

Return Address
City of Yelm
Nisha R. Box
PO Box 479
Yelm, WA 98597

Document title(s) (or transactions contained therein):

1. Declaration of Covenants, Conditions and Restrictions for Bella Housa Village Plat.

Reference Number(s) of Documents assigned or released:

(on page _____ of documents(s))

Grantor(s) (Last name, first name, middle initial)

1. Bella Housa Village LLC
2. Bella Housa Village

Grantee(s) (Last name, first name, middle initial)

1. City of Yelm
- 2.

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

Parcel 1- The North half of the NE ¼ of the SE ¼ of the SW ¼ of S 13, T 17N, R 1E, W.M.

Parcel 2 -The North half of the NW ¼ of the SE ¼ of the SW ¼ of S 13, T 17N, R 1E, W.M.

Assessors Property Tax Parcel/Account Number:

21713340200, 21713340000

4020560

06/30/2008 03:40 PM Covenant
Thurston County Washington
CITY OF YELM

Page 1 of 32



**RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:**

Merle Hom, Managing Member
Bella Housa Village, LLC
14948 – 89th Ave. SE
Yelm, WA 98597

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
AND RESERVATIONS FOR BELLA HOUSA VILLAGE**

Grantor/Declarant: BELLA HOUSA VILLAGE, LLC, a Washington limited liability company

Grantee: BELLA HOUSA VILLAGE HOMEOWNERS ASSOCIATION

Legal Description: PARCEL A:

THE NORTH HALF OF THE NORTHWEST QUARTER OF THE
SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION
13, TOWNSHIP 17 NORTH, RANGE 1 EAST, W.M., EXCEPT COUNTY
ROAD KNOWN AS BURNETT ROAD ADJACENT ON THE WEST.

PARCEL B:

THE NORTH HALF OF THE NORTHEAST QUARTER OF THE
SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION
13, TOWNSHIP 17 NORTH, RANGE 1 EAST, W.M., EXCEPT COUNTY
ROAD KNOWN AS MOUNTAIN VIEW ROAD ADJACENT ON THE EAST.

IN THURSTON COUNTY, WASHINGTON

Assessor's Tax Parcel ID#: 21713340000, 21713340200

05/12/08 7:56 PM
50750178.2

4020560

06/30/2008 03:40 PM Covenant
Thurston County Washington
CITY OF YELM

Page 2 of 32



DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS
FOR
BELLA HOUSA VILLAGE

This Declaration is made as of this ____ day of _____, 2008, by Bella Housa Village, LLC, a Washington limited liability company, hereinafter referred to as "Declarant."

RECITALS

- A. Declarant is the owner of that certain real property and improvements located within the City of Yelm, County of Thurston, State of Washington, commonly known as Bella Housa Village, referred to hereinafter as "Bella Housa Village" or the "Property" and more particularly described in Exhibit A attached hereto.
- B. Declarant desires to create an association at Bella Housa Village to provide for the maintenance, preservation, and architectural control of the privately-owned parcels and Common Areas (as defined below) within the community and to promote the health, safety, happiness, and welfare of the residents of the community.
- C. For the benefit and protection of the Property, to enhance its value and attractiveness, Declarant provides herein for a comprehensive system of land-use and building controls within the Property.

SUBMISSION OF THE PROPERTY TO THIS DECLARATION

Declarant, being the sole owner of the Property, hereby makes this Declaration for the purpose of submitting the Property to this Declaration, and declares that the Property described above shall be held, sold, conveyed, encumbered, leased, rented, occupied and improved subject to the following covenants, conditions, restrictions, reservations, grants of easement rights, rights of way, liens, charges and equitable servitudes, which are for the purpose of protecting the value and desirability of the Property and shall be binding on all parties having any right, title or interest in the Property or any part thereof, and shall inure to the benefit of each owner thereof.

This Declaration shall run with the land and bind Declarant, its successors and assigns, all subsequent owners of the Property or any part thereof, together with their grantees, successors, heirs, executors, administrators, devisees or assigns. Any conveyance, transfer, sale, assignment, lease or sublease of a Lot in the Property, shall and hereby is deemed to incorporate by reference all provisions of this Declaration. The provisions of this Declaration shall be enforceable by Declarant, any Lot Owner, the Association, and any first Mortgagee of any Lot.



Article 1. DEFINITIONS

Section 1.1 Definitions. For the purposes of this Declaration and any amendments hereto, the following definitions shall apply.

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

“*Articles*” shall mean the articles of incorporation of the Association, as defined below.

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

“*Association*” shall mean the Bella Housa Village Homeowners Association, a Washington non-profit corporation, as described more fully in Article 3, and its successors and assigns.

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

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

“*City*” shall mean the City of Yelm, in the County of Thurston, State of Washington.

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

“*Community*” shall mean all the Property within the Village, along with all the improvements constructed therein, the Association, and all other institutions and things serving the Owners of the Lots therein.

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

“*Declaration*” shall mean this Declaration of Covenants, Conditions, Restrictions, and Reservations for Bella Housa Village, and any amendments thereto.

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

“*Lot*” shall mean and refer to any of the 52 numbered lots shown upon the recorded Plat Map of the Property. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on the Lot.



“*Member*” shall mean a person entitled to membership in the Association pursuant to Section 3.5.

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

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

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

“*Owner*” shall mean the owner of record, whether one or more persons or entities, of a fee simple title to any Lot and, except as may be otherwise expressly provided herein, shall, in the case of a Lot which has been sold pursuant to a real estate contract, include any person of record holding a vendee’s interest under such real estate contract, to the exclusion of the vendor thereunder. Any person or entity having such an interest merely as security for the performance of an obligation shall not be considered an owner.

“*Permitted health care resident*” means a person hired to provide live-in, long-term, or hospice health care to a Qualifying Resident.

“*Person*” shall include natural persons, partnerships, corporations, associations and personal representatives.

“*Plat Map*” shall mean the plat recorded in conjunction with this Declaration which depicts the layout of the Lots and Tracts on the Property. The Plat Map for the Property was recorded at Volume _____ of Plats, at page(s) _____, Recorder’s File No. _____, records of Thurston County, Washington.

“*Property*” shall mean that real property and improvements located within the City of Yelm, County of Thurston, State of Washington, commonly known as Bella Housa Village and more particularly described on Exhibit A attached hereto.



“Qualified Permanent Resident” means any of the following persons occupying a Home: (1) a Qualifying Resident; (2) a person 19 years of age or older occupying a Home with a Qualifying Resident; or (3) a person 19 years of age or older who occupied a Home with a Qualifying Resident prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Qualifying Resident. For purposes of this definition, “occupying” and “occupied” shall mean staying overnight in a particular Home for at least 60 days within a one year period.

“Qualifying Resident” means a person 55 years of age or older occupying a Home. For purposes of this definition, “occupying” shall mean staying overnight in a particular Home for at least 60 days within a one year period.

“Structure” shall mean any building, fence, wall, pole, driveway, walkway, patio, swimming pool, or the like.

“Transition Date” shall mean the earlier of the following: (i) the date on which the votes of the Class A members of the Association equal the votes of the Class B member or (ii) the seventh anniversary of the date of recording of this Declaration.

Article 2. COMMON AREAS

Section 2.1 Description of Common Areas. The Common Areas, as shown on the Plat Map, are comprised of the following:

Private Common Areas: Tracts A, B, C, D, and E.

Public Common Areas: Cul-de-sac /center Islands and all landscaped strips between the roadway and right-of-way

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

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

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

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

2.3.3 The Association shall have the right to dedicate or transfer all or any portion of the Common Area, including easements thereon, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or



transfer shall be effective unless two-thirds of each class of Members vote or consent in writing to such dedication or transfer. The instrument dedicating or transferring all or any portion of the Common Area shall be executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained.

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

Section 2.5 Maintenance. Except to the extent maintained by the City or covered by a City maintenance program, the Association shall have full responsibility for the maintenance, repair, replacement and improvement of the Common Areas. All such areas and facilities, including stormwater facilities that service the Property, shall be reasonably maintained for their intended use, subject to applicable governmental restrictions. The cost of such maintenance, repair, replacement and improvement shall be assessed to the Owners pursuant to Article 7 herein.

Details and defined maintenance for stormwater facilities are defined or are described in the stormwater maintenance agreement per auditor file # 4020560

Article 3. HOMEOWNERS ASSOCIATION

Section 3.1 Establishment. There is hereby created an association called the Bella Housa Village Homeowners Association (the "Association").

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

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



by the Board of Directors. In the event of any conflict between this Declaration and any Bylaws, the provisions of this Declaration shall prevail.

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

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

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

3.5.2 The Class B member shall be the Declarant who shall be entitled to three votes for each Lot owned by it. The Class B class of membership shall cease and be converted to Class A membership upon the occurrence of the earlier of the following events: (i) the votes of the Class A members equal the votes of the Class B member; or (ii) the seventh anniversary of the date on which this Declaration is recorded.

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

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

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



Article 4. MANAGEMENT OF THE ASSOCIATION

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

Section 4.2 Authority and Duties of the Board. On behalf of and acting for the Association, the Board, for the benefit of the Property and the Members, shall have all powers and authority permitted to the Board under this Declaration including, but not limited to, the following:

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

4.2.2 Require any officer or employee of the Association handling or responsible for Association funds to furnish adequate fidelity insurance, the premiums for which shall be paid by the Association.

4.2.3 Enter into agreements with one or more qualified persons to assist it in carrying out its obligations under this Declaration, the collection of Assessments, the sending of all required notices to Members, the operation of Association meetings, and other regular activities of the Association.

4.2.4 Contract and pay for any materials, supplies, labor or services which the Board should determine are necessary or proper for carrying out its powers and duties under this Declaration, including legal, accounting, management, security patrol or other services; however, if any materials, supplies, labor or services are provided for particular Lots or their Owners, the cost thereof shall be specially charged to the Owners of such Lots. The Board may pay the Declarant a reasonable fee for any services it performs on behalf of the Association.

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

4.2.6 Impose and collect charges for late payment of Assessments as further provided in Article 7, and, after Notice and Opportunity to be Heard by the Board or by such representative designated by the Board and in accordance with such procedures as provided in this Declaration, the Bylaws, or rules and regulations adopted by the Board, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws, and rules and regulations of the Association.



4.2.7 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself on matters affecting the Association; provided, however, that the approval of Owners holding at least 67% of the votes in the Association shall be required before the Association may institute, commence or intervene in any litigation or administrative proceeding, including arbitration, other than litigation or other proceedings against Owners for collection of delinquent Assessments or for enforcement of the Declaration or rules and regulations of the Association; but Owner approval shall not be required for settlement of such litigation or administrative proceedings.

4.2.8 Grant easements, leases, licenses, and concessions through or over the Common Areas.

4.2.9 Impose and collect any payments, fees, or charges for the use, rental, or operation of the Common Areas and for services provided to Owners.

4.2.10 Acquire, hold, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property; provided that the encumbrance, conveyance or other disposition of any portion of the Association's real property shall require the approval of the Owners holding a majority of the votes in the Association.

4.2.11 Arrange for and supervise any addition or improvement to the Common Areas, provided that if the estimated cost of any separate property acquisition, addition, or improvement to the Common Areas exceeds \$25,000, the approval of the Owners holding a majority of the votes in the Association shall be required.

Section 4.3 Adoption of Rules and Regulations. When and to the extent it deems advisable, the Board may adopt reasonable rules and regulations governing the operation, maintenance and use of the Common Areas and the Property and other matters of mutual concern to the Members, which rules and regulations are not inconsistent with this Declaration and the Bylaws and which treat all Members fairly and in a non-discriminatory manner.

Section 4.4 Additional Powers of the Association. In addition to the duties and powers of the Association, as specified herein and elsewhere in this Declaration, but subject to the provisions of this Declaration, the Association, acting through its Board, shall have the power to do all other things which may be deemed reasonably necessary to carry out its duties and the purpose of this Declaration.

Article 5. ARCHITECTURAL CONTROL

Section 5.1 Construction and Exterior Alterations or Repairs.

5.1.1 All Structures (including, without limitation, concrete or masonry walls, rockeries, driveways, exterior lighting, fences, hedges, swimming pools, if any, or other Structures) to be constructed, erected, placed or altered within the Property, all exterior alterations and repairs (including, but not limited to, re-roofing or repainting) of any Structures on the Property and visible from any street or other Lot, and any construction or alteration of landscaping on the Property must be approved by the Board or an Architectural Control Committee ("ACC") composed of three or more representatives

05/12/08 7:56 PM
58758178.2

- 10 -

4020560
06/30/2008 03:40 PM Covenant
Thurston County Washington
CITY OF YELM

Page 10 of 32



appointed by the Board; provided, that until completed Homes have been constructed on all of the Lots, the Declarant shall act as the ACC. Complete plans and specifications of all such proposed buildings, structures, exterior alterations and repairs, or landscaping together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the ACC shall be submitted to the ACC before construction, alteration or repair is begun. Construction, alteration or repair shall not be started until written approval thereof is given by the ACC.

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

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

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

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

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

5.1.7 The ACC shall have the right to disapprove the design or installation of a swimming pool or any other recreational structure or equipment deemed undesirable, in the ACC's



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

5.1.8 The ACC may require, at the Owner's expense, the trimming, topping or, if deemed necessary by the ACC, removal of any tree, hedge or shrub on the Owner's Lot which the ACC determines is unreasonably blocking or interfering with the view or access to sunlight of another Lot or any Common Area. In order to guarantee sufficient access to sunlight of solar panels on all homes, the maximum height of any tree shall be no greater than the height of the roof line of the Home located on the Lot upon which the tree grows or is proposed to be planted, and trees of any height shall be maintained so as to not interfere with access to sunlight of solar panels on any home. Leafy trees are generally discouraged because they are more likely to block sunlight to solar panels than trees without leaves.

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

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

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

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

Section 5.3 Declarant Inspections and Repairs. Declarant shall have the right, but not the obligation, to conduct inspections and tests from time to time of all or any parts of the Property in order to ascertain the physical condition of the improvements on the Lots and to determine whether maintenance, repairs or replacements of any such improvements are indicated. Declarant shall pay all costs of such inspections and tests made pursuant to this Section and shall have the right to make such repairs at it deems appropriate. Declarant shall have such rights of entry on, over, under, across and through the Lots as may be reasonably necessary to exercise the rights described in this Section. Declarant shall provide reasonable advance notice to the Association of the inspections and repairs.



Article 6. USE AND MAINTENANCE OBLIGATIONS OF OWNERS

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

Section 6.2 Restrictions on Parking and Storage. The Board may adopt rules and regulations governing parking by Owners, their guests or business invitees in Bella Housa Village. Parking in Common Area parking spaces is reserved for temporary parking by Owners, their guests or business invitees subject to such rules and regulations as the Association may adopt. No Owner shall store or allow any occupant or tenant to store any trailers, boats, motor homes, recreational vehicles, motorcycles, or trucks over two tons (except those used by Declarant in connection with the development of the Property or construction of the Homes) or any disabled or inoperable motor vehicle on the Property unless any such vehicle is completely enclosed and hidden from view within a garage or within such other enclosure as may be approved in advance by the ACC. Violations of this Section shall subject such vehicles to impound, at the expense and risk of the owner thereof.

Section 6.3 Road, Sidewalks and Paths. The road, sidewalks, and paths located in Bella Housa Village shall be maintained by the Association and used exclusively for normal access, ingress and egress, and no obstructions shall be placed thereon or therein except by express written consent of the Board.

Section 6.4 Residential Use; Timesharing Prohibited. All Lots and Structures located thereon shall be used, improved and devoted exclusively for residential purposes only, including: (i) sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants or personal guests, and similar activities commonly conducted within a residential dwelling (without regard to whether the Owner or occupant uses the Home as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis) or such other reasonable ancillary purposes commonly associated with residential dwellings and otherwise in compliance with this Declaration and all applicable laws for residential dwellings; (ii) for use as a home office or for a home occupation not



involving use by nonresident employees or regular visits by customers or clients, unless the Board determines that such use would not adversely affect (a) the right of the other Owners to the quiet enjoyment of their Home and Lot or (b) the value of the other Homes and Lots; (iii) for the common social, recreational or other reasonable uses normally incident to such purposes; and (iv) for purposes of operating the Association and managing the Property. Timesharing of Homes, as defined in RCW 64.36, is prohibited.

Section 6.5 Age Restrictions Applicable to Occupancy for Residents.

This Community has been designed as housing for persons fifty-five (55) years of age or older that is exempt from the age restriction prohibition contained in the "Housing for Older Persons Act of 1995 (HOPA), 42 U.S.C. section 3607, of the Fair Housing Act. Accordingly, the Association shall publish and adhere to policies and procedures that demonstrate an intent by the Association to provide housing for Qualifying Residents who are age 55 or older, and comply with the requirements of the Fair Housing Act.

6.5.1 At least 80 percent of the Homes in this Community shall be occupied by at least one person who is at least fifty-five (55) years of age or older. This requirement does not apply until at least 25 percent of the homes are occupied. Unoccupied homes nor homes occupied by association employees who perform substantial duties and are under 55 years of age are not included in the total. HOPA requirements state that a Home may be owned by someone under the age of 55, as long as a 55 or older resident lives in the Home.

6.5.2 At least one resident of each Home shall be a Qualifying Resident, and all other persons occupying the Home shall be Qualified Permanent Residents, as defined in Section 1.1; provided, however, that a Permitted Health Care Resident may occupy a Home for any period that such person is actually providing live-in, long-term, or hospice health care to a Qualifying Resident for compensation. The Qualifying Resident and Qualified Permanent Resident may have as guests persons under 55 years of age for periods of time not to exceed 60 days total for each guest in any calendar year.

6.5.3 Visitors under the age of 19 years shall be allowed to visit Owners or Occupants of Homes, but only for periods of time not to exceed thirty (30) nights out of any six (6) month period as to each visitor. The Board may adopt additional rules regarding such visitations, and may require that any visitor found to be unreasonably disturbing other Residents be required to leave the premises, and may exercise its authority for specific visitors even though other visitors are permitted to remain.

6.5.4 Upon the death or dissolution of marriage, or upon hospitalization or other prolonged absence of the Qualifying Resident, any Qualified Permanent Resident shall be entitled to continue his or her occupancy, residency, or use of the Home so long as such continued occupancy does not result in less than 80% of Homes being occupied by at least one Qualifying Resident. The requirements in this Section are intended to comply with the exemption requirements under the FHA and the regulations issued pursuant to the FHA as they may be amended from time to time. If the FHA or regulations are amended, modified, or repealed, the provisions of this Declaration shall be deemed to be amended, modified, or repealed in the same manner.



6.5.5 No lot shall be sold, rented or leased to any person or persons unless the standards established in this section are complied with. Without limiting the authority of the Board described in the Bylaws, the Association shall have the specific legal right to seek injunctive relief from the Superior Court of the State of Washington for Thurston County with respect to any Owner or Occupant found to be not in compliance with this Section 6.5. Noncomplying Occupants may be evicted. The prevailing party in such an action shall be entitled to reasonable attorneys' fees and costs of suit.

6.5.6 Each resident, including but not limited to Owners and tenants of Homes, shall participate in any surveys conducted, and execute any affidavits reasonably required, by the Declaration or the Association to establish or maintain the status of the Property as housing for persons age 55 or more within the meaning of the federal Fair Housing Act.

6.5.7 The Board shall have the right to waive the age restriction in connection with any Home occupant or class of Home occupants if it determines, in its sole discretion, that (i) the application of the age restriction would work an unreasonable hardship on an Owner or class of Owners, (ii) the particular waiver is in the best overall interests of the Owners as a group, and (iii) the particular waiver will not adversely affect the qualification of the Property as housing for older persons within the meaning of the federal Fair Housing Act. This age restriction shall not apply to the resident manager, if any, for the Property.

6.5.8 The Association shall maintain permanent records substantiating its continuing compliance with the policies and age limitations described herein, and shall regularly update such records through surveys and other means. Such updates must take place at least once every two years. A survey may include information regarding whether any Homes are occupied by persons who are (a) employees of the Association who perform substantial management or maintenance functions for the Community, (b) persons who are necessary to provide a reasonable accommodation to disabled residents; or (c) family members residing in Homes with their older relatives. Any of the following documents are considered reliable documentation of the age of the Occupants of the Community: driver's license; birth certificate; passport; immigration card; military identification; any other local, state, national, or international official documents containing a birth date of comparable reliability; a document (such as an affidavit, certification in a lease or purchase agreement) signed by any member of the household aged 18 or older that asserts that at least one person in the Home is 55 years of age or older; or forms or applications previously submitted by or on behalf of such Occupant. These verification procedures must be complied with as required by the Fair Housing Act. A summary of occupancy surveys undertaken shall be available for inspection upon reasonable notice and request by any person.

6.5.9 The Association must publish and adhere to policies and procedures that demonstrate an intent to comply with the requirements of the Fair Housing Act. The regulations state that any of the following may be used to show the necessary intent: descriptions of the Association as a "55-or-older" community to prospective residents; advertisements of the Association as a 55-or-older community; public postings in the Association's common property or statements indicating that the Association is designed for persons aged 55 or older; any lease provisions containing 55-or-older language; and development of and adherence to any age-screening processes. Phrases such as "adult living", "adult community", or similar statements are not consistent with an intent that this Community intends to operate a housing for persons 55 years of age or older.



Section 6.6 No Nuisances. No noxious or offensive conditions shall be permitted upon any Lot or improvement thereon, nor shall anything be done thereon which is or may become an annoyance or nuisance to other occupants of the Property.

Section 6.7 Restriction on Further Subdivision. No Lot, or any portion of a Lot in the Property, shall be divided and sold or resold, or ownership changed or transferred whereby the ownership of any portion of the Property shall be less than the area required for the use district in which the Property is located; provided, the foregoing shall not prohibit deeds of correction, deeds to resolve boundary disputes and similar corrective instruments.

Section 6.8 Garbage and Trash Removal. No Lot or Common Area shall be used as a dumping ground for rubbish, trash, garbage, litter, junk and other debris. All garbage, trash and yard waste shall be placed in appropriate sanitary containers for regular disposal or recycling. Each Owner shall be responsible for the prompt and regular disposal of all garbage, trash, junk and yard waste from the Owner's Lot. All containers for garbage, trash and yard waste may be placed in public view only on the designated collection day.

Section 6.9 Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept in or on any Home or Lot or on any Common Area, except that a reasonable number of domesticated dogs, cats or other usual household pets (hereinafter referred to as "pets") may be kept on the Lots subject to rules and regulations adopted by the Board. No dog houses, kennels, dog runs or the like may be kept or maintained on any Lot. All pets when outside a Home shall at all times be kept on an adequate leash or other means of physically controlling the pet, by a person capable of controlling the pet at all times or by a suitable invisible electronic confinement system not dangerous to humans. Pets shall not be allowed to leave excrement on any Lot or on any portion of the Common Area. Owners shall clean up immediately after their pets. Any Owner whose pet violates these provisions or who causes any unreasonable noise or damage to persons or property shall be liable to all such harmed Owners and their families, guests, and invitees. The Board may at any time require, at the Owner's sole expense, the removal of any pet of a potentially dangerous breed or any pet that the Board finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

Section 6.10 Signs. No signs shall be displayed to public view on any Lot except (i) one professionally created sign of not more than one square foot displaying the resident's name; (ii) one sign of not more than five square feet advertising the Lot for sale or rent, (iii) signs used by Declarant or other home builders to advertise Lots or Homes for sale, or (iv) the permanent entry signs for Bella Housa Village.

Section 6.11 Leasing.

6.11.1 With respect to the leasing, renting, or creation of any kind of tenancy of a Home, the Owner (except for a lender in possession of a Lot and improvements located thereon following a default in a first Mortgage, a foreclosure proceeding, or any deed of trust sale or other arrangement in lieu of a foreclosure) shall be prohibited from leasing or renting less than the entire Home, and for any term less than 30 days. All leases and rental agreements shall be in writing. Copies of all leases and rental agreements shall be delivered to the Association before the tenancy commences and all such



agreements may be subject to review and approval by the Board. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of the Declaration, the Bylaws, and rules and regulations of the Association, including age and occupancy restrictions described in Section 6.5 and the obligation of residents to participate in surveys and execute affidavits pursuant to Section 6.5. Any lease or rental agreement must further provide that any failure by the tenant to comply with the terms of such documents, obligations, rules, and regulations shall be a default under the lease or rental agreement. If any lease under this Section does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be part of the lease and binding upon the Owner and the tenant by reason of their being stated in this Declaration.

6.11.2 The Board may adopt a rule that requires any Owner desiring to rent a Home to have any prospective tenant (other than a relative of the Owner) screened, at the Owner's cost, by a tenant screening service designated or approved by the Board and to furnish the report of the tenant screening service to the Board or its designee prior to Owner's entering into a lease with the prospective tenant.

6.11.3 If any lessee or occupant of a Home violates or permits the violation by his guests and invitees of any provisions hereof or of the Bylaws or of the rules and regulations of the Association, and the Board determines that such violations have been repeated and that a prior notice to cease has been given, the Board may give notice to the lessee or occupant of the Home and the Owner thereof to forthwith cease such violations. If the violation is thereafter repeated, the Board shall have the authority, on behalf and at the expense of the Owner, to evict the tenant or occupant if the Owner fails to do so after Notice from the Board and an Opportunity to be Heard. The Board shall have no liability to an Owner or tenant for any eviction made in good faith. The Association shall have a lien against the Owner's Lot for any costs incurred by it in connection with such eviction, including reasonable attorney fees, which may be collected and foreclosed by the Association in the same manner as Assessments are collected and foreclosed under this Declaration.

6.11.4 If a Home is rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Home as is required to pay any amounts due the Association hereunder, plus interest and costs, if such amounts are in default over 30 days. The renter or lessee shall not have the right to contest payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent to the extent such rent is paid to the Association, but will not discharge the liability of the Owner (and the Home under this Declaration for assessments and charges) or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Home or its Owner, or in derogation of any rights which a Mortgagee of such Home may have with respect to such rents.

6.11.5 Other than as stated herein, there are no restrictions on the right of any Owner to lease or otherwise rent his Home.

Section 6.12 Zoning Regulations. Zoning regulations, building regulations, environmental regulations and other similar governmental regulations applicable to the Property subject to this Declaration shall be observed. In the event of any conflict between any provision of such governmental regulations and restrictions of this Declaration, the more restrictive provision shall apply.



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

Section 6.14 Protected Antennas. Owners may not install antennas, dishes or other receiving devices in or on any portion of the Lots, except as provided in this Section. Each Owner shall have the right to install a Protected Antenna (as defined by the provisions of 47 C.F.R. § 1.4000 ("FCC Rule") as it now exists or is hereafter amended or replaced, or any other federal, state or local law, code, rule or regulation that preempts, prohibits or limits restrictions on, or conditions to, the installation, maintenance or repair of telecommunications equipment desired by an Owner), but no other kind of antenna, dish or receiving device, on the Owner's Lot, subject to such reasonable rules and regulations as the Board may adopt; provided, however, the Association may prohibit the installation of a Protected Antenna by Owners if the Association provides a central antenna system that complies with the FCC Rule or any other law, ordinance, rule or regulation that permits such prohibition. If the provisions of this Section conflict with any applicable federal, state or local law, ordinance, rule or regulation, the terms of such law, ordinance, rule or regulation shall prevail, but the conditions and limitations set forth in this Section shall be enforced to the maximum extent permitted by law.

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

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

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

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

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

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



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

Section 6.21 Outdoor Fires. Outdoor barbecues may be used for cooking on the Lots when permitted by law. Reasonable and adequate precautions against fires must be taken. Excessive smoke or soot accumulation from fires shall not be allowed. No other outdoor fires shall be permitted on the Property, except for fires by Declarant or contractors for burning construction wastes where all necessary government permits have been obtained.

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

Section 6.23 Location of Fences; Permissive Use. Declarant shall construct wood fences six feet in height to enclose the perimeter of the Property. With approval of the ACC, Owners may also construct fences to designate the line between the open space tracts and Lots adjacent to the tract. Each fence, when constructed, shall be on the property line between adjoining Lots, as shown on the Plats. Owners of adjoining Lots shall be jointly responsible for keeping the fencing between their respective Lots in good condition and repair. Height restriction of 4 feet and rail type and chainlink only.

Section 6.24 Damage and Repair of Property. Upon any Substantial Damage (as defined below) to any Home or Lot, the Owner shall promptly restore and repair the Home to substantially the same size and design as the original Home. The prior written consent or vote of the Board and a vote of 67% of the total votes entitled to be cast by the Owners of the Lots is required to rebuild in accordance with a plan that is different from the original plan or as modified by alterations approved by the Board. As used in this Section, Substantial Damage shall mean that in the judgment of a majority of the Board the estimated damage for the Home exceeds ten percent of the full, fair market value of the Home before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation.

Article 7. ASSESSMENTS

Section 7.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any assessment duly levied by the Association as provided in this Declaration. Such assessments, together with interest, costs, late charges and reasonable attorneys fees, shall also be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs, late charges and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successor title unless the lien for such delinquent assessments had been properly recorded prior to title transfer or unless expressly assumed by that party. When ownership of a Lot changes, assessments



payable in installments which have been established for the current fiscal year shall be prorated between the buyer and seller based on a 365 day year.

Section 7.2 Liability for Assessments. Any assessments which may be levied from time to time pursuant to the authority of the Board shall be established in accordance with this Article 7, except for assessments levied against an Owner for the purpose of paying or reimbursing the Association for costs incurred or to be incurred in connection with bringing an Owner's Lot into compliance with the provisions of this Declaration. Declarant shall not be obligated to pay any assessment levied against any Lots owned by it unless a Home has been constructed on the Lot and the Home is occupied. No Owner may exempt himself or herself from liability for his assessments by abandoning the Owner's Lot.

Section 7.3 Association Budget. The Association shall prepare, or cause the preparation of, an operating budget for the Association at least annually, in accordance with generally accepted accounting principles. The operating budget shall set forth sums required by the Association, as estimated by the Board, to meet its annual costs and expenses. Assessments on each Lot shall commence upon the closing of the sale of the Lot with a completed Home thereon or upon the occupancy of the Home, whichever is earlier. The members of the Association who are obligated to pay assessments based on a particular budget may reject said budget at a special meeting of the Association by a vote of 51% of the votes of each class of Members. Until assessments have commenced on all Lots, Declarant shall have the option of either paying an amount equal to the assessments which would have been due with respect to the unoccupied Lots owned by it had assessments commenced thereon or paying to the Association an amount equal to the excess, if any, of actual expenses of the Association over assessments levied.

Section 7.4 Levy of General Assessment. In order to meet the costs and expenses projected in its operating budget, the Board shall determine and levy on every Owner a general assessment. The Association's operating budget shall be divided by the number of Lots to determine the amount of one assessment unit. Except as provided in Section 7.3 with respect to unoccupied Lots owned by the Declarant, each Owner's general assessment shall be calculated by multiplying the number of Lots owned by the Owner by one assessment unit.

Section 7.5 Amount of General Assessment. The Board shall make reasonable efforts to determine the amount of the general assessment payable by each Owner for an assessment period at least 30 days in advance of beginning of such period. Notice of the general assessment shall thereupon be sent to each Owner subject to assessment; provided, however, that failure to notify an Owner of the amount of an assessment shall not render such assessment void or invalid. Any failure by the Board, before the expiration of any assessment period, to fix the amount of the general assessment hereunder for the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Owner from the obligation to pay the general assessment, or any installment thereof, for that or any subsequent assessment period.

Section 7.6 Assessment Period. The general assessment fixed for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Association of the operating budget during the assessment period for which each budget was prepared, the Board shall, if necessary, revise the general assessment levied against the Owners and give notice of the same in the same manner as the initial levy of a general assessment for the assessment period.



Section 7.7 Special Assessments. In addition to the general assessments authorized by this Article, the Association may levy an assessment or assessments at any time against all Lot Owners, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a Common Area, or for such other purposes as the Association may consider appropriate; provided, however, that any such assessment must have the prior favorable vote of a majority of each class of Members. The amount of each Owner's special assessment for any year shall be calculated like the general assessment, except that the total special assessment shall be substituted for the operating budget amount and shall be payable in one or more installments, as determined by the Board. In addition, costs incurred by the Association for work done on the Owner's Lot pursuant to Section 6.1 shall be a special assessment against the Owner of that Lot. Special assessments may be levied either before or after the work is done, in the discretion of the Board.

Section 7.8 Manner and Time of Payment. Assessments shall be payable in such reasonable manner as the Board shall designate. Any assessment or installment thereof which remains unpaid for at least 15 days after the due date thereof shall bear interest at the rate of 12% per annum, and the Board may also assess a late charge in an amount not exceeding 25% of any unpaid assessment which has been delinquent for more than 15 days.

Section 7.9 Accounts. Any assessments collected by the Association shall be deposited in one or more federally insured institutional depository accounts established by the Board. The Board shall have exclusive control of such accounts and shall maintain accurate records thereof. No withdrawal shall be made from said accounts except to pay for charges and expenses authorized by this Declaration.

Section 7.10 Lien. In the event any assessment or installment thereof remains delinquent for more than 30 days, the Board may, upon 15 days' prior written notice to the Owner of such Lot of the existence of the default, accelerate and demand immediate payment of the entire assessment. The amount of any assessment assessed or charged to any Lot plus interest, costs, late charges and reasonable attorneys' fees, shall be a lien upon such Lot. A notice of assessment may be recorded in the office where real estate conveyances are recorded for the county in which the Lot is located. Such notice of assessment may be filed at any time at least 15 days following delivery of the notice of default referred to above in this Section. The lien for payment of such assessment and charges shall have priority over all other liens and encumbrances, recorded or unrecorded, limited as provided in Section 10.1. Suit to recover a money judgment for unpaid assessments or charges shall be maintainable without foreclosure or waiver of the lien securing the same. Said liens may be foreclosed as a mortgage.

Section 7.11 Waiver of Homestead. Each Owner hereby waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law in effect at the time any assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms hereof.

Section 7.12 Records and Financial Statements. The Board shall prepare or cause to be prepared for any fiscal year in which the Association levies or collects any assessments, a balance sheet and an operating (income/expense) statement for the Association which shall include a schedule of delinquent assessments identified by the number of the Lot and the name of the Lot Owner; provided, however, such documents need not be prepared by a certified public accountant unless requested by the Board or a majority of the Owners. The Board shall cause detailed and accurate records of the receipts and expenditures of the Association to be kept specifying and itemizing the maintenance, operating, and any other expense incurred. Such records, copies of this Declaration, the Articles and the Bylaws, and



any resolutions authorizing expenditures of Association funds shall be available for examination by any Owner during normal business hours or under other reasonable circumstances.

Section 7.13 Certificate of Assessment. A certificate executed and acknowledged by the treasurer or the president of the Board (or an authorized agent thereof, if neither the president nor treasurer is available) stating the indebtedness for assessment and charges or lack thereof secured by the assessments upon any Lot shall be conclusive upon the Association as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any Owner or any Mortgagee of a Lot within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any Mortgagee holding a lien on a Lot may pay any unpaid assessments or charges with respect to such Lot, and, upon such payment, shall have a lien on such Lot for the amounts paid of the same priority as its lien.

Section 7.14 Foreclosure of Assessment Lien; Attorneys Fees and Costs. The Board (or authorized agent), on behalf the Association, may initiate an action to foreclose the lien of, or collect, any assessment. In any action to foreclose the lien of, or otherwise collect, delinquent assessments or charges, any judgment rendered in favor of the Association shall include a reasonable sum for attorneys' fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to all costs permitted by law. Said liens may be foreclosed as a mortgage.

Section 7.15 Curing of Default. The Board shall prepare and record a satisfaction and release of the lien for which a notice of assessment has been filed and recorded in accordance with this Article upon timely payment or other satisfaction of all delinquent assessments set forth in the notice and all other assessments which have become due and payable following the date of such recordation with respect to the Lot to which such notice of assessment was recorded, together with all costs, late charges and interest which have accrued thereon. A fee of twenty-five dollars (\$25.00) or such other amount as may from time to time be set by the Board covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction and release of the lien created by the notice of assessment shall be executed by the president or treasurer of the Association or by any authorized representative of the Board. For the purpose of this paragraph, the term "costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the notice of assessment and any efforts to collect the delinquent assessments, including a reasonable sum for attorneys' fees and costs.

Section 7.16 Delinquent Assessment Deposit; Working Capital.

7.16.1 A Lot Owner may be required by the Board, from time to time, to make and maintain a deposit of up to three months' estimated monthly assessments, which may be collected as are other assessments and charges. Such deposit shall be held in a separate fund, be credited to the Lot owned by such Owner, and be for the purpose of establishing a reserve for delinquent assessments.

7.16.2 Resort may be had thereto at any time when such owner is ten days or more delinquent in paying his or her monthly or other assessments and charges. Said deposits shall not be considered as advance payments of regular assessments. In the event the Board should draw upon said deposit as a result of a Lot Owner's delinquency in payment of any assessments, the Owner shall continue to be responsible for the immediate and full payment of said delinquent Assessment (and all penalties and



costs thereon) and thus the full restoration of said deposit, and the Board shall continue to have all of the rights and remedies for enforcing such assessment payment and deposit restoration as provided by this Declaration and by law.

7.16.3 Upon the sale of a Lot, the seller/Owner thereof shall not be entitled to a refund from the Association of any deposit or reserve account made or maintained with respect to such Lot pursuant to this or any other section of this Declaration; rather, any such deposit or reserve account shall continue to be held by the Association for the credit of such Lot, and the seller/Owner shall be responsible for obtaining from the purchaser appropriate compensation therefor.

7.16.4 The first purchaser of any Lot shall pay to the Association, in addition to other amounts due, an amount equal to three months of monthly assessments as an initial contribution to the Association's working capital. Such working capital contributions shall not be used to defray Declarant's expenses in completing the construction or development of the Property, to pay Declarant's contributions to Association reserves or to make up any deficits in the budget of the Association.

Article 8. COMPLIANCE AND ENFORCEMENT

Section 8.1 Enforcement.

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

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

Section 8.2 No Waiver of Strict Performance. The failure of the Board or Declarant, as applicable, in any one or more instances to insist upon or enforce the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of any Bylaws or administrative rules or regulations, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. No waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

Section 8.3 Arbitration. Any dispute between the Owners, between an Owner and the Board or the Association or between an Owner, the Board or the Association and Declarant shall be determined by arbitration in Thurston County, Washington, under the American Arbitration Association (AAA) Commercial Arbitration Rules with Expedited Procedures in effect on the date hereof, as modified



by this Declaration. There shall be one arbitrator selected by the parties within seven days of the arbitration demand or, if not, then selected pursuant to the AAA Rules. The arbitrator shall be an attorney with at least five years' owners association, subdivision or real estate law experience. Any issue about whether a claim must be arbitrated pursuant to this Declaration shall be determined by the arbitrator. At the request of either party made not later than 45 days after the arbitration demand, the parties agree to submit the dispute to nonbinding mediation which shall not delay the arbitration hearing date. There shall be no substantive motions or discovery, except the arbitrator shall authorize such discovery as may be necessary to ensure a fair hearing, which shall be held within 90 days of the demand and concluded within two days. These time limits are not jurisdictional. The arbitrator shall apply substantive law and may award injunctive relief or any other remedy available from a judge including attorneys' fees and costs to the prevailing party, but the arbitrator shall not have the power to award punitive damages. This arbitration provision shall not cover claims by the Association for collection of assessments; such claims shall be governed by Article 7.

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

Article 9. LIMITATION OF LIABILITY

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

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

05/12/08 7:56 PM
50750178.2

- 24 -



Article 10. MORTGAGEE PROTECTION

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

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

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

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

Section 10.5 Furnishing of Documents. The Association shall make available to prospective purchasers, mortgagees, insurers, and guarantors, at their request, current copies of the Declaration, Bylaws, and other rules governing the Property, and the most recent balance sheet and income/expense statement for the Association, if any has been prepared. The Association may require the requesting party to pay a reasonable charge to pay the cost of making the copies.

Article 11. EASEMENTS AND SPECIAL TRACTS

Section 11.1 Association Functions. There is hereby reserved to Declarant and the Association or their duly authorized agents and representatives such easements as are necessary to



perform the duties and obligations of the Association as are set forth in the Declaration, or in the Bylaws, and rules and regulations adopted by the Association. Such easements include, but are not limited to, an easement for the Association and its agents for access over, across and through each Lot to perform its maintenance obligations with respect to yards of Homes as provided in Section 6.1.

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

Section 11.3 Entry by Security Patrol. If the Board contracts for security patrol service, said service, and its employees, shall have the right to enter onto any of the Lots and the Common Area in order to carry out their duties under such security patrol agreement; provided, however, that, said patrol service can enter a Lot only if it is either (i) doing so with reasonable cause, or (ii) acting with the consent of the Owner or tenant of such Lot.

Article 12. ABANDONMENT OF SUBDIVISION STATUS

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

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

Article 13. AMENDMENT OF DECLARATION OR PLAT MAP

Section 13.1 Declaration Amendment. Amendments to this Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Until the Transition Date, this Declaration may be amended by an instrument approved and executed by Declarant and approved by 67% of each class of member in the Association. Thereafter, amendments must be approved by Owners, including Declarant, having over 67% of the votes in the Association. The members' approval may be obtained by a special vote of the members at a meeting of the Association, or



the written consent of the requisite percentage of members. The amendment shall be executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained. Notwithstanding any of the foregoing, the prior written approval of 51% of all Mortgagees who have requested from the Association notification of amendments shall be required for any material amendment to the Declaration or the Bylaws of any of the following: voting rights; assessments, assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity insurance; responsibility for maintenance and repair; the boundaries of any Lot; convertibility of Lots into Common Areas or of Common Areas into Lots; leasing of Lots other than set forth herein; imposition of any restrictions on the right of an Owner to sell or transfer his Lot; a decision by the Association to establish self-management when professional management has been required previously by the Mortgagees; or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of first Mortgages. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

Section 13.2 Plat Map. Except as otherwise provided herein, the Plat Map may be amended by revised versions or revised portions thereof referred to and described as to affect an amendment to the Declaration adopted as provided for in Section 13.1. Copies of any such proposed amendment to the Plat Map shall be made available for the examination of every Owner. Such an amendment to the Plat Map shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county offices in conjunction with the Declaration amendment.

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

Article 14. INSURANCE

Section 14.1 Association Insurance. The Board shall cause the Association to purchase and maintain at all times as a common expense a policy or policies necessary to provide comprehensive liability insurance; fidelity insurance; worker's compensation insurance to the extent required by applicable laws; insurance against loss of personal property of the Association by fire, theft, or other causes with such deductible provisions as the Board deems advisable; and such other insurance as the Board deems advisable. The Board may also, in its sole discretion, cause the Association to purchase and maintain insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's affairs. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects and licensed to do business in the state of Washington. All such insurance policies and fidelity bonds shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of



premium) without at least 30 days' prior written notice to any and all insureds named therein, including Owners, holders of mortgages, and designated servicers of mortgagees.

Section 14.2 Owners' Insurance.

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

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

14.2.3 The liability insurance coverage maintained by each Owner shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Lot and such other risks as are customarily covered for similar residential properties with a limit of liability of at least \$300,000.

14.2.4 Any portion of the Home or Lot for which insurance is required under this Article which is damaged or destroyed shall be repaired or replaced promptly by the Owner pursuant to Section 6.24 unless the subdivision is terminated or repair or replacement would be illegal under any state or local health or safety statute or ordinance.

Article 15. MISCELLANEOUS

Section 15.1 Notices.

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

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



15.1.1.2 If to Declarant, whether in its capacity as a Member, or in any other capacity: to the following address (unless Declarant shall have advised the Board in writing of some other address):

Bella Housa Village, LLC
Attn: Merle Hom, Managing Member
14948 -89th Ave. SE
Yelm, WA 98597

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

Section 15.2 Conveyance: Notice Required. The right of an Owner to sell, transfer, or otherwise convey his or her Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. If a Lot is being sold, the Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Lot, whether or not such information is requested.

Section 15.3 Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sublessees and assigns of the Member.

Section 15.4 Joint and Several Liability. In the case of joint ownership of a Lot, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners, set forth in or imposed by this Declaration, shall be joint and several.

Section 15.5 Mortgagee's Acceptance.

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

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



Section 15.6 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

Section 15.7 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Property.

Section 15.8 Captions. Captions given to the various articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof.

Section 15.9 Effective Date. The Declaration shall take effect upon recording.

[remainder of page intentionally left blank]



IN WITNESS WHEREOF, Declarant has executed this Declaration of Covenants, Conditions, Reservations for BELLA HOUSA VILLAGE, on the day and year first herein above written.

DECLARANT:

BELLA HOUSA VILLAGE, LLC,
a Washington limited liability company

By Merle Hom
Merle Hom, Its Managing Member

STATE OF WASHINGTON)
) ss.
COUNTY OF THURSTON)

I certify that I know or have satisfactory evidence that MERLE HOM is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it, as the Managing Member of BELLA HOUSA VILLAGE, LLC, a Washington limited liability company, to be the free and voluntary act of such corporation for the uses and purposes mentioned in the instrument.

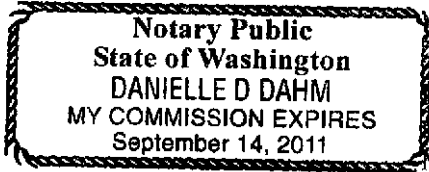
Dated this 25th day of June, 2008

Danielle D Dahm

(Signature of Notary)

Danielle D Dahm

(Legibly Print or Stamp Name of Notary)



Notary public in and for the state of Washington, residing
at Thurston Cty
My appointment expires 9/14/11



EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL A:

THE NORTH HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE
SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 17 NORTH, RANGE 1 EAST, W.M.,
EXCEPT COUNTY ROAD KNOWN AS MOUNTAIN VIEW ROAD ADJACENT ON THE EAST.

PARCEL B:

THE NORTH HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE
SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 17 NORTH, RANGE 1 EAST, W.M.,
EXCEPT COUNTY ROAD KNOWN AS BURNETT ROAD ADJACENT ON THE WEST.

IN THURSTON COUNTY WASHINGTON

