

Sunland Division 17 Owners Association

Amendment 4, _____ 2024

Amended Declaration of Covenants, Conditions, and Restrictions (CC&Rs) for Sunland Division 17, Lots 1-67, comprising 139 units

THIS AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made and executed this _____ by _____.

1. Definitions

Certain terms, as used in this Declaration, shall be defined as follows, unless the context indicates a different meaning.

1.1 "Architectural Control Committee" committee so described in Section 9.1 hereof.

1.2 "Assessment" means all amounts levied by the Board against Unit owners for the payment of common expenses and such other sums as may be specifically assessed under the terms of the CC&Rs and all sums chargeable to an owner by an association by RCW 64.90.

1.3 "Association" shall mean the Association of Owners under the name of "Sunland Division 17 Owners Association," and its successors.

1.4 "Board of Directors" and "Board" shall each mean the governing body of the Association.

1.5 "Bylaws" govern the internal operations of the Association and address such provisions as the several powers of the Board; members and officers of the Board; rules for meetings, notices, and elections; financial management and reporting; record keeping; appointment of member committees, etc. Provisions in the current bylaws permit amendments to be made by the Board or by the general membership. The Board on behalf of the Association and its members shall exercise all the powers enumerated in RCW 24.03A (Nonprofit Corporation Act) and RCW 64.90 (Washington Uniform Common Interest Ownership Act).

1.6 "Common Areas" refers to all developed or undeveloped real property managed by the Association for the common use and the enjoyment of the owners, as set forth in Section 3.

1.7 "Common Expenses" shall mean the cost of administering, maintaining, repairing, and operating the Association.

1.8 "Completed Unit" shall mean a Unit that consists of a completed residential structure for which a Certificate of Occupancy has been issued by the appropriate local governmental housing inspection or certification agency.

1.9 "Declaration" shall mean this instrument.

1.10 "Development" shall mean Sunland Division 17.

1.11 "Manager" shall mean a manager or corporation designated by the Board of Directors to direct the administration and management of the Common areas and the exterior of the completed units.

1.12 "Mortgage" shall mean a mortgage or deed of trust or other security interest encumbering a Unit.

1.13 "Mortgagee" shall mean the holder of a mortgage.

1.14 "Owner" shall mean the person or persons holding legal title to a Unit of Record, or in the event any Unit is sold under Real Estate Installment Sales Contract, the vendee or /vendees under said contract of Record, including any natural person, corporation, partnership, association, trustee or other legal entity.

1.15 "Partition Wall" shall mean the wall system between adjoining units; consisting of independent structural framing, insulation, and wallboard for each unit, and serving as the common boundary to divide two or more units

1.16 "Plans" shall mean the survey map and building plans of the Development as placed of Record, as amended.

1.17 "Property" shall mean the entire parcel of real property in the development and all improvements, buildings, structures, easements, rights, and appurtenances belonging thereto and located thereon.

1.18 "Proxy" shall mean a document that permits absent unit owners to participate and vote in membership meetings by completing an Association proxy form designating a member who shall vote in their stead.

1.19 "Record" (verb) shall mean to file or to indicate that the item to which such term pertains has been filed with the Recording Officer of Clallam County, Washington.

1.20 "Reserve Study" means an in-depth evaluation of a property's physical components and an analysis of its reserve funds. A Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. Based on a thorough on-site inspection, a Reserve Study details anticipated replacements or repairs to common-area elements and recommends an annual reserve funding plan to cover these expenditures for the next 30 years.

1.21 "SunLand Owners Association," also referred to as SLOA, shall mean the Washington nonprofit corporation in which the members are owners of properties in SunLand as described in Exhibit "A" to the overall "SunLand Amended Declaration of Covenants" recorded under Clallam County Recording No. 2006-1188992, and to which Sunland Division 17 Owners are also subject.

1.22 "Total Voting Power" shall mean one hundred percent (100%) of all the votes assigned to the owners, with one (1) vote per unit,

1.23 "Unit" means a physical portion of the real property located within the Association's jurisdiction designated for separate ownership of single-family residential structures that have been constructed or are to be constructed in the development. "Unit" shall mean any one (1) of the units. Most structures in the Division 17 Association shall contain two (2) Units.

2. Name

The name by which the Association shall hereafter be known is Sunland Division 17 Owners Association, also known as Division 17 or Sunland North.

3. Common Areas

3.1 The Common Areas shall consist of all portions of the Property not comprising (a) the Completed Units, as the same are constructed, and (b) those portions of Division 17 designated as Clallam County road right-of-way. Each Unit shall have, as inseparable appurtenant thereto, no more than a one/one-hundred and thirty-ninth undivided fee interest in the Common Areas, to be held in common with other Owners in the Development, and which shall be the percentage of undivided interest in the Common Areas referred to in this Declaration.

3.2 Limited Common Areas. Limited Common Areas are elements of the Common Areas that are primarily for use by only one or a few owners. These include patios, decks, sidewalks or walkways, exterior stairs, and driveways of the Units. The Limited Common Areas shall be used only for access, ingress, and egress to and from the respective Units by the respective Owners or tenants residing therein, and their guests, household help, and other authorized visitors, and for such other purposes which are incidental to the residential use of the respective Units. Landscape areas adjoining individual units are also Limited Common Area elements. The use, maintenance, and operation of the Limited Common Areas shall not be obstructed, damaged, or unreasonably interfered with by any Owner, or another such person.

3.3 Boundary Lines. The boundary lines of a completed Unit are the exterior surfaces of the perimeter walls (including Partition Wall), windows, doors, roof, and deck which abut directly upon the living space thereof, such boundary lines shall be at such point as the perimeter walls, windows, doors, roof, and decks meet with the corresponding surfaces of an adjoining Completed Unit, as determined by the extension of the centerline of Partition Walls.

4. Easements

The Units and Common Areas shall have and be Subject to the following easements and rights.

4.1 Each Unit shall have appurtenant thereto nonexclusive easements (a) in the Common Areas designated for such purposes for ingress to, egress from, utility services for and support of such Unit, (b) in other Common Areas for use according to their respective purposes, and (c) the adjoining Unit that shares the Partition Wall for support.

4.2 If any portion of the Common Areas should encroach upon any Unit, or should any Unit encroach upon any other Unit or any portion of the Common Areas, all because of minor deviations from the Plans resulting from initial construction, settling or shifting, a valid easement for such encroachment and its use and maintenance shall exist.

4.3 The Common Areas may be employed for such reasonable uses as may be incident to the repair, reconstruction, maintenance, preservation, and reasonable protection of same by any Owner, and their respective agents and independent contractors.

4.4 The Common Areas shall have and be subject to a blanket easement for all utilities, including, but not limited to electrical, telephone, television, storm drains, sanitary sewers, and irrigation lines, together with the right of private and public agencies to have ingress and egress to maintain, repair and replace said utilities. Restoration shall be the responsibility of the agency involved.

4.5 Members and guests of the Sunland Golf and Country Club are granted the right of ingress and egress to retrieve out-of-bounds golf balls from the Common Areas adjacent to all golf course fairways.

5. Non-Division of Percentage Interest

The percentage interests in the Common Areas appurtenant to each Unit shall have a permanent character, shall not be altered without the consent of all Owners expressed in a duly recorded amendment to this Declaration, shall not be separated from such Unit, and shall be deemed to be conveyed or encumbered with such Unit even though not expressly mentioned or described in the conveyance or other instrument. The Common Areas shall remain undivided, and no right shall exist to partition or divide any part thereof, except as otherwise expressly and specifically stated herein.

6. Association

Operation of the Development shall be by an incorporated Association which shall be organized and shall fulfill its functions according to the following provisions.

6.1 Voting. The voting power of the Owner of each Unit shall be equal, i.e., each Unit shall be allocated one (1) vote. An Owner of more than one Unit shall have the vote appertaining to each Unit owned. No votes allocated to any Unit owned by the Association may be cast, and in determining the percentage of votes required to act on any matter, the votes allocated to the Association shall be disregarded.

6.2 Powers of the Association. The Association shall be the governing body for all of the Owners for the maintenance, repair, replacement, administration, and operation of

the Property, as provided in this Declaration and the Bylaws. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners, following the provisions of the Declaration and Bylaws. Each Owner shall be a member of the Association so long as they shall be an Owner, and such membership shall automatically terminate when they cease to be an Owner. The new Owner succeeding to such ownership interest shall likewise succeed to such membership in the Association.

6.3 Board of Directors. The Board of Directors shall consist of not less than three (3) or more than five (5) members. In the event of any dispute or any question of interpretation or application of the provisions of the Declaration and Bylaws, the determination thereof by the Board of Directors shall be final and binding on each of such Owners.

6.4 Bylaws. The Board of Directors of the Association shall be guided by the Bylaws for the governing of the affairs of the Association, the holding of meetings thereof, and the operation, administration, use, and enjoyment of the Property, and shall specify therein the composition and duties of the Board of Directors and the Manager with respect thereto. The Bylaws may be amended by the Board of Directors, or as otherwise subsequently provided in any amendments thereto.

6.5 Proxy Voting. At any meeting of Owners, all Owners shall be entitled to cast their votes in conformity with the allocation specified in Section 6.1 hereof. Any owner may attend and vote at such meeting in person or by proxy. Proxies shall be in writing, signed by the Owner, and filed with the Board of Directors or Manager. The last Owner of Record shall be entitled to vote until the Board of Directors or Manager has received actual notice of the conveyance by the new Owner.

6.6 Multiple Ownership. Where there is more than one Owner of any Unit, any or all of such persons may attend any meeting of the Association, but it shall be necessary for all said Owners who vote to act unanimously to cast the vote assigned to their Unit. Any designation of proxy to act for such persons must be signed by all such persons.

6.7 Owners Meetings. Quorum for a meeting of unit owners is achieved if, at the beginning of a meeting, 20 percent of the votes in the association attend in person; by proxy; using communication that enables owners in different locations to communicate in real time provided that such means must have an option for owners to communicate by telephone; or have voted by absentee ballot. Unit owners may attend meetings via telephone, video, or other conferencing process.

7. Budget, Expenses and Assessments

7.1 The Board of Directors shall, from time to time, and at least annually prepare a budget for the Association, estimate the Common Expenses expected to be incurred, less any previous over assessments, and levy Assessments against each Unit in proportion to the Unit's percentage of undivided interest in the Common Areas, except as provided in Section 7.4 hereof. The Board of Directors shall advise each Owner in writing of the amount of Assessments payable by them, and furnish copies of each

budget indicating the projected income to the association, the projected Common Expenses, the amount of the assessment per unit, and the date the assessments are due, the current amount of regular assessments budgeted for the reserve account, a statement of whether the association has a Reserve Study, the current deficiency or surplus in reserve funding, and any other items on which such Assessments are based to all Owners, and, if so requested, to their respective Mortgagees.

7.2 Common Expenses shall include:

- (a)** Expenses of administration;
- (b)** Expenses of maintenance, repair, or replacement of the exterior of all units, except for Partition Walls and glass in windows, skylights, and doors and except the surfaces of decks which are subject to wear from use by Unit Owner or Occupant;
- (c)** Expenses of maintenance, repair, replacement, and landscaping of the Common Areas;
- (d)** Cost of insurance or bond required by this Declaration and the Bylaws;
- (e)** Billings for utilities servicing the Common Areas;
- (f)** A general operating reserve;
- (g)** A reserve account for replacements and deferred maintenance;
- (h)** Any deficit in amounts assessed and collected for the payment of Common Expenses for any prior period; and
- (i)** Any other items properly chargeable as expenses of the Association.

7.3 In addition to Common Expenses, special assessments may be levied to pay other costs related to the operation, use, development, maintenance, and repair of the Property, so long as such costs do not result in the Association conducting any business or otherwise engaging in any undertaking for profit, and so long as any such special assessments first receive the approval of persons holding not less than sixty percent (60%) of the Total Voting Power, for such assessments less than Twenty-five Thousand Dollars (\$25,000), or seventy-five percent (75%) of the Total Voting Power, for such Assessments over Twenty-Five Thousand Dollars (\$25,000).

7.4 All Owners shall be jointly and severally obligated to pay the Assessments levied against their respective Units by the Board of Directors according to this Declaration and the Bylaws. Such obligations shall be personal and survive any transfer, conveyance, or lease of such Owner's Unit, and, with respect to conveyances of the fee, unless expressly provided to the contrary in the contract of sale, shall be prorated as of the date the deed or contract to the Unit is filed of Record. The Board of Directors shall levy the Assessments against the Units from time to time, but at least annually, and

shall take prompt action to collect from an Owner any Assessments due which remains unpaid by them for more than thirty (30) days from the date its payment is due. Any Assessment that is not paid within said thirty (30) days shall be deemed delinquent and shall bear interest and or penalties as set by the Board of Directors. The Common Expenses shall be paid from sums received by the virtue of the Assessments.

8. Collection of Assessments

8.1 Unpaid Assessments shall constitute a lien on each Unit against which the Assessment was made, and the Owner of such Unit shall pay such Assessment before the same is delinquent. The Board of Directors, or the Manager, may initiate an action or other efforts to enforce payment of any delinquent Assessment and in such event the Owner liable therefore shall pay all costs and expenses incurred incident thereto, including a reasonable sum as attorneys' fees, with or without litigation, all of which shall be secured by the lien herein provided.

8.2 The lien for assessments shall be before all other liens except tax liens on a Unit in favor of any governmental assessing unit or special district, and all unpaid sums on Mortgages of Record against a Unit made in good faith and for value; provided that after foreclosure of such Mortgage transfer in lieu thereof and the establishment of title to the Unit as a result thereof, all unpaid assessments thereafter accruing shall constitute a lien on the Unit enforceable as herein provided.

9. Architectural, Building and Landscaping Control

9.1 All such construction, and all additions, alterations, repairs, replacements, restorations, decorations, and maintenance of and to the Units and to any other portions of the Property, and all fencing and screening thereof and planting and landscaping thereto, shall be undertaken and performed in strict conformance with such rules and regulations as may be adopted from time to time by the Association and coordinated by the relevant Committee. Said Committees shall be appointed by the Board of Directors. Said Committees shall approve in advance the design and materials to be employed in all proposed construction, additions, alterations, repairs, replacements, restorations, decorations, and maintenance, and may require such plans and specifications to be submitted at the expense of the petitioning Owners, as it may reasonably determine appropriate, in acting upon requests for approvals. All rules, standards, and regulations adopted by such Committees shall apply uniformly to all Units, except for minor deviations inherently resulting from an approved design of a Unit. However, variances that would result in noncompliance with any state or local planning, environment, zoning, or building code or regulation shall not be granted. If, at any time, said Committees should not exist, all of the functions thereof shall be performed by the Board of Directors. The Architectural Control Committee shall cooperate with and solicit the suggestions of the Architectural Control Committee of the Sunland Owners Association.

9.2 No construction in the Development may be commenced before the approval thereof by the Architectural Control Committee and before compliance with the provisions of Section 9.1 hereof. No building materials may be stored on any portion of

the Property until such approval has been granted and in any event for no more than two (2) weeks before the commencement of construction. Once construction has commenced on any unit, the same shall be diligently pursued and completed in not less than ten (10) months thereafter.

9.3 No construction work to commence earlier than 7:00 a.m. or continue later than 7:00 p.m. except for emergency repairs that must be undertaken to mitigate damage or loss of property, or repair of utilities.

9.4 Street lights using photoelectric cells to control their dusk-to-dawn operation, of common design selected and approved by the Division 17 Architectural Control Committee, have been placed by the Association in front of each unit on the street side. Mailboxes located and of a design approved by USPS have been provided for all Units.

10. Sunland Owners Association (SLOA)

Division 17 Owners shall have full memberships in SLOA and the rights and privileges appertaining to such membership, each of the Owners, so long as they own a Unit, shall be a member thereof. Such membership shall be inseparably appurtenant to the Units, and each of the Owners, upon becoming members, shall observe all of the restrictions and conditions and perform all of the covenants applicable to such membership, including, without limitation, the payment of common and special assessments levied by SunLand Owners Association.

11. Mortgages

11.1 Each Owner shall have the right, subject to the provisions herein, to make a separate Mortgage or encumbrance on their respective Unit, together with its percentage of undivided interest in the Common Areas. No Owner shall have the right or authority to make or create, or cause to be made or created, any Mortgage or encumbrance or other lien on or affecting the Property or any part thereof, except to the extent of their Unit and their respective ownership in the Common Areas.

11.2 The liens created hereunder upon any Unit and such Unit's percentage of undivided interest in the Common Areas shall be subject, subordinate, and inferior to the rights of the holder of any Mortgage of Record upon such interest made in good faith and for value, provided that after the foreclosure sale or subsequent to the delivery of a deed in lieu of foreclosure the Association's lien rights created under Section 8.1 hereof shall exist with respect to the interest of the purchaser at such foreclosure sale or the interest of the grantee taking the deed in lieu of foreclosure to secure all Assessments levied after the date of such purchase or the date such grantee obtains title, and said lien, if claimed, shall have the same effect and be enforced in the same manner as provided according to Section 8.1 and the Bylaws.

11.3 An Owner may pledge or assign their voting rights to a Mortgagee. In such a case, the Mortgagee or their designated representative shall be entitled to receive all notices to which the Owner is entitled hereunder and to exercise the Owner's voting rights to the extent pledged from and after the time that the Mortgagee shall give written notice

of such pledge or assignment to the Board of Directors, until the earlier of the release by the Mortgagee of such pledge or the Mortgage. If more than one such pledge is made; the Board of Directors shall recognize only the one of which it was first notified as above provided.

11.4 If a notice of default is given to the Association by any Mortgagee holding a Mortgage which is a first lien on a Unit, then, and until the default is cured, the right of the Owner of such Unit to vote shall automatically be transferred to the Mortgagee giving the notice of default.

11.5 No amendment of this Declaration shall be effective to modify, change, limit, or alter the rights expressly conferred upon Mortgagees in this instrument for any unsatisfied Mortgage duly filed of Record, unless the amendment shall be consented to in writing by the holder of such Mortgage.

12. Delegation to Manager

Subject to this provision, the Board of Directors may delegate any of its managerial duties, powers, or functions to any person, firm, or corporation to act as Manager of the Development, provided that any such delegation shall be revocable upon the reasonable notice (not to exceed ninety (90) days), with the period thereof, not to exceed three (3) years, to be fixed by the Board of Directors. The members of the Board of Directors shall not be liable for any omission or improper exercise by the Manager of any such duty, power, or function so delegated by a written instrument executed by a majority of the Board of Directors. In the absence of any appointment, the Chairman elected by the Board shall act as Manager.

13. Owner's Obligation to Maintain

13.1 Each Owner shall, at their sole expense, keep the interior of their Unit (including Partition Walls) and its equipment, appliances, and appurtenances, and all glass in windows and doors, and all surfaces of decks which are subject to wear from use, in good order, condition and repair and in clean and sanitary condition, and shall do all redecorating, painting, and varnishing which may at any time be necessary to maintain the good appearance and condition of the interior of their Unit. In addition to decorating and keeping the interior of the Unit in good repair, each Owner shall be responsible for the maintenance, repair, or replacement of any plumbing fixtures, water heaters, fans, heating equipment, lighting fixtures, fireplaces, refrigerators, dishwashers, ranges, or other appliances that may be in their Unit.

13.2 No Owner shall, without first obtaining written consent of the Architectural Control Committee, make, or permit to be made, any structural alteration, improvement, or addition in or to their Unit or in or to the exterior of the Unit or any Common Areas, or make or permit any change to any natural drainage or remove or disturb any natural trees or shrubbery. The Owners shall do no act nor any work that will impair the structural soundness or integrity of the Unit or any Partition Wall or safety of the Property without the written consent of all Owners. The Owners shall not paint or decorate any portion of the exterior of the Units or any of the Common Areas,

make changes or additions to the entrances of any Unit, or employ any exterior lighting that was not part of a completed unit when originally constructed, without first the written approval of the Architectural Control Committee. The Architectural Control Committee shall have absolute discretion to grant, deny, modify, and condition any such approval for any reason whatsoever, including aesthetics, the preservation, or the integration of the Units into a common architectural or decorative theme in the Development, or the preservation of views.

13.3 If, due to the act or neglect or negligence of an Owner, or a member of their family or their household pet or of a guest or other authorized occupant or visitor or tenant of such Owner, damage shall be caused to the Common Area or a Unit or Units owned by others, or to any Partition Wall, or maintenance, repairs or replacements or loss of property shall be required which would otherwise be a Common Expense, then such Owner shall pay for such damage and such maintenance, repairs and replacements as may be determined by the Board of Directors.

13.4 To the extent not inconsistent with the express provisions hereof, the Common-Law rules and then current statutes pertinent to the Partition Walls shall control the respective rights of the Owners regarding the ownership, maintenance, and repair thereof and the liability of the respective Owners with respect thereto.

14. Use and Limitations Upon Use

No part of the property shall be used for other than residential purposes.

14.1 Usage of Units.

(a) Each Unit is intended for and restricted to use as a single-family residence only, on an ownership or lease basis, and for social, recreational, or other reasonable activities normally indigenous to such use, and to operate the Association and manage the association if required. Units may not be used for timeshare purposes or sold or leased on a timeshare basis.

(b) No animals shall be raised, bred, or kept in any unit, except for dogs, cats, or other household pets of any Owner, provided that they are not kept for any commercial purposes and provided further that they shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board of Directors, and provided that they shall not in the judgment of the Board of Directors, constitute a nuisance to others. All pets must be on a leash at all times when outdoors and not allowed to run loose or to bark to the point of annoyance during daytime and nighttime hours. Owners of pets shall be responsible for immediately cleaning up their pet's droppings.

(c) No unlawful, immoral, noxious, or offensive activities shall be carried on in any Unit or elsewhere on the Property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall, in the judgment of the Board of Directors, cause unreasonable noise or disturbance to others.

(d) Each Owner shall maintain their Unit in good condition and good order and repair, at their own expense, and shall not do or allow anything to be done in their Unit or on the Common Areas which may increase the rate or cause the cancellation of insurance on such Unit or any other Unit. No Owner shall display, hang, store, or use any signs, clothing, sheets, blankets, laundry, or other articles outside their Unit, which may be visible through their windows from the outside (other than draperies, curtains, or shades of customary nature and design) which shall have an exterior appearance not following the standards adopted by the Architectural Control Committee. No owner shall paint, decorate, or adorn the outside of their Unit with any canopy or awning, radio or television antenna (except for small 18" or less satellite dishes), or other equipment, fixtures, or items of any kind, without the prior written permission of the Architectural Control Committee.

(e) No Owners shall operate any machines, appliances, accessories, or equipment in such manner as to cause in the judgment of the Board of Directors, an unreasonable, disturbance to others.

(f) Burning of trash, waste material, or other combustible debris will not be allowed within Division 17.

(g) Propane tanks will be screened from view by using fences or living hedges. Either must be approved by the Division 17 Architectural Control Committee.

14.2 Owner Obligation to Comply. All Owners shall recognize and be bound by the Sunland Division 17 and Sunland Owners Association Rules and Regulations governing the details of the operation of the Development and the use of the Common Areas, as the respective Board of Directors may from time to time adopt and amend. Each Owner shall fully observe and perform the same and be responsible for their strict observance and performance by the Owner's lessees (including subleases) and agents of said Owner. A copy of the Rules and Regulations and each amendment thereto shall be provided to each Owner in the manner set forth for notices in the Bylaws.

15. Limitations of Liability

Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board of Directors, none of the Association Officers, the Board, or the Managing Agent shall be liable for the failure of any utility or other service to be obtained and paid for by the Board, any injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust, or sand which may leak or flow from outside or from any parts of the Buildings, or from any of their pipes, drains, conduits, appliances, or equipment, or from any other place for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or orders of government authority. No diminution or abatement of Common Expense assessments shall be claimed or allowed for utility or service failure or for such injury for any such inconvenience or discomfort.

16. Indemnification

Indemnification of Board Members, Association Officers, and Committee Members.

Each Board Member, Association Committee Member, Association Officer, and the Managing Agent shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which they may be a party, or in which they may become involved, by holding or having held the position of Board member, Association Officer, Association committee member, Managing Agent, or any settlement thereof, whether or not they hold such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by any type of insurance and except to the extent such cases wherein such person is adjudged guilty of willful misfeasance in the performance of their duties; provided that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interest of the Association; and further provided that nothing contained in this section shall be deemed to obligate the Association to indemnify any Owner who is or has been a Board member or Officer of the Association to indemnify any duties or obligations assumed or liabilities incurred by them under or by virtue of the Association.

17. Insurance

17.1 Insurance upon the Property shall be purchased by the Association for the benefit of the Association, the Owners, and their respective Mortgagees, as their interest may appear. Master policies shall be obtained by the Association providing for individual certificates of insurance to be issued to each Owner showing the amount of insurance applicable to their respective Unit, with additional provisions for loss payable endorsements in favor of Mortgagees if such Unit in such form as may be satisfactory to the Mortgagees. Such insurance coverages shall be written in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for each of the Owners in their respective percentages of undivided interest in the Common Areas as established in this Declaration.

(a) Casualty Insurance. The Units and all personal property included in the Common Areas shall be insured in an amount equal to full replacement value, including the foundation costs, as determined annually by the Board of Directors, subject to any requirements which may be imposed by Mortgagees of the Units. Such coverage shall afford the following types of protection:

(i) Fire Insurance with Extended Coverage. Insurance that shall afford protection against loss or damage due to fire or other hazards is covered by a standard fire insurance policy with an extended coverage endorsement.

(ii) Vandalism and Malicious Mischief. The Property shall be insured against loss or damage due to vandalism and malicious mischief, if such insurance is deemed practical by the Board of Directors.

(iii) Earthquake. Insurance may be purchased to afford protection against loss or damage due to earthquake and optional perils, if such insurance is

deemed practical by and in the sole and absolute discretion of the Board of Directors.

(b) Liability. Liability insurance, which shall be purchased with limits of at least \$1,000,000 and such higher coverage as the Board of Directors shall determine advisable, which policies shall name as insured the individual Owners and the Association, its officers, and employees.

(c) Other Insurance. Other types of insurance, including, but not limited to, Workman's Compensation, glass coverage, fidelity bonds and others reasonably related to the uses and occupation of the Property and the Development, shall be purchased as the Board of Directors may from time to time determine appropriate or which may be required by law.

(d) Endorsements. The Board of Directors may obtain where appropriate, cross-liability endorsements to cover liabilities of Owners as a group to an individual Owner.

17.2 The Board of Directors shall obtain and maintain at all times insurance of the type and kind and in at least the amounts herein required, and including insurance for such other risks, of a similar or dissimilar nature, as they in their discretion deem desirable. Premiums for such insurance shall be Common Expenses and all of the said insurance shall be governed by the following provisions:

(a) All policies shall be written with a company licensed to do business in the state of Washington and holding a rating of "AAA" or better by Best's Insurance Reports, or an equivalent rating by an authority comparable thereto.

(b) Exclusive authority to adjust losses under policies hereinafter in force in the Development shall be vested in the Board of Directors or its authorized representative and subject to approval by any Mortgagee involved.

(c) In no event, shall the insurance coverage obtained and maintained by the Board of Directors hereunder be brought into contribution with additional insurance purchased by individual Owners or their Mortgagees.

(d) The Board of Directors shall be required to make every effort to secure insurance policies that will provide for the following:

(i) A Waiver of subrogation by the insurer as to any claim against the Board of Directors, the Manager, their respective agents, servants, and employees.

(ii) A provision to the effect that the insurance cannot be canceled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors, or the Manager without a prior demand in writing that the Board of Directors or Manager cure the defect.

(iii) A “no other insurance” clause that excludes individual Owners’ policies from consideration in determining payments for insured losses.

(e) An annual insurance review shall include an appraisal of the Units and other improvements in the Development by a representative of the insurance carrier writing the master policy.

(f) Each Owner shall be responsible for their own insurance on the interior and contents of their Unit, their additions and improvements thereto and decorating and furnishing and personal property therein, their personal property stored elsewhere on the Property, and their personal liability to the extent not covered by liability insurance for all the Owners obtained as a part of the Common Expenses as above provided.

17.3 Insurance Deductible.

The deductible is the amount that the insured is liable for paying on each submitted claim for damages, loss, injury, etc. before a claim is adjusted and paid by the insurance company. The deductible will be expressed either as a specified dollar amount or a percentage of the coverage amount.

(a) If the loss originates in a common area or is a result of structure failure (e.g. exterior of building, such as the roof or siding), the HOA will pay the deductible when the damage exceeds the insurance deductible limit.

(b) If the loss originates within a unit, then the unit owner asserting or benefitting from the claim is responsible for paying uninsured amounts, including the deductible when the damages exceed the insurance deductible limit.

(c) Any “non-claim” credits to the deductible are retained by the Association.

18. Damage and Destruction: Reconstruction

18.1 Initial Board Determinations. In the event of damage or destruction to any Common Areas as part of the Property, the Board of Directors shall promptly, and in all events within sixty (60) days after the date of damage or destruction, make the following determinations with respect thereto, employing such advice as the Board deems proper:

18.1.1 The nature and extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby.

18.1.2 A reasonably reliable estimate of the cost to repair and restore the damage and destruction, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.

18.1.3 The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.

18.1.4 The amount, if any, that the estimated cost of repair and restoration exceeds the anticipated insurance proceeds therefore, and the amount of Assessment to each Unit if such excess were paid as a Common Expense and assessed against all the Units in proportion to their percentage of interest in the Common Areas.

18.1.5 The Board's recommendation as to whether such damage or destruction should be repaired or restored.

18.2 Notice of Damage or Destruction. The Board shall promptly, and in all events within sixty (60) days after the date of damage or destruction, provide each Owner, and each Mortgagee which has theretofore requested notice, with notice, with a written notice summarizing the initial Board determinations made under Section 18.1. If the Board fails to do so within said sixty (60) days, then any Owner or Mortgagee may make the determinations required under Section 18.1 and give the notice required under this Section 18.2.

18.3 Definitions, Restoration, Emergency Work.

18.3.1 As used in this Section 18, the words "repair," "reconstruct," "rebuild" or "restore" shall mean restoring the Units and other portions of the Property and improvements thereon to substantially the same condition in which they existed before the damage or destruction, with each Unit and the Common Areas having substantially the same vertical and horizontal boundaries as of such time. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

18.3.2 As used in this Section 18, the term "emergency work" shall mean that work which the Board deems reasonably necessary to avoid further damage, destruction, or substantial diminution in value to any Unit and to reasonably protect the Owners from hazardous conditions and from liability from the condition of the property.

18.4 Restoration by the Board

18.4.1 Unless persons holding seventy-five percent (75%) of the Total Voting Power previously elect not to repair or reconstruct, the Board shall promptly repair and restore the damage and destruction, use the available insurance proceeds therefore, and pay for the actual cost of repair and restoration in excess of insurance proceeds, which excess proceeds shall be treated as a Common Expense and be assessed against all Units in proportion to their percentages of interest in the Common Areas.

18.4.2 The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to effectuate the repair and restoration, and to treat the costs of same as Common Expense.

18.5 Decision Not to Restore; Disposition

18.5.1 In the event of a decision under Section 18.4.1 not to repair and restore damage and destruction, the Board may nevertheless expend such of the insurance proceeds and Assessment funds as the Board deems reasonably necessary for emergency work (which emergency work may include but is not necessarily limited to removal of the damaged or destroyed Units and clearing, filling and grading the Property), and the remaining (net) insurance proceeds, if any, and the Property shall thereafter be held and distributed as follows:

18.5.2 The Property and net insurance proceeds shall be owned in common by the Owners.

18.5.3 The undivided interest in the Property and net insurance proceeds owned in common which pertains to each Owner shall be the percentage of undivided interest previously owned by such owner in the Common Areas, as to that portion thereof attributable to the Common Areas, and to the relative fair market value of such Owner's Unit vis-à-vis all of the Units, as to that portion thereof attributable to the Units, said fair market values to be determined as of the time immediately preceding the casualty by an M.A.I, appraiser approved by persons having sixty percent (60%) of the Total Voting Power.

18.5.4 Any Mortgages or liens affecting any of the Units shall be deemed transferred in accordance with their existing priorities to the percentage of the undivided interest of the Owner in the Property.

18.5.5 The Property shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance of the Property, if any, shall be considered as one fund; such fund shall be divided into separate shares, one for each Owner in a percentage equal to the percentage of undivided interest owned by each such Owner in the Common Areas, as to that portion thereof attributable to the Common Areas, and to the relative fair market value of such Owner's Unit vis-à-vis all of the Units, as to that portion thereof attributable to the Units, said fair market values to be determined as of the time immediately preceding the casualty by an M.A.I, appraiser approved by persons having sixty percent (60%) of the Total Voting Power. After first paying out of the respective share of each Owner, to the extent sufficient for the purpose, all Mortgages and liens of Record on the undivided interest in the Property owned by such Owner, the balance remaining in each share shall be distributed to each Owner in the respective portion above indicated.

19. Condemnation

19.1 Provisions for Condemnation. If at any time or times during the continuance of the Development all or any part of the Property shall be taken or condemned by any public or quasi-public authority or sold or otherwise disposed of in lieu or in avoidance thereof, the provisions of the paragraph shall apply. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "condemnation award," shall be payable to the Association to be held and applied as herein provided.

Provision may be made for any insurance trustee named in the act in the event of damage and destruction to act also in the event of condemnation in accordance herewith.

19.2 Complete Taking. If the entire Property is taken or condemned, or sold or otherwise disposed of in lieu or in avoidance thereof, the condemnation award shall be apportioned among each of the Owners in proportion to their respective percentages of undivided interest in the Common Areas, as to that portion thereof attributable to the Common Areas, and to the relative fair market value of such Owner's Unit vis-à-vis all of the units, as to the portion thereof attributable to the Units, said fair market values to be determined as of the time immediately preceding such taking by an M.A.I. appraiser approved by persons having sixty percent (60%) of the Total Voting Power; provided, that if a standard different value of the Property as a whole is employed to measure the condemnation award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. Based on the foregoing principle, the Board shall, as soon as practicable, determine the share of the condemnation award to which each Owner is entitled. Said proceeds shall then be distributed per the requirements of the law applicable thereto.

19.3 Partial Taking. If less than the entire Property is taken or condemned, or sold or otherwise disposed of instead of or in avoidance thereof, each owner shall be entitled to a share of the condemnation award to be determined in the following manner:

19.3.1 Allocation of Award. As soon as practicable the Board shall, reasonably and in good faith, allocate the condemnation award between compensation, damages, or other misdeeds.

19.3.2 Allocation for Common Areas. The Board shall apportion the proper part of the amounts so allocated by the taking of or injury to the common areas which in turn shall be apportioned among Owners in proportions to their respective undivided percentage interest in the Common Areas.

19.3.3 Allocation for Severance Damages. The total amount allocated to severance damages shall be apportioned to those Owners of Units that were not taken or condemned.

19.3.4 Allocation for Taking of Unit. The respective amounts allocated to the taking of or injury to a particular Unit, or improvements an Owner had made within their own Unit shall be apportioned to the Owner of the particular Unit involved. In the event more than one Unit is taken, the amounts allocated therefore shall be based upon the relative fair market values of the portions thereof so condemned, said fair market values to be determined as of the time immediately preceding such taking by an M.A.I. appraiser approved by all or the Owners of the Units wholly or partially taken, or, if they fail to so agree within thirty (30) days after such taking, by persons having sixty percent (60%) of the Total Voting Power.

19.3.5 Consequential Damages. The amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board reasonably determines to be equitable in the circumstances.

19.3.6 Follow Formula Established. If an allocation of the condemnation award is already established in negotiation, judicial decree, or otherwise, then in allocating the condemnation award the Board shall employ such allocation to the extent it is relevant and applicable.

19.3.7 Distribution of Proceeds. Distribution of apportioned proceeds shall be jointly made to the Owners and their respective Mortgagees.

19.3.8 Repair, Reconstruction. Any repair or reconstruction necessitated by condemnation may be carried out as provided in Section 18.4.1 of this Declaration. The Board may retain such portion of condemnation award proceeds due to each Owner and Mortgagee and apply the same or the required portion thereof as necessary to discharge the Owner's liability, if any, for contribution to the repair or reconstruction or any special assessment arising therefrom.

20. Reserve Study

20.1 A Reserve Study is a financial planning tool that helps an association understand and project the estimated costs over the next thirty (30) years that will be needed to replace, repair, and restore property and common elements that require infrequent maintenance actions or have significant costs. A Reserve Study consists of two parts:

(a) **Physical Analysis** (on-site visual inspection) of all property owned by the Association.

(b) **Financial Analysis** which projects the Association's reserve account balances year-by-year for thirty (30) years and recommends a funding plan for the identified repairs or replacement costs without relying on future unplanned special assessments.

20.2 The Board is responsible for coordinating and conducting the Association's Reserve Study per RCW 64.90.545. The initial Reserve Study must be based on a visual site inspection conducted by a certified Reserve Study professional. Following the initial study, the Board shall initiate a "follow-up" Reserve Study annually for the next two (2) years. The "follow-up" study (also known as a "Do It Yourself" study) does not require an on-site inventory by a certified Reserve Study professional unless deemed necessary by the Board. Instead, the visual inspection/inventory and determination of projected cost and useful life data shall be performed, researched, and documented by one or more Board members or Board-appointed volunteers. The inventory, along with projected cost and useful life data, shall be submitted to a certified Reserve Study professional for the development of a Reserve Study.

20.3 At least every three (3) years, the Board must initiate and conduct a Reserve Study based upon a visual site inspection conducted by a certified Reserve Study professional.

20.4 The decisions relating to the preparation and updating of a Reserve Study must be made by the Board using reasonable discretion and must include whether a Reserve Study will be prepared or updated and whether the assistance of a certified Reserve Study professional will be utilized.

20.5 An owner's duty to pay for common expenses is not excused because the Board failed to conduct a Reserve Study under this Declaration and RCW 64.90.545. In addition, a budget ratified by the owners is not invalidated because the Board failed to comply with the Reserve Study requirements outlined in this Declaration and RCW 64.90.545.

20.6 Reserve Study Financial Report to Owners. At the annual meeting, the Board shall provide Association members with written, detailed information (described under RCW 64.90.545) regarding current and future projected reserve account funding levels, projected reserve-related assessments, and contribution rates necessary to achieve a fully funded plan. The financial presentation shall include a discussion of whether there is enough money to properly maintain the Association's property in the near future; whether there is enough money to maintain the property (based on current projections) in the out-years; and the source of any ordinary or extraordinary funding requirements currently projected to occur during the thirty-year timeframe.

20.7 Association Member Initiated Reserve Study. When more than three years have passed since the date of the last Reserve Study prepared by a certified Reserve Study professional, Association members may submit a demand, in writing, to the Board that the cost of a Reserve Study be included in the next year's budget and that the study be prepared by the end of that budget year.

(a) The demand for the preparation of a Reserve Study must be supported by the signatures of at least thirty-five percent (35%) of the owners and must refer to this Section of the Declaration and RCW 64.38.080. The Board shall, upon receipt of the written demand, provide the owners with reasonable assurance that a Reserve Study will be included in the next annual budget. If that budget is ratified by the majority of the owners, the Board shall arrange for the completion of a Reserve Study.

(b) If a written demand for the preparation of a Reserve Study is made by the Association members and a Reserve Study is not timely prepared, a Court may order specific performance and may award reasonable attorney fees to the prevailing party in any legal action brought to enforce this section. A Board may assert unreasonable hardship as an affirmative defense in any action brought against it. Without limiting this affirmative defense, an unreasonable hardship exists where the cost of preparing a Reserve Study would exceed five percent of the association's annual budget.

20.8 Board Liability. As outlined in RCW 64.38.085, monetary damages or any other liability may not be awarded against or imposed upon the Association, the Board, or those persons who may have provided advice or assistance to the Board, for its failure

to: establish a reserve account; have a current Reserve Study prepared or updated; or make the appropriate reserve disclosures.

21. Subdivision and Combination of Units and Common Areas and Facilities

A resolution adopted by the persons having seventy-five percent (75%) of the Total Voting Power may provide for the subdivision or combination, or both, of the Unit or Units or the combination, or both, and any such resolution shall also provide in conjunction therewith for the appropriate amendments to this Declaration, the Bylaws, or any other documents or agreements affected thereby, provided that the space combined or subdivided shall, after such subdivision or combination, have the same percentage of interest in Common Areas that such space had before such subdivision or combination, unless such percentage is changed by appropriate amendment per Section 23 hereof. No such subdivision or combination shall be effected without the written consent of each Mortgagee whose lien encompasses, in whole or in part, any portion of any Unit being so combined or subdivided being first delivered to the Board of Directors. No subdivision or combination of any Unit or any other portion of the Property may be affected except through compliance with the provisions of this Section and applicable State and County Regulations.

22. Removal

The Owners may agree, by an affirmative vote of persons having one hundred percent (100%) of the Total Voting Power, and with the consent of all Mortgagees of Record, to remove the Property from the provisions of the Declaration. In such event, their Mortgages shall be transferred to the respective percentages of the individual interest of the owners in the Property, which shall be the respective percentages previously owned by such Owners in the Common Areas, and the Property shall be deemed to be removed from the Declaration upon filing of Record an instrument to that effect signed by all of the Owners and said Mortgagees of Record.

23. Amendment

This Declaration may be amended by an instrument in writing setting forth such amendment, consented to by persons having sixty-seven percent (67%) of the Total Voting Power and certified by the secretary of the Board of Directors; provided, however, that this Declaration shall not be amended to alter the percentage of undivided interest of any Unit in the Common Areas, nor shall Sections 5 Non-Division of Percentage Interest, 18.4 Restoration by the Board, 18.5 Decision Not to Restore, 19.2 Complete Taking, 19.3 Partial Taking, 21 Subdivision and Combination of Units and Common Areas and Facilities, or 22 Removal, be amended, without the consent of persons having ninety percent (90%) of the Total Voting Power; and provided further, no amendment modifying the rights of Mortgagees shall be effective unless such amendment is executed by all Mortgagees of Record. The amendment accomplished pursuant hereto shall be effective upon the filing of such instrument of Record.

24. Severability

The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of this development. The provisions hereof shall be deemed independent and severable, and the invalidity or unenforceability of any one provision or portion hereof shall not affect the validity or enforceability of any other provision.

25. Perpetuities

If any of the options, privileges, covenants, or rights created by this Declaration shall be unlawful, void, or violable for violation of the rule against perpetuities, then such provision shall continue only twenty-one (21) years after the death of the survivor or the now living descendants of the President of the United States as of the date this instrument is filed of Record, and the same shall be automatically extended for successive periods of twenty (20) years thereafter.

26. Rights and Obligations

Each Grantee, by the acceptance of a Unit deed, and each purchaser, under any contract for such deed of conveyance, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights, and powers created or reserved by this Declaration, as stipulated at length in each and every deed of conveyance.

27. Enforcement

The terms, covenants, and conditions hereof may be enforced by the Board of Directors, the Manager, or any Owner, and each of such persons may obtain legal, equitable, and injunctive relief for a breach thereof by any person. Failure to enforce such provision at any given time or by any given party shall not be deemed a waiver of any person's right to enforce the same or obtain appropriate relief for the Breach thereof. In any such action, the prevailing party shall be entitled to be reimbursed by the losing party for the costs of bringing or defending such action, including reasonable attorney's fees, and including such costs and fees as may be incurred on appeal.

28. Conformity to Law

The Sunland Division 17 Owners Association Board of Directors shall in all actions, regard, and performance act in conformity with Washington State Law.

29. Effective Date

This Amended Declaration shall take effect upon the filing of same of Record.

IN WITNESS, WHEREOF, the undersigned has executed this Amended Declaration of Covenants, Conditions, and Restrictions (CC&Rs) on this _____.

President
Sunland Division 17 Owners Association

Secretary

AMENDMENTS

Amendment 1 - Ratified at the Division 17 Board of Directors meeting on **July 1, 2014**. Multiple revisions were required as the result of the conversion of the Association from a Developer-owned/operated organization to an Owner-managed Association under then-paragraph 3.1 of these CC&Rs and the correction of minor grammatical, punctuation, and structure errors and inconsistencies in the original CC&Rs.

Amendment 2 - Ratified at the Division 17 Board of Directors meeting on **September 9, 2014**. Amendment required to reflect applicable updated / revised provisions in SLOA CC&Rs and to correct then-paragraphs 1.2 and 1.19 regarding Developer rights, requirements, and monetary obligations to reflect precepts outlined in the June 9, 2014 Memorandum for Record (MFR), Subject: Determination of Assessment Payments for Kevin Estes Homes (KEH) Units / Lots and KEH Payments for Division 17 Greenbelt Mowing & Maintenance. *Clallam County Auditor's Recording Number: 2014-1312401 dated September 23, 2014.*

Amendment 3 - Ratified at the Division 17 Board of Directors / Annual Meeting on **September 14, 2016**. Then-paragraph 18.3, Insurance Deductible, added to the document. *Clallam County Auditor's Recording Number 2018-1363504 dated 19 April 2018.*

Scrivener's Affidavit of Minor Corrections. 16 April 2018. *Minor clerical / typographical errors in Amendment 3, Paragraph 31, Acknowledgement (Notary Certification Section), Page 20 and addition of County Recording Numbers, Amendment Reference Section, page 21.*

The Notary / Acknowledgement section of Amendment 3 to the CC&Rs, dated September 14, 2016, displays incorrect / outdated names for the President and Secretary of Division 17 Owners Association. The two incorrect names contained in the Notary section have been stricken from the paragraph and the corrections have been initialed / dated on the original document by the typist / preparer (Cynthia L. Rhodes). The Board of Directors' names are cited correctly in the signature section of Amendment 3.

In addition, the Clallam County Auditor's Recording Numbers for Amendments 2 and 3 to the CC&Rs had been inadvertently omitted and have been incorporated into the Amendment reference section of the CC&Rs. No substantive or content changes to CC&R Amendment 3 have been made.

Amendment 4 - Revisions throughout the document were made to ensure the Association's CC&Rs comply with the newly established RCW 24.03A (Nonprofit Corporation Act), and RCW 64.90 (Washington Uniform Common Interest Ownership Act), removed provisions regarding Declarant rights, redefined Party Wall to be Partition Wall, and general edits and section and paragraph renumbering to remove unnecessary references.