

WOODLAND VIEW
PUBLIC OFFERING STATEMENT

DATE: _____, 2026

RIGHT TO CANCEL

YOU ARE ENTITLED TO RECEIVE A COPY OF THIS PUBLIC OFFERING STATEMENT AND ALL MATERIAL AMENDMENTS TO THIS PUBLIC OFFERING STATEMENT BEFORE CONVEYANCE OF YOUR UNIT. UNDER RCW 64.90.635, YOU HAVE THE RIGHT TO CANCEL YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT WITHIN SEVEN DAYS AFTER FIRST RECEIVING THIS PUBLIC OFFERING STATEMENT. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU MORE THAN SEVEN DAYS BEFORE YOU SIGN YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT, YOU HAVE NO RIGHT TO CANCEL YOUR CONTRACT. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU SEVEN DAYS OR LESS BEFORE YOU SIGN YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT, YOU HAVE THE RIGHT TO CANCEL, BEFORE CONVEYANCE OF THE UNIT, THE EXECUTED CONTRACT BY DELIVERING, NO LATER THAN THE SEVENTH DAY AFTER FIRST RECEIVING THIS PUBLIC OFFERING STATEMENT, A NOTICE OF CANCELLATION PURSUANT TO THIS NOTICE. IF THIS PUBLIC OFFERING STATEMENT IS FIRST PROVIDED TO YOU LESS THAN SEVEN DAYS BEFORE THE CLOSING DATE FOR THE CONVEYANCE OF YOUR UNIT, YOU MAY, BEFORE CONVEYANCE OF YOUR UNIT TO YOU, EXTEND THE CLOSING DATE TO A DATE NOT MORE THAN SEVEN DAYS AFTER YOU FIRST RECEIVED THIS PUBLIC OFFERING STATEMENT, SO THAT YOU MAY HAVE SEVEN DAYS TO CANCEL YOUR CONTRACT FOR THE PURCHASE OF YOUR UNIT.

YOU HAVE NO RIGHT TO CANCEL YOUR CONTRACT UPON RECEIPT OF AN AMENDMENT TO THIS PUBLIC OFFERING STATEMENT; HOWEVER, THIS DOES NOT ELIMINATE ANY RIGHT TO RESCIND YOUR CONTRACT, DUE TO THE DISCLOSURE OF THE INFORMATION IN THE AMENDMENT, THAT IS OTHERWISE AVAILABLE TO YOU UNDER GENERALLY APPLICABLE CONTRACT LAW.

IF YOU ELECT TO CANCEL YOUR CONTRACT PURSUANT TO THIS NOTICE, YOU MAY DO SO BY HAND-DELIVERING NOTICE OF CANCELLATION, OR BY MAILING NOTICE OF CANCELLATION BY PREPAID UNITED STATES MAIL, TO THE SELLER AT THE ADDRESS SET FORTH IN THIS PUBLIC OFFERING STATEMENT OR AT THE ADDRESS OF THE SELLER'S REGISTERED AGENT FOR SERVICE OF PROCESS. THE DATE OF SUCH NOTICE IS THE DATE OF RECEIPT, IF HAND-DELIVERED, OR THE DATE OF DEPOSIT IN THE UNITED STATES MAIL, IF MAILED. CANCELLATION IS WITHOUT PENALTY, AND ALL PAYMENTS MADE TO THE SELLER BY YOU BEFORE CANCELLATION MUST BE REFUNDED PROMPTLY.

OTHER DOCUMENTS CREATING BINDING LEGAL OBLIGATIONS

THIS PUBLIC OFFERING STATEMENT IS A SUMMARY OF SOME OF THE SIGNIFICANT ASPECTS OF PURCHASING A UNIT IN THIS COMMON INTEREST COMMUNITY. THE GOVERNING DOCUMENTS AND THE PURCHASE AGREEMENT ARE COMPLEX, CONTAIN OTHER IMPORTANT INFORMATION, AND CREATE BINDING LEGAL OBLIGATIONS. YOU SHOULD CONSIDER SEEKING THE ASSISTANCE OF LEGAL COUNSEL.

OTHER REPRESENTATIONS

YOU MAY NOT RELY ON ANY STATEMENT, PROMISE, MODEL, DEPICTION, OR DESCRIPTION UNLESS IT IS (1) CONTAINED IN THE PUBLIC OFFERING STATEMENT DELIVERED TO YOU OR (2) MADE IN WRITING SIGNED BY THE DECLARANT OR DEALER OR THE DECLARANT'S OR DEALER'S AGENT IDENTIFIED IN THE PUBLIC OFFERING STATEMENT. A STATEMENT OF OPINION, OR A COMMENDATION OF THE REAL ESTATE, ITS QUALITY, OR ITS VALUE, DOES NOT CREATE A WARRANTY, AND A STATEMENT, PROMISE, MODEL, DEPICTION, OR DESCRIPTION DOES NOT CREATE A WARRANTY IF IT DISCLOSES THAT IT IS ONLY PROPOSED, IS NOT REPRESENTATIVE, OR IS SUBJECT TO CHANGE.

MODEL UNIT

THE MODEL UNIT IS INTENDED TO PROVIDE YOU WITH A GENERAL IDEA OF WHAT A FINISHED UNIT MIGHT LOOK LIKE. UNITS BEING OFFERED FOR SALE MAY VARY FROM THE MODEL UNIT. YOU ARE ADVISED TO OBTAIN SPECIFIC INFORMATION ABOUT THE UNIT YOU ARE CONSIDERING PURCHASING.

RESERVE STUDY

THE ASSOCIATION DOES HAVE A CURRENT RESERVE STUDY. ANY RESERVE STUDY SHOULD BE REVIEWED CAREFULLY. IT MAY NOT INCLUDE ALL RESERVE COMPONENTS THAT WILL REQUIRE MAJOR MAINTENANCE, REPAIR, OR REPLACEMENT IN FUTURE YEARS, AND MAY NOT INCLUDE REGULAR CONTRIBUTIONS TO A RESERVE ACCOUNT FOR THE COST OF SUCH MAINTENANCE, REPAIR, OR REPLACEMENT. YOU MAY ENCOUNTER CERTAIN RISKS, INCLUDING BEING REQUIRED TO PAY AS A SPECIAL ASSESSMENT YOUR SHARE OF EXPENSES FOR THE COST OF MAJOR MAINTENANCE, REPAIR, OR REPLACEMENT OF A RESERVE COMPONENT, AS A RESULT OF THE FAILURE TO: (1) HAVE A CURRENT RESERVE STUDY OR FULLY FUNDED RESERVES, (2) INCLUDE A COMPONENT IN A RESERVE STUDY, OR (3) PROVIDE ANY OR SUFFICIENT CONTRIBUTIONS TO A RESERVE ACCOUNT FOR A COMPONENT.

DEPOSITS AND PAYMENTS

ONLY EARNEST MONEY AND RESERVATION DEPOSITS ARE REQUIRED TO BE PLACED IN AN ESCROW OR TRUST ACCOUNT. ANY OTHER PAYMENTS YOU MAKE TO THE SELLER OF A UNIT ARE AT RISK AND MAY BE LOST IF THE SELLER DEFAULTS.

CONSTRUCTION DEFECT CLAIMS

RCW CH. 64.50 CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST THE SELLER OR BUILDER OF YOUR HOME. FORTY-FIVE DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE SELLER OR BUILDER A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR SELLER OR BUILDER THE OPPORTUNITY TO MAKE AN OFFER TO REPAIR OR PAY FOR THE DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE BUILDER OR SELLER. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER STATE LAW, AND FAILURE TO FOLLOW THEM MAY AFFECT YOUR ABILITY TO FILE A LAWSUIT.

ASSOCIATION INSURANCE

THE EXTENT TO WHICH ASSOCIATION INSURANCE PROVIDES COVERAGE FOR THE BENEFIT OF UNIT OWNERS (INCLUDING FURNISHINGS, FIXTURES, AND EQUIPMENT IN A UNIT) IS DETERMINED BY THE PROVISIONS OF THE DECLARATION AND THE ASSOCIATION'S INSURANCE POLICY, WHICH MAY BE MODIFIED FROM TIME TO TIME. YOU AND YOUR PERSONAL INSURANCE AGENT SHOULD READ THE DECLARATION AND THE ASSOCIATION'S POLICY PRIOR TO CLOSING TO DETERMINE WHAT INSURANCE IS REQUIRED OF THE ASSOCIATION AND UNIT OWNERS, UNIT OWNERS' RIGHTS AND DUTIES, WHAT IS AND IS NOT COVERED BY THE ASSOCIATION'S POLICY, AND WHAT ADDITIONAL INSURANCE YOU SHOULD OBTAIN.

QUALIFIED WARRANTY

YOUR UNIT IS NOT COVERED BY A QUALIFIED WARRANTY UNDER RCW CH. 64.35.

SPECIFIC INFORMATION

A) NAME AND ADDRESS OF THE DECLARANT:

Homestead Community Land Trust
412 Maynard Avenue South, Suite 201
Seattle, WA 98104

No listing or selling broker or brokerage firm is an agent of the declarant for purposes of the Other Representations paragraph on Page 2.

B) NAME AND ADDRESS OF THE MANAGEMENT COMPANY OF THE COMMON INTEREST COMMUNITY, IF ANY:

Nova Association Management Partners
1621 114th Ave SE, Suite 123,
Bellevue, WA 98004

The declarant has not designated the management company or any person affiliated with the management company as its agent for purposes of the Other Representations paragraph on Page 2.

C) RELATIONSHIP OF THE MANAGEMENT COMPANY TO THE DECLARANT, IF ANY:

None

D) NAME AND ADDRESS OF THE COMMON INTEREST COMMUNITY

Woodland View, a Condominium
5819 Phinney Ave N
Seattle, WA 98103

E) NATURE OF THE COMMON INTEREST COMMUNITY:

The community is a condominium community as defined in the Washington Uniform Common Interest Ownership Act.

F) FIVE MOST RECENT COMMON INTEREST COMMUNITIES COMPLETED BY THE DECLARANT OR AN AFFILIATE OF THE DECLARANT WITHIN THE PAST FIVE YEARS:

Joyner
2132 N 90th St, Seattle,
WA 98103

Darsie Homes
9634 28th Ave NW
Seattle, WA 98117

Willowcrest Townhomes
2550-2597 NE 11th Place
Renton, WA 98056

Village Gardens
1314 - 1340 Yakima Ave. S
2954-2958 S Irving Street
Seattle, WA 98144

The Southard
13801-13819 and 13831-13849
32nd Lane South,
Tukwila, WA 98168

G) NATURE OF THE INTEREST BEING OFFERED FOR SALE:

CLT Member Units. The interest offered for sale is a fee simple interest in what is referred to as an “airspace condominium unit” in the CLT Member Unit. CLT Member Units are subject to the restrictions recorded in the Condominium Deed of Trust and Fixture Filing and Covenant Including Restrictions on Transfer and the Right to Inherit (the “**CLT Member Unit Covenant**”), and are sold at below market rates to ensure permanent affordability.

Market Units. The interest offered for sale is a fee simple interest in what is referred to as an “airspace condominium unit” in the Market Unit. Market Units are not subject to the CLT Member Unit Covenant and are sold at market rates.

Commercial Units. The interest offered for sale is a fee simple interest in what is referred to as an “airspace condominium unit” in the Commercial Unit, subject to the requirements and limitations set forth in the Woodland View Declaration. Commercial Units are not subject to the CLT Member Unit Covenant.

H) GENERAL DESCRIPTION OF THE COMMON INTEREST COMMUNITY:

The community contains 28 condominium units. The community is comprised of 19 CLT Member Units, 6 Market Units, 2 Commercial Units, 1 Land Unit, Limited Common Elements, and Common Elements.

The Land Unit consists of the land that the community is built upon. Homestead Community Land Trust (“**Homestead**”) will retain ownership of the Land Unit to reflect Homestead’s continuing interest in the use of the CLT Member Units as permanently affordable units.

Limited Common Elements are those Common Elements that are reserved for use by a specific Unit to the exclusion of other Units. For example, certain parking stalls are Limited Common Elements.

Homestead and each owner of a CLT Member Unit, Market Unit, or Commercial Unit will automatically be members of the Woodland View Owners Association ("**Association**") and will remain a member of the Association until their ownership ceases.

I) STATUS OF CONSTRUCTION OF THE UNITS AND COMMON ELEMENTS:

Construction is essentially complete.

J) NUMBER OF EXISTING UNITS IN THE COMMUNITY:

There are 28 existing condominium units in the community, including the 1 Land Unit.

K) BRIEF DESCRIPTION OF PRINCIPAL COMMON AMENITIES IN THE COMMUNITY, AND THOSE THAT WILL BE OR MAY BE ADDED TO THE COMMUNITY:

Bicycle storage room, walkways, and community rooftop garden. The community includes one ADA-accessible parking space available for use by unit owners and their guests for a maximum of four hours at a time.

L) LIMITED COMMON ELEMENTS THAT MAY BE ALLOCATED TO THE UNITS OFFERED FOR SALE:

Parking spaces. The Limited Common Element parking stalls are EV-ready, and the unit owner to whom such parking spaces is allocated may install an electric vehicle charging station at such owner's sole cost and expense.

M) RIGHTS OF NON-OWNERS TO USE ANY OF THE COMMON ELEMENTS:

Nest Owners Association, a common interest community being developed by Homestead, has or may have the right to use the lobby/community area located on the ground floor of the community, subject to the terms and conditions of a license agreement entered into between the Association and Nest Owners Association.

N) REAL PROPERTY NOT IN THE COMMUNITY THAT UNIT OWNERS HAVE A RIGHT TO USE:

None.

O) SERVICES PROVIDED OR EXPENSES PAID BY THE DECLARANT THAT ARE NOT IN THE COMMUNITY BUDGET BUT THAT MAY BECOME A COMMON EXPENSE:

None.

P) ESTIMATED ASSESSMENT OR PAYMENT, IF ANY, WHICH MUST BE PAID AT CLOSING:

The first buyer of each unit must pay to the association (or the declarant, if the declarant has already made the payment to the association) a non-refundable contribution to the working capital of the association in an amount equal to two months of assessments. In addition, if assessments have commenced, the buyer must pay a pro-rata share of the monthly assessment, if any, for the month of closing.

Q) BRIEF DESCRIPTION OF LIENS OR ENCUMBRANCES ON THE COMMON ELEMENTS THAT WILL NOT BE DISCHARGED AT CLOSING:

None.

R) BRIEF DESCRIPTION OF EXPRESS CONSTRUCTION WARRANTIES TO BE PROVIDED TO THE BUYER:

The Declarant will provide the warranties set forth in the Home Builder's Limited Warranty booklet attached as Exhibit G.

PROSPECTIVE BUYERS ARE ADVISED TO READ AND UNDERSTAND THE HOMEBUYERS WARRANTY BOOKLET BECAUSE (I) IT PROVIDES ONLY LIMITED CONSTRUCTION WARRANTIES; (II) IT CONTAINS WAIVERS OF COMMON LAW IMPLIED WARRANTIES; (III) IT EXCLUDES CERTAIN ITEMS FROM THE WARRANTIES; (IV) IT DISCLAIMS CERTAIN KNOWN AND SUSPECTED DEFECTS; (V) IT LIMITS THE DECLARANT'S RESPONSIBILITY FOR WARRANTED ITEMS; (VI) IT CONTAINS TIME LIMITS FOR MAKING CLAIMS; AND (VII) IT PROVIDES FOR MANDATORY ARBITRATION OF WARRANTY CLAIMS.

S) AVAILABILITY OF QUALIFIED WARRANTY:

RCW ch. 64.35 was enacted in April of 2004. Under that chapter, the declarant is not liable for construction defects if it provides the owners and association with a "Qualified Warranty". Qualified warranties must be offered by insurance companies and contain certain required terms and conditions. No such warranties are currently commercially available from insurers in Washington. Neither the units nor common elements are covered by a qualified warranty as described in RCW 64.35.210.

T) MULTI-UNIT RESIDENTIAL BUILDING ENCLOSURE DESIGN AND INSPECTION:

The community contains one multiunit residential building subject to RCW ch. 64.55. The building enclosures have been designed and inspected as required by RCW 64.55.010 through .090 and, if required, repaired in accordance with the requirements of RCW 64.55.090.

U) UNSATISFIED JUDGMENTS OR PENDING SUITS AGAINST THE ASSOCIATION; PENDING SUITS MATERIAL TO THE COMMUNITY KNOWN TO THE DECLARANT

None.

V) LITIGATION BROUGHT BY AN OWNERS ASSOCIATION, UNIT OWNER OR GOVERNMENTAL ENTITY AGAINST THE DECLARANT OR ANY AFFILIATE ARISING OUT OF THE CONSTRUCTION, SALE OR ADMINISTRATION OF ANY COMMON INTEREST COMMUNITY WITHIN THE PREVIOUS FIVE YEARS:

None.

W) BRIEF DESCRIPTION OF RESTRICTIONS ON USE OR OCCUPANCY OF UNITS; RENTAL OF UNITS; RIGHTS OF FIRST REFUSAL; RESALE RESTRICTIONS:

Use or Occupancy of Residential Units. The governing documents restrict the use of the CLT Member Units and Market Units to residential purposes only, including home business use. Occupancy of CLT Member Units is limited to the CLT Member Unit owner and their family, and CLT Member Units may not be rented. Market Units may not be rented without prior written approval. Notwithstanding the foregoing, any CLT Member Unit owner or Market Unit owner may rent part of the owner's unit to one or more roommates, provided the owner occupies the unit as the owner's primary residence throughout the rental term and does not surrender occupancy of the

entire unit to the roommate(s). Short-term rentals of CLT Member Units or Market Units are prohibited, including through Airbnb, VRBO, or otherwise.

Use or Occupancy of Commercial Units. The governing documents restrict the use of the Commercial Units from certain activities which may be offensive or inconsistent with the residential nature of the community.

Commercial Units Voting Rights. Commercial Unit Owners have the sole authority to remove directors of the board appointed exclusively by Commercial Unit Owners. All major decisions of the board must have approval from all Commercial Unit Owners.

Resale Price. The governing documents do not establish any restrictions on the resale price of a unit or the amount that may be received by a unit owner upon sale. However, the CLT Member Unit Covenant limits the resale price and universe of potential buyers for CLT Member Units. Market Units and Commercial Units are not subject to resale limitations.

Right of First Refusal. Homestead has a right of first refusal with respect to the sale of Market Units and Commercial Units, as further detailed in the Declaration.

X) INSURANCE COVERAGE PROVIDED FOR THE BENEFIT OF OWNERS:

The governing documents require the association to maintain replacement cost property insurance on the building, including the units and common elements and improvements or betterments to the units made by unit owners. The association has discretion whether to obtain earthquake insurance. Deductibles will apply to various coverages. The association's property insurance will not cover any personal property of the unit owners.

The governing documents require the association to maintain commercial general liability insurance insuring the association for bodily injury or property damage resulting from the operation, maintenance or use of the common elements. The association's liability insurance will not cover the conduct of individual unit owners.

The governing documents require the association to maintain fidelity insurance relating to the handling of the association's funds, or to ensure that its manager does so.

The governing documents require each owner to obtain a homeowner's insurance policy and to deliver to the association proof of such insurance.

Y) CURRENT OR EXPECTED FEES FOR THE USE OF ANY COMMON ELEMENTS OR FACILITIES, OR TO ANY OTHER ASSOCIATION, WHICH ARE NOT INCLUDED IN THE COMMON EXPENSES:

None.

Z) BONDS OR THIRD PARTY ASSURANCES THAT THE IMPROVEMENTS WILL BE BUILT:

The declarant has not obtained any bonds or other third party assurances for the completion of the improvements.

AA) COOPERATIVE: AVAILABILITY OF TAX PASS-THROUGH:

N/A. The community is not a cooperative.

BB) COOPERATIVE: EFFECT OF ASSOCIATION'S FAILURE TO PAY TAXES OR SECURED DEBT:

N/A. The community is not a cooperative.

CC) LEASEHOLD COMMUNITY: INFORMATION ABOUT MASTER LEASE:

N/A. The community is not a leasehold common interest community.

DD) RESERVE STUDY:

Samdal & Associates has prepared a reserve study for the community. The reserve study recommends an initial annual reserve contribution of \$64,347, with annual increases of three percent to achieve "Full Funding" of the reserve fund. A Full Funding plan is one where the association should always have cash on hand to pay for future expenses and would not need to borrow or to impose special assessments. The reserve study includes charts showing the assumed remaining life of building components and makes statements about useful life. The reserve study is not a warranty or representation as to the useful life or future performance of any component of any improvement in the community. The declarant makes no representation or warranty as to the useful life or future performance of any such components. A copy of the reserve study is attached hereto as Exhibit F. The reserve study was prepared in accordance with the requirements of the Act and the Declaration. The reserve study presumes the installation of three double electric vehicle charging stations by the Association. Notwithstanding the foregoing, the Association does not currently plan to undertake such installation.

EE) COST SHARING ARRANGEMENTS WITH OTHER ASSOCIATIONS OR OWNERS:

None.

FF) ESTIMATED CURRENT COMMON EXPENSE LIABILITY FOR THE UNITS BEING OFFERED FOR SALE:

The expected initial monthly assessment for each unit is set forth in the proposed budget for the community, which is attached hereto as Exhibit E. Since the association is not responsible for maintaining units, the proposed budget does not include costs of maintaining your unit. The proposed budget is for 2026, which is expected to be the association's first year of operation after completion of the buildings. The proposed budget was prepared by the Declarant. The actual expenses of operating and maintaining the community may differ from the budgeted expenses. The proposed budget contains an initial annual reserve contribution of \$57,912. The estimated monthly assessment for each Commercial Unit is \$806.24 and for each CLT Member Unit and Market Unit is \$509.30.

GG) ASSESSMENTS, FEES OR CHARGES KNOWN TO THE DECLARANT THAT MAY CONSTITUTE A LIEN IN FAVOR OF A GOVERNMENTAL AGENCY AGAINST A UNIT OR THE COMMON ELEMENTS IF NOT PAID:

Upon completion of the building, King County will impose a sewer capacity charge on each unit therein. The charge for 2026 is \$16.75 month per residential unit in the community. There may also be a charge for the common element water fixtures. The monthly charge for common element fixtures will be based on the number of plumbing fixtures or the wastewater flow projections in the common element. The sewer capacity charge is billed every three months for 15 years. The sewer capacity charge will be included in the monthly assessments charged by the association. For more information, go to:

<http://www.kingcounty.gov/environment/wastewater/capacitycharge>

HH) PORTIONS OF THE COMMUNITY (OTHER THAN UNITS) THAT AN OWNER MUST MAINTAIN:

None.

II) TIMESHARING:

Timesharing of units is prohibited.

JJ) SPECIAL DECLARANT RIGHTS; TERMINATION DATES; POTENTIAL CHANGES OF ALLOCATED INTERESTS ARISING FROM EXERCISE:

Homestead has reserved the following special declarant rights relating to the community, until all CLT Member Units, Market Units, and Commercial Units have been sold:

1. the right to complete any improvements indicated on the map or described in the Declaration or this public offering statement;
2. the right to maintain sales offices, management offices, advertising signs and models in units it owns or in the common elements and to remove them when no longer needed;
3. the right to use easements through the common elements for the purpose of making improvements in the community or within real estate that may be added to the community;
4. the right to select some or all of the directors until the end of the period of declarant control;
5. the right to control construction, design review or aesthetic committees or processes;
6. the right to access and enter the property to exercise these rights;
7. the right to execute amendments to the declaration;
8. the right to appoint or remove any officer of the Association or any director during any period of declarant control;
9. the right to veto or approve any proposed action of the directors or Association during any period of declarant control.

The period of declarant control continues until the earliest of i. 60 days after the conveyance of 75% of the units; ii. 2 years after the last conveyance or transfer of record; iii. 2 years after any development right to add new units to the Condominium was last exercised; or iv. the date where Homestead voluntarily surrenders these rights.

Homestead has reserved development rights relating to the community. These development rights include Homestead's right to create new Units, Common Elements, Limited Common Elements, and reallocate Limited Common Elements that have not been sold yet, including parking spaces. The development rights shall terminate on the earlier of (a) the fifth anniversary of the recording of the Declaration or (b) the recording of a notice signed by Declarant that it no longer wishes to exercise any of the development rights.

KK) LIENS ON REAL ESTATE TO BE CONVEYED TO THE ASSOCIATION:

None.

LL) PHYSICAL HAZARDS KNOWN TO THE DECLARANT THAT ARE NOT READILY ASCERTAINABLE BY THE BUYER:

None.

MM) BUILDING CODE VIOLATION CITATIONS KNOWN TO THE DECLARANT THAT HAVE NOT BEEN CORRECTED:

None.

NN) INFORMATION RELATING TO CONVERSION CONDOMINIUM BUILDINGS:

N/A. The community is not a conversion condominium.

OO) MULTI-UNIT RESIDENTIAL BUILDINGS OVER FIVE YEARS OLD:

N/A. The building will be new construction.

PP) AGE RELATED OCCUPANCY RESTRICTIONS:

N/A. The community is not age-restricted.

QQ) ADDITIONAL INFORMATION OF INTEREST:

Unit Areas. The unit areas contained in floor plans, renderings, reservation agreements, advertisements, web sites, brochures, sales materials, multiple listings, advertising, marketing and promotional materials are based on measurement standards that include some or all of the thickness of the surrounding walls. The useable area and height of your unit, when measured from the front of the wallboard, will be smaller than the area or height shown on such materials.

Illustrations. The renderings, depictions and illustrations are not to scale and may not show the location or dimensions of the boundaries, ceiling heights, closet size, electrical outlet locations, views of surrounding buildings, or the actual appliances, equipment, fixtures, finishes, colors and landscaping to be installed in the units or the exterior of the building. The displays of finish materials and color boards are for illustrative purposes only. The declarant has reserved the right to substitute different appliances, equipment, fixtures and finishes prior to closing. Buyer should not rely on renderings, depictions or illustrations as a precise depiction of the units, building or community.

Pet. Domestic animals are allowed, except as subject to rules and regulations adopted by the Board or Association.

Binding Arbitration. Any claims between the buyer (and the association acting on behalf of the buyer) and the declarant are subject to mandatory binding arbitration under your purchase agreement. Your purchase agreement contains a waiver of your right, if any, to a jury trial.

RR) THE FOLLOWING DOCUMENTS ARE A PART OF THIS PUBLIC OFFERING STATEMENT:

Exhibit	Document
Exhibit A	Declaration
Exhibit B	Community Maps
Exhibit C	Association Articles of Incorporation
Exhibit D	Association Bylaws
Exhibit E	Association Budget
Exhibit F	Reserve Study
Exhibit G	Home Builder's Limited Warranty
Exhibit H	Some Things You Should Know About Community Land Trusts and Common Interest Communities

**EXHIBIT A
TO
PUBLIC OFFERING STATEMENT

DECLARATION**

Record Date: 5/13/2026 2:06 PM

King County, WA

**20260513000424**DECLARATION OF CONDO Rec: \$358.50
5/13/2026 2:06 PM
KING COUNTY, WA

After recording return to:

Kathleen Hosfeld
Homestead Community Land Trust
412 Maynard Ave S, Unit 201
Seattle, WA 98104

Washington State Recorder's Cover Sheet (RCW 65.01)

Document Title: Condominium Declaration for Woodland View, a Condominium	
Reference Number(s) of Related Documents: _____	
Grantor: Homestead Community Land Trust	
Grantee: Woodland View, a Condominium Homestead Community Land Trust	1st AM NW 1298675
Abbreviated Legal Description: WOODLAND PARK ADD SUPL E 85 FT Additional legal description on page Exhibit A of document	
Assessor's Property Tax Parcel/Account Number(s): 952310-1065-07	

THE MAP WAS RECORDED WITH THE RECORDER OF KING COUNTY, WASHINGTON, CONTEMPORANEOUSLY WITH THE RECORDING OF THIS DECLARATION UNDER REC. NO. 20260513000423, IN VOLUME 413 OF CONDOMINIUMS, PAGES 40 THROUGH 48.

Examined and approved this 12 day of May, 2026.

King County Assessor

By: Joan Wilson
ASSESSORBy: Karen Curry
DEPUTY ASSESSOR

This Condominium is subject to the Washington Uniform Common Interest Ownership Act, codified at Ch. 64.90 RCW, as it may be from time to time amended.

**CONDOMINIUM DECLARATION
FOR
WOODLAND VIEW, A CONDOMINIUM**

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**DECLARATION
AND
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR
WOODLAND VIEW, A CONDOMINIUM**

(A Condominium Common Interest Community under Ch. 64.90 RCW)

Homestead Community Land Trust, a Washington nonprofit corporation, is the fee owner of certain real property legally described on the attached Exhibit A, together with all buildings, improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, and all items of personalty intended for use in connection herewith (collectively referred to in this Declaration as the "Property"). Declarant hereby submits its fee interest in the Property to the provisions of the Uniform Common Interest Ownership Act of the State of Washington for the benefit of the Unit Owners, Homestead, and the Land Unit Owner, as such terms are defined below.

1. Definitions.

"Act" means the Washington Uniform Common Interest Ownership Act (RCW Ch. 64.90).

"Articles" means the Articles of Incorporation for the Woodland View Owners Association.

"Allocated Interests" means the undivided interests in the Common Elements and Common Expense liabilities.

"Assessment" means all sums chargeable by the Association against a Unit and/or the Land Unit including, without limitation: (a) regular and special assessments for Common Expenses, including that Unit's RLCE Percentage or CLCE Percentage, and charges and fines imposed by the Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorney's fees, including those for appeals, incurred by the Association in connection with the collection of a delinquent Owner's account.

"Association" means the Woodland View Owners Association, a Washington nonprofit corporation.

"Board" or "Board of Directors" means the Board of Directors of the Association.

"Bylaws" means the Bylaws of the Association.

“CLT Member Unit” means a Unit intended for ownership by a CLT Member Owner and subject to a Covenant and Resale Agreement. The CLT Member Units are Units 201, 202, 203, 204, 205, 207, 301, 302, 303, 304, 306, 402, 403, 404, 406, 502, 503, 504, and 506.

“CLT Member Owner” means the Owner of a CLT Member Unit.

“Commercial Limited Common Elements” or “CLCEs” mean those Limited Common Elements allocated to all of the Commercial Units. The CLCEs are described in Section 7.d below, and are shown on the Survey Map and Plans. The Allocated Interests of only the Commercial Units for the CLCEs are under the column “CLCE Percentage” of Exhibit B, which may be referred to herein as the “CLCE Percentages”.

“Commercial Unit” means any Unit restricted to commercial, non-residential uses as further described in Section 10. The Commercial Units are Units 110 and 111.

“Commercial Unit Owner” means the Owner of a Commercial Unit.

“Common Elements” means all portions of the Condominium other than the Units and the Land Unit as more particularly described in Section 5.

“Common Expenses” means expenditures made by, or financial liabilities of, the Association together with any allocations for reserves, including without limitation all items described in Section 14(a), below.

“Common Expense Liability” means the liability for Common Expenses allocated to each Unit and the Land Unit pursuant to this Declaration. Each Unit’s Common Expense Liability is the sum of its allocated Common Expenses as either RLCEs or CLCEs (pursuant to the RLCE Percentage or CLCE Percentage) and the remaining Common Expenses which are allocated in accordance with the Unit’s Allocated Interest.

“Condominium” means the Property, portions of which are designated for separate ownership as Units or the Land Unit and the remainder of which is designated as Common Elements and owned on an undivided and indivisible basis by the Owners and the Land Unit Owner.

“Covenant and Resale Agreement” means the Condominium Deed of Trust and Fixture Filing and Covenant Including Restrictions on Transfer and the Right to Inherit executed by each CLT Member Owner upon acquisition of that CLT Member Owner’s Unit which benefits and is enforceable by Homestead.

“Conveyance” means any transfer of the ownership of a Unit, including transfer by deed, real estate contract, lease or assignment thereof, but shall not include a transfer solely for security.

“Declarant” means Homestead Community Land Trust, a Washington nonprofit corporation, as to Homestead’s role and obligations under this Declaration as “Declarant” and not as the Land Unit Owner or as set forth in the Covenant and Resale Agreement.

“Declarant Control” means the right of the Declarant, or persons designated by the Declarant, to appoint and remove officers and members of the Board of Directors, or to veto or approve a proposed action of the Board or Association, as more fully described in Section 8, below.

“Declaration” means this document as recorded and as amended in the future.

“Development Rights” means any right, if expressly reserved by Declarant in this Declaration to: (a) add real property or improvements to the Condominium; (b) create Units, Common Elements or Limited Common Elements within the Condominium; (c) subdivide Units or convert Units into Common Elements; (d) withdraw real property from the Condominium; or (e) reallocate Limited Common Elements with respect to Units that have not been conveyed by Declarant (e.g., reassignment of Limited Common Element parking stalls).

“Eligible Mortgagee” means the holder of a mortgage on a Unit or the Land Unit who has filed with the Secretary of the Association a written request that the holder be given copies of notices of any action by the Association that requires the consent of Mortgagees.

“Foreclosure” means a forfeiture or judicial or nonjudicial foreclosure of a mortgage, deed of trust, or real estate contract, or a deed in lieu thereof.

“Homestead” means Homestead Community Land Trust, a Washington nonprofit corporation, as to Homestead’s role and obligations under the Covenant and Resale Agreement and not as Declarant or the Land Unit Owner.

“Institutional Holder” means a Mortgagee which is a bank, or savings and loan association, or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency. Institutional Holder shall also mean Homestead if Homestead is the holder of a first mortgage on any Unit in the Condominium.

“Land” and “Land Unit” means that certain condominium unit, which includes all soils that are part of the Property to the lower limits of legal ownership of such soils, as shown on the Survey Map and Plans. The Land Unit does not include any improvements. To

the extent any utility lines (whether underground or not), pipes, infiltration tanks or facilities, building foundations, pavement, landscaping, sidewalks, pedestrian paths or other improvements are located on or within the Land Unit, such improvements shall be deemed Common Elements under this Declaration unless otherwise defined as a Unit under Section 4 below. The Land Unit shall be a single condominium unit owned by the Land Unit Owner.

“Land Unit Owner” means, initially, Homestead or such other affiliate of Homestead or other successor in the future.

“Limited Common Element” means a portion of the Common Elements allocated by the Declaration or by operation of the Act for the exclusive use of one or more, but fewer than all, of the Units, as described in Section 6, below. RLCEs and CLCEs are Limited Common Elements.

“Major Decision” means any of the following decisions or actions of the Association, regardless of whether made or taken directly or indirectly by Owners or Directors acting or purporting to act on behalf of the Association, (a) any capital additions or improvements or acquisition of real or personal property having a total cost in excess of \$25,000.00 in any 12 month period which materially impacts the Commercial Units excluding those expenditures contemplated by the budget (e.g., excluding capital replacements or repairs for which adequate reserves are maintained or reconstruction following casualty for which there are adequate insurance proceeds), (b) any amendment to the Declaration, Articles, Bylaws or Rules and Regulations which has a material adverse effect on the Commercial Units, and (c) taking any action that results in a material adverse effect and disparate impact on the Commercial Units versus the CLT Member Units and Market Units.

“Manager” or “Managing Agent” means any person or company designated by the Board to manage the Condominium.

“Market Owner” means the Owner of a Market Unit.

“Market Unit” means a Unit intended for ownership by a Market Owner. A Market Unit is not subject to a Covenant and Resale Agreement. The Market Units are Units 206, 305, 401, 405, 501, and 505.

“Mortgage” means a mortgage, deed of trust, or real estate contract.

“Mortgagee” means the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Unit or the Land Unit created by a mortgage or deed of trust, and, except as otherwise herein set forth, shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Unit.

“Owner” or “Unit Owner” means the owner of record, whether one or more persons including the Declarant, of a Unit, but does not include a person who has an interest in the Unit solely as security for an obligation. Owner or Unit Owner also means the vendee, not the vendor, of a Unit under a real estate contract. The terms “Owner” and “Unit Owner” include the CLT Member Owners, Market Owners, and Commercial Unit Owners, but not the Land Unit Owner, unless indicated otherwise.

“Person” means a natural person, corporation, limited liability company, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.

“Property” means the real property described in attached Exhibit A, together with the buildings and all improvements and structures now or hereinafter placed thereon, and all easements, rights and appurtenances belonging thereto, and all items of personalty intended for use in connection therewith.

“Purchaser” means any person, other than Declarant, who, by means of a conveyance, acquires a legal or equitable interest in a Unit other than as security for an obligation.

“Residential Limited Common Elements” or “RLCEs” means those Limited Common Elements allocated to all CLT Member Units and Market Units. The RLCEs are described in Section 7.c and are shown on the Survey Map and Plans. The Allocated Interests of only the CLT Member Units and Market Units for the RLCEs are under the column “RLCE Percentage” of Exhibit B, which may be referred to herein as the “RLCE Percentages”.

“Residential Purposes” means use of a Unit by an Owner only for that Owner’s primary residence and no other purpose unless otherwise expressly allowed in this Declaration. All Units shall be used for Residential Purposes, except for the Commercial Units.

“Sale,” “transfer,” or “lease” means a voluntary transfer or conveyance to a purchaser or lessee of any legal or equitable interest in a Unit, but does not include the transfer or release of a security interest.

“Special Declarant Rights” means rights reserved for the benefit of Declarant, as set forth in Section 23, below.

“Specially Allocated Expenses” means certain expenditures or liabilities of the Association which are specially allocated among Units in accordance with usage or benefit, if any.

“Survey Map and Plans” means the Survey Map and Plans recorded simultaneously with this Declaration in Volume 413 of Condominiums, Pages 40 through 48, under King County Recording No. 20260513 000 423 and titled

“Woodland View, a Condominium”, and any amendments, corrections, and addenda thereto subsequently recorded.

“Unit” means a condominium unit consisting of a residence designated, or in the instance of Commercial Units, a commercial enterprise, for separate ownership and occupancy, the boundaries of which are described in this Declaration. The term “Unit” does not include the Land Unit. Unless expressly stated otherwise, the term “Unit” shall include the CLT Member Units, Market Units, and Commercial Units. For purposes of rights conveyed hereunder or by the Articles of Incorporation or Bylaws, the construction of a Unit need not be completed to allow the Owner to enjoy such rights, including voting rights.

2. Description of Condominium. The Condominium consists of: (i) 19 CLT Member Units, (ii) 6 Market Units, (iii) 2 Commercial Units, (iv) the Land Unit, (v) Limited Common Elements, and (vi) Common Elements. The building in the Condominium is a 5-Story Type III A Wood Frame over a concrete podium.

3. Description of Land Unit. The Land upon which the Condominium is located is legally described on Exhibit A and owned by Declarant in fee simple as a separate Land Unit. The Land Unit consists of the real property legally described and depicted on the Survey Map and Plans together with the area extending below the surface of the land as described in the Survey Map and Plans. Notwithstanding anything contained herein to the contrary, the building foundation and all underground utilities, structures or improvements whether serving the Units or other property shall not be deemed part of the Land Unit but shall be Common Elements. Declarant’s ownership of the Land Unit reflects Declarant and Homestead’s continuing interest in the perpetual use of the CLT Member Units as affordable housing consistent with the requirements of Homestead’s land trust program for home ownership, the preservation of Homestead’s investment in the Condominium represented, in part, by the subsidy Homestead provides to CLT Member Owners to acquire CLT Member Units, and Declarant’s obligation to comply with and enforce the Covenant for Affordable Housing in favor of the City of Seattle dated and recorded on June 28, 2024, under King County Recorder Number 20240628001281, (as amended, the “City of Seattle Covenant”).

4. Description of Units.

a. Description of Units. The Units and the Land Unit are generally described on the attached Exhibit B. The Owner of a Unit shall own the improvements located within the boundaries of a Unit, as those boundaries are delineated on the Survey Map and Plans and described in Section 4.d below.

b. Location. The location of each Unit and the Land Unit is shown on the Survey Map and Plans.

c. Access to Common Elements. Subject to applicable law and the rules and regulations of the Association, each Unit has access to the Common Elements described in Section 5 below.

d. Description of Unit Boundaries. The boundaries of the Units shall consist of an envelope of space, the perimeter boundaries of which are the interior walls, floors and ceilings of the finished Unit including all lath, furring, wallboard, plasterboard, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the interior finished surfaces of the Unit. A Unit shall include all structures, improvements and fixtures now or hereafter located within said space and any pipes, wires, conduits, and other utility equipment serving solely that Unit.

e. Monuments as Boundaries. Any physical boundaries of a Unit constructed in substantial accordance with the original Survey Map and Plans thereof become its boundaries rather than any metes and bounds or other description expressed in the Survey Map and Plans, regardless of settling or minor variances between boundaries shown on the Survey Map and Plans and those of any said physical boundaries.

5. Description of Common Elements. The Common Elements consist of the entire Property, except for the Units and those portions of the Land Unit that are not occupied by those utility facilities listed in Section 5(b) below. Ownership of each Unit and the Land Unit includes an undivided percentage interest in the Common Elements and, except as otherwise provided in this Declaration or in the applicable Covenant and Resale Agreement, the percentage obligation of each Unit Owner and the Land Unit Owner for the cost of maintaining such elements as shown on Exhibit B. Common Elements include all portions of the Units located outside the envelope of space described in Section 4(d) above (other than the Land Unit) and shall include all storm water detention facilities located within the Property such as any bio-retention facilities, proprietary filters and infiltration devices. The Common Elements also include, without limitation, the following:

a. the roof, exterior walls, exterior doors, windows, the foundation and any other portion of the building located outside the envelope of space described in Section 4(d) above and outside the Land Unit;

b. any pipes, wires, conduits, and other utility equipment serving the Property and located outside a Unit including all underground utility lines, pipes and other utility facilities located within the Land Unit and all common mechanical, water heater, riser rooms and trash room;

c. any entryways, lobbies, railings, stairs, stairways, elevator, corridors, walkways, crawlspaces, hallways and entrance lobby (except for any areas identified as Limited Common Elements on the Survey Map and Plans);

- d. landscaping and sidewalks (except for any areas identified as Limited Common Elements on the Survey Map and Plans) which surround the building and provide access to the Units;
- e. fences and all facilities relating thereto
- f. rooftop garden, including all planter boxes located on the rooftop deck;
- g. shared bike storage room; and
- h. mailboxes, assigned at the discretion of the U.S. Postal Service, the Declarant, and the Association, in a group of mailboxes on the Property.

It is the intent of the Association to permit the Nest Owners Association (the "Nest HOA") and its members to access the ground floor Common Element designated as "lobby/community" on the Survey Map and Plans pursuant to a separate, unrecorded license agreement between the Association and the Nest HOA. Notwithstanding the foregoing statement of intent, nothing in this Declaration, the Articles, the Bylaws, or the Rules and Regulations shall be construed to grant, convey, or create any right of access, use, license, easement, or other interest whatsoever in or to any Common Element in favor of the Nest HOA or its members, officers, directors, agents, residents, tenants, guests, or invitees. Any access to the lobby/community Common Element by the Nest HOA or its members shall be solely governed by the terms and conditions of a separate written agreement, if any, entered into between the Association and the Nest HOA, which agreement may be modified, suspended, or terminated by the Association in its sole and absolute discretion. The absence of any such separate agreement shall not give rise to any claim by the Nest HOA or its members for access to any Common Element.

Notwithstanding the foregoing, Parking Stall #4, as shown on the Survey Map and Plans, is a Common Element and designated as an ADA-accessible parking space available for use by Owners and their guests on a first-come, first-served basis, subject to a maximum occupancy of four (4) hours per continuous use. Under no circumstances shall the customers, clients, patrons, or invitees of a Commercial Unit Owner have access to or use of Parking Stall #4 in connection with the Commercial Unit Owner's business operations. Use of Parking Stall #4 shall at all times be subject to the rules and regulations of the Association.

6. Description of Limited Common Elements. Certain portions of the Common Elements are reserved for use of certain Units to the exclusion of the other Units and are designated in this Declaration as "Limited Common Elements." A description of the Limited Common Elements, stating to which Units their use is reserved, is as follows:

a. Parking. The initial assignment of Limited Common Element parking stalls is in the attached Exhibit B. Pursuant to Section 23 below, Declarant has reserved the right to allocate or reallocate those Limited Common Element parking stall assignments. All parking stalls shall constitute part of the Common Elements until Declarant has assigned them to specific Units. All Limited Common Element parking stalls assigned to a particular Unit shall be transferred with the fee interest in that Unit regardless of whether the same is identified in the deed or other conveyance instrument. Until Declarant has sold all Units, Declarant shall have the right to control the use of any unassigned parking stalls for staging, storage, parking and other construction-related purposes, and sales and marketing purposes. Notwithstanding anything to the contrary herein, no Owner shall lease, license, sublicense, rent, assign, or otherwise permit the use of such Owner's assigned Limited Common Element parking stall(s) to any person who is not an Owner of a Unit in the Condominium or a member of such Owner's household residing in the Unit to which such parking stall is allocated. An Owner may lease or license such Owner's assigned parking stall(s) solely to another Owner, subject to such terms and conditions as the Board may establish by rule or regulation. Any purported lease, license, or other arrangement in violation of this provision shall be void and of no force or effect. The designation "EV" on the Survey Map and Plans with respect to any parking stall indicates that such parking stall may be equipped with the infrastructure necessary to support the future installation of electric vehicle charging equipment ("EV-Ready"), but does not include the installation of such charging equipment. The installation, operation, maintenance, repair, and replacement of electric vehicle charging equipment within a Limited Common Element parking stall designated as EV-Ready shall be the sole responsibility and at the sole cost and expense of the Owner of the Unit to which such parking stall is allocated. All such installation, operation, maintenance, repair, and replacement shall be performed in compliance with all applicable federal, state, and local laws, codes, and regulations, and shall be subject to the reasonable rules and regulations of the Association.

b. Residential Limited Common Elements. The RLCEs include all items marked as RLCE on the Survey Map and Plans or any other portion of the Condominium that exclusively benefits the CLT Member Units or Market Units.

c. Commercial Limited Common Elements. The CLCEs include all items marked as CLCE on the Survey Map and Plans or any other portion of the Condominium that exclusively benefits the Commercial Units.

In addition to the foregoing, any exterior doors and windows or other fixtures designed to serve a single Unit but which are located outside the Unit boundaries shall be deemed Limited Common Elements allocated exclusively to that applicable Unit (but are not part of the Unit). The obligation to maintain those Limited Common Elements is as provided in this Declaration.

7. Common Element Interests/Allocation of Votes

a. Percentage of Undivided Interest in the Common Elements and in the Common Expenses of the Association. Each CLT Member Unit and Market Unit has been allocated a 3.7037% undivided interest, and each Commercial Unit has been allocated a 3.7037% undivided interest, in the Common Elements and in the Common Expenses as shown on attached Exhibit B. The Land Unit has been allocated a 0% undivided interest in the Common Elements and in the Common Expenses, as the Land Unit does not benefit from the Common Elements.

b. Calculation of RLCE Percentage and CLCE Percentage. Exhibit B also states the RLCE Percentage for each CLT Member Unit and Market Unit upon which those special allocations attributable to the RLCEs will be assessed and allocated among the CLT Member Units and Market Units. The formula for determining the RLCE Percentage of each CLT Member Unit and Market Unit is as follows:

$$\begin{array}{lcl} \text{RLCE} & & \text{Unit Area} \\ \text{Percentage} & = & \frac{\text{Total Area of All CLT Member Units}}{\text{and Market Units}} \end{array}$$

Exhibit B also states the CLCE Percentage for each Commercial Unit upon which those special allocations attributable to the CLCEs will be assessed and allocated among the Commercial Units. The formula for determining the CLCE Percentage of each Commercial Unit is as follows:

$$\begin{array}{lcl} \text{CLCE} & & \text{Commercial Unit Area} \\ \text{Percentage} & = & \frac{\text{Total Area of All Commercial Units}}{\text{and Market Units}} \end{array}$$

Exhibit B lists the square footages of Units as measured and shown on the Survey Map and Plans. These square footages are used for the calculation of Unit areas and the calculation of the RLCE Percentages, and CLCE Percentages.

c. Allocation of Votes. The allocation of votes shall be as follows: Each Unit shall have 1 vote and the Land Unit shall have 1 vote so that the total number of votes (28) shall be equal to the total number of Units plus the Land Unit. Notwithstanding the foregoing, nothing in this Section or Declaration shall restrict or inhibit in any way those approval or other rights expressly reserved to Declarant or Homestead in this Declaration, in any Covenant and Resale Agreement, or in any covenants, conditions, restrictions or other documents recorded against the Property or executed by Unit Owners upon acquisition of a Unit.

8. Association and Bylaws.

a. Association Membership. The Land Unit Owner and each Unit Owner shall automatically be members of the Association and shall remain a member of the Association until such time as such owner's ownership ceases for any reason, at which time such owner's membership in the Association shall automatically cease. Membership shall be appurtenant to and may not be separated from ownership of each Unit and the Land Unit. The Owners of Units and the Land Unit Owner covenant and agree that the administration of the Condominium shall be in accordance with the provisions of this Declaration and the Articles of Incorporation, Bylaws of the Association, and the Rules and Regulations. The Articles of Incorporation and Bylaws provide that the affairs of the Association shall be managed by a Board of Directors. The Articles of Incorporation and Bylaws effective as of the date of this Declaration are hereby adopted as the Articles of Incorporation and Bylaws of the Association. Such Articles of Incorporation and Bylaws may be amended as therein provided.

b. Board of Directors; Major Decisions of Board of Directors. The affairs of the Association shall be managed by a Board of Directors. The initial Board shall have 3 Directors. Until succeeded by the Directors elected by the Unit Owners, Directors need not be Unit Owners. At least 1/3 of the terms of the members of the Board of Directors shall expire annually as provided in the Bylaws. In any event, however, each Director shall hold office until such time as such Director's successor has been elected. Except as otherwise permitted under Section 8(c) below, the Land Unit Owner shall not be eligible to serve as a Director of the Association. Notwithstanding anything to the contrary in this Declaration and commencing as of the election described in Section 8.e below, all Major Decisions to be approved by the Board must be approved by (a) a majority of the Directors and (b) the Director elected by the class of Commercial Unit Owners.

c. Declarant Control. Declarant and its successors or assigns shall exercise the Declarant Control as set forth in this Section 8(c). Declarant shall have the right to select some or all of the directors, and such directors need not be Unit Owners, until the earliest of the following events happens:

- (1) a date 60 days after the conveyance of 75% of the Units to Unit Owners; or
- (2) a date 2 years after the last conveyance or transfer of record of a Unit except as security for a debt; or
- (3) a date 2 years after any development right to add new Units to the Condominium was last exercised; or

(4) the date on which Declarant records an amendment to the Declaration to voluntarily surrender the right to further appoint and remove officers and members of the Board of Directors.

Upon the happening of any of the foregoing events, the Directors selected by Declarant shall resign, to be succeeded by Directors elected by the Unit Owners, and the control of the Condominium shall thereafter pass from Declarant to the Association. During the period of Declarant Control, Declarant may veto or approve a proposed action of the Board of Directors or the Association, provided such action is taken in writing within 30 days after receipt of written notice of the proposed action. Failure of Declarant to timely veto or approve a proposed action shall be deemed approval by Declarant.

d. Directors Elected by Unit Owners. Not later than 60 days after conveyance of 25% of the Units to Owners other than Declarant, at least 1 Director (and not less than 25% of the Board of Directors) must be elected by Unit Owners other than Declarant. Further, no later than 60 days after conveyance of 50% of the Units, not less than 1/3 of the Board of Directors must be elected by Unit Owners other than Declarant.

e. Election by Members of Directors. Within 30 days after the termination of the period of Declarant Control, the Unit Owners and the Land Unit Owner shall elect a Board of Directors of at least 5 members, a majority of whom must be Unit Owners as follows: one member of the Board of Directors shall be elected by the class of Commercial Unit Owners; the remaining four members of the Board of Directors shall be elected collectively by vote of the class of CLT Member Owners, Market Owners, and the Land Unit Owner. The Board of Directors shall then elect its officers from the members of the Board of Directors, as set forth in the Bylaws. The members of the Board of Directors and officers shall take office upon election.

f. Removal of a Director. The Unit Owners and the Land Unit Owner, by a 2/3 vote of the voting power in the Association present and entitled to vote at a meeting of the Association members at which a quorum is present, may remove any member of the Board of Directors with or without cause, other than a member appointed by Declarant during the period of Declarant Control, and other than a member elected by the class of Commercial Unit Owners who have the sole authority to remove such member so elected. Declarant may not remove any member of the Board of Directors elected by the Unit Owners and the Land Unit Owner, even if that Director was elected during the period of Declarant Control. Further, prior to the termination of the period of Declarant Control, the Unit Owners and the Land Unit Owner, other than Declarant, may remove by a 2/3 vote any Director elected by the Unit Owners and the Land Unit Owner.

g. Standard of Care. The duty of care required of Directors shall be ordinary and reasonable care. However, if the statutory standard of care is, at any time, different

than the standard of care set forth in this Section, this Section shall be deemed amended so that the standard of care shall be that standard set forth statutorily for condominiums in the State of Washington. This subsection shall not apply where the consequences of such act, omission, error, or negligence are covered by the insurance obtained by the Board.

h. Indemnification. The Association shall indemnify its directors and officers against all liability, damage, and expenses arising from or in connection with service as directors and officers of the Association to the maximum extent and under all circumstances permitted by law.

i. Homestead Consent Required. All actions taken by the Association or by any CLT Member Owner as a member of the Association shall be consistent with and in full compliance with the provisions of the Covenant and Resale Agreement executed by CLT Member Owners when they acquired a Unit in the Condominium unless the prior written consent of Homestead is obtained.

9. Voting; Major Decisions of Owners. Every Owner of a Unit and the Land Unit Owner shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit or the Land Unit. There shall be one voting Owner or agent for each Unit and the Land Unit. The Land Unit Owner shall designate an individual or other agent to vote on its behalf and such individual may be an employee of Homestead. For the Units, the voting Owner or agent shall be designated by the Owner or Owners of a Unit by written notice signed by each party with an ownership interest, which notice shall be filed with the Secretary of the Board of Directors. The voting agent need not be an Owner. Any designation of a voting Owner or agent may be revoked at any time by any one of the parties with an ownership interest in the Unit by delivering written notice to the Secretary of the Board of Directors. Such designation shall be deemed revoked when the Secretary receives actual notice of the death or judicially declared incompetency of the Owner of the Unit, or of the conveyance of such ownership interest. When no designation is made, or where designation has been made and revoked and no new designation has been made, the voting Owner shall be the person or group composed of all Owners of that Unit who attend any meeting of the Association; however, votes may not be split by multiple Owners of a Unit. Thus, if multiple Owners cannot agree on a vote, their vote will not be counted on a vote of the Association membership, even though those Owners may be counted for purposes of a quorum (as if abstaining). As used in this Declaration, the term "total voting power" means the total number of votes, as described above, which may be exercised at the time the vote is taken. Notwithstanding anything to the contrary in this Declaration or the Bylaws, all Major Decisions to be made by the Owners shall require the approval of (a) greater than 50% of the voting interest of the Owners, and (b) 100% of the voting interest of the Commercial Unit Owners.

10. Restrictions on Use of Property. Use of each Unit is restricted as follows:

a. Residential Use. Except for the Commercial Units, the Units are intended for Residential Purposes only and their use is so restricted. Except for the Commercial Units, each Owner shall occupy their Unit as their principal and primary residence. Except for the Commercial Units, commercial use of any portion of a Unit is permitted only with the prior written consent of both the Association and Homestead and is subject to the restrictions set forth in this Declaration, and for CLT Member Units, subject to the restrictions in each Covenant and Resale Agreement.

b. Rules and Regulations. Subject to the provisions of this Declaration and each Covenant and Resale Agreement (as applicable), the Board of Directors of the Association may, from time to time, by a vote of a majority of its members, make, repeal, and/or alter rules and regulations covering details of the operation and use of the Property to insure compliance with the Declaration and each Covenant and Resale Agreement and to insure the peaceful habitation by all Owners and occupants of the Units. Unit Owners and the Land Unit Owner shall have the right to change or repeal such rules or regulations upon the approval of 51% of the total voting power of the Association provided no rule or regulation or revision shall change the requirements that the CLT Member Units (i) shall be used only as the principal and primary residence of each Unit Owner, (ii) shall not be subleased or rented, and (iii) shall otherwise be used in strict compliance with this Declaration and each Covenant and Resale Agreement.

c. Leases and Occupancy. CLT Member Owners are prohibited from leasing, renting or subleasing their CLT Member Unit or any portion thereof. Occupancy of a CLT Member Unit is limited to the CLT Member Owner and their family as a principal and primary full-time residence including persons related by marriage, legal adoption, and those descended from a common ancestor, as well as domestic partners of CLT Member Owners identified as such by the CLT Member Owner. Both long-term rentals and short-term rentals of CLT Member Units through Airbnb, VRBO or otherwise are prohibited. No Market Owner may lease all or any part of a Market Unit without the prior written approval of (i) a majority of the Owners, and (ii) the Land Unit Owner. Notwithstanding the foregoing, short-term rentals of Market Units through Airbnb, VRBO or otherwise are prohibited. Subject to all other terms of this Declaration, the Commercial Units may be leased, subleased, or licensed without the Association's consent.

d. Time-Shares. Time-sharing of any Unit is prohibited.

e. Signs. Subject to applicable law, no sign of any kind shall be displayed to the public view on or from any Unit, the Land Unit, any Common Element, or Limited Common Element, without the prior written consent of the Board, the Land Unit Owner (for signs installed on the Land Unit), and Homestead; provided, that the Board shall designate an area or areas for display of "For Sale" signs and Homestead may erect a sign indicating that the project is part of Homestead's land trust program. The Board, the Land Unit Owner, or Homestead may restrict the size, color, lettering, and placement of signs. Notwithstanding the

foregoing and subject to applicable law, Commercial Units may display signage that directly relates to the Commercial Unit Owner's business operations within or on the exterior of their Commercial Unit. Such Commercial Unit signage shall (i) not materially interfere with the CLT Member Owners and Market Owners use and enjoyment of the Condominium and (ii) be subject to the reasonable rules and regulations of the Board.

f. Exterior Appearance. In order to preserve a uniform external appearance of the Condominium and those portions of the Common Elements or Limited Common Elements which are visible to the public, the Board shall set standards for the painting, staining, and other decorative finish of the Units, Common Elements and Limited Common Elements which are visible to the public and prescribe the type and color of such decorative finishes and may prohibit, require or regulate any modification or decoration of the Units and any Common Elements or Limited Common Elements which are visible to the public and which are undertaken or proposed by a Unit Owner. This power of the Board extends to any portion of a Unit which is visible to the public. A uniform color shall be used for the linings of draperies and curtains as visible to the public. Any changes in the appearance standards that the Board desires to make shall be subject to the prior written approval of the Land Unit Owner and Homestead, which shall be given or withheld in its sole and absolute discretion.

g. Offensive Activity. No washing, rugs, clothing, apparel or any other article shall be hung from the exterior of the building or elsewhere if visible to the public. No article such as an air conditioner, antenna, satellite dish, pole or other type of exterior antenna or receiver or other device shall be attached to or suspended from the building or placed on the windowsills thereof. Unit entrances shall be kept clear of clutter including toys, shoes, umbrellas and other items. No noxious or offensive activity shall be carried on in any Unit, Common Element, or Limited Common Element or on the Land Unit, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners or occupants.

h. Pets. Subject to the rules and regulations adopted by the Board, Owners may keep domestic animals in their Units. The Board may, at any time, require the removal of any animal that it finds is unreasonably disturbing other Owners, in the Board's determination, and may exercise this authority for specific animals even though other animals are permitted to remain. No animals of any kind shall be raised, bred, or kept as pets or otherwise on the Land Unit.

i. Effect on Insurance. Nothing shall be kept or done in any Unit, on the Land Unit or in any Common Element or Limited Common Element that will increase the rate of insurance on the Common Elements or other Units or the Land Unit without the prior written consent of the Board, the Land Unit Owner, and Homestead. Nothing shall be kept or done in any Unit, on the Land Unit or in any Common Element or Limited Common Element which will result in the cancellation of insurance on any Unit, the Land Unit or any part of the Common Elements, or which would be a violation of any laws.

j. Grills. The use of charcoal grills and propane grills on the rooftop deck is prohibited.

k. Common Hallways and Walks. Common walks, hallways and other general Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed on or within such areas except by the written consent of the Board. All bicycles shall be stored in the bike storage room and not within common hallways.

l. Business and Commercial Use of Property. No trade, craft, business, or manufacturing enterprise, or business or commercial activity of any kind shall be conducted or carried out in any Unit, or on the Property itself, unless the following conditions are met: (1) the Unit associated with the business or commercial use must serve as the primary residence for that Unit's Owner; (2) the existence or operation of the business is not apparent or detectable by sight, sound, or smell from outside the Unit; (3) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door to door solicitation of Unit Owners; (4) no goods, equipment, and/or materials or supplies used in connection with any trade, service, or business shall be kept, parked, or stored anywhere on the Property except indoors within the interior of a Unit; (5) no Unit Owner shall engage in any commercial use or activity which will increase the rate of insurance on the Condominium; and (6) all uses shall be in compliance with laws, regulations, ordinances and conditions of land use or permit approvals of all applicable governmental agencies and authorities. This Section 10(l) shall not apply to the Commercial Units.

m. Commercial Units. It is anticipated that the Commercial Units will be used for restaurant, coffee shop, or other food service purposes, all of which uses are specifically permitted. Provided that Commercial Unit Owners remain in compliance with the use requirements and limitations set forth in this Declaration, neither the Association nor the Board nor any other Owners shall have the authority to adopt rules, modify this Declaration, file lawsuits, or take any other action in a manner that would have a material, adverse impact on such specifically permitted uses without obtaining the prior written consent of the affected Commercial Unit Owner(s). In addition to such specifically permitted use, except as provided below, the Commercial Units may be used for any uses permitted under applicable law.

(1) The Commercial Units shall not be used for conducting or operating: manufacturing activities; wholesale or retail sales of pornographic material; a card room; a dance hall; a pool hall; a video arcade or other similar form of amusement center; a musical school or studio; an adult motion picture theater; a massage parlor; a laundry facility; a dry-cleaning plant (drop-off and pick-up facility is permitted); a package liquor store; a taxidermy shop; a retail pet shop or animal clinic; a work release center; a drug rehabilitation center; or a

social service agency. The Commercial Units may maintain hours of operation open to customers from no earlier than 6:00 a.m. to no later than allowed under applicable local ordinances.

(2) The delivery or shipment of merchandise, supplies, and fixtures to and from the Commercial Units shall be accomplished in a manner that shall not unreasonably interfere with the quiet enjoyment or the security of the Units.

(3) A Commercial Unit Owner shall not allow or permit any continuing vibration ("Vibration") or any offensive or obnoxious and continuing noise ("Noise") or any offensive or obnoxious and continuing odor ("Odor") to emanate from the Commercial Unit, nor shall the Commercial Unit Owner allow or permit any machine or other installation therein to constitute a nuisance or otherwise to unreasonably interfere with the safety or comfort of any of the Owners. Upon the failure of the Commercial Unit Owner to promptly remedy Noise, Vibration, or Odor, then the Board may at its option either: (i) cure such condition at such Owner's cost and expense; or (ii) pursue any other available legal or equitable remedy.

(4) The Commercial Unit Owner shall not use or occupy the Commercial Unit or permit anything to be done at the Commercial Unit in any manner which shall: (i) make it materially impracticable for the Association to carry any insurance required or reasonably deemed to be necessary; (ii) invalidate or unreasonably increase the cost of such insurance; (iii) cause structural injury to the building in the Condominium; or (iv) constitute a public or private nuisance; or (v) violate any laws, regulations, ordinances or requirements of the federal, state or local governments or of any other governmental authorities having jurisdictions over the Condominium.

(5) The Commercial Unit Owner shall bear the expenses relating to any changes in electrical, gas or water service necessitated by the use of their Commercial Unit.

(6) The Commercial Unit Owner shall comply with all applicable local, state, and federal laws.

(7) The rooftop deck and rooftop garden are Common Elements. A Commercial Unit Owner's access to the rooftop deck and rooftop garden shall be strictly limited to the Commercial Unit Owner and its employees, subject to the reasonable rules and regulations of the Association. Under no circumstances shall the customers, clients, patrons, or invitees of a Commercial Unit Owner have access to the rooftop deck or rooftop garden in connection with the Commercial Unit Owner's business operations, without the express written consent of the Association.

None of the restrictions that solely impact CLT Member Units in this Section 10 may be amended without the prior written consent of Homestead which may be given or withheld in Homestead's sole and absolute discretion. Such CLT Member Unit restrictions are permanent,

were a condition of the original development of the Condominium, and are imposed to ensure that CLT Member Units continue to be used for permanently affordable housing consistent with Homestead's land trust program, the requirements of the City of Seattle Covenant, and those of any other funders of the original construction.

11. Management. The Board shall enter into a contract for professional management of the Condominium, subject to the prior written consent of Homestead as to the management company and the form of contract. The maximum term of such contract shall not exceed 1 year, and the contract shall be terminable without cause on 30 days written notice; provided that any such termination by the Association shall require the prior written consent of Homestead. Homestead or its affiliate may serve as the property management company provided a contract with terms acceptable to the Board and Homestead is entered.

12. Easements.

a. Common Elements. Each Unit Owner and the Land Unit Owner shall have a non-exclusive easement on, and may use the Common Elements (but not the Limited Common Elements) in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful right of the other Unit Owners and the Land Unit Owner. Without limitation of the foregoing, each Unit Owner shall have a right of ingress to and egress from that Owner's Unit, over and across the common hallways, corridors, elevator, and stairwells which are part of the Common Elements.

b. Appurtenant. Such easement described above shall be appurtenant to and shall pass with the title to each Unit and the Land Unit Owner, subject to the following:

(1) the right of the Association to assess and collect dues and assessments as hereinafter defined; and

(2) subject to the prior approval of Homestead, the right of the Association to grant permits, licenses and easements over the Common Elements for purposes reasonably necessary or useful for the proper maintenance or operation of the building; and

(3) the right of the Association to have reasonable entry into any Unit to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Unit and, if the Association elects not to make such repairs, Homestead shall have the right of reasonable entry for such purposes at the cost of such Unit Owner and the Association.

c. Encroachments. If any portion of the Common Elements encroaches upon any Unit or any Unit encroaches upon the Common Elements or any other Unit as a result of the construction, repair, or settlement of any portion of the improvements, a valid easement

for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists. The foregoing creation of an easement shall not apply to any unauthorized improvements by a Unit Owner.

d. Repairs. The Board of Directors shall at all times act to maintain the Common Elements in a condition which is safe, attractive in appearance, and structurally sound. If for any reason the Board of Directors fails to do so, Homestead shall be authorized to enter the Property to maintain the Common Elements and make repairs recommended in a property condition report or reserve study, all at the cost of the Association. The Common Elements and the Units are subject to a perpetual easement in favor of Homestead for such purposes. The requirements of this Section may not be amended without the prior written consent of Homestead which may be given or withheld in its sole and absolute discretion. Such restrictions are permanent, are a condition of the original development of the Condominium, and are imposed to ensure that all CLT Member Units are maintained and continue to be used for permanently affordable housing consistent with Homestead's land trust program, the City of Seattle Covenant, and the requirements of any other funders of the original construction.

13. Registered Agent. The name of the person to receive service of process for Declarant in the cases provided for in the Act is:

Homestead Community Land Trust
Attn: CEO and Executive Director
412 Maynard Ave S #201
Seattle, WA 98104

Declarant may from time to time change the person to receive service of process as provided by law. Such change shall be effective when written notice of such action, signed and acknowledged by the Declarant, is filed with the Washington Secretary of State.

14. Assessments.

a. Assessments for Common Expenses. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, and determine the amount necessary to meet the Common Expenses of the Association. The Association shall allocate the anticipated costs to be incurred by the Association of operating, maintaining and replacing, (i) the RLCEs to the CLT Member Units and Market Units in proportion to the RLCE Percentages, and (ii) the CLCEs to the Commercial Units in proportion to the CLCE Percentages. Unless determined otherwise by the Board of Directors, all annual, special and emergency Assessments must be fixed at a uniform rate for all Units and the Land Unit in proportion to their percentage interests in the Common Elements, RLCE Percentages, CLCE Percentages, and shall be assessed on an annual basis. The Common Expenses shall include:

- (1) all common expenses defined in the Act;
- (2) the cost of all insurance policies maintained by the Association;
- (3) all charges for utilities used in connection with maintaining the Common Elements including without limitation, the irrigation and lighting systems, and all charges for utilities for all Units to the extent such utilities are not separately metered;
- (4) the cost of repair or replacement of any portion of the Condominium covered by insurance in Section 16 in excess of the insurance proceeds and reserves.
- (5) the costs of all maintenance and repair obligations of the Association, as set forth in Section 17 below and expressly excluding any CLCEs, but including the cost of maintaining any entrance lobby, corridors, crawlspaces, hallways, stairways, elevator, landscaping, shared bike room and all other Common Elements including any storm water drainage system and detention facilities, which shall be considered a shared expense of the Unit Owners;
- (6) any taxes, assessments, fees and any other charges levied on the Land Unit by King County or any other governmental entity;
- (7) any shared expenses not defined in the Act, nor listed above, but which are approved by the Board as Common Expenses;
- (8) reserves in an amount determined by the Board of Directors in accordance with Section 14.e, below, and the Bylaws of the Association, but in any event not less than the amount recommended in a reserve study prepared by a qualified third party reserve study professional approved by Homestead; and
- (9) all such other amounts as the Board of Directors may deem necessary or advisable for the lawful exercise of its powers and duties.

Notwithstanding the foregoing, the following modifies the Common Expenses obligations set forth above:

- (1) Any Common Expense associated with the operation, maintenance, repair, or replacement of a Common Element or a Limited Common Element shall be paid by the Unit Owner causing the need for such Common Expense, to the extent the maintenance, repair, or replacement of the Common Element or Limited Common Element results from unusual or abnormal wear and tear caused by such Unit Owner, and such Common Expense may be assessed against the Unit owned by such Unit Owner;

(2) the cost of utilities which are paid by the Association, but which are now or hereafter separately metered for each Unit, shall be paid in proportion to the usage by the Units under any commonly used allocation formula;

(3) assessments to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was entered in proportion to their allocated Common Expense Liabilities at the time the judgment was entered; and

(4) to the extent that any Common Expenses (including insurance deductibles) are caused by or incurred due to the misconduct of any Unit Owner, the Association may assess that expense against the Owner's Unit.

Notwithstanding anything contained herein to the contrary, any assessments that are levied against the Land Unit or as may otherwise be required to comply with the Act shall be allocated among and paid by the CLT Member Owners as required under each Covenant and Resale Agreement, as an additional program participation fee due Homestead. Under no circumstances shall the Land Unit Owner be required to pay the cost of any utilities, any judgment against the Association, or any insurance deductible.

The Board of Directors shall at all times act to insure that Assessments are sufficient to maintain the Common Elements including the exteriors and structures of each Unit in a condition which is safe, attractive in appearance, structurally sound, and in full compliance with the Land Unit Owner's obligations to the City of Seattle under any recorded deed of trust and the City of Seattle Covenant. The Board of Directors shall set monthly Assessments to include sufficient reserves as necessary for projected maintenance and capital improvement requirements, in order to minimize the need to impose special Assessments on the Unit Owners. If for any reason the Board of Directors does not establish or maintain sufficient reserves to address current and long term capital needs of the Condominium as determined by Homestead, in its reasonable discretion, Homestead, as beneficiary of this Declaration and each Covenant and Resale Agreement, may order (at Association's cost) a reserve study consistent with the requirements of the Act and charge and collect from each Unit Owner an amount sufficient to fully fund the reserves recommended in such study. The requirements of this Section may not be amended without the prior written consent of Homestead which may be given or withheld in its sole and absolute discretion. Such restrictions are permanent, are a condition of the original development of the Condominium, and are imposed to ensure that all CLT Member Units are maintained and continue to be used for permanently affordable housing consistent with Homestead's land trust program, the City of Seattle Covenant, and the requirements of all funders of the original construction.

b. Specially Allocated Expenses. The following Specially Allocated Expenses shall be allocated among the Units:

(1) Any expenses or liabilities attributable to goods or services benefiting fewer than all of the Units shall be specially allocated, to the extent reasonably practicable, to the Unit benefited in proportion to the benefit received. In determining whether a specially allocated expense is practicable, the Association shall consider the extent to which a Unit benefits more than the other Units with regard to the particular good or service involved in each particular case, whether it is possible to separately contract for the applicable good or service, and the amount of the liability or expense involved.

(2) The cost of utilities to each Unit, including but not limited to water, sewer, gas, solid waste and electricity, shall be paid either directly by the Owner of the Unit receiving the utility or specially allocated to the Units directly benefited by the utility (a) based on usage, which may be determined by a submeter maintained by the Association, or (b) pro rata based on the benefited Unit's Allocated Interest, with adjustments made by the Board based on actual usage as reasonably determined by the Board, if the utility is not submetered. The Association may initially base its allocations on estimates of usage provided the Association reconciles the estimates against actual usage at least annually.

(3) The costs of insurance in proportion to risk may be specially allocated among the Units.

(4) Any other expense that the Association may assess on some basis other than Common Expense Liability under the Act may be specially allocated among the Units.

c. Increases in Assessments. The Assessments for each year shall be included in the budget adopted by the Board, and are subject to the approval of Homestead. A summary of the budget shall be provided to each Unit Owner, the Land Unit Owner, and Homestead, within 30 days of the Board's adoption of the budget. The Board shall set a date for a meeting of the Unit Owners and the Land Unit Owner to consider ratification of the budget (including Assessments) not less than 14 days nor more than 50 days after mailing the summary. Unless at such meeting the Unit Owners and the Land Unit Owner to which a majority of the votes in the Association are allocated reject the budget, the budget shall be deemed ratified whether or not a quorum is present. If the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Unit Owners and the Land Unit Owner shall be continued until such time as the Unit Owners and the Land Unit Owner ratify a subsequent budget proposed by the Board of Directors which Homestead approves.

d. Excess in Assessments. The Board of Directors may, but shall not be required to, return excess Assessment for any year over and above actual expenses paid or

incurred or apply such excess against the following year's Assessment. The Board of Directors shall advise all Units and the Land Unit Owner promptly, in writing, of the amount of the Assessments payable by each of them, respectively, as determined by the Board of Directors, and shall furnish copies of each budget on which such estimates are based to all Unit Owners, the Land Unit Owner, Homestead, and to Mortgagees who have requested copies of such budget.

e. Reserve and Working Capital Funds. There shall be established and maintained adequate reserve funds for operating deficiencies and the periodic maintenance, repair and replacement of Common Elements including the Limited Common Elements which must be replaced on a periodic basis. The reserve funds shall be maintained out of regular Assessments for Common Expenses, as set forth in the Bylaws of the Association. In addition, each Owner shall contribute to a working capital fund for the Association when it acquires a Unit equal to at least 2 months estimated Common Expense Liability for each Unit. Each Unit's contribution to the reserve and working capital funds shall be paid to the Association at the time the member acquires the Unit. Amounts paid into these funds shall not be considered as advance payments of regular Assessments and are non-refundable. The working capital fund and the capital reserve fund are reserve funds separate from the regular operating account.

f. Commencement of Assessments. The regular Assessments provided for herein shall commence as to all completed Units (Units to which certificates of occupancy have been issued by the local governmental authorities) on the making of an Assessment by the Association, or within 60 days after the date of conveyance of the first Unit, whichever is later.

g. Payment of Assessments; Personal Obligation. Assessments are payable monthly in advance or at such other time or times as the Board of Directors may determine. Each Assessment, in addition to constituting a lien as provided for in the Act and this Declaration, shall also be, together with interest, costs and reasonable attorney's fees as hereinafter provided, the personal obligation of the person who was the Owner of the Unit against which the Assessment is made at the time the Assessment fell due.

h. Collection of Assessments. Any Assessment not paid within 30 days after the due date shall bear interest from the due date at the rate of 12% per annum or the highest rate per annum allowed by law under RCW 19.52.020, whichever is lower. The Board of Directors may initiate an action to enforce payment of any delinquent Assessment and in such event the Owner liable therefor shall pay all of the costs and expenses incurred incident thereto, including a reasonable sum as attorney's fees (including those for appeals), all of which shall be secured by the lien provided for in the Act and herein. In addition, the Board of Directors may enforce collection of delinquent Assessments in any one or more of the following methods:

(1) On 10 days prior written notice to the Owner, consistent with the requirements of the Act, the Association may suspend the Owner's right to use any Common Elements for any period during which any Assessment against the Owner's Unit remains unpaid.

(2) An action may be commenced to foreclose the lien for Assessments.

i. Liability of Mortgagee or Purchaser. Where the Mortgagee of a mortgage of record or other purchaser of a Unit obtains possession of the Unit as a result of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, such possessor, and that possessor's successors and assigns, shall not be liable for the share of the Common Expenses or Assessments by the Association chargeable to such Unit which become due prior to such possession. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Unit Owners, including such possessor, and that possessor's successors and assigns in accordance with that Unit Owner's Allocated Interest.

j. Liens for Assessments.

(1) Right of Association. The Association has a lien on a Unit for any unpaid Assessments levied against a Unit from the time the Assessment is due, together with interest, late charges, and attorneys' fees as provided in this Declaration.

(2) Priority/Exceptions. A lien under this Section shall be prior to all other liens and encumbrances on a Unit except: (a) liens and encumbrances recorded before the recording of the Declaration; (b) a mortgage on the Unit recorded before the date on which the Assessment sought to be enforced became delinquent; and, (c) liens for real property taxes and other governmental assessments or charges against the Unit. A lien under this Section is not subject to the provisions of RCW Ch. 6.13.

(3) Priority/Mortgages. Except as provided in subsections (4) and (5) of this Section 14(i), the lien shall also be prior to the mortgages described in subsection (2)(b) of this Section 14(i) to the extent of Assessments for Common Expenses, excluding any amounts for capital improvements, based on the periodic budget adopted by the Association pursuant to the Act which would have become due during the 6 months immediately preceding the date of a sheriff's sale in an action for judicial foreclosure by either the Association or a Mortgagee, the date of a trustee's sale in a nonjudicial foreclosure by a Mortgagee, or the date of recording of the declaration of forfeiture in a proceeding by the seller/vendor under a real estate contract.

(4) Reduction of Priority Period. The priority of the Association's lien against Units encumbered by a mortgage held by an Eligible Mortgagee or by a Mortgagee

which has given the Association a written request for a notice of delinquent Assessments shall be reduced by up to 3 months if and to the extent that the lien priority under subsection (3) of this Section 14(i) includes delinquencies which relate to a period after such Eligible Mortgagee becomes an Eligible Mortgagee or has given such notice and before the Association gives the Mortgagee a written notice of the delinquency. This subsection does not affect the priority of mechanics' or materialman's liens, or the priority of liens for other Assessments made by the Association.

(5) Priority/Nonjudicial Foreclosure. If the Association forecloses its lien under this Section nonjudicially pursuant to RCW Ch. 61.24, as provided by subsection (8) of this Section 14(i), the Association shall not be entitled to the lien priority provided for under subsection (3) of this Section 14(i) and is subject to the limitations on deficiency judgments provided in RCW Ch. 61.24.

(6) Notice and Perfection. Recording the Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments under this Section shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this Section with the King County Recorder. Such recording shall not constitute the written notice of delinquency to a Mortgagee referred to in subsection (2) of this Section 14(i).

(7) Three-Year Time Limit. A lien for unpaid Assessments and the personal liability for payment of Assessments is extinguished unless proceedings to enforce the lien or collect the debt are instituted within 3 years after the amount of the Assessments sought to be recovered becomes due.

(8) Foreclosure Options. The lien arising under this Section may be enforced judicially by the Association or its authorized representative in the manner set forth in RCW Ch. 61.12. The lien arising under this Section may also be enforced nonjudicially in the manner set forth in RCW Ch. 61.24 for nonjudicial foreclosure of deeds of trust. The Declarant hereby grants to First American Title Insurance Company, whose address is 920 5th Ave Suite 1250, Seattle, WA 98104, as Trustee, with power of sale, the Units and an undivided interest in the Common Elements. The Property is not used principally for agricultural or farming purposes. This grant is for the sole purpose of securing the obligations of the Unit Owners to the Association for the payment of Assessments. First American Title Insurance Company, or its successor, shall act as Trustee for the benefit of the Association, as beneficiary. On default by any Unit Owner in the payment of the Assessments, the power of sale shall be operative and on the written request of the beneficiary, Trustee shall sell the trust property in accordance with the Deed of Trust Act of the State of Washington at a public auction to the highest bidder. Subject to the purchase option granted to the Homestead under the applicable Covenant and Resale Agreement, any person, including the Association or its authorized representative, shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage,

or convey the same subject to the restrictions in the underlying Covenant and Resale Agreement, except that the Trustee may not bid at the Trustee's sale. The Trustee shall apply the proceeds of the sale as follows: (1) to the expense of the sale, including a reasonable Trustee's fee and attorneys' fees and costs; (2) to the obligation owed by the defaulting Unit Owner; and, (3) the surplus, if any, to those entitled to such proceeds under applicable law and the requirements of the applicable Covenant and Resale Agreement. On an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be 8 months. Nothing in this Section shall prohibit an Association from taking a deed in lieu of foreclosure. This power of sale is not an exclusive remedy; the Association may pursue any other remedy available under the terms of the Declaration, the Act or at law.

(9) Assessments/Foreclosure. Except as provided in subsection (3) of this Section 14(i), a Mortgagee or other purchaser of a Unit who obtains the right of possession of the Unit through foreclosure of a mortgage shall not be liable for Assessments or installments thereof that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Unit Owners, including such Mortgagee or other purchaser of the Unit. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Unit prior to the date of such sale as provided in this subsection.

(10) Joint and Several Liability. In addition to constituting a lien on the Unit, each Assessment shall be the joint and several obligation of the Owner or Owners of the Unit to which the same is assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of the grantor's conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

(11) Late Charges and Default Interest. The Association may from time to time establish reasonable late charges and a rate of interest to be charged on all subsequent delinquent Assessments or installments thereof. Delinquent Assessments shall bear interest from the date of delinquency at the lower of (i) any rate established by the Board, or (ii) the highest rate per annum allowed by law on the date on which the Assessments became delinquent.

(12) Attorney Fees. The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or

prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

(13) Assessment Statements. The Association, on written request, shall furnish to a Unit Owner, the Land Unit Owner, a Mortgagee, and Homestead, a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Unit or the Land Unit. The statement shall be furnished within 15 days after receipt of the request (or earlier if required by applicable law) and shall be binding on the Association, the Board of Directors, and every Unit Owner, unless and to the extent known by the recipient to be false.

(14) Remedies Cumulative. The remedies provided 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.

(15) Conveyance, Liability Grantee for Unpaid Common Expenses. In a voluntary conveyance, any grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid Assessments against the grantor; and such grantee shall not be liable for, nor shall the Unit or Land Unit conveyed be subject to a lien for, any unpaid Assessments against the grantor in excess of the amount therein set forth in the Board's statement.

(16) Non-Use. No Unit Owner nor the Land Unit Owner may be exempt from liability for such owner's contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of such Owner's Unit or the Land Unit Owner's Land Unit.

15. Damage and Destruction.

a. Association as Attorney-in-Fact. In the event of damage and destruction to the Units or the Common Elements, the Association shall act as representative of the Unit Owners and Mortgagees in any proceeding, negotiation, or settlement. Each Unit Owner appoints the Association as its attorney-in-fact for this purpose. The Land Unit Owner shall represent the Land Unit. The insurance proceeds shall be paid to the Association and the Land Unit Owner in trust for the benefit of the Unit Owners, the Land Unit Owner, Homestead as the beneficiary under each Covenant and Resale Agreement, and Mortgagees, as their interests may appear, and shall be used and distributed as set forth below. If sufficient, the proceeds shall be applied to repair, reconstruct or rebuild the Property in accordance with the original plans. Such repair, reconstruction or rebuilding shall be arranged promptly by the Board of Directors. Notwithstanding the foregoing but only to the extent permitted under the applicable insurance policy(ies), any insurance proceeds allocable to the CLCEs shall be assigned and distributed to the Commercial Unit Owners to repair and replace the CLCEs in accordance with the original

plans or as otherwise approved by the Board of Directors, which such approval shall not be unreasonably withheld, delayed, or conditioned. Furthermore, should a decision be made to not repair, reconstruct, or rebuild the Property, or should there be additional insurance funds available Homestead and the Association shall determine the allocation of those insurance funds among the Unit Owners, the Land Unit Owner, Homestead, and the Mortgagees, as their interests may appear, in accordance with law and each Covenant and Resale Agreement. For purposes of such an allocation, the Association and Homestead shall look primarily to a combination of fair market value and replacement costs.

b. Less than \$3,500.00. If the insurance proceeds are insufficient, and the cost to repair, replace or reconstruct the Property will not exceed such insurance proceeds by more than \$3,500.00, the Board shall be authorized to make such repair, apply the insurance proceeds and assess Unit Owners for the costs of such repairs in excess of the insurance. The Board shall promptly arrange for such repair, reconstruction or rebuilding without a vote of the Unit Owners. In any case, however, use of insurance proceeds for other than repair, replacement or reconstruction in accordance with the original condominium plan shall not be permitted without the prior written consent of the Homestead as the beneficiary under each Covenant and Resale Agreement, and the holder of the first mortgage encumbering such Unit or Owners (if there is no first mortgage on the Unit) of the individual damaged Unit.

c. More than \$3,500.00. If the insurance proceeds are insufficient and the cost to repair will exceed such insurance proceeds by more than \$3,500.00, the Board shall promptly, but in any event no later than 90 days after the date of damage or destruction, give notice to and conduct a meeting of the Unit Owners to review the proposed repair, replacement or reconstruction as well as the projected costs of such repair, replacement or reconstruction. The Unit Owners shall be deemed to have approved the proposed repair, replacement or reconstruction as proposed by the Board at that meeting unless the Unit Owners decide, by an affirmative vote of at least 51% of the total voting power, to repair, replace or reconstruct the premises in accordance with the original Survey Map and Plans in a different manner than that proposed by the Board. In any case, however, use of hazard insurance proceeds for other than repair, replacement or reconstruction of the Property in accordance with the original condominium plan shall not be permitted without the prior written approval of Homestead and the holder of the first mortgage encumbering such Unit or (if there is no first mortgage on the Unit) the Owners of the individual damaged Unit.

d. In Accordance with the Act. In the event of any damage to or destruction of all or any part of the Property, a decision by the Unit Owners to do other than repair, construct or rebuild in accordance with the original Survey Map and Plans shall be made in accordance with those requirements of the Act then in effect, this Declaration, the applicable Covenant and Resale Agreement, the City of Seattle Covenant and the requirements of all funders of the original construction. Nothing contained in this Section shall be construed to give a Unit Owner, the Land Unit Owner, Homestead or other party priority over any right of

the first Mortgagee of the Unit pursuant to its mortgage in the case of distribution to such Unit Owner of insurance proceeds or condemnation awards.

e. Rights of Unit Owner. Anything in this Section to the contrary notwithstanding, any Owner of a Unit which has been damaged or destroyed shall have the right to repair, reconstruct or rebuild that Owner's Unit, together with that portion of the Common Element immediately surrounding such Owner's Unit, without a vote of the Association, so long as such Owner obtains the written consent of the Board of Directors and Homestead within 90 days from the date of damage or destruction and causes the work to be performed in a manner satisfactory to the Board and Homestead. Such consent shall not be unreasonably withheld. However, the Owner must make arrangements satisfactory to the Board of Directors for payment by the Owner of that portion of the costs of repair, reconstruction or rebuilding not covered by the insurance proceeds, which insurance proceeds shall be made available for the work in the manner required by any first Mortgagee if consent is given by the Board and Homestead.

f. Emergency Work. Neither the Board nor Homestead shall need approval from the Association or a Unit Owner for emergency work. "Emergency work" means that work which the Board or Homestead determines is reasonably necessary to avoid further damage, destruction, or substantial diminution in value to the improvements and to reasonably protect the Owners and the Land Unit Owner from liability resulting from the condition of the site.

16. Insurance and Indemnity.

a. Indemnification of Land Unit Owner and Homestead. The Association and each Unit Owner shall defend, indemnify and hold the Land Unit Owner and Homestead harmless from and against all liability and claims of liability for damage or injury to person or property from any cause on or about the Property. The Association and each Unit Owner waive all claims against the Land Unit Owner and Homestead for damage or injury to person or property on or about the Property arising or asserted to have arisen on or about the Property from any cause whatsoever. Notwithstanding anything to the contrary in the preceding two sentences, both the Land Unit Owner and Homestead shall remain liable (and the Association and Unit Owners shall not indemnify and defend Land Unit Owner or Homestead against nor waive such claims of liability) for damage or injury due to the gross negligence or willful misconduct of the Land Unit Owner, Homestead, or their agents or employees.

b. General Insurance Requirements. Commencing not later than the time of the first conveyance of a Unit to a person other than Declarant, the Board of Directors shall be required to obtain and maintain, paying the premium as a Common Expense, a "master" or "blanket" type of property insurance policy. This insurance shall meet all requirements set forth herein, in any Covenant and Resale Agreement, and any other requirements applicable to

purchasers of Units who obtain financing from a third-party lender offering first-lien purchase money mortgages eligible for purchase by the Federal National Mortgage Association or other organizations that purchase and sell mortgages on the secondary market. The master policy shall cover all of the Common Elements, the Land Unit, the Units and any fixtures within the Units, together with such equipment and other property within the Units as is customarily covered by mortgage instruments. All property covered by the policy shall be insured in an amount equal to 100% of current replacement cost at the time the policy is purchased and at each renewal date. The blanket policy shall contain a standard mortgagee clause in favor of each Mortgagee of a Unit, which clause shall provide that the loss, if any, thereunder shall be payable to such Mortgagee as its interest may appear, subject, however, to the loss payments provisions in favor of the Association. The insurance carried pursuant to this Section shall provide that:

- (1) each Unit Owner, the Land Unit Owner, and Homestead, is an insured person under the policy with respect to liability arising out of the Owner's interest in a Unit, the Common Elements or membership in the Association;
- (2) the insurer waives its right to subrogation under the policy against the Land Unit Owner, Homestead, and any Unit Owner or member of the Owner's household;
- (3) no act or omission by the Land Unit Owner, Homestead, or any Unit Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and
- (4) if, at the time of a loss under the policy, there is insurance in the name of the Land Unit Owner, Homestead, or the Unit Owner covering the same risk covered by the policy, the Association's policy shall provide primary insurance.

c. Perils Covered by Property Insurance. The property insurance policy shall afford, at a minimum, protection against the following:

- (1) loss or damage by fire and other perils covered by the standard extended coverage endorsement.
- (2) all other perils which are customarily covered in projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement where that is available. (The insurance shall include earthquake insurance if a majority of the Board of Directors approves such coverage, and if such coverage is available at a reasonable cost.)

d. Adjustment of Loss. The master policy shall provide that adjustment of loss shall be made by the Board of Directors and that the net proceeds thereof shall be payable to the Association and Homestead, in trust, for the Unit Owners, the Land Unit Owner, Homestead, Mortgagees and lienholders, as their interests may appear, for the purpose of repairing or rebuilding the damaged or destroyed property in conformance with the original condominium plan and specifications, unless:

- (1) the Condominium is terminated; or
- (2) repair or replacement would be illegal under any state or local health or safety statute or ordinance.

If the Condominium is terminated or there are insurance proceeds not used for the purpose of repairing or rebuilding the Property, insurance proceeds payable to Unit Owners and the Land Unit Owner shall be paid as follows:

- (i) FIRST, to the expenses of the Association or Homestead in collecting the insurance proceeds;
- (ii) SECOND, to the extent the Unit has any Mortgagee(s) and such distribution of insurance proceeds is required by the Mortgagee(s), to such Mortgagee(s) to the extent required under such Mortgage(s);
- (iii) THIRD, to the expenses of enclosing or razing the remains of the Unit and clearing debris, as applicable;
- (iv) FOURTH, to Homestead for any amounts due under any applicable Covenant and Resale Agreement;
- (v) FIFTH, to the Land Unit Owner for any amounts owed under this Declaration;
- (vi) SIXTH, to the Owner in an equitable distribution consistent with such Owner's Common Expense Liability, provided that (A) if the Owner is a CLT Member Owner, then to the applicable CLT Member Owner up to an amount equal to the purchase price calculated under the formula set forth in the applicable Covenant and Resale Agreement (as of the day prior to the loss), or (B) if the Owner is a Commercial Unit Owner or a Market Owner and such Owner's Mortgagee(s) have been paid in accordance with Section 16(d)(ii) above, the balance to such Owner, if any; and
- (vii) SEVENTH, if the Owner is a CLT Member Owner, then the balance, if any, to the Land Unit Owner or Homestead, at Homestead's discretion.

Notwithstanding the foregoing, any Mortgagee of any of the Units may require that insurance proceeds be disbursed to or through the Board of Directors only as reconstruction progresses in the manner normally followed by construction lenders in disbursing construction loans to their borrowers.

e. Failure to Repair or Replace. If all of the damaged or destroyed portions of the Condominium are not repaired or replaced:

(1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;

(2) the insurance proceeds attributable to Units or Limited Common Elements which are not rebuilt shall be distributed as provided in Section 16.d(i)-(vii) above or to Mortgagees and lienholders, as their interests may appear, provided that any insurance proceeds attributable to (i) RLCEs shall be distributed to CLT Member Owners and Market Owners or their Mortgagees and lienholders, and (ii) CLCEs shall be distributed to the Commercial Unit Owners or their Mortgagees and lienholders; and

(3) the remainder of the proceeds shall be distributed as provided in Section 16.d(i)-(vii) above or to Mortgagees and lienholders, as their interests may appear.

f. Waiver and Subrogation. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any reduction or pro rata liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be canceled or substantially modified without at least 30 days prior written notice to all of the insureds, including all Mortgagees of Units and Homestead. Each Unit Owner, Mortgagee, and Homestead shall be furnished, on written request, with a copy of the master policy, certificate of insurance, or memoranda of insurance.

g. Fidelity Bonds. The Board of Directors shall maintain blanket fidelity bonds, in an amount determined by the Board, for all officers, directors, trustees, management agents, employees of the Association, and all other persons handling or responsible for funds of or administered by the Association.

h. Liability Insurance. The Board of Directors shall be required to obtain and maintain, paying the premiums as Common Expenses, comprehensive general liability insurance, including covering all the Common Elements. Such insurance shall be not less than \$2,000,000 for each single accident or occurrence and shall cover bodily injury, deaths of persons, and property damage, including water damage. The liability insurance policy may cover each member of the Board of Directors, each Unit Owner and the Land Unit Owner, with cross-liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner or the Land Unit Owner. The amount of coverage can be increased at the discretion of the Board.

i. Compliance with Mortgage Requirements. Notwithstanding the foregoing, or any other provisions contained in this Declaration, the Board of Directors shall continuously maintain in effect such casualty, flood, liability insurance, and fidelity bond meeting the insurance and fidelity bond requirements established by any Institutional Holder of a mortgage covering a Unit within the project, whether or not such Mortgagee has obtained a fee interest in a Unit, by Homestead as the beneficiary under each applicable Covenant and Resale Agreement, and/or by any governmental entities pursuant to the terms of any grant, loan, or authorization, for the term of such grant, loan, or authorization, except to the extent such coverage is not available or has been waived in writing by such Mortgagee, Homestead, and any such governmental entity.

j. Additional Insurance. The Board of Directors may require the Association to carry additional insurance that it deems appropriate to protect the Association and/or Unit Owners. Each Unit Owner shall obtain and maintain property insurance on their Unit, including, but not limited to, equipment and improvements within their Unit, insuring against all risks of direct physical loss commonly insured against (including hazard insurance if applicable). The total amount of insurance after application of any deductibles shall not be less than 100% of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date. All such policies shall contain waivers of subrogation, and the liability of the carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Each Unit Owner is hereby required to file a copy of such individual policy or policies with the Board of Directors within 30 days after purchase of such insurance, and the Board of Directors may review its effect with the Board of Directors' insurance broker, agent or carrier. If, at any time, a Unit Owner fails to fulfill the requirements of this Section, then the Association may obtain such insurance and shall assess against such Unit Owner a special charge for the cost of such insurance.

k. If Insurance is Unavailable. If the insurance described in this insurance Section is not reasonably available, or is modified, canceled or not renewed, the Association shall promptly cause notice of that fact to be hand delivered or sent prepaid by first class United States mail to all Unit Owners, to each Eligible Mortgagee, to each Mortgagee to whom a certificate or memorandum of insurance has been issued, to the Land Unit Owner and to Homestead or its successors or assigns under any applicable Covenant and Resale Agreement, to the City of Seattle Office of Housing, and to any other governmental entity requiring such insurance, at their respective last known addresses.

l. Actions of Unit Owners. Nothing shall be done or kept in any Unit or in any Common Element or Limited Common Element which will increase the rate of insurance on the Common Elements or Units without the prior written consent of the Board. No Owner shall permit anything to be done or kept in a Unit or in a Common or Limited Common Element

which would result in the cancellation of insurance on any Unit or any part of a Common Element or Limited Common Element, or which would be a violation of any law.

m. Worker's Compensation. Worker's compensation insurance, to the extent required by applicable law, shall be maintained by the Board.

17. Maintenance and Repair.

a. Unit Owner Responsibility. Each Unit Owner, at such Owner's own expense, shall clean, maintain, repair and replace:

(1) the interior of such Owner's Unit including without limitation any components within such Owner's Unit which, if neglected, would affect the Common Elements or Limited Common Elements; and

(2) any Limited Common Elements assigned to such Unit provided the exterior of all entrance doors to a CLT Member Unit and Market Unit shall be repainted by the Association when needed. For the avoidance of doubt, the RLCEs shall be maintained, repaired, and replaced by the Association.

In the event an Owner fails to or refuses to clean and maintain its Unit as required under this Section, then the Association shall perform such work and the cost thereof shall be the personal obligation of the Owner of the Unit and shall constitute a lien upon the Unit and its interest in the Common Elements and may be foreclosed in the same manner as a lien or Assessment for Common Expenses.

b. Association Responsibility. All repairs and maintenance, except as otherwise set forth in Section 17.a or this Section 17.b, shall be performed by the Association including any repairs or other work required to the Land Unit. The cost thereof is to be a Common Expense of all the Unit Owners in accordance with their Allocated Interests except for (i) costs to maintain, repair or replace Limited Common Elements, which shall be an expense of the Owner of the Unit to which such Limited Common Elements are appurtenant, (ii) the cost of maintenance, repair and replacement of the RLCEs shall be allocated to the CLT Member Owners and Market Owners in proportion to the RLCE Percentage shown on Exhibit B, and (iii) the cost of maintenance, repair and replacement of the CLCEs shall be allocated to the Commercial Unit Owners in proportion to the CLCE Percentage shown on Exhibit B, provided that such costs are actually incurred by the Association. The Commercial Unit Owners shall be responsible for the performance of all maintenance, repair, and replacement of the CLCEs and the Association expressly delegates such responsibility to the Commercial Unit Owners, provided that the Association shall insure the CLCEs in accordance with Section 16. If the Commercial Unit Owners fail to fulfill the foregoing maintenance and repair obligations, the Association may act to maintain or repair the CLCEs in accordance with

the Association's rights under Section 17.c at the sole cost of the Commercial Unit Owners. Each Owner shall be responsible for the cleaning and general maintenance of the interior of their own Unit and any damage to the Unit or Common Elements for which it is responsible. All building maintenance, structural repair, building painting, staining and replacement shall be the responsibility of the Association.

c. Right of Entry. The Association shall have the irrevocable right, to be exercised by the Board of Directors and its agents, to have access to each Unit and Limited Common Element from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Elements therein or accessible therefrom or for making emergency repairs therein necessary to prevent damage to the Common Elements or to any Unit, or to do any cleaning, maintenance, repair and replacement work which the Owner is required to do but has failed or refused to do.

d. Enforcement by Land Unit Owner and Homestead. Proper and regular maintenance of each CLT Member Unit and all Common Elements including, without limitation, the Limited Common Elements, is a requirement of Homestead's land trust program and a condition to purchasing a CLT Member Unit. Homestead shall have an irrevocable right to access the Common Elements and all CLT Member Units from time to time during reasonable hours after 24 hours' notice to the Association or the applicable CLT Member Owner to assess whether the Common Elements and the CLT Member Units are being maintained consistent with the requirements of the Covenant and Resale Agreements, this Declaration, and the requirements of any lenders providing financing to develop the condominium including, without limitation, the City of Seattle. If Homestead identifies any deferred maintenance, Homestead is authorized to enter the property to do any cleaning, maintenance, repair and replacement work which a CLT Member Owner or the Association is required to do but has failed or refused to do. The applicable CLT Member Owner shall reimburse Homestead for all such costs promptly upon delivery of receipts showing costs incurred to perform work for a CLT Member Unit. The Association shall reimburse Homestead for all such costs promptly upon delivery of receipts showing costs incurred to perform work on the Common Elements. Such costs shall include internal staff time to identify, rectify and manage such cleaning, maintenance, repair and replacement work.

18. Addition, Alteration or Improvement by Unit Owner. A Unit Owner may not make any improvements or alterations to the Owner's Unit without the prior written approval of the Board of Directors, Homestead, and the Land Unit Owner. In no event will any improvements or alterations be made that (i) affect the structural integrity or mechanical or plumbing or electrical systems or lessen the support of any portion of the Condominium, (ii) change the appearance of the Common Elements or the exterior appearance of a Unit, or (iii) are not in accordance with the provisions of this Declaration, the applicable Covenant and Resale Agreement, or any financing agreement or other encumbrance in favor of the City of Seattle or any other governmental entity or agency that provided construction or other financing

for the Condominium. The Board of Directors and Homestead shall have the obligation to answer any written request by a Unit Owner, which request shall include, the proposed work plans and specifications within 30 days after such request. Failure to do so within the stipulated time shall constitute a consent by the Board of Directors or Homestead, as the case may be, to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in and to any Unit shall be executed by the Board of Directors and Homestead to document their consent (if given) without, however, incurring any liability on the part of the Board of Directors, Homestead or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

19. Condemnation. Except as otherwise provided in the applicable Covenant and Resale Agreement, and subject to any terms, conditions, and restrictions contained therein, proceeds of any condemnation of all or a portion of the Condominium shall be allocated as set forth in this Section 19.

a. Association as an Attorney-in-Fact. If one or more Units is partially or completely condemned, the Association shall act as the representative of the Unit Owners and Mortgagees in any proceeding, negotiation, or settlement. Each Owner appoints the Association as its attorney-in-fact for this purpose. The Land Unit Owner shall represent itself as the owner of the Land Unit or may appoint Homestead to do so. Any proceeds shall be paid to the Association and Homestead for the benefit of the Owners, the Land Unit Owner, and the Mortgagees and shall be used and distributed as set forth below.

b. Unit Livable. In the event of partial condemnation which does not result in any Unit becoming unlivable, the proceeds shall be used:

- (1) to restore the Common Elements;
- (2) for payment to the Land Unit Owner for condemnation of its interest (if applicable) and then to the Unit Owners and their Mortgagees specially damaged by the condemnation, which damage was an element of the condemnation award; and
- (3) the balance shall be distributed in the same manner as insurance proceeds are distributed under Section 16.d (ii)-(vii) above.

c. Unit Unlivable. In the event of partial condemnation which does result in some but not all of the Units becoming unlivable, unless the Association or Homestead elects to rebuild such Units, the condominium documents shall be amended to reflect any required elimination of Units and reallocation of percentage interests, and the condemnation proceeds shall be used:

(1) for payment to Unit Owners and their Mortgagees eliminated in the revised documents, to the extent value of the entire Unit was an element of the condemnation award, provided any payment to a CLT Member Owner shall not exceed the purchase price calculated under the formula set forth in the applicable Covenant and Resale Agreement (as of the day prior to the loss) less any amounts paid to their Mortgagee;

(2) to the restoration of the remaining Common Elements;

(3) for payment to Unit Owners and their Mortgagees specially damaged by the condemnation but which remain in the condominium, which damages were an element of the condemnation award provided any payment to a CLT Member Unit shall not exceed the purchase price calculated under the formula set forth in the applicable Covenant and Resale Agreement (as of the day prior to the loss) less any amounts paid to their Mortgagee; and

(4) the balance shall be distributed to the Land Unit Owner.

d. Condemnation Disposition. In the event that the entire Property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant thereto shall terminate. The condemnation award for the Units shall be apportioned among the Owners in shares proportionate to the respective undivided interest in the Common Elements but in any event shares payable to CLT Member Owners shall not exceed the purchase price such Owners would have otherwise been paid under the applicable Covenant and Resale Agreement for the sale of such Unit. If a standard different from the 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. On the basis of the foregoing principle, the Board and Homestead shall as soon as practicable determine the share of the condemnation award to which each Owner is entitled. After first paying out of the respective share of each Owner all mortgages and liens on the interest of such Owner, the balance remaining due an Owner subject to the limitation set forth above shall then be distributed to each Owner, respectively. All remaining proceeds after such payments shall be attributable to the equity held by the Land Unit Owner in the Land Unit and apportioned solely to the Land Unit Owner. Under no circumstances shall a CLT Member Owner be entitled to any portion of a condemnation award in excess of the amount that would have been due to the CLT Member Owner if Homestead exercised the option to purchase such CLT Member Unit under the applicable Covenant and Resale Agreement.

20. Mortgagees' and Homestead Protection.

a. Amendments to Declaration or Bylaws. The prior written approval of Homestead and the affirmative vote of (i) Unit Owners who represent at least 67% of the total allocated votes in the Association, (ii) the holders of at least 51% of the first mortgages (based on 1 vote for each first mortgage owned) covering individual Units, and (iii) the Land Unit Owner, shall be required for any amendments of a material nature to this Declaration or the Bylaws of the Association. Any amendment to the Declaration or Bylaws which changes any of the following shall constitute a material change:

- (1) Voting rights;
- (2) Increases in Assessments that raise the previously assessed amount by more than 25%, Assessment lien rights, or the priority of such liens;
- (3) Reserves for maintenance, repair and replacement of the Common Elements including without limitation any decision to collect reserves less than the amount recommended in a reserve study prepared by a qualified third party reserve study professional approved by Homestead;
- (4) Responsibility for maintenance and repairs;
- (5) Reallocation of interests in the Common Elements or Limited Common Elements, or rights to their use, except as otherwise provided in this Declaration;
- (6) The boundaries of any Unit;
- (7) Convertibility of Units into Common Elements, or of Common Elements into Units;
- (8) Expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium except as provided in this Declaration;
- (9) Hazard or fidelity insurance requirements;
- (10) Insurance or fidelity bonds;
- (11) Imposition or change of any restriction on the right of Unit Owner to sell or transfer such Owner's Unit;

(12) A decision by the Association to establish self-property management;

(13) Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than specified in this Declaration or Bylaws;

(14) Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs;

(15) Any provisions that expressly benefit Mortgagees, insurers or guarantors (i.e., mortgagee priority); and

(16) Any provisions that require the Land Unit Owner or Homestead to consent or approve.

Furthermore, no amendment of this Declaration shall be effective to modify, change, 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 Declaration conferring rights upon Mortgagees, which is inconsistent with any other provision of this Declaration or the Bylaws, shall control over such other inconsistent provisions.

b. Request to Association. Upon written request to the Association, the holder or the insurer of a first mortgage on a Unit and/or Homestead shall be entitled to timely written notice of:

(1) any significant damage or destruction to the Common Elements or to the Unit to which the mortgage appertains. For purpose of this subsection, the term "significant damage or destruction" means damage having a cost to repair of \$1,000.00 or more to a mortgaged Unit or \$10,000.00 or more to the Common Elements;

(2) any condemnation or eminent domain proceeding affecting either a material portion of the project or the Unit securing its mortgage;

(3) any default under this Declaration or the Articles of Incorporation or Bylaws which gives rise to a cause of action against the Owner of a Unit subject to the mortgage of such holder or insurer, where the default has not been cured in 30 days;

(4) any proposed termination of the condominium regime;

(5) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(6) any proposed amendment of the condominium instrument affecting a change in (i) boundaries of any Unit; (ii) the undivided interest in the Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto; (iii) the number of votes in the Association appertaining to any Unit; or (iv) the purposes to which any Unit or the Common Elements are restricted; and

(7) any 60 day delinquency in the payment of Assessments or charges owed by the Owner of any Unit in which the Mortgagee holds the mortgage;

(8) any proposed action that requires a consent of a specified percentage of Eligible Mortgagees;

(9) receipt of any notice of default or violation issued by the City of Seattle, whether in its regulatory role or as a lender providing construction and development financing for the Condominium.

c. Holder or Insurer of First Mortgage or Homestead. The holder or insurer of a first mortgage on a Unit and/or Homestead shall be entitled, upon request:

(1) to inspect the books, records and financial statements of the Association as provided in Section 24 below;

(2) to require the preparation of and, if preparation is required, receive an annual audited financial statement of the Association for the immediately preceding fiscal year, except that such statement need not be furnished earlier than 90 days following the end of such fiscal year; and

(3) to receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

21. Survey Map and Plans. Simultaneously with the recording of this Declaration, there have been recorded (as shown in Section 1 of this Declaration) the Survey Map and Plans titled "Woodland View, a Condominium" containing the information required by the Act.

22. Units Subject to Declaration, Articles of Incorporation, Bylaws, Rules and Regulations, and Covenant and Resale Agreement. All present and future Owners or occupants of Units shall be subject to and shall comply with the provisions of this Declaration and the Articles of Incorporation, Bylaws, and Rules and Regulations of the Association as they may be amended from time to time, and to the extent an Owner is a CLT Member Owner, the applicable Covenant and Resale Agreement. The acceptance of a deed or a conveyance or the entering into occupancy of any Unit shall constitute an agreement that the provisions of the

Declaration, the Articles of Incorporation, Bylaws, and Rules and Regulations of the Association, as may be amended, are accepted and ratified by such Owner or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance thereof. Failure of an Owner to comply therewith shall be grounds for an action to recover sums due, for damages and/or other relief. Such an action may be maintained by the Association, by an aggrieved Unit Owner, by the Land Unit Owner or by Homestead, as applicable.

23. Development Rights and Special Declarant Rights.

a. Development Rights. Declarant shall have the right to exercise all Development Rights under this Declaration or the Act. Any such Development Rights shall terminate on the earlier of (a) the fifth anniversary of the recording of this Declaration or (b) the recording of a notice signed by Declarant that it no longer wishes to exercise any of the Development Rights.

b. Special Declarant Rights. Declarant reserves to itself until all Units have been sold by the Declarant (except the Land Unit), the following Special Declarant Rights: (a) to complete any improvements shown on the Survey Maps and Plans; (b) to use easements through the Common Elements, which are hereby established, for the purpose of making improvements within the Condominium, (c) maintain sales offices, management offices, signs advertising the Condominium and models (d) to exercise those rights described in Section 8.c above, during the period of Declarant Control, (e) to access and enter the Property to exercise the Special Declarant Rights described in this Section, (f) control any construction, design review, or aesthetic standards committee or process, (g) to execute such amendments to this Declaration as may be permitted pursuant to RCW 64.90.285, (h) to appoint or remove any officer of the Association or any member of the Board of Directors during any period of Declarant Control, (i) to veto or approve any proposed action of the Board of Directors or Association during any period of Declarant Control, and (j) to amend this Declaration during any period of Declarant Control. Until all Units have been sold by Declarant, this Declaration may not be amended by the Association in a manner which removes, limits, restricts, or alters in any way Declarant's rights under this Declaration, without the written approval of Declarant.

c. Transfer. The rights described in this Section 23 may not be transferred except by instrument evidencing the transfer executed by Declarant or its successor and the transferee, and recorded in King County, Washington. The rights and liabilities of the parties involved in such a transfer, and of all persons who succeed to any Development Right or Special Declarant Right, are set out in RCW 64.90.425 (as it may be amended from time to time). Declarant may contract or otherwise arrange for any third party

agent of Declarant to complete improvements within the Condominium; such arrangements shall not constitute a transfer of development rights or Special Declarant Rights.

d. Declarant Rights Separate from Rights as Owner of Land Unit. The rights described in this Section 23 are separate and distinct from Declarant's continuing rights as the Land Unit Owner. The termination of any development right or Special Declarant Right under this Declaration or the Act shall not terminate, modify, limit or otherwise reduce any rights retained by the Declarant under this Declaration as the Land Unit Owner.

24. Availability of Documents, Financial Statements. During normal business hours or under other reasonable circumstances, the Association shall have available for inspection by Unit Owners, the Land Unit Owner, Homestead, prospective purchasers, and holders, insurers, or guarantors of any first mortgage, current copies of the Declaration, Articles of Incorporation, Bylaws, the most recent financial statements, and all Rules and Regulations governing the operation of the Condominium. The Land Unit Owner, Homestead and any Owner, holder, insurer, or guarantor shall, upon written request and without charge, be entitled to an audited financial statement, if required under the Act, for the preceding year. If there is no audited statement available, the Land Unit Owner, Homestead or any Owner, holder, insurer, or guarantor may have an audited statement prepared at the Land Unit Owner's, Homestead's, Owner's, holder's, insurer's, or guarantor's expense. The statement shall be furnished within a reasonable time following the request. An annual audit prepared by a certified public accountant is required if the annual assessment of the Association equals or exceeds \$50,000. If the annual assessment of the Association is less than \$50,000, an annual audit is also required but may be waived annually by Unit Owners (other than the Declarant) of Units to which a majority of the votes in the Association are allocated, excluding the votes allocated to Units owned by the Declarant or the vote allocated to the Land Unit Owner.

25. Restrictions on Transfers and Encumbrances. Ownership of any CLT Member Unit by a CLT Member Owner, shall be subject to the terms and conditions of the applicable Covenant and Resale Agreement, including without limitation the provisions contained therein regarding occupancy and restricting the transfer or encumbrance of any CLT Member Unit. The terms and conditions of the Covenant and Resale Agreement are intended to and shall run with the land. Each CLT Member Owner, concurrent with acquisition of title to such CLT Member Unit, shall assume all of the terms of the then existing Covenant and Resale Agreement or execute a new Covenant and Resale Agreement, in the form then required by Homestead.

26. Non-Discrimination. No person having an interest in the Property shall refuse service for or accommodation or other benefits to any person with respect to the Property in violation of local, state, or federal law. This covenant shall run with the land.

27. Arbitration. Should any dispute arise between the Owners (including Declarant) as to the terms of this Declaration, the Articles of Incorporation, the Bylaws, the rules and regulations for the Association, or decisions made by the Association under authority granted in those documents, the dispute shall be resolved through binding arbitration according to the rules of the King County Mandatory Arbitration Program for the Superior Court of King County. The parties shall agree to one arbitrator mutually acceptable to both parties. Further, for any dispute, the prevailing party shall recover costs and reasonable attorneys' fees, including those for appeals.

28. Amendments.

a. Approval. Except as provided in certain sections of this Declaration and the Act, the Declaration, including Survey Map and Plans, may be amended only with the prior written consent of the vote of at least 67% of the Unit Owners and the Land Unit Owner. Amendments of a material nature are also subject to the provisions of Section 20 of this Declaration.

b. Recording Amendment. When an amendment has been approved by the Unit Owners, then the President of the Association shall forthwith cause a written instrument to be prepared, acknowledged and recorded in King County, Washington, setting forth the amendment and certifying that the amendment shall become effective. No amendment shall become effective until recorded.

29. Enforcement. Each Unit Owner, the Land Unit Owner, and the Association through its Board of Directors shall comply strictly with the provisions of this Declaration, the Bylaws, the rules and regulations for the Association (as the same may be lawfully amended from time to time), and with all decisions adopted pursuant to this Declaration, the Bylaws and rules and regulations. Failure to comply shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintained by the Board (acting through its officers on behalf of the Owners), or by an aggrieved Owner, the Association, the Land Unit Owner and/or Homestead based on a failure to comply. Further, if any dispute should arise regarding the terms of this Declaration, the Articles of Incorporation, the Bylaws, or any rules or regulations of the Association, the prevailing party shall recover reasonable attorneys' fees and costs, including those for appeals.

30. No Waiver of Strict Performance. The failure of the Board or any other benefitted party in any one or more instances to insist on the strict performance of this Declaration, the Bylaws, or the Rules and Regulations, or to exercise any right or option contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such terms, covenant, condition, restriction, rule, or regulation, but such shall remain in full force and effect. The receipt by the Board of any Assessment by an Owner, with knowledge of any such breach shall not be deemed

a waiver of such breach. 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.

31. Termination of Condominium Title. The Condominium may be terminated only by agreement of (i) Homestead, and (ii) Owners of Units and the Land Unit Owner to which at least 80% of the votes in the Association are allocated, and (iii) holders of at least 67% of the first mortgages (based on one vote for each first mortgage owned). The procedures for termination must comply with the Act as it is amended. Each Unit Owner by acceptance of that Owner's deed, irrevocably constitutes and appoints the President of the Board of Directors as its true and lawful attorney-in-fact in that Owner's name, place and stead, with the power to execute, acknowledge or verify, and file or record any and all documents to effect such termination. Each Unit Owner gives and grants unto such attorney-in-fact full power and authority to do and perform each and every act whatsoever requisite and necessary to be done in and about the premises for such purposes and wholly and to all intents and purposes as he or she might or could do if personally present with respect thereto. Each Owner also hereby ratifies and confirms all that the attorney-in-fact shall do or cause to be done, it being expressly understood that the foregoing powers coupled with an interest shall survive that conveyance by an Owner of that Owner's interest in the Unit. Nothing herein contained shall require any person to investigate the authority of the Board of Directors, or its successors or assigns, to execute any instrument under the authority of this power of attorney provided such instrument is also signed by Homestead and the Land Unit Owner. Nothing in this Section shall appoint the President of the Board of Directors or any other board or individual to act on behalf of the Land Unit Owner or Homestead.

32. Covenant Running with Land. This Declaration shall be deemed to be a set of covenants running with the land which shall be binding on the Declarant, its successors and assigns, the Land Unit Owner, the Association and all subsequent Owners and occupants of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns. It shall be interpreted pursuant to the Act and shall operate independent of the Act, should the Act be inapplicable in any manner. Further, the provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Condominium under the provisions of Washington law consistent with the requirements of all applicable Covenant and Resale Agreements, the home ownership program of Homestead and all requirements of any governmental entity or agency that provided financing for construction or development of the Condominium.

33. Cumulative Remedies. All remedies available to the Land Unit Owner, Unit Owners, Board of Directors, Association, and Homestead under the terms of this Declaration are cumulative, and nothing in this Declaration shall be construed to limit any remedy available to any Land Unit Owner, Unit Owner, the Board of Directors, the Association or Homestead provided for under the laws of the State of Washington.

34. Severability. If one or more of the provisions of this Declaration or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions or any other application thereof shall in no way be affected or impaired.

35. Right of First Refusal. If any Market Owner or Commercial Unit Owner (the "Selling Owner"), decides to sell its interest in a Unit (the "Interest"), then the Land Unit Owner will have a right of first refusal to purchase the Interest. Any Selling Owner may market and receive offers to sell its Interest, but shall not accept any offer or enter into any agreement or contract to sell its Interest without presenting such proposed terms to sell the Interest to the Land Unit Owner. The word "sell" shall include any transfer or conveyance of all or any portion of the Interest, excluding a conveyance or transfer by gift, bequest, or inheritance. Before a Selling Owner enters into any agreement to sell its Interest, the Selling Owner must present the terms of such offer in writing to the Land Unit Owner (the "ROFR Option"). The ROFR Option shall, at a minimum, include the following information: (i) the proposed purchase price proposed of the sale; (ii) the method of purchase price payment; (iii) the amount and terms of any proposed financing in connection with the proposed purchase; (iv) the amount of any earnest money deposit; (v) the time for the close of escrow; (vi) the name of the proposed purchaser; and (vii) any other material terms and conditions of the proposed sale of the Interest. The Land Unit Owner shall have 3 business days from the date of receipt of the ROFR Option to accept the ROFR Option (the "Acceptance Period") by delivering to the Selling Owner the acceptance on or before 5:00 p.m. on the last day of the Acceptance Period. The date of receipt shall be the earlier of (i) the date an individual with sufficient authority at the Land Unit Owner responds to an email sent by the Selling Owner, confirming receipt of the ROFR Option, or (ii) five business days after the day the ROFR Option is successfully mailed by USPS, FedEx, or UPS with signature verified delivery to the Land Unit Owner. If the Land Unit Owner fails to accept the ROFR Option on or before the last day of the Acceptance Period, then the ROFR Option shall be deemed to be rejected. If the Land Unit Owner responds to the ROFR Option with anything other than an unequivocal, unconditional acceptance or rejection, then the ROFR Option shall be waived as to that proposed sale only. The ROFR Option shall be restored after each sale of the Market Units and Commercial Units. For purposes of this Section 35, the Land Unit Owner's mailing address is 412 Maynard Ave S, Unit 201, Seattle, WA 98104.

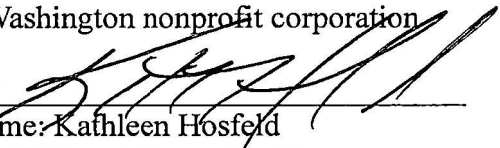
36. COVENANT AND RESALE AGREEMENT; PURCHASE OPTION; RESALE RESTRICTED. EACH CLT MEMBER UNIT IS SUBJECT TO A COVENANT AND RESALE AGREEMENT WHICH RESTRICTS SALES OF EVERY CLT MEMBER UNIT NOW AND IN THE FUTURE TO INCOME QUALIFIED INDIVIDUALS WHO COMMIT TO USE THE CLT MEMBER UNIT AS THEIR PRIMARY RESIDENCE. NO CLT MEMBER UNIT MAY BE LEASED OR RENTED. SHORT TERM RENTALS SUCH AS AIRBNB AND VRBO ARE STRICTLY PROHIBITED. UNDER THE COVENANT AND RESALE AGREEMENT, HOMESTEAD RETAINS THE OPTION TO PURCHASE EACH CLT MEMBER UNIT FROM A BUYER TO ASSURE ITS CONTINUED

AFFORDABILITY TO PERSONS OF LOW INCOME. WHETHER OR NOT SOLD TO HOMESTEAD, THE PURCHASE PRICE PAID TO A CLT MEMBER OWNER UPON SALE OF THEIR CLT MEMBER UNIT IS RESTRICTED BASED ON THE FORMULA SET FORTH IN THE COVENANT AND RESALE AGREEMENT, WHICH RUNS WITH THE CLT MEMBER UNIT. UNIT OWNERS DO NOT HAVE A RIGHT TO REMOVE IMPROVEMENTS FROM ANY PORTION OF THE LAND UNIT AND CLT MEMBER OWNERS DO NOT HAVE THE RIGHT TO SELL THEIR CLT MEMBER UNIT OTHER THAN IN THE MANNER REQUIRED UNDER THE APPLICABLE COVENANT AND RESALE AGREEMENT.

IN WITNESS WHEREOF, Declarant has executed this Declaration on this 28th day of April, 2026.

Declarant:

Homestead Community Land Trust,
a Washington nonprofit corporation

By 

Name: Kathleen Hosfeld

Its: CEO and Executive Director

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

This record was acknowledged before me on April 28, 2026 by Kathleen Hosfeld as the CEO and Executive Director of Homestead Community Land Trust, a Washington nonprofit corporation.

(Stamp)



[Signature of Notary Public]
Esplan Officer

[Title of Office]
My appointment expires: August 31, 2028

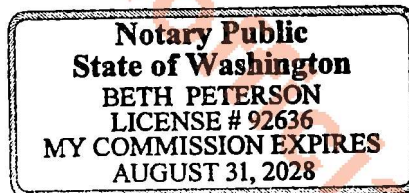


EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

The East 85 feet of Lots 5, 6, 7 and 8, Block 78, SUPPLEMENTAL PLAT OF WOODLAND PARK
ADDITION TO THE CITY OF SEATTLE, according to the plat thereof recorded in Volume 5 of
Plats, Page 19, in King County, Washington.

Unofficial Copy

EXHIBIT B

WOODLAND VIEW, A CONDOMINIUM

Unit Nos.	Unit Description	Area	Common Expense Liability	RLCE Percentage	CLCE Percentage	Voting Interest	Parking
110	N/A – Commercial Unit	845 sq ft.	3.7037%	N/A	62.64%	1	
111	N/A – Commercial Unit	504 sq ft.	3.7037%	N/A	37.36%	1	
201	2 bedrooms / 1 bath – CLT Member Unit	875 sq. ft.	3.7037%	5.30%	N/A	1	
202	2 bedrooms / 1 bath – CLT Member Unit	792 sq ft.	3.7037%	4.80%	N/A	1	
203	1 bedroom / 1 bath – CLT Member Unit	674 sq ft.	3.7037%	4.08%	N/A	1	
204	1 bedroom / 1 bath – CLT Member Unit	580 sq ft.	3.7037%	3.51%	N/A	1	
205	1 bedroom / 1 bath – CLT Member Unit	616 sq ft.	3.7037%	3.73%	N/A	1	
206	2 bedrooms / 1 bath – Market Unit	1029 sq ft.	3.7037%	6.23%	N/A	1	
207	2 bedrooms / 1 bath – CLT Member Unit	729 sq ft.	3.7037%	4.42%	N/A	1	
301	2 bedrooms / 1 bath – CLT Member Unit	729 sq ft.	3.7037%	4.42%	N/A	1	
302	1 bedroom / 1 bath – CLT Member Unit	554 sq ft.	3.7037%	3.35%	N/A	1	
303	1 bedroom / 1 bath – CLT Member Unit	654 sq ft.	3.7037%	3.96%	N/A	1	
304	1 bedroom / 1 bath – CLT Member Unit	557 sq ft.	3.7037%	3.37%	N/A	1	
305	1 bedroom / 1 bath – Market Unit	690 sq ft.	3.7037%	4.18%	N/A	1	
306	2 bedrooms / 1 bath – CLT Member Unit	703 sq ft.	3.7037%	4.26%	N/A	1	

401	1 bedroom / 1 bath – Market Unit	666 sq ft.	3.7037%	4.03%	N/A	1	
402	1 bedroom / 1 bath – CLT Member Unit	554 sq ft.	3.7037%	3.36%	N/A	1	
403	1 bedroom / 1 bath – CLT Member Unit	589 sq ft.	3.7037%	3.57%	N/A	1	
404	1 bedroom / 1 bath – CLT Member Unit	557 sq ft.	3.7037%	3.37%	N/A	1	
405	1 bedroom / 1 bath – Market Unit	594 sq ft.	3.7037%	3.60%	N/A	1	
406	2 bedrooms / 1 bath – CLT Member Unit	703 sq ft.	3.7037%	4.26%	N/A	1	
501	1 bedroom / 1 bath – Market Unit	666 sq ft.	3.7037%	4.03%	N/A	1	
502	1 bedroom / 1 bath – CLT Member Unit	554 sq ft.	3.7037%	3.36%	N/A	1	
503	1 bedroom / 1 bath – CLT Member Unit	589 sq ft.	3.7037%	3.57%	N/A	1	
504	1 bedroom / 1 bath – CLT Member Unit	557 sq ft.	3.7037%	3.37%	N/A	1	
505	1 bedroom / 1 bath – Market Unit	594 sq ft.	3.7037%	3.60%	N/A	1	
506	2 bedrooms / 1 bath – CLT Member Unit	705 sq ft.	3.7037%	4.27%	N/A	1	
Land Unit	No improvements	N/A	N/A	N/A	N/A	1	
Totals	N/A	N/A	100%	100%	100%	28	

Record Date:7/21/2026 3:01 PM

Electronically Recorded King County, WA

When Recorded, Return to:

Kathleen Hosfeld
 Homestead Community Land Trust
 412 Maynard Ave S, Unit 201
 Seattle, WA 98104

**FIRST AMENDMENT TO DECLARATION OF COVENANTS,
 CONDITIONS, AND RESTRICTIONS FOR WOODLAND VIEW, A
 CONDOMINIUM**

Grantor:	<u>HOMESTEAD COMMUNITY LAND TRUST</u>
Grantee:	<u>WOODLAND VIEW, A CONDOMINIUM</u>
Legal Description (full): *	Units 110, 111, 201, 202, 203, 204, 205, 206, 207, 301, 302, 303, 304, 305, 306, 401, 402, 403, 404, 405, 406, 501, 502, 503, 504, 505, and 506, and the Land Unit, of Woodland View, a Condominium, according to the Declaration recorded under King County Recording No. 20260513000424 and the Survey Map and Plans recorded under King County Recording No. 20260513000423, in Volume 413 of Condominiums, Pages 40 through 48, records of King County, Washington.
Assessor's Tax Parcel ID #s:	952645-0010-0; 952645-0020-0; 952645-0030-0; 952645-0040-0; 952645-0050-0; 952645-0060-0; 952645-0070-0; 952645-0080-0; 952645-0090-0; 952645-0100-0; 952645-0110-0; 952645-0120-0; 952645-0130-0; 952645-0140-0; 952645-0150-0; 952645-0160-0; 952645-0170-0; 952645-0180-0; 952645-0190-0; 952645-0200-0; 952645-0210-0; 952645-0220-0; 952645-0230-0; 952645-0240-0; 952645-0250-0; 952645-0260-0; 952645-0270-0; 952645-0280-0
Reference Nos. of Related Documents:	20260513000424; 20260513000423

* No new units. This is simply clarifying an amendment to the declaration.

This FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR WOODLAND VIEW, A CONDOMINIUM ("***First Amendment***"), dated for reference purposes as of the date provided below, is made by HOMESTEAD COMMUNITY LAND TRUST, a Washington nonprofit corporation ("***Declarant***").

RECITALS

A. That certain DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR WOODLAND VIEW, A CONDOMINIUM was recorded on May 13, 2026, under King County Recording No. 20260513000424 (the "***Declaration***"), encumbering the Property as described therein.

B. As the Declarant and sole owner of the Property, Declarant desires to amend certain provisions in the Declaration as set forth below.

C. Terms used but not defined herein have the meanings assigned to them in the Declaration.

AMENDMENT

Declarant hereby publishes and declares this First Amendment as follows:

1. **Updated Exhibit B to Declaration.** Exhibit B to the Declaration, and any applicable terms in the Declaration related to Exhibit B, are revised pursuant to the updated Exhibit B attached to this First Amendment. For the avoidance of doubt, the attached Exhibit B allocates the RLCE Percentage evenly among the CLT Member Units and Market Units, and allocates the CLCE Percentage evenly among the Commercial Units.

2. **Assignment of Limited Common Element.** Parking Stall #8, as depicted on the Survey Map and Plans is designated and assigned as a Limited Common Element appurtenant to Unit 206.

3. **Roommate Rentals.** Any CLT Member Owner or Market Owner may rent part of the Owner's Unit to one or more roommates (a "***Roommate Rental***") if, (i) the Owner occupies the Unit as the Owner's primary residence throughout the Roommate Rental term, (ii) the Owner does not surrender occupancy of the entire Unit to the roommate(s), and (iii) the Roommate Rental is not a short-term rental (i.e., a rental of 30 days or less), including, without limitation, any short-term rental through Airbnb, VRBO, or a similar service or platform. Except as modified under this Section 3, all terms in Section 10(c) of the Declaration remain in effect.

4. **Effective Date.** This First Amendment shall take effect upon recording.

5. **Other Provisions.** Except as specifically modified herein, all other provisions of the Declaration shall remain in full force and effect.

EXHIBIT B
WOODLAND VIEW, A CONDOMINIUM

Unit Nos.	Unit Description	Area	Common Expense Liability	RLCE Percentage	CLCE Percentage	Voting Interest	Parking
110	N/A – Commercial Unit	845 sq ft.	3.7037%	N/A	50.00%	1	
111	N/A – Commercial Unit	504 sq ft.	3.7037%	N/A	50.00%	1	
201	2 bedrooms / 1 bath – CLT Member Unit	875 sq. ft.	3.7037%	4.00%	N/A	1	
202	2 bedrooms / 1 bath – CLT Member Unit	792 sq ft.	3.7037%	4.00%	N/A	1	
203	1 bedroom / 1 bath – CLT Member Unit	674 sq ft.	3.7037%	4.00%	N/A	1	
204	1 bedroom / 1 bath – CLT Member Unit	580 sq ft.	3.7037%	4.00%	N/A	1	
205	1 bedroom / 1 bath – CLT Member Unit	616 sq ft.	3.7037%	4.00%	N/A	1	
206	2 bedrooms / 1 bath – Market Unit	1029 sq ft.	3.7037%	4.00%	N/A	1	Parking Stall #8
207	2 bedrooms / 1 bath – CLT Member Unit	729 sq ft.	3.7037%	4.00%	N/A	1	
301	2 bedrooms / 1 bath – CLT Member Unit	729 sq ft.	3.7037%	4.00%	N/A	1	
302	1 bedroom / 1 bath – CLT Member Unit	554 sq ft.	3.7037%	4.00%	N/A	1	

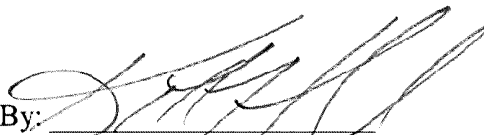
303	1 bedroom / 1 bath – CLT Member Unit	654 sq ft.	3.7037%	4.00%	N/A	1	
304	1 bedroom / 1 bath – CLT Member Unit	557 sq ft.	3.7037%	4.00%	N/A	1	
305	1 bedroom / 1 bath – Market Unit	690 sq ft.	3.7037%	4.00%	N/A	1	
306	2 bedrooms / 1 bath – CLT Member Unit	703 sq ft.	3.7037%	4.00%	N/A	1	
401	1 bedroom / 1 bath – Market Unit	666 sq ft.	3.7037%	4.00%	N/A	1	
402	1 bedroom / 1 bath – CLT Member Unit	554 sq ft.	3.7037%	4.00%	N/A	1	
403	1 bedroom / 1 bath – CLT Member Unit	589 sq ft.	3.7037%	4.00%	N/A	1	
404	1 bedroom / 1 bath – CLT Member Unit	557 sq ft.	3.7037%	4.00%	N/A	1	
405	1 bedroom / 1 bath – Market Unit	594 sq ft.	3.7037%	4.00%	N/A	1	
406	2 bedrooms / 1 bath – CLT Member Unit	703 sq ft.	3.7037%	4.00%	N/A	1	
501	1 bedroom / 1 bath – Market Unit	666 sq ft.	3.7037%	4.00%	N/A	1	
502	1 bedroom / 1 bath – CLT Member Unit	554 sq ft.	3.7037%	4.00%	N/A	1	
503	1 bedroom / 1 bath – CLT Member Unit	589 sq ft.	3.7037%	4.00%	N/A	1	
504	1 bedroom / 1 bath – CLT Member Unit	557 sq ft.	3.7037%	4.00%	N/A	1	

505	1 bedroom / 1 bath – Market Unit	594 sq ft.	3.7037%	4.00%	N/A	1	
506	2 bedrooms / 1 bath – CLT Member Unit	705 sq ft.	3.7037%	4.00%	N/A	1	
Land Unit	No improvements	N/A	N/A	N/A	N/A	1	
Totals	N/A	N/A	100%	100%	100%	28	

EXECUTED as of July 16, 2026.

DECLARANT:

HOMESTEAD COMMUNITY LAND TRUST,
a Washington nonprofit corporation

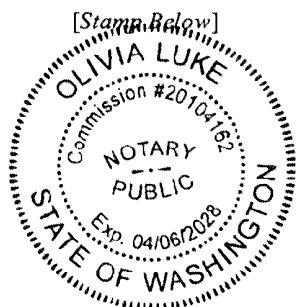
By: 

Name: Kathleen Hosfeld
Its: CEO and Executive Director

STATE OF WASHINGTON

COUNTY OF King } ss.

This record was acknowledged before me on July 16, 2026, by
Kathleen Hosfeld as the CEO and Executive Director of HOMESTEAD COMMUNITY
LAND TRUST, a Washington nonprofit corporation.




Signature

NOTARY PUBLIC in and for the State of Washington

My Commission
Expires

4/6/2028

EXHIBIT B
TO
PUBLIC OFFERING STATEMENT
MAPS

WOODLAND VIEW, A CONDOMINIUM

DEDICATION

THE UNDERSIGNED OWNER OR OWNERS OF THE INTEREST IN THE REAL ESTATE DESCRIBED HEREIN HEREBY DEDICATE THIS MAP AND DEDICATE THE SAME FOR A COMMON INTEREST COMMUNITY NAMED WOODLAND VIEW, A CONDOMINIUM, AS THAT TERM IS DEFINED IN THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT, SOLELY TO MEET THE REQUIREMENTS OF THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT AND NOT FOR ANY OTHER PURPOSE. THIS MAP AND ANY PORTION THEREOF IS RESTRICTED BY LAW AND THE DECLARATION FOR WOODLAND VIEW, A CONDOMINIUM (DECLARATION)

RECORDED UNDER KING COUNTY RECORDING NO. 20260513000424

IN WITNESS WHEREOF WE SET OUR HANDS AND SEALS.

HOMESTEAD COMMUNITY-LAND TRUST, A WASHINGTON NONPROFIT CORPORATION

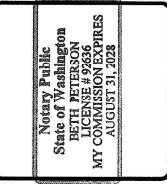
BY: [Signature]
ITS CEO/EXECUTIVE DIRECTOR

ACKNOWLEDGMENT

STATE OF WASHINGTON)
COUNTY OF KING)

I, COUNTY CLERK, I KNOW OR HAVE SUFFICIENT EVIDENCE THAT KATHLEEN HOSFELD IS THE PERSON WHO APPEARED BEFORE ME AND REQUESTED THAT I BE A NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON. THAT HE/SHE WAS AUTHORIZED TO EXECUTE THE INSTRUMENT AND ACKNOWLEDGED IT AS THE CEO/EXECUTIVE DIRECTOR OF HOMESTEAD COMMUNITY LAND TRUST, A WASHINGTON NONPROFIT CORPORATION, TO BE THEIR FREE AND VOLUNTARY ACT OF SUCH ENTITY FOR THE USES AND PURPOSES MENTIONED IN THE INSTRUMENT.

GIVEN UNDER MY HAND AND OFFICIAL SEAL THIS 21st DAY OF April 2026

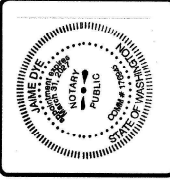


SIGNATURE OF NOTARY: [Signature]
PRINTED NAME OF NOTARY: Beth Peterson
NOTARY PUBLIC IN AND FOR THE STATE OF WA
RESIDING AT: Seattle
MY APPOINTMENT EXPIRES: August 31, 2028

SURVEYOR'S VERIFICATION

STATE OF WASHINGTON }
COUNTY OF KING }

TREOR S. LANKTREE, BEING FIRST ON OATH DULY SWORN, STATES THAT HE IS THE REGISTERED PROFESSIONAL LAND SURVEYOR SIGNING THE BELOW CERTIFICATE, THAT HE HAS EXAMINED THESE SURVEY MAP AND PLANS, AND BELIEVES THE CERTIFICATE TO BE A TRUE STATEMENT.



DATED THIS 21st DAY OF April 2026
SIGNATURE OF NOTARY: [Signature]
PRINTED NAME OF NOTARY: Treor S. Lanktree
NOTARY PUBLIC IN AND FOR THE STATE OF WASHINGTON
RESIDING AT: Seattle, WA
MY APPOINTMENT EXPIRES: MARCH 31, 2027

KING COUNTY DEPARTMENT OF ASSESSMENTS

EXAMINED AND APPROVED THIS 12 DAY OF May 2026
ASSESSOR: [Signature]
DEPUTY ASSESSOR: [Signature]

982310-1085
ACCOUNT NUMBERS

RECORDERS CERTIFICATE

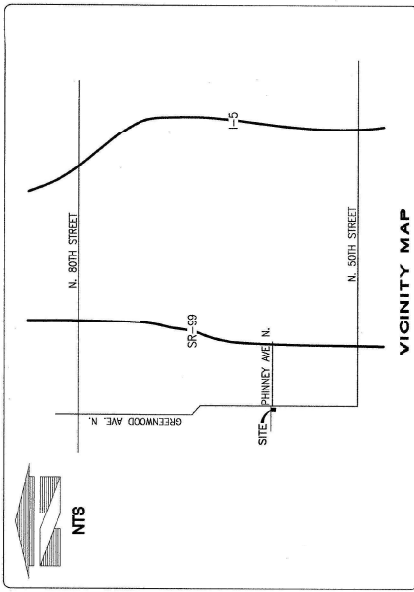
RECORDED'S FILE NUMBER: _____
FILED FOR RECORD THIS 13th DAY OF JULY 2026 AT 2:06 PM IN BOOK 413 OF CONDOMINIUMS AT PAGE(S) 19-48 AT THE REQUEST OF LANKTREE LAND SURVEYING, INC.
COUNTY RECORDER: [Signature]
982605-57-4044

LEGAL DESCRIPTION:

THE EAST 85 FEET OF LOTS 5, 6, 7 AND 8, BLOCK 78, SUPPLEMENTAL PLAT OF WOODLAND PARK ADDITION TO THE CITY OF SEATTLE, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 5 OF PLATS, PAGE 19, IN KING COUNTY, WASHINGTON.

CONDOMINIUM NOTES

1. ALL LAND IS SUBJECT TO DEVELOPMENT RIGHTS SET FORTH IN THE DECLARATION.
2. DIMENSIONS SHOWN HEREIN ARE PER FIELD SURVEY, COMBINED WITH PROVIDED PLANS.



LEVEL 1	=	1424 SQ. FT.
TOTAL	=	1424 SQ. FT.
LEVEL 2	=	2984 SQ. FT.
LEVEL 3	=	2164 SQ. FT.
LEVEL 4	=	2164 SQ. FT.
LEVEL 5	=	2164 SQ. FT.
TOTAL	=	12214 SQ. FT.
LEVEL 1	=	1349 SQ. FT.
TOTAL	=	1349 SQ. FT.
LEVEL 2	=	5324 SQ. FT.
LEVEL 3	=	3984 SQ. FT.
LEVEL 4	=	3984 SQ. FT.
TOTAL	=	16584 SQ. FT.
LEVEL 1	=	6852 SQ. FT.
TOTAL	=	6852 SQ. FT.
PARENT PARCEL	=	8,502 SQ. FT.
(COMPLETE LOT AREA)		

SURVEYOR CERTIFICATE:
THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE PROFESSIONAL LAND SURVEYOR ACT AND THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT. THE PROPERTY HEREIN DESCRIBED, THAT THIS MAP FOR WOODLAND VIEW CONDOMINIUM, IS BASED UPON A FIELD SURVEY OF THE PROPERTY HEREIN DESCRIBED, THAT THE BEARINGS AND DISTANCES ARE CORRECTLY SHOWN; THAT ALL INFORMATION REQUIRED BY THE WASHINGTON UNIFORM COMMON INTEREST OWNERSHIP ACT (RCW 64.00) IS SUPPLIED HEREIN AND THAT ALL INFORMATION AND SURVEY DATA ARE CORRECTLY SHOWN TO THE EXTENT SUCH BOUNDARIES ARE NOT DEFINED BY PHYSICAL MONUMENTS. SUCH BOUNDARIES ARE SHOWN ON THIS MAP.

04/21/2026
DATE

TREOR S. LANKTREE
CERTIFICATE NO. 45789

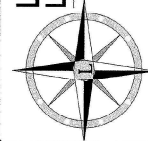
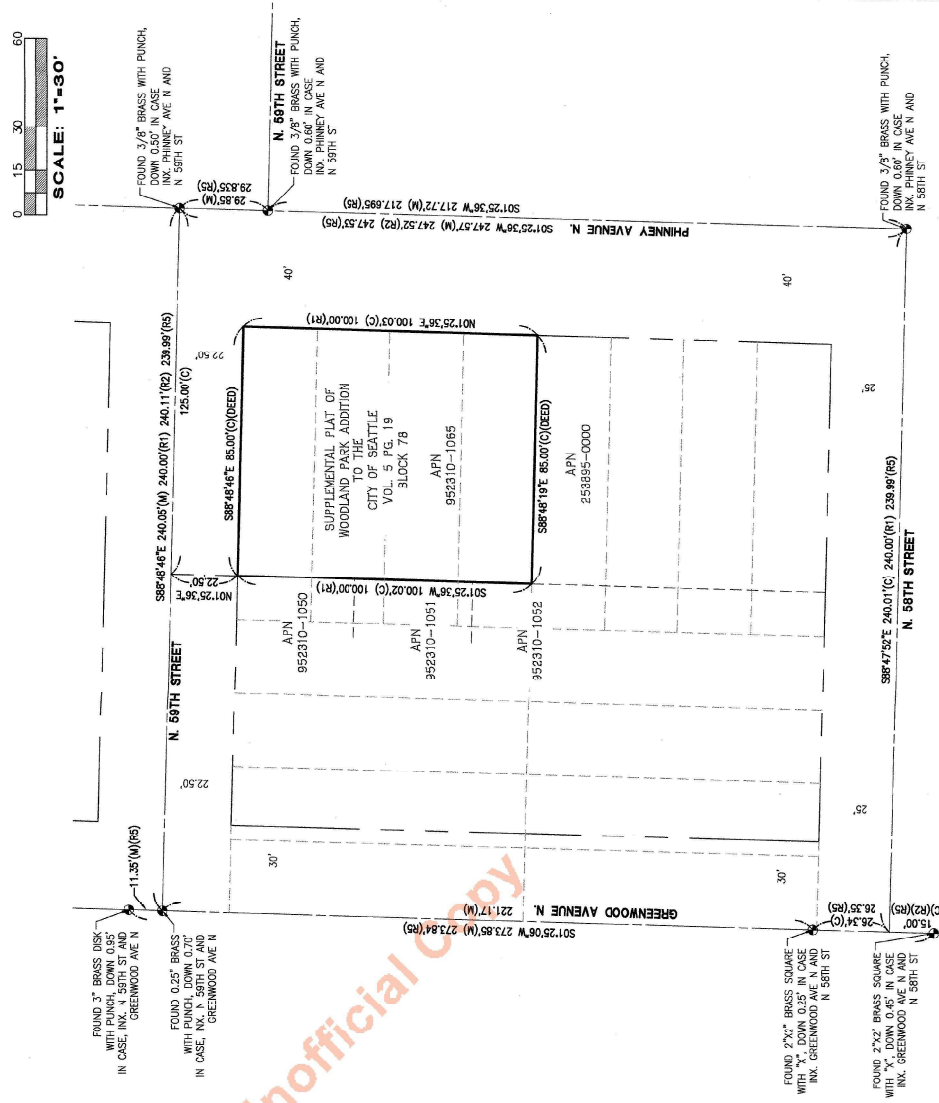
DRAWN BY: LRW
DATE: 04/21/26
SCALE: N/A
CHECKED BY: TSL
JOB NO.: 9573
PROJECT NO.: _____

LANKTREE LAND SURVEYING, INC.
25510 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKTREELANDSURVEYING.COM



SHEET INDEX
1. NOTES AND EXPLANATIONS
2. SURVEY CONTROL MAP AND DETAILS
3. LEVEL 1 LAYOUT
4. LEVEL 2 LAYOUT
5. LEVEL 3 LAYOUT
6. LEVEL 4 LAYOUT
7. LEVEL 5 LAYOUT
8. ELEVATIONS

A FIELD TRAVERSE USING A TRIMBLE 57 & SX10 ROBOTIC TOTAL STATION AND DATA COLLECTOR SUPPLEMENTED WITH FIELD NOTES AND TRIMBLE R12 NETWORK RTK GPS ROVER, WAS PERFORMED, ESTABLISHING THE ANGULAR, DISTANCE, AND VERTICAL RELATIONSHIPS BETWEEN THE MONUMENTS, PROPERTY LINES AND IMPROVEMENTS. THE RESULTING DATA MEETS OR EXCEEDS THE STANDARDS FOR LAND BOUNDARY SURVEYS AS SET FORTH IN WAC 332-130-290.



**LANKTREE
LAND SURVEYING, INC.**

25510 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKTREELANDSURFACING

DRAWN BY	JRW
DATE	04/21/2011
SCALE	1"=30'
CHECKED BY:	TSL
JOB NO.:	5673
PROJECT NO.:	

INDEX DATA

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SEC. 7, T25N, R04E, W.M.

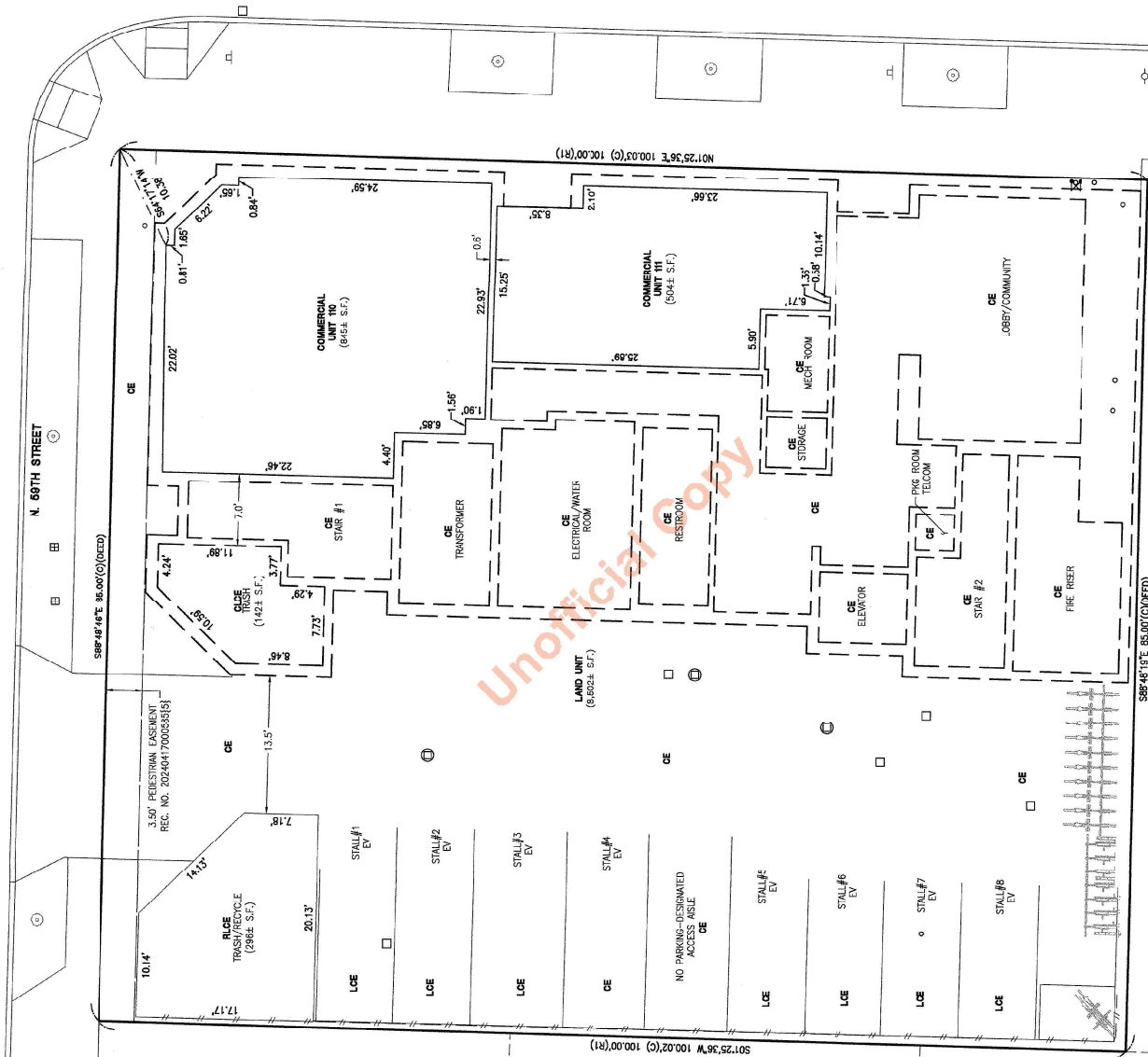
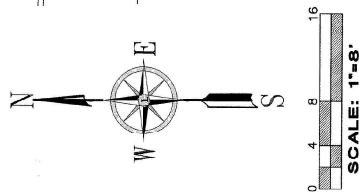
SURVEY FOR HOMESTEAD COMMUNITY LAND TRUST
412 MAYNARD AVE S. #201
SEATTLE, WA 98104

KING COUNTY, WASHINGTON

CONTROL & SURVEY NOTES

4/3/42

WOODLAND VIEW, A CONDOMINIUM



INDEX DATA
SHT 3 OF 9
PTN. SW1/4 OF NW1/4
SEC. 7, T26N, R04E, W.M.
SURVEY FOR HOMESTEAD COMMUNITY LAND TRUST
412 MAYNARD AVE S. #20
SEATTLE, WA 98104
KING COUNTY, WASHINGTON

DRAWN BY: JRW
DATE: 04/21/26
SCALE: 1"=8'
CHECKED BY: TSL
JOB NO.: 9573
PROJECT NO.:

LANKTREE LAND SURVEYING, INC.
25510 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKTREELANDSURVEYING.COM



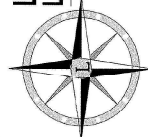
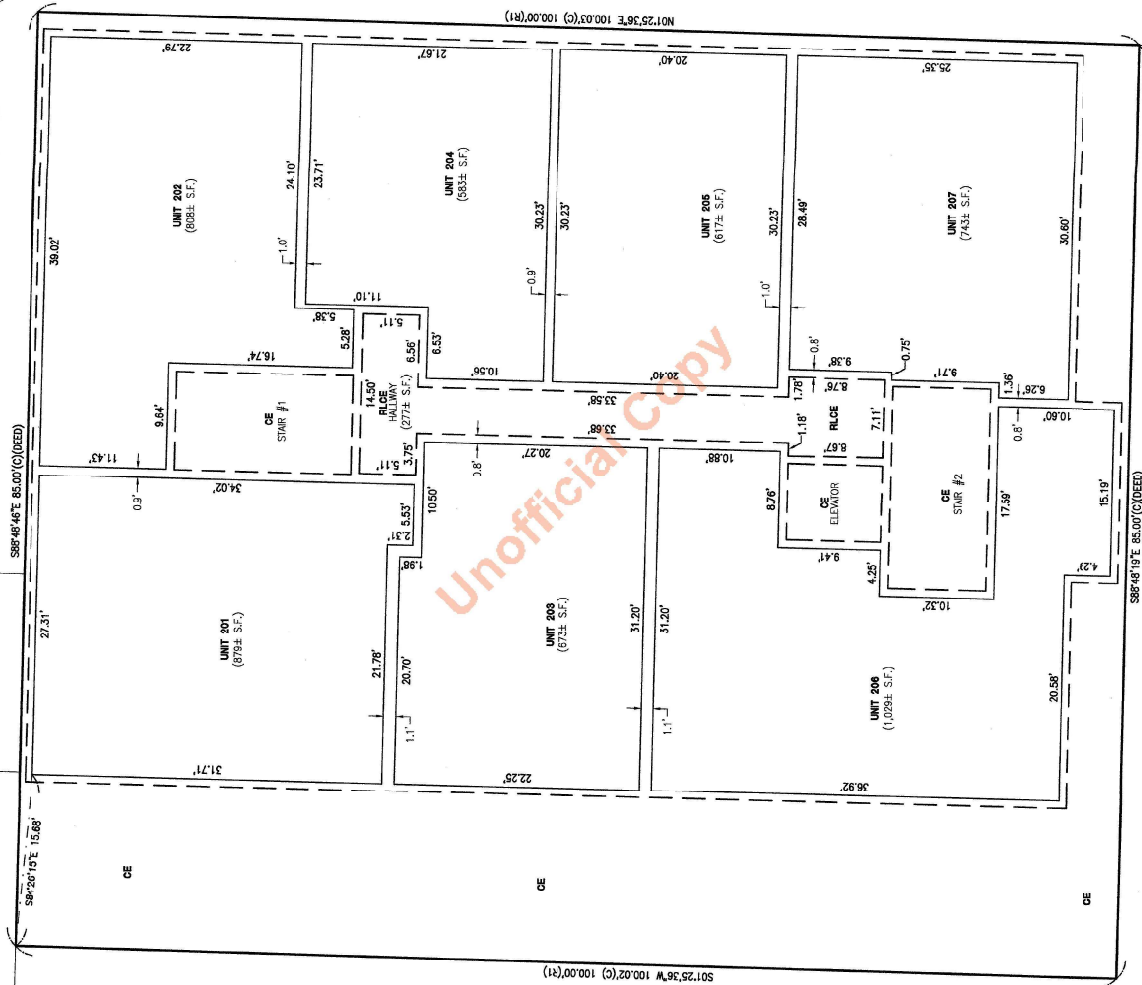
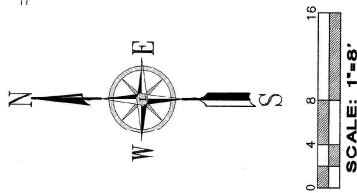
LEVEL 1 LAYOUT

413/43

WOODLAND VIEW, A CONDOMINIUM

N. 59TH STREET

PHINNEY AVENUE N



**LANKTREE
LAND SURVEYING, INC.**
25510 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKTREELANDSURVEYING.COM

DRAWN BY: JRW
DATE: 04/21/26
SCALE: 1"=8'
CHECKED BY: TSL
JOB NO.: 5673
PROJECT NO.:

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412 MAYNARD AVE S. #201
SEATTLE, WA 98104
KING COUNTY, WASHINGTON

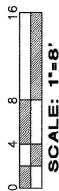
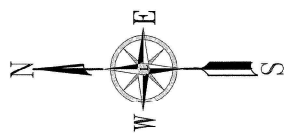
SHT 4 OF 9

413/44

WOODLAND VIEW, A CONDOMINIUM

N. 59TH STREET

PHINNEY AVENUE N.



S88°48'48\"/>

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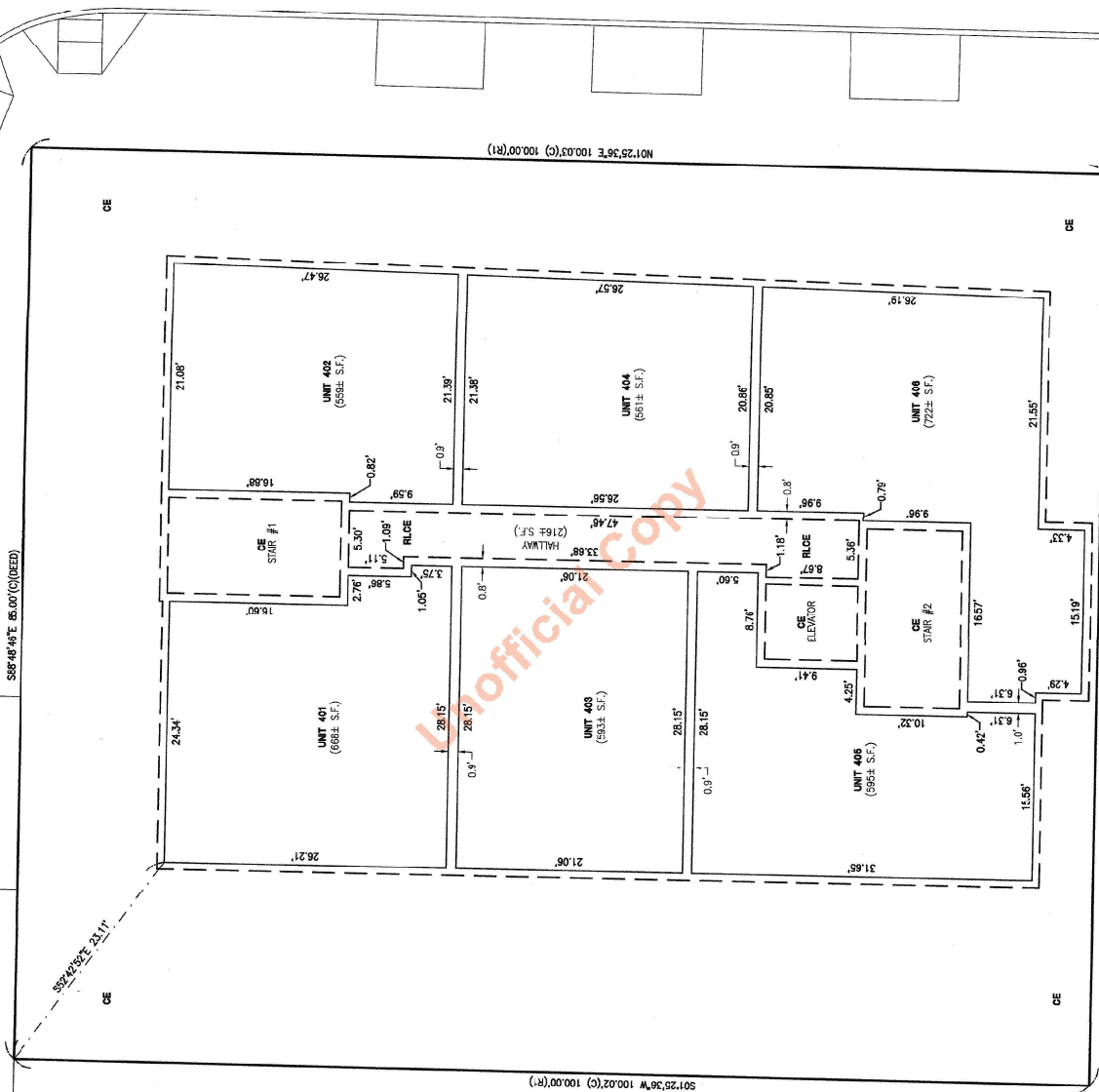
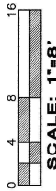
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4/3/45

WOODLAND VIEW, A CONDOMINIUM

N. 56TH STREET

PHINNEY AVENUE N.



INDEX DATA	SHT	6	OF	9
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DATE	04/21/25
SCALE	1"=8'
CHECKED BY	TSL
JOB NO.	5673
PROJECT NO.	

LANKTREE LAND SURVEYING, INC.
25510 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKTREEANDSURVEYING.COM



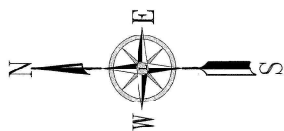
LEVEL 4 LAYOUT

413/46

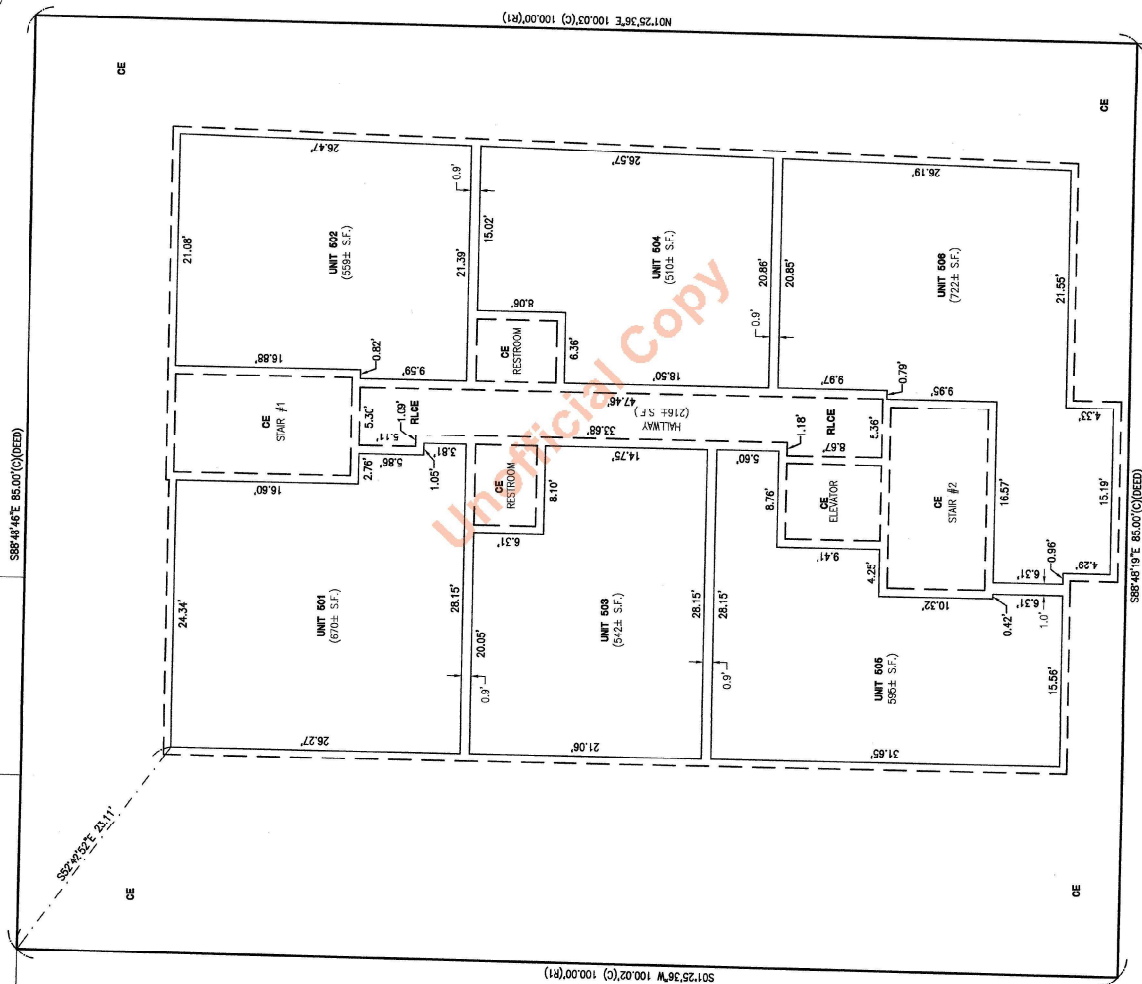
WOODLAND VIEW, A CONDOMINIUM

N. 59TH STREET

PHINNEY AVENUE N



SCALE: 1"=8'



INDEX DATA	PTN. SW1/4 OF NW1/4 SEC. 7, T25N, R04E, W.M.	SHT 7 OF 9
DRAWN BY: JRW	SURVEY FOR: HOMESTEAD COMMUNITY LAND TRUST 412 MAYNARD AVE S. 1201 SEATTLE, WA 98104	
DATE: 04/21/26		
SCALE: 1"=8'	CHECKED BY: TSL	
	JOB NO: 5873	
	PROJECT NO:	

LANKTREE LAND SURVEYING, INC.
2551C 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKTREELANDSURVEYING.COM



LEVEL 5 LAYOUT

413/47

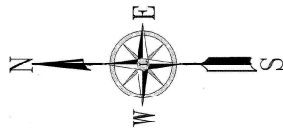
WOODLAND VIEW, A CONDOMINIUM

11. 58TH STREET

S88°48'49"E 85.00'(C)(DEED)

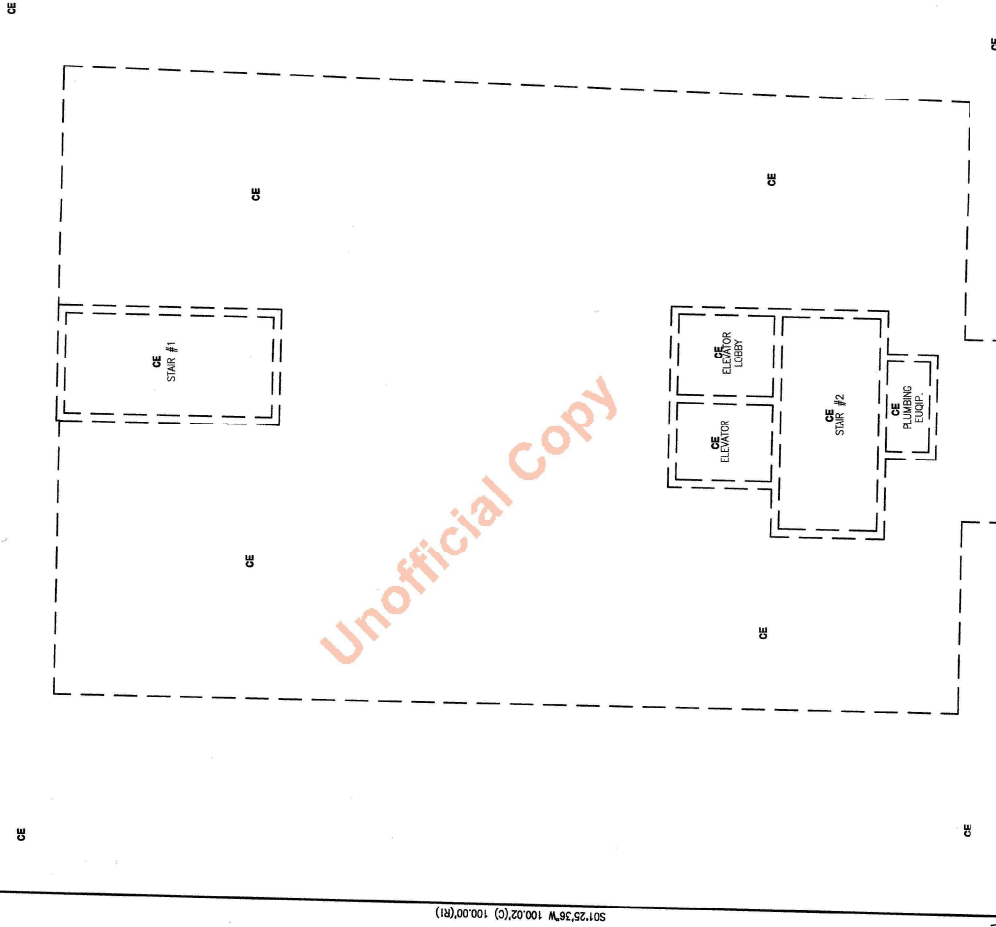
N01°25'36"E 100.03'(C) 100.00'(RI)

S88°48'19"E 85.00'(C)(DEED)



0 4 8 16
SCALE: 1"=8'

Unofficial Copy



PHINNEY AVENUE N

INDEX DATA

SHT 8 OF 9

PTN. SW1/4 OF NW1/4
SEC. 7, T25N, R04E, W.M.

SURVEY FOR HOMESTEAD COMMUNITY LAND TRUST
412 MAYNARD AVE S. 1201
SEATTLE, WA 98104

KING COUNTY, WASHINGTON

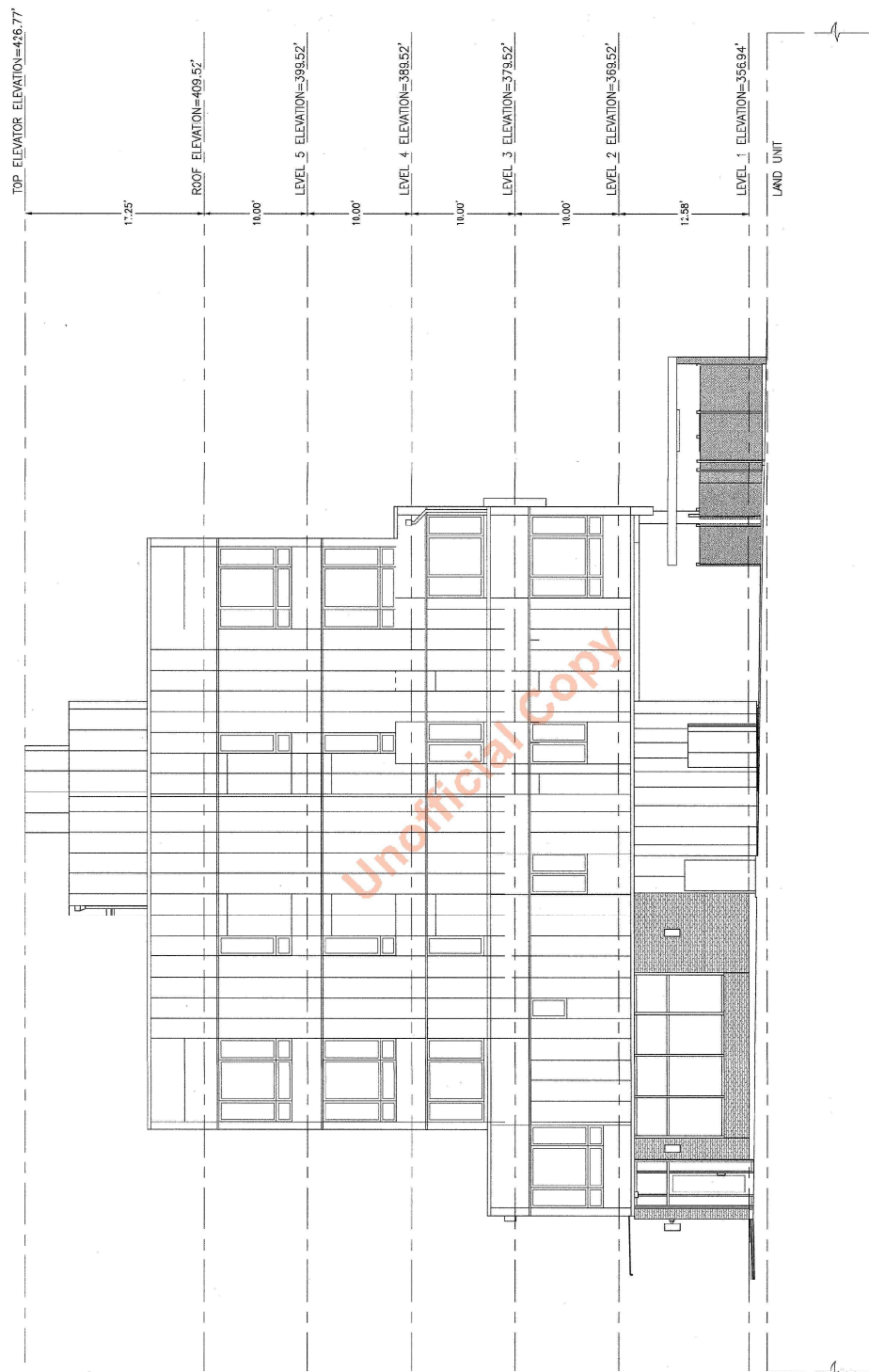
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CHECKED BY: TSL
JOB NO.: 5873
PROJECT NO.:

LANKTREE
LAND SURVEYING, INC.
25510 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKTREELANDSURVEYING.COM



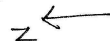
ROOFTOP LAYOUT

WOODLAND VIEW, A CONDOMINIUM

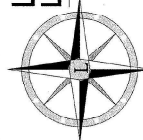
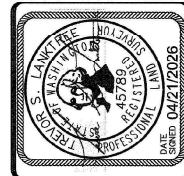


N. 59TH STREET

THIS CONDOMINIUM INCLUDES 1 LAND UNIT. THE CONDOMINIUM REPERTED ON THIS DEED CONSIST OF 48 CONDOMINIUM UNITS: 25 RESIDENTIAL UNITS, 2 COMMERCIAL UNITS, AND 1 LAND UNIT. THE BOUNDARIES OF THE RESIDENTIAL UNITS AND LAND UNIT ARE MORE FULLY DESCRIBED IN THE CONDOMINIUM DECLARATION FOR WOODLAND VIEW. A CONDOMINIUM RECORDED IN THE OFFICIAL RECORDS OF KING COUNTY, WASHINGTON, WITH THE TITLE "CONDOMINIUM DECLARATION FOR WOODLAND VIEW," WHICH INCLUDES ALL PARTS OF THE PROPERTY TO THE LOWER UNITS OF LEGAL OWNERSHIP OF SUCH UNITS, AS SHOWN ON THE SURVEY MAP AND PLANS. THE LAND UNIT DOES NOT INCLUDE ANY IMPROVEMENTS TO THE BUILDING OR ANY UTILITY LINES (WHETHER UNDERGROUND OR NOT), PIPES, INFILTRATION TANKS OR FACILITIES, BUILDING OR STRUCTURES, OR ANY OTHER IMPROVEMENTS OR FACILITIES LOCATED ON, OR ATTACHED TO, THE LAND UNIT. SUCH IMPROVEMENTS SHALL BE DEEMED COMMON ELEMENTS.



SCALE: 1"=8'



**LANKTREE
LAND SURVEYING, INC.**

25510 74TH AVENUE SOUTH
KENT, WA 98032
PHONE: (253) 653-6423
FAX: (253) 793-1616
WWW.LANKIDEELANDSURVEYING.COM

DRAWN BY	JRW
DATE	04/21/
SCALE:	1"=8'
CHECKED BY:	TSL
JOB NO.:	5673
PROJECT NO.:	

INDEX DATA

DATA
PTN. SW1/4 OF NW1/4
SEC. 7, T25N, R04E, W.M.

HOMESTEAD COMMUNITY LAND TRUST
412 MAYNARD AVE S. #201
SEATTLE, WA 98104

KING COUNTY, WASHINGTON

9 OF 9

NORTH ELEVATION

**EXHIBIT C
TO
PUBLIC OFFERING STATEMENT**

**ASSOCIATION ARTICLES
OF INCORPORATION**

UNITED STATES OF AMERICA

The State of Washington



Secretary of State

I, **STEVE R. HOBBS**, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

ARTICLES OF INCORPORATION

to

WOODLAND VIEW OWNERS ASSOCIATION

A **WA NONPROFIT CORPORATION**, effective on the date indicated below.

Effective Date: 07/09/2024

UBI Number: 605 569 892



Given under my hand and the Seal of the State
of Washington at Olympia, the State Capital

Steve R. Hobbs, Secretary of State

Date Issued: 07/09/2024

ARTICLES OF INCORPORATION
FOR
WOODLAND VIEW OWNERS ASSOCIATION

THE UNDERSIGNED, acting as incorporator of a corporation under the Washington Nonprofit Act, RCW ch. 24.03A ("Nonprofit Act"), adopts the following Articles of Incorporation for the corporation.

ARTICLE 1. NAME

The name of this corporation shall be Woodland View Owners Association ("Association").

ARTICLE 2. DURATION

The duration of this corporation shall be perpetual.

ARTICLE 3. PURPOSES AND POWERS

The corporation is organized as a non-charitable nonprofit for the purpose of (i) exercising the powers and privileges, and performing the duties and obligations of the owners association set forth in that certain Condominium Declaration ("Declaration") for Woodland View, a Condominium ("Community") recorded in King County, Washington, as it may be amended, and (ii) exercising any and all powers, rights, and privileges of a unit owners association pursuant to the Washington Uniform Common Interest Ownership Act, RCW ch. 64.90 ("CIC Act"). The corporation shall have all powers granted by the Nonprofit Act and the CIC Act, but the powers of the corporation shall be subject to and shall be exercised in accordance with the provisions of the CIC Act and the Declaration, as they may be amended. Capitalized terms used in these Articles of Incorporation and not otherwise defined shall have the meaning given to them in the Declaration. In the case of any conflict between the provisions of the CIC Act and the Nonprofit Act, the provisions of the CIC Act control.

ARTICLE 4. GROSS REVENUE

The gross revenue of the Association was less than \$500,000 in the most recent fiscal year, and shall remain less than that amount in perpetuity.

ARTICLE 5. MEMBERS

The members shall consist exclusively of Owners of Units in the Community. All Owners shall automatically be members by virtue of ownership of a Unit or Home in the Community. The corporation shall have four classes of members: CLT Member Owners, Market Owners, Commercial Unit Owners, and the Land Unit Owner. The qualifications, admission, termination, rights, privileges and obligations of the members and each class of members, including their ownership interests, expense liabilities, and voting rights are set forth in the Nonprofit Act, the CIC Act, the Declaration, and the Bylaws of the corporation. Notwithstanding any other provision of the Community documents, a class of members shall be entitled to vote as a class upon any proposition, whether or not entitled to vote thereon by the provisions of the Articles of Incorporation, if the proposition would increase or decrease the rights, qualifications, limitations, responsibilities, or preferences of the class as related to any other class.

ARTICLE 6. REGISTERED OFFICE AND AGENT

The name of the initial registered agent of the corporation is Homestead Community Land Trust. The address of the initial registered office of this corporation is 412 Maynard Avenue S., Suite 201, Seattle, WA 98104.

ARTICLE 7. INITIAL DIRECTORS

The number of directors of the corporation shall be as set forth in the Declaration and the Bylaws, and may be increased or decreased from time to time in the manner specified therein. The initial board of directors shall consist of three directors. The names and addresses of the person who shall serve as director until successors are elected and qualified, unless she resigns or is removed, is:

Kathleen Hosfeld, 412 Maynard Avenue S., Suite 201, Seattle, WA 98104
Eric Pravitz, 412 Maynard Avenue S., Suite 201, Seattle, WA 98104
David Baker, 412 Maynard Avenue S., Suite 201, Seattle, WA 98104

The rights and obligations of directors and the procedures for election and removal and voting of directors and officers and the filling of vacancies on the board of directors are set forth in the Declaration and Bylaws.

ARTICLE 8. INCORPORATOR

The name and address of the incorporator are Kathleen Hosfeld, 412 Maynard Ave S. Suite 201, Seattle WA 98104.

ARTICLE 9. LIMITATION OF LIABILITY

A director of the Association shall not be personally liable to the Association or its members for monetary damages for conduct as a director, except for liability of the director (a) for acts or omissions which involve intentional misconduct by the director or a knowing violation of law by the director, (b) for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled, or (c) for conduct violating RCW 24.03A.540

Any repeal or modification of this Article 9 by the directors or members of the Association shall not adversely affect any right or protection of any individual who is or was a director of the Association which existed at the time of such repeal or modification.

ARTICLE 10. INDEMNIFICATION

The Association shall indemnify any individual made a party to a proceeding because that individual is or was a director or officer of the Association to the extent provided in RCW 24.03A.630.

Any indemnification provided under this Article 10 shall, unless limited by the terms of the undertaking to indemnify, continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of his or her heirs, executors, and administrators.

Any repeal or modification of this Article 10 by the directors or members of the Association shall not adversely affect any right or protection of any individual who is or was a director or officer of the Association existing at the time of such repeal or modification.

ARTICLE 11. DISSOLUTION

Upon dissolution or final liquidation of the Association, the assets of the Association shall be distributed among the members of the Association in accordance with CIC Act and the Declaration.

ARTICLE 12. AMENDMENT

These Articles of Incorporation may only be amended as set forth in Article 28 of the Declaration.

(Signature on following page)

IN WITNESS WHEREOF, the incorporator has hereunto set their hand and seal this 8th day of July, 2024.

DocuSigned by:

9619494E3AF449B...
KATHLEEN HOXFELD

CONSENT TO SERVE AS REGISTERED AGENT

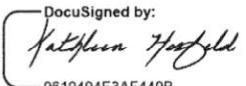
The undersigned consents to serve as registered agent in the State of Washington for Woodland View Owners Association. The undersigned understands that as agent for the corporation, the undersigned will be responsible to receive service of process in the name of the corporation, to forward all mail to the corporation, and to immediately notify the office of the Secretary of State in the event it resigns or changes its address, or the corporation changes the address of its registered office.

Address of Registered Agent:

412 Maynard Avenue S., Suite 201
Seattle, WA 98104

DATED this 8th day of July, 2024

Homestead Community Land Trust,
a Washington nonprofit corporation

By: 
Name: 9619494E3AF449B... Kathieen Hosfeld
Title: CEO and Executive Director



WASHINGTON
Secretary of State
Corporations & Charities Division

Corporations and Charities Division

Physical/Overnight address:

801 Capitol Way S
Olympia, WA 98501-1226

Mailing address:

PO Box 40234
Olympia, WA 98504-0234
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www.sos.wa.gov/corporations

07/09/2024

COGENCY GLOBAL
1780 BARNES BLVD SW
TUMWATER WA 98512-0410

Business Entity Name: WOODLAND VIEW OWNERS ASSOCIATION
UBI Number: 605 569 892
Expiration Date: 07/31/2025

Congratulations!

You have completed the filing to create a new business entity.

NEXT STEPS IN OPENING YOUR NEW BUSINESS ENTITY:

- **Complete a Business License Application.** The Business License Application can be completed online or downloaded at: <https://www.dor.wa.gov/> if you have not already completed this step. If you have any questions about the Business License Application, contact information for Business License Services can be found at <https://www.dor.wa.gov/contact>
- **File a Beneficial Ownership Information Report** with the U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) within 30 days of registering your business. Updates or corrections to reports must be submitted within 30 days of becoming aware of the change. For a current link to file the report and additional information, see our website at <https://www.sos.wa.gov/corporations> under the Business Entity tab.
- **Apply for an Employer Identification Number "EIN".** The IRS requires business entities to receive an "EIN". See the IRS website for additional details on how to apply for an EIN through their online portal at <https://www.irs.gov>

IMPORTANT

To keep your business entity status Active and avoid Administrative Dissolution, you must:

1. **File an Annual Report** and pay the annual fees each year before the expiration date for the business entity. A notice to file your Annual Report will be sent to your registered agent on file. It is the business entity's responsibility to file the report even if no notice is received.
2. **Maintain a Registered Agent** and registered office in Washington State. You must submit changes regarding your Registered Agent, agent's address, email, registered office, or principal office address to the Corporations Division. Failure to do so may result in administrative dissolution/termination.

If your business entity accepts or solicits donations from the public OR the business entity is a nonprofit holding \$250,000 or more in charitable assets, you may also be required to register with the Charities Program. You may review the self-assessment guides on our website at <https://www.sos.wa.gov/charities>

For a rapid response to questions, requests for assistance, or to provide feedback, please visit the Corporations and Charities website at <https://www.sos.wa.gov/corporations> to chat with a representative.

Sincerely,
Washington Secretary of State
Corporations and Charities Division
corps@sos.wa.gov

EXHIBIT D
TO
PUBLIC OFFERING STATEMENT
ASSOCIATION BYLAWS

BYLAWS OF WOODLAND VIEW OWNERS ASSOCIATION

These Bylaws provide for the governance of Woodland View Owners Association ("Association"), a corporation organized under the Washington Nonprofit Act, RCW ch. 24.03A ("Nonprofit Act"), to be the Owners' association for Woodland View, a Condominium (the "Community"), created pursuant to the Washington Uniform Common Interest Ownership Act, RCW ch. 64.90 ("Act") and the Condominium Declaration for the Community, recorded in King County, Washington, as it may from time to time be amended ("Declaration"). Capitalized terms used in these Bylaws and not otherwise defined have the meaning given to them in the Declaration.

ARTICLE 1 MEMBERSHIP; VOTING

Section 1.1 Membership. The qualifications for membership in the Association are as set forth in the Declaration. Each CLT Member Owner, Market Owner, Commercial Unit Owner, and the sole Land Unit Owner, by virtue of such ownership, is a member of the Association. Except as otherwise stated in these Bylaws, "Owner" or "Unit Owner" means the CLT Member Owners, Market Owners, Commercial Unit Owners, and Land Unit Owner, collectively.

Section 1.2 Number of Votes. Each Owner is entitled to the voting Interest set forth in the Declaration for each Unit owned by that Owner, so that the Owner's total voting interest is the aggregate voting interest allocated to all of that Owner's Units. For the avoidance of doubt, each CLT Member Owner is entitled to the voting interest for its interest in each Unit that it owns, the Land Unit Owner is entitled to the voting interest for its interest in the Land Unit, each Market Owner is entitled to the voting interest for its interest in each Unit that it owns, and each Commercial Unit Owner is entitled to the voting interest for its interest in each Unit that it owns. No provision of any Community documents shall be construed to allow one class of Owner to exercise the voting rights of another class of Owner with an interest in the same Unit.

Section 1.3 Association-Owned Units. In any vote of the Unit Owners, votes allocated to a Unit owned by the Association must be cast in the same proportion as the votes cast on the matter by Unit Owners other than the Association.

Section 1.4 Persons Under Disability. Minors and persons declared legally incompetent shall be eligible for membership in the Association, if otherwise qualified, but shall not be permitted to vote except through a legally appointed, qualified, and acting guardian of their estate voting on their behalf, or, in the case of a minor with no legal guardian of their estate, through a parent having custody of the minor.

Section 1.5 Voting Representative. An Owner may, by written notice to the Board, designate a voting representative for the Unit. The voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a person having an ownership interest in a Unit, or by actual notice to the Board of the death or judicially declared incompetence of any person with an ownership interest in the Unit, except in cases in which the person designated is a Mortgagee of the Unit. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney in fact of the Owner under a durable power of attorney, or the administrators or executors of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Unit shall be the group composed of all of its Owners.

Section 1.6 Votes Pledged to a Mortgagee. An Owner may, but shall not be obligated to, pledge his or her vote on all issues or on specific issues to a Mortgagee. If the Board has been notified by the Mortgagee that it is enforcing its right to vote pursuant to such pledge, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge; provided, however, that if the Board has received such notices from more than one Mortgagee, the Mortgagee holding the Mortgage with the highest level of priority among the Mortgages held by those Mortgagees shall be entitled to vote.

Section 1.7 Register of Members. The Board shall cause a register to be kept containing the names and addresses of all members of the Association. Persons who purchase an interest in a Unit shall promptly inform the Board of their interest. Persons who claim to be members of the Association shall, upon request, furnish the Board with copies of any documents under which they assert ownership of a Unit or any interest therein and any Mortgages thereon.

Section 1.8 Manner of Voting. When a vote is conducted at a meeting, Owners may vote in person, by absentee ballot pursuant to Section 1.11 of these Bylaws, or by a proxy pursuant to Section 1.12 of these Bylaws. When a vote is conducted without a meeting, Unit Owners may vote by ballot pursuant to Section 1.13 of these Bylaws.

Section 1.9 Voting at a Meeting. Unit Owners or their proxies who are present in person at a meeting of the members may vote by voice vote, show of hands, standing, written ballot, or any other method for determining the votes of Unit Owners, as designated by the person presiding at the meeting. If only one of the Owners of a Unit is present at a meeting, that Owner is entitled to cast all the votes allocated to that Unit.

Section 1.10 Voting by Multiple Owners at a Meeting. If more than one of the Owners of an interest in a Unit are present, the votes allocated to that interest in the Unit may be cast only in accordance with the agreement of a majority in interest of such Owners. There is a majority agreement if any one of such Owners casts the votes allocated to the Unit without protest being made promptly to the person presiding over the meeting by any of such other Unit Owners of the Unit. If there is no majority agreement, the vote of those Owners shall not be counted.

Section 1.11 Voting by Absentee Ballot at a Meeting. Whenever proposals or Board members are to be voted upon at a meeting of the members, an Owner may vote by duly executed absentee ballot if: (i) the name of each candidate and the text of each proposal to be voted upon are set forth in a writing accompanying or contained in the notice of meeting; and (ii) a ballot is provided by the Association for such purpose. When an Owner votes by absentee ballot, the Association must be able to verify that the ballot is cast by the Owner having the right to do so. Any absentee ballots shall be sent to all Owners in the same manner as notice of meetings, with a specified deadline for the return of the ballots, which shall be no later than the date of the meeting.

Section 1.12 Voting by Proxy; Pledged Votes to Mortgagee. Votes allocated to a Unit may be cast pursuant to a directed or undirected proxy duly executed by an Owner. If an interest in a Unit is owned by more than one person, each Owner of an interest in that Unit may vote or register a protest to the casting of votes by the other Owners of that interest in a Unit through a duly executed proxy. An Owner may revoke a proxy given pursuant to this Section 1.12 only by actual notice of revocation to the secretary or other person presiding over a meeting of the members or by delivery of a subsequent proxy. The death or disability of a Unit Owner does not revoke a proxy given by the Unit Owner unless the person presiding over the meeting has actual notice of the death or disability. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates 11 months after its date of issuance.

Section 1.13 Voting Without a Meeting. The Association may conduct a vote without a meeting. In that event, the following requirements apply:

(a) The Association must notify the Unit Owners that the vote will be taken by ballot.

(b) The notice must state: (i) the time and date by which a ballot must be delivered to the Association to be counted, which may not be fewer than 14 days after the date of the notice, and which deadline may be extended in accordance with (g) of this Section 1.13; (ii) the percent of votes necessary to meet the quorum requirements; (iii) the percent of votes necessary to approve each matter other than election of Board members; and (iv) the time, date, and manner by which Unit Owners wishing to deliver information to all Unit Owners regarding the subject of the vote may do so.

(c) The Association must deliver a ballot to every Owner with the notice.

(d) The ballot must set forth each proposed action and provide an opportunity to vote for or against the action.

(e) A ballot cast pursuant to this Section 1.13 may be revoked only by actual notice to the Association of revocation. The death or disability of a Unit Owner does not revoke a ballot unless the Association has actual notice of the death or disability prior to the date set forth in (b)(i) of this Section 1.13.

(f) Approval by ballot pursuant to this Section 1.13 is valid only if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action.

(g) If the Association does not receive a sufficient number of votes to constitute a quorum or to approve the proposal by the date and time established for return of ballots, the Board may extend the deadline for a reasonable period not to exceed 11 months upon further notice to all members in accordance with (b) of this Section 1.13. In that event, all votes previously cast on the proposal must be counted unless subsequently revoked as provided in this Section 1.13.

(h) A ballot or revocation is not effective until received by the Association.

(i) The Association must give notice to Unit Owners of any action taken pursuant to this Section 1.13 within a reasonable time after the action is taken.

(j) When an action is taken pursuant to this Section 1.13, a record of the action, including the ballots or a report of the persons appointed to tabulate such ballots, must be kept with the minutes of meetings of the Association.

Section 1.14 Manner of Acting. Except as otherwise provided by the Act, the Declaration, or these Bylaws, a majority of the votes cast by each class of member determines the outcome of any action of that class of member.

Section 1.15 No Cumulative Voting. No Owner shall be entitled to cumulate votes in any election for directors.

ARTICLE 2 MEETINGS OF MEMBERS

Section 2.1 Place. Meetings of the members of the Association shall be held at the Community or a suitable place within the county in which the Community is located, as may be convenient to the membership and designated from time to time by the Board.

Section 2.2 Annual Meeting. A meeting of the members must be held at least once each year. The annual meeting of the Association shall be held in the first quarter of each fiscal year on a date fixed by the Board. At such annual meeting the Owners shall elect members to the Board or fill vacancies therein, and transact such other business as shall properly come before the meeting.

Section 2.3 Budget Meeting. Within 30 days after adoption of any proposed budget for the Association, the Board shall provide a summary of the budget to all of the members and set a date for a meeting of the members to consider ratification of the budget.

Section 2.4 Special Meetings. A special meeting of the members may be called by the president, by resolution of the Board, or upon the written request of a majority of the Board, or upon the written request of Owners having not less than 20% of the voting interest in the Association. If the Association does not provide notice to Unit Owners of a special meeting within 30 days after the requisite number or percentage of Unit Owners request the secretary to do so, the requesting members may directly

provide notice to all the Unit Owners of the meeting. Only matters described in the meeting notice delivered pursuant to Section 2.5 may be considered at a special meeting.

Section 2.5 Notice of Meetings. The Board shall provide notice to Unit Owners of the time, date, and place of each annual, budget and special meeting of members not less than 14 days and not more than 50 days before the meeting date. Notice may be by any means described in RCW 64.90.515 to each Owner, the Declarant pursuant to the Declaration, and to each Eligible Mortgagee, if required by Article 28 of the Declaration. The notice of any meeting shall state the time and place of the meeting and the items on the agenda, including the text of any proposed amendment to the Declaration or organizational documents of the Association, changes in the previously approved budget that result in a change in Assessment obligations, and any proposal to remove a director or officer. Before, during, or after any meeting of the members, any member may, in writing, waive notice of such meeting. Attendance by a member at a meeting of the members shall constitute a waiver of timely and adequate notice unless the member expressly challenges the notice when the meeting begins.

Section 2.6 Quorum. A quorum is present throughout any meeting of the members if persons entitled to cast 25% of the votes in the Association are present in person or by proxy at the beginning of the meeting, have voted by absentee ballot, or are present by any combination of the foregoing. If the agenda for the meeting contains any proposal on which a class of members is entitled to vote as a class, a quorum of the class entitled to vote as a class must also be present. If a quorum is present at a meeting, a majority of the members present may adjourn the meeting from day to day or to such time and place as may be decided by the directors and no notice of such adjournment need be given. No business shall be transacted at an adjourned meeting that could not have been transacted at the meeting from which the adjournment was taken.

Section 2.7 Adjournment of Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members present, in person or by proxy, may by majority vote adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 2.8 Order of Business. The order of business at meetings of the members shall be as follows unless dispensed with on motion:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors (annual meeting or special meeting called for such purpose);
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

Owners must be given a reasonable opportunity at any meeting to comment regarding any matter affecting the Condominium or the Association.

Section 2.9 Parliamentary Authority. In the event of dispute as to parliamentary procedure at a meeting of the members, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order or such other published code of parliamentary procedure as shall be approved by a majority at the meeting.

Section 2.10 Action of Members by Communications Equipment. Meetings of the members may be conducted by telephonic, video, or other conferencing process if (i) the meeting notice states the conferencing process to be used and provides information explaining how Unit Owners may participate in the conference directly or by meeting at a central location or conference connection, and (ii) the process provides all Unit Owners the opportunity to hear or perceive the discussion and to comment regarding matters affecting the Condominium and the Association.

Section 2.11 Presumption of Assent. A member of the Association present at a membership meeting at which action is taken on any matter put to a vote of the membership shall be presumed to have assented to the action taken unless that member's dissent or abstention is entered in the minutes of the meeting, or unless such member files a written dissent or abstention to such action with the person acting as secretary of the meeting before the adjournment thereof, or forwards such dissent or abstention to the secretary of the Association immediately after the adjournment of the meeting. The right to dissent or abstain shall not apply to a member who voted in favor of an action.

Section 2.12 Minutes. Minutes of all membership meetings shall be maintained in a record by the secretary of the Association or by another person designated by the directors. The decision of each matter voted upon at a membership meeting must be recorded in the minutes. Minutes for every meeting shall be approved by the Association before or at the next Association meeting.

ARTICLE 3 BOARD OF DIRECTORS

Section 3.1 Number; Class Voting. The affairs of the Association shall be initially governed by a Board composed of the directors set forth in the Articles. Prior to the termination of Declarant Control, the Declarant may appoint and remove the directors pursuant to any Special Declarant Right to appoint and remove directors, subject to the right of the Owners to elect additional director or directors, as described in the Declaration. No later than 30 days after termination of Declarant Control, the Board shall hold a transition meeting of the Owners to elect a new Board, as described in Section 8(e) of the Declaration. At such transition meeting, the Owners shall elect a Board of five directors, one of whom shall be elected by the class of Commercial Unit Owners, and the remainder of whom shall be elected by the collective vote of the class of CLT Member Owners, Market Owners, and the Land Unit Owner. The Land Unit Owner shall be entitled to appoint a non-voting, ex officio member of the Board who shall be entitled to notice of, and to attend, all meetings of the Board. The number of directors may be increased from time to time, by amendment of these Bylaws, provided that (i) the Land Unit Owner has the right to appoint one non-voting, ex officio member of the Board, (ii) the Commercial Unit Owners have the right to elect one director to the Board, and (iii) no decrease in number shall have the effect of shortening the term of any incumbent director.

Section 3.2 Term. The directors shall take office upon adjournment of the meeting at which they are elected. The directors shall hold office until their respective successors shall be elected and qualified, subject to provisions herein relating to vacancy and removal. The normal term of office for directors will be for three years. However, to provide for staggered terms, at the first election, one-third of the number of directors (or the whole number nearest to one-third) shall be elected for one year, the same number shall be elected for two years, and the remainder shall be elected for three years.

Section 3.3 Qualifications. A majority of the directors must be Unit Owners in the Condominium. A director identified in the Articles or appointed by the Declarant pursuant to any Special Declarant Right to appoint directors or officers need not be a member of the Association. In determining the qualifications of a director or officer, the term "Unit Owner" shall include any director, officer, member, partner, or trustee of any corporation, limited liability company, partnership, trust, or other person who is, either alone or in conjunction with another person, a Unit Owner. Any such person shall be disqualified from continuing in office if the person ceases to have such affiliation with the Unit Owner or is otherwise disqualified from continuing in such office as a natural person.

Section 3.4 Vacancies. A vacancy occurring in the board of directors or any directorship to be filled by reason of an increase in the number of directors shall be filled by vote of the class of members entitled to elect that position. Each person so selected shall be a director for the unexpired portion of the term or, if earlier, until the next regularly scheduled election of directors.

Section 3.5 Removal of Directors and Officers by Owners. Owners present in person, by proxy, or by absentee ballot at any meeting of the members at which a quorum is present may remove any Board member and any officer elected by the Unit Owners, with or without cause, if the number of votes in favor of removal cast by those Unit Owners entitled to vote for election of the Board member or officer proposed to be removed is at least two-thirds of the votes cast by the Unit Owners at the meeting. Notwithstanding

the foregoing, (x) a Board member appointed by the declarant may not be removed by a Unit Owner vote during any period of declarant control, (y) a Board member appointed under RCW 64.90.420(3) may be removed only by the person who appointed that member; and (z) the Unit Owners may not consider whether to remove a Board member or officer at a meeting of the Unit Owners unless that subject was listed in the notice of the meeting. At any meeting at which a vote to remove a Board member or officer is to be taken, the Board member or officer being considered for removal must have a reasonable opportunity to speak before the vote. At any meeting at which a Board member or officer is removed, the Unit Owners entitled to vote for the Board member or officer may immediately elect a successor Board member or officer consistent with this chapter.

Section 3.6 Removal of Directors and Officers by the Board. The Board may, without an Owner vote, remove from the Board a director or officer elected by the Owners if (i) the Board member or officer is delinquent in the payment of Assessments more than 60 days, and (ii) the Board member or officer has not cured the delinquency within 30 days after receiving notice of the Board's intent to remove the Board member or officer. The Board may remove an officer elected by the Board at any time, with or without cause. At any meeting at which a vote to remove a Board member or officer is to be taken, the Board member or officer being considered for removal must have a reasonable opportunity to speak before the vote. The removal must be recorded in the minutes of the next Board meeting.

Section 3.7 Compensation. A director who is an Owner shall not be entitled to compensation for service as a director. If the members determine that it is in their best interest to elect a director who is not an Owner, the directors who are Owners may establish reasonable compensation to the non-Owner director, obtain directors' and officers' insurance coverage, and take other actions to attract and retain competent outside directors.

Section 3.8 Organization Meeting. The first meeting of the initial Board shall be held on a date and at a place to be fixed by the president, and no notice shall be necessary to the newly elected directors in order to legally call the meeting.

Section 3.9 Board Meetings During Declarant Control. During the period of declarant control, the Board must meet at least four times a year. At least one of those meetings must be held at the Condominium or at a place convenient to the Condominium.

Section 3.10 Board Meetings After Declarant Control. After the transition meeting, all Board meetings must be at the Condominium or at a place convenient to the Condominium unless the Unit Owners amend these bylaws to vary the location of those meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year.

Section 3.11 Notice of Board Meetings. Unless the meeting is included in a schedule given to the Unit Owners or the meeting is called to deal with an emergency, the secretary must provide notice of each Board meeting to each Board member and to the Owners. The notice must be given at least 14 days before the meeting and must state the time, date, place, and agenda of the meeting.

Section 3.12 Waiver of Notice. Before any meeting of the Board, any director may, in writing, waive notice of such meeting. Attendance by a director at any meeting of the Board shall be a waiver by the director of timely and adequate notice unless the director expressly challenges the notice when the meeting begins. If all directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at the meeting.

Section 3.13 Quorum and Voting. A quorum of the Board is present for purposes of determining the validity of any action taken at a meeting of the Board only if individuals entitled to cast a majority of the votes on that board are present at the time a vote regarding that action is taken. If there is less than a quorum present at any meeting of the Board, the majority of those present may adjourn the meeting from time to time. At the adjourned meeting, provided a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The directors present

at a duly convened meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum; provided however, that any act of the Board shall require a quorum and the votes described in this Section 3.13. Abstention from voting on a motion by a director present at a meeting at which there is a quorum shall be counted as a vote against the motion

Section 3.14 Manner of Acting. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Board members present is the act of the Board.

Section 3.15 Voting by Proxy or Ballot. A Board member may not vote by proxy or absentee ballot.

Section 3.16 Presumption of Assent. A Board member who is present at a Board meeting at which any action is taken is presumed to have assented to the action taken unless the Board member's dissent or abstention to such action is lodged with the person acting as the secretary of the meeting before adjournment of the meeting or provided in a record to the secretary of the Association immediately after adjournment of the meeting. The right to dissent or abstain does not apply to a Board member who voted in favor of such action at the meeting.

Section 3.17 Board Packets. If any materials are distributed to the Board before the meeting, the Board must make copies of those materials reasonably available to the Owners, except that the Board need not make available copies of unapproved minutes or materials that are to be considered in executive session.

Section 3.18 Open Meetings. Meetings must be open to the Unit Owners and their voting representatives except during executive sessions, but the Board may expel or prohibit attendance by any person who, after warning by the chair of the meeting, disrupts the meeting. At each Board meeting, the Board must provide a reasonable opportunity for Owners to comment regarding matters affecting the Condominium and the Association. A gathering of members of the Board or committees at which the Board or committee members do not conduct Association business is not a meeting of the Board or committee. Board members and committee members may not use incidental or social gatherings to evade the open meeting requirements of this Section 3.18.

Section 3.19 Executive Sessions. The Board may hold an executive session only during a regular or special meeting of the Board. A final vote or action may not be taken during an executive session. An executive session may be held only to: (i) consult with the Association's attorney concerning legal matters; (ii) discuss existing or potential litigation or mediation, arbitration, or administrative proceedings; (iii) discuss labor or personnel matters; (iv) discuss contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated, including the review of bids or proposals, if premature general knowledge of those matters would place the Association at a disadvantage; or (v) prevent public knowledge of the matter to be discussed if the Board or committee determines that public knowledge would violate the privacy of any person.

Section 3.20 Participation by Communications Equipment. Fewer than all Board members may participate in a regular or special meeting of the Board by, or conduct a meeting through, the use of any means of communication by which all Board members participating can hear each other during the meeting. A Board member participating in a meeting by these means is deemed to be present in person at the meeting.

Section 3.21 Meetings by Communications Equipment. All members of the Board may meet by telephonic, video, or other conferencing process if: (i) the meeting notice states the conferencing process to be used and provides information explaining how Owners may participate in the conference directly or by meeting at a central location or conference connection; and (ii) the process provides all Owners the opportunity to hear or perceive the discussion and to comment as provided in Section 3.20.

Section 3.22 Board Action by Written Consent. Instead of meeting, the Board may act by unanimous consent as documented in a record by all its members. Actions taken by unanimous consent must be kept as a record of the Association with the meeting minutes. After the transition meeting, the Board may act by unanimous consent only to undertake ministerial actions, actions subject to ratification by the Unit Owners, or to implement actions previously taken at a meeting of the Board. Such written consent may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document.

Section 3.23 Minutes. Minutes of all Board meetings shall be maintained in a record by the secretary of the Association or by another person designated by the directors. The decision of each matter voted upon at a membership meeting must be recorded in the minutes. Minutes for every meeting shall be approved by the Association before or at the next Association meeting.

Section 3.24 Duties of Directors. In the performance of their duties, the officers and directors are (i) required to exercise the degree of care and loyalty to the Association required of an officer or director of a corporation organized under RCW ch. 24.03A, and (ii) subject to the conflict of interest rules governing directors and officers, under RCW ch. 24.03A. In performing the duties of a director, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) One or more officers or employees of the Association whom the director believes to be reliable and competent in the matter presented;

(b) Counsel, public accountants, or other persons as to matters that the director believes to be within such person's professional or expert competence; or

(c) A committee of the Board upon which the director does not serve, duly designated in accordance with a provision in the Articles or Bylaws as to matters within its designated authority, which committee the director believes to merit confidence;

as long as, in any such case, the director acts in good faith, after reasonable inquiry, when the need thereof is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

ARTICLE 4 OFFICERS

Section 4.1 Designation. The principal officers of the Association shall initially be a president, a secretary, and a treasurer, all of whom shall be elected by and from the Board. The directors may appoint from the Board such other officers as in their judgment may be necessary or desirable. If there are more than three directors, the directors may also elect a vice president. Two or more offices may be held by the same person, except that a person may not hold the offices of president and secretary simultaneously.

Section 4.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the first Board meeting after the annual meeting of the Association. They shall hold office at the pleasure of the Board.

Section 4.3 Removal of Officers. At any regular meeting of the Board or at any special meeting of the Board called for such purpose, upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause. A successor to the removed officer may be elected at any such meeting.

Section 4.4 President. The president shall be the chief executive officer of the Association. The president shall preside at all meetings of the Association and the Board and shall have all powers and duties usually vested in the office of the president.

Section 4.5 Vice President. The vice president, if any, shall perform the duties of the president when the president is absent or unable to act, and shall perform such other duties as may be prescribed by the Board.

Section 4.6 Secretary. The secretary shall keep the minutes of all meetings of the Board and of the Association and shall have custody of the business records of the Board and the Association, other than financial records kept by the treasurer. The secretary shall also perform such other duties as may be prescribed by the Board.

Section 4.7 Treasurer. The treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association.

Section 4.8 Other Officers and Employees. Other officers of the Association, and any persons employed to assist the officers, shall have such authority and shall perform such duties as the Board may prescribe within the provisions of the applicable statutes, the Declaration, and these Bylaws.

Section 4.9 Compensation. The Board may pay reasonable compensation to any officer or Owner who performs substantial services for the Association in carrying out the management duties of the Board. The Board's decision to compensate an officer shall not become final until 60 days after notice of it (including the amount of compensation to be paid) has been given to all persons entitled to notice of meetings of the Association, and such decision may be reversed by the members of the Association at a meeting duly called and held within 60 days after the notice of the decision was given.

Section 4.10 Vacancies. Vacancies in any office arising from any cause may be filled by the Board at any regular or special meeting of the Board.

ARTICLE 5 COMMITTEES

Section 5.1 Committees of Directors. The Board may appoint one or more committees that consist of one or more directors. Any committee authorized to exercise any power reserved to the Board must include at least two Board members who have exclusive voting power for that committee. Committees that are not so composed may not exercise the authority of the Board and shall be advisory only. The appointment of any such committee shall not relieve the Board of its ultimate responsibility for the administration and management of the Association and the Condominium.

Section 5.2 Limitation on Committees. No committee shall have the authority to: amend the organizational documents of the Association; recommend the sale, lease, or transfer of substantially all the assets of the Association; recommend a voluntary dissolution of the Association; declare distributions; make Assessments; approve a plan of merger, consolidation, or exchange; or take any action prohibited under the Nonprofit Act, the Act, the Declaration, or the Articles, or otherwise reserved to the full Board of Directors or to the members of the Association.

ARTICLE 6 HANDLING OF FUNDS

Section 6.1 Accounts. The Association shall establish such accounts as the directors deem necessary to properly administer the Association and operate and maintain the Condominium. The treasurer shall be responsible for supervising the funds of the Association. Once the Association begins making Assessments, it shall keep at least two separate funds as described in this Article 6.

Section 6.2 Working Capital Account. The Association shall establish and keep a separate checking account to be known as the "Working Capital Account." This account will be used for the normal administration of the Association and operation and maintenance of the Condominium and will receive all monthly Assessments, first purchasers' initial working capital contributions to the Association, and other monies received by the Association. Checks shall be issued from this account for all management and

operation expenditures necessary for the Condominium and maintenance expenses that do not require resorting to reserve funds. Reserve funds for the Replacement Reserve Account and any other reserve account that may be established will normally be deposited in the Working Capital Account and checks immediately issued to the other account so an overall account of the funds received and disbursed by the Association is centralized in the ledger of the Working Capital Account.

Section 6.3 Replacement Reserve Account. If the Association collects Assessments for replacement reserves, it shall maintain a separate account or fund that shall be known as the “Replacement Reserve Account.” The treasurer shall deposit to this account all funds received for the future periodic maintenance, repair, and replacement of the Common Elements. The monies in this account may not be commingled with any other funds of the Association and may only be used for the purposes and in the manner set forth in the Declaration.

Section 6.4 Deposit or Investment of Funds. The funds of the Association may not be commingled with the funds of any other association or with the funds of any managing agent of the association or any other person, or be kept in any trust account or custodial account in the name of any trustee or custodian. Withdrawals of funds from the Replacement Reserve Account shall require the signature of at least two persons who are officers or directors of the Association.

ARTICLE 7 ADMINISTRATIVE AND FINANCIAL PROVISIONS

Section 7.1 Fiscal Year. The fiscal year of the Association shall be the calendar year.

Section 7.2 Contracts. The Board, except as otherwise provided in the Bylaws, may by resolution authorize any officer or agent of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have power or authority to bind the Association in any contract or engagement or to pledge its credit or to render it liable for any purpose in any amount.

Section 7.3 Checks, Drafts, Etc. Except as otherwise specifically determined by resolution of the Board, or as otherwise required by the laws of the State of Washington, checks, drafts, promissory notes, orders for the payment of money, or other evidence of indebtedness of the Association shall be signed by such officer or officers, or agent or agents, of the Association and in such manner as is from time to time determined by resolution of the Board.

Section 7.4 Books and Records. The Association shall keep at its registered office, its principal office in Washington, or at its secretary's office in Washington, the following:

- (a) The Association's current Articles and any amendments thereto;
- (b) The Association's current Bylaws and any amendments thereto;
- (c) The Association's records of accounts and finances;
- (d) The name and addresses of the Association's current officers and directors; and
- (e) The minutes of the proceedings of the Board, and any minutes that may be maintained by committees of the Board.

Records may be written or electronic if capable of being converted to writing.

Section 7.5 Copies of Resolutions. Any person dealing with the Association may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board when certified by the president or secretary.

Section 7.6 A Director's Inspection Rights. Every director shall have the right at any reasonable time to inspect and copy all books, records, and documents of any kind and inspect the physical properties of the Association and shall have such other rights to inspect the books, records, and properties of the

Association as may be required under any of the Condominium documents or by the provisions of the laws of the State of Washington.

Section 7.7 Right to Copy and Make Extracts. Any inspection under the provisions of this Article 7 may be made in person or by an agent or attorney of that person, and the right to make such inspection shall include the right to make copies and to make extracts at the sole expense of the party conducting the inspection.

ARTICLE 8 AMENDMENTS

These Bylaws may only be amended as set forth in Article 28 of the Declaration.

CERTIFICATE OF ADOPTION

The undersigned directors of Woodland View Owners Association certifies that the foregoing Bylaws were adopted on the 28th day of April, 2026, and are effective as of that date.

DATED this 28th day of April, 2026

Signed by:



9619494E3AF449B...

Name: Kathleen Hosteld

Title: Director

Signed by:



55E2FB857C5442B...

Name: Eric Pravitz

Title: Director

Signed by:



C4B83995E1E547C...

Name: Brei Hutton-Okpalaeke

Title: Director

EXHIBIT E
TO
PUBLIC OFFERING STATEMENT
ASSOCIATION BUDGET

**Woodland View Owners Association
Operating Budget**

YoY Inflation Target	3%
Starting Balances	
Operating	Reserve
\$ 15,931.35	\$ -

	% of total	Expense	
Total Administrative	0.8%	\$ 1,350.00	0.8%
Total Insurance	10.2%	\$ 17,550.00	10.2%
Total Utilities	18.4%	\$ 31,776.84	18.4%
Total Landscaping and Arbory	1.7%	\$ 3,000.00	1.7%
Total Contracted Services	13.4%	\$ 23,149.00	13.4%
Total Repair and Maintenance	6.7%	\$ 11,593.18	6.7%
Total Professional Services	12.1%	\$ 20,920.67	12.1%
Total Other Expenses	3.2%	\$ 5,466.98	3.2%
Total Reserve contribution	33.5%	\$ 57,912.30	33.5%
Total	100.0%	\$ 172,718.97	100.0%

A pie chart illustrating the distribution of total expenses across various categories. The largest portion is 'Total Reserve contribution' at 33.5%, followed by 'Total Utilities' at 18.4%. Other significant categories include 'Total Insurance' (10.2%), 'Total Contracted Services' (13.4%), 'Total Professional Services' (12.1%), 'Total Landscaping and Arbery' (1.7%), 'Total Repair and Maintenance' (6.7%), 'Total Other Expenses' (3.2%), and 'Total Administrative' (0.6%).

Category	Percentage
Total Reserve contribution	33.5%
Total Utilities	18.4%
Total Insurance	10.2%
Total Contracted Services	13.4%
Total Professional Services	12.1%
Total Landscaping and Arbery	1.7%
Total Repair and Maintenance	6.7%
Total Other Expenses	3.2%
Total Administrative	0.6%

**EXHIBIT F
TO
PUBLIC OFFERING STATEMENT**

RESERVE STUDY



PROFESSIONAL RESERVE STUDY



Woodland View

5819 Phinney Avenue North, Seattle, WA 98103

For:

Homestead Community Land Trust
c/o Tanner Woodson
Housing Development Coordinator
412 Maynard Avenue South, Suite 201
Seattle, WA 98104
(763) 218-0453

Prepared By:

Jeff Samdal, PE, RS, PRA
jeff@samdalassoc.com
(206) 412-4305

Date Prepared:

November 26, 2025

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1.0 EXECUTIVE SUMMARY

1.1 DISCLOSURES REQUIRED BY STATE OF WA RCW 64.90.550

The undersigned makes the following disclosures required by RCW 64.90.550 to establish that this Reserve Study meets all requirements of the Washington Uniform Common Interest Ownership Act, Chapter 64.90 RCW:

- a. This Reserve Study was prepared with the assistance of a reserve study professional and that professional was independent;
- b. This Reserve Study includes all information required by RCW 64.90.550 Reserve Study – Contents; and
- c. This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement.

1.2 GENERAL DESCRIPTION OF PROPERTY

The subject property is located on the west side of Phinney Avenue North in the Phinney Ridge neighborhood of Seattle. There will be one 5-story mixed-use building containing ground floor retail space and 25 residential units. The building is currently under construction. The property is relatively flat and will consist of concrete, asphalt, and basic landscaping outside of the building itself. Adjacent to the property there are retail buildings as well as other residential properties.

The roof of this building will be flat and will be surfaced with modified-bitumen roof surfacing. There will be a roof top deck consisting of pedestals and pavers. The exterior of this building will be primarily clad with several different types of fiber-cement siding. There will also be a small amount of brick masonry on the lower level of this building. The windows of this building will be fiberglass-frame windows.

Like all properties, this property will require capital maintenance. We have itemized areas of capital maintenance that we anticipate over the next thirty (30) years along with estimated costs and estimated schedule of repair/replacement.

1.3 IMMEDIATE NECESSARY CAPITAL EXPENDITURES

Table 1.3 below shows the items that are in need of action immediately or within the near future. This is a summary; all tasks are explained in greater detail in Section 3.0 Physical Analysis.

Table 1.3: Summary of Immediate Necessary Capital Expenditures

Component	Cost	Urgency	Section
<i>No immediate necessary capital expenditures</i>			

1.4 CURRENT STATUS OF CAPITAL RESERVE FUND

Table 1.4 below shows the current status of the Capital Reserve Fund and how it relates to Full Funding. The current Reserve Fund data was provided to us by Tanner Woodson of Homestead Community Land Trust.

Table 1.4: Current Status of the Reserve Fund

Current Reserve Balance	\$0 assumed on January 1, 2026
Current Annual Reserve Fund Contribution	TBD
Average Per Unit Per Month	TBD
Planned Special Assessment(s)	N/A
Balance Required for Full Funding	\$0
Current Percentage of Full Funding	N/A

1.5 RECOMMENDATIONS AND ASSUMPTIONS FOR FUTURE RESERVE CONTRIBUTIONS

The following table is a summary of our assumptions and several options that we have provided for funding contributions to the Reserve Fund. This is only a summary table; for a detailed view of our recommended funding plans, please see section 4 of this report.

Table 1.5: Recommendations and Assumptions for Future Reserve Contributions

Assumed Average Future Inflation Rate over 30 Years	3%
Assumed Average Future Interest Rate over 30 Years	3%
Option 1 –Full Funding	
Annual Reserve Fund Contribution Required for the Reserve Fund to remain Fully Funded	\$64,347
Average Contribution per Unit per Month	\$214.49

2.0 RESERVE STUDY BACKGROUND

2.1 PURPOSE OF THIS LEVEL 1 RESERVE STUDY

The primary purpose of this Level 1 Reserve Study is to provide the Association with a planning and budgeting tool to adequately maintain the property 30 years into the future without unexpected special assessments. This study is intended to provide the Association with an understanding of their property and to bring to light necessary immediate expenditures and reasonably anticipated future capital expenses that should be addressed.

Associations have a responsibility to their members to adequately maintain their properties and our Reserve Studies provide our clients with the tools to implement capital maintenance. When small issues and maintenance items are addressed prior to becoming larger problems, there is typically a significant overall savings for a property owner. Properly maintained properties maintain higher property values than those with an abundance of deferred maintenance.

An additional benefit of this Reserve Study is that it is one of the qualifications required for Associations to obtain FHA approval (which is helpful in selling or refinancing individual units). Many other sources of funding are also beginning to require them as well.

2.2 WASHINGTON STATE RCW 64.90.550

As of July 1, 2018, WA State RCW 64.90.550 defined a Reserve Study in WA State as the following:

- (1) Any reserve study is supplemental to the association's operating and maintenance budget.
- (2) A reserve study must include:
 - (a) A reserve component list, including any reserve component, the replacement cost of which exceeds one percent of the annual budget of the association, excluding contributions to the reserves for that reserve component. If one of these reserve components is not included in the reserve study, the study must explain the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, the remaining useful life of each reserve component, and current major replacement costs for each reserve component;
 - (b) The date of the study and a disclosure as to whether the study meets the requirements of this section;
 - (c) The following level of reserve study performed:
 - (i) Level I: Full reserve study funding analysis and plan;
 - (ii) Level II: Update with visual site inspection; or
 - (iii) Level III: Update with no visual site inspection;
 - (d) The association's reserve account balance;
 - (e) The percentage of the fully funded balance to which the reserve account is funded;
 - (f) Special assessments already implemented or planned;
 - (g) Interest and inflation assumptions;
 - (h) Current reserve account contribution rates for a full funding plan and a baseline funding plan;
 - (i) A recommended reserve account contribution rate for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, a recommended reserve account contribution rate for a baseline funding plan to maintain the reserve account balance above zero throughout the thirty-year study period without special assessments, and a reserve account contribution rate recommended by the reserve study professional;

This reserve study meets the qualifications of WA State RCW 64.90.550

(j) A projected reserve account balance for thirty years based on each funding plan presented in the reserve study;

(k) A disclosure on whether the reserve study was prepared with the assistance of a reserve study professional, and whether the reserve study professional was independent; and

(l) A statement of the amount of any current deficit or surplus in reserve funding expressed on a dollars per unit basis. The amount is calculated by subtracting the association's reserve account balance as of the date of the study from the fully funded balance, and then multiplying the result by the fraction or percentage of the common expenses of the association allocable to each unit; except that if the fraction or percentage of the common expenses of the association allocable vary by unit, the association must calculate any current deficit or surplus in a manner that reflects the variation.

(3) A reserve study must also include the following disclosure:

"This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require the association to (1) defer major maintenance, repair, or replacement, (2) increase future reserve contributions, (3) borrow funds to pay for major maintenance, repair, or replacement, or (4) impose special assessments for the cost of major maintenance, repair, or replacement."

2.3 SCOPE AND METHODOLOGY

This Level 1 Reserve Study has been prepared based on Community Associations Institute (CAI) standards and our proposal to the Association dated October 7, 2025, which was based on our correspondence with Tanner Woodson of Homestead Community Land Trust.

Information Gathering

Our initial task was to gather information regarding the property such as financials, drawings, maintenance records, and historical background. This Reserve Study is a reflection of the information provided to us.

Physical Analysis

This building has not been constructed yet. Therefore, there was no physical analysis at this building.

Component Analysis

The component analysis included the following tasks:

1. Identification of Anticipated Capital Expenses: We consider anticipated capital expenses to be major expenses that can be reasonably predicted. Anticipated capital expenses are not considered routine maintenance such as routine landscaping or touch-up paint; routine maintenance should be taken care of through an operating budget. Nor do we consider anticipated capital needs to be expenditures that result from an accident or an unpredictable event, such as flood damage or earthquake damage; these items should be paid for by insurance.

The general criteria that we used to define an anticipated capital expense that warranted inclusion on our Itemized capital expenses is the following:

- The component must be a common component that is the responsibility of the Association.
- Repair or replacement of the component is significant and not budgeted for in the operating budget.
- The component repair or replacement occurs within the period of this study.

2. Estimated Replacement Schedule: Our opinions of the various life expectancy estimates that we prepared are based on a combination of the following:

- National Association of Home Builders (NAHB) averages

- Building Owners and Managers (BOMA) averages
- Product vendors and suppliers
- Our company database

3. Estimated Replacement Cost: Our opinions of the various costs for repair or replacement are based on a combination of the following:

- R.S. Means
- Product vendors and suppliers
- Our company database

4. Financial Analysis: We performed an analysis on the financial needs and current status at the property. The financial analysis provides the following:

- Forecasts the anticipated Capital Reserves necessary at the property over the next 30 years.
- Projects future Capital Reserve balances and determines the appropriate funding levels necessary.
- Reviews the current funding plan and current financial position.
- Provides our recommended annual contribution to the Reserve Fund to maintain Full Funding.

2.4 SOURCES OF INFORMATION

The following people provided us information for this study:

- Tanner Woodson, Housing Development Coordinator, Homestead Community Land Trust

The following documents were viewed as part of this study

- Construction Drawing Bid Set, by Schemata Workshop, dated March 22, 2024

2.5 DEFINITIONS

Assumed Inflation - Our assumed inflation rate is our best guess of the long-term average of the inflation rate over the next thirty years; it is not based on the current Consumer Price Index (CPI). Our number is much closer to the historical average of the CPI over the previous 25 years.

Capital Reserves Balance - Actual or projected funds as of a particular point in time that the Association has identified for use to defray the future repair or replacement of those major components which the Association is obligated to maintain. Also known as reserves, reserve accounts, cash reserves.

Component - An individual line item in the Reserve Study developed or updated in the physical analysis. These elements form the building blocks of the Reserve Study. Components typically are: 1) Association responsibility, 2) with limited useful life expectancies, 3) predictable remaining useful life expectancies, 4) above a minimum threshold cost, and 5) as required by local codes.

Component Inventory - The task of selecting and quantifying reserve components. This task is accomplished through onsite visual observations, review of Association design and organizational documents, and a review of established Association precedents.

Deficit - An actual (or projected) reserve balance less than the fully funded balance. The opposite would be a surplus.

Effective Age - The difference between useful life and remaining useful life. Not always equivalent to chronological age, since some components age irregularly. Used primarily in computation.

Financial Analysis - The portion of a Reserve Study where current status of the reserves measured as cash or percent funded) and a recommended reserve contribution rate (reserve funding plan) are derived. The financial analysis is one of the two parts of a Reserve Study.

Fully Funded - 100% funded. When the actual (or projected) reserve balance is equal to the fully funded balance.

Fully Funded Balance (FFB) - Total accrued depreciation. An indicator against which actual (or projected) reserve balance can be compared. In essence, it is the reserve balance that is proportional to the current Repair/replacement cost and the fraction of life “used up”. This number is calculated for each component, then summed together for an Association total.

Percent Funded - The ratio, at a particular point of time (typically the beginning of the fiscal year), of the actual (or projected) reserve balance to the fully funded balance, expressed as a percentage.

Special Assessment - An assessment levied on the members of an Association in addition to regular assessments. Special assessments are often regulated by governing documents or local statutes.

2.6 FREQUENTLY ASKED QUESTIONS ABOUT RESERVE STUDIES

Reserve studies are comprehensive reports that are used as budget planning tools that will assess the current financial health of the reserve fund as well as create a plan for future funding to offset anticipated major future common area expenditures.

According to *Community Association Institute's Best Practices, Reserve Studies/Management*: “There are two components of a reserve study—a physical analysis and a financial analysis. During the physical analysis, a reserve provider evaluates information regarding the physical status and repair/replacement cost of the association’s major common area components. To do so, the provider conducts a component inventory, a condition assessment, and life and valuation estimates. A financial analysis assesses only the association’s reserve balance or fund status (measured in cash or as percent funded) to determine a recommendation for an appropriate reserve contribution rate (funding plan).”

What are the different types of reserve studies?

Reserve studies fit into one of three categories: Full; Update with Site Visit; and Update with No Site Visit. They are frequently called Level 1, Level 2, and Level 3 respectively (as defined by Washington State RCW 64.90.550).

Level 1: A full reserve study – the reserve provider conducts a component inventory, a condition assessment (based upon on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. They typically extend 30-years. A full reserve study must be in place before a Level 2 or Level 3 can take place.

Level 2: An update with site visit (on-site review) -- the reserve study provider conducts a component inventory (verification only, not quantification), a condition assessment (based on on-site visual observations), and life and valuation estimates to determine both a fund status and a funding plan. A Level 2 update is performed every third year, with the first one scheduled 3 years after the Level 1 was completed.

Level 3: An update with no site visit (off-site review) -- the reserve study provider conducts life and valuation estimates to determine a fund status and a funding plan. A Level 3 update is performed annually, except in years when a Level 1 or Level 2 has been conducted.

When should associations obtain reserve studies?

Most association experts would agree that an initial full 30-year reserve study should be conducted sooner rather than later if one is not already in place. They are typically updated annually after that to account for things such as inflation and any adjustments in funding levels, budgets, repairs or replacements.

If you follow Washington State RCW 64.90.555 (which we recommend), your reserve study schedule would look like this:

- Year 1: Level 1 full 30-year study
- Years 2, 3: Level 3 annual updates
- Year 4: Level 2 update with site visit
- Years 5, 6: Level 3 annual updates
- Year 7: Level 2 update with site visit

The cycle of Level 2 and Level 3 updates continues indefinitely. A Level 1 full study is not necessary after year 1.

What are the benefits of a Reserve Study?

Benefits of reserve studies, in short, include improved property maintenance (and therefore value) as well as complying with the law. In more detail:

Complying with Washington State law

View the rules regarding Reserve Studies and Reserve Accounts here:

<http://app.leg.wa.gov/RCW/default.aspx?cite=64.90> - Sections 535, 540, 545, 550, 555, and 560

Fulfilling lender requirements (such as FHA)

Many lenders are requiring up-to-date reserve studies that indicate adequate financial health before they lend. Having a reserve study in place that shows a healthy funding plan before a homeowner finds a buyer could save significant time in the closing process.

Help maintain the property's value and appearance

A reserve study helps maintain the property's value and the property owner's investment. By identifying and budgeting for future repairs or replacement (anticipated capital expenditures), the property's common elements continue to look attractive and well-kept, adding to the community's overall quality of life. Many features, when properly maintained, can also benefit from an extended lifespan resulting in overall cost savings to the owners. Well maintained properties almost always have higher resale values than those that have been neglected.

Establishing sound financial planning and budget direction

A comprehensive reserve study lays out a schedule of anticipated major repairs or replacements to common property elements and applies cost estimates to them. It typically spans a 30-year period, and will serve as a financial planning tool for the association to use when determining homeowners dues and contributions to the reserve fund.

Reducing the need for special assessments

An association that has properly implemented their reserve study will strategically collect fees over time from homeowners (via monthly dues) rather than need large sums of cash unexpectedly (special assessments). Therefore, the need for special assessments should be minimized because expenses have already been planned for and the funds exist when needed.

Fulfilling the board of directors' fiduciary responsibility

Board members of community associations have a fiduciary responsibility to their members. Directors are legally bound to use sound business judgment in guiding the association and cannot ignore major capital expenditures or eliminate them from the budget.

3.0 PHYSICAL ANALYSIS

3.1 COMPONENT ASSESSMENT AND VALUATION

The component assessment and valuation of the itemized capital expenses on this property was done by providing our opinion of Useful Life, Remaining Useful Life, and Repair or Replacement Costs for the Reserve components. Table 3.1A lists this component inventory, and is based on the information that we were provided and on onsite visual observations.

The remainder of “Section 3.0 Physical Analysis” details each of the items in Table 3.1A using narratives and photos. They are meant to be read together.

Table 3.1B is a summary of expenses, grouped according to their expense category. Chart 3.1B is a pie chart illustrating the same.

Table 3.1A Key:

Quantity - The total quantity of each component.

Units - SF = Square Feet SY = Square Yards LF = Lineal Feet
 EA = Each LS = Lump Sum SQ = Roofing Square (10 ft X 10 ft)

Cost/Unit - The cost of a component. The unit cost is multiplied by the component’s quantity to obtain the total estimated replacement cost for the component.

Remaining Life – An opinion of the probable remaining life, in years, which a reserve component can be expected to continue to serve its intended function. Replacements anticipated to occur in the initial or base year have “zero” Remaining Life.

Useful Life - Total Useful Life or Depreciable Life. An opinion of the total probable life, in years, that a reserve component can be expected to serve its intended function in its present condition.

Table 3.1A: Component Assessment and Valuation

Note: All numbers provided are the engineer's opinion of probable life and cost in 2025 dollars. Exact numbers may vary.

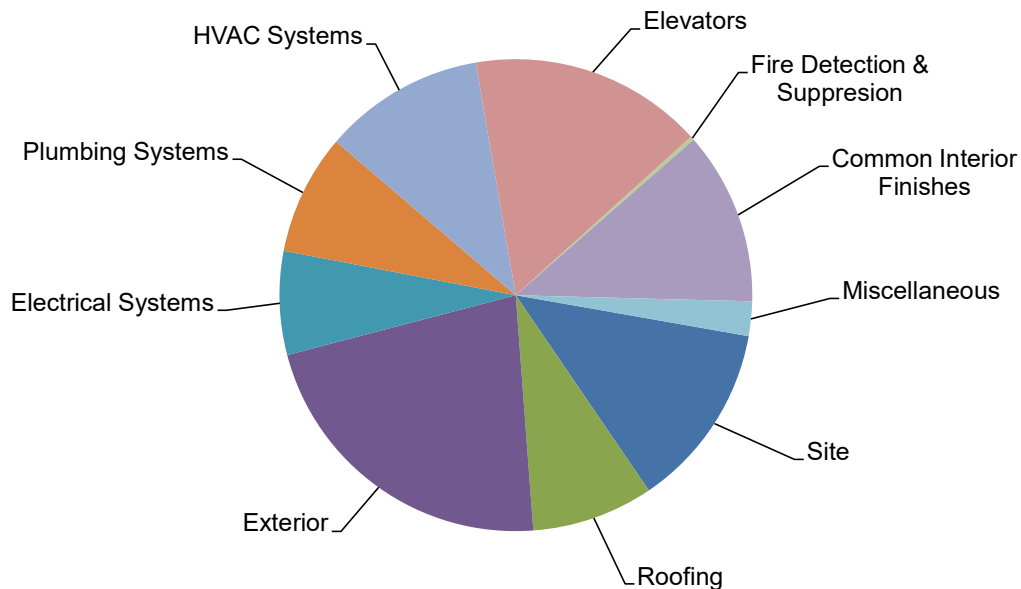
	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year
3.2	SITE								
	Landscaping and irrigation allotment	1	LS	\$20,000	5	5	\$20,000	\$800	\$160.00
	Asphalt overlay	3,070	SF	\$4.15	30	30	\$12,741	\$510	\$16.99
	Asphalt repairs prior to resealing and overlay	154	SF	\$10.35	5	5	\$1,589	\$64	\$12.71
	Asphalt seal coating and restriping	3,070	SF	\$0.40	5	5	\$1,228	\$49	\$9.82
	Concrete flatwork allotment	1	LS	\$12,000	10	10	\$12,000	\$480	\$48.00
	Clean out storm detention vault	1	LS	\$8,000	5	5	\$8,000	\$320	\$64.00
3.3	STRUCTURE								
	<i>No structural expenditures budgeted</i>								
3.4	ROOFING								
	Resurface modified-bitumen roof surfacing	62	SQ	\$1,850	20	20	\$114,700	\$4,588	\$229.40
	Replace parapet cap flashing	638	LF	\$26.50	20	20	\$16,907	\$676	\$33.81
	Remove and reinstall the paver deck with roof resurfacing	1	LS	\$20,000	20	20	\$20,000	\$800	\$40.00
3.5	EXTERIOR								
	Spot siding and trim repairs prior to each painting/caulking cycle	1	LS	\$10,000	10	10	\$10,000	\$400	\$40.00
	Paint exterior fiber-cement siding, stain cedar siding, and re-caulk all failing caulking joints	22,260	SF	\$4.85	10	10	\$107,961	\$4,318	\$431.84
	Clean, spot-point, and seal masonry with water-based siloxane masonry sealant	1,800	SF	\$6.85	10	10	\$12,330	\$493	\$49.32
	<i>Replacement of all exterior siding is assumed to be well beyond the 30-year duration of this study</i>								
	<i>Window and door replacement is assumed to be well beyond the 30-year duration of this study</i>								
3.6	ELECTRICAL SYSTEMS								
	Replace exterior light fixtures and common interior light fixtures	58	EA	\$225	25	25	\$13,050	\$522	\$20.88
	Replace electric vehicle (EV) charging stations	3	EA	\$10,000	10	10	\$30,000	\$1,200	\$120.00
	Miscellaneous electrical system expenditures	25	UNIT	\$150	5	5	\$3,750	\$150	\$30.00

	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year
3.7	PLUMBING SYSTEMS								
	Replace the Flow Therm domestic water booster pump system	1	EA	\$24,000	20	20	\$24,000	\$960	\$48.00
	Replace the A.O. Smith 80-gallon electric water heater	1	EA	\$7,800	15	15	\$7,800	\$312	\$20.80
	Replace the electric heat pump that support the water heating system	1	EA	\$8,200	15	15	\$8,200	\$328	\$21.87
	Replace the 360-gallon storage tanks	1	EA	\$30,000	30	30	\$30,000	\$1,200	\$40.00
	Replace the sump pump	1	EA	\$2,500	10	10	\$2,500	\$100	\$10.00
	Miscellaneous plumbing system expenditures	25	UNIT	\$300	5	5	\$7,500	\$300	\$60.00
3.8	HVAC SYSTEMS								
	Replace Aldes Inspirair Energy Recovery Make-up Air Unit	1	EA	\$38,000	20	20	\$38,000	\$1,520	\$76.00
	Replace Mitsubishi mini-split heat pump	5	EA	\$8,200	15	15	\$41,000	\$1,640	\$109.33
	Miscellaneous HVAC system expenditures	25	UNIT	\$500	5	5	\$12,500	\$500	\$100.00
3.9	ELEVATORS								
	Elevator cab interior renovations	1	LS	\$12,000	30	30	\$12,000	\$480	\$16.00
	Elevator hoist and track - major maintenance	1	LS	\$90,000	30	30	\$90,000	\$3,600	\$120.00
	Elevator HPU and controls - major maintenance	1	LS	\$65,000	30	30	\$65,000	\$2,600	\$86.67
	Elevator door operator packages	1	LS	\$50,000	30	30	\$50,000	\$2,000	\$66.67
	<i>We assume that all other anticipated elevator costs will be covered under the maintenance contract</i>								
3.10	FIRE DETECTION & SUPPRESSION								
	Replace the fire alarm control panel	1	EA	\$4,600	20	20	\$4,600	\$184	\$9.20
	<i>All components of the fire suppression system are assumed to be maintained by the service vendor</i>								
3.11	COMMON INTERIOR FINISHES								
	Repaint common areas	13,824	SF	\$3.85	8	8	\$53,222	\$2,129	\$266.11
	Recarpet common areas	430	SY	\$85	16	16	\$36,550	\$1,462	\$91.38
	Lobby furnishings allotment	1	LS	\$12,000	16	16	\$12,000	\$480	\$30.00
	Replace lobby/community room flooring	432	SF	\$30	30	30	\$12,960	\$518	\$17.28
	Replace mailbox bank	1	LS	\$8,000	30	30	\$8,000	\$320	\$10.67

	Component	Quantity	Units	Cost/Unit	Remaining Life (Years)	Useful Life (Years)	Total Cost	Cost per Unit	Avg. Cost per Unit per Year
3.12	MISCELLANEOUS								
	Replace controlled access intercom panel	1	EA	\$5,000	20	20	\$5,000	\$200	\$10.00
	Surveillance system upgrade allotment	1	LS	\$10,000	7	7	\$10,000	\$400	\$57.14
3.13	AMENITIES								
	<i>There are no amenities on this property that we are aware of</i>								
Average Cost Per Unit Per Year									\$2,574

Table 3.1B: Table of Categorized Expenses over the Duration of the Study

Category	Total Expenditure over 30 Years	Percentage
Site	\$417,986	12.7%
Structure	\$0	0.0%
Roofing	\$273,819	8.3%
Exterior	\$726,671	22.1%
Electrical Systems	\$233,599	7.1%
Plumbing Systems	\$271,784	8.3%
HVAC Systems	\$361,881	11.0%
Elevators	\$526,716	16.0%
Fire Detection & Suppresion	\$8,308	0.3%
Common Interior Finishes	\$389,801	11.9%
Miscellaneous	\$77,937	2.4%
Amenities	\$0	0.0%
TOTAL	\$3,288,501	

Figure 3.1B: Pie Chart of Categorized Expenses over the Duration of the Study

3.2 SITE

The address of this property is 5819 Phinney Avenue North, Seattle, WA 98103.

General Description of Site

The subject property is located on the west side of Phinney Avenue North in the Phinney Ridge neighborhood of Seattle. There will be one 5-story mixed-use building containing 30 residential townhomes. The building is currently under construction. The property is relatively flat and will consist of concrete and basic landscaping outside of the building itself. Adjacent to the property there are retail buildings as well as other residential properties.

Landscaping, Irrigation, and Feature Lighting

There will be basic plantings that are fully irrigated surrounding this building and on the roof top deck. Generally, landscaping and irrigation systems are maintained via the operating budget. However, we have included a small landscaping and irrigation allotment to cover expenses such as the replacement of dead trees and large-scale repairs to the irrigation system.

Asphalt

There will be a small amount of asphalt on this property. This asphalt should be emulsion seal coated every 5 years following any repairs that are necessary. Following emulsion seal coating, the asphalt and curbing should be painted with any appropriate fire lane markings that are recommended.

We have assumed that with proper maintenance, this asphalt will not need to be resurfaced for 30 years.

Concrete Flatwork

There will be concrete sidewalks on this property. We have scheduled a small periodic allotment for repair of this concrete as there is inevitably settlement and other damage that occurs over time. We do not know how much repair will be necessary; ultimately, historical costs will set the budget for concrete flatwork repair.

Storm Drainage

There will be a storm detention vault on this property. We recommend budgeting to clean this storm detention vault out with a vactor truck every 5 years.

3.3 STRUCTURE

There are no anticipated capital expenditures associated with the structure of this building during the next 30 years. The building will have a concrete foundation, and the superstructure will be a combination of metal and wood.

3.4 ROOFING

The roof of this building will be flat and will be surfaced with modified-bitumen roof surfacing. There will be a roof top deck consisting of pedestals and pavers.

This product has a nominal lifespan of 20 years, and we have budgeted for the replacement of this roof surfacing assuming that this roof surface will obtain a typical nominal lifespan.

3.5 EXTERIOR

The exterior of this building will be primarily clad with several different types of fiber-cement siding. There will also be a small amount of brick masonry on the lower level of this building. The windows of this building will be fiberglass-frame windows.

The exterior cladding and all fenestrations (windows, doors, other openings) of this building should have a lifespan well beyond the duration of this study as long as the building is maintained adequately. Below are our estimates for proper maintenance of the exterior of this building. We have scheduled all of this routine maintenance to occur every 10 years to allow one company to mobilize, which will limit the cost. We expect that minor repairs will be paid for via the operating budget.

Envelope Inspections

Routine building inspections are important to find and address small problems with the exterior before large problems arise. We recommend this type of inspection to occur every 3-5 years; however, we assume that these will be paid for via the operating budget.

Fiber-Cement Siding

Every ten years, the fiber-cement siding should be cleaned and painted with a high-quality paint that carries a 10-year warranty. It is important, and more cost effective, to make small corrections and recoat the building before moisture penetration creates larger more expensive problems.

Brick Masonry

Sections of the exterior on the ground floor will be clad with brick masonry. We have budgeted for these areas of brick masonry to be cleaned, minor pointing of holes, and sealed with a water-based siloxane masonry sealant.

Caulking

Every 10 years, we believe that the caulking at all transitions should be inspected and re-caulked (as necessary). Failed caulking should be removed, and new backer rod and quality urethane caulking should be installed. This has been budgeted in conjunction with exterior painting as one line-item.

Windows and Pedestrian Entrance Doors

The doors and the windows on this building should have a lifespan beyond the 30-year duration of this study. Therefore, we have not budgeted for door and window replacement. If the Association would like to upgrade the doors and windows at some point in the future, then this should be done as a special assessment. Any door and window replacement that occurs will require significant siding replacement as well. This has not been budgeted for.

3.6 ELECTRICAL SYSTEMS

The electrical systems on this property should be relatively low maintenance over the duration of this study. However, we have budgeted for periodic expenditures with the electrical system for miscellaneous expenses that tend to occur periodically. We have budgeted for \$30 per unit per year for miscellaneous electrical system expenses.

There will be 3 dual electric vehicle (EV) charging stations on this property. We have assumed a total life of 10 years for these EV charging stations.

We assume that all exterior lighting and common interior lighting will be LED lights. We have budgeted for the complete replacement of all exterior lights and common interior lights every 25 years.

Interior lighting in each unit will be the responsibility of each individual unit.

3.7 PLUMBING SYSTEMS

The plumbing system at this property should be relatively low maintenance. However, we have budgeted for periodic expenditures with the plumbing system for miscellaneous expenses that tend to occur periodically. We have budgeted for \$60 per unit per year for miscellaneous plumbing systems.

There will be a FlowTherm domestic water booster pump system in this building. We have assumed that this system will have a total lifespan of 20 years.

This building will be equipped with one A.O. Smith 80-gallon electric water heater with a corresponding electric heat pump. There will also be a 360-gallon storage tank. We have budgeted for the water heater and the heat pump to be replaced every 15 years, and the storage tank to be replaced every 30 years. We assume that the corresponding circulation pumps, mixing valves, and expansion tanks will be maintained by the general operating budget and/or replaced with the larger equipment.

There will be a sump pump in this building. We have budgeted for the replacement of this sump pump every 10 years.

3.8 HVAC SYSTEMS

The major common HVAC systems that will be installed in this building consist of the following equipment:

- (1) Aldes Inspirair Energy Recovery Make-up Air unit – We assume this unit will have a total lifespan of 20 years
- (5) Mitsubishi Mini-Split Heat Pumps – We assume this unit will have a total lifespan of 15 years

We assume that all electric heaters and small ventilation fans will either be an individual unit expense or an operational expense and have not budgeted for the replacement of those units in this study.

We have also budgeted for periodic expenditures with the HVAC systems for miscellaneous expenses that tend to occur periodically. We have budgeted for \$100 per unit per year for miscellaneous HVAC systems.

3.9 ELEVATORS

The building will be served by one 6-stop hoist elevator. We assume that the elevator will be maintained under contract with an elevator maintenance company and the majority of the maintenance items on this elevator will be covered under the service contract with this elevator maintenance company as long as the various components of this elevator are not considered "obsolete."

The elevator HPU, controls, and hoist/track system will require periodic maintenance and replacement of parts during the duration of this study. This maintenance is often expensive and some of these expenses should be considered capital expenditures. Typically, the elevator cabs are renovated every 20 to 30 years and we have planned for this renovation with reserve funding. We have also budgeted for upgrade of the control systems, replacement of the door operator packages, and for overhauls of the operators on a 30 year schedule.

3.10 FIRE DETECTION AND SUPPRESSION

We assume that each building will have a central fire alarm system. We do not know the details of this fire detection system; however, we assume that it conforms to all modern building codes. We have assumed that fire alarm control panel will be updated every 20 years, per NFPA recommendations.

This building will have a complete wet fire suppression system installed. Since there is a water supply booster pump in this building, we assume that there will not be a fire pump. We assume that all components of this system will be routinely inspected and tested by a service vendor that is typically paid for via the operating budget. No funding from the Reserve Fund is anticipated to be necessary for the fire suppression system.

3.11 COMMON INTERIOR FINISHES

The finished common interior areas in this building consist of the residential entrance lobby/community room, two common restrooms, two stairwells, and common hallways on floors 2 through 5. We have assumed that the lobby/community room will have tile or some type of durable flooring with a 30-year lifespan. We have budgeted for a lobby furnishings allotment every 16 years.

We have budgeted for the replacement of the carpet in the stairwells and common hallways every 16 years and for painting of all common areas every 8 years.

We have budgeted for the replacement of the mailbox banks every 30 years.

The interior finishes of the commercial space are assumed to be entirely maintained and addressed via the commercial tenant.

The interiors of each individual residential unit are assumed to be the responsibility of each individual homeowner.

3.12 MISCELLANEOUS

Controlled Access System

We assume that this building will have a controlled access system. We have budgeted for the replacement of the controlled access system intercom panel every 20 years.

Surveillance System

We assume that this building will have a surveillance system. We have budgeted for a surveillance system allotment every 7 years.

3.13 AMENITIES

There are no amenities on this property that we are aware of.

3.20 SUMMARY OF ANNUAL ANTICIPATED EXPENSES

Using the conclusions described throughout “Section 3.0 Physical Analysis”, the following Table 3.20 lists the annual anticipated capital expenses for each project in the year that we believe is most probable. All of these anticipated expenses already have inflation factored into them at the assumed level that is listed in “Section 4.3 Assumptions for Future Interest Rate and Inflation.”

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
3.2	SITE											
	Landscaping and irrigation allotment						\$23,185					\$26,878
	Asphalt overlay											
	Asphalt repairs prior to resealing and overlay						\$1,842					\$2,135
	Asphalt seal coating and restriping						\$1,424					\$1,650
	Concrete flatwork allotment											\$16,127
	Clean out storm detention vault						\$9,274					\$10,751
3.3	STRUCTURE											
	No structural expenditures budgeted											
3.4	ROOFING											
	Resurface modified-bitumen roof surfacing											
	Replace parapet cap flashing											
	Remove and reinstall the paver deck with roof resurfacing											
3.5	EXTERIOR											
	Spot siding and trim repairs prior to each painting/caulking cycle											\$13,439
	Paint exterior fiber-cement siding, stain cedar siding, and re-caulk all failing caulking joints											\$145,091
	Clean, spot-point, and seal masonry with water-based siloxane masonry sealant											\$16,570
3.6	ELECTRICAL SYSTEMS											
	Replace exterior light fixtures and common interior light fixtures											
	Replace electric vehicle (EV) charging stations											\$40,317
	Miscellaneous electrical system expenditures						\$4,347					\$5,040
3.7	PLUMBING SYSTEMS											
	Replace the FlowTherm domestic water booster pump system											
	Replace the A.O. Smith 80-gallon electric water heater											
	Replace the electric heat pump that support the water heating system											
	Replace the 360-gallon storage tanks											
	Replace the sump pump											\$3,360
	Miscellaneous plumbing system expenditures						\$8,695					\$10,079

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
3.8	HVAC SYSTEMS											
	Replace Aldes Inspirair Energy Recovery Make-up Air Unit											
	Replace Mitsubishi mini-split heat pump											
	Miscellaneous HVAC system expenditures						\$14,491					\$16,799
3.9	ELEVATORS											
	Elevator cab interior renovations											
	Elevator hoist and track - major maintenance											
	Elevator HPU and controls - major maintenance											
	Elevator door operator packages											
3.10	FIRE DETECTION & SUPPRESSION											
	Replace the fire alarm control panel											
3.11	COMMON INTERIOR FINISHES											
	Repaint common areas									\$67,421		
	Recarpet common areas											
	Lobby furnishings allotment											
	Replace lobby/community room flooring											
	Replace mailbox bank											
3.12	MISCELLANEOUS											
	Replace controlled access intercom panel											
	Surveillance system upgrade allotment								\$12,299			
3.13	AMENITIES											
	<i>There are no amenities on this property that we are aware of</i>											
ANNUAL EXPENSES BY YEAR		\$0	\$0	\$0	\$0	\$0	\$63,258	\$0	\$12,299	\$67,421	\$0	\$308,238

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
3.2	SITE											
	Landscaping and irrigation allotment					\$31,159					\$36,122	
	Asphalt overlay											
	Asphalt repairs prior to resealing and overlay					\$2,475					\$2,869	
	Asphalt seal coating and restriping					\$1,913					\$2,218	
	Concrete flatwork allotment										\$21,673	
	Clean out storm detention vault					\$12,464					\$14,449	
3.3	STRUCTURE											
	No structural expenditures budgeted											
3.4	ROOFING											
	Resurface modified-bitumen roof surfacing										\$207,161	
	Replace parapet cap flashing										\$30,536	
	Remove and reinstall the paver deck with roof resurfacing										\$36,122	
3.5	EXTERIOR											
	Spot siding and trim repairs prior to each painting/caulking cycle										\$18,061	
	Paint exterior fiber-cement siding, stain cedar siding, and re-caulk all failing caulking joints										\$194,990	
	Clean, spot-point, and seal masonry with water-based siloxane masonry sealant										\$22,269	
3.6	ELECTRICAL SYSTEMS											
	Replace exterior light fixtures and common interior light fixtures											
	Replace electric vehicle (EV) charging stations										\$54,183	
	Miscellaneous electrical system expenditures					\$5,842					\$6,773	
3.7	PLUMBING SYSTEMS											
	Replace the FlowTherm domestic water booster pump system										\$43,347	
	Replace the A.O. Smith 80-gallon electric water heater					\$12,152						
	Replace the electric heat pump that support the water heating system					\$12,775						
	Replace the 360-gallon storage tanks											
	Replace the sump pump										\$4,515	
	Miscellaneous plumbing system expenditures					\$11,685					\$13,546	

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046
3.8	HVAC SYSTEMS											
	Replace Aldes Inspirair Energy Recovery Make-up Air Unit										\$68,632	
	Replace Mitsubishi mini-split heat pump					\$63,877						
	Miscellaneous HVAC system expenditures					\$19,475					\$22,576	
3.9	ELEVATORS											
	Elevator cab interior renovations											
	Elevator hoist and track - major maintenance											
	Elevator HPU and controls - major maintenance											
	Elevator door operator packages											
3.10	FIRE DETECTION & SUPPRESSION											
	Replace the fire alarm control panel										\$8,308	
3.11	COMMON INTERIOR FINISHES											
	Repaint common areas						\$85,406					
	Recarpet common areas						\$58,652					
	Lobby furnishings allotment						\$19,256					
	Replace lobby/community room flooring											
	Replace mailbox bank											
3.12	MISCELLANEOUS											
	Replace controlled access intercom panel										\$9,031	
	Surveillance system upgrade allotment				\$15,126							\$18,603
3.13	AMENITIES											
	<i>There are no amenities on this property that we are aware of</i>											
ANNUAL EXPENSES BY YEAR		\$0	\$0	\$0	\$15,126	\$173,817	\$163,315	\$0	\$0	\$0	\$817,382	\$18,603

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2047	2048	2049	2050	2051	2052	2053	2054	2055
3.2	SITE									
	Landscaping and irrigation allotment				\$41,876					\$48,545
	Asphalt overlay									\$30,925
	Asphalt repairs prior to resealing and overlay				\$3,326					\$3,856
	Asphalt seal coating and restriping				\$2,571					\$2,981
	Concrete flatwork allotment									\$29,127
	Clean out storm detention vault				\$16,750					\$19,418
3.3	STRUCTURE									
	No structural expenditures budgeted									
3.4	ROOFING									
	Resurface modified-bitumen roof surfacing									
	Replace parapet cap flashing									
	Remove and reinstall the paver deck with roof resurfacing									
3.5	EXTERIOR									
	Spot siding and trim repairs prior to each painting/caulking cycle									\$24,273
	Paint exterior fiber-cement siding, stain cedar siding, and re-caulk all failing caulking joints									\$262,050
	Clean, spot-point, and seal masonry with water-based siloxane masonry sealant									\$29,928
3.6	ELECTRICAL SYSTEMS									
	Replace exterior light fixtures and common interior light fixtures				\$27,324					
	Replace electric vehicle (EV) charging stations									\$72,818
	Miscellaneous electrical system expenditures				\$7,852					\$9,102
3.7	PLUMBING SYSTEMS									
	Replace the FlowTherm domestic water booster pump system									
	Replace the A.O. Smith 80-gallon electric water heater									\$18,933
	Replace the electric heat pump that support the water heating system									\$19,904
	Replace the 360-gallon storage tanks									\$72,818
	Replace the sump pump									\$6,068
	Miscellaneous plumbing system expenditures				\$15,703					\$18,204

TABLE 3.20: ANNUAL CAPITAL EXPENSES

Action Required		2047	2048	2049	2050	2051	2052	2053	2054	2055
3.8	HVAC SYSTEMS									
	Replace Aldes Inspirair Energy Recovery Make-up Air Unit									
	Replace Mitsubishi mini-split heat pump									\$99,518
	Miscellaneous HVAC system expenditures				\$26,172					\$30,341
3.9	ELEVATORS									
	Elevator cab interior renovations									\$29,127
	Elevator hoist and track - major maintenance									\$218,454
	Elevator HPU and controls - major maintenance									\$157,772
	Elevator door operator packages									\$121,363
3.10	FIRE DETECTION & SUPPRESSION									
	Replace the fire alarm control panel									
3.11	COMMON INTERIOR FINISHES									
	Repaint common areas			\$108,190						
	Recarpet common areas									
	Lobby furnishings allotment									
	Replace lobby/community room flooring									\$31,457
	Replace mailbox bank									\$19,418
3.12	MISCELLANEOUS									
	Replace controlled access intercom panel									
	Surveillance system upgrade allotment							\$22,879		
3.13	AMENITIES									
	<i>There are no amenities on this property that we are aware of</i>									
ANNUAL EXPENSES BY YEAR		\$0	\$0	\$108,190	\$141,574	\$0	\$0	\$22,879	\$0	\$1,376,399

4.0 FINANCIAL ANALYSIS

The financial analysis in this Reserve Study is a proprietary system that was developed by Jeff Samdal & Associates. We have provided the funding method that we believe will most adequately fund the reserves of this Association.

4.1 CURRENT FINANCIAL INFORMATION AND CURRENT FUNDING PLAN

This is a new building and this is the initial Reserve Study to help to set the appropriate funding plan. There is not a current Reserve Fund balance.

4.2 RECOMMENDED RESERVE FUNDING PLAN

Full Funding is the ideal position for any property and represents a strong financial position. We recommend that all properties be Fully Funded, as Full Funding allows Associations to maintain their properties adequately and minimizes their risk of unplanned special assessments.

Our funding recommendations are as follows:

Option One: Full Funding

The funding plan necessary to maintain a Fully Funded Capital Reserve Fund for the duration of this study will be a total property contribution of \$64,347 per year in the initial year, which translates to \$214.49 per unit per month. This annual contribution will need to be increased 3% each subsequent year to maintain Full Funding and to account for inflation.

For a detailed look at the annual funding contribution necessary per year, see Table 4.5 "Reserve Fund Balance Sheet" (Section 4.5).

Option One

Avg. Contribution Per Unit Per Month:

2026 \$214.49

(with 3% annual increase thereafter)

4.3 OTHER REQUIRED FUNDING PLAN OPTIONS

Per Washington State HB 1309, our Reserve Study is required to provide the following funding plans:

- **30-Year Make up** - Funding Plan necessary for the Association Reserve Fund to reach a Full Funding Level in 30 years.

This option is not applicable as the property is new and does not require a current level of funding in the Reserve Fund

- **Baseline Funding** - Minimum level of funding required in order to maintain the Reserve Fund above zero while paying for all components listed in Table 3.1 - Component Assessment and Valuation Table.

This option is not applicable as the property as Baseline Funding is essentially the same as full funding.

4.4 ASSUMPTIONS FOR FUTURE INTEREST RATE AND INFLATION

For the purposes of this report, we have assumed that the inflation rate over the next 30 years will average **3%**. This is based on historical averages over the last 25 years and our conservative best guess for the future. This percentage can vary greatly just as global economic conditions can vary, which is one reason why this Reserve Study should be updated annually per Washington State RCW 64.90.550, which we provide complimentary over the next two years with this Reserve Study (see Appendix).

For the purpose of this study, we will assume that the Association manages their money in the Reserve Fund so that the average interest rate return on its money will be equal to that of inflation. This is a conservative estimate given that since 1965, the average yield between short term treasuries and inflation has been 1.04%, which means that these relatively conservative investments have been able to outpace inflation over the long term (according to Crestmont Research, www.crestmontresearch.com). Since we have assumed that the inflation rate over the duration of this study will average **3%**, we have conservatively also assumed that the Reserve Fund average interest rate will equal **3%**. Again, this does not reflect current averages but rather a best guess of the future assuming you have invested effectively.

A common strategy is to invest in multiple accounts. Funds that will be necessary in the shorter term must be kept in a relatively liquid account. Funds that are not allotted for near future planned expenditures can be deposited into longer-term investments which frequently earn higher interest rates. Consult with a qualified financial advisor for the best solution for your Association.

4.5 ANNUAL FUND BALANCES; ANNUAL FUNDING TABLE AND FIGURES

The table and figures shown in this section are intended to give the Association a clearer view of the likely future financial position that the Association will be in, provided that the reserve funding plan is followed.

- Table 4.5: “Reserve Fund Balance Sheet”. This table lists annual revenue, expenses, and year end reserve fund balances. All Section 4.5 Figures are based on this data.
- Figure 4.5A: “Comparison of Funding Plans -- Reserve Fund Balances Through 2055”. This line graph depicts the funding balances of the proposed funding options vs. the current.
- Figure 4.5B: “Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year”

LEVEL 1 RESERVE STUDY FOR WOODLAND VIEW

TABLE 4.5: RESERVE FUND BALANCE SHEET

[illegible]

LEVEL 1 RESERVE STUDY FOR WOODLAND VIEW

TABLE 4.5: RESERVE FUND BALANCE SHEET

[illegible]

TABLE 4.5: RESERVE FUND BALANCE SHEET

[illegible]

Figure 4.5A Comparison of Funding Plans – Reserve Fund Balances Through 2055

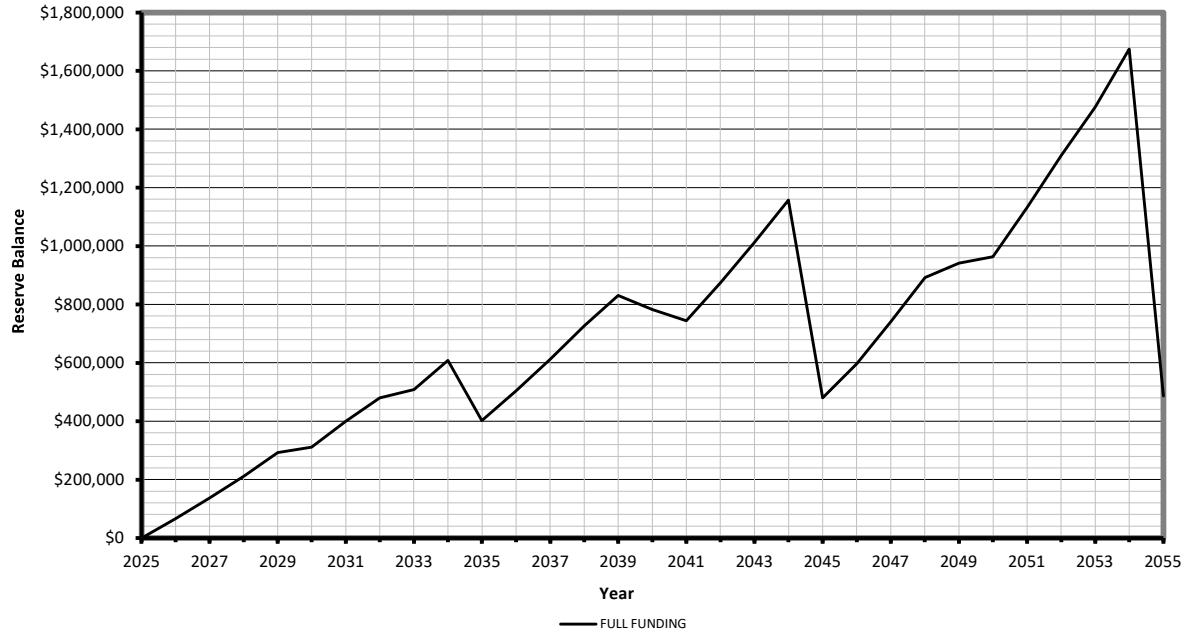
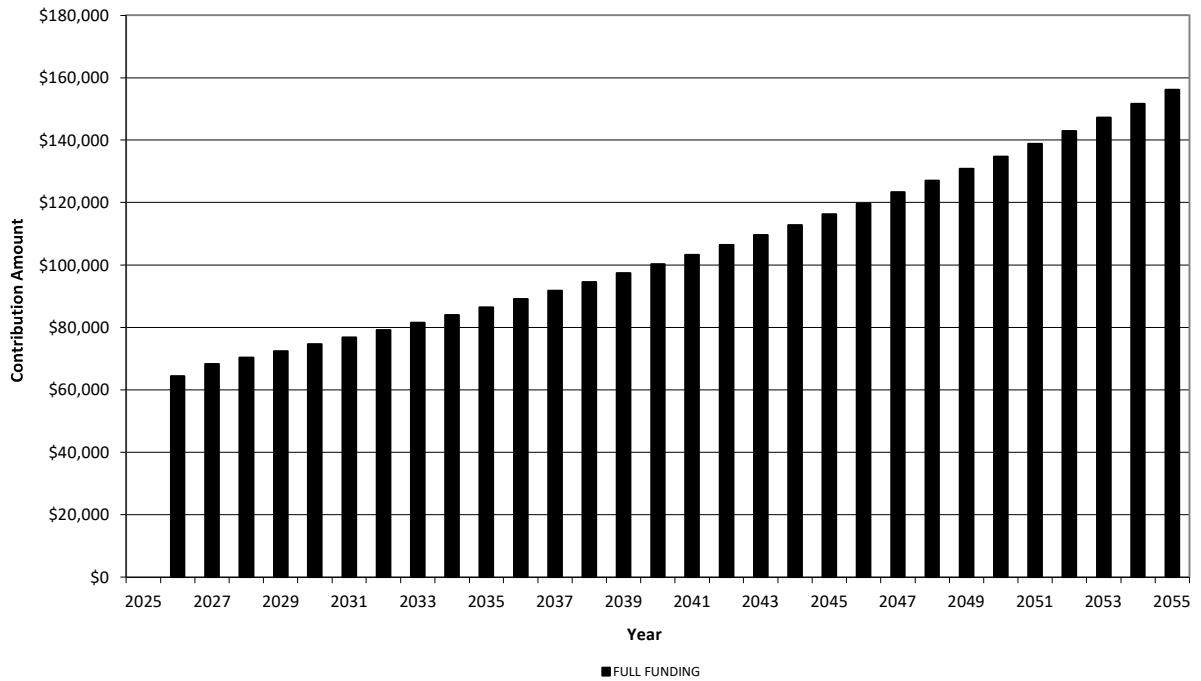


Table 4.5B Comparison of Funding Plans -- Association Contributions to Reserve Fund by Year



4.6 OTHER COMMON FUNDING METHODS

The following methods are methods that are sometimes implemented. We believe that many of these funding methods that keep the reserve fund at less than “Fully Funded” represent a weaker position for the Association. As the Fully Funded percentage decreases, the likelihood of unplanned special assessments increases.

Cash Flow Method

A method of calculating Reserve contributions where contributions to the Reserve fund are designed to offset the variable annual expenditures from the Reserve fund. Different Reserve Funding Plans are tested against the anticipated schedule of Reserve expenses until the desired Funding Goal is achieved.

Component Method

A method of calculating Reserve contributions where the total reserve contribution is based on the sum of contributions for individual components.

Baseline Funding

Establishing a Reserve funding goal of keeping the Reserve cash balance above zero.

Full Funding

Setting a Reserve funding goal of attaining and maintaining the Reserve Fund at or near 100% funded. *Recommended by Jeff Samdal & Associates*

Statutory Funding

Establishing a Reserve funding goal of setting aside the specific minimum amount of Reserves required by local statutes.

Threshold Funding

Establishing a Reserve funding goal of keeping the Reserve Balance above a specified dollar or Percent Funded amount. Depending on the threshold this may be more or less conservative than “Fully Funded.”

5.0 LIMITATIONS

This report has been prepared for the exclusive use of Homestead Community Land Trust and their property management company. We do not intend for any other party to rely on this report for any reason without our expressed written consent. If another individual or party relies on this study, they shall indemnify and hold Jeff Samdal & Associates harmless for any damages, losses, or expenses they may incur as a result of its use.

The Level 1 Reserve Study is a reflection of the information provided to us. This report has been prepared for Homestead Community Land Trust's use, not for the purpose of performing an audit, quality/forensic analyses, or background checks of historical records. Our inspection report is not an exhaustive technical inspection of the property; we merely comment on the items that we believe that our clients would benefit from knowing. During a typical inspection, no invasive inspection is performed, no furnishings are moved, and no finishes are removed.

This report is a snap shot in time of the condition of the property at the time of inspection. The remaining life values that we list are based on our opinion of the remaining useful life and are by no means a guarantee. Our opinions are based on what we believe one could reasonably expect and are not based on worst case scenarios. These opinions are based upon our experience with other buildings of similar age and construction type. Opinions will vary and you may encounter contractors and/or consultants with differing opinions from ours. Ratings of various building components are most often determined by comparison to other buildings of similar age and construction type. The quality of materials originally impacts our judgment of their current state.

The life expectancy estimates that we prepare are based on National Association of Home Builders (NAHB) averages, Building Owners and Managers (BOMA) averages, product defined expected life averages, and our own assessment of typical life expectancy based on our experience with similar components in our area.

This report will tell you a great deal about the overall condition of this property. However, this report does not constitute a warranty, an insurance policy, or a guarantee of any kind. Owning any property involves some risk and while we can give an excellent overview of the property, we cannot inspect what we cannot see.

Our inspection and report do not include building code compliance or municipal regulatory compliance. Nor do they include mold investigations, hazardous materials investigations, or indoor air quality analysis.

The purpose of this report is not intended to be a statement of insurability of this property as insurance companies have particular standards for insurability of certain building types and certain building materials.

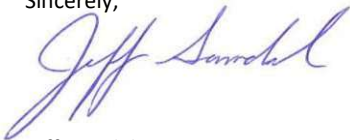
While we may comment that certain components have been recalled that we are aware of, we are not aware of all recalls. It is beyond the scope of this inspection to determine all systems or components that are currently or will be part of any recall in the future. You may wish to subscribe or contact the CPSC (Consumer Product Safety Commission) web site for recall information regarding any system or component. If a problem is encountered on your property, we cannot be responsible for any corrective action that you take, unless we have the opportunity to review the conditions, before repairs are made.

Please ensure that you have read and understand the entire proposal to perform this Level 1 Reserve Study that was signed prior to our inspection. If you have any questions regarding this document, please contact us.

We appreciate the opportunity to be of assistance, and we hope that we have provided you a clear understanding of your financial situation and given you a better overall understanding of the property. This report supersedes any opinion or discussion that occurred during the inspection and should be considered our complete opinion of the condition of this property.

Please contact us if you have any questions regarding this report. We will be happy to be of assistance.

Sincerely,



Jeff Samdal, PE, RS, PRA

APPENDIX

Resume of Engineer Performing Study

Jeff Samdal, P.E., Principal

Professional Qualifications and Experience

Areas of Expertise

Mr. Samdal is the owner of Samdal & Associates, Inc., a corporation that specializes in building inspections, engineering, project management, and related services. He is a double-licensed Professional Engineer (Mechanical and Civil) in Washington State. He is also an accredited Building Inspection Engineer (BIE) and Reserve Specialist (RS), and Professional Reserve Analyst (PRA). He has performed thousands of building inspections as well as numerous additional services such as building envelope investigations, construction management, and general consulting for property owners pertaining to building maintenance and long-term budgeting. Mr. Samdal consistently earns repeat and referral business because of his attention to detail, practical approach, knowledge of the industry, and genuine appreciation for clients' concerns for their real estate investments.

Capabilities

Mr. Samdal is experienced at performing residential (single- and multi-family), commercial, and industrial inspections in Washington State and beyond. Mr. Samdal's experience includes the following:

- Property Condition Assessments (PCAs)
- Capital Needs Assessments (CNAs)
- Reserve Studies for Condominiums and Homeowner's Association
- Building Envelope Studies

Relevant Work History

Mr. Samdal has been owner and operator of Samdal & Associates since 2005, performing or managing all aspects of this business. Additionally, Mr. Samdal has been the co-owner and president of True North Construction Management since 2017, which is informative in obtaining current construction costs and keeping up to date with modern construction methods and construction products.

Prior to concentrating on building inspections, Mr. Samdal worked for Washington Group International's (WGI) Hydropower and Water Resources Group. While working for WGI, Mr. Samdal was involved in rebuilding and rehabilitating hydro facilities. He served as the on-site powerhouse and switchyard inspector during construction. His duties included design, drawing and specification preparation, cost estimating, scheduling, and construction management. Prior to working for WGI, Mr. Samdal worked for Duke Energy in a similar role.

Education

BS in Mechanical Engineering, University of Washington

Licenses and Certifications

- *Licensed Professional Engineer* (PE), Mechanical Engineering, State of Washington, #40985
- *Licensed Professional Engineer* (PE), Civil Engineering, State of Washington, #40985
- *Reserve Specialist* (RS), Community Associations Institute (CAI), #173
- *Professional Reserve Analyst* (PRA), Association of Professional Reserve Analysts
- *Building Inspection Engineer* (BIE), National Association of Building Inspection Engineers
- *Structural Pest Inspector*, State of Washington, #70763

Professional Affiliation

American Society of Mechanical Engineers, 2002 – present

Community Involvement

Mr. Samdal lives in Woodinville with his wife and 2 children and has been involved with many of their activities as a Little League coach, a scout leader, a personal fitness coach, among other activities.

EXHIBIT G
TO
PUBLIC OFFERING STATEMENT
HOME BUILDER'S LIMITED WARRANTY

HOME BUILDER'S LIMITED WARRANTY

Administered by Professional Warranty Service Corporation ("PWC")

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Binding Arbitration Request
Form

Subsequent Home Buyer
Acknowledgment and Transfer form

**THIS AGREEMENT CONTAINS A BINDING ARBITRATION PROVISION, WHICH MAY
BE ENFORCED BY EITHER PARTY**

Throughout this **HOME BUILDER'S LIMITED WARRANTY**, referred to hereinafter as the "**LIMITED WARRANTY**", the words "**YOU**" and "**YOUR**" refer to the **HOMEOWNER**, including any subsequent owners, and, where applicable, a **HOMEOWNERS ASSOCIATION**. The words "**WE**", "**US**" and "**OUR**" refer to the **BUILDER**. The other words and phrases which appear in boldface uppercase type also have special meaning. Refer to the **Section IX. Definitions**, so that **YOU** will understand the terminology applicable to this **LIMITED WARRANTY**.

This **LIMITED WARRANTY** establishes an agreed method for determining when a **CONSTRUCTION DEFECT** exists and a clear understanding of **OUR** responsibilities for remedying any such **CONSTRUCTION DEFECT**. This **LIMITED WARRANTY** also helps distinguish a **CONSTRUCTION DEFECT** that is **OUR** responsibility from those minor imperfections that can reasonably be expected in a **HOME** or the **COMMON ELEMENTS**, or that result from normal wear and tear or the neglect of routine **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance responsibilities.

This **LIMITED WARRANTY** contains the procedures **YOU** must use to notify **US** of a condition in **YOUR HOME** or the **COMMON ELEMENTS** which **YOU** believe may constitute a **CONSTRUCTION DEFECT**. In the event a condition occurs in the **HOME** or the **COMMON ELEMENTS** that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, **YOU** agree to submit any request for warranty performance in accordance with the procedure described in this **LIMITED WARRANTY**. Based on the information **YOU** provide and, where **WE** deem it necessary, information obtained from **OUR** onsite investigation, inspection and/or testing of the **HOME** or the **COMMON ELEMENTS**, **WE** will determine whether **WE** agree with **YOU** that the condition constitutes a **CONSTRUCTION DEFECT**. If **WE** determine that the condition reported by **YOU** is a **CONSTRUCTION DEFECT**, **WE** will remedy the condition in accordance with the remedies prescribed in this **LIMITED WARRANTY**. **WE** will make this determination in accordance with **Section II, OUR Warranty Obligations**, contained in this **LIMITED WARRANTY**.

THIS LIMITED WARRANTY PROVIDES THAT ANY AND ALL CLAIMS AND DISPUTES BETWEEN YOU AND US WHICH YOU AND WE ARE UNABLE TO RESOLVE BY MUTUAL AGREEMENT, SHALL BE RESOLVED SOLELY AND EXCLUSIVELY THROUGH FINAL AND BINDING ARBITRATION IN ACCORDANCE WITH THE TERMS AND PROCESS DESCRIBED WITHIN THIS DOCUMENT. BY THIS AGREEMENT, BOTH YOU AND WE ARE WAIVING THE RIGHT TO LITIGATE DISPUTES IN COURT.

To the extent permitted by law, all express or implied warranties other than this **LIMITED WARRANTY**, including any oral or written statement or representation made by **US** or any other person, and any implied warranty of habitability, merchantability or fitness for a particular purpose, are hereby disclaimed by **US** and are waived by **YOU**. **YOUR** only remedy in the event of a **CONSTRUCTION DEFECT** in or to the **HOME** or the **COMMON ELEMENTS** or to the real property on which the **HOME** or the **COMMON ELEMENTS** is situated is that provided to **YOU** under this **LIMITED WARRANTY**.

Enclosed with this **LIMITED WARRANTY** is a Limited Warranty Validation Form. The Limited Warranty Validation Form is a part of the **LIMITED WARRANTY** and provides the dates on which the warranty coverage period begins and expires. It is important that this form be retained with the **LIMITED WARRANTY**.

WE have contracted with **PWC** for certain administrative services relative to this **LIMITED WARRANTY**. **PWC's** sole responsibility is to provide administrative services as set forth herein. Under no circumstances or conditions is **PWC** responsible for fulfilling **OUR** obligations under this **LIMITED WARRANTY**.

There may be instances where an additional **PWC** administered Builder's Limited Warranty is issued together with this **LIMITED WARRANTY**. If both of these warranties are issued to **YOU**, **YOU** agree to request warranty performance under either warranty relative to warrantable issues on the **HOME** or the **COMMON ELEMENTS**. **YOU** may not collect twice relative to the same issue.

If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be

unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. Any dispute as to the enforceability of any provision of this **LIMITED WARRANTY**, including any dispute as to the scope or enforceability of the arbitration provision contained herein, shall be determined by binding arbitration as provided for in this **LIMITED WARRANTY**.

I. Warranty Coverage

Coverage under this **LIMITED WARRANTY** is expressly limited to **CONSTRUCTION DEFECTS** which occur during the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form and which are reported by **YOU** in accordance with the notification requirements of **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**. **OUR** obligations under this **LIMITED WARRANTY** apply to workmanship actually performed and materials actually installed in the **HOME** or the **COMMON ELEMENTS**. Any failure by **US** to complete construction of the **HOME** or **COMMON ELEMENTS**, where such failure is apparent and obvious, is not covered by this **LIMITED WARRANTY** and is not a **CONSTRUCTION DEFECT**.

During the **WARRANTY PERIOD** indicated on the Limited Warranty Validation Form, **WE** warrant that the **HOME** and the **COMMON ELEMENTS** will be free of **CONSTRUCTION DEFECTS**. **OUR** obligation to perform under this **LIMITED WARRANTY** requires that **WE** must receive written notice from **YOU** of the alleged **CONSTRUCTION DEFECT** as soon as reasonably possible after **YOU** become aware of a **CONSTRUCTION DEFECT** but not later than thirty (30) days after the expiration of the coverage. Telephonic or face-to-face discussion is not a substitute for required written notice and will not protect **YOUR** rights under this **LIMITED WARRANTY** (see **Section VI. Procedure to Request US To Perform Under This LIMITED WARRANTY**).

II. OUR Warranty Obligations

Upon **OUR** timely receipt of written notice from **YOU** alleging a **CONSTRUCTION DEFECT** during the **WARRANTY PERIOD**, **WE**, or parties acting on **OUR** behalf, will, where **WE** deem it necessary, inspect, investigate and/or test (including destructive testing) the condition alleged to be a **CONSTRUCTION DEFECT**. If **WE** determine that a **CONSTRUCTION DEFECT** exists, **WE**, or parties acting on **OUR** behalf, will (1) repair or replace the **CONSTRUCTION DEFECT**, (2) pay to **YOU** the actual amount it would cost **US** to repair or replace the **CONSTRUCTION DEFECT**, or (3) pay to **YOU** an amount equal to the diminution in fair market value caused by the uncorrected **CONSTRUCTION DEFECT**. Subject to the limitations described in **Section IV. Coverage Limitations**, if the **HOME** is rendered temporarily uninhabitable by a **CONSTRUCTION DEFECT** or by work necessary to repair a **CONSTRUCTION DEFECT**, **WE** shall pay the reasonable cost for **YOUR** alternate shelter until the **HOME** is restored to a habitable condition. Additionally, in connection with **OUR** remedy of a **CONSTRUCTION DEFECT**, and subject to the limitations described in **Section IV. Coverage Limitations**, **WE** shall repair, replace or pay the reasonable cost for:

- Those surfaces, finishes and coverings that are part of the **HOME** and that are damaged directly by a **CONSTRUCTION DEFECT** or that are damaged in the course of **OUR** repair of a **CONSTRUCTION DEFECT**.
- Home furnishings, carpet or personal property damaged directly by the **CONSTRUCTION DEFECT**.

The decision to repair, replace, or to make payment in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole discretion. These remedies are **OUR** only obligations under this **LIMITED WARRANTY**.

A. Standards By Which the Existence of a CONSTRUCTION DEFECT Will Be Determined:

The following factors will be considered in determining whether a condition constitutes a **CONSTRUCTION DEFECT**. If **WE** dispute the existence of a **CONSTRUCTION DEFECT** and that dispute is submitted to binding arbitration, the parties agree these same factors will be considered by the arbitrator:

1. Any performance standards, tolerances or guidelines contained in documents provided to **YOU** by **US** at or prior to closing on the **HOME** or, in the case of a **HOMEOWNERS ASSOCIATION**, prior to transferring title or control to all the **COMMON ELEMENTS**. In the absence of a specific standard, tolerance or guideline in the documents for a condition occurring during the first year of the **WARRANTY PERIOD**, the Residential Construction Performance Guidelines published by the National Association of Home Builders, in effect at the time of construction of the **HOME** or, in the case of the **HOMEOWNERS ASSOCIATION**, at the time of construction of the **COMMON ELEMENTS**, shall apply. If no specific standard, tolerance or guideline is contained in any of the documents identified above, generally accepted local building practices and standards shall apply;
2. Consideration as to whether the condition:
 - materially affects the structural integrity of the **HOME** or **COMMON ELEMENTS**; or
 - has an obvious and material negative impact on the appearance of the **HOME** or **COMMON ELEMENTS**; or
 - jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
 - results in the inability of the **HOME** or a **COMMON ELEMENT** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.
3. Consideration as to whether a condition is the result of normal wear and tear. Conditions that are normal wear and tear, or that are caused by normal wear and tear are not **CONSTRUCTION DEFECTS**;
4. Consideration as to whether the condition was caused by, or in any way resulted from, the failure of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** to perform normal or routine maintenance. Any condition that is determined to be a **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance issue, or any condition that results from improper or inadequate **HOMEOWNER** or **HOMEOWNERS ASSOCIATION** maintenance, is not a **CONSTRUCTION DEFECT**;
5. Consideration as to whether the condition was caused by persons or entities other than **US** or someone acting on **OUR** behalf. Damage caused by persons or entities other than **US** or someone acting on **OUR** behalf is not a **CONSTRUCTION DEFECT**. For example, a large, visible scratch on marble tile in the entry foyer that was not noted in the pre-closing walk through inspection, but was reported after furniture was moved into the **HOME**, will not be considered a **CONSTRUCTION DEFECT**;
6. Recognition that any condition resulting directly or indirectly from or worsened by changes, additions, alterations or other actions or omissions by persons or entities other than **US** or someone acting on **OUR** behalf, will not be considered a **CONSTRUCTION DEFECT** (this includes, for example, changes to the topography, drainage or grade of the property);
7. Any **Exclusions** contained in this **LIMITED WARRANTY**.

III. Homeowner Maintenance Obligations

Maintenance of the **HOME** and the **COMMON ELEMENTS** is **YOUR** responsibility. All homes and common elements require periodic maintenance to prevent premature deterioration, water intrusion, and to ensure adequate performance of the **SYSTEMS**. **WE** will make a "Homeowner Maintenance Manual" or similar publication available to **YOU** upon request. Whether from this document or others that are readily available to **YOU**, **YOU** must understand and perform the maintenance that the **HOME** and **COMMON ELEMENTS** require. **WE** are not responsible for **HOME** or **COMMON ELEMENTS** maintenance issues or for damage that results from **YOUR** failure to maintain the **HOME** or the **COMMON ELEMENTS**.

IV. Coverage Limitations

Surfaces, finishes and coverings in the **HOME** which require repair due to damage caused by a **CONSTRUCTION DEFECT**, or such damage caused in the course of **OUR** repair of a **CONSTRUCTION DEFECT**, shall be repaired and restored to approximately the same condition as existed prior to the **CONSTRUCTION DEFECT**, but not necessarily to a like new condition. When repairing or replacing surfaces, finishes and coverings, the repair or replacement will attempt to achieve as close a match with the original surrounding areas as is reasonably possible, but an exact match cannot be guaranteed due to such factors as fading, aging and unavailability of the same materials.

Home furnishings, carpet or personal property damaged by a **CONSTRUCTION DEFECT** shall be repaired or replaced at market value of the item at the time of damage. "Market value" shall mean the amount it would cost to repair or replace the damaged item with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

Alternate shelter during such time as the **HOME** is uninhabitable due to a **CONSTRUCTION DEFECT** or uninhabitable during work to repair a **CONSTRUCTION DEFECT**, shall be limited to those shelter costs expressly pre-approved by **US** or **OUR** designated representative.

V. Exclusions

A. This **LIMITED WARRANTY** does not cover:

1. Any loss or damage resulting, either directly or indirectly, from the following causes, or occurring in the following situations:
 - a. Fire (unless caused by a **CONSTRUCTION DEFECT**);
 - b. Lightning;
 - c. Explosion (unless caused by a **CONSTRUCTION DEFECT**);
 - d. Riot and Civil Commotion;
 - e. Smoke (unless resulting from a **CONSTRUCTION DEFECT**);
 - f. Hail;
 - g. Aircraft;
 - h. Falling Objects;
 - i. Vehicles;
 - j. Floods;
 - k. Earthquake;
 - l. Landslide or mudslide originating on property other than the site of the **HOME** or the **COMMON ELEMENTS** or other property developed by the **BUILDER**;
 - m. Mine subsidence or sinkholes;
 - n. Changes in the underground water table not reasonably foreseeable by the **BUILDER**;

- o. Volcanic eruption; explosion or effusion;
 - p. Wind including:
 - (i). Gale force winds;
 - (ii). Hurricanes;
 - (iii). Tropical storms;
 - (iv). Tornadoes;
 - (v). Rain or water intrusion or moisture within the **HOME** resulting from any wind forces described in p. (i) – (iv) above.
 - q. Insects, animals or vermin;
 - r. Changes to the grading of the ground, or the installation or alteration of improvements such as drain or gutter outlets by anyone other than **US** or **OUR** agents, or subcontractors which results in surface drainage towards the **HOME**, or other improper drainage that permits water to pond or become trapped in localized areas or against the foundation;
 - s. Changes, additions, or alterations made to the **HOME** or the **COMMON ELEMENTS** by anyone after the **WARRANTY PERIOD** begins, except those made or authorized by **US**;
 - t. Any defect in material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors, including any loss or damage to the **HOME** or the **COMMON ELEMENTS** resulting from material or workmanship supplied by anyone other than **US** or **OUR** agents, or subcontractors;
 - u. Improper maintenance, negligence or improper use of the **HOME** or the **COMMON ELEMENTS** by **YOU** or anyone other than **US** that results in rot, dry rot, moisture, rust, mildew or any other damage;
 - v. Dampness or condensation due to **YOUR** failure to maintain adequate ventilation;
 - w. Damage resulting from the weight and/or performance of any type of waterbed or other furnishings which exceeds the load-bearing design of the **HOME** or the **COMMON ELEMENTS**;
 - x. Normal wear and tear or normal deterioration of materials;
 - y. Economic damages due to the **HOME'S** or the **COMMON ELEMENTS'** failure to meet expectations of the **HOMEOWNER** or **HOMEOWNERS ASSOCIATION**.
2. Any loss or damage resulting from the actual, alleged or threatened discharge, dispersal, release or escape of **POLLUTANTS**. **WE** will not cover costs or expenses arising from the uninhabitability of the **HOME** or the **COMMON ELEMENTS** or health risk due to the proximity of **POLLUTANTS**. **WE** will not cover costs, or expenses resulting from the direction of any governmental entity to test, clean-up, remove, treat, contain or monitor **POLLUTANTS**;
 3. Any loss or damage resulting from the effects of electromagnetic fields (EMF's) or radiation;
 4. Any damage to personal property that does not result from a **CONSTRUCTION DEFECT**;
 5. Any **CONSEQUENTIAL OR INCIDENTAL DAMAGES**;
 6. Any **CONSUMER PRODUCTS**;
 7. Any **CONSTRUCTION DEFECT** as to which **YOU** have not taken timely and reasonable steps to protect and minimize damage after **WE** or **OUR** authorized representative have provided **YOU** with authorization to prevent further damage;
 8. Any damage to the extent it is incurred after or as a result of **YOUR** failure to notify **US** in the manner and time required under this **LIMITED WARRANTY**;
 9. Any costs or obligations paid or incurred by **YOU** in violation of **Section VI. C.** below;
 10. Any non-conformity with local building codes, regulations or requirements where the condition does not meet the definition of a **CONSTRUCTION DEFECT**. While **WE** acknowledge **OUR** responsibility

to build in accordance with applicable building codes, this **LIMITED WARRANTY** does not cover building code violations in the absence of a **CONSTRUCTION DEFECT**;

11. Any deviation from plans and specifications where the condition does not meet the definition of a **CONSTRUCTION DEFECT**.
- B. **OUR LIMITED WARRANTY** does not cover any **CONSTRUCTION DEFECT** which would not have occurred in the absence of one or more of the excluded events or conditions listed in the Exclusions above, regardless of:
 1. The cause of the excluded event or condition;
 2. Other causes of the loss or damage; or
 3. Whether other causes acted concurrently or in any sequence with the excluded event or condition to produce the loss or damage.

VI. Procedure to Request US To Perform Under This LIMITED WARRANTY

If **YOU** become aware of a condition that **YOU** believe is a **CONSTRUCTION DEFECT** under this **LIMITED WARRANTY**, **YOU** have the following responsibilities:

A. Notification

YOU must notify **US** in writing as soon as reasonably possible after **YOU** become aware of a condition that **YOU** believe may constitute a **CONSTRUCTION DEFECT**, but in no event may **YOUR** written notice of a **CONSTRUCTION DEFECT** or **YOUR** written request for warranty performance be received by **US** later than thirty (30) days after this **LIMITED WARRANTY** has expired. This extended period for providing notice of a **CONSTRUCTION DEFECT** shall not operate to extend the **WARRANTY PERIOD**.

If the written notice is received by **US** more than thirty (30) days after the expiration of this **LIMITED WARRANTY**, **WE** shall have no obligation to remedy the **CONSTRUCTION DEFECT**. Because of the importance of this written notice requirement, **WE** recommend that notice always be sent by Certified Mail, return receipt requested, in order to establish a record.

B. Cooperate With US

YOU must give **US** and any third parties acting on **OUR** behalf reasonable help in inspecting, investigating, testing (including destructive testing), monitoring, repairing, replacing or otherwise correcting an alleged **CONSTRUCTION DEFECT**. Help includes, but is not limited to, granting reasonable access to the **HOME** or **COMMON ELEMENTS** for the forgoing purposes. If **YOU** fail to cooperate or provide **US** reasonable access to the **HOME** or **COMMON ELEMENTS**, **WE** will have no further obligation under this **LIMITED WARRANTY**.

C. Do Not Make Voluntary Payments

YOU agree not to make any voluntary payments or assume any obligations or incur any expenses for the remedy of a condition **YOU** believe is a **CONSTRUCTION DEFECT** without prior written approval from **US**, or other parties authorized to act on **OUR** behalf. **WE** will not reimburse **YOU** for costs incurred where **YOU** did not obtain prior written approval.

However, **YOU** may incur reasonable expenses in making repairs in an **EMERGENCY CONDITION** without prior written approval, provided the repairs are solely for the protection of the **HOME** or **COMMON**

ELEMENTS from further damage or to prevent an unsafe living condition and provided **YOU** notify **US** as soon as is reasonably possible. To obtain reimbursement for repairs made during an **EMERGENCY CONDITION**, **YOU** must provide **US** with an accurate written record of the repair costs.

D. Sign A Release

When **WE** or a third party acting on **OUR** behalf have completed repairing, replacing or paying **YOU** as to any **CONSTRUCTION DEFECTS** and related damage covered by this **LIMITED WARRANTY**, **YOU** may be requested to sign a full release of **OUR** obligation for the **CONSTRUCTION DEFECTS**. The release shall be applicable to the **CONSTRUCTION DEFECTS** and shall not prevent **YOU** from notifying **US** should **YOU** become aware of a subsequent **CONSTRUCTION DEFECT**.

E. If YOU Disagree With US

If **YOU** believe **WE** have not satisfactorily responded to **YOUR** request for warranty performance or satisfactorily worked with **YOU** to resolve any other claim or dispute between **YOU** and **US**, **YOU** should provide written notice to **PWC** requesting Mediation. Upon **PWC's** receipt of written notice from **YOU**, **PWC** may review and mediate **YOUR** request. **PWC** may communicate with **YOU**, **US**, and any other individuals or entities that **PWC** believes may possess relevant information. If after forty-five (45) days, **PWC** is unable to successfully mediate **YOUR** claim or dispute, or at any earlier time when **PWC** determines that **YOU** and **WE** are at an impasse, **PWC** will notify **YOU** that **YOUR** request remains unresolved and that **YOU** may elect to initiate binding arbitration. Binding arbitration as described in the following section is the sole remedy for the resolution of disputes between **YOU** and **US**.

VII. Binding Arbitration Procedure

Following commencement of the **WARRANTY PERIOD**, any claim, controversy or dispute (hereafter collectively referred to as "dispute") between **YOU** and **US**, or parties acting on **YOUR** or **OUR** behalf, including **PWC**, and any successor, or assign of either **YOU** or **US**, which relates to or arises from this **LIMITED WARRANTY**, or the design or construction of the **HOME** or the **COMMON ELEMENTS**, or the sale of the **HOME** or transfer of title to the **COMMON ELEMENTS**, will be resolved solely by binding arbitration and not through litigation in court before a judge or jury. This agreement to arbitrate is intended to inure to the benefit of, and be enforceable by, **OUR** contractor, subcontractors, agents, vendors, suppliers, design professionals, materialmen, and any of **OUR** direct or indirect subsidiaries or related entities alleged to be responsible for any **CONSTRUCTION DEFECT**. Disputes subject to binding arbitration include, but are not limited to:

- A. Any disagreement that a condition in the **HOME** or the **COMMON ELEMENTS** is a **CONSTRUCTION DEFECT**;
- B. Any disagreement as to the method or scope of repair required to correct a **CONSTRUCTION DEFECT** or whether a **CONSTRUCTION DEFECT** has been corrected in compliance with this **LIMITED WARRANTY**;
- C. Any alleged breach of this **LIMITED WARRANTY**;
- D. Any alleged violation of consumer protection, unfair trade practice, or any other statute;
- E. Any allegation of negligence, strict liability, fraud, and/or breach of duty of good faith, and any other claims arising in equity or from common law;
- F. Any dispute concerning the interpretation of this arbitration provision or the arbitrability of any issue;

- G. Any dispute concerning the timeliness of **OUR** performance and/or **YOUR** notifications under this **LIMITED WARRANTY**;
- H. Any dispute as to the payment or reimbursement of the arbitration filing fee;
- I. Any dispute as to whether this **LIMITED WARRANTY**, or any provision hereof, including, but not limited to, this arbitration clause and any waiver hereunder, is enforceable;
- J. Any other claim arising out of or relating to the sale, design or construction of **YOUR HOME** or the **COMMON ELEMENTS**, including, but not limited to any claim arising out of, relating to or based on any implied warranty or claim for negligence or strict liability not effectively waived by this **LIMITED WARRANTY**.

The arbitration shall be conducted by DeMars and Associates, Ltd. (www.demarsassociates.com) pursuant to its Construction Arbitration Program ("CAP"), or by such other neutral, independent arbitration service that **PWC** shall appoint. If **YOU** object to the arbitration service appointed by **PWC**, **YOU** must so inform **PWC**, in writing, within ten (10) days of **YOUR** receipt of **PWC's** written notice informing **YOU** of the appointed arbitration service. **PWC** will then appoint an alternative neutral arbitration service provider. If **YOU** object to this alternative provider and if **YOU** and **WE** are unable to agree on another alternative, then either party may, pursuant to the applicable provisions of the Federal Arbitration Act (9 U.S.C. § 1, et seq.), apply to a court of competent jurisdiction to designate an arbitration service provider, which designation shall be binding upon the parties. Selection of the arbitrator shall be the responsibility of the appointed arbitration service. The rules and procedures of the arbitration service, including its rules and procedures pertaining to its selection of the arbitrator who will conduct the arbitration, that are in effect at the time the request for arbitration is submitted will be followed unless the parties expressly agree otherwise. **PWC** will obtain and provide to **YOU** and **US**, upon request, the rules and procedures of the arbitration organization appointed to administer the arbitration. The arbitration service finally appointed or designated as aforesaid shall administer the arbitration of any and all disputes required to be joined under the law.

This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by and interpreted under the Federal Arbitration Act now in effect and as it may be hereafter amended (the "FAA") to the exclusion of any inconsistent state law, regulation or judicial decision. The award of the arbitrator shall be final and binding and may be entered as a judgment in any court of competent jurisdiction.

Each party shall bear its own attorney's fees and costs (including expert's costs) for the arbitration. If **YOU** initiate the arbitration request, the arbitration filing fee and other fees charged by the arbitration service shall be divided and paid equally by **YOU** and **US**, unless **YOU** and **WE** have otherwise agreed in writing to a different allocation. If **WE** initiate the request for arbitration, **WE** shall pay the entire arbitration filing fee as well as all other fees charged by the arbitration service.

As part of any arbitration award, the arbitrator may, at his/her discretion, direct that **WE** reimburse **YOU** some or all of the arbitration filing fee and other arbitration fees **YOU** paid to the arbitration service, but under no circumstances shall **YOU** be required to reimburse **US** any portion of the arbitration filing fee and other arbitration fees **WE** paid.

Arbitration filing fees and other arbitration fees vary among arbitration service providers. Before submitting a Binding Arbitration Request Form, **YOU** may contact **PWC** to obtain information on the fees charged by the appointed arbitration service provider. The arbitration service's filing fee and other arbitration fees in effect at the time arbitration is requested shall apply.

The process for initiating arbitration is described below.

Step 1 The Initiating Party Completes A Binding Arbitration Request Form And Mails It To PWC Along With Their Share Of The Arbitration Filing Fee. A Binding Arbitration Request Form is attached to this **LIMITED WARRANTY**. **YOUR** Binding Arbitration Request Form must be received by **PWC** no later than ninety (90) days after the **WARRANTY PERIOD** expires. Please Note that while **YOU** have ninety (90) days after the **WARRANTY PERIOD** expires to file for arbitration, this time period does not extend the **WARRANTY PERIOD** for **CONSTRUCTION DEFECTS**. Additionally, no investigation, inspection, testing, repair, replacement, or payment, nor any promise of same by **US** under this **LIMITED WARRANTY**, nor any dispute resolution efforts, shall extend the term of this **LIMITED WARRANTY** or extend or toll any statutes of limitations or any of **YOUR** rights or remedies.

Step 2 The Arbitration Service Will Arrange For The Arbitration. The arbitrator or arbitration organization will notify **YOU** and **US** of the time, date and location of the arbitration hearing. If the dispute involves the allegation of a **CONSTRUCTION DEFECT** or **OUR** performance under this **LIMITED WARRANTY**, most often the hearing will be conducted at the **HOME** or, if applicable, the location of the **COMMON ELEMENTS**. Other disputes between **YOU** and **US** that are subject to arbitration, but which do not include a **CONSTRUCTION DEFECT** claim, may be scheduled for hearing at the **HOME** or another location within the county where the **HOME** is located. In scheduling the hearing the arbitrator will set a time and date that is reasonably convenient to all the parties.

Step 3 The Arbitration Hearing. The parties at the arbitration hearing will include the arbitrator, **YOU**, **US** and/or a third party designated by **YOU** or **US** or acting on **YOUR** or **OUR** behalf. Any party to the proceeding may be represented at the hearing. All persons who are parties to the arbitration, as well as representatives and witnesses, are entitled to attend hearings.

After evidence is presented by **YOU**, **US** or **YOUR** or **OUR** representatives, a decision will be rendered by the arbitrator. The decision is final and binding on **YOU** and **US**. The arbitrator may grant any remedy, including statutory remedies, and other relief that the arbitrator deems just and equitable and within the scope of this **LIMITED WARRANTY** or other applicable agreements.

The arbitrator will decide any dispute between the parties, as described above. Where a **CONSTRUCTION DEFECT** is alleged, the arbitrator will determine whether the alleged **CONSTRUCTION DEFECT** exists and whether it is **OUR** responsibility. If the arbitrator finds **US** responsible for a **CONSTRUCTION DEFECT**, **WE** shall be obligated to perform in accordance with **OUR Warranty Obligations** as described in **Section II** above.

In connection with a **CONSTRUCTION DEFECT** dispute, the arbitrator retains jurisdiction and authority to decide any dispute as to the required scope of repair and the cost to repair the **CONSTRUCTION DEFECT**. In deciding such disputes, the arbitrator considers the terms of this **LIMITED WARRANTY**, any third-party evaluations, binding bids for repair work supplied by either of the parties, any estimates of diminished fair market value, and such other information submitted by the parties and deemed relevant by the arbitrator. Except where otherwise directed by the arbitrator's award, the decision to repair, replace, or to make payment to **YOU** in lieu of repair or replacement is at **OUR** or **OUR** authorized representative's sole option. The arbitrator will also render a decision as to any other claims, disputed matters or issues stated in the Binding Arbitration Request Form.

Step 4 **OUR** Arbitration Performance Obligations. If an arbitrator concludes that **WE** are responsible for a **CONSTRUCTION DEFECT**, **WE** will perform in accordance with the arbitrator's decision within sixty (60) days from the date of the award or such greater time as may be allowed by the arbitrator's decision. Delays caused by circumstances beyond **OUR** or **OUR** representative's control shall be excused.

Step 5 Disputes As To Compliance With The Award. If there is any dispute as to **OUR** compliance with an arbitrator's award, either party shall so inform **PWC** in writing at its mailing address specified in this **LIMITED WARRANTY**. **PWC** will mediate this dispute and if it cannot be resolved, either party may request a compliance inspection arbitration to decide the question of compliance with the arbitration award. If it is determined that **WE** have not properly performed, **WE** will be obligated to immediately

comply. As with the original arbitration award, any such subsequent arbitration rulings shall be enforceable by any court of competent jurisdiction.

VIII. General Conditions

A. Separation of This LIMITED WARRANTY From The Contract Of Sale

This **LIMITED WARRANTY** is separate and independent of the contract between **YOU** and **US** for the construction and/or sale of the **HOME** or transfer of the **COMMON ELEMENTS**. Except as otherwise expressly provided herein, the provisions of this **LIMITED WARRANTY** shall in no way be restricted or expanded by anything contained in the construction and/or sales contract or other documents between **YOU** and **US**.

B. Transfer to Subsequent HOMEOWNERS

This **LIMITED WARRANTY**, subject to all of its terms and conditions, including, but not limited to, its mandatory binding arbitration provision, will transfer to new owners of the **HOME** for the remainder of the **WARRANTY PERIOD**. **YOU** agree to provide this **LIMITED WARRANTY** to any subsequent purchaser of the **HOME** as a part of the contract of sale of the **HOME**. Please see the form "SUBSEQUENT HOME BUYER ACKNOWLEDGEMENT AND TRANSFER" contained at the end of this document.

C. Transfer of Manufacturer's Warranties

WE assign to **YOU** all the manufacturer's warranties on all appliances, fixtures and items of equipment that **WE** installed in the **HOME**. Should an appliance or item of equipment malfunction **YOU** must follow the procedures set forth in that manufacturer's warranty to correct the problem. **OUR** obligation under this **LIMITED WARRANTY** is limited to the workmanlike installation of such appliances and equipment. **WE** have no obligation for appliances and equipment defined as **CONSUMER PRODUCTS**.

D. Recovery Rights

If **WE** or a third party designated by **US** or acting on **OUR** behalf repairs, replaces or pays the cost to repair or replace **CONSTRUCTION DEFECT**, or other related damage to the **HOME** or the **COMMON ELEMENTS** covered by this **LIMITED WARRANTY**, or if **WE** elect to pay the diminished market value of the **HOME** in lieu of repair or replacement of a **CONSTRUCTION DEFECT**, **WE** are then entitled, to the extent of **OUR** cost or payment, to take over **YOUR** related rights of recovery from other people and entities, including but not limited to, other warranties and insurance. **YOU** have an obligation not to make it harder for **US** to enforce these rights. **YOU** agree to sign any papers, deliver them to **US**, and do anything else that is necessary to help **US** exercise **OUR** rights.

E. General Provisions

1. If any provision of this **LIMITED WARRANTY** is determined to be unenforceable, such a determination will not affect the remaining provisions. If this **LIMITED WARRANTY** or any provision herein is determined to be unenforceable as to a **HOMEOWNERS ASSOCIATION** or a specific **HOMEOWNER**, such a determination will not affect the enforceability of this **LIMITED WARRANTY** or such provision as to any other **HOMEOWNERS ASSOCIATION** or any other **HOMEOWNER**. The issue of enforceability, as well as all other issues, will be determined by Binding Arbitration as provided for in this **LIMITED WARRANTY**.
2. This **LIMITED WARRANTY** and the binding arbitration process are binding on **YOU** and **US**. It is also binding on **YOUR** and **OUR** heirs, executors, administrators, successors, and assigns.
3. As may be appropriate, the use of the plural in this **LIMITED WARRANTY** includes the singular, and the use of one gender includes all genders.

IX. Definitions

BUILDER means the individual, partnership, corporation or other entity which participates in the Warranty Program administered by the Professional Warranty Service Corporation and provides **YOU** with this **LIMITED WARRANTY**. Throughout this document the **BUILDER** is also referred to as "**WE**", "**US**" and "**OUR**".

COMMON ELEMENTS means the property as specified in the recorded Covenants, Conditions and Restrictions as common area and any other property as to which the **HOMEOWNERS ASSOCIATION** has standing under the law to make a claim. This may include, but is not limited to, streets, slopes, the structure or components of enclosure or other parts of the **HOME**, corridors, lobbies, vertical transportation elements, rooms, balconies, clubhouses or other spaces that are for the common use of the residents of the development in which the **HOME** is located. **SYSTEMS** serving two or more **HOMES**, and the outbuildings that contain parts of such **SYSTEMS** are also included in this definition.

CONSEQUENTIAL OR INCIDENTAL DAMAGES means any loss or injury **other than**:

- A. **OUR** cost to correct a **CONSTRUCTION DEFECT** including the correction of those surfaces, finishes and coverings damaged by the **CONSTRUCTION DEFECT**;
- B. **OUR** cost to repair or replace, at market value, furniture, carpet or personal property damaged by the **CONSTRUCTION DEFECT**;
- C. **OUR** cost to repair damage to the **HOME** which occurs in the course of **OUR** repair or replacement of a **CONSTRUCTION DEFECT**;
- D. The reasonable cost of the **HOMEOWNER'S** alternative shelter when the **HOME** is temporarily uninhabitable due to a **CONSTRUCTION DEFECT** and while the **HOME** is rendered uninhabitable by the work necessary to repair a **CONSTRUCTION DEFECT**.

Time **YOU** take off from work and/or **YOUR** inability to work from the **HOME** as a result of a **CONSTRUCTION DEFECT** or the repair/replacement of a **CONSTRUCTION DEFECT**, are among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and are excluded under this **LIMITED WARRANTY**. Diminished fair market value of the **HOME** is also among those damages considered "**CONSEQUENTIAL OR INCIDENTAL DAMAGE**" and is excluded under this **LIMITED WARRANTY** notwithstanding that **WE** reserve the right to elect to pay **YOU** diminished fair market value in lieu of **OUR** repair, replacement or payment for the cost to repair or replace a **CONSTRUCTION DEFECT**.

CONSTRUCTION DEFECT(S) means a condition in the materials or workmanship used in constructing the **HOME** and/or the **COMMON ELEMENTS** that:

- materially affects the structural integrity of the **HOME** or the **COMMON ELEMENTS**; or
- has an obvious and material negative impact on the appearance of the **HOME** or the **COMMON ELEMENTS**; or
- jeopardizes the life or safety of the occupants of the **HOME** or the users of the **COMMON ELEMENTS**; or
- results in the inability of the **HOME** or the applicable **COMMON ELEMENTS** to provide the functions that can reasonably be expected in such a **HOME** or **COMMON ELEMENT**.

CONSUMER PRODUCT means any piece of equipment, appliance or other item that is a **CONSUMER PRODUCT** for purposes of the Magnuson-Moss Warranty Act (15 U.S.C. § 2301, et seq.) installed or included in the **HOME**. Examples of Consumer Products include, but are not limited to, dishwasher, garbage disposal, gas or electric cook-top, range, range hood, refrigerator or refrigerator/freezer combination, gas oven, electric oven, microwave oven, trash compactor, automatic garage door opener, clothes washer and dryer, hot water heater, solar water heater, solar water heating panels, furnace, boiler, heat pump, air conditioning unit, humidifier, thermostat, and security alarm system.

EMERGENCY CONDITION means an event or situation that creates the imminent threat of damage to the **HOME** or **COMMON ELEMENTS**, or results in an unsafe living condition due to a **CONSTRUCTION DEFECT** that **YOU** (or as applicable, the **HOMEOWNERS ASSOCIATION**) become aware of at a point in time other than **OUR** normal business hours and **YOU** were unable to obtain **OUR** or **OUR** authorized representative's

prior written approval to initiate repairs to stabilize the condition or prevent further damage.

HOME means a single family residence either attached or detached covered by this **LIMITED WARRANTY** and the land on which it sits, or a condominium or cooperative unit in a multi-unit residential structure/building covered by this **LIMITED WARRANTY**, and the land on which it sits, except to the extent such unit, structure/building or land is part of the **COMMON ELEMENTS**.

HOME BUILDER'S LIMITED WARRANTY means only this express warranty document provided to **YOU** by **US**.

HOMEOWNER means the first person(s) to whom a **HOME** (or a unit in a multi-unit residential structure/building) is sold, or for whom such **HOME** is constructed, for occupancy by such person or such person's family, and such person's(s') successors in title to the **HOME**, or mortgagees in possession and any representative of such person(s) who has standing to make a claim on that person(s) behalf, including any class representative or **HOMEOWNERS ASSOCIATION** making a claim in a representative capacity.

HOMEOWNERS ASSOCIATION means a profit or nonprofit corporation, unincorporated association, organization, partnership, assessment district, limited liability company, limited liability partnership or other entity of any kind that owns, manages, maintains, repairs, administers, or is otherwise responsible for and has standing to make a claim as to any part of the **COMMON ELEMENTS**.

POLLUTANTS means all solid, liquid, or gaseous irritants or contaminants. The term includes, but is not limited to, petroleum products, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, radon gas, and waste materials, including materials to be recycled.

PWC means Professional Warranty Service Corporation which administers the warranty program in which **WE** participate. As such, **PWC** assumes no other liabilities in connection with this **LIMITED WARRANTY**. The **PWC** mailing address is: **Professional Warranty Service Corporation**
P.O. Box 800 Annandale, VA 22003-0800

SYSTEMS means the following:

- (a) Plumbing system - gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; and water, gas and sewer services piping and their extensions to the tie-in of a public utility connection or on-site well and sewage disposal system.
- (b) Electrical system - all wiring, electrical boxes, switches, outlets, and connections up to the public utility connection.
- (c) Heating, Cooling, and Ventilation system - all duct-work; steam, water and refrigerant lines; and registers, connectors, radiation elements and dampers.

WARRANTY PERIOD shall commence on the date the title to the **HOME** is transferred to the first **HOMEOWNER**. Notwithstanding anything to the contrary set forth in this **LIMITED WARRANTY**, the **WARRANTY PERIOD** for the **COMMON ELEMENTS** of an individual structure/building commences on the date the title for the first **HOME** in the structure/building is transferred to the first **HOMEOWNER** or, as concerns clubhouses or outbuildings or other **COMMON ELEMENTS** not part of the **HOME**, the earlier of the date of substantial completion or the date title to these structures is transferred to the **HOMEOWNERS ASSOCIATION**. The dates the **WARRANTY PERIOD** begins and ends are indicated on the Limited Warranty Validation Form which is attached to and made part of this **LIMITED WARRANTY**.

WE, US, OUR means the **BUILDER**.

YOU, YOUR means the **HOMEOWNER** and the **HOMEOWNERS ASSOCIATION**.

BINDING ARBITRATION REQUEST FORM

Prior to requesting binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY, the initiating party should have sent the other party a clear and specific written request outlining the claim(s) or dispute(s) that are being submitted for decision through binding arbitration. If you have taken this step and believe the other party has not satisfactorily responded in accordance with the HOME BUILDER'S LIMITED WARRANTY, fill out this form and send it to PWC along with the arbitration filing fee. Be sure to attach a copy of all pertinent correspondence between you and the other party relative to the issue.

The information you need to fill out this form can be found on the Limited Warranty Validation Form. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Homeowner name(s): _____

Address: _____

CITY STATE ZIP

Home Phone : (_____) _____ Business/Cell Phone: (_____) _____

Email: _____

LIMITED WARRANTY #: _____ Date Warranty Period begins: _____

Builder's Name: _____

Address: _____

Business Phone: (_____) _____

Describe the dispute that you wish to submit to binding arbitration under the terms of the HOME BUILDER'S LIMITED WARRANTY. If the dispute is relative to a construction defect please include information on when the construction defect(s) first occurred or when you first noticed the construction defect. (Attach additional sheets, if necessary).

I/we are hereby requesting PWC to initiate a binding arbitration to resolve the dispute described herein above.

Signature Date Signature Date

INSTRUCTIONS: Photo-copy this form and complete the fields.

Obtain the required arbitration filing fee by contacting PWC at 1-800/850-2799.

Send this Binding Arbitration Request Form and the arbitration filing fee to:

PROFESSIONAL WARRANTY SERVICE CORPORATION
P. O. BOX 800
ANNANDALE, VIRGINIA 22003-0800

SUBSEQUENT HOME BUYER ACKNOWLEDGMENT AND TRANSFER

Any coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY** applicable to the home specified on the Limited Warranty Validation Form is transferred to the subsequent homeowner.

The undersigned home buyer(s) hereby acknowledge and agree:

I/we acknowledge that I/we have reviewed, understand and agree to all the terms of the HOME BUILDER'S LIMITED WARRANTY document (PWC Form No. 117).

I/we understand and acknowledge that Professional Warranty Service Corporation ("PWC") is not the warrantor of the HOME BUILDER'S LIMITED WARRANTY.

I/we understand that I/we am/are responsible for the maintenance of the home including maintenance of the grade of the land surrounding the home, and that the Builder shall not be responsible for any defect or damage to the home which is the result of my/our failure to maintain the home.

I/we acknowledge and agree to the Binding Arbitration Procedure contained in the HOME BUILDER'S LIMITED WARRANTY.

Signature(s) of Subsequent Home Buyer(s): _____ Date: _____

Date: _____

Print above name(s): _____

Email: _____

Delivery Preference: Email ☐ Mail ☐ Both ☐

Re-issuance of the Limited Warranty Validation Form with the name(s) of the new Home Buyer(s) is not necessary for you to receive the coverage remaining under the **HOME BUILDER'S LIMITED WARRANTY**. Upon receipt of this signed form, PWC will update its records to reflect the name(s) of the new homeowner(s). If you want PWC to issue another Limited Warranty Validation Form with your name(s) on the form, please check the box below and send a check in the amount of \$20.00 made payable to "PWC" with your submission of this form.

YES, re-issue the Limited Warranty Validation Form in the above name(s) ☐ (check box) Initial _____

Address of Home: _____

Limited Warranty No.: _____

INSTRUCTIONS: Photo-copy this form. Provide information requested, sign, fill in Limited Warranty # in the space provided (this number is provided on the Limited Warranty Validation Form), and provide a telephone number where you can be reached (_____) _____. If you want the Limited Warranty Validation Form reissued in your name, enclose your check to PWC in the amount of \$20.00 (check box above and initial). To reach PWC by phone, call: 1-800/850-2799.

Mail this form and a photocopy of applicable settlement/closing documents indicating transfer of title, to:

PROFESSIONAL WARRANTY SERVICE CORPORATION P.O. BOX 800 ANNANDALE, VA 22003-0800



Homestead Community Land Trust Builder's Warranty & Performance Standards

Overview of the Warranty

This limited warranty is to be read in conjunction with the Home Builder's Limited Warranty administered by Professional Warranty Service Corporation (PWC), which governs the arbitration and dispute resolution process. In the event of dispute, arbitration shall proceed in accordance with the terms of the PWC document.

This document is intended to outline and specify the performance standards referenced in the PWC Warranty, Section II – *"Our Warranty Obligations,"* Subsection A.1. It also establishes the applicable warranty time periods and identifies which items are covered under the warranty during each period of coverage.

This is not an insurance policy, a maintenance agreement or a service contract. It is an explanation of what you, the purchaser, can expect from this limited warranty. You are responsible for maintenance of your new home. General and preventative maintenance are required to prolong the life of your new home. This limited warranty is automatically transferred to subsequent owners during the ten-year term of this limited warranty, except in the case of a foreclosure that voids the warranty. This limited warranty becomes void and all obligations on the part of Warrantor cease as of the date an Owner vacates the Home due to foreclosure proceedings. This limited warranty is subject to changes required by various regulating bodies and some local agencies.

Actions taken to cure defects will not extend the periods of specified coverages in this limited warranty.

Only warranted elements which are specifically designated in this document are covered by this limited warranty. In the event that a contested condition or issue is not specifically identified within this document as a warrantable item, the builder retains the sole discretion to determine whether to address the concern. If the homeowner disagrees with the builder's determination, they may pursue resolution through the binding arbitration process administered by the Professional Warranty Service Corporation (PWC). Arbitration is the exclusive method for resolving such disputes, and its outcome is final and binding for both parties.

If the builder determines that a construction defect exists, the builder (or parties acting on the builder's behalf) may, at its sole option, choose one of the following remedies: (1) repair or replace the construction defect, (2) pay you the actual cost the builder would incur to repair or replace the defect, or (3) pay you an amount equal to the reduction in the home's fair market value caused by the uncorrected defect.

Warranty Coverage Overview

Beginning Dates for Warranty Coverage:

For the unit, the beginning date of the qualified warranty coverage is the earlier of: (a) Actual occupancy of the unit; or (b) Transfer of legal title to the property. (2) For the common elements, the beginning date of the warranty period is the date that the title for the common elements is transferred to the association for the common elements in each separate multiunit building.

One-Year Warranty Coverage:

The one-year warranty covers defects in materials and workmanship for most home components, ensuring they function and operate as intended, with the builder responsible for repairs or adjustments to meet specific performance standards. For a period of one-year after the effective date of warranty, items specifically warranted in this document for one-year, will function and operate as presented. Coverage is only available where specific standards and actions are represented in this limited warranty.

Common Element Coverage:

Warranty coverage for common elements shall be limited to the first fifteen months following the beginning date of the warranty period and shall include coverage for any defects in materials and labor pertaining to the common elements. Warranty coverage for common elements shall be held to the same standard as similar or comparable items in individual residential units.

Examples of common elements covered by this limited warranty include hallways, meeting rooms, and other spaces wholly within the residential structure designated for use by two or more units. Additionally, warranted common elements include those portions of the defined electrical, heating, ventilating, cooling, plumbing, and structural systems that serve two or more residential units and are contained wholly within the residential structure.

Two-Year Warranty Coverage:

The two-year limited warranty includes coverage for the distribution components of mechanical systems; these are the installed pathways that carry utilities throughout the unit. This includes plumbing supply and drain lines, vents, HVAC ductwork, refrigerant lines, supply and return registers, electrical wiring, breaker panels, outlets, radiant tubing, and baseboard heaters. This coverage does not extend to mechanical equipment or appliances that generate or control system functions, such as water heaters, furnaces, heat pumps, mini-splits, boilers, dishwashers, or washers and dryers. These components are considered part of the system but not part of the distribution network and are instead covered under the manufacturer's warranty.

The two-year limited warranty also includes coverage for any defect in materials and labor supplied for the exterior cladding, caulking, windows, and doors that may lead to detachment or material damage to the unit or common elements. For the purposes of this warranty, material damage refers to physical damage that significantly impairs the function, structural integrity, or weather-resistance of the affected component. Cosmetic imperfections or minor aesthetic issues that do not affect performance are not considered material damage.

This two-year warranty also includes coverage for any defect in materials and labor that renders the unit unfit for habitation, as well as violations of applicable building codes that present an unreasonable risk to health or safety or are likely to result in material damage as defined above.

Five-Year Warranty Coverage:

The builder provides a five-year limited warranty covering defects in the building envelope of the building. This includes any condition that allows unintended water penetration resulting in, or likely to result in, material damage to the unit or common elements.

This warranty provides limited coverage for defects in the building envelope, defined as the assembly of components that separates the interior of the building from the exterior environment. Covered components include, but are not limited to:

- Roofs and roofing systems
- Exterior walls, including siding, cladding, masonry, or stucco
- Flashing and sealants
- Exterior windows and doors
- Decks and balconies that are integrated into the weather barrier system

This warranty covers the above components against the following:

- Water intrusion or leakage
- Failures in workmanship or materials that allow unintended water penetration

Exclusions from Building Envelope Coverage

The following items and conditions are excluded from coverage under this section of the warranty:

- Damage caused by lack of proper maintenance, misuse, neglect, or unauthorized modifications by the homeowner or other third parties.
- Damage resulting from acts of God, including but not limited to earthquakes, floods, wildfires, and severe weather events.
- Damage caused by landscaping, grading, drainage, or irrigation systems not installed by the builder or its contractors.
- Pest infestations, unless directly resulting from a failure of the building envelope.
- Improper installation, repairs, or alterations performed by anyone other than the builder or its authorized subcontractors after possession of the unit has been transferred.

Products, Materials, Appliances & Equipment Warranties:

In the case of a failure of any product, material, appliance, or other manufacturer-supplied product, the builder may require homeowners to pursue any applicable manufacturer warranty. If a manufacturer's warranty claim is denied or does not fully cover the failure, the builder will evaluate whether the issue falls within the scope of this limited warranty and determine responsibility for repair or replacement accordingly.

Once the applicable warranty period has expired, the builder is no longer responsible for repairing or replacing any product, material, or equipment that fails or malfunctions. Once the warranty period has expired, responsibility for maintenance, repair, or replacement of any items rests solely with the homeowner, who must pursue any applicable remedies directly through the product's manufacturer warranty or service provider. The builder will only perform corrective action on a manufacturer supplied product if the affected item is still within its applicable warranty period.

The builder may, at its sole discretion, assist the homeowner in submitting a claim to the manufacturer as a courtesy. However, such assistance does not imply or extend any warranty obligation beyond the builder's contractual warranty periods.

At the time of transfer of possession of the property to the homeowner, the builder assigns and transfers to the homeowner any and all manufacturers' warranties for materials, equipment, and other manufactured or fabricated products incorporated into the work.

Examples of products, materials, appliances, and equipment which may fall under this category includes but is not limited to, furnaces, heat pumps, mini-splits, ERV's, water heaters, thermostats, smart climate control devices, refrigerators, ovens and cooktops, range hoods and exhaust fans, microwaves, dishwashers, garbage disposals, clothes washers and dryers, sinks, faucets and showerheads, bathtubs, toilets, shut-off valves and pressure regulators, water filtration or softening systems, sump pumps and backup pumps, circuit breakers, GFCI outlets, light fixtures, ceiling fans, smoke and carbon monoxide detectors, doorbell systems, solar panels, inverters, battery storage systems, system monitoring hardware, roofing materials, windows & sliding glass doors, exterior doors, siding, decking, gutters and downspouts, flooring, interior finishes and fixtures, garage door openers, EV charging stations, irrigation systems, & mailboxes.

The responsibility to complete any required manufacturer's warranty registration lies solely with the homeowner. The builder shall not be held liable for any failure by the homeowner to register any appliance or product or for any resulting loss of warranty coverage.

Please note that all warranties exclude coverage for damages or defects caused by abuse, alterations or modifications to the work not executed by the builder, improper or insufficient maintenance, improper operation, normal wear and tear, or normal usage.

In the case of a product failure, Homestead will determine whether the issue qualifies as a covered warranty item and if the affected item is still within its applicable warranty period. If so, the homeowner may be required to pursue the applicable manufacturer's warranty claim. Should the manufacturer's coverage not fully address the cost of repair or replacement, including installation to restore the item to its original condition, Homestead will cover the remaining expenses.

Ten-Year Major Structural Defect Coverage:

The builder provides a ten-year limited warranty covering major structural defects, as specifically defined within this warranty document. Coverage is limited to those structural components and conditions expressly identified in this document. If a warranted major structural defect occurs during the ten-year warranty period, and is reported as required, the builder will repair, replace or pay the homeowner the reasonable cost to repair or replace the warranted major structural defect, limited to actions necessary to restore the major structural defect to its load-bearing capacity.

Major Structural Defect Definition

All of the following conditions must be met to constitute a Major Structural Defect (MSD):

- a. actual physical damage to one or more of the following specified load-bearing components of the home;
- b. causing the failure of the specific major structural components; and
- c. which affects its load-bearing function to the degree that it materially affects the physical safety of the occupants of the home.

Load-bearing components of the home deemed to have MSD potential:

- (1) roof framing members (rafters and trusses);

- (2) floor framing members (joists and trusses);
- (3) bearing walls;
- (4) columns;
- (5) lintels (other than lintels supporting veneers);
- (6) girders;
- (7) load-bearing beams; and
- (8) foundation systems and footings.

Examples of non-load-bearing elements deemed not to have Major Structural Defect potential:

- (1) non-load-bearing partitions and walls;
- (2) wall tile or paper, etc.;
- (3) plaster, laths or drywall;
- (4) flooring and subflooring material;
- (5) brick, stucco, stone, veneer, or exterior wall sheathing;
- (6) any type of exterior siding;
- (7) roof shingles, sheathing and tar paper;
- (8) Heating, Cooling, Ventilating, Plumbing, Electrical and Mechanical systems;
- (9) Appliances, fixtures or Items of Equipment
- (10) doors, windows, trim, cabinets, hardware, insulation, paint and stains; and
- (11) drainage systems located within or outside the home.

Elevator Warranty

This section is only applicable if an elevator has been installed at the property.

Fifteen-Month Installation Warranty

The builder warrants that the elevator(s) serving the condominium were installed in a good and workmanlike manner and in accordance with applicable building codes and manufacturer specifications. This warranty shall be in effect for a period of fifteen months from the date of substantial completion or occupancy, whichever occurs first, and covers defects in workmanship related to installation only.

Manufacturer's Warranty

The elevator(s) are covered under a separate manufacturer's warranty, which may include coverage for parts and components for a period specified by the elevator manufacturer. The builder shall, at turnover, provide the Homeowners Association with all applicable manufacturer warranty documents and transfer ownership or service rights where permitted.

Maintenance Obligations

After the expiration of the installation warranty, the responsibility for ongoing maintenance, repairs, and inspections of the elevator(s) shall rest solely with the condominium Homeowners Association. The HOA should contract with a licensed elevator service provider to perform regular maintenance and testing in compliance with local building and safety regulations, including but not limited to annual safety inspections and emergency service readiness.

Conditions for Homestead's Limited Warranty

- This limited warranty provides coverage only in excess of coverage provided by other warranties or insurance, whether collectible or not.
- This limited warranty is binding on the builder and you and your heirs, executors, administrators, successors and assigns.
- This limited warranty shall be interpreted and enforced in accordance with the laws of the state in which the Home is located.
- This limited warranty cannot be modified, altered or amended in any way except by a formal written instrument signed by you, your builder and the administrator.
- If any provision of this limited warranty is determined by a court of competent jurisdiction to be unenforceable, that determination will not affect the validity of the remaining provisions.
- If actions by the builder on any obligations under this limited warranty are delayed by an event beyond its control, such performance will be excused until the delaying effects of the event are remedied. Such events include, but are not limited to, acts of God, acts of the common enemy, war, riot, civil commotion or sovereign conduct, epidemic, pandemic, or acts or omissions by you or any other person not a party of this limited warranty.
- Costs incurred for unauthorized repairs to warranted items are not reimbursable. Written authorization prior to incurring expenses must be obtained from the administrator.
- Under this limited warranty, the builder is not responsible for exact color, texture or finish matches in situations where materials are replaced or repaired, or for areas repainted or when original materials are discontinued.
- Prior to closing, you are responsible for conducting a final walk-through inspection of your home and preparing a written list of any items that you would like corrected before closing.

The following sections outline the specific warranty coverage provided for various components of the home.

Site Work Grading

Observation: The property does not properly drain.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: To ensure proper drainage within 10 feet around the home, the builder will establish necessary grades and swales within the property. Standing water should not remain for extended periods (generally no more than 24 hours), within 10 feet of the home after a rain, except in swales that drain other areas or in areas that receive discharge from sump pumps, down spout drain lines, foundation or crawl space drains, etc. In these areas a longer period can be anticipated (generally no more than 48 hours). Water may stand longer during periods of heavy rains, especially when heavy rains occur on successive days. Removal, repair, replacement, or modification of landscaping, including but not limited to grass, sod, plantings, or lawn irrigation systems, etc., by the homeowner shall negate any obligation on behalf of the builder. No grading determination will be made while frost or snow is on the ground or while the ground is saturated.

Corrective Measure: One time only during the one-year warranty period, the builder will correct water which stands for more than 24 hours, or more than 48 hours in swales.

Discussion: Standing water beyond the 10 ft. perimeter of the foundation is not covered by this Limited Warranty. The owner is responsible for establishing and maintaining adequate ground cover. Grass and other landscaping are integral components of the storm water management practice needed to minimize erosion from the property. It is the Owner's responsibility to maintain grass and other landscaping to help ensure the property drainage system functions properly. The homeowner is responsible for maintaining such grades and swales once the builder has properly established them. Irrigation of new plants is especially vital to their health and survival. In some seasons, daily water may be necessary to be applied by homeowners until plants have established themselves into new soil, their new home.

Observation: The ground has settled around the foundation, over utility trenches, or in other areas.

Warranty Coverage: Limited One-Year Warranty

Corrective Measure: One time only during the one-year warranty period, the builder will fill areas that settle more than 6 inches or that affect proper drainage. Any removal, repair, replacement or modification of landscaping, including but not limited to grass, sod, plantings, or lawn irrigation systems, etc., by the owner shall negate any obligation on behalf of the builder. The builder will make a good faith effort to preserve plantings, but it is the homeowner's responsibility to replace shrubs, grass, other landscaping, pavement, sidewalks, or other improvements affected by placement of such fill.

Observation: The property has soil erosion.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The builder is not responsible for soil erosion.

Corrective Measure: No corrective action is required by the builder.

Observation: Water from a nearby or adjacent property flows onto the homeowner's property.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The builder is responsible for providing a reasonable means of draining water from rain, melting snow, or ice on the property, but the builder is not responsible for water flowing from a nearby or adjacent property.

Corrective Measure: No corrective action is required by the builder.

Concrete Slabs

Observation: A concrete slab within the structure has separated or moved at control (expansion and contraction) joints.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Concrete slabs within the structure are designed to move at control joints.

Corrective Measure: Because this is a normal occurrence, no corrective action is required by the builder.

Discussion: Control joints are placed in concrete for the very purpose of encouraging separation or cracking to take place at the joints instead of in random locations.

Observation: Efflorescence is present on the surface of the basement floor.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: If the efflorescence is caused solely by basement water leakage (actual flow and accumulation), the builder will eliminate the leaks into the structure.

Corrective Measure: During the one-year warranty period, the builder will repair to meet the performance guideline.

Discussion: Efflorescence is a typical condition caused by moisture reacting with the soluble salts in concrete and forming harmless carbonate compounds. It is evidenced by the presence of a white film or powder on the surface of the concrete. It is a particularly common occurrence where masonry or concrete are in contact with high moisture levels as may be found in basements or crawl spaces. The repaired area may not match the existing concrete in color and texture.

Observation: The concrete floor or slab is uneven.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Except where the floor or portion of the floor has been designed for specific drainage purposes, concrete floors in living areas should not have pits, depressions, or areas of unevenness exceeding 3/8th of an inch in 32 inches.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will correct or repair the floor to meet the performance guideline.

Discussion: A repair can be accomplished by leveling the surface with a material designed to repair uneven concrete. The repaired area may not match the existing concrete in color and texture.

Observation: The concrete floor slab is cracked.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Minor cracks in concrete floor slabs are normal. Cracks exceeding 3/16th of an inch in width will be repaired.

Corrective Measure: One time only during the one-year warranty period, using a material designed to fill cracks in concrete, the builder will repair horizontal cracks that do not meet the performance guideline. The repaired area may not match the existing concrete in color and texture.

Discussion: If the cracks are observed at the control joints no corrective action is required by the builder. Control joints are placed in concrete for the very purpose of encouraging separation or cracking to take place at the joints instead of in random locations.

Observation: The concrete floor has a crack that has a vertical displacement.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Minor cracks in concrete floor slabs are normal. Cracks exceeding 3/16th of an inch in vertical displacement will be repaired.

Corrective Measure: One time only during the 1-year warranty period, the builder will repair vertical cracks that do not meet the performance guideline using a material designed to fill cracks in concrete. Any crack that creates a possible trip hazard will be ground down. The repaired area may not match the existing concrete in color and texture.

Observation: Interior concrete is pitting or spalling. Pitting is evidenced by concrete that has chipped. Spalling is evidenced by concrete that has flaked or peeled from the outer surface.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Interior concrete surfaces should not pit or spall unless the deterioration is caused by factors outside of the builder's control.

Corrective Measure: One time only during the one-year warranty period, the builder will repair concrete surfaces using materials designed for this purpose. The repaired area may not match the existing concrete in color and texture.

Observation: The interior concrete slab, i.e. basement or garage slab, has a loose, sandy surface, sometimes referred to as "dusting."

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The surface should not be so sandy that it creates a problem for flooring being installed by the owner after the builder has completed the project.

Corrective Measure: One time only during the one-year warranty period, the surface will be repaired to be suitable for the finish flooring that the builder had reason to anticipate would be applied.

Poured Concrete and Concrete Panel Basement, and Crawl Space Walls

Observation: A concrete basement wall is out of plumb.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Finished concrete walls should not be out of plumb greater than 1 inch in 8 feet when measured vertically.

Corrective Measure: Only within the one-year warranty period, the builder will repair any deficiencies that do not meet the performance guideline. If the wall is to remain unfinished according to contract and the wall meets building codes, no corrective action is required by the builder.

Observation: An exposed concrete wall has pits, surface voids, or similar imperfections in it.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Surface imperfections larger than 1 inch in diameter or 1 inch in depth are considered excessive.

Corrective Measure: Only within the one-year warranty period, the builder will repair imperfections, which do not meet the performance guideline, using a material designed to fill holes in concrete.

Discussion: Pits, surface voids, and similar imperfections are called "air surface voids" and are caused by air trapped between the concrete and concrete form interface. Air surface voids are not structurally significant. The repaired area is unlikely to match the color or texture of the surrounding concrete.

Observation: A concrete basement wall is bowed.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Concrete walls should not bow in excess of 1 inch in 8 feet when measured from the base to the top of the wall.

Corrective Measure: Only within the one-year warranty period, the builder will repair any deficiencies that do not meet the performance guideline. If the wall is to remain unfinished according to contract and the wall meets building codes, no corrective action is required by the builder.

Observation: A concrete foundation, basement or crawl space wall is cracked.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Cracks in concrete walls should not exceed 1/4 inch in width.

Corrective Measure: Only within the one-year warranty period, the builder will repair any cracks to meet the performance guideline, using a material designed to fill cracks in concrete.

Discussion: Shrinkage cracks and other cracks are common and are inherent in the drying process of concrete walls. They should be expected in these walls due to the nature of concrete. The only cracks considered under warranty claims are cracks that permit water penetration or horizontal cracks that cause a bow in the wall.

Observation: A cold joint is visible on exposed poured concrete foundation walls.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: A cold joint is a visible joint indicating where the pour terminated and continued. Cold joints are normal and should be expected to be visible. Cold joints should not be an actual separation or a crack that exceeds 1/4 inch in width.

Corrective Measure: Only within the one-year warranty period, using a material designed to fill cracks in concrete, the builder will repair any cold joint to meet the performance guideline.

Observation: A joint is visible on exposed panel concrete foundation walls.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: A visible joint indicating where the panels connect are normal and should be expected to be visible.

Moisture and Water Penetration

Basement Walls and Floor

Observation: Dampness is evident on basement walls or the floor.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The builder is not responsible for dampness caused by condensation of water vapor on cool walls and floors.

Corrective Measure: Dampness resulting from significant water intrusion such as water entering the basement due to improperly installed or sealed building components will be addressed by the builder one time only during the one-year warranty period. This does not include normal condensation or humidity-related moisture. The builder will repair unless the homeowner's action caused the dampness.

Discussion: Excessive dampness caused by homeowner action, such as changing the grade around the home or irrigation systems, is not the builder's responsibility. Owner must maintain proper grading around the Home and maintain any surface water control systems installed by the builder. Dampness and condensation are normal conditions and are not covered by this limited warranty. A one-time occurrence may not indicate a Defect.

Observation: Water has accumulated in the basement.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Water should not accumulate in the basement.

Corrective Measure: One time only during the one-year warranty period, the builder will take such actions as are necessary to prevent water from accumulating in the basement unless homeowner action caused the accumulation.

Discussion: Water accumulation caused by homeowner action, such as changing the grade around the home or irrigation systems, is not the builder's responsibility.

Observation: Efflorescence is present on the surface of the concrete basement wall.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: If the efflorescence is caused by basement water leakage (actual flow and accumulation), the builder will eliminate the leak into the structure.

Corrective Measure: Only within the one-year warranty period, the builder will repair to meet the performance guideline.

Discussion: Efflorescence is a typical condition caused by moisture reacting with the soluble salts in concrete and forming harmless carbonate compounds. It is evidenced by the presence of a white film or powder on the surface of the concrete. It is a particularly common occurrence where masonry or concrete are in contact with high moisture levels as may be found in basements or crawl spaces. Efflorescence by itself, without water accumulation requires no action by the builder.

Crawl Spaces

Observation: Water accumulates in a vented crawl space.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Crawl spaces should be graded and proper exterior foundation drains installed as required by the prevailing building codes to prevent water from accumulating.

Corrective Measure: Within the one-year warranty period, the builder will take corrective measures to meet the performance guideline.

Observation: Condensation is evident on the vented crawl space surfaces.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The builder will install the ventilation and vapor barrier required by the prevailing building code.

Corrective Measure: The builder will take corrective actions to meet the performance guideline. If the crawl space is ventilated as required by applicable building codes, then no corrective action is required by the builder. Further reduction of condensation is a homeowner maintenance responsibility.

Discussion: Temporary conditions that cause condensation that cannot be eliminated by ventilation and a vapor barrier may include: Night air gradually cools the interior surfaces of the crawl space. In the morning, moisture picked up by sun-warmed air migrates into the crawl space and condenses on cool surfaces. At night, outside air may rapidly cool foundation walls and provide a cool surface on which moisture may condense. If the home is left unheated in the winter, floors and walls may provide cold surfaces on which moisture in the warmer crawl space air may condense. Moisture inside a heated home may reach the dew point within floor insulation or on the colder bottom surface of the vapor barrier. Moisture on or under the poly vapor barrier may result from condensation or hydrostatic pressure. This is a normal condition. The homeowner can reduce condensation, if necessary, by enclosing the crawl space and dehumidifying (closed crawl) or by enclosing and intentionally heating and cooling the crawl space (conditioned crawl).

Observation: Sealed crawl/closed/conditioned has moisture or standing water.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Sealed crawl spaces should have adequate methods to drain the possible sources for ground moisture entering the space as required by applicable building codes.

Corrective Measure: Within the one-year warranty period, the builder will take corrective measures to meet the performance guideline.

Framing

Floor System

Observation: Springiness, bounce, shaking, or visible sag is present in the floor system.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: All beams, joists, headers, and other dimensional or manufactured structural members will be sized according to the manufacturers' specifications or prevailing building codes.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will reinforce or modify, as necessary, any member of the floor system not meeting the performance guideline.

Discussion: Deflection may indicate insufficient stiffness in the lumber or may reflect an aesthetic consideration independent of the strength and safety requirements of the lumber. Structural members are required to meet standards for both stiffness and strength.

Beams, Columns, and Posts

Observation: An exposed wood column, post, or beam is split.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Sawn wood columns, posts, or beams will meet the grading standard for the species used at the span and load as prescribed in the applicable building code.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will repair or replace any wood column, post, or beam that does not meet the performance guideline. Filling splits with appropriate filler is an acceptable method of repair.

Discussion: Columns, posts, and beams will sometimes split as they dry after installation. Splitting is acceptable and is not a structural concern if the columns, posts, or beams have been sized according to manufacturer's specifications or applicable building codes. Some materials have inherent cracks or imperfections; these do not require repair.

Observation: An exposed wood beam or post is twisted or bowed.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Exposed wood posts and beams will meet the grading standard for the species used. Posts and beams with bows and twists exceeding 3/4 inch in an 8-foot section are considered excessive.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will repair or replace any beam or post with a bow or twist that exceeds the performance guideline.

Discussion: Beams and posts, especially those 3½ inches or greater in thickness (which normally are not kiln dried) will sometimes twist or bow as they dry after milling or installation. Twisting or bowing is usually not a structural concern if posts and beams have been sized according to manufacturers' specifications or applicable building codes.

Observation: An exposed wood beam or post is cupped.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Cups exceeding ¼ inch in 5½ inches are considered excessive.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will repair or replace any beam or post with a defect that does not meet the performance guideline.

Discussion: Cupped lumber is lumber that has warped or cupped across the grain in a concave or convex shape. Beams and posts, especially those 3½ inches or greater in thickness (which normally are not kiln dried), may cup as they dry after milling or installation and is not a defect.

Subfloor and Joists

Observation: The wood subfloor squeaks or seems loose.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Although a totally squeak-proof floor cannot be guaranteed, frequent, loud squeaks caused by improper installation or loose subflooring are deficiencies.

Corrective Measure: Only within the one-year warranty period, the builder will re-fasten or take other corrective action of any improperly installed or loose subfloor to attempt to reduce squeaking to the extent possible within reasonable repair capability without removing floor or ceiling finishes. A defective floor squeak is defined by, a large area of floor squeaks which is noticeable, loud, consistently repeatable and objectionable. Builder will correct if caused by a defective joist or improperly installed subfloor.

Discussion: There are many possible causes of floor squeaks. One of the more common sources of squeaks is wood moving along the shank of a nail. Squeaking frequently occurs when lumber, floor sheathing, or boards move slightly when someone walks over them. Boards and floor sheathing may become loose due to shrinkage of the floor structure or subfloor as it dries after installation or seasonal changes in temperature and humidity. Nails used to fasten metal connectors (joist hangers, tie-down straps, etc.) may cause squeaks. The nature of wood and construction methods makes it practically impossible to eliminate all squeaks during all seasons. Fastening loose subflooring with casing nails into carpet and counter sinking the head is an acceptable method of repair. Snap-off screws may also be used to refasten subflooring through carpet.

Observation: A wood subfloor is uneven.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Subfloors should not have more than a ¼ inch ridge or depression within any 32-inch measurement. Measurements should not be made at imperfections that are characteristic of the material used. This does not cover transition points between different materials.

Corrective Measure: Only within the one-year warranty period, the builder will correct or repair the subfloor to meet the performance guideline.

Observation: A wood subfloor is not level.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The floor should not slope more than 1 inch in 20 feet. Crowns and other lumber characteristics that meet the standards of the applicable grading organization for the grade and species used are not defects. Deflections due to overloading by the homeowner are not the builder's responsibility.

Corrective Measure: Only during the one-year warranty period, the builder will make a reasonable and cost effective effort to modify the floor to comply with the performance guideline.

Discussion: Measurements for slope should be made across the room, not in a small area.

Observation: Deflection and/or flex is observed in a floor system constructed of wood I-joists, floor trusses, or similar products.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: All wood I-joists and other manufactured structural components in the floor system will be sized and installed as provided in the manufacturers' instructions and applicable building codes.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will reinforce or modify as necessary any floor component that does not meet the performance guideline.

Discussion: Some deflection and/or flex is normal and is not an indication of deficiency in the strength and safety of the product. Code requirements allow for deflection under load that includes human traffic and at "rest".

Walls & Ceilings

Observation: A wood-framed wall is not plumb.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The interior face of wood-framed walls should not be more than 3/8th inch out of plumb for any 32 inches in any vertical measurement.

Corrective Measure: The builder will correct the wall to meet the performance guideline.

Observation: The wall or ceiling is bowed.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Walls and ceilings should not bow within the warranty period by more than ½ inch out of line within any 32-inch horizontal measurement, or ½ inch out of line within any 8-foot vertical measurement. This vertical or horizontal measurement shall be taken a minimum of 16 inches from any drywall or plaster corner or opening.

Corrective Measure: Only once within the one-year warranty period, the builder will repair any walls to meet the performance guideline.

Discussion: All interior and exterior walls have slight variances in their finished surface. On occasion, the underlying framing may warp, twist, or bow after installation, which is not a structural deficiency.

Observation: Deflection is observed in a beam, header, girder, or other dimensional or manufactured structural member in a wall.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: All beams, headers, girders, and other dimensional or manufactured structural members in the wall system will be sized according to the manufacturers' specifications and applicable building codes that allow for specified amounts of deflection.

Corrective Measure: Within the one-year warranty period, the builder will reinforce or modify, as necessary, any beam, header, girder, or other dimensional or manufactured structural member in the wall system that does not meet the performance guideline.

Observation: A wall is out of square.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Corrective Measure: No action required.

Rafters and Trusses

Observation: Split or warped rafters or trusses.

Warranty Coverage: Depends on the extent of the splitting.

Corrective Measure: If it is just minor splitting, no action is required by the builder.

Discussion: Some splitting and warping is normal and is caused by high temperature effects on lumber.

The builder is only responsible if the issue constitutes a major structural defect as defined in this document. Only in the case of a major structural defect occurring within the 10-year warranty period will the builder perform the most reasonable and cost-effective repair necessary to bring the affected rafter or truss into compliance with accepted industry standards for structural integrity and function.

Exterior Finish

Siding

Observation: Entrance of elements through separations of wood, hardboard or fiber cement siding or trim joints, or separation between trim and surfaces of masonry or siding.

Warranty Coverage: Limited Two-Year Warranty

Action Required: Builder will correct entrance of elements or separations exceeding 3/8 in. by caulking or other methods.

Comments: Any separations 3/8 in. or less are considered routine Owner maintenance.

Observation: Siding is bowed.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Bows exceeding 1/2 inch in 32 inches are considered excessive.

Corrective Measure: The builder will replace any bowed wood siding that does not meet the performance guideline and will finish the replacement siding to match the existing siding as closely as possible.

Comments: If the siding is fastened by nails driven into studs, expansion caused by changing relative temperatures and/or humidity may cause bulges or waves. Even with proper installation, siding will tend to bow inward and outward in adjacent stud spaces.

Observation: An edge or gap is visible between adjacent pieces of siding or siding panels and other materials.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Gaps wider than 3/16th inch are considered excessive, unless the siding is installed as prescribed by the manufacturer's instructions, which may include the options to caulk as with cement board siding and spacing required for expansion and contraction of composite siding.

Corrective Measure: The builder will repair gaps that do not meet the performance guideline.

Discussion: Proper repair can be completed by providing joint covers or by caulking the gap. This is important if the gaps were intentionally left at joints for expansion and contraction. If the siding is painted, the builder will paint the new caulking to match the existing siding as closely as possible, but an exact match cannot be guaranteed or promised.

Observation: Siding is not parallel with the course above or below.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: A piece of siding should not be more than ½ inch off parallel with contiguous courses in any 20-foot measurement.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will reinstall siding to meet the performance guideline for straightness and will replace with new siding any siding damaged during removal.

Observation: Face nails have been driven below the surface of wood composite siding.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Siding nails should be driven in accordance with the manufacturer's installation instructions.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will repair as necessary to meet the performance guideline by filling with appropriate filler. Touch-up paint may not match the surrounding area.

Observation: Siding boards have buckled, warped, or cupped.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Boards that project more than 3/16th of an inch within 5½ inches of siding are considered excessive.

Corrective Measure: The builder will repair or replace any boards that do not meet the performance guideline.

Discussion: Buckling, warping, or cupping is caused by wood expanding because of increased temperature, relative humidity, or both.

Observation: Siding boards have split.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Splits wider than ¼ inch and longer than 1 inch are considered excessive.

Corrective Measure: The builder will repair siding boards that do not meet the performance guideline by filling with appropriate filler. Touch-up paint may not match the surrounding area.

Observation: Wood siding, shakes, or shingles have bled through paint or stain applied by the builder.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Resins and extractives bleeding through paint or stain, or blackening of siding, shakes, or shingles is considered normal, and is especially noticeable if natural weathering, white paint, or semitransparent stain is specified for the project.

Corrective Measure: No corrective action is required by the builder.

Observation: Siding has delaminated.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Siding should not delaminate.

Corrective Measure: Delaminating of siding is covered under the manufacturer's warranty unless the delaminating was caused by the homeowner's actions or negligence. After substantial completion of the project, the homeowner should contact the manufacturer for warranty coverage. Delaminated siding installed by the builder shall be fixed at the time of substantial completion of the project.

Observation: Nail stains are visible on siding or ceiling boards.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Stains exceeding ½ inch from the nail which are readily visible from a distance of more than 20 feet are considered excessive.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will remove stains that do not meet the performance guideline. Touch-up paint may not match the surrounding area.

Discussion: Stains can be caused by oxidation of nails or leaching of extractives from the wood. Use of galvanized nails (even double hot dipped) may not necessarily prevent staining.

Observation: Aluminum or vinyl siding is bowed or wavy.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Some waviness in aluminum or vinyl siding is expected. Waves or similar distortions in aluminum or vinyl lap siding are considered excessive only if they exceed ½ inch within 32 inches of siding. If the new siding is applied to existing walls as part of a remodel, the siding will follow the underlying surface. Prior to commencement of the work, the builder and homeowner should agree on whether the existing surface is to be modified.

Corrective Measure: The builder will correct any waves or distortions to comply with the performance guideline by reinstalling or replacing siding, as necessary. If the walls will not be modified, the Performance guideline will not apply, and the remodeler will take no corrective measure.

Observation: Siding is faded.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Any color siding, when exposed to the ultraviolet rays of the sun, will fade. Fading cannot be prevented by the builder. However, panels installed on the same wall and under the same conditions should fade at the same rate.

Corrective Measure: No corrective action is required by the builder. The homeowner should contact the siding manufacturer for issues with inconsistent fading.

Discussion: Color warranties are provided by the siding manufacturer. The homeowner should contact the manufacturer with questions or claims regarding changes in color of vinyl or aluminum siding. Color and fade imperfections beyond an expected degree may be covered by the manufacturer's warranty, except where siding is shaded differently from the rest of the wall, such as under shutters or behind vegetation.

Observation: Aluminum or vinyl siding trim is loose.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Trim should not separate from the home by more than ¼ inch.

Corrective Measure: The builder will reinstall trim as necessary to comply with the performance guideline.

Discussion: Vinyl siding and accessories should not be caulked in most circumstances, as caulking could impact the product's contraction and expansion characteristics.

Observation: Aluminum or vinyl siding is rattling or banging on house.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Prescribed nailing for siding should meet manufacturers installation specifications.

Corrective Measure: The builder will correct the nailing to meet the performance guideline.

Discussion: During times of high winds the siding will have some movement and there will be noise from the siding against the house.

Observation: Fiber cement board siding is cracked or chipped.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: As a cement product, this siding is susceptible to the same characteristic limitations as other cement products. Cracks more than 2 inches in length and 1/8th of an inch in width are considered excessive. Chips or dents not reported at the time of substantial completion of the project are not covered.

Corrective Measure: Cracked or chipped cement board will be repaired or replaced as necessary, as determined by the builder.

Discussion: The manufacturer's instructions include guidelines to reduce chipping or cracking of siding.

Observation: Cracks in stucco or similar synthetic based finishes.

Warranty Coverage: Limited Two-Year Warranty

Corrective Measure: Builder will correct cracks which exceed 1/8 in. in width. Caulking and touch-up painting are examples of acceptable repair methods. Builder is not responsible for exact color, texture or finish matches. Hairline cracks are common.

Observation: Siding materials become detached from the home.

Warranty Coverage: Limited Two-Year Warranty

Corrective Measure: Builder will correct affected area if due to improper workmanship or materials.

Comments: Separated, loose or delaminated siding can be due to improper maintenance and is not considered a Defect.

Moisture Barriers and Flashing

Observation: Bulk moisture movement (or liquid flow) is penetrating around a window or door and is visible from inside the home.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Windows and doors should be installed and flashed in accordance with manufacturer's specifications and/or as required by prevailing building codes.

Corrective Measure: Within the five-year warranty period, the builder will correct to meet the performance guideline.

Discussion: Windows and doors are not completely water resistant. They always (except fixed windows and doors) have cracks or joints through which, with enough wind pressure, wind-driven rain can penetrate. The wind rating specifications for windows and doors are higher than the water rain events, such as short-term intense thunderstorms and tropical storms, because water can be expected to penetrate windows and doors. The homeowner is responsible for keeping weep holes clean of debris as they are designed to allow wind driven rain to be diverted from the window sill. Any homeowner applied caulking that causes water to not weep out does not require corrective measures by the builder.

Observation: An exterior wall leaks because of improper caulking installation or failure of the caulking material.
Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Joints and cracks in exterior wall surfaces and around openings should be protected and/or caulked to prevent the entry of water.

Corrective Measure: One time only during the five-year warranty period, the builder will repair or caulk joints and cracks with exterior grade caulk, as necessary, to correct deficiencies. Painting of the repair is not included in this warranty.

Discussion: Even when properly installed, caulk eventually will shrink and crack. Maintenance of caulk is the homeowner's responsibility.

Windows

Observation: A window is difficult to open or close.
Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Windows should require no greater operating force than that described in the manufacturer's specifications.

Corrective Measure: Within the one-year warranty period, the builder will correct or repair the window as required to meet the performance guideline.

Observation: Window glass is broken and/or a screen or window hardware is missing or damaged.
Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Corrective Measure: Broken glass, missing or damaged screens, or missing or damaged hardware reported to the builder prior to closing will be installed or replaced. Broken glass, missing or damaged screens, or missing or damaged hardware reported after closing are the owner's responsibility.

Observation: Water is observed in the home around a window unit during or after rain.
Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Window installation should be performed in accordance with manufacturer's specifications so that water does not intrude beyond the drainage plane of the window during normal rain conditions. Windows should resist water intrusion as specified by the window manufacturer.

Corrective Measure: Within the five-year warranty period, the builder will correct any deficiencies attributed to improper installation. Any deficiencies attributed to the window unit's performance will be addressed by the window manufacturer's warranty.

Discussion: Leakage at the glazing interface is covered under the manufacturer's warranty. Windows have a limited ability to resist excessive wind-driven rain but should perform according to manufacturer's specifications. The owner is responsible for keeping weep holes clean of debris as they are designed to allow wind-driven rain to be diverted from the windowsill.

Observation: Window grids, grilles, or muntins fall out or become out of level.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Window grids, grilles, or muntins should not disconnect, fall, or become out of level.

Corrective Measure: One time only during the one-year warranty period, window grids, grilles, or muntins will be repositioned, repaired, or replaced.

Observation: Glass surfaces are scratched.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Glass surfaces should not have scratches visible from 10 feet under normal lighting conditions at the time of substantial completion of the project.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will repair or replace any scratched glass surface.

Observation: Double hung windows do not stay open.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Windows should stay within a 2-inch tolerance up or down when placed in an open position.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust balances and show homeowner that method of adjustment for future client use.

Discussion: A too tightly sealed window may become too difficult to lift or one not sealed enough may fall or rise on its own.

Observation: Condensation or frost appears on window frames or glass panes.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Windows and doors installed in accordance with the manufacturer's instructions and the prevailing building codes may exhibit condensation or frost.

Corrective Measure: No corrective action is required by the builder.

Discussion: Condensation usually results from conditions beyond the builder's control. Moisture in the air can condense into water and collect on cold surfaces, particularly in the winter months when the outside temperature is low. Blinds and drapes can prevent air within the home from moving across the cold surface and picking up the moisture. Occasional condensation on windows and doors in the kitchen, bath, or laundry area is also common. It is the owner's responsibility to maintain proper humidity by properly operating heating and cooling systems' exhaust fans and allowing moving air within the home to flow over the interior surface of the windows. In hot, humid climates, condensation can occur on the outside of windows when the outdoor humidity is especially high (in early mornings when windows are cool). Air conditioning vents are usually aimed at windows and glass doors to maximize comfort and can cause surface condensation.

Exterior Doors

Observation: An exterior door is warped.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Exterior doors should not warp to the extent that they become inoperable or cease to be weather-resistant. A ¼-inch tolerance as measured diagonally from corner to corner is acceptable.

Corrective Measure: Within the one-year warranty period, the builder will correct or replace exterior doors that do not meet the performance guideline.

Discussion: Most exterior doors will warp to some degree due to the difference in the temperature and humidity between inside and outside surfaces; ¼ inch across the plane of the door measured diagonally from corner to corner is an acceptable tolerance. Warping may also be caused by improper or incomplete finishing of the door including sides, top, and bottom.

Observation: Raw wood shows at the edges of an inset panel inserted into a wood exterior door during the manufacturing process.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: This is a common occurrence in wood doors with panels.

Corrective Measure: Since this occurrence is common, no corrective action is required by the builder. The manufacturer's warranty may cover this.

Discussion: Wood products expand and contract with changes in temperature and humidity. Wooden inserts are intentionally loosely fitted into the rails by the manufacturer to allow the inserts to move, which minimizes splitting of the panel or other damage to the door.

Observation: A wooden door panel is split.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: A split in a panel should not allow light to be visible through the door.

Corrective Measure: One time only during the one-year warranty period, the builder will repair and paint or stain the split panel that does not meet the performance guideline. Caulking and fillers are acceptable.

Discussion: Wooden inserts are loosely fitted into the door to allow the inserts to move, which minimizes splitting of the panel or other damage to the door. On occasion, a panel may become "locked" by paint or expansion of the edges with changes in temperature and humidity and no longer "float" between the rails. This may result in the panel splitting. The repainted area may not blend with the remainder of the door or other doors on the home.

Observation: An exterior door sticks or binds.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Exterior doors should operate smoothly, except a door may stick during periods of high humidity or with variations in temperature.

Corrective Measure: One time only within the one-year warranty period, the builder will adjust or replace the door to meet the performance guideline if the problem is caused by faulty workmanship or materials.

Discussion: Exterior doors may warp or bind to some degree because of the difference in the temperature and/or humidity between inside and outside surfaces. Any changes to originally installed door hardware, weather stripping or other door components that cause improper operation are not the builder's responsibility.

Observation: An exterior door will not close and latch.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Exterior doors should close and latch.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the door or latching mechanism to meet the performance guideline.

Discussion: Exterior doors may warp or bind to some degree because of the difference in the temperature, humidity, or both, between inside and outside surfaces. Latching also can be affected by natural settling. Subsequent adjustments may be necessary by the owner.

Observation: The plastic molding on the primary door behind the storm door droops/melts from exposure to sunlight.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: It is a common occurrence for the plastic molding behind storm doors to droop/melt.

Corrective Measure: No corrective action is required by the builder.

Discussion: Plastic moldings may melt or deform if the exterior door is covered by a storm door during a warm season, or if it faces the sun. This is not a defect of the door, but a problem caused by the trapping of heat between the primary door and the storm door. The storm door, or if a combo unit, the storm panel should be removed and reinstalled by the homeowner as a part of normal seasonal maintenance (i.e., removed in the spring and reinstalled in the fall). The homeowner is also cautioned to follow the manufacturer's recommendations on painting the moldings. Dark colors will tend to absorb more heat.

Observation: Caulking or glazing on the primary door behind the storm door cracks or peels.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: It is a common occurrence for caulking or glazing on the primary door behind the storm door to crack or peel.

Corrective Measure: No corrective action is required by the builder.

Discussion: High temperatures may cause glazing and caulking to harden and/or fail prematurely if the door is covered by a storm door during a warm season or if it faces the sun. This is not a defect of the door, caulking, or glazing, but a problem caused by the trapping of heat between the primary door and the storm door. The storm door, or if a combo unit, the storm panel should be removed and reinstalled by the homeowner as a part of normal seasonal maintenance (i.e., removed in the spring and reinstalled in the fall). The homeowner is also cautioned to follow the manufacturer's recommendations on painting the moldings. Dark colors will tend to absorb more heat.

Observation: A door swings open or closed by the force of gravity.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Exterior doors should not swing open or closed by the force of gravity alone.

Corrective Measure: One time only within the one-year warranty period, the builder will adjust the door to prevent it from swinging open or closed by the force of gravity.

Observation: The reveal around an exterior door edge, doorjamb, and/or threshold is uneven.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Gaps between adjacent components should not vary by more than 3/16th of an inch along each side of the door.

Corrective Measure: Within the one-year warranty period, the builder will repair the existing unit to meet the performance guideline.

Discussion: Doors must have gaps at their perimeter to accommodate expansion/contraction due to variations in temperature and/or humidity and to enable the door to operate over a wide range of environmental conditions.

Observation: Air movement or light is observed around a closed exterior door.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Weather stripping will be installed and sized properly to seal the exterior door when closed in order to prevent excessive air infiltration.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust exterior door unit or weather stripping to meet the performance guideline.

Discussion: Doors must have gaps at their perimeter to accommodate expansion/contraction due to variations in temperature and/or humidity and to enable the door to operate over a wide range of environmental conditions. Weather stripping seals the gaps required for proper operations to prevent excessive air infiltration. At times of high wind or temperature differentials inside the home and outside, there may be noticeable air movement around a closed door's perimeter. A small glimmer of light seen at the corners of the door unit is normal. Weather stripping should be kept cleaned and maintained by the homeowner.

Observation: Exterior door hardware or kickplate has tarnished.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Finishes on door hardware or kickplates installed by the builder are covered by the manufacturer's warranty.

Corrective Measure: No corrective action is required by the builder.

Observation: A sliding patio door or screen does not stay on track.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Sliding patio doors and screens should slide properly on their tracks at the time of substantial completion of the project. The cleaning and maintenance necessary to preserve proper operation are homeowner responsibilities.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the door or screen.

Discussion: Proper operation should be verified by the homeowner and the builder at the time of substantial completion of the project.

Observation: A sliding patio door does not roll smoothly.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Sliding patio doors should roll smoothly at the time of substantial completion of the project. The cleaning and maintenance necessary to preserve proper operation are homeowner's responsibilities.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the door.

Discussion: Proper operation should be verified by the owner and the builder at the time of substantial completion of the project.

Observation: A doorknob, deadbolt, or lockset does not operate smoothly.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: A doorknob, deadbolt, or lockset should not stick or bind during operation.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust, repair, or replace knobs that are not damaged by the owner.

Discussion: Locksets may feel heavy or stiff but are operating as intended by the manufacturer. This can be true for locksets of all price ranges. Electronic locks can be more sensitive than traditional lock sets and may need adjustment. If installed by the builder, one time only during the one-year warranty period, the builder will adjust so the lock latches.

Observation: Condensation or frost appears on exterior door, door glass or frame.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Exterior doors installed in accordance with the manufacturer's instructions and the prevailing building codes may exhibit condensation or frost.

Corrective Measure: No corrective action is required by the builder.

Discussion: Condensation usually results from conditions beyond the builder's control. Moisture in the air can condense into water and collect on cold surfaces, particularly in the winter months when the outside temperature is low. Blinds and drapes can prevent air within the home from moving across the cold surface and picking up the moisture. Occasional condensation on windows and doors in the kitchen, bath, or laundry area is also common. It is the owner's responsibility to maintain proper humidity by properly operating heating and cooling systems' exhaust fans and allowing moving air within the home to flow over the interior surface of the windows. In hot, humid climates, condensation can occur on the outside of windows when the outdoor humidity is especially high (in early mornings when windows are cool). Air conditioning vents are usually aimed at windows and glass doors to maximize comfort and can cause surface condensation.

Paint

Observation: Paint or stain peels or deteriorates.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Exterior paints and stains should not peel or flake during the first year.

Corrective Measure: If exterior paint or stain has peeled, developed an alligator pattern, or blistered, the builder will properly prepare and refinish the affected areas and match their color as closely as practical. Where deterioration of the finish affects more than 50 percent of the piece of trim or wall area, the entire wall or piece will be corrected.

Comments: Some fading is normal due to weathering. Mildew and fungus on exterior surfaces are caused by climatic conditions and are considered routine maintenance. Varnish or lacquer deteriorates quickly and is not covered by this Limited Warranty.

Observation: Exterior paint or stain has faded.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Fading of exterior paints and stains is common. The degree of fading depends on environmental conditions including ultraviolet (UV) exposure.

Corrective Measure: Because fading is a common occurrence in paint and stains, no corrective action is required by the builder.

Observation: Paint splatters and smears on other surfaces.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Corrective Measure: Builder will correct only if damage is documented prior to occupancy.

Comments: Owner is responsible for establishing a pre-closing walk-through inspection list.

Observation: Faulty application of paint on wall and trim surfaces.

Warranty Coverage: Limited One-Year Warranty

Corrective Measure: Builder will correct affected area. If greater than 75% of wall or trim piece is affected, entire surface will be corrected.

Comments: Some minor imperfections such as overspray, brushmarks, etc., are common and should be expected.

Observation: Knot holes bleed through paint or stain.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Corrective Measure: The builder is not required to correct areas where excessive bleeding of knots appears; however, at the builder's discretion, such corrections may be made one time only within the one year warranty period.

Comments: Knot holes will be apparent depending on the quality of material used.

Other Exterior Surfaces

Observation: Cracks in masonry, veneer, stone, etc.

Warranty Coverage: Limited One-Year Warranty

Corrective Measure: Builder will correct cracks which exceed 1/4 in. in width.

Comments: Some cracks are common through masonry and mortar joints. Cracks 1/4 in. or less are considered routine Owner maintenance.

Observation: Vent or louver leaks.

Warranty Coverage: Limited Five-Year Warranty

Corrective Measure: Builder will correct if caused by improper installation.

Comments: Properly installed louvers or vents may at times allow rain or snow to enter under strong wind conditions and is not a deficiency. The builder is not responsible for damages occurred from unusual weather conditions.

Roofing

Roof Coverings Note: There are many kinds of roofing products. For the purpose of the following section, regardless of the actual material used, the term "shingle" will be used to refer to all types of roof coverings.

Observation: The roof or flashing leaks.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Roofs and flashing should not leak under normal conditions.

Corrective Measure: Within the five-year warranty period the builder will repair any verified roof or flashing leaks not caused by ice buildup, leaves, debris, abnormal weather conditions, or the owner's actions or negligence.

Discussion: It is the owner's responsibility to keep the roof drains, gutters, and downspouts free of ice, leaves, and debris.

Observation: Ice builds up on the roof.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: During prolonged cold spells ice is likely to build up on a roof, especially at the eaves. This condition can occur naturally when snow and ice accumulate.

Corrective Measure: No corrective action is required by the builder.

Discussion: Prevention of ice buildup on the roof is a homeowner maintenance item.

Observation: Shingles have blown off.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Shingles shall be rated for the wind zone of the project and shall be installed in accordance with the applicable prevailing building code and the instructions provided by the manufacturer on the packaging of the shingles.

Corrective Measure: Only if shingles were not installed per the manufacturer's installation instructions, the builder will repair or replace shingles that have blown off.

Discussion: Correctly installed shingles are covered by the manufacturer's warranty. The wind rating of shingles is determined for brand-new shingles using tests of questionable accuracy in predicting actual wind performance especially when time elapses. Generally, shingles lose wind resilience with time as short as a few months. Shingles are not regarded as having sealed to one another until they have reached 135 degrees Fahrenheit for at least 18 hours. In warm, sunny weather, these sealing conditions can occur in just a few days, but until then, shingles are vulnerable to wind. Replacement shingles may not match existing shingles.

Observation: Shingles are not horizontally aligned.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Shingles should be installed according to the manufacturer's installation instructions.

Discussion: The bottom edge of dimensional shingles may be irregular; the irregularity is an inherent feature of the design.

Observation: Asphalt shingle edges or corners curl or cup.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: These conditions are a manufacturer's warranty issue.

Corrective Measure: No corrective action is required by the builder.

Observation: Roofing shingles do not overhang the edges of the roof or they hang too far over the edges of the roof.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Shingles should be installed according to the manufacturer's instructions and the prevailing building code.

Corrective Measure: The builder will reposition or replace shingles as necessary to meet the performance guideline.

Discussion: In high-wind areas, shingles may be purposely installed so they do not extend beyond the edges of the roof. This is to reduce the chance of wind picking the edges up.

Observation: A shadowing pattern is observed on a new shingle roof.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Shading or shadowing differences may occur on a new roof.

Corrective Measure: No corrective action is required by the builder.

Observation: Asphalt shingles have developed surface buckling.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Asphalt shingle surfaces need not be perfectly flat. However, buckling higher than ¼ inch is considered excessive.

Corrective Measure: The builder will repair or replace the affected shingles to meet the performance guideline.

Discussion: Reasonable time should be given in cooler weather for shingles to warm and lay flat. Replacement shingles may not match existing shingles.

Observation: Sheathing nails have loosened from framing and raised the shingles.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Nails should not loosen from roof sheathing enough to raise shingles from surface.

Corrective Measure: Only one time within the five-year warranty period, the builder will make corrections as necessary to meet the performance guideline.

Discussion: It is not uncommon for nails to withdraw from the framing because of temperature variations. The builder can re-drive or remove and replace fasteners that withdraw from the framing. Any resulting holes should be sealed or the shingle should be replaced. Homeowner is advised that replacement shingles may not match existing shingles.

Observation: Areas of a shingle roof are stained.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Shingles on a roof may stain.

Corrective Measure: Staining on shingles is unavoidable, no corrective action is required by the builder.

Discussion: Black stains are indicative of mold that is unavoidable even when stain resistant shingles are installed. Whitish stain can be caused by chemicals in the metals of roof vents or the surrounding metal of pipes leaching onto the roof.

Observation: Holes from construction activities are found on the roof surface.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Holes from construction activities should be flashed or sealed to prevent leaks.

Corrective Measure: The builder will repair or replace the affected shingles to meet the performance guideline.

Observation: Water is trapped under membrane roofing.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Water should not become trapped under membrane roofing.

Corrective Measure: Only within the 5-year warranty period, if water becomes trapped under membrane roofing, the builder will repair or replace the roofing as necessary to meet the performance guideline.

Observation: Membrane roofing is blistered but does not leak.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Surface blistering of membrane roofing is caused by conditions of heat and humidity acting on the membrane and is a common occurrence.

Corrective Measure: No corrective action is required by the builder.

Observation: There is standing water on a flat roof.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Water should drain from a flat roof, except for minor ponding, within 24 hours of a rainfall or according to manufacturer's specifications.

Corrective Measure: The builder will take corrective action to meet the performance guideline.

Observation: There are visible defects in steep slope roofing.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Defects in the roofing surfaces resulting from the builder's installation that allow water penetration or are easily visible from the ground are the builder's responsibility.

Corrective Measure: Only within the five-year warranty period, improper installation will be corrected by the builder. Failure of the roofing surface due to a manufacturer defect is the responsibility of the manufacturer whose products have specific specifications, standards, and warranty coverage.

Observation: Roof tiles are broken.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Roof tiles should not be broken within the five-year warranty period unless caused by natural events.

Corrective Measure: One time only during the five-year warranty period, broken tiles that are not the result of natural events will be replaced with closely matching tiles.

Gutter and Downspouts

Observation: The gutter or downspout leaks.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Gutters and downspouts should not leak.

Corrective Measure: Only within the one-year warranty period, the builder will repair leaks in gutters and downspouts. If the leaks are the results of debris, it is not the responsibility of the builder to repair. Sealants are acceptable.

Discussion: Occasionally water may get between the gutter and fascia. This is an owner maintenance issue as it frequently is caused by gutters that have debris built up inside.

Observation: The gutter overflows during a heavy rain.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Gutters should not overflow during normal rain.

Corrective Measure: Only within the one-year warranty period, the builder will repair the gutter if it overflows during normal rains.

Discussion: Gutters may overflow during a heavy rain. The owner is responsible for keeping gutters and downspouts free from debris that could cause overflow.

Observation: Water stays in gutters.

Warranty Coverage: Limited One-Year Warranty

Corrective Measure: Builder will correct to limit standing water depth at 1 in.

Discussion: Owner is responsible for keeping gutters and downspouts clean.

Observation: Rainwater on the roof is not directed into the gutters.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Most of the rainwater should be diverted into gutters and downspouts except under unusual circumstances.

Corrective Measures: Only within the one-year warranty period, the builder will adjust drip edges and other flashings to deflect water into the gutters.

Skylights and Light Tubes

Observation: A skylight or a light tube leaks.

Warranty Coverage: Limited Five-Year Warranty

Performance Guideline: Skylights and light tubes should be installed in accordance with the manufacturer's installation instructions. Leaks resulting from improper installation are considered excessive.

Corrective Measure: Only within the 5-year warranty period, the builder will repair any improperly installed skylight and light tube to meet the performance guideline.

Discussion: Condensation on interior surfaces is not a leak.

Plumbing, Electrical, & HVAC Systems

Plumbing

Observation: A pipe, valve, or fitting leaks.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: No leaks of any kind should exist from any water pipe, valve, or fitting.

Corrective Measure: Only within the two-year warranty period, the builder will make repairs to eliminate leaks.

Observation: Condensation is observed on pipes, fixtures, or plumbing supply lines.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Condensation on pipes, fixtures, and plumbing supply lines may occur at certain temperatures and indoor humidity levels.

Corrective Measure: The owner is responsible for controlling humidity in the home. No corrective action is required by the builder.

Discussion: The owner may insulate pipes and supply lines to help stop the condensation.

Observation: A water pipe freezes or has burst due to freezing temperatures.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The builder should provide adequate freeze protection to drain waste, vent, and supply line in accordance with the prevailing building code.

Corrective Measure: Only within the one-year warranty period, the builder shall repair the burst pipe, if due to faulty workmanship or materials. If the system was in compliance with the prevailing building code, then no action by the builder is necessary.

Discussion: The homeowner is responsible for maintaining the home at appropriate temperatures and taking appropriate precautions during freezing conditions (e.g. leaving faucets dripping and cabinet doors open). If the frozen pipe was due to homeowner negligence, the builder is not responsible.

Observation: The water pressure is low.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The plumbing system, shall be designed and installed in accordance with the prevailing plumbing code. The system should deliver water at the expected water pressure based on the pressure supplied to the home. If the water source is from a public source or (a well) supplied by the owner, then the builder has no control over the pressure thus no responsibility.

Corrective Measure: When water pressure is determined by public or private (well) water source, no corrective action is required by builder.

Discussion: Low water flow may result from the installation of low-flow fixtures required by the prevailing plumbing code. These fixtures affect flow, not water pressure.

Observation: A water supply line is noisy.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Because of the flow of water and pipe expansion/contraction, the water piping system may emit some noise.

Corrective Measure: The builder cannot eliminate all noises caused by water flow and pipe expansion/contraction. Only within the one-year warranty period, the builder will correct noise if caused by improper installation.

Discussion: Some noise can be expected due to flow of water and pipe expansion, this is not a Defect. Banging sounds can be caused by high-pressure dishwashers, washing machines, and high-efficiency toilets.

Plumbing Fixtures

Observation: A faucet leaks.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: A faucet should not leak.

Corrective Measure: Only within the one-year warranty period, the builder will stop the leak or replace a leaking faucet if the builder provided the fixture.

Observation: Water flows outside a bathtub or shower.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Bathtubs and showers should be installed properly according to the manufacturer's guidelines.

Corrective Measure: The builder will repair bathtub or shower leaks as necessary to meet the performance guideline only during the two-year warranty period.

Discussion: Proper repair can be achieved by sealing areas around bathtubs and showers. The owner is responsible for maintaining caulk seals after the point of substantial completion of the project. The owner is responsible for leaks related to the use of curtains in bathtubs and showers.

Observation: A plumbing fixture, appliance, or trim fitting is defective.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Plumbing fixtures, appliances, and trim fittings should perform in accordance with manufacturer's specifications at the time of substantial completion of the project.

Corrective Measure: Defective fixtures, appliances, or trim fittings are covered under the manufacturer's warranty. Only during the one-year warranty period, the builder will be responsible for repairing or replacing fixtures, appliances and trim fittings.

Observation: The surface of a plumbing fixture is cracked, chipped, or scratched.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Cracks, chips, or scratches in surfaces of showers, bathtubs, and sinks are considered excessive if they are visible from 3 feet in normal lighting conditions at the time of substantial completion of the project.

Corrective Measure: The builder is not responsible for repairs unless the damage is reported to the builder prior to closing. Owner is responsible for creating a pre-closing walk-through inspection list.

Observation: The surface of a plumbing fixture is stained. The fixture has an accumulation of minerals on it, or the fixture has been etched or corroded.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: High mineral content in water can cause staining or corrosion of plumbing fixtures.

Corrective Measure: No corrective action is required by the builder.

Observation: A bathtub or shower enclosure base flexes excessively.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The bathtub or shower enclosure should be installed according to the manufacturer's instructions and perform in accordance with the manufacturer's specifications; however, some noticeable flex can be expected and is normal.

Corrective Measure: Only within the 1-year warranty period, the builder will repair the base to meet the manufacturer's guideline.

Discussion: It is normal for bathtub and shower enclosure designs and materials to exhibit some flexing. Minimal noises may be associated with such movement.

Waste and Drain Lines

Observation: Wastewater drain system components and pipes clog, drain slowly, or back up into sink.

Warranty Coverage: Limited 60-Day Warranty

Performance Guideline: Sewer components and drains should drain as designed.

Corrective Measure: The builder will correct problems caused by improper installation. If owner action or negligence caused the problem, the owner is responsible for the necessary repairs. Due to the inherent difficulty in determining the cause of a drain line blockage after occupancy, specifically whether it results from a construction-related defect or homeowner use, this warranty for drain line performance is limited to a period of **sixty (60) days following the transfer of ownership** of the property.

After this period, it is reasonably assumed that any construction-related defects in the drain lines would have become apparent through normal use. Therefore, any claims related to clogged or obstructed drain lines submitted beyond the 60-day window will not be covered under this warranty.

Clogs and stoppages beyond the exterior wall are not covered by this limited warranty. Routine Owner maintenance and proper use is required.

Discussion: There are many items that should not be introduced to the wastewater drains, such as: Grease, Fat, Fruit, Vegetable peels, rinds, and other fibrous foods, Feminine products, Cotton swabs, Diapers, Baby wipes, Dental floss, Paper towels.

Electrical

Observation: Circuit breakers trip excessively.

Warranty Coverage: Limited Two-Year Warranty

Corrective Measure: Only within the two-year warranty period, the builder will correct if tripping occurs under normal usage.

Discussion: Ground Fault Circuit Interrupters (GFCI) are intended to trip as a safety factor. Tripping that occurs under abnormal use is not covered by this limited warranty.

Observation: Electrical outlets, switches, or fixtures malfunction.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: All electrical outlets, switches, and fixtures should operate as designed.

Corrective Measure: The builder will repair or replace malfunctioning electrical outlets, switches, and fixtures to meet the performance guideline during the one-year warranty period.

Discussion: Owner should exercise routine care and maintenance. Switches, outlets and fixtures are applicable to year one coverage only. Replacement of light bulbs is the Owner's responsibility.

Observation: Wiring fails to carry its designed load.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Wiring should be capable of carrying the designed load for normal residential use.

Corrective Measure: The builder will verify that wiring conforms to prevailing electrical code. Within the two-year warranty period, the builder will correct wiring that does not conform to meet the performance guideline.

Discussion: Homeowner needs to be aware of the circuit load capacity for specific breakers in their home, and not exceed that capacity. If they exceed the capacity of the circuit that has been provided per code specification, it will trip.

Observation: Interior receptacle or switch covers protrude from the wall.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Interior receptacle or switch covers should not protrude more than 1/16 inch from the wall.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party home inspection. If this is brought to the builder's attention before closing, the builder will adjust the covers to meet the performance guideline.

Discussion: Some textured walls or tile may not allow a cover to be installed flush.

Observation: The homeowner's 220-volt appliance plug does not fit the outlet provided by the builder.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The builder should install electrical outlets required by the prevailing electrical code.

Corrective Measure: No corrective action is required by the builder.

Discussion: The owner is responsible for obtaining an appliance plug that is appropriate for their appliance and fits the outlets provided by the builder.

Observation: Lighting dims or flickers when other electrical devices are in use.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: General lighting outlets should be installed per the prevailing electrical codes.

Corrective Measure: Only within the two-year warranty period and if the outlets were not installed per the prevailing electrical codes, the builder will repair or replace outlets to meet the performance guideline.

Discussion: Lighting outlets are designed for moderate use devices such as clocks, radios and lamps. When larger devices such as vacuum cleaners, copiers, space heaters and irons are added, the startup surge may cause lights to dim or flicker. Air conditioners and heat pumps have the potential to cause all light fixtures in the home to dim or flicker. All circuits have the potential for dimming.

Air Infiltration and Drafts

Observation: Air infiltrates around exterior doors or windows.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Weather stripping should be installed and sized properly to seal the exterior door when closed. Windows will be installed per the manufacturer's instructions.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection. If this is brought to the builder's attention before closing, the builder will correct to meet the performance guideline. Some infiltration is usually noticeable around doors and windows.

Discussion: At times of high wind or temperature differentials inside and outside the home, there may be noticeable air movement around a closed door's perimeter or window. In high-wind areas, the owner may elect to have storm windows and doors installed to further reduce drafts. Doors must have gaps at their perimeter to accommodate expansion and contraction due to variations in temperature and/or humidity and to enable the door to operate over a wide range of environmental conditions. Weather stripping seals the gaps required for proper operations to prevent excessive air infiltration. A small glimmer of light seen at the corners of the door unit is normal. Weather stripping should be kept clean and maintained by the owner.

Observation: A draft comes through an electrical outlet.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Electrical outlets and switch boxes on exterior walls may allow air to flow through or around an outlet into a room, as allowed by prevailing building code.

Corrective Measure: No corrective action is required by the builder, except to conform to the prevailing building code.

Discussion: To increase energy efficiency, the homeowner may elect to install foam insulation pads under switch and outlet plates to help decrease drafts.

Observation: The temperature or humidity of the home seems to change when the central vacuum system is operated.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Temperature of home may change when central vacuum system is operated.

Corrective Measure: No corrective action is required by the builder.

Discussion: Most central vacuum systems expel air to the outside (i.e., out of the home). This results in a partial vacuum that causes outside air to be drawn into the home to make up for the expelled air. The introduction of unconditioned outside air may be perceptible.

Heating and Cooling Systems

Observation: The heating system is inadequate.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: The heating system should be capable of producing an inside temperature of 70 degrees Fahrenheit, as measured in the center of each room at a height of 5 feet above the floor under local outdoor winter design conditions. National, state, or local energy codes supersede this performance guideline where such codes have been adopted. Work should be done in accordance with the prevailing building codes. All rooms may vary in temperature by as much as 5 degrees.

Corrective Measure: Only within the two-year warranty period, the builder will correct the heating system to provide the required temperature in accordance with the performance guideline or applicable code requirements. However, the owner will be responsible for balancing dampers and registers and for making other necessary minor adjustments.

Discussion: Closed interior doors, closed registers, and dirty filters can restrict airflow and may affect the system's performance. To promote energy conservation, heating design codes typically are meant to maintain indoor temperature when the outdoor temperatures are within 10 degrees of normal, by climate zone. If the outdoor temperature is below that, the properly designed system will be unable to maintain 70 degrees Fahrenheit. Orientation of the Home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature falls below design temperature thereby lowering temperature in the Home. Certain aspects of the Home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these standards and are not covered by this limited warranty.

Observation: Some rooms are colder or hotter, or more humid than others.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: The conditioning system should perform in accordance with the prevailing building code.

Corrective Measure: Only within the two-year warranty period, the builder will correct the flow of air to rooms to bring the flow into accordance with the prevailing building code.

Discussion: A temperature difference of several degrees Fahrenheit can be expected between rooms due to a number of factors, including registers that have been partially or completely closed, the number of people in a room (even sleeping), the number of appliances, even those that are ostensibly off, the amount of glass in the room, the number of and extent of exterior walls, the sun exposure at the time, and the temperature difference between inside and outside. When the temperature difference is relatively low in hot, humid climates, humidity can increase to give the perception of an increase in temperature.

Observation: The radiant floor has cold spots.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: The radiant floor should be installed according to the manufacturer's instructions.

Corrective Measure: Only within the two-year warranty period, the builder will correct to meet the performance guideline.

Discussion: Depending on the size, shape, flooring material, manufacturer, and type of radiant floor system, the number and size of cold spots in a floor will vary. A normally operating radiant floor system may include cold spots in perimeter areas and in areas between the heating sources.

Observation: The cooling of a room is inadequate.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: The cooling system should be capable of maintaining a temperature of 78 degrees Fahrenheit, as measured in the center of each room at a height of 5 feet above the floor under local outdoor summer design conditions. National, state, or local codes will supersede this guideline where such codes have been adopted. Work should be done in accordance with the prevailing building codes.

Corrective Measure: Only within the two-year warranty period, the builder will correct the cooling system to provide the required temperature in accordance with the applicable code requirements and the standards outlined in this section.

Discussion: Closed interior doors without proper gap at bottom of the door, closed registers, and dirty filters can restrict airflow and may affect the system's performance. Some cooling systems have two filters. To promote energy conservation, cooling design codes typically are meant to maintain indoor temperature when the outdoor temperatures are within 15 degrees of normal. If the outdoor temperature is above normal, based on climate zone, the properly designed system will be unable to maintain 78 degrees Fahrenheit.

Orientation of the home, location of rooms and location of vents will also provide a temperature differential. There may be periods when outdoor temperature rises above design temperature thereby raising temperature in the home. Certain aspects of the home including, but not limited to, expansive stairways, open foyers, sunrooms or cathedral ceilings may cause abnormal variation from these standards and are not covered by this limited warranty.

Observation: The air handler or furnace vibrates.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: The units should be installed in accordance with the manufacturer's instructions and the prevailing building codes.

Corrective Measure: Only within the two-year warranty period, the builder will correct the items according to the manufacturer's instructions and prevailing building code requirements.

Discussion: Under certain conditions, some vibration may occur with the normal flow of air when air handlers and furnaces are installed correctly. Debris in the furnace or air handler could cause the unit to become out of balance and vibrate. It is the owner's responsibility to keep units clear of debris.

Observation: A condensate line is clogged.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Condensate lines should be free of all clogs at the time of substantial completion and have consistent pitch to drain as designed.

Corrective Measure: If a clog occurs after transfer of possession or occupancy by the homeowner, no corrective action is required of the builder. Condensation lines will clog under normal conditions. Continued operation of drain line requires owner maintenance.

Discussion: Condensate lines will eventually clog under normal use. The owner is responsible for checking and maintaining clear lines. The addition of a tablespoon of bleach at the condensate trap can inhibit the growth of algae that is the frequent cause of clogging.

Observation: A leak in a refrigerant line or fittings.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Refrigerant lines and fittings should not leak.

Corrective Measure: Only within the two-year warranty period, the builder will repair leaking refrigerant lines or fittings and recharge the air conditioning/heat pump unit unless the damage was caused by the homeowner's actions or negligence.

Observation: There is condensation on the outside of air handlers, refrigerant lines, or ducts.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Moisture can be expected to condense and/or freeze on the exterior surfaces of air handlers, lines, and ducts when the air temperature is different from the surface temperature.

Corrective Measure: No corrective action is required by the builder unless the condensation is directly attributed to faulty installation.

Discussion: Condensation is most likely to occur when air handlers, refrigerant lines, or ducts are in unconditioned locations such as a crawl space, basement, attic, or in exterior locations. Condensation usually results from conditions beyond the builder's control. Moisture in the air can condense to form water and collect on cold duct surfaces, particularly in the summer months when the humidity is high.

HVAC Vents & Fans

Observation: Kitchen or bath fans allow air infiltration or make a flapping noise.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Bath and kitchen fans should be installed in accordance with the manufacturer's instructions and prevailing building code requirements and perform in accordance with the manufacturer's specifications.

Corrective Measure: No corrective action is required by the builder if the fan installation meets the performance guideline.

Discussion: It is possible for outside air to enter the home through a ventilation fan. The dampers in most fans do not seal tightly. It is possible for the damper to be lodged open due to animal activity (including nesting in the outside opening), or the accumulation of grease, lint, and other debris. Maintenance of ventilating fans is the homeowner's responsibility, and the homeowner should make periodic inspections to assure the proper flow of air. Opening and closing exterior doors changes the interior pressure and may cause the dampers to open and close causing a noise.

Observation: HVAC vent or register covers protrude from a smooth wall or ceiling surface.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Registers should not protrude more than 1/16 inch from a smooth wall or ceiling surface at the time of substantial completion of the project.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will correct to meet the performance guideline.

Discussion: Registers and vents may deflect over time. This can result in gaps occurring between the vents or register and the wall or ceiling. If the vent or register is securely attached, this is not a warranty item.

Observation: HVAC vent or register covers protrude from a rough or texture wall or ceiling surface.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Registers should not protrude more than 1/16 inch from a rough or texture wall or ceiling surface at the time of substantial completion of the project. Some texture wall finishes may not allow a register to be installed flush.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will correct to meet the performance guideline.

Discussion: Registers and vents may deflect over time. This can result in gaps occurring between the vents or register and the wall or ceiling. If the vent or register is securely attached, this is not a warranty item.

Observation: HVAC vent or register covers protrude from floors.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Registers should not protrude more than 1/16th of an inch from floor surface at the time of substantial completion of the project.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing, the builder will correct to meet the performance guideline.

Discussion: Registers and vents may deflect over time. This can result in gaps occurring between the vents or register and the wall or ceiling. If the vent or register is securely attached, this is not a warranty item.

Ducts and Airflow

Observation: The ductwork makes noises.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Ductwork should be constructed and installed in accordance with applicable mechanical code requirements.

Corrective Measure: No corrective action is required by the builder unless the duct does not comply with the prevailing building code.

Discussion: Metal expands when it is heated or subjected to pressure during startup and contracts when it cools. The ticking or crackling sounds caused by the metal's movement are common.

Observation: The ductwork produces excessively loud noises commonly known as "oil canning."

Warranty Period: Limited Two-Year Warranty

Performance Guideline: The stiffening of the ductwork and the thickness of the metal used should be such that ducts do not "oil can." The booming noise caused by oil canning is considered excessive.

Corrective Measure: Only within the two-year warranty period the builder will correct the ductwork to eliminate oil canning.

Observation: There is airflow noise at a register.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The register should be correctly installed according to the prevailing building code.

Corrective Measure: No corrective action is required by the builder unless registers are not installed according to the prevailing building code and it is within the two-year warranty.

Discussion: Under certain conditions, there will be some noise with the normal flow of air even when registers are installed correctly.

Observation: The ductwork is separated or detached.

Warranty Coverage: Limited Two-Year Warranty

Performance Guideline: Ductwork should remain intact and securely fastened.

Corrective Measure: Only within the two-year warranty period, the builder will reattach and secure all separated or unattached ductwork.

Observation: There is insufficient airflow to registers.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The ductwork should be correctly installed according to the prevailing building code and the applicable mechanical code.

Corrective Measure: Only within the one-year warranty period, the builder will correct ductwork to meet the performance guideline.

Observation: There is moisture accumulating on supply registers.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The ductwork should be correctly installed according to the prevailing building code and the applicable mechanical code.

Corrective Measure: No corrective action is required by the builder unless registers are not installed according to the prevailing building code.

Discussion: Condensation usually results from conditions beyond the builder's control. Moisture in the air can condense into water and collect on cold surfaces.

Humidity Control and Condensation

Observation: Water, ice, frost, or condensation is observed on the interior frame or glass surface of a window or exterior door.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Windows and exterior doors should be installed in accordance with the manufacturer's instructions and the prevailing building codes.

Corrective Measure: No corrective action is required by the builder.

Discussion: Condensation usually results from conditions beyond the builder's control. Moisture in the air can condense into water and collect on cold surfaces, particularly in the winter months when the outside temperature is low. Blinds and drapes can prevent air within the home from moving across the cold surface and picking up the moisture. Occasional condensation on windows and doors in the kitchen, bath, or laundry area is also common. It is the homeowner's responsibility to maintain proper humidity by properly operating heating and cooling systems' exhaust fans and allowing moving air within the home to flow over the interior surface of the windows. In hot, humid climates, condensation can occur on the outside of windows when the outdoor humidity is especially high (in early mornings when windows are cool). Air conditioning vents are usually aimed at windows and glass doors to maximize comfort and can cause surface condensation.

Interior Finishes

Interior Doors

Observation: An interior door is warped.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Except as noted, interior doors should not become inoperable due to warping. A ¼ inch tolerance, as measured diagonally from corner to corner, is acceptable.

Corrective Measure: Only within the one-year warranty period, the builder will correct or replace and refinish defective doors to match existing doors as closely as practical.

Discussion: In bathroom or utility areas, exhaust fans or an open window must be used to minimize moisture to prevent warpage of door units. The builder is not responsible for refinishing if doors were finished by the homeowner.

Observation: Bifold and bypass doors come off their tracks during normal operation.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Bifold and bypass doors should slide properly on their tracks.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the bifold or bypass doors that do not stay on its track or slide properly during normal operation.

Discussion: Proper operation should be verified by the owner and the builder at the time of substantial completion of the project and confirm that floor guides are in place. Homeowners should be aware that bifold and bypass doors are inherently more sensitive than swing doors and need to be treated accordingly. The owner is responsible for cleaning and maintenance necessary to preserve proper operation.

Observation: Barn doors or pocket doors roll open on their own or do not stay closed.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Barn doors and pocket doors should not roll open or shut on their own.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the barn or pocket door that does not stay in place during normal operation.

Discussion: Proper operation should be verified by the homeowner and the builder at the time of substantial completion of the project and that jam guides are properly installed.

Observation: A pocket door rubs in its pocket during normal operation.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Pocket doors should operate smoothly during normal operation.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the pocket door to meet the performance guideline.

Discussion: Pocket doors commonly rub, stick, or derail because of the inherent nature of the product. It is necessary for the door to also rub against the guides provided by the manufacturer.

Observation: A wooden door panel has shrunk or split.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Wooden door panels should not split to the point that light is visible through the door.

Corrective Measure: One time only during the one-year warranty period, the builder will fill splits in the door panel with wood filler and will match the paint or stain as closely as practical.

Discussion: Builder may check if defective door is covered by a manufacturers' warranty.

Observation: A door rubs on jambs or builder installed floor covering.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Doors should not rub on jambs or builder installed floor covering.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the door as necessary to meet the performance guideline.

Observation: A door edge is not parallel to the door jamb.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: When the builder installs the door frame and door, the door edge should be within 3/16th inch of parallel to the door jamb.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the door as necessary to meet the performance guideline.

Observation: A door swings open or closed from the force of gravity.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Doors should not swing open or closed from the force of gravity alone.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the door as necessary to meet the performance guideline.

Observation: Interior doors do not operate smoothly.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Doors should move smoothly with limited resistance.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust the door to meet the performance guideline.

Observation: A doorknob or latch does not operate smoothly.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: A doorknob or latch should not stick or bind during operation.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust, repair, or replace knobs or latches that are not operating smoothly.

Discussion: Because locksets are rather complex mechanical devices, some may have a heavy or stiff feel but are operating as intended by the manufacturer. This can be true for locksets of all price ranges. Slamming doors or hanging items on the doorknob will affect knob or latch operation; it is not the builder's responsibility to adjust or repair problems caused by such conditions.

Observation: The door rubs on the carpet.

Corrective Measure: During the one-year warranty period, the builder will adjust and correct.

Note: Builder is not responsible if the owner installs the carpet after closing.

Cabinets

Observation: Soft or self-closing hinges or drawer slides are not functioning properly.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Hinges and slides should operate properly.

Corrective Measure: One time only during the one-year warranty period, the builder will adjust hinges or slides to meet the performance guidelines.

Observation: Cabinet doors and drawer fronts delaminate or discolor.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Cabinet doors and drawer fronts should not delaminate or discolor.

Corrective Measure: Cabinet defects are covered by the manufacturer's warranty.

Discussion: Under counter steam and heat from appliances such as dishwashers, drawer microwaves, ovens, steam dryers, and others can also cause damage to cabinets and is not a builders responsibility.

Observation: Cabinet shelves are sagging or deflecting.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Cabinet shelves should not sag with normal storage loads.

Corrective Measure: Cabinet defects are covered by the manufacturer's warranty.

Discussion: Homeowner is responsible for proper use and not exceeding maximum storage weight.

Observation: Cabinet separates from the wall or ceiling.

Warranty Coverage: Limited One-Year Warranty

Corrective Measure: Only within the one-year warranty period, the builder will correct if the separation is in excess of ¼ inch.

Discussion: Some separation is normal. Caulking is an acceptable method of repair.

Observation: Crack in a cabinet door panel.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection. If this is brought to the builder's attention before closing, the builder will correct to meet the performance guideline. The manufacturer's warranty does apply.

Observation: Warping of a cabinet door or drawer front.

Warranty Coverage: Limited One-Year Warranty

Corrective Measure: Only within the one-year warranty period, the builder will correct if the warp exceeds 3/8th in as measured from cabinet frame. Builder will only correct if the manufacturer warranty covers the cost of the replacement piece.

Countertops

Observation: High-pressure laminate on a countertop is delaminated.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Countertops fabricated with high-pressure laminate coverings should not delaminate.

Corrective Measure: Within the one-year warranty period, the builder will repair or replace delaminated coverings unless the delamination was caused by the homeowner's misuse or negligence.

Discussion: Homeowners should refrain from leaving any liquids near the countertop seams or allowing the surface to become excessively hot. Under counter steam and heat from appliances such as dishwashers, drawer microwaves, ovens, steam dryers, etc., can also cause damage to countertops and is not a builder's responsibility.

Observation: Tile countertop or backsplash grout lines are cracked.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Tile grout is a cement product and is subject to cracking. Cracks that result in loose tiles or gaps of 1/16 inch are excessive.

Corrective Measure: One time only during the one-year warranty period, the builder will repair the grout lines of cracks that result in loose tiles or gaps of 1/16 inch by adding grout, caulking, or replacing grout.

Observation: A natural stone countertop is discolored due to water, oil, pans, cleaners, etc.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: At the time of substantial completion countertops should be clear of discoloration and sealed.

Corrective Measure: No corrective action is required by the builder. This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the homeowner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough.

Discussion: Countertops can discolor during normal use. Resealing countertops is a homeowner maintenance item.

Interior Drywall Finish

Observation: Nail pops are visible on a finished wall or ceiling.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Nail pops are a defect only when there are signs of spackle compound cracking or falling away.

Corrective Measure: One time only during the one-year warranty period, the builder will repair such blemishes. The builder will touch up paint on repaired areas. A perfect match between original and new paint cannot be expected, and the builder is not required to paint an entire wall or room. The builder is not required to repair defects that are covered by wall coverings and that, therefore, are not visible.

Discussion: When drywall has been placed on lumber surfaces subject to shrinkage and warpage and which are not perfectly level and plumb, problems may often occur through stress and strain placed on drywall during the stabilization of the lumber, which is inherent in the construction of the home. Due to the initial stabilization problem that exists with the new home, it is impossible to correct each defect as it occurs, and it is essentially useless to do so. The entire home will tend to stabilize itself. Correcting the drywall near the end of the 1-year warranty period provides the homeowner with the best possible solution.

Observation: Blisters or other blemishes are visible on a finished wall or ceiling.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Any such blemishes that are readily visible from a standing position facing the surface at distance of 6 feet under normal lighting conditions are considered excessive.

Corrective Measure: One time only during the one-year warranty period, the builder will repair such blemishes. The builder will touch up paint on repaired areas, a perfect match between original and new paint cannot be expected, and the builder is not required to paint an entire wall or room. The builder is not required to repair defects that are covered by wall coverings and that, therefore, are not visible.

Discussion: When drywall has been placed on lumber surfaces subject to shrinkage and warpage and which are not perfectly level and plumb, problems may often occur through stress and strain placed on drywall during the stabilization of the lumber, which is inherent in the construction of the home. Due to the initial stabilization problem that exists with the new home, it is impossible to correct each defect as it occurs, and it is essentially useless to do so. The entire home will tend to stabilize itself. Correcting the drywall near the end of the 1-year warranty period provides the homeowner with the best possible solution.

Observation: Cracked or exposed corner bead, excess joint compound, trowel marks, or blisters in tape joints are observed on the drywall surface.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Defects resulting in cracked or exposed corner bead, trowel marks, excess joint compound or blisters in tape are considered excessive.

Corrective Measure: One time only during the one-year warranty period, the builder will repair the affected area of the wall to meet the performance guideline.

Observation: Joints protrude from the surface.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Any joints that are readily visible from a standing position facing the surface at distance of 6 feet under normal lighting conditions are considered excessive.

Corrective Measure: One time only within the one-year warranty period, the builder will repair affected areas.

Discussion: Visible joints often occur in long walls, stairwells, ceilings, and areas of two-story homes where framing members have shrunk and caused the drywall to protrude.

Observation: Drywall is cracked.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Drywall cracks greater than 1/16th of an inch in width are considered excessive.

Corrective Measure: One time only within the one-year warranty period, the builder will repair cracks and touch up paint in affected areas. The texture and paint color may not exactly match the existing texture and paint color.

Observation: Sprayed or textured ceilings have uneven textures.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: This is a common condition that occurs with randomly applied materials.

Corrective Measure: No corrective action is required by the builder.

Interior Paint, Stain and Varnish

Observation: Interior paint does not cover the underlying surface.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The surface being painted should not show through new paint when viewed from a standing position facing the surface at distance of 6 feet under normal lighting conditions.

Corrective Measure: Within the one-year warranty period, the builder will recoat affected areas as necessary to meet the performance guideline as closely as practical.

Discussion: The amount and direction of sunlight can have a significant effect on how a surface appears. It is not unusual for the underlying surface to be visible in direct sunlight; no corrective action is required of the builder in such instances.

Observation: Cracking or deterioration of caulking.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Corrective Measure: No action required by the builder.

Discussion: All interior caulking shrinks and deteriorates. Owner maintenance is required.

Observation: Brush and roller marks show on interior painted surface.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Brush marks should not be readily visible on interior painted surfaces when viewed from a standing position facing the surface at a distance of 6 feet under normal lighting conditions.

Corrective Measure: Only within the one-year warranty period, the builder will refinish as necessary to meet the performance guideline and match affected areas as closely as practical.

Observation: Lap marks show on interior painted or stained areas.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Lap marks should not be readily visible on interior painted or stained areas when viewed from a standing position facing the surface at distance of 6 feet under normal lighting conditions.

Corrective Measure: Within the one-year warranty period, the builder will refinish as necessary to meet the performance guideline and match affected areas as closely as practical.

Observation: Interior painting, staining, or refinishing of repair work does not match.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: A perfect match between original and new paint cannot be expected. Repairs required under the performance guideline will be finished to match the immediate surrounding areas as closely as practical.

Corrective Measure: No corrective action is required by the builder.

Discussion: Where the majority of the wall or ceiling area is affected, the area will be painted from break line to break line. The builder is not required to paint an entire room.

Observation: Tannin from wood has bled through the paint on interior trim.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: This is a common condition with natural materials such as wood.

Corrective Measure: No corrective action is required by the builder.

Flooring

Carpeting

Observation: Carpet does not meet at the seams.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Visible gaps at the seams are considered excessive.

Corrective Measure: It is not unusual for carpet seams to be visible from a standing position, if a seam is visible, that by itself does not constitute a construction defect. The builder will correct visible gaps at carpet seams.

Observation: Carpet is loose or wrinkled.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: When stretched and secured properly, wall-to-wall carpeting should not unfasten, loosen or separate from the points of attachment.

Corrective Measure: One time only during the one-year warranty period the builder will re-stretch or re-secure the carpeting as necessary to meet the performance guideline.

Discussion: Homeowner is responsible for adhering to the manufacturer's maintenance and cleaning instructions. Excessive moisture during cleaning causes the carpet fibers to stretch and not return to their normal position. This is not a builder warranty responsibility. The following suggestions help maintain carpeting.

- Vacuum regularly and more frequently in high-traffic areas, and everywhere according to a vacuuming schedule.
- Clean spots and spills quickly with products that do not damage the carpet or cause it to resoil quicker.
- Professionally deep clean your carpets every 12 to 18 months to remove embedded dirt and grime.

- Stop dirt at the door by using mats outside and in, taking your shoes off when you enter the house and changing your air filters to reduce airborne dust particles.

Observation: Carpet has faded or discolored.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Fading or discoloration of carpet is covered by the manufacturer's warranty.

Corrective Measure: No corrective action is required by the builder.

Discussion: The homeowner is responsible for adhering to the manufacturer's maintenance and cleaning instructions. Fading or discoloration may result from the homeowner spilling liquids on the carpet, improper cleaning, exposure to sunlight, or from the homeowner's failure to properly maintain the carpet.

Observation: Carpet appears to be different colors.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Carpet for a room should be ordered and installed from a single manufacturer's dye lot. Carpet shade variance is the manufacturer's responsibility.

Corrective Measure: No corrective action is required by the builder.

Discussion: When viewed under normal lighting conditions, carpet may have the appearance of color variations. These differences may result from the direction of the carpet nap or from fibers being crushed on the roll. Over time, vacuuming will make the appearance more uniform.

Observation: Dead spots, dips or lumps are observed below the carpet surface.

Performance Guideline: Carpeted areas should not have dead spots, or voids dips or lumps that exceed ½ inch.

Corrective Measure: The builder will repair dips, remove lumps or replace padding in the affected areas to meet the performance guideline only before the transfer of possession or occupancy by the homeowner of the property. The owner is responsible for establishing a pre-closing walk-through inspection list.

Discussion: Because carpet padding comprises a number of materials of various densities and feel, there may be an inconsistent feel even with adequate coverage. Some dips may be created with heavy furniture and are not the responsibility of the builder.

Observation: Premature wearing of carpet.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Corrective Measure: No action required by the builder.

Discussion: Excessive wear in high-traffic areas such as entryways and hallways is normal. Wearability is directly related to quality of carpet.

Vinyl and or Resilient Flooring

Observation: Nails or fasteners raised below the flooring surface are readily visible on the surface of vinyl or resilient flooring.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Nail or other fasteners from under floor coverings that are raised above the surrounding area and readily visible from a standing position under normal lighting conditions are considered excessive.

Corrective Measure: Only within the one-year warranty period, the builder will repair or replace flooring.

Discussion: At the builder's option, the builder will repair or replace the floor covering in the affected areas with similar materials and in accordance with manufacturer's recommendations. The builder is not responsible for discontinued patterns or color variations when replacing or repairing the floor covering.

Observation: Depressions or ridges are observed in flooring because of subfloor irregularities.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Depressions or ridges exceeding 1/2 inch, which are visible from a standing position facing the surface at a distance of 6 feet under normal lighting conditions, are excessive.

Corrective Measure: Only within the one-year warranty period, the builder will take the necessary corrective action to meet the performance guideline. The builder should not be responsible for discontinued patterns or color variations when replacing or repairing the floor covering. The ridge or depression measurement is taken at the end of a 6-inch straightedge centered over the depression or ridge with 3 inches of the straightedge held tightly to the floor on one side of the affected area. Measure under the straightedge to determine the depth of the depression or height of the ridge.

Observation: Vinyl or resilient flooring has lost adhesion.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Floor covering should be securely attached to the substrate or underlayment. Some minor voids that exhibit some variance in the sound underfoot may occur. Provided that the flooring material is not otherwise detached and loose at the edges, these variations are not a performance defect.

Corrective Measure: If flooring becomes detached because of improper installation by the builder, only within the one-year warranty period, the builder will repair or replace the affected flooring as necessary. The builder is not responsible for discontinued patterns or color variations when replacing or repairing the floor covering.

Discussion: The performance guideline does not apply to perimeter attached vinyl floors.

Observation: Seams or shrinkage gaps show at vinyl or resilient flooring joints.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Gaps at joints/seams in flooring should not exceed 1/16th of an inch in width. Where dissimilar materials abut, the gaps should not exceed 1/16th of an inch.

Corrective Measure: Only within the one-year warranty period, the builder will repair or replace the flooring as necessary to meet the performance guideline. The builder will not be responsible for discontinued patterns or color variations when repairing or replacing the floor covering.

Discussion: Proper repair can be accomplished by sealing the gap with seam sealer.

Observation: Bubbles are observed in vinyl or resilient flooring.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Bubbles resulting from trapped air or debris and that protrude higher than 1/16th of an inch from the floor are considered excessive.

Corrective Measure: Only within the one-year warranty period, the builder will repair the floor to meet the performance guideline in accordance with manufacturer's recommendations.

Discussion: The performance guideline does not apply to perimeter attached floors.

Observation: The patterns on vinyl or resilient flooring are misaligned.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Patterns at seams between adjoining pieces should be aligned to within 1/8th of an inch.

Corrective Measure: Only within the one-year warranty period, the builder will correct the flooring to meet the performance guideline.

Observation: Yellowing is observed on the surface of vinyl or resilient floor covering.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The builder should install vinyl flooring in accordance with the manufacturer's instructions.

Corrective Measure: No action by the builder is required. Yellowing resulting from a manufacturer's defect or from the homeowner's misuse or lack of maintenance is not covered by the builder.

Discussion: Some chemical compounds, such as the tar residue from a recently paved asphalt driveway, may cause a chemical reaction with the flooring material and result in permanent damage to the floor. The homeowner is responsible for the proper use and maintenance of the floor. Yellowing caused by the homeowner's improper use or inadequate maintenance of the floor is not the builder's or the manufacturer's responsibility.

Observation: A resilient floor tile or plank (LVT, LVP and EVP) is loose.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Resilient floor tiles or planks should be properly installed per manufacturers instructions. Some minor voids that exhibit some variance in the sound underfoot may occur. Provided that the flooring material is not otherwise detached and loose at the edges, these variations are not a performance defect.

Corrective Measure: Only within the one-year warranty period, the builder will attach loose resilient floor tiles or planks properly per manufacturers instructions. The old adhesive will be removed if necessary to re-secure the tiles.

Observation: LVP, LVT and EVP flooring makes noise when walking across the floor such as creaks or popping.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The builder should install LVP, LVT and EVP flooring in accordance with the manufacturer's instructions.

Corrective Measure: Only if noises are determined to result from installation that does not comply with the manufacturer's instructions, the builder will perform the necessary repairs, only within the one-year warranty period.

Observation: The corners or patterns of resilient floor tiles or planks are misaligned.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: The corners of adjoining resilient floor tiles or planks should be aligned to within 1/8th inch. Misaligned patterns are not covered unless they result from improper orientation of the floor tiles.

Corrective Measure: Only within the one-year warranty period. The builder will correct resilient floor tiles or planks with misaligned corners to meet the performance guideline.

Tile, Brick, Marble and Stone Flooring

Observation: Tile, brick, marble or stone flooring is broken or loosened.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Tile, brick, marble or stone flooring should not be broken or loose.

Corrective Measure: Only within the one-year warranty period, the builder will replace broken tiles, bricks, marble or stone flooring, and re-secure loose tiles, bricks, marble or stone, unless the flooring was damaged by the homeowner's actions or negligence. The builder is not responsible for discontinued patterns or color variations when replacing tile, brick, marble or stone flooring.

Observation: Cracks are observed in the tile grout or at the junctures with other materials, such as a bathtub.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Cracks in grouting of tile joints commonly result from normal shrinkage conditions. Cracks that result in loose tiles or gaps greater than 1/8th of an inch are considered excessive.

Corrective Measure: One time only during the one-year warranty period, the builder will repair grout to meet the performance guideline. The builder is not responsible for color variations or discontinued colored grout. The homeowner is responsible for re-grouting these joints after the builder's one-time repair.

Discussion: The use of grout caulk, typically a flexible material, at junctures between tile and other materials can be more effective than grout and is considered an acceptable method of repair.

Wood and Composite Decks

Observation: A wood deck is springy or shaky.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: All structural members in a wood deck should be sized, and fasteners spaced, according to the prevailing building codes and manufacturer's instructions.

Corrective Measure: Only within the one-year warranty period, the builder will reinforce or modify, as necessary, any wood deck not meeting the performance guideline.

Discussion: Deflection may indicate insufficient stiffness in the lumber or may reflect an aesthetic consideration independent of the strength and safety requirements of the lumber. Structural members are required to meet standards for both stiffness and strength.

Observation: The spaces between wood decking board sides are not uniform.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: At the time of substantial completion of the project, the side-to-side gap between deck boards should not differ in average width by more than 1/8th of an inch unless otherwise agreed upon by the homeowner and the builder.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing and the wood decking board sides do not meet the performance guidelines, then the builder will realign or replace decking boards to meet the performance guideline.

Discussion: The spaces will naturally tend to change over time because of shrinkage and expansion of individual boards. The builder is only responsible for correct spacing at the time of substantial completion of the project. Replaced decking boards may have a variance in color from board to board.

Observation: The spaces between composite decking board sides are not uniform.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: At the time of substantial completion of the project, the side-to-side gap between deck boards should be installed per the manufacturer's instructions. The side-to-side gaps of individual deck boards should not differ in average width by more than 1/8th of an inch.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough. If this is brought to the builder's attention before closing and the composite decking board sides do not meet the performance guidelines, then the builder will realign or replace decking boards to meet the performance guideline.

Discussion: Spacing may be adjusted to keep full-size boards against the edge of the structure or along the edge of the deck. Composite decking must be gapped both end-to-end and width-to-width. Gapping is necessary for drainage and the slight thermal expansion and contraction of composite decking boards. Gapping also allows for shrinkage of the wood joist system. Temperature and humidity variances affect spacing based on the length of the boards installed. Approximately 1/16 inch per 40-degree temperature change for a 16-foot board can be expected. Replaced decking boards may have a variance in color from board to board.

Observation: The end-to-end or butt-to-butt spacing between composite deck boards is excessive.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Deck boards should be installed per the manufacturer's installation instructions.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough or with the help of a 3rd party private inspector. If this is brought to the builder's attention before closing and the deck boards do not meet the performance guidelines, then the builder will replace or repair deck boards to meet the performance guideline.

Discussion: Composite decking must be gapped both end-to-end and width-to-width. Gapping is necessary for drainage and the slight thermal expansion and contraction of composite decking boards. Gapping also allows for shrinkage of the wood joist system. Temperature and humidity variances affect spacing based on the length of the boards installed. Approximately 1/16th of an inch per 40-degree temperature change for a 16-foot board can be expected. Replaced decking boards may have a variance in color from board to board.

Observation: The railings on wood decking contain slivers/splinters in exposed areas.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Railings on wood decks should not contain slivers/splinters longer than 1/8th of an inch in exposed areas.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection. If this is brought to the builder's attention before closing and the railings do not meet the performance guidelines, then the builder will repair slivers/splinters on railings. Repair of slivers/splinters after that time is a homeowner maintenance responsibility.

Discussion: Slivers/splinters can develop when wood weathers.

Observation: A wood framed deck has settled.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: The plane of the deck surface should not be more than a 1/4 inch per foot out of level in 10 feet as measured along the outward bearing points, independent of the attachment to the house.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection. If this is brought to the builder's attention before closing and the deck does not meet the performance guidelines, then the builder will repair the deck supports/piers as necessary to meet the performance guideline.

Discussion: A slope of approximately 1/8th inch per foot or more is desirable in the perpendicular direction to the house in order to shed water and prevent ice buildup.

Observation: Wood decking boards, railings and/or pickets are split, warped, or cupped.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: At the time of substantial completion of the project, splits, warps and cups in wood decking boards, railings and/or pickets should not exceed the allowances established by the official grading rules issued by the agency responsible for the lumber species specified for the deck boards.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection. If this is brought to the builder's attention before closing and the wood decking boards, railings and/or pickets do not meet the performance guidelines, then the builder will replace decking boards, railings and/or pickets as necessary to meet the performance guideline.

Discussion: Pressure-treated lumber is required for exterior applications, and it will likely check, crack and split over time.

Observation: A wood deck has applied stain color variations.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Stain color variations are not acceptable if they result from improper stain application or failure to mix the stain properly. Stain color variations resulting from other causes such as weathering or natural variations in the wood used to build the deck are common and are not covered by this warranty.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should

be created during the buyer walkthrough and with the help of a 3rd party private inspection. If this is brought to the builder's attention before closing and the deck's staining does not meet the performance guidelines, then the builder will re-stain the affected area to meet the performance guideline.

Observation: A fastener protrudes from a decking board.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Fasteners should not protrude from the floor of the deck.

Corrective Measure: One time only during the one-year warranty period, the builder will address fasteners that protrude from the floor of the deck so that the heads are flush with the surface.

Discussion: Fasteners should be driven or screwed flush when the deck is installed, but they may pop from a wood deck over time as the wood shrinks and expands.

Observation: Fasteners on a wood deck are bleeding.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Staining from fasteners is expected on a wood deck.

Corrective Measure: No corrective measure is required by the builder.

Observation: A deck railing lacks rigidity.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Deck railings should be attached to structural members in accordance with the prevailing building codes.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the homeowner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection. Only if this is brought to the builder's attention before closing and deck railing does not meet the performance guidelines, then the builder will repair deck railings as necessary to meet the performance guideline.

Observation: Deck railing lacks rigidity

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Handrail assemblies and guards shall be able to resist a single concentrated load of 200 pounds, applied in any direction at any point along the top, and have attachment devices and supporting structure to transfer this loading to appropriate structural elements of the building.

Corrective Measure: This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection. Only if this is brought to the builder's attention before closing and the deck railing does not meet the performance guidelines, then the builder will repair deck railings as required to meet the performance guidelines.

Observation: Cable railing has catenary.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Wire/cable rails shall be tensioned sufficiently so that the wire components have no deflection while in a static position. However, care shall be taken so as to not tension the cable so much that the security of the post connection is compromised or the post is deflected. Because cable is flexible, at

midspan the cable shall not be able to deflect greater than the 4-inch spacing required by code. Properly tensioned cables may loosen over time due to stretch of the components.

Corrective Measure: One time only during the one-year warranty period. For sagging cables, the builder shall re-tension the cables. For deflection exceeding 4-inch spacing that cannot be corrected by re-tensioning, the builder will repair as required to meet the performance guidelines.

Garage Doors

Observation: Garage doors fail to operate properly under normal use.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Garage doors should operate as designed.

Corrective Measure: Only within the one-year warranty period, the builder will correct or adjust garage doors as required, unless the homeowner's actions caused the problem.

Discussion: The safety sensors can be easily knocked and misaligned so that the doors will not operate properly. The homeowner should avoid storing items near the sensors. Direct sunlight or spider webs can also cause the sensors to indicate that something is blocking the opening and prevent the doors from shutting.

Observation: Garage doors allow the entry of snow or water.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Garage doors should be installed as recommended by the manufacturer. Some snow or water can be expected to enter under normal conditions.

Corrective Measure: Only within the one-year warranty period, the builder will adjust or correct the garage doors to meet the manufacturer's installation instructions. If the garage door was installed per the manufacturer's instructions then no action by the builder is needed.

Driveways and Sidewalks

Observation: An asphalt driveway has cracked.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Longitudinal or transverse cracks greater than 1/4 inch in width or vertical displacement are considered excessive.

Corrective Measure: Only within the one-year warranty period. The builder will repair the affected area to meet the performance guideline using a material designed to fill cracks in asphalt.

Observation: Standing water is observed on an asphalt pavement surface.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Standing water greater than 3/8th of an inch in depth should not remain on the surface 24 hours after a rain.

Corrective Measure: Only within the one-year warranty period. The builder will repair the affected area to meet the performance guideline.

Discussion: Patched asphalt surfaces because of repairs may not match existing surface in color or texture.

Observation: The aggregate of asphalt pavement is coming loose in areas other than the edges.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Asphalt pavement aggregate should not come loose.

Corrective Measure: Only within the one-year warranty period, the builder will repair the affected area to meet the performance guideline, using a material designed to repair asphalt surfaces.

Discussion: Patched asphalt surfaces because of repairs may not match existing surface in color or texture. It is not unusual to have aggregate coming loose along the edges of a driveway where the material is not as compactable. Some aggregate under normal circumstances may come loose and is not an indication of a defect in the driveway.

Observation: A concrete driveway or sidewalk is cracked.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Cracks (outside of control joints) that exceed 1/4 inch in width or 1/4 inch in vertical displacement are excessive.

Corrective Measure: Only within the one-year warranty period, the builder will repair affected areas to eliminate cracks that exceed the performance guidelines using a material designed to fill cracks in concrete.

Discussion: Minor concrete cracking is normal and to be expected. Control joints are placed in the concrete to help control cracks and provide a less visible area for them to occur. Cracking can be caused by elements outside of the builder's control. The repaired area may not match the existing area in color and texture.

Observation: Adjoining exterior concrete flatwork sections deviate in height from one section to another.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Adjoining concrete sections should not deviate in height by more than 1/2 inch unless the deviation is intentional at specific locations such as at garage door openings.

Corrective Measure: Within the one-year warranty period, the builder will repair deviations to meet the performance guideline.

Discussion: Some areas of the country experience lift or settlement at the junction of the garage floor and the driveway, which occurs because of seasonal fluctuations in moisture and temperature. Repairs will only be made after the effects of the current seasonal fluctuations have subsided and the true determination of repair can be made. The repaired area may not match the existing area in color and texture.

Observation: A sidewalk and other exterior concrete flatwork has settled or lifted.

Warranty Coverage: Limited One-Year Warranty

Performance Guideline: Adjoining concrete sections should not deviate in height by more than 1/2 inch.

Corrective Measure: Only within the one-year warranty period, the builder will repair deviations to meet the performance guideline.

Discussion: Some areas of the country experience lift or settlement at the junction, which occurs because of seasonal fluctuations in moisture and temperature. Repairs will only be made after the effects of the current seasonal fluctuations have subsided and a true determination of repair can be made. The repaired area may not match the existing area in color and texture.

Landscaping

Observation: Sod, shrubs, plants or trees that were planted as part of the contract are dead.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: At the time of closing and/or conveyance or occupancy of the property, whichever comes first, any shrub, plant, tree or sod planted by the builder as part of the contract should be alive.

Corrective Measure: Any shrub, plant, tree or sod planted by the builder as part of the contract that is dead at the time of closing and/or conveyance or occupancy of the property, whichever comes first, will be replaced to meet the performance guideline. Replacement material shall be of the same size and variety as the dead or damaged material. This item is not covered under the warranty period and must be brought to the builder's attention prior to closing. It is the owner's responsibility to establish a pre-closing inspection list, which should be created during the buyer walkthrough and with the help of a 3rd party private inspection.

Discussion: After closing and/or conveyance or occupancy of the property, whichever comes first, proper lawn and landscape care are the homeowner's responsibility. New landscaping requires adequate watering until roots of plantings have become established. Watering is the homeowner's responsibility.

Observation: Previously existing trees on the property are dead.

Warranty Coverage: This condition is excluded from coverage under the limited warranty.

Performance Guideline: Even with best efforts, trees in the area of construction activity may not survive because of damage to underground root systems or changes in conditions.

Corrective Measure: No corrective action is required by the builder.

EXHIBIT H

SOME THINGS YOU SHOULD KNOW ABOUT COMMUNITY LAND TRUSTS AND COMMON INTEREST COMMUNITIES

COMMUNITY LAND TRUST STRUCTURE

Community Land Trusts. A Community Land Trust (CLT) is a nonprofit, community-based organization that acquires, owns, and stewards land for the benefit of its community, particularly for affordable housing and other community assets. CLTs separate ownership of the land from the homes built on it, typically through a long-term ground lease, ensuring lasting affordability and community control.

Removing the cost of land from the purchase price is *one component* of creating affordability for income-qualified buyers. Affordability is also achieved through other means, including public or philanthropic subsidies that reduce the price of the home on the first sale. The home is kept affordable after the first sale through agreements with homeowners.

In exchange for purchasing a home at a price significantly below market value, homeowners agree to preserve affordability for future buyers. The ground lease includes a resale formula that allows for predictable, modest appreciation of the home and sets the future sale price. Homeowners build equity through this appreciation and by paying down their mortgage principal.

Woodland View's CLT Structure. To maintain affordability within the community, 19 of the residential units will be sold to homebuyers under a traditional CLT structure and 6 units will be sold to homebuyers at fair market value rates. The fair market value rate homebuyers will purchase their units from Homestead.

Unlike a traditional CLT structure, this project does not utilize a ground lease. Because the units at Woodland View are condominiums, each unit represents ownership of a defined airspace within the building rather than fee simple ownership of the underlying land. As such, a conventional ground lease separating land ownership from home ownership is not applicable. Instead, the CLT Member Unit Covenant serves the same function as a ground lease by preserving long-term affordability, establishing resale restrictions, and ensuring community stewardship of the homes. All homeowners within the community will be members of the Woodland View Owners Association that will work together for the betterment of the community.

COMMON INTEREST COMMUNITY- OWNERSHIP AND MAINTENANCE

What You Own – A Condominium. You have purchased a Unit in what's called a "common interest community," as defined by Washington State law. This means you own your home, but you also share some parts of the property with the owners of the other Units.

Maintenance. There are two types of maintenance responsibilities at Woodland View:

1. **Shared/Common Elements:** As a homeowner, you are responsible—through the Homeowners Association (HOA)—for maintaining shared or common elements. You will pay HOA dues, which are pooled to cover future repairs and upkeep of these shared features. The Association maintains improvements covered by common elements, including the:
 - Bicycle storage room;
 - Walkways;
 - Community rooftop garden; and

- Landscaping;
2. **Private Unit Maintenance:** Except where otherwise stated, homeowners are individually responsible for maintaining the interior of their own Unit. This maintenance is not coordinated through or paid for by the HOA.

Remodeling and Exterior Modifications. You do not need HOA approval to remodel the interior of your Home. However, exterior changes may be allowed only if they follow any rules adopted by the Association or otherwise set forth in the community documents. All modifications—inside or out—must comply with the terms of your CLT Member Unit Covenant, where applicable.

COMMON INTEREST COMMUNITY- FINANCIAL MATTERS

Insurance. The Association has obtained insurance for the Community as described in Section x of the Public Offering Statement. Homeowners should review the Association's insurance policy and consult with their insurance advisors to fully understand the coverage provided by the Association's insurance, as additional insurance may be necessary.

Assessments. All homeowners must pay a monthly assessment (HOA fee) to cover the normal operating expenses of the community and reserves for maintenance. These fees may increase over time as operating costs rise. For details on what the assessment covers, please refer to the budget included in the Public Offering Statement.

Reserves. Homestead will establish and the HOA will maintain a reserve fund to cover future repairs and replacement of major shared components in the community. This reserve helps avoid large, unexpected special assessments.

The reserve will be funded through monthly assessment fees and will be owned by the HOA. Because of this structure, the reserve remains available to support the property into the future, including for the next homeowner.

Budget. Each year, Homestead will prepare a draft annual budget for the Association. Homeowners have the right to review and ratify this budget annually.

COMMON INTEREST COMMUNITY- COMMUNITY GOVERNANCE INFORMATION

The Association. Everyone who owns a home in the community automatically becomes a member of the Woodland View Owners Association.

Before the homes are sold, the three-member Board of Directors is appointed by the Declarant (Homestead). The initial Directors are Kathleen Hosfeld, CEO/Executive Director of Homestead Community Land Trust, Eric Pravitz, Director of Real Estate Development at Homestead, and Brel Hutton-Okpalaeke, Director of Homeownership & Stewardship at Homestead.

Shortly after the final home is sold, the homeowners will assume control of the Association and become its Board Members through a formal "turnover meeting."

The Importance of Professional Community Association Management. Given the size of this Community and the Common Elements, Homestead has elected to hire a professional management firm, which will assist the Homeowner's Association (and its board) with daily operations. Management firms are primarily responsible for maintaining records, collecting monthly assessments, managing the necessary service providers, and enforcing community rules.

Because the Association is required to generate annual financial statements, it is important that the Association's books and records be maintained competently and professionally.