

DECLARATION OF COVENANTS
CONDITIONS, RESTRICTIONS, AND EASEMENTS (CC&Rs)
FOR THE HIGHLANDS AT PLEASANT VALLEY

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Minor editing has been done to correct typos and improve formatting.
Date last Edited: October 11, 2007

Table of Contents

SUMMARY	732
ARTICLE 1 – DEFINITIONS	736
Section 1.1 – Association.....	736
Section 1.2. – Association Action.....	736
Section 1.3. – Board.....	736
Section 1.4. – Common Areas	736
Section 1.5. – Declarant.....	736
Section 1.6. – Declaration.....	736
Section 1.7. – Development Period	737
Section 1.8. – Governing Documents	737
Section 1.9. – The Highlands at Pleasant Valley.....	737
Section 1.10. – Living Unit.....	737
Section 1.11. – Lot.....	737
Section 1.12. – Mortgage.....	737
Section 1.13. – Owner.....	738
Section 1.14. – Participating Builder	738
Section 1.15. – Phase	738
Section 1.16. – Single Family.....	738
Section 1.17. – Supplementary Declaration.....	738
ARTICLE 2 – THE HIGHLANDS AT PLEASANT VALLEY ASSOCIATION	738
Section 2.1. – Description of Association.....	738
Section 2.2. – Association Board.....	738
Section 2.3. – Association Membership.	739
Section 2.4. – Votes Appurtenant to Lots.....	739
Section 2.5. – Owner’s Compliance with Governing Documents.....	739
Section 2.6. – Rules and Regulations.	739
ARTICLE 3 – ASSOCIATION BUDGET, ASSESSMENTS. AND LIENS	741
Section 3.1 – Owner’s Covenant to Pay Assessments.....	741
Section 3.2 – Association Budget.....	741
Section 3.3 – Levy of General Assessment	741
Section 3.4. – Payment of General sssessment.	742
Section 3.5. – Non-Discriminatory Assessment.....	742
Section 3.6. – Commencement of Assessments, One-Year Exemption of Vacant Lots	742
Section 3.7. – Certificates and Assessment Payment	743
Section 3.8. – Special Assessments.....	743
Section 3.9. – Effect of Non-Payment of Assessment.....	743
Section 3.10. – Lien to Secure Payment	743
Section 3.11. – Suspension for Non-Payment of Assessment.....	744
Section 3.12. – Reserves for Replacement.	744
Section 3.13. – Certain Areas Exempt.....	745
ARTICLE 4 – SUBORDINATION OF LIENS.....	745
Section 4.1. – Intent of Provisions.....	745
Section 4.2. – Mortgagee’s Non-Liability.	745
Section 4.3. – Mortgagee’s Rights During Foreclosure.....	745
Section 4.4. – Mortgagee as Owner.....	745
Section 4.5. – Mortgagees Title Free and Clear of Liens.....	745
Section 4.6. – Survival of Assessment Obligation.....	746
Section 4.7. – Subordination of Assessment Liens.....	746

Table of Contents

ARTICLE 5 – USE COVENANTS, CONDITIONS, AND RESTRICTIONS.....	746
Section 5.1. – Authorized Uses.....	746
Section 5.2. – Approval for Building or Clearing Plans Required.....	746
Section 5.3. – Leasing Restrictions.....	747
Section 5.6. – Animals.....	747
Section 5.5. – Commercial Uses.....	747
Section 5.6. – Trailers and Campers.....	747
Section 5.7. – Garbage.....	747
Section 5.8. – Utilities Underground.....	748
Section 5.9. – Mining Prohibited.....	748
Section 5.10. – Signs.....	748
Section 5.11. – No Obstruction of Easements.....	748
Section 5.12. – Antennae.....	748
Section 5.13. – Wells and Septic Tanks.....	748
Section 5.14. – Owners’ Maintenance Responsibilities.....	748
Section 5.15. – Weapons.....	749
Section 5.16. – Sales and Construction Facilities.....	749
Section 5.17. – Nuisances Prohibited.....	749
Section 5.18. – Drainage Swales on Private Streets.....	749
Section 5.19. – Trees.....	750
Section 5.20. – Private Streets.....	750
Section 5.21. – Structure Setback Zone.....	750
Section 5.22. – Re-division of Lots.....	750
Section 5.23. – Water Quality Monitoring.....	750
Section 5.24. – Relief from Certain Provisions.....	750
ARTICLE 6 – COMMON AREAS.....	751
Section 6.1. – Title to Common Areas.....	751
Section 6.2. Owner’s Common Rights.....	751
Section 6.3. – Maintenance of Common Areas.....	751
ARTICLE 7 – INSURANCE, CASUALTY LOSSES; CONDEMNATION.....	752
Section 7.1. – Insurance Coverage.....	752
Section 7.2. – Casualty Losses.....	753
Section 7.3. – Condemnation.....	753
ARTICLE 8 – ENFORCEMENT.....	753
Section 8.1. – Right to Enforce.....	753
Section 8.2. – Remedies Cumulative.....	753
Section 8.3. – Covenants Running with the Land.....	753
ARTICLE 9 – AMENDMENT AND RECOGNITION.....	754
Section 9.1. – Amendment by Declarant or Association.....	754
Section 9.2. – Effective Date.....	754
ARTICLE 10 – GENERAL PROVISIONS.....	754
Section 10.1. – Taxes.....	754
Section 10.2. – Transfer of Certain Utilities, Utility Repair Easement.....	755
Section 10.3. – Non-waiver.....	755
Section 10.4. – Attorneys’ Fees.....	755
Section 10.5. – No Abandonment of Obligation.....	755
Section 10.6. – Interpretation.....	755
Section 10.7. – Severability.....	755

Table of Contents

Section 10.8. – Notices..... 755
Section 10.9. – Applicable Law..... 756

Information Copy

Table of Contents

Information Copy

SUMMARY OF
DECLARATION OF COVENANTS
CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR
THE HIGHLANDS AT PLEASANT VALLEY

The following is a summary of the major provisions of the Declarations of Covenants, Conditions, and Restrictions (often referred to as “the CC&Rs”) for The Highlands at Pleasant Valley. This summary is provided for your convenience in order to highlight some of the major features of the CC&RS. In case of any question about a provision, please refer to the CC&Rs themselves, as the actual language of the CC&R will control what can and cannot be done in The Highlands at Pleasant Valley.

The Highlands at Pleasant Valley Association (Article 2)

The Highlands at Pleasant Valley Association is the homeowners’ association responsible for ownership, control, and maintenance of the private roads and common areas in The Highlands at Pleasant Valley. The Association is governed by a board of directors elected by the Association membership. Everyone who owns a lot in The Highlands at Pleasant Valley automatically belongs to the Association. The Architectural Control Committee is established by the Association to regulate the appearance of houses, fences and all other structures constructed in The Highlands at Pleasant Valley. No house or other structure may be built until the approval of the Architectural Control Committee is first obtained.

The Highlands at Pleasant Valley Association Assessments (Article 3)

Each owner in The Highlands at Pleasant Valley is required to pay a general assessment levied annually by The Highlands at Pleasant Valley Association to finance its operating expenses. The general assessment may be paid in installments as levied from time to time to pay for extraordinary expenses that arise. If an owner does not pay an assessment when due, the unpaid assessment becomes a lien against the owner’s property in The Highlands at Pleasant Valley, in the same way that a mortgage is a lien on your property. Like an unpaid mortgage, the Association’s lien may be foreclosed by a lawsuit that results in the sale of the owner’s property to pay off the overdue assessment.

Use Restrictions in The Highlands at Pleasant Valley (Article 5)

Article 5 contains provisions that restrict activities in The Highlands at Pleasant Valley. For example, commercial uses are generally prohibited. Signs are prohibited on lots except ordinary “for sale” signs. Certain maintenance responsibilities are imposed on all owners in order to ensure that their homes are kept in good condition and their lots attractively maintained. Firearms and other dangerous weapons may not be used within The Highlands at Pleasant Valley. No hunting is permitted.

Common Areas (Article 7)

All The Highlands at Pleasant Valley residents have an equal right to use all The Highlands at Pleasant Valley common areas, which will be owned by The Highlands at Pleasant Valley Association except for certain areas to be transferred to Clark County for public park purposes. The Association is responsible for the maintenance and improvement of all common areas.

The foregoing summary is no substitute for a careful reading of the CC&Rs themselves. Please take time to read them. In a way, the CC&Rs are the underlying “constitution” for The Highlands at Pleasant Valley. Together with State and County regulations, and the Association Rules and Bylaws, the CC&Rs are the foundation for a responsibility to abide by the provisions of the CC&Rs in order to make The Highlands at Pleasant Valley the special place it was designed to be.

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND EASEMENTS FOR THE HIGHLANDS AT PLEASANT VALLEY:
A MASTER PLANNED COMMUNITY

THIS DECLARATION is made on this 19th day of May, 1992, by the undersigned who are the owners of certain land situated in the State of Washington, County of Clark, known as The Highlands at Pleasant Valley, hereafter referred to and defined and more particularly described on Exhibit A, and the Plat which was recorded in Volume __, of Plats at Page __ Records of Clark County, which is attached hereto and incorporated herein by this reference as fully set forth.

DESCRIPTION OF DECLARATION

Declarant desires to create in The Highlands at Pleasant Valley as defined herein a planned community with residential, as well as other public and private uses, services, and facilities. Declarant also desires to create permanent open space areas and other common facilities for the benefit of The Highlands at Pleasant Valley community, to provide for the preservation of the natural values and amenities in The Highlands at Pleasant Valley, and to provide for the maintenance of common facilities.

This Declaration establishes a plan for the ownership of all the easements, or any land hereafter defined and referred to as the "Common Areas." The non-profit corporation is the HIGHLANDS AT PLEASANT VALLEY ASSOCIATION, hereafter referred to and defined as the "Association," to which shall be delegated and assigned the duties and powers of maintaining and administering the Common Areas and facilities and administering and enforcing these Covenants, Conditions, and Restrictions, and collecting and disbursing the assessments and charges hereinafter created.

This Declaration establishes the right and power of the Association to levy general and special assessments on each Owner, as hereafter referred to and defined, in order to finance the construction and maintenance of improvements to the Common areas and facilities, and in order to effectuate all the powers and duties of the Association, as described herein. This Declaration further establishes certain restrictions on the various uses and activities that may be permitted in The Highlands at Pleasant Valley and further establishes the right of the Association to promulgate rules and regulations which may further define and limit permissible uses and activities consistent with the provisions of this Declaration.

NOW, THEREFORE, the undersigned hereby covenant, agree, and declare that all of The Highlands at Pleasant valley as defined herein and the buildings and structures hereafter constructed thereon are, and will be, held, sold, and conveyed subject to and burdened by the following covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of The Highlands at Pleasant Valley and all for the benefit of the Owners thereof, their heirs, successor, grantees, and assigns. All provisions of this Declaration shall be binding upon all parties having or acquiring any right, title, or interest in The Highlands at Pleasant Valley or any part thereof, and shall inure to the benefit of the owners thereof and to the benefit of the Association and are intended to be and shall in all respects be regarded as covenants running with the land.

ARTICLE 1 – DEFINITIONS

Section 1.1 – Association

“Association” shall mean and refer to The Highlands at Pleasant Valley Association, a Washington non-profit corporation, its successors and assigns.

Section 1.2. – Association Action

“Association Action” shall mean and refer to a written corporate action of the Association in the form of either a by-law or resolution duly passed by either the Board or the Owners.

Section 1.3. – Board

“Board” shall mean and refer to the Board of Directors of the Association.

Section 1.4. – Common Areas

“Common Areas” shall mean and refer to all real property that is owned by or transferred to the Association, or that is designated by Declarant for future ownership by the Association on a final plat or other recorded document creating a Phase, including without limitation open space areas and improvements thereon, pedestrian and equestrian trails, bicycle paths, private roads, landscaping, and other areas available for common use and enjoyment by members of the Association, and irrigation, sewer, water, storm drainage and other utility, systems located on or in the Common Areas or between the Common Areas and the streets or on or in other public or utility easements.

Section 1.5. – Declarant

“Declarant” shall mean and refer to RANDY B. HANSON CONSTRUCTION, INC. AND GARR CONSTRUCTION, INC., Washington corporations, their successors and assigns, if such successors or assigns should acquire all or substantially all of the then-undeveloped Parcels of The Highlands at Pleasant Valley from Declarant for the purpose of development (excluding Participating Builders); provided, however that no successor or assignee of Declarant shall have any rights or obligations of Declarant hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or other recorded instrument or passed by operation of law. Certain rights and obligations of Declarant, as set forth herein, shall cease at the end of the Development Period.

Section 1.6. – Declaration

“Declaration” shall mean and refer to this instrument, as the same may be supplemented or amended from time to time.

Section 1.7. – Development Period

“Development Period” shall mean and refer to that period of time beginning on the date of this Declaration and ending whenever any of the following first occurs: (i) 30 years from the date hereof; or (ii) 4 months after Declarant has transferred title to purchasers of Lots representing ninety-five percent (95%) of the total voting power of all Owners as then constituted; or (iii) written notice from Declarant to the Association in which Declarant elects to terminate the Development Period.

Section 1.8. – Governing Documents

“Governing Documents” shall mean and refer to this Declaration, Supplementary Declarations, and the Articles of Incorporation and By-Laws of the Association, as any of the foregoing may be amended from time to time.

Section 1.9. – The Highlands at Pleasant Valley

“The Highlands at Pleasant Valley” shall mean and refer to that certain real property described on Exhibit A attached hereto, and such additions thereto as may hereafter be brought within the terms and conditions hereof, in accordance with Article 2 of this Declaration.

Section 1.10. – Living Unit

“Living Unit” shall mean and refer to a building or structure or any portion thereof situated in The Highlands at Pleasant Valley that is designed and intended for use and occupancy as a residence by a Single Family, and the appurtenant landscaping, fences, garages, driveways, or parking areas occupying any Lot on which a Living Unit is situated. If a Living Unit is constructed on Lot, the definition of Living unit shall be deemed to encompass the underlying Lot, as well, but the definition shall not include any Lot on which a Living Unit has not yet received a certificate of occupancy or analogous certificate from the applicable governmental authority.

Section 1.11. – Lot

“Lot” shall mean and refer to any legally segmented and alienable portion of The Highlands at Pleasant Valley created before or after the date of this Declaration, through subdivision, short subdivision, site plan approval, or any other legal process for dividing land, with the exception of streets and other public areas and Common Areas.

Section 1.12. – Mortgage

“Mortgage” shall mean and refer to any recorded mortgage or deed of trust encumbering one or more of the Lots or Living Units. ‘First Mortgage’ shall mean and refer to a Mortgage with priority over other Mortgages. Mortgagee shall mean and refer to the holder or beneficiary of any Mortgage and shall not be limited to Institutional Mortgagees. As used herein, the term “Institutional Mortgagees” or “Institutional Holder” shall include banks, trust companies, insurance companies, mortgage companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, Federal National Mortgage Association (“FNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”), all corporations, and any agency or department of the United States Government or of any state or municipal government.

Section 1.13. – Owner

“Owner” shall mean and refer to the record owner (whether one or more persons or entities) of a fee interest in any Lot including Participating Builders but excluding Mortgagees or other persons or entities having such Interest merely as security for the performance of an obligation. Purchasers or assignees under recorded real estate contracts shall be deemed Owners as against their respective sellers or assignors.

Section 1.14. – Participating Builder

“Participating Builder” shall mean and refer to a person or entity that acquires a Lot in The Highlands at Pleasant Valley for resale to owners.

Section 1.15. – Phase

“Phase” shall mean and refer to any portion of The Highlands at Pleasant Valley that is segregated by Declarant’s filing for recording of a final plat that creates lots.

Section 1.16. – Single Family

“Single Family” shall mean and refer to a single housekeeping unit that includes not more than 4 adults who are legally unrelated.

Section 1.17. – Supplementary Declaration

“Supplementary Declaration” shall mean and refer to any recorded declaration of covenants, conditions, and restrictions which extends the provisions of this Declaration to a Phase or which contains such complementary provisions for a Phase as are deemed appropriate by Declarant.

ARTICLE 2 – THE HIGHLANDS AT PLEASANT VALLEY ASSOCIATION

Section 2.1. – Description of Association.

The Association will be a non-profit corporation organized and existing under the laws of the State of Washington charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as they may be amended from time to time; provided, however, that no Governing Documents other than this Declaration shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 2.2. – Association Board.

Declarant shall within 90 days of execution of this Declaration, select an initial Board of not fewer than 3 persons who need not be Owners. The initial Board shall have the full authority and all rights, responsibilities, privileges, and duties to manage the Association under the Governing Documents and shall be subject to all provisions of the Governing Documents. The term of the initial directors of the Board shall expire at the first annual meeting of the Association. The Board shall also elect officers to hold office until the first annual meeting of the Association. The officers shall include a President who shall preside over meetings of the Board and meetings of the Association and a Secretary, and such other officers as the Board shall establish.

Section 2.3. – Association Membership.

Every person or entity who is an owner shall by reason thereof be a member of the Association. Such membership shall be appurtenant to and held and owned in the same manner as the beneficial fee interest in the Lot to which it relates; provided, however, that any owner may delegate in writing his rights of membership in the Association and rights of enjoyment in the Common Areas to the members of his family and to his tenants occupying a Living Unit.

Section 2.4. – Votes Appurtenant to Lots.

The Association shall have two classes of voting membership.

Class A. Class A Members shall be all Owners, with the exception of the Developer and shall be entitled to one vote for each Lot owned. 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 they determine, but in no event shall more than one vote be cast respecting any Lot.

Class B. The Class B Member shall be the Declarant and shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- a. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or:
- b. On December 31, 1995.
- c. Upon Declarant's election to terminate Class B shares.

Section 2.5. – Owner's Compliance with Governing Documents.

By acceptance of a deed to a Lot, execution of a contract therefore, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents of the Association, and all rules and regulations duly promulgated pursuant to Association Action.

Section 2.6. – Rules and Regulations.

The Association shall have the power to adopt from time to time by Association Action and to enforce rules and regulations governing the use of The Highlands at Pleasant Valley, in addition to the use restrictions contained in this Declaration and whether or not expressly contemplated herein, provided that such rules and regulations shall not be inconsistent with this Declaration. The rules and regulations may not discriminate among Owners. The Association may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension

of the right to use the Common Areas or portions thereof. Any such rules and regulations shall become effective 30 days after promulgation or amendment and shall be mailed to all Owners within 30 days after promulgation or amendment. A copy of the rules and regulations then in force shall be retained by the secretary of the Association and shall be available for inspection by any Owner during reasonable business hours. Such rules shall have the same force and affect as if set forth herein.

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ARTICLE 3 – ASSOCIATION BUDGET, ASSESSMENTS. AND LIENS

Section 3.1 – Owner’s Covenant to Pay Assessments.

By acceptance of a deed to a Lot, execution of a contract thereof or, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to pay the Association, in advance, all general and special assessments levied as provided herein.

Section 3.2 – 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 all sums required by the Association, as estimated by the Board, to meet its annual costs and expenses, including but in no way limited to all management and administration costs, operating and maintenance expenses of the Common Areas, and services furnished to or in connection with the Common Areas, including the amount of all taxes and assessments levied against, and the costs of liability and other insurance on the Common Areas, and including charges for any services furnished by or to the Association; the cost of utilities and other services; and the cost of funding all reserves established by the Association, including, when appropriate, a general operating reserve and a reserve for replacements. The funds required to meet the Association’s annual expenses shall be raised from a general assessment against each Owner and Living Unit as provided hereafter. The Association may revise the operating budget after its preparation at any time and from time to time, as it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Association.

Section 3.3 – Levy of General Assessment.

In order to meet the costs and expenses projected in its operating budget, the Association shall by Association Action determine and levy in advance on every Owner a general assessment. The amount of each Owner’s general assessment shall be the amount of the Association’s operating budget divided by the sum of the number of Lots. The Association 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 the beginning of such period and shall at that time prepare a roster of the Owners and the general assessment allocated to each, which shall be kept in the office of the Association and shall be open to inspection by any Owner upon reasonable notice to the Association. Notice of the general assessment shall thereupon be sent to each Owner; provided, however, that notification to an Owner of the amount of an assessment shall not be necessary to the validity thereof. The omission by the Association, before the expiration of any assessment period., to fix the amount of the general assessment hereunder for that or 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, but 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 such budget was prepared, the Association 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 an assessment period.

Section 3.4. – Payment of General Assessment.

Upon Association Action, installments of general assessments may be collected on a monthly, quarterly, semiannual, or annual basis. Any Owner may prepay one or more installments on any assessment levied by the Association without premium or penalty.

Section 3.5. – Non-Discriminatory Assessment.

Except as provided in Section 5.14 hereof, no assessment shall be made at any time which may unreasonably discriminate against any particular owner or group of Owners in favor of other owners. However, a special assessment may be made against a particular Owner by a two-thirds majority vote of the Board or other Association committee to which such oversight responsibility has been delegated, in the event that, after notice from the Association of failing to maintain the same in a condition comparable to the other Lots in The Highlands at Pleasant Valley has been given to the Owner thereof, the Association elects to expand funds to bring such Owner's Lot up to such comparable standard.

Section 3.6. – Commencement of Assessments, One-Year Exemption of Vacant Lots.

Liability of an Owner for assessments shall commence on the first day of the calendar month following the date upon which any instrument of transfer to such Owner becomes operative (such as the date of a deed, the date of a recorded real estate contract for the sale of any Lot, the date of death in the case of a transfer by will or interstate succession, etc.) and, if earlier, the first day of the calendar month following the first occupancy of a Living unit by an Owner; provided, however, that a Participating Builder shall not be liable for any assessments with respect to a Lot acquired from Declarant for a period of one year from the date of acquisition. The Association may in its rules and regulations provide for an administratively convenient date for commencement of assessments that is not more than 90 days after the effective date established above. The due dates of any special assessment payment shall be fixed by the Association Action authorizing such special assessment.

Section 3.7. – Certificates and Assessment Payment.

Upon request, the Board shall furnish written certificates certifying the extent to which assessment payments on a specified Lot are paid and current to the date stated therein. Issuance of such certificates shall be conclusive evidence of payment of any assessments therein declared to have been paid. A reasonable charge may be made by the Association for the issuance of such certificate.

Section 3.8. – Special Assessments.

In addition to the general assessments authorized by this Article, the Association may, by Association Action, levy a special assessment or assessments at any time against The Highlands at Pleasant Valley lots, 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 described capital improvement located upon or forming a part of the Common Areas, including necessary fixtures and personal property related thereto, or for such other purpose as the Association may consider appropriate; provided, however, that any such assessment must have the prior favorable vote of Owners representing two-thirds of the Lots. The amount of each Owner's special assessment for any year shall be the total special assessment for such year, divided by the sum of the number of Lots.

Section 3.9. – Effect of Non-Payment of Assessment.

If any assessment payment is not made in full within 30 days after it was first due and payable, the unpaid amounts shall constitute a lien against the Lot assessed and shall bear interest at 12 percent per annum from such due date. By acceptance of deed to a Lot, execution of a contract therefor, or any other means of acquisition of an ownership interest, and whether or not it shall be so expressed in any such deed or other instrument, each Owner shall be deemed to grant thereby to the Association, its agents and employees, and to Declarant during the Development Period, the right and power to bring all actions against such owner personally for the collection of such assessments as a debt, and/or to enforce the liens created by this Declaration in favor of the Association by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this Declaration shall be for the benefit of the Association as a corporate entity, and the Association shall have the power to bid in at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot foreclosed against.

Section 3.10. – Lien to Secure Payment of Assessments.

Declarant hereby creates in the Association perpetually the power to create a lien in favor of the Association against each Lot, to secure to the Association the payment to it of all assessments, interest, costs, and attorneys' fees; and Declarant hereby subjects all Lots perpetually to such power of the Association. Such lien shall arise in accordance with the terms of this Declaration without the necessity of any further action by the Association, and any such lien when created, shall be a security interest in the nature of a mortgage in favor of the Association. Such lien shall become a continuing lien in the amount stated in the assessment from the time of the assessment, but expiring pro-rata as the assessment payments are made, and shall also be the personal obligation of the person or entity who is the Owner of the Lot at the time of the assessment. The personal obligation to pay a prior assessment shall not pass to successors in interest, unless expressly assumed by them; provided, however, that in the case of a sale or contract for the sale of any Lot which is charged with the payment of an assessment, the person or entity who is the Owner immediately prior to the date of such sale shall be personally liable for the amounts of the monthly installments due prior to said date, and the new Owner shall be personally liable for

monthly Installments becoming due on or after such date. The foregoing limitation on the duration of the personal obligation of an owner to pay assessments shall not, however, affect the validity or duration of the continuing lien for unpaid assessments against the respective Lot.

Section 3.11. – Suspension for Non-Payment of Assessment.

If an Owner shall be in arrears in the payment of any assessment due, or shall otherwise be in default of the performance of any terms of the Governing Documents of the Association for a period of 30 days, said Owner's voting rights shall without the necessity of any further action by the Association, be suspended (except as against foreclosing secured parties) and shall remain suspended until all payments, including interest thereon, are brought current and any other default is remedied. No owner is relieved of liability for assessments by non-use of the Common Areas or by abandonment of a Lot.

Section 3.12. – Reserves for Replacement.

As a common expense, the Association shall establish and maintain a reserve fund for replacement of the Common Areas and any improvements and community facilities thereon by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Association. Such fund shall either be deposited with a banking institution, the accounts of which are insured by any state or by any agency of the United States of America or, in the discretion of the Association, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve fund shall be expended only for the purpose of affecting the replacement of the Common Areas and any improvements and community facilities thereon, major repairs to any sidewalks, private roads, or pathways developed as a part of The Highlands at Pleasant Valley, equipment replacement, and for start-up expenses and operating contingencies of a nonrecurring nature. The Association may establish such other reserves for such other purposes as it may from time to time considered to be necessary or appropriate. The proportional interest of any Owner in any such reserves shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned, or transferred, or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 3.13. – Certain Areas Exempt.

The Common Areas, all Parcels, and all portions of The Highlands at Pleasant Valley dedicated to and accepted by a public authority or other charitable or non-profit organization exempt from taxation under the laws of the State of Washington, shall be exempt from assessments by the Association.

ARTICLE 4 – SUBORDINATION OF LIENS

Section 4.1. – Intent of Provisions.

The provisions of this Article 4 apply for the benefit of each Mortgagee who lends money for purposes of construction or to secure the payment of the purchase price of a Lot.

Section 4.2. – Mortgagee's Non-Liability.

The holder of a Mortgage shall not, by reason of the security interest only be liable for the payment of any assessment or charge, nor for the observance or performance of any covenant or restriction, excepting only those enforceable by equitable relief and not requiring the payment of money, and except as hereafter provided.

Section 4.3. – Mortgagee's Rights During Foreclosure.

During the pendency of any proceeding to foreclose a Mortgage, including any period of redemption, the holder of the Mortgage, or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the encumbered Lot, including but not limited to the right to vote in the Association to the exclusion of the owner's exercise of such rights and privileges.

Section 4.4. – Mortgagee as Owner.

At such time as a Mortgagee shall become the record Owner of the Lot previously encumbered by the Mortgage, the Mortgagee shall be subject to all of the terms and conditions of this Declaration, including the obligation to pay for all assessments and charges in the same manner as any Owner.

Section 4.5. – Mortgagees Title Free and Clear of Liens.

A Mortgagee or other secured party acquiring title to a Lot through foreclosure, suit, deed of trust sale, deed in lieu of foreclosure, or equivalent method, shall acquire title to the encumbered Lot free and clear of any lien authorized by or arising out of the provisions of this Declaration, insofar as such lien secures the payment of any assessment or charge installment due but unpaid before the final conclusion of any such proceeding, including the expiration date of any period of redemption. The Association may treat any unpaid assessments against a Lot foreclosed against as a common expense, in which case it shall prorate such unpaid assessments among the remaining Lots, and each such remaining Lot shall be liable for its prorated share of such expenses in the same manner as for any other assessment.

Section 4.6. – Survival of Assessment Obligation.

After the foreclosure of a security interest in a Lot, any unpaid assessments shall continue to exist and remain as a personal obligation of the Owner against whom the same was levied, and the Association shall use reasonable efforts to collect the same from such owner.

Section 4.7. – Subordination of Assessment Liens.

The liens for assessments provided for in this Declaration shall be subordinate to the lien of any Mortgage or other security interest placed upon a Lot as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm the particular superior security interest. The sale or transfer of any Lot or any interest therein shall not affect the liens provided for in this Declaration except an otherwise specifically provided for herein. Liens shall arise against the Lot for any assessment payments coming due after the date of completion of foreclosure (including the expiration date of any period of redemption).

ARTICLE 5 – USE COVENANTS, CONDITIONS, AND RESTRICTIONS

Section 5.1. – Authorized Uses.

The Highlands at Pleasant Valley shall be used solely for the uses authorized in the Use Covenants, Conditions, and Restrictions, as amended from time to time. Such uses may include, but are not limited to, residential, active and passive recreational uses and facilities, and public; uses. No Lot shall be further subdivided, even if otherwise permitted by Law or County Code.

Section 5.2. – Approval for Building or Clearing Plans Required.

No Living Unit, building, fence, wall, or other structure shall be commenced, erected, or maintained upon a Lot or any other portion of The Highlands at Pleasant Valley, nor shall any exterior addition to or change or alteration therein be made, nor shall a Lot be cleared or excavated for use, nor shall any significant tree in the 50 ft backyard zone on Lots 1 through 46 in Phase II of The Highlands at Pleasant Valley, be cut, until after the details and written plans and specifications showing the nature, kind, shape, height, materials, colors, and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee as to the harmony of external design and location in relation to surrounding structures, vegetation, and topography.

Section 5.3. – Leasing Restrictions.

No Lot may be leased or rented by any party for a period of fewer than 30 days, nor shall less than the whole of any Lot be leased or rented. Each lease or rental agreement shall be in writing and shall by its terms provide that it is subject in all respects to the provisions of the Governing Documents. Any failure by a lessee or tenant to comply with the terms of the Governing Documents shall be a default under the lease, whether or not it is so expressed therein. Other than the foregoing, there is no restriction on the right of any Owner to lease or rent his Lot.

Section 5.6. – Animals.

No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot; provided, however, that not more than 2 dogs, or 2 cats or other conventional household pets may be kept if they are not kept, bred, or maintained for any commercial purposes. No domestic Pet may be kept if it is a source of annoyance or a nuisance. The Association shall have the authority to determine whether a particular pet is a nuisance or a source of annoyance, and such determination shall be final and conclusive. Pets shall be attended at all times and shall be registered, licensed, and inoculated from time to time as required by law. When not confined to the Owner's Lot, pets within The Highlands at Pleasant Valley must be accompanied by a responsible person.

Section 5.5. – Commercial Uses.

No commercial enterprise, including itinerant vendors, shall be permitted on any Lot; provided, however, that the Association may permit specified home occupations to be conducted if allowed by law and if such occupation will not, in the reasonable judgment of the Association, cause traffic congestion or other disruption of The Highlands at Pleasant Valley community.

Section 5.6. – Trailers and Campers.

The Association may prohibit or regulate the storage within The Highlands at Pleasant Valley of all or any of the following; mobile homes, house trailers, campers, camp trucks, boats, boat trailers, junk vehicles or any other similar machinery or equipment of any kind or character. If the Association allows storage of any of the aforementioned they will be required to be behind the front elevation of the home and screened from view. An Owner may keep on or in a Lot such equipment and machinery as may be reasonable, customary, and usual in connection with the use and maintenance of any Lot, provided such equipment and machinery when not in use is screened from view from adjacent streets, Lots, and Living Units. The Association may keep such equipment and machinery as it may require in connection with the maintenance and operation of the common areas. Except for bona fide emergencies or normal maintenance, the repair or extraordinary maintenance of automobiles or other vehicles shall not be carried out in The Highlands at Pleasant Valley.

Section 5.7. – Garbage.

No garbage, refuse, or rubbish shall be deposited or left in The Highlands at Pleasant Valley, unless placed in a suitable covered container. Trash and garbage containers shall not be permitted to remain in public view except on days of trash collection. No incinerator shall be kept or maintained, and no burning of any trash, refuse, or scrap of any kind shall be permitted.

Section 5.8. – Utilities Underground.

Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, telephone, power or television cable, or similar transmission line shall be installed or maintained above the surface of the ground.

Section 5.9. – Mining Prohibited.

No portion of The Highlands at Pleasant Valley shall be used for the purpose of boring, mining, quarrying, or exploring for or removing oil or other hydrocarbons, minerals, gravel, or earth.

Section 5.10. – Signs.

Except for entrance, street, directional, traffic control, and safety signs, and such promotional signs as may be maintained by, Declarant and Participating Builders, or agents or contractors thereof, or the Association, no signs or advertising devices of any character shall be erected, posted, or displayed upon, in or about The Highlands at Pleasant Valley; provided, however, that one temporary real estate sign not exceeding 6 square feet in area may be erected upon any Lot placed upon the market for sale or lease. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Lot.

Section 5.11. – No Obstruction of Easements.

No structure, planting, or other material shall be placed or permitted to remain upon The Highlands at Pleasant Valley which may damage or interfere with any easement or the installation or maintenance of utilities, or which may unreasonably change, obstruct, or retard direction or flow of any drainage channels including grassy swales bordering private roads within The Highlands at Pleasant Valley.

Section 5.12. – Antennae.

No external shortwave or citizen's band antennae, free-standing antenna towers, or satellite reception dishes that are larger than 6 feet in diameter shall be permitted in The Highlands at Pleasant Valley. All television and/or FM radio antennae must be physically attached to a structure and must comply with applicable governmental standards and guidelines and any Association rules and regulations.

Section 5.13. – Wells and Septic Tanks.

There shall be no water wells or septic tanks on Lots. Owners shall be required at all times to connect their Living Units to the public water and sewer facilities administered by Clark Public Utilities and Hazel Dell Sewer District, or their successors, and at all times to maintain such facilities in good working order and repair.

Section 5.14. – Owners' Maintenance Responsibilities.

The maintenance, upkeep and repair of individual Lots and Homes shall be the sole responsibility of the individual Owners thereof, and in no way shall it be the responsibility of the Association, its agents, subagents, officers or directors. Owners shall maintain their Lots and Homes and any and all appurtenances thereto in good order, condition, and repair, and in a clean, sightly, and sanitary condition at all times.

Without limitation as to the foregoing, each owner shall be obligated to maintain the landscaping on his Lot in healthy and attractive state and in a manner comparable to that on the other Lots in The Highlands at Pleasant Valley. After notice to an Owner from the Association of such owner's failure to so maintain his landscaping, and after approval of a two-thirds majority vote by the Board or other Association committee to which such oversight responsibility shall have been delegated, the Association shall have the right, through its agents and employees, to enter upon any Lot which has been found to violate the foregoing standards in order to repair, maintain, and/or restore the landscaping to such standards. The cost of such work shall be a special assessment on such Owner and his Lot only, and the provisions of this Declaration regarding collection of assessments shall apply thereto.

Section 5.15. – Weapons.

No firearms of any kind or nature, including rifles, handguns, bows, slingshots, BB guns, slings, or any other like weapon shall be used or discharged within The Highlands at Pleasant Valley except by authorized governmental officials. No hunting shall be permitted within The Highlands at Pleasant Valley.

Section 5.16. – Sales and Construction Facilities.

Despite any other provisions of this Declaration, it is expressly permissible during the Development Period for Declarant and Participating Builders, or agents or contractors thereof, to maintain on any portion of The Highlands at Pleasant Valley owned by Declarant or Participating Builders such facilities as in the sole opinion of Declarant may be reasonably required, convenient, or incidental to the construction and sale of Lots or Homes, including without limitation business offices, storage areas, construction yards, signs, model Homes, or sales offices.

Section 5.17. – Nuisances Prohibited.

No noxious or offensive trade or activity shall be conducted in any portion of The Highlands at Pleasant Valley, nor shall anything be done or maintained therein in derogation or violation of the laws of the State of Washington, Clark County, or any other applicable governmental entity. Nothing shall be done or maintained on any portion of The Highlands at Pleasant Valley which may be or become an annoyance or nuisance to the neighborhood or other Owners or detract from the value of The Highlands at Pleasant Valley community. The Association shall determine by Association Action whether any given Use of a Lot or Living Unit unreasonably interferes with the rights of the other Owners to the use and enjoyment of their respective Lots or Living Units, or of the Common Areas, and such determination shall be final and conclusive.

Section 5.18. – Drainage Swales on Private Streets.

Changing, obstructing, or retarding the flows of biofiltration swales fronting Lots on private streets is prohibited. Maintenance of said biofiltration swales will be by the Lot owners fronting private streets, with each owner responsible for his frontage. They will be kept planted in grass. They will be mowed and watered regularly. If grass-lined biofiltration swales are not maintained by Lot Owners, the Association will undertake the maintenance and bill Lot Owners accordingly. If the Association does not take action, Clark County may undertake maintenance of the Swale and bill the Association for the work.

Section 5.19. – Trees.

No healthy significant trees in the 50-foot backyard zone of Lots 1 through 46 of Phase II may be removed without the written approval of the Architectural Control Committee and Clark County Director of Public Works.

Section 5.20. – Private Streets.

Private streets will be maintained by the Association. Vehicles of any type will not be allowed to park on any private street, shoulder or ditch except in an emergency situation. During construction periods vehicles may be parked on street as long as they are not blocking ingress and egress on roads.

Section 5.21. – Structure Setback Zone.

A 70-foot structure setback from the bluff on Lots 13 through 17 of Phase I and Lots 1 through 7 of Phase II is required. Buildings, earth fills, or roads are prohibited within the 70-foot setback as designated on the approved plat. Significant vegetation is required to be maintained within the 70-foot setback line.

Section 5.22. – Re-division of Lots.

Re-division of any lots within The Highlands at Pleasant Valley is prohibited.

Section 5.23. – Water Quality Monitoring.

The Association shall measure water quality parameters considered in the Storm water Residual Pollutant Analysis that was included in the Final Environmental Impact Statement for The Highlands at Pleasant Valley annually after the first year from date of final plat approval. Measurements shall be made at points identified in the Residual Pollutant Analysis in the Final E.I.S. if the measurements show water quality at downstream discharge points (i.e. the seeps, springs, and cisterns) violates applicable current standards of the State or Federal Government, the Association shall modify the drainage system as necessary to prevent further degradation of water quality.

Section 5.24. – Relief from Certain Provisions.

In cases where an Owner has made a factual showing that strict application of the provisions of Sections 5.4, 5.5, 5.6, 5.10, 5.12, and 5.15 only of this Article (regulating animals, commercial uses, trailers and campers, signs, antennae, and weapon respectively) would work a severe hardship upon him, the Board by Association Action may grant the Owner relief from any of such provisions, in addition to any exceptions or provisions already contained in those sections; provided, however, that such relief shall be limited by its scope or by conditions to only that necessary to relieve the hardship; and provided further, that no such relief shall be granted if the condition thereby created would in the reasonable judgment of the Board violate the provisions of Section 5.17 of this Article. The decision of the Board in granting or denying such relief shall be final and conclusive.

ARTICLE 6 – COMMON AREAS

Section 6.1. – Title to Common Areas.

Declarant shall during the Development Period convey to the Association the Common Areas designated on a final plat or other recorded map or plan creating a Phase. Upon its creation as a Common Area in a Phase, and whether or not it shall have been conveyed as yet to the Association, every Common Area shall be subject to an easement of common use and enjoyment in favor of the Association and every owner, their heirs, successors, and assigns, in the accordance with the terms and conditions of the Governing Documents. Such easement shall be appurtenant to and shall not be assigned or conveyed in any way except upon the transfer to title to such Lot, and then only to the transferee of such title and shall be deemed so transferred and conveyed whether or not it shall be so expressed in the deed or other instrument conveying title. Certain rights of use, ingress, egress, occupation, and management authority in the Common Areas set forth elsewhere in this Declaration shall be reserved to Declarant for the duration of the Development Period. All Common Areas when conveyed to the Association, shall be free and clear of financial liens and encumbrances. Assessments shall not be used to defray operating and maintenance costs of Common Areas which have not yet been conveyed to the Association.

Section 6.2. Owner's Common Rights.

Owners in each Phase shall have equal rights with the Owners in all other Phases to use the Common Areas in all Phases. All easements for ingress, egress, utilities, and use of facilities, unless otherwise specifically limited, shall exist in favor of all owners in each and all Phases.

Section 6.3. – Maintenance of Common Areas.

The Association shall maintain, repair, replace, improve, and otherwise manage all of the Common Areas so as to keep them in good repair and condition and shall conduct such additional maintenance, repair, replacement, construction, or reconstruction as may be determined pursuant to Association Action to promote the recreation, health, safety, and welfare of the Owners. Any action necessary or appropriate to the maintenance and upkeep of the Common Areas, the landscaping, private roads, irrigation, or electrical systems applicable to the Common Areas, shall be taken by the Association only.

ARTICLE 7 – INSURANCE, CASUALTY LOSSES; CONDEMNATION

Section 7.1. – Insurance Coverage.

The Association shall obtain and maintain at all times as a common expense a policy or policies and bonds written by companies licensed to do business in Washington required to provide:

7.1.1. Insurance against loss or damage by fire and other hazards covered by the standard extended coverage endorsement in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of the Common Areas, with the Association named as insured as trustee for the benefit of Owners and Mortgagees as their interests appear, or such other fire and casualty insurance as the Association shall determine will give substantially equal or greater protection insuring the owners and their Mortgagees, as their interests may appear.

7.1.2. General comprehensive liability insurance insuring the Association, the owners, Declarant, and any managing agent, against any liability to the public or to the owners and their guests, invitees, licensees, or tenants, incident to the ownership or use of the Common Areas.

7.1.3. Worker's compensation insurance to the extent required by applicable laws.

7.1.4. Fidelity coverage naming the Association as an obligee to protect against dishonest acts by the Board, Association officers, committees, managers, and employees of any of them, and all others who are responsible for handling Association funds, in an amount equal to three months general assessments on all Lots, including reserves.

7.1.5. Insurance against loss of personal property of the Association by fire, theft, and other losses with deductible provisions as the Association deems advisable.

7.1.6. Such other insurance as the Association deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for similar projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and Veterans Administration, so long as any of them is a Mortgagee or Owner, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, or Veterans Administration.

Section 7.2. – Casualty Losses.

In the event of substantial damage to or destruction of any of the Common Areas, the Association shall give prompt written notice of such damage or destruction to the Owners and to the holders of all First Mortgages. Insurance proceeds for damage or destruction to any part of the Common Areas shall be paid to the Association as a trustee for the Owners, or its authorized representative, including an insurance trustee, which shall segregate such proceeds from other funds of the Association.

Section 7.3. – Condemnation.

In the event any part of the Common Areas is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, the Association shall give prompt notice of any such proceeding or proposed acquisition to the owners and to the holders of all First Mortgages who have requested from the Association notification of any such proceeding or proposed acquisition. All compensation, damages, or other proceeds therefrom, shall be payable to the Association.

ARTICLE 8 – ENFORCEMENT

Section 8.1. – Right to Enforce.

The Association or Declarant shall have the right to enforce, by any appropriate proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure or forbearance by any person or entity so entitled to enforce the provisions of this Declaration to pursue enforcement shall in no event be deemed a waiver of the right to do so thereafter.

Section 8.2. – Remedies Cumulative.

Remedies provided by this Declaration are in addition to, cumulative with, and are not in lieu of, other remedies provided by law. There shall be, and there is hereby created and declared to be, a conclusive presumption that any violation or breach or attempted violation or breach of the covenants, conditions, and restrictions herein cannot be adequately remedied by an action at law or exclusively by recovery of damages.

Section 8.3. – Covenants Running with the Land.

The covenants, conditions, restrictions, liens, easements, enjoyment rights, and other provisions contained herein are intended to and shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing or otherwise occupying any portion of The Highlands at Pleasant Valley, their heirs, executors, administrators, successors, grantees, and assigns. All instruments granting or conveying any interest in any Lot or Living Unit and all leases or subleases shall refer to this Declaration and shall recite that it is subject to the terms hereof as if fully set forth therein. However all terms and provisions of this Declaration are binding upon all successors in interest despite an absence of reference thereto in the instrument of conveyance, lease, or sublease.

ARTICLE 9 – AMENDMENT AND RECOGNITION

Section 9.1. – Amendment by Declarant or Association.

Declarant may, during the Development Period, amend this Declaration on its sole signature. This Declaration may also be amended by an instrument executed by the Association for and on behalf of the Owners, provided, however, that such amendments shall have received the prior approval of a vote of the Owners (except Declarant) having 75 percent of the total outstanding votes in the Association; and provided, further, that no such amendment shall be valid during the Development Period without the prior written consent of the Declarant. Notwithstanding any of the foregoing, the prior written approval of 51 percent of all Mortgagees who have requested from the Association notification of amendments shall be required for any material changes to the following: voting rights; assessments, assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity bonds; responsibility for maintenance and repair; the boundaries of any Lot; reallocation of interest in the Common Areas, or rights to their use; convertibility of Lots into Common Areas or of Common Areas into Lots; leasing of Lots or Living Units other than as set forth herein; imposition of any restrictions on the right of an owner to sell or transfer his Lot; any action to terminate the legal status of The Highlands at Pleasant Valley development after substantial destruction or condemnation occurs; or any provisions which are for the express benefit of Mortgagees or eligible insurers or Guarantors of First Mortgages.

Section 9.2. – Effective Date.

Amendments shall take effect only upon recording with the Clark County recording office.

ARTICLE 10 – GENERAL PROVISIONS

Section 10.1. – Taxes.

Each Owner shall pay without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against his Lot, or personal property located on or in the Lot. The Association shall likewise pay without abatement, deduction, or offset, all of the foregoing taxes, assessments, and charges levied or assessed against the Common Areas.

Section 10.2. – Transfer of Certain Utilities, Utility Repair Easement.

Declarant, and the Association after conveyance thereto, may transfer and convey any sewer, water, storm drainage, or other general utility in The Highlands at Pleasant Valley to a public body for ownership and maintenance, together with any necessary easements relating thereto, and each Lot shall become burdened thereby.

Section 10.3. – Non-waiver.

No waiver of any breach of this Declaration shall constitute a waiver or any other breach, whether of the same or any other covenant, condition or restriction.

Section 10.4. – Attorneys' Fees.

In the event of a suit or action to enforce any provision of this Declaration or to collect any money due hereunder or to foreclose a lien, the unsuccessful party in such suit or action shall pay to the prevailing party all costs and expenses, including title reports, and all attorney's fees that the prevailing party has incurred in connection with the suit or action, in such amounts as the court may deem to be reasonable therein, and also including all costs, expenses, and attorney's fees incurred in connection with any appeal from the decision of a trial court or any intermediate appellate court.

Section 10.5. – No Abandonment of Obligation.

No Owner, through his non-use of any Common Area, or by abandonment of his Lot, may avoid or diminish the burdens or obligations imposed by this Declaration.

Section 10.6. – Interpretation.

The captions of the various articles, sections and paragraphs of this Declaration are for convenience of use and reference only and do not define, limit, augment, or describe the scope, content or intent of this Declaration or any parts of this Declaration. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the masculine and neuter, and each includes a legal entity when the context so requires. The single number includes the plural whenever the context so requires.

Section 10.7. – Severability.

Invalidation of any one of these covenants, conditions, restrictions, easements, or provisions by judgment or court order shall in no way affect any other of the same, all of which shall remain in full force and effect.

Section 10.8. – Notices.

All notices, demands, or other communications ("Notices") permitted or required to be given by this Declaration shall be in writing and, if mailed postage prepaid by certified or registered mail, return receipt requested (if a Notice to Declarant, the Association, or to fewer than all Owners), or if mailed first-class postage prepaid (if a Notice to all Owners), shall be deemed given three days after the date of mailing thereof, or on the date of actual receipt, if sooner; otherwise, Notices shall be deemed given on the date of actual receipt. Notices shall be addressed to the last known address of the addressee. Notice to any Owner may be given at any Lot owned by such Owner; provided, however, that an Owner may from time to time by Notice to the Association designate such other place or places or individuals for the receipt of future Notices. If there is more than one Owner of a Lot, Notice to any one such Owner shall be sufficient. The address of Declarant and of the Association shall be given to each Owner at or before the time he becomes an owner. If the address of Declarant or the Association shall be changed, Notice shall be given to all Owners.

Section 10.9. – Applicable Law.

This Declaration shall be construed in all respects under the laws of the State of Washington.

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