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May 20, 2014

Via Federal Express

Mr. Steven T. Moore
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1205 North Wenatchee Avenue
Wenatchee, WA 98807

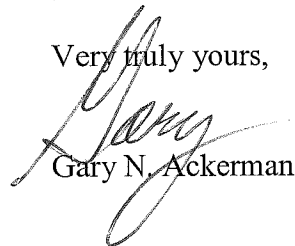
Re: Kahler Glen Amended CCRs

Dear Steve:

We would appreciate if you would handle the recording of the enclosed Fourth Restated Declaration of Protective Covenants of the Kahler Glen Community Association. Please let me know when it has been recorded so we can pull copies from the County's website and send them to the bank.

Thank you. Please let me know if you have any questions.

Very truly yours,



Gary N. Ackerman

Enclosure

Filed for and return to:
Foster Pepper PLLC
Attention: Gary N. Ackerman
1111 Third Avenue, Suite 3400
Seattle, Washington 98101-3299

FOURTH RESTATED DECLARATION OF PROTECTIVE COVENANTS
OF THE KAHLER GLEN COMMUNITY ASSOCIATION

Grantor/Grantee: Kahler Glen Community Association, a Washington non-profit corporation

Legal Description (abbreviated): Ptn. of Sec. 33, T 27 N., R. 17, E.W.M., Chelan County, Washington.
Full legal description on Exhibit A

Assessor's Tax Parcel ID#: See attached Exhibit A

Reference Numbers: N/A

Kahler Glen Community Association, a Washington non-profit corporation (the "Association"), is the owners association existing pursuant to the Third Restated Protective Covenants of the Kahler Glen Community Association recorded under Chelan County Auditor's File No. 2294390, as amended by Amendment No. 1 thereto recorded under Chelan County Auditor's File No. 2392936 (the "Covenants"), with respect to a development called Kahler Glen ("Kahler Glen") located on certain real property located in Chelan County, Washington, more particularly described in Exhibit A attached hereto.

RECITALS

A. Kahler Glen Golf and Ski Resort, L.L.C., a Washington limited liability company (the "Resort") has owned and operated a golf course (the "Golf Course"), Rental Lodging Business and a restaurant (the "Restaurant") in Kahler Glen and provided various services to the Association and its members (collectively the "Resort Businesses").

B. The roadways, fresh water system, septic sewer system, tennis court and other improvements in Kahler Glen used by the owners of property in Kahler Glen (the "Common Areas and Common Areas Facilities") have been treated as common areas and common facilities of Kahler Glen by the Association and the Resort in that the owners of property in Kahler Glen have easement rights to use such areas and facilities and are obligated to pay the costs of maintenance, repair, replacement and improvement thereof.

C. The Association has purchased the land upon which the Golf Course and Restaurant are located, including all buildings (pro shop/restaurant, cart barn, event center and maintenance sheds) on that land as well as the land upon which the Common Areas and Common Facilities are located (except to the extent such areas and facilities are located on lots) as well as some platted lots in Kahler Glen, some property that may be developed as lots in the future and some open areas that are not suitable for development (collectively, the "Resort Property").

D. The Association and the Resort have entered into a long-term lease of the Golf Course and related property under which the Resort will continue to operate the Golf Course.

E. Amendment No. 1 to the Covenants, referred to above, was necessary to provide the Association with the authority to acquire the Resort Property, to borrow funds to finance the acquisition thereof, to pledge assessments and the Resort Property and to enter into long term leases with respect to the Resort Property.

F. As anticipated by Amendment No. 1 to the Covenants, further amendments to the Covenants will be made to delete any obsolete references to the Resort, change voting rights to one vote per lot or property and permit the Association to effectively manage the Common Areas and Common Facilities.

CERTIFICATE

The undersigned President of Kahler Glen Community Association hereby certifies that this Fourth Restated Protective Covenants of the Kahler Glen Community Association has been approved by members of the Association holding at least seventy-five (75%) percent of the votes in the Association, as required by Section 3.7 of the Covenants.

Dated: 19 MAY 2014

KAHLER GLEN COMMUNITY
ASSOCIATION, a Washington corporation


By 
Its President

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FOURTH RESTATED DECLARATION OF PROTECTIVE COVENANTS
OF THE KAHLER GLEN COMMUNITY ASSOCIATION

RECITALS

A. Kahler Glen is a rural residential development made up of single family homes, condominiums, a golf course and restaurant, athletic club, event center and associated maintenance and storage buildings. The Kahler Glen Community Association (the "Association" or "KGCA") owns all real property within the confines of the community except for platted lots and the structures on those lots. The KGCA is responsible for the repair, maintenance and improvement of roadways, water and septic systems, irrigation systems, tennis courts and other community owned facilities. The KGCA may lease the golf course or restaurant to outside entities that may then have certain maintenance responsibilities as outlined in the lease or operate the golf course or restaurant upon termination of the lease or if the golf course or restaurant is not leased.

B. For the benefit and protection of the community, and to enhance its value and attractiveness, the KGCA provides herein for a comprehensive system of land-use and building controls within the Property.

SUBMISSION OF THE PROPERTY TO THIS DECLARATION

KGCA, hereby makes this Declaration for the purpose of submitting the Property to this Declaration, and declares that the Property described above shall be held, sold, conveyed, encumbered, leased, rented, occupied and improved subject to the following covenants, conditions, restriction, reservations, grants of easement rights, rights of way, liens, charges and equitable servitudes, which are for the purpose of protecting the value and desirability of the Property and shall be binding on all parties having any right, title or interest in the Property or any part thereof, and shall inure to the benefit of each owner thereof. This Declaration shall run with the land and bind KGCA, all subsequent owners of the Property or any part thereof, together with their grantees, successors, heirs, executors, administrators, devisees or assigns. Any conveyance, transfer, sale, assignment, lease or sublease of a Lot in the Property, shall and hereby is deemed to incorporate by reference all provisions of this Declaration. The provisions of this Declaration shall be enforceable by KGCA, any Lot Owner, and any first Mortgagee of any Lot.

Article 1. DEFINITIONS

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

“Architectural Control Committee” means a committee appointed by the Board to act in an advisory capacity to the Board regarding architectural covenant compliance.

“Articles” means the articles of incorporation of the Association, as defined below.

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

“Athletic Club Tract” means Tract B of Kahler Glen Phase 4, Chelan County, Washington, according to the plat thereof recorded in Volume 25 of Plats, Pages 18 through 23, as amended, upon which an athletic club is located.

“Association” means the Kahler Glen Community Association, a Washington nonprofit corporation, as described more fully in Article 3, and its successors and assigns.

“Board” means the Board of Directors of the Association, as provided for in Article 3.

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

“Clubhouse” means the building adjacent to the Golf Course currently containing the Restaurant, pro shop and office.

“Common Areas” means the real property described in Section 2.1.

“Common Facilities” means the facilities described in Section 2.2.

“Condominiums” means Kahler Glen Condominium, Forest View Condominium, Natapoc Village Condominium and any future condominium created within the Property.

“Condominium Unit” means a residential unit located within any of the Condominiums and shall not include a garage even if it is a unit in a Condominium.

“County” means Chelan County, Washington.

“Declaration” means this Fourth Restated Protective Covenants for Kahler Glen, and any amendments thereto.

“Golf Course” means the Kahler Glen Golf Course located on portions of the Common Area, and shall also include a pro shop and office, driving range, cart barn, parking lot and maintenance shed and associated facilities.

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

“Lot” means any of the numbered lots shown on the recorded Plats. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on the Lot.

“Member” means a person entitled to membership in the Association pursuant to Section 3.4.

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

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

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

“Owner” means the owner of record, whether one or more persons or entities, of a fee simple title to any Lot or Condominium Unit and, except as may be otherwise expressly provided herein, shall, in the case of a Lot or Condominium Unit that has been sold pursuant to a real estate contract, include any person of record holding a vendee’s interest under such

real estate contract, to the exclusion of the vendor thereunder. Any person or entity having such an interest merely as security for the performance of an obligation shall not be considered an Owner.

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

“Plats” means the plats listed in Exhibit A.

“Property” means that real property and improvements located within the Plats.

“Restaurant” means the restaurant currently located in the Clubhouse as well as the snack shack near the tee of the 4th hole and any other golf course food and beverage sales site or vehicle in Kahler Glen.

“Rules and Regulations” means the rules and regulations for the Property adopted by the Board.

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

Article 2. COMMON AREAS AND COMMON FACILITIES

Section 2.1 Common Areas. The Common Areas are listed on Exhibit B.

Section 2.2 Common Facilities. The Common Facilities consist of the following systems serving the Property, whether located on Common Areas or on easements over Lots: roads (other than private driveways), septic sewer system, water system for domestic use and fire protection, and storm drainage system.

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

2.3.1 The Association may lease the Golf Course, Restaurant and other portions of the Common Area to third parties, in which case the rights of the Owners to use such areas and facilities will be subject to the terms of the leases thereof.

2.3.2 The Association may totally bar or restrict use of portions of the Common Area where ordinary use could be dangerous, unreasonably increase Association costs, or be detrimental to the environment or infrastructure.

2.3.3 The Association shall have the right to dedicate or transfer all or any portion of the Common Area, including easements thereon, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless Owners of two-thirds of the Lots and Condominium Units vote or consent in writing to such dedication or transfer. The instrument dedicating or transferring all or any portion of the Common Area shall be executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained.

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

Section 2.5 Maintenance. Association shall have full responsibility for the maintenance, repair, replacement and improvement of the Common Areas and Common Facilities, except as otherwise specified in a lease of the Golf Course or Restaurant.

Article 3. HOMEOWNERS ASSOCIATION

Section 3.1 Establishment. The owners association for the Property and for the purposes of this Declaration is Kahler Glen Community Association, a nonprofit Washington corporation (the "Association").

Section 3.2 Articles and Bylaws. Articles of Incorporation and Bylaws will be adopted to supplement this Declaration and to provide for the administration of the Association and the Property and for other purposes not inconsistent with this Declaration. In the event of any conflict between this Declaration and the Articles for such homeowner's association, the provisions of this Declaration shall prevail. Bylaws for the administration of the Association and the Property, and to further the intent of this Declaration, shall be adopted or amended by the Owners at regular or special meetings. In the event of any conflict between this Declaration and any Bylaws, the provisions of this Declaration shall prevail.

Section 3.3 Board of Directors. The Association shall be managed by a Board of Directors who are members of the Association. They shall be elected as set forth in the Bylaws of the Association.

Section 3.4 Membership and Voting Rights. Members shall be all Owners and shall be entitled to one membership and one vote for each Lot or Condominium Unit owned, whether improved or not. The Athletic Club Tract shall have one membership and one vote. Lots, Condominium Units or other property owned by the Association shall not have any voting rights. When more than one Person holds an interest in a Lot or Condominium Unit, all such Persons shall be members and the vote for each membership shall be exercised as the joint owners may decide among themselves or disregarded if they cannot agree, but in no event shall more than one vote be cast with respect to any Lot or Condominium Unit.

Section 3.5 Transfer of Membership. The membership in the Association of each Owner shall be appurtenant to the Lot or Condominium Unit giving rise to such membership, and shall not be transferred in any way except upon the transfer of title to the Lot or Condominium Unit and then only to the transferee of title to the Lot or Condominium Unit. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot or Condominium Unit shall operate automatically to transfer the membership in the Association to the new Owner.

Section 3.6 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principles. The Board or a majority of the Owners may at any time require an annual audit prepared by an independent certified public accountant which shall be paid for by the Association.

Section 3.7 Inspection of Association Documents, Books, and Records. The Association shall make available to Owners, Mortgagees, prospective purchasers and their prospective Mortgagees, and the agents or attorneys of any of them, current copies of this Declaration, the Articles, the Bylaws, and other rules, books, records, and financial statements of the Association, and the most recent annual audited financial statement, if one is prepared. "Available" means available for inspection upon request, during normal business hours or under other reasonable circumstances. The Association may require the requesting party to pay a reasonable charge to pay the cost of making the copies.

Article 4. MANAGEMENT OF THE ASSOCIATION

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

Section 4.2 Authority and Duties of the Association and the Board. The Association, acting through its Board and for the benefit of Kahler Glen, shall have the power to:

4.2.1 Adopt and amend the Bylaws and the Rules and Regulations, except that adoption and amendments to the Bylaws shall require approval of Owners holding a majority of votes in the Association;

4.2.2 Enforce and administer this Declaration in accordance with the provisions thereof and the Bylaws and Rules and Regulations;

4.2.3 Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments necessary and appropriate to pay for expenses of the Association incurred in connection with carrying out its responsibilities under this Declaration, except that adoption and amendment of budgets shall be subject to ratification by the Owners as provided in Section 7.4;

4.2.4 Hire a person or firm to manage the affairs of the Association (the "manager") to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine are necessary or proper for the maintenance, repair, replacement and improvement of the Common Areas, whether such personnel are employed directly by the Association or are furnished by the manager;

4.2.5 Obtain legal and accounting services which are necessary and appropriate in the operation of the Association's affairs and the enforcement of this Declaration;

4.2.6 Provide for or regulate the use, maintenance, repair, replacement, and improvement of Common Areas and Common Facilities;

4.2.7 Regulate the operation, maintenance, repair, and replacement of the portions of the roads, septic sewer system, water system for domestic use and fire protection, and storm drainage system that are (a) on Lots, (b) not subject to an easement in favor of the Association or the other Owners and (c) the responsibility of the Lot Owner;

4.2.8 Provide for snow plowing on the roadways and public areas and provide for grooming of the cross country skiing trails, sledding runs and snow shoe trails and ice skating facilities on the Golf Course and elsewhere within Kahler Glen (other than on Lots or Condominium property unless authorized by the Owner), including grooming trails to connect with the trails groomed by the Washington State Parks;

4.2.9 Provide services, upon request, to Owners of Lots or Condominium Units, such as snow removal, yard maintenance, house cleaning, handyman services, minor home repairs and improvements, and the like;

4.2.10 Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more owners on matters affecting the Property;

4.2.11 Make contracts and incur liabilities; provided that all checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as is from time to time determined by the Board;

4.2.12 Provide for additional improvements to be made as a part of the Common Areas and Common Facilities;

4.2.13 Acquire, hold, lease, operate, encumber, convey, and dispose of, in the Association's name, right, title, or interest to real or tangible and intangible personal property, and arrange for and supervise any addition or improvement to the Common Areas and Common Facilities; except that

4.2.13.1 The approval of Owners holding a majority of the votes in the Association shall be required if the estimated cost of any unbudgeted separate property acquisition, addition or improvement exceeds 5% of the annual budget, unless the Board determines that there is an emergency (fire, flooding, equipment failure, other) or problem that has the ability to impact the life styles of the community; and

4.2.13.2 The approval of Owners holding a 67% of the votes in the Association shall be required to (a) acquire real estate; (b) levy a special assessment if necessary to enable any real property acquisitions; (c) borrow funds for acquisition of property, or any other lawful purpose; (d) assign or pledge its right to receive assessments or other receipts if necessary to secure financing, or (e) mortgage property owned (or being acquired) by the Association;

4.2.14 Grant easements, leases, licenses, and concessions through or over the Common Areas;

4.2.15 Acquire and pay for all materials, supplies, labor and services reasonably necessary or convenient for the efficient and orderly functioning of the Association; however, if any materials, supplies, labor or services are provided for particular Lots, Condominiums Units or their Owners, the cost thereof shall be specially charged to the Owners of such Lots or Condominium Units;

4.2.16 Operate the onsite septic system until all buildings served by the system are connected to an approved sewerage system;

4.2.17 Impose and collect charges for late payment of assessments and, after Notice and Opportunity to be Heard by the Board or by such representative designated

by the Board and in accordance with such procedures as provided in the Bylaws or the Rules and Regulations, levy reasonable fines in accordance with a previously established schedule thereof adopted by the Board and furnished to the Owners for violations of this Declaration, the Bylaws or the Rules and Regulations;

4.2.18 Obtain such insurance with respect to the Property and operations of the Association as the Board determines to be reasonable and prudent;

4.2.19 Provide for the indemnification of its Board members and officers and maintain directors' and officers' liability insurance;

4.2.20 Assign its right to future income, including the right to receive assessments;

4.2.21 Exercise any other powers conferred by these Covenants, the Articles or the Bylaws;

4.2.22 Exercise all other powers that may be exercised in this state by the same type of corporation as the Association; and

4.2.23 Exercise any other powers necessary and proper for the governance and operation of the Association.

Article 5. ARCHITECTURAL CONTROL

Section 5.1 Construction and Exterior Alterations or Repairs. All Structures (including, without limitation, buildings, concrete or masonry walls, rockeries, driveways, fences, hedges, swimming pools, or other Structures) to be constructed, erected, placed or altered within the Property, all exterior alterations (including, but not limited to, re-roofing or repainting with a different color or material) of any Structure visible from any street or other Lot or Condominium, and any substantial or significant construction or alteration of landscaping on the Property must be approved by the Board in accordance with this Section. Rebuilding, repairing or replacing Structures without altering the original design or materials (as they may have been previously altered with Board approval) does not require Board approval.

5.1.1 An Architectural Control Committee ("ACC") composed of three or more representatives shall be appointed by the Board to act in an advisory capacity to the Board for architectural control covenant compliance.

5.1.2 Two sets of preliminary documents of all proposed buildings, other Structures, alterations to the exterior of a Structure that do not conform to the original design or materials (as they may have been previously altered with Board approval), or new

landscaping shall be submitted to the ACC. Construction, alteration or repair shall not be started until written approval is given by the Board pursuant to this Article. The preliminary documents for new construction shall include a site plan reflecting the actual site topography, floor plans, two exterior elevations indicating proposed exterior materials, and a color board indicating all proposed exterior colors. Owners shall contact the ACC to identify the content and types of documents or exhibits that the ACC requires for approval of exterior alterations and new landscaping. All submitted documents shall reflect the criteria noted within this Declaration pertaining to architectural guidelines for the Association. Only complete applications will be reviewed by the ACC. Incomplete applications, or applications that are not in compliance with this Declaration, will negate the time line noted below.

5.1.3 In evaluating any design, the ACC may consider the suitability of the proposed building or other Structure, the material of which it is to be built, the exterior color scheme, the site upon which such building or Structure is proposed to be built, the harmony thereof with the surroundings, and the effect or impairment that such building or Structure will have on the view or outlook of surrounding Lots, Condominiums or roads, compliance with the Plats, and any and all other factors which, in the ACC's opinion, may affect the desirability or suitability of the proposed building or Structure, or improvement or exterior alteration or repair thereof.

5.1.4 Applications for ACC review shall be submitted at least 14 days prior to the monthly Board meeting. The ACC will offer its recommendation on completed applications to the Board at its next regularly scheduled meeting. A verbal statement of findings will be issued immediately by the Board with a written statement of findings to follow.

5.1.5 Building permit application with the County should not be initiated until the applicant has received Board approval. One set of preliminary documents will be returned to the applicant and one set will be retained by the ACC. The ACC may, but shall not be required to, monitor construction to determine if it is proceeding in accordance with approved documents.

Section 5.2 Maximum Height. The maximum height of any building shall conform with County codes and regulations.

Section 5.3 Off-Street Parking Requirements. At the time a structure is built on a Lot, adequate off street parking for at least four cars shall be provided on the Lot. A minimum of a two car garage with a garage door must be provided for all new Homes while the additional parking may be permitted in paved areas for that purpose or driveways. All driveways shall be constructed of asphalt paving or concrete unless otherwise approved by the Board.

Section 5.4 Garage Size. The minimum size for a two car enclosed garage is 500 square feet. The minimum size for a three car garage is 700 square feet of which 100 square

feet must be dedicated for storage. Additional garage bays of 200 square feet each may be added. The Board will consider a garage of lesser square footage if the owner chooses to provide storage as part of the main residence or in a separate building set aside for storage.

Section 5.5 Disturbed Earth. Prior to site disturbance a temporary erosion control system shall be installed. Removal and disruption of vegetative cover shall be minimized to protect the existing vegetation to the fullest extent possible. Disturbed areas shall be reseeded, protected or landscaped within a reasonable period not to exceed 60 days from vegetation removal. Temporary erosion control shall be maintained until vegetation or appropriate barrier is established.

Section 5.6 Approval of Contractors. All buildings or structures shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the Board, which approval may not be unreasonably withheld.

Section 5.7 Existing Structures. No existing building or Structure, except for temporary structures used by builders during construction, may be moved onto a Lot without approval of the Board,.

Section 5.8 Materials. The use of new materials on all exterior surfaces shall be required, except that used brick is permissible. No reflective finishes (other than glass or hardware fixtures) shall be used on exterior surfaces, including, but not limited to, the exterior surface of any of the following: roofs, all projections above roofs, fences, doors, trims, window frames, pipes, equipment and mailboxes.

Section 5.9 Roof Materials. No building or structure shall be permitted on any Lot without a Class A roof.

Section 5.10 Dwelling Size. No Home shall be constructed having a fully enclosed main floor living area of less than 1,500 square feet (not including garages, balconies, patios, porches and the like), unless waived in writing by the Board. Each Home is limited to maximum of three bedrooms. A two story Home must have a fully enclosed main floor area of at least 1,250 square feet, unless waived in writing by the Board.

Section 5.11 Fences. No fences may be constructed without prior written approval by the Board. Any fence that is built must be maintained in a desirable manner, so that the fence is not broken, leaning, or otherwise have a shabby appearance. Protective netting or screening shall also be subject to prior approval by the Board.

Section 5.12 Swimming Pools and Recreational Structures. The Board shall have the right to disapprove the design or installation of a swimming pool, hot tub or any other recreational structure or equipment deemed undesirable, in the ACC's reasonable opinion, based on aesthetic factors or otherwise. The ACC may consider the visual impact of the

proposed structure or equipment and the noise impact of the related activities upon all nearby Lots, Condominiums or Common Areas. Any enclosure or cover used in connection with such a recreational structure or equipment whether temporary, collapsible, or seasonal, shall be treated as a permanent structure for purposes of this Article, and shall to be subject to all the conditions, restrictions, and requirements as set forth herein for all buildings and Structures.

Section 5.13 Time of Completion. Any dwelling or structure erected on a Lot (except Condominiums) shall be completed as to external appearance, including finished painting, within one year from the date of construction start; provided, however, that such period for completion shall be extended sufficiently to compensate for unavoidable delays caused by acts of God, strikes, embargoes, hostilities, seizures, order of governmental authorities or any other interruption beyond the control of the owner. Winter weather is not an acceptable reason to delay construction.

Section 5.14 Spark Arrestors. Spark arrestors of a type approved by the County Fire District must be installed on all chimneys of wood burning fireplaces.

Section 5.15 Exterior Add-ons. No awnings, air conditioning units, or other projections may be placed on or hang from the exterior of any Home unless they have been approved by the Board.

Section 5.16 Water Conservation. All Homes and Condominium Units shall incorporate water conservation devices including, but not limited to, shower flow restrictions, low-volume flush toilets and water conserving appliances.

Section 5.17 Septic Systems. Each Home and Condominium shall use the septic system allocated to it on the Plats. Each Lot Owner at their sole cost and expense shall be responsible for installing and maintaining a sewer vent pipe charcoal filter to mitigate the impacts of sewer gas odor on the community if requested by the Board.

Section 5.18 Electrical and Telephone Service. No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication purposes, nor any pole, tower or other structure supporting said outdoor overhead wires shall be erected, placed or maintained except for a temporary power pole during construction. All Owners shall use underground service to connect to the underground electrical or telecommunication facilities.

Section 5.19 Landscaping. The landscaping approved by the Board must be substantially completed on each Lot or Condominium within one year from the date the dwelling is first occupied. Landscaping shall be designed so that it does not impact winter snow removal or snow storage adjacent to the road and to avoid danger of fire spreading to adjacent Lots or Condominiums. The Board may, after Notice and Opportunity to be Heard, require, at the Owner's expense, the trimming, topping or, if deemed necessary by the Board, removal of any tree, hedge or shrub on a Lot or Condominium property that the ACC

determines (a) is unreasonably blocking or interfering with the view or access to sunlight of another Lot or any Common Area, (b) may be detrimental to the integrity of the community's infrastructure (road, septic system, water lines), (c) is dangerous due to risk of falling and injuring persons or property or (d) is a fire hazard. The Board shall conduct the hearing if requested by the Owner and determine whether any tree, hedge or shrub should be trimmed, topped or removed and such determination shall be conclusive. All fruit trees shall be kept insect and disease free. Subsequent changes to the landscaping must also be approved by the Board prior to making the proposed changes.

Section 5.20 Architectural Guidelines. Subject to approval by the Board, the ACC may adopt or amend architectural guidelines consistent with this Declaration for making its recommendations hereunder.

Section 5.21 Building Permits. No Structure may be erected, altered, placed or permitted to remain on any Lot unless the Structure complies with the Plats and with applicable building codes. The Board may require that the Owner furnish the ACC with evidence that all necessary permits have been obtained for any work on a Lot for which Board approval is required under this Article prior to commencement of the work.

Article 6. USE AND MAINTENANCE OBLIGATIONS OF OWNERS

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

Section 6.2 Restrictions on Storage. No Owner of a Home shall store or allow any occupant or tenant to store any trailers, boats, motor homes, recreational vehicles, motorcycles, or trucks over two tons or any disabled or inoperable motor vehicle on the Property unless any such vehicle is completely enclosed and hidden from view within a garage or stored within such other enclosure on the Owner's Lot as may be approved in advance by the Board. Owners of Condominium Units may park or store golf carts, boats,

trailers in their carports, if permitted by their Condominium. An Owner may request a waiver of this provision from the Board, which it may grant if, in its sole discretion, determines that the proposed item and location will not adversely affect any neighboring Owners. In addition to being subject to fines, violations of this Section shall subject such vehicles to impound, at the expense and risk of the owner thereof.

Section 6.3 Roads and Sidewalks. The road system within Kahler Glen shall be used exclusively for normal access, ingress and egress, and no obstructions shall be placed thereon or therein except by express written consent of the Board. No on street parking will be permitted for resident's vehicles, other than temporary parking not to exceed twelve hours. No trucks (except for personal pickup trucks or large personal passenger sport utility vehicles) larger than one ton, construction type equipment, motor homes, or mobile or RV stationary trailers shall be permitted within the Property except for such equipment as may be owned or used (a) by the Association for the purpose of maintaining or improving the Common Areas or Common Facilities; (b) by the lessee of the Golf Course for the purpose of maintaining the Golf Course; (c) by a patron of the Golf Course if the patron's vehicle can be reasonably parked in a parking lot designated for parking large vehicles; (d) by a provider of services to the Property authorized by the Board; (e) by an Owner or the Owner's contractor for the purpose of construction or reconstruction of a Home or other improvements on a Lot if approved by the Board. Temporary placement for loading or unloading shall be allowed up to seventy-two hours, except that vehicles may not be parked in such a way that, in the judgment of the manager of the Association or other person authorized by the Board, dangerously restricts traffic flow or create a safety issue.

Section 6.4 Residential Use. All Homes and Condominium Units are restricted to residential use only, which may include: (i) sleeping, eating, food preparation for on-site consumption by occupants and guests, entertaining by occupants or personal guests, and similar activities commonly conducted within a residential dwelling (without regard to whether the Owner or occupant uses the Home as a primary or secondary personal residence, on an ownership, rental, lease or invitee basis) or such other reasonable ancillary purposes commonly associated with residential dwellings and otherwise in compliance with this Declaration and all applicable laws for residential dwellings; (ii) for use as a home office or for a home occupation not involving use by nonresident employees or regular visits by customers or clients; (iii) for the common social, recreational or other reasonable uses normally incident to such purposes; and (iv) for purposes of operating the Association and managing the Property.

Section 6.5 Athletic Club Tract. The Athletic Club Tract shall be used as an athletic club and such other uses normally incident to such purpose.

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

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

Section 6.8 Changes to Boundary Lines. Any changes to the boundaries of a Lot shall be subject to the approval of the Board, which may not be unreasonably withheld.

Section 6.9 Garbage and Trash Removal. No Lot or Common Area shall be used as a dumping ground for rubbish, trash, garbage, litter, junk and other debris. All garbage, trash and yard waste shall be placed in appropriate sanitary containers for regular disposal or recycling. Each Owner shall be responsible for the prompt and regular disposal of all of garbage, trash, junk and yard waste from the Owner's Lot. Owners shall appropriately use garbage and recycle containers supplied by the Association and follow posted guidelines for recycling.

Section 6.10 Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept in or on any Lot, Condominium Unit or on any Common Area, except that domesticated dogs, cats or other usual household pets (hereinafter referred to as "pets") may be kept on the Lots or Condominium Units subject to Rules and Regulations adopted by the Board. Pets shall be leashed when outside an owner's property except when on another consenting Owner's Lot or Condominium Unit. Owners are responsible for the immediate cleanup of any area soiled by pets residing at their Lot or Condominium Unit (except on the Owner's Lot or another consenting Owner's Lot). Owners are responsible for actions of all pets residing at their Lot or Condominium Unit, even if they are not the owner of the pet. Any Owner whose pet or a pet for which he/she is responsible, violates these provisions or who causes any unreasonable noise or damage to persons or property shall be liable to all such harmed Owners and their families, guests, and invitees. The Board may, after Notice and Opportunity to be Heard, require the removal of any pet which the Board finds is disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain. The Board shall not be required to compensate any Owner for requiring any animal to be removed. Notwithstanding the foregoing, the Board may authorize the off-leash use of trained dogs for pest control on the Property.

Section 6.11 Firearms. The use of firearms, explosives, archery devices and air powered weapons is prohibited, except to the extent permitted by the Board or the operator of the Golf Course under its lease with the Association for pest control in accordance with applicable governmental laws and regulations. This prohibition includes fireworks, unless approved by the Board. The use of explosives as is required for construction work may be authorized by the Board after a written request is submitted.

Section 6.12 Signs. No signs shall be displayed to public view on any Lot, Condominium or building or structure thereon except (i) one professionally created sign of not more than one square foot displaying the resident's name; (ii) two signs of not more than five square feet each, advertising the Lot or Condominium Unit for sale; (iii) political signs as regulated by state law except that such political signs may not be placed more than 30 days prior to the election and must be removed within 30 days after the election to which they apply; (iv) other signs as specifically approved by the Board; and (v) for rent signs placed in windows. The Board may authorize such signage as it deems appropriate on the Common Areas.

Section 6.13 Renting and Leasing.

6.13.1 With respect to the leasing, renting, or creation of any kind of tenancy of a Home, the Owner shall be prohibited from leasing or renting less than the entire Home, and all leasing or rental agreements shall be in writing and be subject to this Declaration, the Articles and Bylaws, with a default of the tenant in complying with this Declaration, the Articles or Bylaws constituting a default under such lease or rental agreement. Rental occupancy shall be a total of no more than two persons per authorized bedroom, plus two additional persons.

6.13.2 If a Home is rented or leased by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Home as is required to pay any amounts due the Association hereunder, plus interest and costs, if such amounts are in default over 30 days. The renter or lessee shall not have the right to contest payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent to the extent such rent is paid to the Association, but will not discharge the liability of the Owner (and the Home under this Declaration for assessments and charges) or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Home or its Owner, or in derogation of any rights which a Mortgagee of such Home may have with respect to such rents. Other than as stated herein, there are no restrictions on the right of any Owner to lease or otherwise rent his Home.

Section 6.14 Zoning Regulations. Zoning regulations, building regulations, environmental regulations and other similar governmental regulations applicable to the Property subject to this Declaration shall be observed. In the event of any conflict between any provision of such governmental regulations and restrictions of this Declaration, the more restrictive provisions shall apply.

Section 6.15 Temporary Residence. No outbuilding, tent, shack, garage, trailer, shed or temporary building of any kind shall be used as a residence either temporarily or permanently, except for trailers used by builders or contractors during construction with the approval of the Board.

Section 6.16 Satellite Dishes and Antennas. An Owner may install a Protected Antenna (as defined by the provisions of 47 C.F.R. § 1.4000 as it now exists or is hereafter amended or replaced, or any other federal, state or local law, code, rule or regulation that preempts, prohibits or limits restrictions on, or conditions to, the installation, maintenance or repair of telecommunications equipment desired by an Owner) (but no other kind of antenna, dish or receiving device) on the Owner's Lot or Condominium Unit in such a position that minimizes its visibility from other Lots or Condominiums and subject to such reasonable rules and regulations as the Board may adopt. Owners may not install antennas, dishes or other receiving devices in or on any portion of the Common Areas.

Section 6.17 Governmental and Plat Requirements. All Structures and other Lot improvements shall comply with the Plats and all applicable governmental requirements including, without limitation, minimum setback requirements.

Section 6.18 Easements. Easements for roads, paths, water systems, septic systems, utilities and drainage are reserved as delineated on the Plats. Within these easements no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of roads, paths, water systems or utilities, impact the ability to cost effectively remove snow, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and improvements on it shall be maintained continuously by the Owner of the Lot, except that the improvements relating to the easements shall be maintained by the Association, lessee of the Golf Course, public authority or utility company, as applicable.

Section 6.19 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 6.20 Use and Disposal of Hazardous Substances. The Owner of each Lot shall comply with all state, federal and local laws and regulations governing or in any way relating to the handling, storage, use, dumping, discharge or disposal of any hazardous substance or material. The owner of each Lot shall not dispose of or discharge any hazardous substance or materials on any Lot, Common Area, public street or other area located within the Property.

Section 6.21 Completion of Projects. Any Structures or improvements, including any repairs or replacement thereof, constructed on any Lot shall be completed as to external appearance, including finish painting, within one year from the commencement of construction except for reasons beyond the control of the Owner, in which case a longer period may be permitted by the Board. Winter weather is not an acceptable reason to delay construction.

Section 6.22 Mailboxes. Each of the mailboxes and mailbox structures shall be placed in locations approved by the United States Postal Service. Owners may not damage or otherwise interfere with a mailbox structure.

Section 6.23 Outdoor Fires. There shall be no exterior fires whatsoever, except for manufactured gas or electric barbecues or manufactured gas or electric outdoor fireplaces and seasonal burning of vegetation waste by the Golf Course or the Association personnel, except between November 1 and March 1, when attended outdoor fires are permitted using an enclosed, above ground unit with a spark-arrestor.

Section 6.24 Screened Service Areas. Unsightly items must be hidden from view within a Home or garage or within a screened area where they will not be seen from any Lot or road. Unsightly items shall include, but shall not be limited to, garbage and trash and propane tanks. Screening or netting may be necessary and allowable to protect people and property. The design and materials used for any fenced or screened area shall be consistent with the general appearance of the Home and must receive prior approval from the Board.

Section 6.25 Damage and Repair of Property. Upon any Substantial Damage (as defined below) to any Home or Lot, the Owner shall promptly restore and repair the Home to substantially the same size and design as the original Home. The prior written consent or vote of the Board is required to rebuild in accordance with a plan that is different from the original plan or as modified by alterations approved by the Board. As used in this Section, Substantial Damage means that in the judgment of a majority of the Board the estimated damage for the Home exceeds ten percent of the full, fair market value of the Home before the damage occurred, as determined by the then current assessment for the purpose of real estate taxation.

Section 6.26 Irrigation. In the event of a shortage due to any governmental restrictions, the Golf Course shall be given priority in the delivery of irrigation water, and Lots and other portions of the Property may be subject to an interruption of irrigation service. The Association shall not be liable for any private landscape damage resulting from the loss of irrigation water due to governmental restrictions. All Owners shall be responsible for any expenses required to hook into the irrigation mainline including any resultant landscape repairs to the Golf Course, Common Area or other Lot. All Owners are also responsible for winterizing their irrigation systems. No automatic in ground irrigation systems may be hooked to the potable water distribution system.

Section 6.27 Lighting. The overall lighting plan for the Property is designed so as not to detract from the night view. Additional lighting on individual lots must be approved by the Board, and will be approved only if it is low intensity and does not result in excessive glare to neighboring properties, roads, or Common Areas. The ACC may establish standards and specifications for exterior lighting.

Section 6.28 Natural Drainage. No Owner shall change or interfere with the natural drainage of any part of the Owner's Lot without the prior written approval of the Board.

Section 6.29 Off Road Vehicles. Snowmobiles and all terrain vehicles may not be operated on the Property except as authorized by the Board.

Article 7. ASSESSMENTS

Section 7.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of a Lot or Condominium Unit by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any assessment duly levied by the Association as provided in this Declaration. Such assessments, together with interest, costs, late charges and reasonable attorney's fees, shall also be a charge on the land and shall be a continuing lien upon the Lot or Condominium Unit against which each such assessment is made. Each such assessment, together with interest, costs, late charges and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot or Condominium Unit at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successor title unless a lien for such delinquent assessments had been properly recorded prior to title transfer or unless expressly assumed by that party. When ownership of a Lot or Condominium Unit changes, assessments payable in installments which have been established for the current fiscal year shall be prorated between the buyer and seller based on a 365 day year.

Section 7.2 Liability for Assessments. Any assessments which may be levied from time to time pursuant to the authority of the Board shall be established in accordance with this Article 7, except for assessments levied against an Owner for the purpose of paying or reimbursing the Association for costs incurred or to be incurred in connection with or for the purpose of paying or reimbursing the Association for bringing an Owner's Lot into compliance with the provisions of this Declaration. No Owner may exempt himself or herself from liability for his assessments by abandoning the Owner's Lot or Condominium Unit. Lots owned by the Association are exempt from assessments.

Section 7.3 Association Budget. The Association shall prepare, or cause the preparation of, an operating budget for the Association at least annually, in accordance with generally accepted accounting principles. The operating budget shall set forth sums required by the Association, as estimated by the Board, to meet its annual costs and expenses and reasonable reserves for repair or replacement of the Common Areas and Common Facilities.

Section 7.4 Ratification of Budget. Within 30 days after adoption of any proposed budget for the Association, the Board shall provide a summary or copy of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 20 nor more than 50 days after providing the summary or copy of the budget to the Owners. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the

periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

Section 7.5 Levy of General Assessment. In order to meet the costs and expenses projected in its operating budget, the Board shall determine and levy on every Owner a general assessment. The Association's operating budget shall be divided equally among the Lots, Condominium Units and the Athletic Club Tract, with each Lot, Condominium Unit and the Athletic Club Tract having one assessment unit; provided that any Lot owned by the Association shall be exempt from assessments. Each Owner's general assessment shall be calculated by multiplying the number of Lots, Condominium Units or the Athletic Club Tract owned by the Owner by one assessment unit.

Section 7.6 Amount of General Assessment. The Board shall make reasonable efforts to determine the amount of the general assessment payable by each Owner for an assessment period at least 30 days in advance of beginning of such period. Notice of the general assessment shall thereupon be sent to each Owner subject to assessment; provided, however, that failure to notify an Owner of the amount of an assessment shall not render such assessment void or invalid if the budget is ratified by the Owners. Any failure by the Board, before the expiration of any assessment period, to fix the amount of the general assessment hereunder for the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Owner from the obligation to pay the general assessment, or any installment thereof, for that or any subsequent assessment period.

Section 7.7 Assessment Period. The general assessment fixed for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Association of the operating budget during the assessment period for which each budget was prepared, the Board shall, if necessary, revise the general assessment levied against the Owners and give notice of the same in the same manner as the initial levy of a general assessment for the assessment period.

Section 7.8 Special Assessments. In addition to the general assessments authorized by this Article, the Association may levy a special assessment or assessments at any time against the Owners for the purpose of paying the cost or repaying any obligation of the Association approved by the Owners pursuant to 4.2.13. The Association may also levy a special assessment to pay, in whole or part, the cost of any construction or reconstruction, inordinate repair, or replacement of any Common Area, or for such other purposes that the Board may consider appropriate; provided, however, such assessment must have the prior favorable vote of Members holding a majority of the votes present in person or by proxy at a special or annual meeting of the Association. The amount of each Owner's special assessment shall be allocated in the same manner as a general assessment, except that the total special assessment shall be substituted for the operating budget amount and shall be payable in one or more installments and over such period as determined by the Board. Costs incurred by the Association for work done on the Owner's Lot pursuant to Section 6.1 shall be a

special assessment against the Owner of that Lot. Special assessments may be levied either before or after the work is done, in the discretion of the Board.

Section 7.9 Manner and Time of Payment. Assessments shall be payable in such reasonable manner as the Board shall designate. Any assessment or installment thereof which remains unpaid for at least 15 days after the due date to thereof shall bear interest at the rate of 12% per annum, and the Board may also assess a late charge in an amount not exceeding 25% of any unpaid assessment which has been delinquent for more than 15 days.

Section 7.10 Accounts. Any assessments collected by the Association shall be deposited in one or more Federally insured institutional depository accounts established by the Board. The Board shall have exclusive control of such accounts and shall maintain accurate records thereof. No withdrawal shall be made from said accounts except to pay for charges and expenses authorized by this Declaration.

Section 7.11 Lien. In the event any assessment or installment thereof remains delinquent for more than 30 days, the Board may, upon 15 days' prior written notice to the Owner of the delinquent Lot or Condominium Unit of the existence of the default, accelerate and demand immediate payment of the entire assessment. The amount of any assessment assessed or charged to any Lot or Condominium Unit plus interest, costs, late charges and reasonable attorneys' fees, shall be a lien upon such Lot or Condominium Unit. A notice of assessment may be recorded in the office where real estate conveyances are recorded for the county in which this property is located. Such notice of assessment may be filed at any time at least 15 days following delivery of the notice of default referred to above in this Section. The lien for payment of such assessment and charges shall have priority over all other liens and encumbrances, recorded or unrecorded, limited as provided in Section 9.1. Suit to recover a money judgment for unpaid assessments or charges shall be maintainable without foreclosure or waiver of the lien securing the same. Said liens may be foreclosed as a mortgage.

Section 7.12 Waiver of Homestead. Each Owner hereby waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law in effect at the time any assessment or installment thereof become delinquent or any lien is imposed pursuant to the terms hereof.

Section 7.13 Records and Financial Statements. The Board shall keep, have audited and make available its records and financial statements in accordance with RCW 64.38.045, as it may be amended from time to time.

Section 7.14 Certificate of Assessment. A certificate executed and acknowledged by the treasurer or the president of the Board (or an authorized agent thereof, if neither the president nor treasurer is available) stating the indebtedness for assessment and charges or lack thereof secured by the assessments upon any Lot or Condominium Unit shall be conclusive upon the Association as to the amount of such indebtedness on the date of the

certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any Owner or any Mortgagee of a Lot or Condominium Unit within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any Mortgagee holding a lien on a Lot or Condominium Unit may pay any unpaid assessments or charges with respect to such Lot or Condominium Unit, and, upon such payment, shall have a lien thereon for the amounts paid of the same priority as its lien.

Section 7.15 Foreclosure of Assessment Lien; Attorney's Fees and Costs. The Board (or authorized agent), on behalf the Association, may initiate an action to foreclose the lien of, or collect any assessment. In any action to foreclose the lien of, or otherwise collect delinquent assessments or charges, any judgment rendered in favor of the Association shall include a reasonable sum for attorneys' fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to all costs permitted by law. Said liens may be foreclosed as a mortgage.

Section 7.16 Suspension of Voting Rights. The Association shall have the right to suspend the voting rights by any Owner for any period during which any assessment against such Owner's Lot or Condominium Unit remains unpaid, and for a period not to exceed 60 days for any, and for each separate, infraction of the Association's published rules and regulations.

Section 7.17 Curing of Default. The Board shall prepare and record a satisfaction and release of the lien for which a notice of assessment has been filed and recorded in accordance with this Article upon timely payment or other satisfaction of all delinquent assessments set forth in the notice and all other assessments which have become due and payable following the date of such recordation with respect to the Lot or Condominium Unit to which such notice of assessment was recorded, together with all costs, late charges and interest which have accrued thereon. A fee of twenty-five dollars (\$25.00) or such other amount as may from time to time be set by the Board covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction and release of the lien created by the notice of assessment shall be executed by the president or treasurer of the Association or by any authorized representative of the Board. For the purpose of this paragraph, the term "costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the notice of assessment and any efforts to collect the delinquent assessments, including a reasonable sum for attorneys' fees and costs.

Section 7.18 Delinquent Assessment Deposit; Working Capital.

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

7.18.2 The fund referred in 7.18.1 may be drawn upon at any time when such owner is ten days or more delinquent in paying his or her monthly or other assessments and charges. Said deposits shall not be considered as advance payments of regular assessments. In the event the Board should draw upon said deposit as a result of an Owner's delinquency in payment of any assessments, the Owner shall continue to be responsible for the immediate and full payment of said delinquent Assessment (and all penalties and costs thereon) and thus the full restoration of said deposit, and the Board shall continue to have all of the rights and remedies for enforcing such assessment payment and deposit restoration as provided by this Declaration and by law.

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

Article 8. COMPLIANCE AND ENFORCEMENT

Section 8.1 Enforcement. Each Member, Board member and the Association shall comply strictly with the provisions of this Declaration and with the Bylaws and Rules and Regulations adopted by the Association (as the same may be lawfully amended from time to time). Failure to comply shall result in a claim for damages or injunctive relief, or both, by the Board (acting through its officers on behalf of the Association and the Owners) or by the aggrieved Owner on his own, against the party (including an Owner or the Association) failing to comply.

Section 8.2 Attorneys' Fees and Costs. In any action or arbitration to enforce the provisions of Section 8.1 or any other provision of this Declaration, the Bylaws or the Rules and Regulations, the prevailing party in such action or arbitration shall be entitled to an award for reasonable attorneys' fees and all costs and expenses reasonably incurred in preparation for prosecution of said action or arbitration, in addition to all costs permitted by law.

Section 8.3 No Waiver of Strict Performance. The failure of the Board in any one or more instances to insist upon or enforce the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of any Bylaws or Rules and Regulations, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition, restriction rule or regulation, but such term, covenant, condition, restriction, rule or regulation shall remain in full force and effect. No waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

Section 8.4 Remedies Cumulative. The remedies provided herein are cumulative, and the Board may pursue them concurrently, as well as any other remedies which may be available under law although not expressed herein.

Article 9. LIMITATION OF LIABILITY

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

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

Article 10. MORTGAGEE PROTECTION

Section 10.1 Priority of Mortgages. Notwithstanding all other provisions hereof, the liens created under this Declaration upon any Lot or Condominium Unit for assessments shall be subject to tax liens on the Lot or Condominium Unit in favor of any assessing and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by first lien Mortgages or deeds of trust which were made in good faith and for value upon the Lot or Condominium Unit. A Mortgagee of a Lot or Condominium Unit, or other

purchaser of a Lot or Condominium Unit, who obtains possession of a Lot or Condominium Unit as a result of foreclosure or deed in lieu thereof will be liable for any assessment accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Owners including such possessor, his successor and assigns. For the purpose of this Article, the terms "Mortgage" and "Mortgagee" shall not mean a real estate contract (or the vendor thereunder) or a mortgage or deed of trust (or mortgagee or beneficiary thereunder) securing a deferred purchase price balance owed with respect to a sale by an Owner.

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

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

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

Section 10.5 Furnishing of Documents. The Association shall make available to prospective purchasers, Mortgagees, insurers, and guarantors, at their request, current copies of the Declaration, Bylaws, and other rules governing the Property, and the most recent balance sheet and income/expense statement for the Association, if any has been prepared.

Article 11. EASEMENTS AND SPECIAL TRACTS

Section 11.1 Association Functions. There is hereby reserved to the Association or its duly authorized agents and representatives such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, Bylaws, or Rules and Regulations.

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

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

Article 12. ABANDONMENT OF SUBDIVISION STATUS

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

Section 12.2 Abandonment at Subdivision Status. The Association shall not, without the prior written approval of the County and without prior written approval of 100% of all first Mortgagees and Owners, seek by act or omission to abandon or terminate the subdivision status of the Property as approved by the County.

Article 13. AMENDMENT OF DECLARATION AND PLATS

Section 13.1 Amendment of Declaration. Amendments to this Declaration shall be made by an instrument in writing entitled "Amendment No. ___ to Declaration" which sets forth the entire amendment. This Declaration may be amended by a vote of 67% of the eligible voting members in the Association. The members' approval may be obtained by a

special vote of the members at a meeting of the Association, or the written consent of the requisite percentage of members. The amendment shall be executed by the president and secretary of the Association who shall certify that the requisite vote or consent has been obtained. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

Section 13.2 Plats. Except as otherwise provided herein, the Plats may be amended by revised versions or revised portions thereof referred to and described as to affect an amendment to the Declaration adopted as provided for in Section 13.1 and, further, that the approval of the Owner of any Lot whose boundaries are being changed shall be required. Copies of any such proposed amendment to the Plats shall be given to all Owners. Such an amendment to the Plats shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county offices.

Article 14. INSURANCE

Section 14.1 Association Insurance. The Board shall cause the Association to purchase and maintain at all times as a common expense a policy or policies necessary to provide comprehensive liability insurance; fidelity insurance; worker's compensation insurance to the extent required by applicable laws; insurance against loss of personal property of the Association by fire, theft, or other causes with such deductible provisions as the Board deems advisable; and such other insurance as the Board deems advisable. The Board may also, in its sole discretion, cause the Association to purchase and maintain insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's affairs. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers that are generally acceptable for similar projects and licensed to do business in the state of Washington. All such insurance policies and fidelity bonds shall provide that coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least 30 days' prior written notice to any and all insureds named therein, including Owners, holders of Mortgages, and designated servicers of Mortgagees.

Section 14.2 Owners' Insurance.

14.2.1 All Owners shall obtain and maintain property insurance, liability insurance, and such other insurance as the Board deems advisable. All insurance shall be obtained from insurance carriers that are generally acceptable for similar residential properties

and authorized to do business in the state of Washington. All Owners shall provide the Association with proof of insurance upon the request of the Association.

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

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

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

Article 15. MISCELLANEOUS

Section 15.1 Notices.

15.1.1 Any written notice or other documents as required by this Declaration, may be delivered personally, by mail or by electronic transmission. If delivered by mail, the notice shall be deemed to have been delivered and received 48 hours after a copy thereof has been deposited in the United States mail, first class postage prepaid.

15.1.2 Notices to a Member delivered by mail shall be addressed to the mailing address of such Member maintained by the Association pursuant to the Bylaws. Notices may be delivered to a Member by electronic transmission if the Member has consented in writing or by electronic transmission to receive notices by electronic transmission designating the address to which notices should be sent.

15.1.3 Notices to the Association delivered by mail shall be addressed to the official mailing address furnished by the Association to the Members by written notice or electronic transmission. Notices to the Association may be delivered by electronic transmission if the Association has consented in writing or by electronic transmission to receive notices by electronic transmission designating the address to which notices should be sent.

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

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

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

Section 15.5 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

Section 15.6 Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Property.

Section 15.7 Captions. Captions given to the various articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof.

Section 15.8 Effective Date. The Declaration shall take effect upon recording.

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

Kahler Glen Subdivision, Chelan County, Washington, according to the plat thereof recorded in Volume 17 of Plats, Pages 33 and 34.

Plat of Kahler Glen Subdivision Amendment to Lots 2, 3, 4, 11, 16 and 19 recorded in Volume 32 of Plats, Pages 53 through 55.

Kahler Glen Phase II, Chelan County, Washington, according to the plat thereof recorded in Volume 19, Pages 9 and 10.

Kahler Glen Phase 3, Chelan County, Washington, according to the plat thereof recorded in Volume 24 of Plats, Page 39 through 44, inclusive.

Kahler Glen Phase 4, Chelan County, Washington, according to the plat thereof recorded in Volume 25 of Plats, Pages 18 through 23, and as amended in Kahler Glen Amended Phase 4, Chelan County, Washington according to the plat thereof recorded in Volume 25 of Plats, Pages 54 through 59, and as corrected by Affidavit of Correction recorded July 24, 1996 under Recording No. 9607240048, and as amended in Kahler Glen Second Amendment Phase 4 recorded in Volume 26 of Plats, Page 11 through 16, inclusive.

EXHIBIT B

DESCRIPTION OF COMMON AREAS

1. Golf Course: Lot 4, Kahler Glen Subdivision, Amendment to Lots 2, 3, 4, 11, 16 and 19, Chelan County, Washington, according the plat thereof recorded in Volume 32 of Plats, Pages 53 – 55; and Tracts A, C and E, Kahler Glen, Second Amendment, Phase 4, Chelan County, Washington, according the plat thereof recorded in Volume 26 of Plats, Pages 11 – 16.
2. Open Spaces: Shown as Conservancy Areas A, B and C, Kahler Glen, Second Amendment, Phase 4, Chelan County, Washington, according the plat thereof recorded in Volume 26 of Plats, Pages 11 – 16.
3. Parking Areas: Tracts D, I and J, Kahler Glen, Second Amendment, Phase 4, Chelan County, Washington, according the plat thereof recorded in Volume 26 of Plats, Pages 11 – 16.
4. Reservoir Site: Tract F, Kahler Glen, Second Amendment, Phase 4, Chelan County, Washington, according the plat thereof recorded in Volume 26 of Plats, Pages 11 – 16.
5. Open Space: The “Open Space” area of Kahler Glen, Second Amendment, Phase 4, Chelan County, Washington, according to the plat thereof recorded in Volume 26 of Plats, Pages 11-16, consisting of all that portion of the Southeast quarter and the East half of the East half of the Southwest quarter of Section 33, Township 27 North, Range 17, E.W.M.,
EXCEPT for all the platted Blocks, Tracts, and Conservancy Areas, as delineated on said plat,
AND EXCEPT Lots 4, 5, 6 and 7, Block 23, Kahler Glen, Phase 4, Chelan County, Washington, according to the plat thereof recorded in Volume 25 of Plats, Pages 18-23.
6. Roads: Tract H, Kahler Glen, Second Amendment, Phase 4, Chelan County, Washington, according the plat thereof recorded in Volume 26 of Plats, Pages 11 – 16; and an easement for access as shown on Kahler Glen Phase II, according the plat thereof recorded in Volume 19 of Plats, Pages 9 – 10, as amended by Kahler Glen Subdivision, Amendment to Lots 2, 3, 4, 11, 16 and 19, Chelan County, Washington, according the plat thereof recorded in Volume 32 of Plats, Pages 53 – 55.
7. Reservoir Site: Tract F, Kahler Glen, Second Amendment, Phase 4, Chelan County, Washington, according the plat thereof recorded in Volume 26 of Plats, Pages 11 – 16.