GROVE SUBDIVISION**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR QUAIL GROVE SUBDIVISION ("Declaration") is made by QUAIL INVESTMENT ONE, LLC ("Declarant").

RECITALS

Declarant is the owner of all the real property and improvements thereon located in Clark County, Washington, described on Exhibit A attached hereto and incorporated herein by this reference (herein, the "**Property**" or "**Quail Grove**").

Declarant desires to impose these mutually beneficial covenants, conditions, restrictions, easements, assessments, and liens on the Property, under a comprehensive general plan of improvement and development for the benefit of all Lots and Common Area in Quail Grove.

Declarant has deemed it desirable for the efficient preservation of the values and amenities in Quail Grove to create a nonprofit corporation, to which will be delegated and assigned the powers and authority to own, maintain, repair, replace, and administer the Common Area and facilities; to administer and enforce the covenants, conditions, and restrictions of this Declaration; and to collect and disburse the assessments and charges hereinafter created.

The Declarant will convey the initial Common Area to the Quail Grove Homeowners Association prior to the conveyance of a Lot to any Lot purchaser other than a builder or developer holding title for the purpose of development and resale. Upon conveyance of the Common Area to the Association, the Association will assume the maintenance obligation of the Common Area for the benefit of the Owners and assess the Owners of the Lots equally for the expenses.

NOW THEREFORE, Declarant declares that the Property will be held, transferred, sold, conveyed, and occupied subject to the RCW 64.38 as may be amended from time to time and subject to the following covenants, conditions, restrictions, easements, charges, and liens, which will run with the land, which will be binding on all parties having or acquiring any right, title, or interest in the Property or any part thereof, and which will inure to the benefit of the Association and of each Owner. This Declaration does not and is not intended to create a condominium within the meaning of the Washington Horizontal Property Regime Act (condominiums), at RCW 64.34.010 *et. seq.*

ARTICLE 1. - DEFINITIONS

1.1. "**Architectural Review Committee**" or ARC refers to the committee constituted and acting under Article 6 of this Declaration.

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1.2. “**Articles**” means the Articles of Incorporation for the nonprofit corporation, Quail Grove Homeowners Association, as filed with the Washington Secretary of State.

1.3. “**Association**” means and refers to Quail Grove Homeowners’ Association, a Washington nonprofit corporation, and its successors and assigns.

1.4. “**Board**” means the Board of Directors of the Association.

1.5. “**Bylaws**” means and refers to the Bylaws of the Association, which will be recorded in the office of the Auditor in Clark County, Washington.

1.6. “**Common Area**” means and refers to Tracts A through J, inclusive, all fencing on the perimeter of the Property, and the fencing demising Tract H, all as shown on the recorded Plat of the Property, including any other improvements located thereon, which areas and improvements are intended to be devoted to the common use and enjoyment of the Members and which land has been conveyed to the Association.

1.7. “**Declaration**” means the covenants, conditions, restrictions, and all other provisions set forth in this Declaration.

1.8. “**Declarant**” means and refers to Quail Grove LLC, and its successors or assigns, or any successor or assign to all or the remainder of its interest in the Property.

1.9. “**Home**” means and refers to any portion of a structure situated on a Lot and designed and intended for use and occupancy as a residence by a single family or household.

1.10. “**Lot**” means and refers to each and any of Lots 1 through 18, inclusive; provided, however, the term “Lot” does not include Tracts A through J, inclusive.

1.11. “**Members**” means and refers to the Owners of Lots in Quail Grove.

1.12. “**Occupant**” means and refers to the occupant of a Home, whether such person is an Owner, a lessee, or any other person authorized by the Owner to occupy the Home.

1.13. “**Owner**” means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, or a purchaser in possession of a Lot under a real estate contract. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation.

1.14. “**Plat**” means and refers to the Plat of Quail Grove recorded in the plat records of Clark County, Washington, at book 311, pages 945, on 3/19/2018.

1.15. “**Property**” and “**Quail Grove**” have the meaning attributed to the terms in the Recitals of this Declaration.

1.16. “**Reserve Account**” means and refers to an account set up by the Board to hold funds for construction, improvements, or maintenance of the Common Area.

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1.17. **“Rules and Regulations”** means and refers to the documents containing rules, regulations, and policies adopted by the Board or the Architectural Review Committee, as may be amended from time to time.

1.18. **“Tracts”** means and refers to Tracts A through J, inclusive, as shown on the Plat.

ARTICLE 2. - PROPERTY SUBJECT TO THIS DECLARATION

2.1. **Development.** The development of Quail Grove consists of the Property, which will be held, transferred, sold, conveyed, and occupied subject to this Declaration. Declarant does not intend to build any Common Area improvements in Quail Grove other than as shown on the Plat.

2.2. **No Right to Annex Additional Property or to Withdraw Property.** Declarant reserves no right to annex additional property to or to withdraw property from Quail Grove.

ARTICLE 3. - OWNERSHIP AND EASEMENTS

3.1. **Nonseverability.** The interest of each Owner in the use and benefit of the Common Area is appurtenant to the Lot owned by the Owner. No Lot may be conveyed by the Owner separately from the interest in the Common Area. Any conveyance of any Lot automatically transfers the right to use the Common Area without the necessity of express reference in the instrument of conveyance. There may be no judicial partition of the Common Area. Each Owner, whether by deed, gift, devise, or operation of law, for the Owner’s benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests, and causes of action for judicial partition of any interest in the Common Area and agrees that no action for judicial partition may be instituted, prosecuted, or reduced to judgment. Ownership interests in the Common Area and Lots are subject to the easements granted and reserved in this Declaration. Each of the easements granted or reserved herein will be deemed to be established upon the recordation of this Declaration, will thenceforth be deemed to be covenants running with the land for the use and benefit of the Owners and their Lots, and will be superior to all other encumbrances applied against or in favor of any portion of the Property.

3.2. **Ownership of Lots.** Title to each Lot in Quail Grove will be conveyed in fee to an Owner. If more than one person or entity owns an undivided interest in the same Lot, such persons or entities will constitute one Owner.

3.3. **Ownership of Common Area.** Title to any Common Area will be conveyed to the Association not later than the date of the Turnover Meeting (defined in Article 8).

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

3.4.1 Easements on Plat. The Common Area and Lots are subject to the easements and rights-of-way shown on the Plat.

3.4.2 Easements for Common Area. Every Owner has a nonexclusive right and easement of use and enjoyment in and to the Common Area, which is appurtenant to and passes with the title to every Lot.

3.4.3 Easements Reserved by Declarant. As long as Declarant owns any Lot, Declarant reserves an easement over, under, and across the Common Area in order to carry out sales activities necessary or convenient for the sale of Lots. Declarant, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress to, from, over, in, upon, under, and across the Common Area, and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the improvements on the Property in such a way as not to interfere unreasonably with the occupancy, use, enjoyment, or access to an Owner's Lot by the Owner or the Owner's family, tenants, employees, guests, or invitees.

3.4.4 Additional Utility and Drainage Easements; Public Walkway Easements. Notwithstanding anything expressed or implied to the contrary, this Declaration is subject to all easements granted by Declarant for the installation and maintenance of utilities and drainage facilities necessary for the development of Quail Grove. Lots are subject to public walkway easements as shown on the Plat. No structure, planting, or other material that may damage or interfere with the installation or maintenance of utilities, that may change the direction of flow of drainage channels in the easements, or that may obstruct or retard the flow of water through drainage channels in the easement areas may be placed or permitted to remain within any easement area.

3.4.5 Association's Easements. Declarant grants to the Association and its duly authorized agents and representatives such easements over the Lots and Common Area as are necessary to perform the duties and obligations of the Association, as set forth in this Declaration, the Bylaws, and the Articles, as the same may be amended.

3.4.6 Easement to Governmental Entities. Declarant grants a nonexclusive easement over the Common Area to all governmental and quasi-governmental entities, agencies, utilities, and their agents for the purposes of performing their duties as utility providers.

3.4.7 Perimeter Easement Benefiting Association. Declarant grants to the Association and its duly authorized agents and representatives an easement over that perimeter portion of each Lot that is included within the building setbacks set by applicable ordinances for the purposes of installation, maintenance, repair, and replacement of utilities, communication lines, and drainage. The Board may grant or convey the easements reserved herein to any governmental body or agency, any public or private utility company or provider, or any combination of the foregoing, on a two-thirds vote of the Board members at a duly called and held Board meeting.

3.5. Declarant's Right to Dedicate Common Area and Grant Easements; Board's Authority after Title Transferred to Association. Declarant reserves the right and power to (a) grant easements over, under, and across all or any portion of the Tracts or (b) to dedicate and convey all or any portion of the Tracts to any governmental body or agency or any public or private

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utility company or provider. Declarant's rights and power under this Section 3.5 will expire when Declarant's Class B Membership ceases pursuant to Section 7.3.2 below. Thereafter, the Board will have the same powers reserved to Declarant and may exercise such powers upon a two-thirds vote of the Board members at any duly called and held Board meeting. The provisions of this Section 3.5 control over any provisions to the contrary contained in any other Section of the Declaration.

ARTICLE 4. - LOTS AND HOMES

4.1. Residential Use. Lots may be used only for residential purposes. Except with the Board's consent or as otherwise allowed by RCW 64.38, no trade, craft, business, profession, commercial activity, or similar activity of any kind may be conducted on any Lot, and no goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business may be kept or stored on any Lot. Nothing in this Section 4.1 will be deemed to prohibit (a) activities relating to the sale of residences, (b) the right of Declarant or any contractor or homebuilder to construct residences on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any residence as a sales office or model home for purposes of sales in Quail Grove, or (c) the right of the Owner of a Lot to maintain the Owner's personal business or professional library, keep the Owner's personal business or professional records or accounts, handle the Owner's personal business or professional telephone calls, or confer with business or professional associates, clients, or customers in the Owner's residence. The Board will not approve commercial activities otherwise prohibited by this Section 4.1 unless the Board determines that only normal residential activities would be observable outside of the residence and that the activities would not be in violation of applicable local government ordinances.

4.2. Landscaping. Each Owner other than Declarant must obtain the ARC's prior approval of all landscaping plans before commencing installation of any landscaping. Landscaping for all portions of the Lot must commence within 60 days after final building inspection by the local government jurisdiction and must be completed within six months after the inspection. This Section 4.2 applies to Lots with finished Homes being held for sale as well as to other Lots. The water charge for irrigation will be borne by the Association if connected to the common water system and borne by the individual Owners if the water system is connected to the individual Home around which landscaping is installed. Owners must irrigate their entire yards to keep lawns green and other landscaping fresh. The Association may irrigate from hose bibs connected to individual Homes of Owners who fail to properly irrigate their yards. If plantings on any Lot have died or are dying because the Owner of the Lot neglected to properly care for and irrigate the plants, or because of other harm to the plants caused by the Owner, the Association may replace the plantings and may assess the Owner for the cost as a Reimbursement Assessment (defined in Section 10.5.5), which may be collected and enforced as any other assessments imposed under the Declaration and Bylaws.

4.3. Maintenance of Lots and Homes. Each Owner must maintain the Owner's Lot and all improvements thereon in a clean and attractive condition, in good repair, and in such fashion as not to create a fire hazard. Such maintenance includes, without limitation, maintenance

of windows, doors, garage doors, walks, patios, chimneys, and other exterior improvements and glass surfaces. All repainting or re-staining and exterior remodeling will be subject to prior review and approval by the ARC. Each Owner must repair damage caused to the Owner's Lot or improvements located thereon by fire, flood, storm, earthquake, riot, vandalism, or other causes within a reasonable period.

4.4. Rental of Homes. An Owner may rent or lease the Owner's Home or a portion thereof, provided that the following conditions are met:

4.4.1 Written Rental Agreements Required. The Owner and the tenant enter into a written rental or lease agreement specifying that (a) the tenant is subject to all provisions of the Declaration, Bylaws, and Rules and Regulations, and (b) a failure to comply with any provision of the Declaration, Bylaws, and Rules and Regulations constitutes a default under the rental or lease agreement;

4.4.2 Minimum Rental Period. The period of the rental or lease is not less than 30 days;

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

4.5. Animals. No animals, livestock, or poultry of any kind, other than a reasonable number of household pets that are not kept, bred, or raised for commercial purposes and that are reasonably controlled so as not to be a nuisance, may be raised, bred, kept, or permitted within any Lot. Owners whose pets cause any inconvenience or unpleasantness to other Owners must take all steps reasonably necessary to prevent recurrence thereof, and Owners whose pets damage other Owners' Lots or personal property must reimburse the other Owners for reasonable costs actually incurred by the other Owners in repairing the damage. An Owner must ensure that the Owner's dog is leashed when on the Property and outside of the Owner's Lot. An Owner may be required to remove a pet upon the receipt of the third notice in writing from the Board of a violation of any rule, regulation, or restriction governing pets within the Property.

4.6. Nuisance. No noxious, harmful, or offensive activities may be carried out on any Lot or Common Area. Nor may anything be done or placed on any Lot or Common Area that interferes with or jeopardizes the enjoyment of, or that is a source of annoyance to, the Owner or other Occupants.

4.7. Parking. Vehicles parked for loading and unloading may not be parked for more than two hours. Boats, trailers, commercial vehicles, mobile homes, campers, and other recreational vehicles or equipment, regardless of weight, may not be parked on any part of the Common Area, or on any streets on or adjacent to the Property at any time or for any reason, including loading or unloading, and may not be parked on any Lot for more than six hours or such other period as may be permitted by the Association Rules and Regulations. The garage on each Lot may be used to park the occupant's primary passenger vehicle, and for no other purpose.

4.8. Vehicles in Disrepair. No Owner may permit any vehicle that is in a state of

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disrepair or that is not currently licensed to be abandoned or to remain parked on the Common Area or on any street on or adjacent to the Property at any time and may not permit them on a Lot for a period in excess of 48 hours. A vehicle will be deemed in a "state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. If an Owner fails to remove such a vehicle within five days following the date on which the Association mails or delivers to the Owner a notice directing the removal, the Association may have the vehicle removed from the Property and charge the expense of the removal to the Owner as a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed under the Declaration and Bylaws.

4.9. **Signs.** No signs may be erected or maintained on any Lot, except that not more than one "For Sale" or "For Rent" sign placed by the Owner or by a licensed real estate agent, not exceeding 24 inches high and 36 inches long, may be temporarily displayed on any Lot. The restrictions contained in this Section 4.9 do not prohibit the temporary placement of "political" signs on any Lot by the Owner or Occupant after candidacy or the primary or general election is announced. However, political signs must be removed within three days after the election day pertaining to the subject of the sign. Real estate signs must be removed within three days after the sale closing date.

4.10. **Rubbish and Trash.** No Lot or part of the Common Area may be used as a dumping ground for trash or rubbish of any kind. All garbage and other waste must be kept in appropriate containers for proper disposal and must be kept out of public view. Yard rakings, dirt, and other material resulting from landscaping work may not be dumped onto streets, the Common Area, or any other Lots. If an Owner fails to remove any trash, rubbish, garbage, yard rakings, or any similar materials from any Lot, any streets, or the Common Area where deposited by the Owner or the Occupants of the Owner's Lot after notice has been given by the Board to the Owner, the Association may have the materials removed and charge the expense of the removal to the Owner. Such a charge will constitute a Reimbursement Assessment, which may be collected and enforced as any other assessments imposed under the Declaration and Bylaws.

4.11. **Fences and Hedges.** No fences or boundary hedges may be installed or replaced without prior written approval of the ARC.

4.12. **Service Facilities.** Service facilities (garbage containers, fuel tanks, clotheslines, etc.) must be screened so that the facilities are not visible at any time from the street or a neighboring property. All telephone, electrical, cable television, and other utility installations must be placed underground in conformance with applicable law and subject to approval by the ARC.

4.13. **Antennas and Satellite Dishes.** Except as otherwise provided by law or this Section, no exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation may be erected, constructed, or placed on any Lot. With prior written consent from the ARC, exterior satellite dishes or antennas with a surface diameter of one meter or less and antennas designed to receive television broadcast signals only may be placed on any Lot if they are not visible from the street and are screened from neighboring Lots. The Board or ARC may adopt

reasonable rules and regulations governing the installation, safety, placement, and screening of such antennas, satellite dishes, and other transmission devices. Such rules may not unreasonably delay or increase the cost of installation, maintenance, or use or preclude reception of a signal of acceptable quality. Such rules may prohibit installation of exterior satellite dishes or antennas if signals of acceptable quality can be received by placing antennas inside a Home without causing an unreasonable delay or cost increase. The foregoing restriction and the authority of the ARC in this matter are subject to any regulations issued by the Federal Communications Commission or any other applicable governmental authority.

4.14. Exterior Lighting or Noise-Making Devices. Except with the consent of the ARC, no exterior lighting or noise-making devices, other than security and fire alarms, may be installed or maintained on any Lot.

4.15. Basketball Hoops. No Owner may install a permanent basketball hoop on any Lot without the ARC's prior approval. The ARC may, in its discretion, prohibit such basketball hoops or impose permitted hours of use for such basketball hoops. Basketball hoops are prohibited in the Common Area and on any Lot if the area of play is intended to be the street or any Common Area.

4.16. Grades, Slopes, and Drainage. There may be no interference with the established drainage patterns or systems over or through any Lot that affects any other Lot or Common Area or any real property outside the Property unless adequate alternative provision is made for proper drainage and is approved by the ARC before any such work. The term "established drainage" means the drainage swales, conduits, inlets, and outlets designed and constructed by Declarant.

4.17. Tree-Cutting Restrictions. No tree the diameter of which is six inches or more may be removed from any Lot without the prior approval of the ARC unless it is diseased, poses an immediate danger to persons or property, or is within 10 feet of an existing or proposed building or five feet of a paved surface.

4.18. Damage or Destruction to Home or Lot. If all or any portion of a Lot or Home is damaged by fire or other casualty, the Owner must either (a) restore the damaged improvements or (b) remove all damaged improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (a) in this Section 4.18 must be performed so that the improvements are in substantially the same condition that they were in before the damage, unless the Owner complies with the provisions of Article 6. The Owner must commence such work within 60 days after the damage occurs and must complete the work within six months thereafter.

4.19. Right of Maintenance and Entry by Association. If an Owner fails to perform maintenance, repair, or both, that the Owner is obligated to perform under this Declaration, and if the Board determines, after notice, that the maintenance, repair, or both is necessary to preserve the attractiveness, quality, nature, value, or any combination thereof of the Property, the Board may cause the maintenance, repair, or both to be performed and may enter any Lot whenever entry is necessary in connection with the performance thereof. An Owner may request, and the Board will conduct, a hearing on the matter. The Owner's request must be in writing delivered within

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five days after receipt of the notice, and the hearing must be conducted within not less than five days nor more than 20 days after the request for a hearing is received. Entry must be made with as little inconvenience to an Owner as practicable and only after advance written notice of not less than 48 hours, except in emergency situations. The costs of such maintenance, repair, or both are chargeable to the Owner of the Lot as a Reimbursement Assessment, which may be collected and enforced as any other assessments authorized hereunder.

4.20. Association Rules and Regulations. The Board from time to time may adopt, modify, or revoke the Rules and Regulations governing the conduct of persons and the operation and use of Lots and the Common Area as it may deem necessary or appropriate to ensure the peaceful and orderly use and enjoyment of the Property and the administration and operation of the Association. A copy of the Rules and Regulations, upon adoption, and a copy of each amendment, modification, or revocation thereof, will be delivered promptly by the Board to each Owner and will be binding on all Owners and occupants of all Lots on the date of delivery or actual notice thereof. The method of adoption of the Rules and Regulations will be provided in the Bylaws of the Association. Subject to the Board's approval or consent, the ARC may adopt rules and regulations pertinent to its functions.

4.21. Ordinances and Regulations. The standards and restrictions set forth in this Article 4 are the minimum required. To the extent that local governmental ordinances and regulations are more restrictive or provide for a higher or different standard, the local governmental ordinances and regulations will prevail.

4.22. Temporary Structures. No structure of a temporary character or any trailer, basement, tent, shack, garage, barn, or other outbuilding may be used on any Lot as a residence, either temporarily or permanently.

4.23. Declarant Exemptions. Declarant is exempt from the application of Section 4.9.

ARTICLE 5. - COMMON AREA

5.1. Use of Common Area. Use of the Common Area is subject to the provisions of the Declaration, Bylaws, Articles, and the Rules and Regulations adopted by the Board. There must be no obstruction of any part of the Common Area. Nothing may be stored or kept in the Common Area without the prior written consent of the Board. No alterations or additions to the Common Area will be permitted without the prior written consent of the Board. The Common Area owned by the Association consists solely of Tracts A through J, inclusive. There must be no parking, loading, or unloading of any kind or of any type of vehicle on the Common Area for any length of time. The Association may post and maintain "No Parking" signs on the Common Area.

5.2. Maintenance of Common Area. The Association will be responsible for maintenance, repair, replacement, and upkeep of the Common Area, except where such maintenance is provided by Clark County, a government agency, or a utility company, at the equal expense of the Owners of the Lots. The Association must keep the Common Area in good condition and repair, provide for all necessary services, and cause all acts to be done that may be necessary or proper to ensure the maintenance of the Common Area.

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5.3. **Alterations to Common Area.** Only the Association may construct, reconstruct, or alter any improvement located on the Common Area. A proposal for any construction, alteration, maintenance, or repair of any such improvement may be made at any Board meeting. The Board may adopt a proposal, subject to the limitations contained in the Bylaws and this Declaration.

5.4. **Funding.** Expenditures for replacement or major repairs to an existing improvement for which a reserve has been collected will be made from the Reserve Account. Regular maintenance, repair, and operating expenses will be funded by annual assessments as provided in Section 10.4. As provided in Section 10.5, the Board may levy a special assessment to fund any construction, alteration, repair, or maintenance of an improvement (or any other portions of the Common Area) for which no reserve has been collected or for which the Reserve Account is insufficient to cover the cost of the proposed construction, alteration, repair, or maintenance.

5.5. **Landscaping.** All landscaping on any Lot or on the Common Area must be maintained and cared for in a manner that is consistent with Declarant's or the ARC's original approval of the landscaping. Weeds and diseased or dead lawn, trees, groundcover, or shrubs must be removed and replaced. Lawns must be neatly mowed, and trees and shrubs must be neatly trimmed. Each Owner must maintain all portions of the landscaping on the Owner's Lot. All landscaping must be irrigated in a horticulturally proper manner, subject to water use restrictions or moratoria by government bodies or agencies.

5.6. **Condemnation of Common Area.** If all or any portion of the Common Area is taken for any public or quasi-public use under any statute, by right of eminent domain, or by purchase in lieu of eminent domain, the Board will receive and expend the entire award in a manner that, in the Board's discretion, is in the best interest of the Association and the Owners. The Association must represent the interest of all Owners in any negotiations, suit, action, or settlement in connection with such matters.

5.7. **Damage or Destruction of Common Area.** If all or any portion of the Common Area is damaged or destroyed by an Owner or any of the Owner's guests, Occupants, tenants, licensees, agents, or members of the Owner's family in a manner that would subject the Owner to liability for the damage under Washington law, the Owner hereby authorizes the Association to repair the damage. The Association must repair the damage and restore the area in workmanlike manner as originally constituted or as may be modified or altered subsequently by the Association in the discretion of the Board. Reasonable costs incurred in connection with effecting the repairs will become a special assessment on the Lot and against the Owner who caused or is responsible for the damage.

5.8. **Power of Association to Sell, Dedicate, or Transfer Common Area.** The Association may sell, dedicate, transfer, grant a security interest in, or grant an easement for installation and maintenance of utilities or for similar purposes with respect to, any portion of the Common Area.

ARTICLE 6. - ARCHITECTURAL REVIEW COMMITTEE

6.1. **Architectural Review.** No improvement may be commenced, erected, placed, or materially altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the ARC. This Article's purpose is to ensure quality of workmanship and materials and harmony between exterior design and the existing improvements and landscaping and between location and topography and finished-grade elevations. The ARC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes, or other governmental regulations, all of which are the applicant's responsibility. The procedure and specific requirements for review and approval of construction must be set forth in design guidelines and standards adopted from time to time by the ARC. The provisions of this Article 6 apply in all instances in which this Declaration requires the ARC's consent.

6.2. **Appointment and Removal.** Declarant reserves the right to appoint all members of the ARC and all replacements thereto until Quail Grove is 100 percent built out. The ARC will consist of no fewer than three members and no more than five members. Each ARC member will serve for one year. After build-out, Declarant will assign to the Board the right to appoint and remove members of the ARC. Board members and persons who are not Owners but who have special expertise regarding the matters that come before the ARC may serve as all or some of the ARC's members. The Board may appoint itself as the ARC or any of its members to the ARC. If an ARC has not been appointed, the Board will serve as the ARC.

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

6.4. **Duties.** The ARC must consider and act on the proposals, plans, or proposals and plans submitted under this Article 6. The ARC, from time to time and in its sole discretion, may adopt architectural rules, regulations, and guidelines ("Architectural Standards"). The Architectural Standards will interpret and implement the provisions of this Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials, and similar features that may be used in Quail Grove; however, the Architectural Standards will not be in derogation of the minimum standards established by this Declaration.

6.5. **Decision.** The ARC must render its written decision approving or denying each application submitted to it within 15 business days (not including Saturdays, Sundays, and legal holidays) after its receipt of all materials required with respect to the application. If the ARC fails to render its written decision within 30 days of its receipt of all required materials or request an extension, the application will be deemed approved. The ARC is entitled to request one or more extensions of time, not to exceed 45 days in the aggregate. In the event of any extension requests, if the ARC does not render a written decision within 15 days after the expiration of the

extension(s), the application will be deemed approved. However, the applicant may agree to further extensions to allow the applicant to complete or supplement the application.

6.6. **Discretion.** The ARC, in its sole discretion, may withhold consent to any proposed work if the ARC finds that the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ARC intends for the Property. The ARC may consider siting, shape, size, color, design, height, solar access, or other effects on the enjoyment of other Lots or the Common Area, and any other factors that it reasonably believes to be relevant in determining whether to consent to any proposed work.

6.7. **Nonwaiver.** Consent by the ARC to any matter proposed to it or within its jurisdiction will not constitute precedent or waiver impairing its right to withhold approval of any similar matter thereafter proposed or submitted to it for consent.

6.8. **Appeal.** After Declarant has assigned the right to appoint ARC members to the Board under Section 6.2, any Owner adversely impacted by ARC action may appeal the action to the Board. The appealing Owner must submit to the Board a written notice of appeal, setting forth specific objections or mitigating circumstances justifying the appeal, within 10 days after the ARC's action. The Board must issue a final, conclusive decision within 45 days after receipt of the notice, and the decision will be final and binding on the appealing Owner and the ARC. However, the Board must make reasonable efforts to reach a decision within 20 days. If the Board is serving as the ARC, then the appeal will be deemed a request for reconsideration.

6.9. **Effective Period of Consent.** The ARC's consent to any proposed work will automatically expire 90 days after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the ARC.

6.10. **Determination of Compliance.** The ARC may inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ARC finds that the work was not performed in substantial compliance with the approval granted, or if the ARC finds that the approval required was not obtained, the ARC must notify the Owner in writing of the noncompliance. The notice must specify the particulars of noncompliance and must require the Owner to remedy the noncompliance.

6.11. **Noncompliance.** If the ARC determines that an Owner has not constructed an improvement consistent with the specifications of an ARC approval or has constructed an improvement without obtaining ARC approval, sends a notice of noncompliance to the Owner, and the Owner fails to commence diligently remedying the noncompliance in accordance with the notice, then, effective at 5:00 p.m. on the third day after issuance of the notice, the ARC must provide notice of a hearing to consider the Owner's continuing noncompliance. The hearing must be set not more than 30 days from the date on which the notice of noncompliance was issued. At the hearing, if the ARC finds that there is no valid reason for the continuing noncompliance, the ARC must determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for that amount. The ARC also must require the Owner to remedy the noncompliance within 10 days after the date of the ARC's determination. If the Owner does not comply with the ARC's ruling within the 10-day period or any extension thereof granted by the

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ARC, at its sole discretion, the ARC may remove the noncomplying improvement, remedy the noncompliance, record a notice of noncompliance in the county deed records, or take any combination of those actions. The costs of any such action will be assessed against the Owner as a Reimbursement Assessment either before or after any remedial action is taken.

6.12. **Liability.** Neither the ARC nor any member thereof will be liable to any Owner, Occupant, or builder for any damage, loss, or prejudice suffered or claimed on account of any action or failure to act of the ARC or a member thereof, as long as the ARC or the member has, in accordance with its or his or her actual knowledge, acted in good faith.

6.13. **Estoppel Certificate.** Within 15 working days after the ARC's receipt of a written request from an Owner and the ARC's receipt of payment of a reasonable fee fixed by the ARC to cover costs, the ARC must provide the Owner with a certificate executed by the chairperson or other authorized member of the ARC certifying with respect to any Lot owned by the Owner that, as of the date thereof either (a) all improvements made or done on the Lot comply with this Declaration, or (b) the improvements do not so comply, in which event, the certificate must also identify the noncomplying improvements and set forth with particularity the nature of the noncompliance. The Owner and the Owner's heirs, devisees, successors, and assigns will be entitled to rely on the certificate with respect to the matters set forth therein. The certificate will be conclusive as among Declarant, the ARC, the Association, all Owners, and all persons deriving any interest through any of them.

6.14. **Declarant and Successor Exempt from ARC.** The Declarant and its successor to all of the unsold Lots are exempt from the requirement to submit to and have plans approved by the ARC. However, the Declarant and its successor are not exempt from the provisions of Article 4 of this Declaration, except as set forth in Section 4.23.

ARTICLE 7. MEMBERSHIP IN THE ASSOCIATION

7.1. **Members.** Each Owner is a member of the Association. Membership in the Association is appurtenant to, and may not be separated from, ownership of any Lot. Transfer of ownership of a Lot automatically transfers membership in the Association. Without any other act or acknowledgment, Occupants and Owners will be governed and controlled by this Declaration, the Articles, Bylaws, and the Rules and Regulations of the Association and any amendments thereof.

7.2. **Proxy.** Each Owner may cast the Owner's vote in person, by written ballot, by electronic ballot if the Board of Directors so elects, or by a proxy executed by the Owner. An Owner may not revoke a proxy given under this Section 7.2 except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy will not be valid if it is undated or purports to be revocable without notice. A proxy will terminate one year after its date, unless the proxy specifies a shorter term.

7.3. **Voting Rights.** The Association has two classes of voting members:

7.3.1 Class A. Class A members include all Owners of Lots other than Declarant,

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and each Class A member is entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote.

7.3.2 Class B. The Class B member is the Declarant, its successors, and its assigns. The Class B member has three votes for each Lot owned. The Class B membership will cease and be converted to Class A membership upon the earlier of the following dates (the "Termination Date"):

- (a) Ten years after the date on which this Declaration is recorded; or
- (b) The date on which Declarant elects in writing to terminate Class B membership.
- (c) After the Termination Date, each Owner, including Declarant, will have one vote for each Lot owned with respect to all matters on which Owners are entitled to vote, and the total number of votes will be equal to the total number of Lots subject to this Declaration.
- (d) When more than one person or entity owns a Lot, the vote for the Lot may be cast as they determine, but in no event will fractional voting be allowed. Fractional or split votes will be disregarded, except for purposes of determining a quorum.

7.4. **Procedure.** All meetings of the Association, the Board, the ARC, and Association committees will be conducted with such rules of order as may from time to time be adopted by the Board. Unless other rules of order are adopted by a resolution of the Board, Robert's Rules of Order published by the Robert's Rules Association will apply. Notwithstanding which rules of order are adopted, the President will be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

ARTICLE 8. - DECLARANT CONTROL

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

8.2. **Turnover Meeting.** Declarant must call a meeting for the purposes of turning over administrative control of the Association from Declarant to the Class A members within 90 days after the earlier of the following dates:

- (a) Ten years after the date on which this Declaration is recorded; or
- (b) The date on which Declarant elects in writing to terminate Class B membership.

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8.3. **Notice.** Declarant must give notice of the Turnover Meeting to each Owner as provided in the Bylaws. If Declarant does not call the Turnover Meeting required under this Section 8.3, any Owner may do so.

ARTICLE 9. - DECLARANT'S SPECIAL RIGHTS

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

9.2 **Marketing Rights.** Declarant has the right to maintain a sales office and model on one or more of the Lots that Declarant owns. Declarant and prospective purchasers and their agents have the right to use and occupy the sales office and models during reasonable hours any day of the week. Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including, without limitation, on the Common Area.

9.3 **Declarant Easements.** Declarant reserves easements over the Property as more fully described in Sections 3.4 and 3.5 hereof.

9.4 **Additional Improvements.** Declarant does not agree to build any improvements not described in this Declaration.

ARTICLE 10. - FUNDS AND ASSESSMENTS

10.1. **Purpose of Assessments; Expenses.** The assessments levied by the Association will be used exclusively to promote the recreation, health, safety, aesthetics, and welfare of the Owners and Occupants of Quail Grove, for the improvement, operation, and maintenance of the Common Area, for the administration and operation of the Association, and for property and liability insurance.

10.2. **Covenants to Pay.** Declarant and each Owner covenant and agree to pay the Association the assessments and any additional charges levied under this Declaration or the Bylaws. All assessments for operating expenses, repairs and replacement, and reserves will be allocated among the Lots and their Owners as set forth in Section 10.4.2.

10.2.1 Funds Held in Trust. The assessments collected by the Association will be held by the Association for and on behalf of each Owner and may be used solely as set forth in Section 10.1. Upon the sale or transfer of any Lot, the Owner's interest in such funds will be deemed automatically transferred to the successor in interest to the Owner.

10.2.2 Offsets. No offsets against any assessment will be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

10.2.3 Right to Profits. Association profits, if any, will be the property of the Association and will be contributed to the Current Operating Account.

10.3. **Basis of Assessment; Commencement of Assessments**. Declarant must pay all common expenses of the Association until the Lots are assessed for common expenses. The amount and date of commencement of the initial annual assessment, including the assessment of reserves, if any, to Owners other than Declarant will be determined by Declarant. In the sole and unfettered discretion of Declarant, Declarant may defer payment of reserves for a Lot until the Lot is conveyed to a third party. However, Declarant may not defer payment of accrued reserves beyond the date of the Turnover Meeting.

10.4. **Annual Assessments**. Annual assessments for each fiscal year will be established when the Board approves the budget for that fiscal year. The initial annual assessment will be determined by Declarant and will be prorated on a monthly basis at the time of the closing of the first sale from Declarant. Assessments for partial months shall be prorated. Annual assessments will be payable on a periodic basis, not more frequently than monthly, as determined by the Board. The fiscal year will be the calendar year unless another year is adopted by vote of the Association members.

10.4.1 Budgeting. Each year the Board will prepare, approve, and make available to each Member a pro forma operating statement (budget) containing (a) estimated revenue and expenses on an accrual basis; (b) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Area and for contingencies; (c) an itemized estimate for the remaining life of improvements, and the methods of funding to defray repair, replacement, or additions to major components of improvements, as provided in Section 10.6.2; and (d) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Area. Notwithstanding that budgeting will be done on an accrual basis, the Association's books will be kept on a cash basis and the Association will be a cash basis taxpayer, unless applicable governmental regulations require otherwise. For the first fiscal year, the budget must be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board must annually prepare and approve the budget and distribute a copy or summary thereof to each Member, together with written notice of the amount of the annual assessments to be levied against each Owner's Lot, within 30 days after adoption of the budget.

10.4.2 Allocation of Assessments. Except for Reimbursement Assessments, the total amount in the budget will be charged equally against all Lots as annual assessments.

10.4.3 Nonwaiver of Assessments. If, before the expiration of any fiscal year, the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year will continue until a new annual assessment is fixed.

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

10.5.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;

10.5.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under this Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;

10.5.3 Repairs. To collect additional amounts necessary to make repairs or renovations to the Common Area if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or

10.5.4 Capital Improvements. To make capital acquisitions, additions, or improvements, by vote of at least 80 percent of all votes allocated to the Lots.

10.5.5 Reimbursement Assessments. The Association shall levy an assessment against any Owner and the Owner's Lot if a failure to comply with this Declaration, Bylaws, Architectural Standards, or any Rules and Regulations has (a) necessitated an expenditure of monies by the Association to effect compliance or (b) resulted in the imposition of a fine or penalty against the Owner or the Owner's Lot (a "Reimbursement Assessment"). A Reimbursement Assessment is due and payable to the Association when levied. A Reimbursement Assessment may not be levied by the Association except on at least 10 days' written notice to the Owner being assessed. If, within the 10-day period, the Owner makes a written request to the Board for a hearing, a hearing must be held. Upon request for a hearing, the Board must conduct it not less than 10 nor more than 30 days after the request by the Owner, and must make its decision within not more than 30 days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner's failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required before levying the Reimbursement Assessment.

10.6. **Accounts.**

10.6.1 Types of Accounts. Assessments collected by the Association will be deposited into at least two separate accounts with a bank, which accounts will be clearly designated as (a) the Current Operating Account and (b) if applicable, the Reserve Account. The Board must deposit those portions of the assessments collected for current maintenance and operation into the Current Operating Account and must deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements into any Reserve Account. In its books and records, the Association must account separately for operating expenses relating to the Common Area as well as for necessary reserves relating to the Common Area and necessary reserves relating to all other matters.

10.6.2 Reserve Account. Unless Declarant or the Board of Directors determines that (a) the cost of a reserve study will exceed five percent (5%) of the Association's annual budget, (b) the Association does not have "significant assets" (as defined in RCW 64.38.010(19) as now or hereafter amended), or (c) there are ten or fewer Homes in the Association, a Reserve Account shall be established and administered in accordance with the requirements of RCW 64.38.010 *et*.

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seq. and as more fully described in Exhibit B attached hereto and by this reference incorporated herein.

10.7. Default in Payment of Assessments; Enforcement of Liens.

10.7.1 Personal Obligation. Any assessment properly imposed under this Declaration or the Bylaws is the joint and several personal obligation of all Owners of the Lot to which the assessment pertains. In a voluntary conveyance (i.e., one other than through foreclosure or a deed in lieu of foreclosure), the grantees will be jointly and severally liable with the grantors for all Association assessments imposed through the recording date of the instrument effecting the conveyance. A suit for a money judgment may be initiated by the Association to recover the assessments without either waiving or foreclosing the Association's lien.

10.7.2 Association Lien. The Association has a lien against each Lot for any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof that is delinquent. The lien will accumulate all future assessments or installments, interest, late fees, penalties, fines, attorney fees (whether or not suit or action is instituted), actual administrative costs, and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Recording of the lien constitutes record notice and perfection of the lien. The lien may be foreclosed at any time in accordance with applicable law. The Association must record a notice of a claim of lien for assessments and other charges with the Auditor of Clark County, Washington, before any suit to foreclose may be filed. The lien of the Association will be superior to all other liens and encumbrances except property taxes and assessments; any first mortgage, deed of trust, or real estate sale contract recorded before the Association's notice of lien; and any mortgage or deed of trust granted to an institutional lender that is recorded before the Association's notice of lien.

10.7.3 Interest, Fines, Late Fees, and Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines, and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, Architectural Standards, and the Rules and Regulations adopted by the Board or the ARC. The adoption of such impositions must be communicated to all Owners in writing not less than 30 days before the effective date by a notice mailed to the assessment billing address of each Owner. The impositions will be considered assessments that are lienable and collectible in the same manner as any other assessments; however, fines or penalties for violation of this Declaration, the Bylaws, or the Rules and Regulations, other than late fees, fines, or interest arising from an Owner's failure to pay regular, special, or reimbursement assessments may not be imposed against an Owner or the Owner's Lot until the Owner is given an opportunity for a hearing as provided elsewhere herein.

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

ARTICLE 11. - GENERAL PROVISIONS

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

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

11.3. Enforcement; Attorney Fees. The Association, the Owners, and any mortgagee holding an interest in a Lot have the right to enforce all of the covenants, conditions, restrictions, reservations, easements, liens, and charges now or hereinafter imposed by any of the provisions of this Declaration as may pertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or any Owner or mortgagee to enforce any covenant, condition, or restriction contained herein will in no event be deemed a waiver of their right to do so thereafter. If suit or action is commenced to enforce the terms and provisions of this Declaration (including without limitations, suit or action for the collection of assessments), the prevailing party

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will be entitled to its actual administrative costs incurred because of a matter or event that is the subject of the suit or action, attorney fees and costs in the suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association will be entitled to its reasonable attorney fees and costs incurred in any enforcement activity or to collect delinquent assessments, together with the Association's actual administrative costs, whether or not suit or action is filed.

11.4. Severability. Invalidation of any one of these covenants, conditions, or restrictions by judgment or court order will not affect the other provisions hereof and the same will remain in full force and effect.

11.5. Rights and Obligations of Mortgagees Relating to Maintenance. The record holder of any Mortgage on any Lot who becomes the record Owner of such Lot through foreclosure, judicial sale, deed-in-lieu of foreclosure, or by any other legal means, shall be considered an Owner for purposes of this Declaration and shall have all of the rights and obligations of Owners hereunder.

11.6. Duration. The covenants, conditions, and restrictions of this Declaration run with and bind the land for a term of 35 years from the date of this Declaration being recorded, after which time they will be automatically extended for successive periods of 10 years, unless rescinded by a vote of at least seventy-five percent (75%) of the Owners and ninety percent (90%) of the first mortgagees.

11.7. Amendment. Declarant may unilaterally amend this Declaration at any time prior to the conveyance of any Lot to a third party. Additionally, Declarant may unilaterally amend this Declaration at any time (a) prior to the termination of the Class B member or (b) so long as Declarant has the unilateral right to subject additional property to this Declaration; provided, however, in either instance, no such amendment shall have a material adverse effect on any right of any Owner. Thereafter, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing seventy-five percent (75%) of the total Class A vote of the Association and the consent of the Declarant if the Class B member has not been previously terminated. Any amendment must be executed, recorded, and certified as provided by law and must be recorded with the Auditor of Clark County, Washington, in order to be effective; provided, however, no amendment of this Declaration will effect an amendment of the Bylaws or Articles without compliance with the provisions of those documents and the Washington Nonprofit Corporation Act. Notwithstanding the foregoing, no amendment affecting this Declaration or any other right of Declarant contained herein may be effected prior to the termination of the Class B member without the express written consent of Declarant or its successors and assigns, including, without limitation, amendment of this Section 11.7.

11.8. Owner Consent. If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

11.9. **Resolution of Document Conflicts.** In the event of a conflict among any of the provisions in the documents governing Quail Grove, the conflict must be resolved by looking to the following documents in the order shown below:

1. Declaration;
2. Articles;
3. Bylaws;
4. Rules and Regulations.

IN WITNESS WHEREOF, Declarant has executed this instrument this 26th day of February, 2018.

QUAIL INVESTMENT ONE, LLC

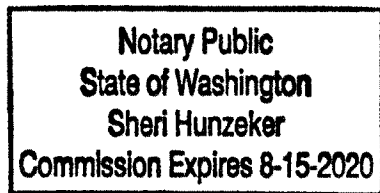
By: [Signature]
Jon Girod, Member

STATE OF WASHINGTON)
) ss.
County of Clark)

I certify that Jon Girod appeared personally before me and that I know or have satisfactory evidence that he signed this instrument as the manager of Quail Investment One, LLC, and acknowledged it to be his/her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 26th day of February, 2018

[Signature]
Notary Public for Washington
My commission expires: 8-15-20



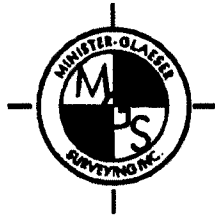


EXHIBIT 'A'

Minister & Glaeser Surveying, Inc.
Phone: 360-694-3313 Fax: 360-694-8410

July 12, 2017

**PERIMETER DESCRIPTION
FOR
"QUAIL GROVE"
SUBDIVISION**

A portion of the West half of the Southeast quarter of the Northwest quarter of the Southeast quarter of Section 7, Township 2 North, Range 2 East, Willamette Meridian, Clark County, Washington, being more particularly described as follows:

Beginning at the Southwest corner of the Northwest quarter of the Southeast quarter of said Section 7;

Thence North $88^{\circ}46'51''$ East, along the South line of the Northwest quarter of the Southeast quarter of said Section 7, for a distance of 661.30 feet to the Southwest corner of the West half of the Southeast quarter of the Northwest quarter of the Southeast quarter of Section 7;

Thence North $00^{\circ}41'04''$ West, along the West line of said West half, for a distance of 40.00 feet to the North right-of-way line of NE 63rd Street and the **TRUE POINT OF BEGINNING**;

Thence continuing North $00^{\circ}41'04''$ West, along the West line of said West half, for a distance of 623.39 feet to the Northwest corner of the Southeast quarter of the Northwest quarter of the Southeast quarter of said Section 7;

Thence North $88^{\circ}51'31''$ East, along the North line of the Southeast quarter of the Northwest quarter of the Southeast quarter of said Section 7, for a distance of 330.42 feet to the Northeast corner of the West half of the Southeast quarter of the Northwest quarter of the Southeast quarter of Section 7;

Thence South $00^{\circ}42'15''$ East, along the East line of said West half, for a distance of 622.94 feet to said North right-of-way line of NE 63rd Street;

Thence South 88°46'51" West, along said North right-of-way line, for a distance of 330.63 feet to the **TRUE POINT OF BEGINNING**.

EXCEPT that portion conveyed to Clark County, Washington, a municipal corporation under Auditor's File Number 9005140108, Clark County Deed Records.

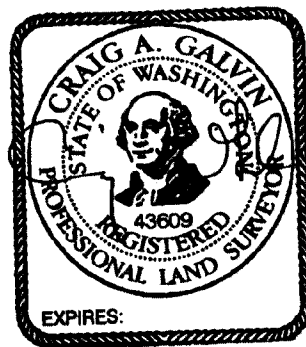
EXCEPT any portion lying within NE 63rd Street.

Containing 205,966 Square Feet (4.728 Acres).

Together with and subject to easements, reservations, covenants and restrictions apparent or of record.

Basis of Bearings: S 88°37'32" W for the South line of the Southeast quarter of said Section 7 between found monuments as shown on Short Plat 2-611.

The above description is an accurate description of the land actually surveyed.



Craig A. Galvin
Professional Land Surveyor
Minister-Glaeser Surveying Inc.

7-12-17

EXHIBIT B

RESERVE ACCOUNT

1. Reserve Account. Unless Declarant or the Board of Directors determines that (a) the cost of a reserve study will exceed five percent (5%) of the Association's annual budget, (b) the Association does not have "significant assets" (as defined in RCW 64.38.010(19) as now or hereafter amended), or (c) there are ten or fewer Homes in the Association, a Reserve Account shall be established. The Association will pay out of the Reserve Account only those costs that are attributable to the maintenance, repair, or replacement of Common Area property that normally requires replacement, in whole or in part, within one to 30 years and not for regular or periodic maintenance and expenses. The amount assessed shall be based upon reserve studies prepared by a reserve study professional, taking into account the estimated remaining life of the items for which the reserve is created and the current cost of those items, as provided in Section 10.6.3 below.

1.1 Administration. The Reserve Account shall be established in the name of the Association. The Board of Directors is responsible for administering the account and for making periodic payments into it. The Board of Directors shall adjust the amount of the payments at regular intervals to reflect changes in current replacement costs.

1.2 Use of Funds. The account may be used only for maintenance, repair, or replacement of Common Area property, but not for regular or periodic maintenance and expenses, and shall be kept separate from all other funds held by the Association; provided, however, to the extent allowed by law and after such notice to Owners as required, the Association may borrow funds from the Reserve Account to meet temporary expenses which amount shall be repaid as soon as possible from special assessments or maintenance fees.

1.3 Refunds. The assessments paid into the Reserve Account are the property of the Association and are not refundable to Owners or sellers of Lots. Owners or sellers of Lots may treat their outstanding share of the Reserve Account's balance as a separate item in the sales contract providing for the conveyance of their Lot.

2. Reserve Study. The Board of Directors shall update the Reserve Study every three years based upon a visual site inspection conducted by an reserve study professional. Every Reserve Study and update shall include the following:

2.1 Reserve Component List. A reserve component list, including any reserve component that would cost more than one percent (1%) of the annual budget of the Association, not including the reserve account, for maintenance, repair, or replacement. If a reserve component is not included in the Reserve Study, the study shall provide commentary explaining the basis for its absence. The study shall also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component and the current maintenance, repair, or replacement cost for each reserve component.

4819-9644-7057, v. 5

2.2 Date. The date of the study and statement that the study meets the requirements of RCW 64.38.070, as now or hereafter amended.

2.2.1 Level of Study. The following level of reserve study performed:

- (i) Level I: Full reserve study funding analysis and plan;
- (ii) Level II: Update with visual site inspection; or
- (iii) Level III: Update with no visual site inspection.

2.2.2 Balance. The Association's reserve account balance.

2.2.3 Funding. The percentage of the fully funded balance that the Reserve Account is funded.

2.2.4 Assessments. Special assessments already implemented or planned.

2.2.5 Assumptions. Interest and inflation assumptions.

2.2.6 Contribution Rate. Current Reserve Account contribution rates for a full funding plan and baseline funding plan.

2.2.7 Recommendations. A recommended Reserve Account contribution rate, a contribution rate for a full funding plan to achieve a one hundred percent (100%) fully funded reserve by the end of the thirty-year study period, a baseline funding plan to maintain the reserve balance above zero throughout the thirty-year study period without special assessments, and a contribution rate recommended by the reserve study professional.

2.2.8 Projected Balance. A projected Reserve Account balance for 30 years and a funding plan to pay for projected costs from that Reserve Account balance without reliance on future unplanned special assessments.

2.2.9 Professional Assistance. A statement on whether the reserve study was prepared with the assistance of a reserve study professional.

2.2.10 Disclosure. The following disclosure:

This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contribution to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance repair, or replacement of a reserve component.

Property Account	Lot	Location Address
<u>986045285</u>	1	6311 NE 64TH AVE VANCOUVER WA 98661
<u>986045286</u>	2	6315 NE 64TH AVE VANCOUVER WA 98661
<u>986045287</u>	3	6319 NE 64TH AVE VANCOUVER WA 98661
<u>986045288</u>	4	6323 NE 64TH AVE VANCOUVER WA 98661
<u>986045289</u>	5	6405 NE 64TH RD VANCOUVER WA 98661
<u>986045290</u>	6	6409 NE 64TH RD VANCOUVER WA 98661
<u>986045291</u>	7	6413 NE 64TH RD VANCOUVER WA 98661
<u>986045292</u>	8	6417 NE 64TH RD VANCOUVER WA 98661
<u>986045293</u>	9	6421 NE 64TH RD VANCOUVER WA 98661
<u>986045294</u>	10	6425 NE 64TH RD VANCOUVER WA 98661
<u>986045295</u>	11	6415 NE 65TH ST VANCOUVER WA 98661
<u>986045296</u>	12	6419 NE 65TH ST VANCOUVER WA 98661
<u>986045297</u>	13	6420 NE 65TH ST VANCOUVER WA 98661
<u>986045298</u>	14	6416 NE 65TH ST VANCOUVER WA 98661
<u>986045299</u>	15	6412 NE 65TH ST VANCOUVER WA 98661
<u>986045300</u>	16	6408 NE 65TH ST VANCOUVER WA 98661
<u>986045301</u>	17	6404 NE 65TH ST VANCOUVER WA 98661
<u>986045302</u>	18	6400 NE 65TH ST VANCOUVER WA 98661
<u>986045303</u>	TT A	
<u>986045304</u>	TT B	
<u>986045305</u>	TT C	6407 NE 65TH ST VANCOUVER WA 98661
<u>986045306</u>	TT D	
<u>986045307</u>	TT E	
<u>986045308</u>	TT F	
<u>986045309</u>	TT G	
<u>986045310</u>	TT H	
<u>986045311</u>	TT I	
<u>986045312</u>		

**RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:**

Stephen W. Horenstein
Maren L. Calvert
Horenstein Law Group PLLC
500 Broadway, Suite 370
Vancouver, WA 98660

BYLAWS OF QUAIL GROVE HOMEOWNERS ASSOCIATION

Grantor: QUAIL GROVE HOMEOWNERS ASSOCIATION

Grantee: THE PUBLIC

Abbreviated Legal: NW ¼, SE ¼ S7 T2N R2E WM

Assessor's Tax Parcel Number(s): 986045285; 986045286; 986045287; 986045288;
986045289; 986045290; 986045291; 986045292;
986045293; 986045294; 986045295; 986045296;
986045297; 986045298; 986045299; 986045300;
986045301; 986045302; 986045303; 986045304;
986045305; 986045306; 986045307; 986045308;
986045309; 986045310; 986045311; 986045312

Other Reference No.: N/A

**BYLAWS OF
QUAIL GROVE HOMEOWNERS ASSOCIATION**

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BYLAWS OF QUAIL GROVE HOMEOWNERS ASSOCIATION

ARTICLE 1 - PLAN OF LOT OWNERSHIP; DEFINITIONS

1.1 Bylaws Applicability.

These Bylaws apply to the Lots, the Common Elements, and Limited Common Elements in the Quail Grove Subdivision, a planned community in Clark County, Washington, that have been subjected to the Declaration of Covenants, Conditions, and Restrictions for Quail Grove Subdivision, recorded at 5500939 with the Clark County Auditor, as amended from time to time (the “Declaration”), as well as to the Quail Grove Homeowners’ Association, a Washington nonprofit corporation (the “Association”), and the entire management structure thereof.

1.2 Lots; Property.

The Lots, the Common Elements and the Limited Common Elements may be collectively referred to in these Bylaws as the “Property” or “Project” and the Lots individually as a “Lot” or collectively as the “Lots.”

1.3 Personal Application.

All present or future Owners, tenants, Occupants, and their employees, and any other person that might occupy any portion of the Property in any manner, are subject to the provisions set forth in these Bylaws. The acquisition, rental, or occupancy of any of the Lots constitutes acceptance and ratification of these Bylaws and agreement to comply with all the provisions hereof.

1.4 Definitions.

Capitalized terms used but not defined herein have the meanings attributed to them in Article 1 of the Declaration.

ARTICLE 2 - ASSOCIATION MEMBERSHIP; VOTING; MAJORITY OF OWNERS; QUORUM; PROXIES

2.1 Membership in the Association.

Upon recordation of a conveyance or a land sale contract to convey a Lot, the grantee or contract purchaser named in the conveyance or contract will automatically be and will remain a Member of the Association until such time as the person’s ownership ceases for any reason. Membership is appurtenant to and cannot be separated from, ownership of any Lot. For all purposes of the Declaration and the administration of the Property, Lot ownership will be determined from the records maintained by the Association. The record will be established by the Owner filing with the Association a copy of the deed to or land sale contract for the Owner’s Lot, to which must be affixed the certificate of the recording officer of Clark County, Washington,

showing the date and place of recording of the deed or contract. No person will be recognized as an Owner unless a copy of the deed or contract has been filed with the Association as provided above showing the Owner to be the current Owner or contract purchaser of a Lot. Notwithstanding the foregoing, Declarant is the Owner of all previously unsold Lots, although no deed or land sale contract, with respect to such Lots, has been filed with the Association.

2.2 Voting Rights.

The Association has two classes of members. Class A members include all Owners other than Declarant and each Class A member is entitled to one vote for each Lot owned with respect to all matters on which Owners are entitled to vote. The Class B member is the Declarant, its successors, and its assigns. The Class B member has three votes for each Lot owned. The Class B membership will cease and be converted to Class A membership in accordance with the Declaration on the Termination Date.

2.3 Voting; Proxies.

Owners may cast votes in person, by written ballot or by proxy. Proxies must be filed with the Secretary of the Association ("Secretary") before or during the appointed meeting. A proxy will expire one year after the date it was signed unless a shorter period is specified in the proxy. A proxy will not be valid if it is undated or purports to be revocable without notice. A proxy will terminate one year after its date, unless the proxy specifies a shorter term. No proxy appointment may be effectively revoked until written notice in writing of such revocation has been given to the person presiding over a meeting of the Association by the member appointing the proxy.

2.4 Authority to Vote.

All Owners, including those who have leased their Lot to a third party, will be entitled to vote as Members. An Owner's right to vote may not be revoked. A purchaser under a land sale contract entitled to immediate possession of the Lot will be deemed the Owner thereof, unless otherwise provided in the contract.

2.5 Fiduciaries and Joint Owners.

An executor, administrator, guardian, or trustee may vote as an Owner with respect to any Lot owned or held by the person in such capacity, whether or not the Lot has been transferred to the person's name, as long as the person has satisfied the Secretary (in the Secretary's reasonable discretion) that the person is the executor, administrator, guardian, or trustee holding the Lot in such capacity. Whenever any Lot is owned by two or more persons jointly according to the records of the Association, the vote of the Lot may be exercised by any one of the Owners then present, in the absence of protest by a co-owner. In the event of a protest, no one co-owner will be entitled to vote without the approval of all co-owners. In the event of disagreement among the co-owners, the vote of the Lot will be disregarded for all purposes, except for determining whether a quorum is present. When more than one person or entity owns a Lot, the vote for the Lot may be cast as the person or entity determines, but in no event will fractional voting be allowed. Fractionalized or split votes will be disregarded, except for purposes of determining a quorum.

2.6 Majority.

As used in these Bylaws, the term *majority* means those Owners holding over 50 percent of the voting rights allocated to the Owners in accordance with the Declaration and Section 2.2 above. *Majority of Owners present* means Owners holding over 50 percent of the votes present at any meeting in which a quorum is present.

2.7 Quorum.

Except as otherwise provided in these Bylaws, the presence in person or by proxy of Owners holding 20 percent or more of the outstanding votes in the Association, as defined in Section 2.2 of this Article, will constitute a quorum.

2.8 Enforcement; Attorney Fees.

The Association, the Owners, and any mortgagee holding an interest in a Lot have the right to enforce all the terms of these Bylaws, as may pertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or any Owner or mortgagee to enforce any provision contained herein will in no event be deemed a waiver of their right to do so thereafter. If suit or action is commenced to enforce the terms and provisions of these Bylaws (including without limitations, suit or action for the collection of assessments), the prevailing party will be entitled to its actual administrative costs incurred because of a matter or event that is the subject of the suit or action, attorney fees and costs in the suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association will be entitled to its reasonable attorney fees and costs incurred in any enforcement activity or to collect delinquent assessments, together with the Association's actual administrative costs, whether or not suit or action is filed.

ARTICLE 3 - ADMINISTRATION

3.1 Association Responsibilities.

The Owners constitute the Members of the Association. Except as otherwise provided in the Declaration or these Bylaws, decisions and resolutions of the Association will require approval by a majority of the votes cast by Owners present at any meeting in which a quorum is present. Presence, for purposes of establishing a quorum is determined by calculating the number of Members or Directors appearing in person or by proxy at the beginning of the meeting at a formal gathering or, if a vote is taken by, written ballots, or ballots by mail or electronic transmissions, when ballots are returned representing the number of votes required to approve the proposal.

3.2 Annual Meetings.

An annual meeting of the members shall be in December of each year or such date as is fixed by the board of directors. At such meetings, there shall be elected by ballot of the membership a board of directors and the officers of the Association. The members may also transact such other business as may properly come before the meeting.

3.3 Special Meetings.

Special meetings of the Members for any purpose or purposes unless otherwise prescribed by statute may be called by the President, the majority of the Board of Directors (the "Board"), or by the written request of the Members having ten percent (10%) of the votes in the Association.

3.4 Turnover Meeting.

Declarant must call a meeting for the purpose of turning over administrative control of the Association from Declarant to the Class A Members within ninety (90) days after (a) April 3, 2028; or (b) the date Declarant elects in writing to terminate Class B membership, whichever is earlier. Declarant must give notice of the Turnover Meeting to each Owner in accordance with Section 3.6, as if it were the Board. If Declarant does not call the Turnover Meeting as required, any Owner may do so. At the Turnover Meeting, Declarant must relinquish control of the administration of the Association; title to any Common Area not previously conveyed to the Association must be conveyed; and the Owners must assume such control and must elect the Board in accordance with the provisions of Article 4 of these Bylaws.

3.5 Place of Meetings.

Formal meetings of the Association must be held at suitable places reasonably convenient to the Owners, as may be designated by the Board or President.

3.6 Notice of Meetings.

Reasonable notice of annual and special meetings will be provided by any of the usual means of communication at the residence or business address of each member, including without limitation, electronic mail, U.S. mail, facsimile, or telephone, provided, however, that if notice is provided by electronic transmission it must satisfy the requirements of RCW 64.38.035.

3.7 Waiver and Consent.

Whenever the vote of the membership at a meeting is required or permitted by statute or by any provision of the Articles of Incorporation, these Bylaws, the Declaration, or any duly adopted regulation of the corporation, the meeting and vote of the membership may be dispensed with if all members who would have been entitled to vote upon the action if such meetings were held, shall consent in writing to such action being taken.

3.8 Virtual Participation.

The members may hold a meeting by telephone or video conference or by means of similar equipment in which all persons participating in the meeting can hear each other. Participation in such a meeting will constitute presence in person at the meeting. Members may vote by electronic mail on any issue by sending such transmission simultaneously to both the Chair and Secretary. Electronic transmission must satisfy the requirements of RCW 24.03.009

3.9 Actions by Members Without a Meeting.

Any action which may or is required to be taken at a Meeting of the Members may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed before the action taken, by all the Members entitled to vote with respect to the subject matter thereof. Action taken by written consent of the Members is effective when all consents are in possession of the Association, unless the consent specifies a later effective date. Whenever any notice is required to be given to any Member pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to notice, shall be deemed equivalent to the giving of notice.

3.10 Order of Business.

The order of business at all annual meetings will be as follows:

- a) Roll call.
- b) Proof of notice of meeting or waiver of notice.
- c) Reading of minutes of the preceding meeting.
- d) Reports of officers.
- e) Reports of committees.
- f) Election of inspectors of election.
- g) Election of Directors.
- h) Unfinished business.
- i) New business.
- j) Adjournment.

3.11 Procedure.

All meetings of the Association, the Board, the ARC, and other Association committees will be conducted with such rules of order as may from time to time be adopted by the Board. Unless other rules of order are adopted by a resolution of the Board, Robert's Rules of Order published by the Robert's Rules Association will apply. Notwithstanding which rules of order are adopted, the President will be entitled to vote on all matters, not merely to break a tie vote. A tie vote does not constitute a majority or approval of any motion or resolution.

3.12 Meeting Minutes.

The Association shall make available to each Owner of record for examination and copying minutes from the previous Association meeting not more than sixty (60) days after the meeting.

ARTICLE 4 - BOARD OF DIRECTORS

4.1 Number and Qualification.

The Board will be composed of three (3) persons, all of whom must be an Owner or a co-owner of a Lot. If a Lot is owned by more than one owner, only one owner of that Lot may serve on the Board of Directors at any one time. A board member, officer or employee of a corporation, the trustee of a trust, the personal representative of an estate, or an employee of a trust or estate

may serve on the Board if the corporation, trust, or estate owns a Lot. To determine the qualifications of any officer or board member, "Owner" includes any board member, officer, member, partner, or trustee of any person who either alone or in conjunction with another person, is an Owner. If a person ceases to have an affiliation with the Owner entity that otherwise qualified the person to serve as a board member or officer, that person shall cease to be qualified to remain a board member or officer.

4.2 Assumption of Duties.

Board members and officers must take office upon adjournment of the meeting or other event at which they were elected or appointed and must serve until their successor takes office.

4.3 Appointment and Term of Office.

Directors are appointed by the members of the Association. The Directors will be appointed at each annual meeting of the members and will serve for a term of one (1) year or until their successors are appointed and qualified. A Director who is appointed at an annual meeting of the members will take office immediately after he or she is appointed.

4.4 Removal.

A Director may be removed, with or without cause, by the affirmative vote of a majority vote of the voting power in the Association present, in person or by proxy, and entitled to vote at any meeting of the Owners at which a quorum is present.

4.5 Vacancies.

For any vacancy occurring in the Board of Directors for any reason, including a vacancy created when a Director vacates his or her position before fulfilling the complete length of the Director's term, the Board of Directors will appoint a new Director to serve the remainder of the term by the affirmative vote of a majority of the Directors then in office.

4.6 Resignation.

Any Director may resign at any time by delivering written notice of resignation to either the President or Secretary (as defined below) of the Association. A resignation is effective upon receipt unless it specifies a later date. The Board of Directors may reject any postdated resignation by notice in writing to the resigning Director.

4.7 Powers and Duties.

The Board has the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things authorized by RCW 64.38.020 and that are not by law or by these Bylaws directed to be done by the Owners. Such duties shall include, but not be limited to:

4.7.1 Upkeep of Common Elements and Limited Common Elements. Care, upkeep, and supervision of the Common Elements and Limited Common Elements.

4.7.2 Reserve Accounts and Reserve Study. The Association shall prepare a reserve study in accordance with RCW chapters 64.38 and 64.90 and this subsection, unless doing so would impose an unreasonable hardship, if the cost of the reserve study exceeds five percent of the association's annual budget, the association does not have significant assets, or there are ten or fewer homes in the Association.

4.7.2.1. The Board shall determine, within the exercise of its reasonable discretion, whether a reserve study will be prepared or updated, and whether a reserve study professional shall be hired

4.7.2.2. If a reserve study is to be prepared, the initial reserve study must be based upon a visual site inspection conducted by a reserve study professional.

4.7.2.3. Except as provided in RCW 64.90.080 and 64.90.545, unless doing so would impose an unreasonable hardship, the association shall update the reserve study annually. At least every three years, an updated reserve study must be prepared and based upon a visual site inspection conducted by a reserve study professional.

4.7.3. Budget; Voucher System. Establishment of a budget, payment of all common expenses of the Association, and institution and maintenance of a voucher system for such payment, which must require a sufficient number of signatories thereon as may be reasonably necessary to prevent any misuse of Association funds, in accordance with these Bylaws and the Declaration. The Board must adopt a budget in accordance with RCW 64.90.525.

4.7.3.1 Budget Elements. The budget must include: the projected income, by category; projected common expenses and specially allocated expenses that are subject to being budgeted, both by category; amount of assessments per Lot and the date assessments are due; current amount of regular assessments budgeted for contribution to the reserve account; a statement of whether the Association has reserve study that meets the requirements of the UCIOA and, if so, the extent to which the budget meets or deviates from the recommendations of that reserve study; and the current deficiency or surplus in reserve funding expressed on a per Lot basis.

4.7.3.2 Budget Ratification. Within thirty days after adoption of any proposed budget, the Board must provide a copy of the budget to all Owners and set a date for a ratification meeting, not less than fourteen nor more than fifty days after providing the proposed budget to the Owners. Unless a majority of the Owners reject the budget, the budget and assessments against Lots included in the budget are ratified, whether or not a quorum is present at the budget meeting. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners continues until the Owners ratify a subsequent budget proposed by the Board.

4.7.3.3 Special Assessments. At any time, the Board may propose a special assessment, which will be effective if the Board follows the Budget Ratification procedures and the Owners do not reject the special assessment. The Board may provide that the special assessment may be due and payable in installments over any period it determines and may provide a discount for early payment.

- 4.7.4. Insurance. Procurement and maintenance of insurance policies and payment of premiums therefor out of the common expense funds in respect to the Common Elements and Limited Common Elements, as more specifically provided in Article 8 of these Bylaws.
- 4.7.5. Rules. Adoption and amendment of administrative rules and regulations governing the details of operation and use of the Common Elements and Limited Common Elements and administration of the Association, including a fine schedule for violations of these Bylaws, the Declaration, or any rules or regulations promulgated thereunder.
- 4.7.6. Other Actions. Act on such matters as may come up from time to time between meetings of the Association.

4.8. Compensation.

Directors and officers shall serve without compensation for their services. However, the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

4.9. Managing Agent.

The Board may employ a managing agent, to be compensated in an amount established by the Board, to perform such duties and services as the Board may authorize and delegate, including, but not limited to, the duties listed in section 4.7 of these Bylaws.

4.10. Board Meetings.

- 4.10.2. Annual Meetings. The annual meeting of the Board of Directors will be held immediately after and at the same place as the annual meeting of members of the Association. Notice of annual meeting of members shall constitute notice of the annual meeting of the Board of Directors.
- 4.10.3. Regular Meetings. The Board of Directors will hold regular meetings, with the specific date, time, and place to be determined by the President.
- 4.10.4. Special Meetings. Special meetings of the Board of Directors may be called by the President or by a majority of the members of the Board of Directors.
- 4.10.5. Notice of Meetings. Reasonable notice of regular or special meetings will be provided by any of the usual means of communication at the residence or business address of each Director, including without limitation, electronic mail, U.S. mail, facsimile, or telephone provided, however, that if notice is provided

by electronic transmission it must satisfy the requirements of RCW 24.03.009. Notices of any meeting of the Board of Directors will be given no less than ten (10) and no more than fifty (50) days prior to the meeting.

- 4.10.6. Waiver of Notice to Directors. Before, at, or after any meeting of the Board, any Director may, in writing, waive notice of the meeting, and the waiver will be deemed equivalent to the giving of the notice. Attendance by a Director at any meeting of the Board will be a waiver of notice by the Director of the time and place thereof, except where a director attends a meeting for the express purpose of objecting to the transaction for any business because the meeting is not lawfully called or convened. If all the Directors are present at any meeting of the Board, no notice to Directors will be required, and any business may be transacted at the meeting.
- 4.10.7. Quorum; Majority Vote. A majority of the Directors in office at the time of a meeting of the Board of Directors will constitute a quorum for the transaction of business at any meeting of the Board of Directors. The act of a majority of the Directors present at a meeting at which a quorum is present will be the act of the Board of Directors, unless a different number is required by law, the Association's articles of incorporation, or these bylaws. A minority of the Directors, in the absence of a quorum, may adjourn and reconvene from time to time but may not transact any business.
- 4.10.8. Action Without a Meeting. Any action required or permitted to be taken by the Directors at a meeting may be taken without a meeting if a consent in writing setting forth the action is signed by all the Directors entitled to vote on the matter.
- 4.10.9. Meeting by Telephone or Video Conference. The Board of Directors may hold a meeting by telephone or video conference or by means of similar equipment in which all persons participating in the meeting can hear each other. Participation in such a meeting will constitute presence in person at the meeting.
- 4.10.10. Chair of the Board Meetings. Board meetings shall be chaired by (1) the President, (2) by the Vice-President in the absence of the President, or (3) in the absence of both the President and Vice-President, by a member of the Board of Directors appointed by majority vote of a quorum of the members of the Board of Directors who are in attendance at the meeting.
- 4.10.11. Open Meetings. All meetings of the Board of Directors, except when an Executive Session has been called in accordance with Robert's Rules of Order Newly Revised, 10th Edition, ("RONR, 10th ed."), shall be open to the membership of the Association, provided that only the members of the Board of Directors shall be entitled to vote.
- 4.10.12. Executive Session of the Board of Directors. Any member of the Board of Directors may move to go into Executive Session at which the proceedings are confidential and known only to the members of the Board of Directors who are present during the Executive Session. Such motion must be adopted by a majority vote of the members of the Board of Directors present. Members of the Association that are not members of the Board of Directors may be invited by

the Board of Directors to attend an Executive Session if their presence is deemed necessary, for example, to give a report or other information pertinent to the deliberations of the Board of Directors. Any member who violates the confidentiality of an Executive Session can be disciplined as determined by the Board of Directors. Anyone else in attendance by invitation is honor-bound not to divulge any of the confidential proceedings. The record of proceedings of an Executive Session must be read and acted upon only in Executive Session. If the action taken, as distinguished from the deliberations that occurred, has been declared non-confidential by the members of the Board of Directors assembled in Executive Session, such action may be recorded in the regular meeting minutes and approved in a regular meeting. See RONR, 10th ed., p. 92, section 1.24-p. 93, section 1.25.

4.11. Voting.

A member of the Directors may vote by electronic mail on any issue requiring the vote of a Director by sending such transmission simultaneously to both the Chair and Secretary.

4.12. Committees.

The Board of Directors may delegate authority to one or more committees of the Association. The delegation of authority, however, will not operate to relieve the Board of Directors or any individual Director of any responsibility imposed by law. Each Director will be encouraged to serve on one or more of the Association's committees. A majority of the members of a committee will constitute a quorum for the transaction of business at any committee meeting, and any transaction of a committee will require a majority vote of the quorum present at the meeting.

4.12.2. Executive Committee. The Executive Committee consists of the President, Vice President, Treasurer, and Secretary. The President will serve as chair of the Executive Committee.

4.12.2.1. *Authority.* The executive committee of the Association ("Executive Committee") will have and may exercise such powers and authority as may be conferred by the Board of Directors, but in no event shall it have the power or authority to (a) amend, alter, or repeal these bylaws or the articles of incorporation; (b) elect, appoint, or remove any Director or officer; (c) approve dissolution or merger or any sale, pledge, or transfer of all or substantially all of the Association's assets; or (d) authorize any distribution of the assets of the Association. Between meetings of the Board of Directors, the Executive Committee will, subject to such limitations as may be imposed by resolution of the Board of Directors or applicable law, have and exercise all the power and authority of the Board of Directors in the management of the Association.

4.12.2.2. *Meetings.* The Executive Committee will meet at such times and places as determined by the President.

4.13. Officers.

The Board of Directors, from time to time, will define the powers and duties of the President (as defined below).

ARTICLE 5 - FUNDS & ASSESSMENTS

5.1 Purpose of Assessments; Expenses.

The assessments levied by the Association will be used exclusively to promote the recreation, health, safety, aesthetics, and welfare of the Owners and Occupants of Quail Grove, for the improvement, operation, and maintenance of the Common Elements and Limited Common Elements, for the administration and operation of the Association, and for such insurance as the Board may deem necessary.

5.1.1 Offsets. No offsets against any assessment will be permitted for any reason, including, without limitation, any claim that the Association is not properly discharging its duties.

5.1.2 Right to Profits. Association profits, if any, will be the property of the Association and will be contributed to the Current Operating Account.

5.2 Annual Assessments.

Annual assessments for each fiscal year will be established when the Board approves the budget for that fiscal year. The initial annual assessment will be determined by Declarant and will be prorated on a monthly basis at the time of the closing of the first sale from Declarant. Assessments for partial months shall be prorated. Annual assessments will be payable on a periodic basis, not more frequently than monthly, as determined by the Board. The fiscal year will be the calendar year unless another year is adopted by vote of the Association members.

5.3 Budgeting.

Each year the Board will prepare, approve, and make available to each Member a pro forma operating statement (budget) containing (a) estimated revenue and expenses on an accrual basis; (b) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Common Elements and Limited Common Elements and for contingencies; (c) an itemized estimate for the remaining life of improvements, and the methods of funding to defray repair, replacement, or additions to major components of improvements; (d) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement, or additions to major components of the Common Elements and Limited Common Elements and (e) any other information required by RCW chapter 64.90. Notwithstanding that budgeting will be done on an accrual basis, the Association's books will be kept on a cash basis and the Association will be a cash basis taxpayer, unless applicable governmental regulations require otherwise. For the first fiscal year, the budget must be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board must annually prepare and approve the budget and distribute a copy or summary thereof to each Member, together with written notice of the amount of the annual assessments to be levied against each Owner's Lot, within 30 days after adoption of the budget.

5.4 Allocation of Assessments.

Except for Reimbursement Assessments, the total amount in the budget will be charged against all Lots in an amount equal to the Lot's fractional interest as annual assessments.

5.5 Nonwaiver of Assessments.

If, before the expiration of any fiscal year, the Association fails to fix annual assessments for the next fiscal year, the annual assessments established for the preceding year will continue until a new annual assessment is fixed.

5.6 Special Assessments.

The Board or the Owners have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

- 5.6.1 Correct Deficit. To correct a deficit in the operating budget, by vote of a majority of the Board;
- 5.6.2 Special Obligations of an Owner. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under this Declaration, the Bylaws, or the Rules and Regulations, by vote of a majority of the Board;
- 5.6.3 Repairs. To collect additional amounts necessary to make repairs or renovations to the Common Elements or Limited Common Elements if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; or
- 5.6.4 Capital Improvements. To make capital acquisitions, additions, or improvements, by vote of at least 80 percent of all votes allocated to the Lots.
- 5.6.5 Negligence Assessments. Any expense of the Association that is caused by the negligence of any Owner or Owner's tenant, guest, invitee, or occupant, the Association may assess that expense against the Owner's Lot after notice and an opportunity to be heard. Negligence assessments are limited to the extent of the Association's deductible and any expenses not covered by the Association's insurance policies.
- 5.6.6 Reimbursement Assessments. The Association shall levy an assessment against any Owner and the Owner's Lot if a failure to comply with this Declaration, Bylaws, Architectural Standards, or any Rules and Regulations has (a) necessitated an expenditure of monies by the Association to effect compliance or (b) resulted in the imposition of a fine or penalty against the Owner or the Owner's Lot (a "Reimbursement Assessment"). A Reimbursement Assessment is due and payable to the Association when levied. A Reimbursement Assessment may not be levied by the Association except on at least 10 days' written notice to the Owner being assessed. If, within the 10-day period, the Owner makes a written request to the Board for a hearing, a hearing must be held. Upon request for a hearing, the Board must conduct it not less than 10 nor more than 30 days after the request by the

Owner and must make its decision within not more than 30 days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner's failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required before levying the Reimbursement Assessment.

5.6.7 Interest, Fines, Late Fees, and Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to impose late fees, fines, and penalties on delinquent assessments and to set the rate of interest, not to exceed the maximum rate calculated under RCW 19.52.020, and for violations of the provisions of this Declaration, the Bylaws, Architectural Standards, and the Rules and Regulations adopted by the Board or the ARC. The impositions will be considered assessments that are lienable and collectible in the same manner as any other assessments; however, fines or penalties for violation of this Declaration, the Bylaws, or the Rules and Regulations, other than late fees, fines, or interest arising from an Owner's failure to pay regular, special, or reimbursement assessments may not be imposed against an Owner or the Owner's Lot until the Owner is given an opportunity for a hearing as provided elsewhere herein.

5.7 Other Liens.

A judgment for money against the Association perfected under RCW 4.64.020 is not a lien on the common elements but is a lien against all other real estate of the Association and all the Lots at the time the judgment was entered. Other property of an Owner is not subject to the claims of creditors of the Association.

5.7.1 If the Association grants a security interest in the common elements to a creditor, the holder of that security interest must exercise its right against the common elements before its judgment lien on any Lot may be enforced.

5.7.2 A judgment against the Association must be recorded in the name of the Property and the Association and, when so indexed, is notice of the lien against the Lots.

ARTICLE 6 - ARCHITECTURAL REVIEW COMMITTEE

6.1 Architectural Review Committee (ARC).

The ARC, from time to time and in its sole discretion, may adopt architectural, aesthetic, construction, and design rules, regulations, and guidelines ("Architectural Standards"). The ARC, from time to time and in its sole discretion, may adopt and publish procedures for approval of applications and rules to enforce the Architectural Standards that supplement the provisions provided in this Article. No improvement may be commenced, erected, placed, or materially altered on any Lot until the construction plans and specifications showing the nature, shape, heights, materials, colors, and proposed location of the improvement have been submitted to and approved in writing by the ARC. This Article's purpose is to ensure quality of workmanship and materials and harmony between exterior design and the existing improvements and landscaping

and between location and topography and finished-grade elevations. The ARC is not responsible for determining compliance with structural and building codes, solar ordinances, zoning codes, or other governmental regulations, all of which are the applicant's responsibility. The procedure and specific requirements for review and approval of construction and procedures for enforcement of such standards, will be set forth in the Architectural Standards adopted from time to time by the ARC. The provisions of this Article 6 apply in all instances in which this Declaration requires the ARC's consent.

6.2 Appointment and Removal.

Declarant reserves the right to appoint all members of the ARC and all replacements thereto until Quail Grove is one hundred percent (100%) built out. The ARC will consist of no fewer than three members and no more than five members, and at least two members shall be Board members, with exclusive voting power for the Board. Each ARC member will serve for one year. After build-out, Declarant will assign to the Board the right to appoint and remove members of the ARC. Board members and persons who are not Owners but who have special expertise regarding the matters that come before the ARC may serve as all or some of the ARC's members. The Board may appoint itself as the ARC or any of its members to the ARC. If an ARC has not been appointed, the Board will serve as the ARC.

6.3 Majority Action.

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

6.4 Duties.

The ARC must consider and act on the proposals, plans, or proposals and plans submitted under this Article 6. The Architectural Standards will interpret and implement the provisions of this Declaration for architectural review and guidelines for architectural design, placement of buildings, color schemes, exterior finishes and materials, and similar features that may be used in Quail Grove; however, the Architectural Standards will not be in derogation of the minimum standards established by this Declaration.

6.5 Decision.

The ARC must render its written decision approving or denying each application submitted to it within 15 business days (not including Saturdays, Sundays, and legal holidays) after its receipt of all materials required with respect to the application. If the ARC fails to render its written decision within 30 days of its receipt of all required materials or request an extension, the application will be deemed approved. The ARC is entitled to request one or more extensions of time, not to exceed 45 days in the aggregate. In the event of any extension requests, if the ARC does not render a written decision within 15 days after the expiration of the extension(s), the application will be deemed approved. However, the applicant may agree to further extensions to allow the applicant to complete or supplement the application.

6.6 Discretion.

The ARC, in its sole discretion, may withhold consent to any proposed work if the ARC finds that the proposed work would be inappropriate for the particular Lot or incompatible with the design standards that the ARC intends for the Property. The ARC may consider siting, shape, size, color, design, height, solar access, or other effects on the enjoyment of other Lots, the Limited Common Elements, or the Common Elements, and any other factors that it reasonably believes to be relevant in determining whether to consent to any proposed work.

6.7 Nonwaiver.

Consent by the ARC to any matter proposed to it or within its jurisdiction will not constitute precedent or waiver impairing its right to withhold approval of any similar matter thereafter proposed or submitted to it for consent.

6.8 Appeal.

After Declarant has assigned the right to appoint ARC members to the Board under Section 6.2, any Owner adversely impacted by ARC action may appeal the action to the Board. The appealing Owner must submit to the Board a written notice of appeal, setting forth specific objections or mitigating circumstances justifying the appeal, within 10 days after the ARC's action. The Board must issue a final, conclusive decision within 45 days after receipt of the notice, and the decision will be final and binding on the appealing Owner and the ARC. However, the Board must make reasonable efforts to reach a decision within 20 days. If the Board is serving as the ARC, then the appeal will be deemed a request for reconsideration.

6.9 Effective Period of Consent.

The ARC's consent to any proposed work will automatically expire 90 days after issuance unless construction of the project has been commenced or the Owner has applied for and received an extension of time from the ARC.

6.10 Determination of Compliance.

The ARC may inspect, from time to time, all work performed and determine whether it is in substantial compliance with the approval granted. If the ARC finds that the work was not performed in substantial compliance with the approval granted, or if the ARC finds that the approval required was not obtained, the ARC must notify the Owner in writing of the noncompliance. The notice must specify the particulars of noncompliance and must require the Owner to remedy the noncompliance.

6.11 Noncompliance.

If the ARC determines that an Owner has not constructed an improvement consistent with the specifications of an ARC approval or has constructed an improvement without obtaining ARC approval, sends a notice of noncompliance to the Owner, and the Owner fails to commence diligently remedying the noncompliance in accordance with the notice, then, effective at 5:00 p.m.

on the third day after issuance of the notice, the ARC must provide notice of a hearing to consider the Owner's continuing noncompliance. The hearing must be set not more than 30 days from the date on which the notice of noncompliance was issued. At the hearing, if the ARC finds that there is no valid reason for the continuing noncompliance, the ARC must determine the estimated costs of achieving compliance and may issue a fine against the noncomplying Owner for that amount. The ARC must require the Owner to remedy the noncompliance within 10 days after the ARC's determination. If the Owner does not comply with the ARC's ruling within the 10-day period or any extension thereof granted by the ARC, at its sole discretion, the ARC may remove the noncomplying improvement, remedy the noncompliance, record a notice of noncompliance in the county deed records, or take any combination of those actions. The costs of any such action will be assessed against the Owner as a Reimbursement Assessment either before or after any remedial action is taken.

6.12 Liability.

Neither the ARC nor any member thereof will be liable to any Owner, Occupant, or builder for any damage, loss, or prejudice suffered or claimed because of any action or failure to act of the ARC or a member thereof, if the ARC or the member has, in accordance with its or his or her actual knowledge, acted in good faith.

6.13 Estoppel Certificate.

Within 15 working days after the ARC's receipt of a written request from an Owner and the ARC's receipt of payment of a reasonable fee fixed by the ARC to cover costs, the ARC must provide the Owner with a certificate executed by the chairperson or other authorized member of the ARC certifying with respect to any Lot owned by the Owner that, as of the date thereof either (a) all improvements made or done on the Lot comply with this Declaration, or (b) the improvements do not so comply, in which event, the certificate must also identify the noncomplying improvements and set forth with particularity the nature of the noncompliance. The Owner and the Owner's heirs, devisees, successors, and assigns will be entitled to rely on the certificate with respect to the matters set forth therein. The certificate will be conclusive as among Declarant, the ARC, the Association, all Owners, and all persons deriving any interest through any of them.

6.14 Declarant and Successor Exempt from ARC.

The Declarant and its successor to all the unsold Lots are exempt from the requirement to submit to and have plans approved by the ARC.

ARTICLE 7 - OFFICERS

7.1 Designation.

The principal officers of the Association will be a President, a Secretary, and a Treasurer, all of whom must be elected by the Directors. The Directors may appoint an assistant treasurer and an assistant secretary, and any other officers as in their judgment may be necessary.

7.2 Appointment and Term of Office.

The officers of the Association will be appointed annually by the members of the Association at the annual meeting of the members and will serve one-year terms. Each officer will hold office until a successor is duly appointed or until the officer's resignation, death, or removal. Each officer shall also be a member of the Board of Directors of the Association.

7.3 Resignation.

An officer may resign at any time by delivering written notice of resignation to the President. A resignation is effective upon receipt unless it specifies a later date. The Board of Directors may reject any postdated resignation by notice in writing to the resigning officer.

7.4 Removal.

At any of its meetings, the Board of Directors may remove any officer, with or without cause, by the affirmative vote of the Board of Directors then in office. Removal will be without prejudice to the contract rights, if any, of the person removed. Appointment of an officer will not of itself create contract rights.

7.5 Vacancies.

A vacancy in any office because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term. In case of a vacancy in the office of the President, the Board of Directors will appoint a replacement.

7.6 President.

The President of the Association ("President") is the chief executive officer of the Association and will preside at all meetings of the Association and of the Board. President shall act as Chair of the Board of Directors. The President will execute on behalf of the Association all contracts, agreements, and other instruments. The President has all of the general powers and duties that are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners from time to time as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

7.7 Vice President.

The executive vice president of the Association ("Vice President") shall perform the duties of the President in the event of the absence, resignation, refusal to act, or inability to act of the President. The Vice President will perform such other duties as may be prescribed by the Board of Directors. The Board of Directors may appoint additional vice presidents to perform such other duties as may be prescribed by the Board of Directors.

7.8 Secretary.

The secretary of the Association ("Secretary") will work with the Association's employees and staff to ensure that the minutes of all meetings of the Board of Directors are prepared and kept and that the minute books and other records pertaining to corporate business are kept up to date. The Secretary will work with the Association's employees and staff to ensure that notices of the meetings of the Board of Directors are given in a timely manner as required by these bylaws. The Secretary will be responsible for authenticating resolutions and other records of the Association. The Secretary will perform such other duties as may be prescribed by the Board of Directors.

7.9 Treasurer.

The treasurer of the Association ("Treasurer") will be the chief financial and accounting officer of the Association and will supervise and monitor the finances of the Association. The Treasurer will (a) work with the Association's employees and staff to ensure that correct and complete records of account accurately show the financial condition of the Association, (b) work with the Association's employees and staff to ensure that all funds of the Association are deposited in depositories that the Board of Directors or the Executive Committee may designate, (c) work with the Association's employees and staff to ensure that any funds of the Association that are paid out follow the procedures authorized by the Board of Directors, (d) present to the Board of Directors and Executive Committee regular statements of the Association's financial position and cash flows, (e) work with the Association's employees and staff to ensure that the Association files all necessary tax returns and financial reports as required by law, and (g) work with the Association's employees and staff to ensure that an accurate record of all gifts, grants, contributions, gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities in an activity that is not an unrelated trade or business, and the sources of all the foregoing funds.

7.10 Directors as Officers.

Any Director may be an officer of the Association. Members or Owners who are not Directors may not be an officer.

ARTICLE 8 - OBLIGATIONS OF THE OWNERS

8.1 Assessments.

All Owners must pay assessments imposed by the Association to meet all the Association's general common expenses, as more particularly set forth in the Declaration. Assessments will be payable on a periodic basis, not more frequently than monthly, as determined by the Board. Declarant (before turnover) and the Board (after turnover) may, but will not be required to, impose interest or a service charge for late installment payments or allow a discount for payment of the annual assessment or any installment in advance.

8.2 Default.

Failure by an Owner to pay any assessment of the Association is a default by the Owner of

the Owner's obligations under these Bylaws and the Declaration. The Association will be entitled to the remedies set forth in the Declaration, these Bylaws, and at law.

8.3 Maintenance and Repair.

Except as otherwise specifically provided in the Declaration and these Bylaws, every Owner must promptly perform all maintenance, repair, and replacement work to the Owner's Lot and the exterior of the improvements thereon (which do not constitute Common Elements and Limited Common Elements) and keep the same in good repair and sanitary and neat condition. Upon prior notice, except in case of an emergency, each Owner must afford the Association and its agents or employees, access through that Owner's Lot and limited common elements reasonably necessary to ensure the Lot is properly maintained and repaired, including necessary inspections by the Association. If damage is inflicted on the common elements or on any Lot through which access is taken, the Owner or the Association responsible for the damage is liable for the prompt repair of the damage.

8.4 Reimbursement of Association.

An Owner must reimburse the Association for any expenditures incurred in repairing or replacing any portion of the Common Elements and Limited Common Elements that was damaged through the Owner's fault and that is not otherwise covered by insurance policies carried by the Owner or the Association for the Owner's and the Association's benefit. In such circumstances, the insurance obtained by the Owner will be deemed to be the primary coverage. The Board of Directors will have the unfettered discretion to refuse to make a claim on the Association's policy even though coverage may pertain. The discretion is for the purpose of maintaining the Association's insurability and controlling the amount of the premiums for the Association's insurance. The charge will be collectible as a Reimbursement Assessment as provided in the Declaration.

8.5 Collection; Attorneys' Fees.

An Owner must pay reasonable fees and costs (including, but not limited to, attorney fees) and actual administrative costs incurred in connection with efforts to collect any delinquent unpaid assessments from the Owner, whether or not suit or action is filed. Assessments against Owners may include fees, late charges, fines, and interest imposed by the Board, in addition to amounts owed toward operating expenses and the funding of reserves. If the Association brings against any Owner or Owners a suit or action for the collection of any amounts due under or for the enforcement of any provisions of the Declaration, the Articles, or these Bylaws, the Owner or Owners, jointly and severally, must pay, in addition to all other obligations, the costs of the suit or action, including actual administrative expenses incurred by the Association because of the matter or act that is the subject of the suit, reasonable attorney fees to be fixed by the trial court, and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by the appellate court.

ARTICLE 9 - USE & OCCUPANCY RESTRICTIONS; RULES OF CONDUCT

9.1 Additional Rules.

In addition to the rules set forth in the Declaration, the Board may promulgate and amend, from time to time, Rules and Regulations concerning other use of the Property and must furnish copies of the Rules and Regulations to any Owner or Occupant requesting such copies.

9.2 Enforcement.

The Association, through its Board of Directors, has the power to enforce the covenants and restrictions in these Bylaws and in the Declaration. Owners have the right to bring actions or suits regarding covenants and restrictions, but Owners have no right or power to require the Association or Board of Directors to take any enforcement action.

9.3 Fines.

The Board of Directors may, after giving written notice and an opportunity to be heard, levy reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations of the Association, as long as fines levied are based on a schedule previously adopted by Board resolution that is mailed to the mailing address of each Lot or mailed to the mailing address designated in writing by the Owner(s).

ARTICLE 10 - CONTRACTS, LOANS, CHECKS, DESPOSITS & GIFTS

10.1 Contracts.

The Board of Directors may authorize officer(s) or agent(s) of the Association to enter into contracts or execute and deliver an instrument in the name of and on behalf of the Association, and such authority shall be confined to specific transactions or instruments. Contracts shall not exceed a term of three (3) years. Contracts for a longer term than three (3) years shall be submitted to the members of the Association for approval by a majority of a quorum of the members.

10.2 Loans.

The Association shall not lend money to or guarantee the obligation of any member of the Association, including a member of the Board of Directors.

10.3 Checks, Drafts, Credit or Debit Cards, Promissory Notes, Invoices, Receipts.

All checks, drafts or orders for the payment of money, credit card or debit card purchases, promissory notes or other evidences of indebtedness, or receipts for payments or goods received, that are issued in the name of the Association, shall be signed by such officer(s) or agent(s) of the Association and in such manner as is determined by resolution of the Board of Directors.

10.4 Deposits.

All funds of the Association shall be deposited to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

10.5 Gifts.

The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association in accordance with the purposes stated in the Articles of Incorporation and in these Bylaws, including the tax status of the Association.

ARTICLE 11 - AMENDMENT

The Board of Directors may amend or repeal these bylaws or adopt new bylaws by the affirmative vote of a majority of the Directors present at any meeting in which a quorum is present. The meeting notice for the meeting at which such vote occurs must state that a purpose of the meeting is to consider an amendment to the bylaws and must contain a copy or summary of the proposed amendment.

ARTICLE 12 – RECORDS

The Association shall keep and maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

12.1 Records:

The Association shall keep:

12.1.1 as permanent records minutes of all meetings of its board of directors, a record of all actions taken by the board of directors without a meeting and a record of all actions taken by any committee of the board of directors in place of the board of directors on behalf of the Association;

12.1.2 appropriate accounting records;

12.1.3 a record of its members, in a form that permits preparation of a list of the names and addresses of all members in alphabetical order;

12.1.4 a copy of the following records at its principal office:

12.1.4.1 Its Articles or Restated Articles of Incorporation and all amendments to them currently in effect;

12.1.4.2 Its Bylaws or Restated Bylaws and all amendments to them currently in effect;

12.1.4.3 The minutes of all board of directors meetings and records of all action taken by the board of directors, without a meeting, for the past three (3) years;

12.1.4.4 Its financial statements for the past three (3) years, including balance sheets showing in reasonable detail the financial condition of the Association as of the close of each fiscal year, and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles, or, if not, prepared on a basis explained therein;

12.1.4.5 All written communication to members generally within the past three (3) years;

12.1.4.6 A list of the names and business addresses of its current directors and officers; and

12.1.4.7 Its most recent annual report.

12.2 Inspection of Books and Records.

All books, records and accounts of the Association shall be open to inspection by the directors.

12.3 Copies of Resolution.

Any person dealing with the Association may rely upon a copy of any of the records of the proceedings, resolutions or votes of the board of directors when certified by the President or Secretary.

ARTICLE 13 - INDEMNIFICATION OF DIRECTORS & OFFICERS

13.1 Generally.

The Association will, to the fullest extent permitted by law, indemnify any person who is or was a Director or officer of the Association against any and all liability incurred by the person in connection with any actual or threatened claim, action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that the person is or was a Director or officer of the Association, if the person acted in good faith and in a manner that the person reasonably believed was in or not opposed to the best interest of the Association, and with respect to any criminal proceeding the person had no reasonable cause to believe the conduct was unlawful. Liability and expenses include reasonable attorney fees, judgments, fines, costs, and amounts actually paid in settlement. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, will not of itself create a presumption that the person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal proceeding, had reasonable cause to believe that the conduct was not unlawful. The foregoing right of indemnification will be in addition to and not exclusive of any and all other rights to which any such Director or officer may be entitled under any statute, bylaw, agreement, or otherwise.

13.2 Actions by or in the Right of the Association.

In connection with any proceeding brought by or in the right of the Association, the Association may not indemnify any person who is or was a Director or officer of the Association if the person has been adjudged by a court of law to be liable to the Association, unless the court in which the action or suit was brought determines upon application that, despite the adjudication of liability, in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity.

13.3 Self-Interested Transactions.

The Association may not indemnify any person who is or was a Director or officer of the Association in connection with any proceeding charging improper personal benefit to the person in which he or she has been adjudged liable on the basis that personal benefit was improperly received by the person, unless the court in which the action or suit was brought determines upon application that, despite the adjudication of liability, in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnity.

13.4 Determination of the Propriety of Indemnification.

The determination that indemnification is proper will be made by the majority vote of a quorum consisting of the Directors who were not parties to the proceeding or, if such a quorum cannot be obtained, by the majority vote of a committee, duly designated by the Board of Directors, consisting of at least two Directors who were not parties to the proceeding. If there are not two Directors who were not parties to the proceeding, the full Board of Directors will select special legal counsel to determine whether indemnification is proper.

13.5 Evaluation of Expenses.

An evaluation as to the reasonableness of expenses will be made by the majority vote of a quorum consisting of Directors who were not parties to the proceeding or, if such a quorum cannot be obtained, by the majority vote of a committee, duly designated by the Board of Directors, consisting of at least two Directors who were not parties to the proceeding. If there are not two Directors who were not parties to the proceeding, the full Board of Directors, including Directors who were parties to the proceeding, will evaluate the reasonableness of expenses.

13.6 Insurance.

The Board of Directors will have the power to purchase insurance on behalf of any person who is or was a Director, officer, or employee of the Association against liability asserted against or incurred by the person arising out of his or her status as a Director, officer, or employee of the Association, whether or not the Association would have the power to indemnify the person against liability under the provisions of this section.

ARTICLE 14 - MISCELLANEOUS

14.1 Waiver.

No restriction, condition, obligation, or provision contained in these Bylaws will be deemed to have been abrogated or waived by reason of any failure to enforce it, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation, or provision was not enforced.

14.2 Invalidity; Number; Captions.

The invalidity of any part of these Bylaws will not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws. As used herein, the singular includes the plural, and the plural the singular. The masculine and neuter each include the masculine, feminine, and neuter, as the context requires. All captions and headings used herein are intended solely for convenience of reference and in no way limit any of the provisions of these Bylaws.

14.3 Fiscal Year.

The fiscal year of the Association will be January 1 to December 31. Appropriate accounting practices must be maintained, and a periodic financial review by competent professionals will be completed and the results reported to the Board of Directors.

14.4 Contracts, Debts, and Obligations.

No contract, debt, or obligation will be binding on the Association unless contracted under the authority of the Board of Directors or under authority delegated to an officer of the Association by the Board of Directors.

ARTICLE 15 - DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

If any provision of these Bylaws conflicts with the provisions of the Declaration of Covenants, Conditions and Restrictions, including any amendment or restatement thereof, the provisions of the Declaration shall prevail and the conflicting provision in these Bylaws shall be amended.

[Signatures on Following Page]

The foregoing bylaws were duly adopted by the Board of Directors effective as of
May 14th, 2020.

**QUAIL GROVE HOMEOWNERS
ASSOCIATION**

DocuSigned by:

Brandy McElrath

5/14/2020

8E750B7D4F71419
[SECRETARY], Secretary

Attest:

DocuSigned by:

Jon Girard

5/14/2020

5CD4B017D5964307
[PRESIDENT], President

5659956 CCRAMD

Total Pages: 2 Rec Fee: \$104.50

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HORENSTEIN LAW GROUP PLLC

SIMPLIFILE LC E-RECORDING

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Stephen W. Horenstein
Horenstein Law Group PLLC
500 Broadway, Suite 370
Vancouver, WA 98660

Grantor:	Quail Grove, LLC
Grantee:	THE PUBLIC
Abbreviated Legal:	NW ¼ OF THE SE ¼ S7T2N R2E WM
Assessor's Tax Parcel #:	156776000
Other Reference Nos.:	Original Declaration: 5500939 Plat: 5496190

**FIRST AMENDMENT OF DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
QUAIL GROVE SUBDIVISION**

THIS FIRST AMENDMENT OF THE DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR QUAIL GROVE SUBDIVISION, recorded at 5500939 in Clark County, Washington at 5582610 ("Declaration") is made by QUAIL INVESTMENT ONE, LLC ("Declarant") effective as of the date it is recorded. The Declaration is unmodified and is hereby reaffirmed and incorporated as if set forth fully herein, except as expressly set forth in this Amendment. To the extent that any provision of this Amendment conflicts with the Declaration, the terms of this Amendment shall control.

ARTICLE 4 - LOTS AND HOMES

4.7 **Parking.** Vehicles parked for loading and unloading may not be parked for more than two hours. Boats, trailers, commercial vehicles, mobile homes, campers, and other recreational vehicles or equipment, regardless of weight, may not be parked on any part of the Common Area, including loading or unloading, and may not be parked on any Lot for more than fourteen (14) consecutive days or such other period as may be permitted by the Association Rules and Regulations.

IN WITNESS WHEREOF, Declarant has executed this instrument this 9 day of October, 2019.

QUAIL INVESTMENT ONE, LLC


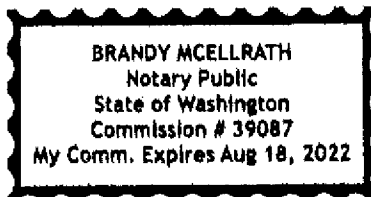
By:

Jon Girod, Manager

STATE OF WASHINGTON)
) ss.
County of Clark)

I certify that Jon Girod appeared personally before me and that I know or have satisfactory evidence that he signed this instrument as the Manager of Quail Investment One, LLC, a Washington limited liability company, and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 9 day of October, 2019.



Notary Public for Washington

My commission expires: 09 | 19 | 22