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 KING COUNTY, WA

AUDITOR/RECORDER'S INDEXING FORM

Document Title(s):	DECLARATION AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR ROSEWOOD ESTATES		
Grantor(s):	Union Hill Developers, LLC		
Grantee(s):	Rosewood Estates Homeowners Association, Inc.		
Legal Descr: (abbr.)	E HALF OF SE QTR OF NW QTR STR 11-25-06 and W HALF OF SW QTR OF NE QTR STR 11-25-06		
<input checked="" type="checkbox"/>	Additional legal is on pages	EXHIBIT A	of document.
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DECLARATION
AND
COVENANTS, CONDITION AND RESTRICTIONS
FOR ROSEWOOD ESTATES

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**DECLARATION AND COVENANTS, CONDITIONS AND RESTRICTIONS
FOR Rosewood Estates**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS (“Declaration”) is made on this 30th day of April, 2019, by Union Hill Developers, LLC, a Washington limited liability company, referred to herein as “Declarant”, which is the owner of a portion of certain real property now known as “**Rosewood Estates**,” situated in King County, Washington, and legally described in Exhibit A hereto (“Property”). The Property is a Plat Community as defined in the Washington Uniform Common Interest Ownership Act, RCW Ch. 64.90.

The Declarant has created a non-profit corporation known as the **Rosewood Estates Association** (“Association”). The Association shall be delegated and assigned the duties and powers of owning, maintaining, and administering any and all Common Elements and related facilities in the Subdivision, administering and enforcing these covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created. The Association shall also have the right and power to promulgate rules and regulations (“Association Rules”) which may further define and limit permissible uses and activities consistent with the provisions of this Declaration.

NOW, THEREFORE, Declarant hereby declares that the Property, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments and liens hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the Property, and shall be binding on all persons having any right, title or interest in all or any portion of the Property, their respective heirs, legal representatives, successors, successors-in-title and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

**Article 1
DEFINITIONS**

The following terms shall have the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

- 1.1 ACC** shall mean the Architectural Control Committee provided for in Article 11.
- 1.2 Act** means the Washington Uniform Common Interest Ownership Act, RCW Ch. 64.90, as may be amended from time to time.
- 1.3 Allocated interest(s)** means the common expense liability and the votes in the Association allocated to each Lot, which shall be an equal share per Lot.
- 1.4 Assessment(s)** shall mean all assessments imposed pursuant this Declaration, including fines or fees levied or imposed by the Association pursuant to the Governing Documents, interest and late charges on any delinquent account, and all costs of collection incurred by the

Association in connection with the collection of a delinquent account, including reasonable attorneys' fees.

1.5 Association shall mean **Rosewood Estates**, which shall be incorporated as a nonprofit corporation in accordance with the Act, its successors and assigns.

1.6 Association Lien shall mean a lien in favor of the Association imposed pursuant to this Declaration.

1.7 Board shall mean and refer to the Board of Directors of the Association, as provided for in this Declaration.

1.8 Budget shall mean the operating budget for the Association adopted pursuant to this Declaration.

1.9 Building shall mean any of the detached buildings on the Property.

1.10 Bylaws shall mean the bylaws of the Association.

1.11 Committee shall refer to any committee of the Association created by the Governing Documents or the Board.

1.12 Common Elements shall mean the following tracts, and any Improvements located thereon:

TRACTS A, B, C, D, E & F

1.13 Common Expenses shall mean all costs and expenses incurred by the Association, including, but not limited to, allocations to reserves allocated to all of the Owners in accordance with common expense liability.

1.14 County shall mean King County, Washington, including the employees and agents thereof.

1.15 Dealer shall mean a person who, together with such person's affiliates, owns or has a right to acquire either six or more units in a common interest community or fifty percent or more of the units in a common interest community containing more than two units.

1.16 Declarant shall mean and refer to Union Hill Developers, LLC, a Washington limited liability company, or any Successor Declarant under Section 3.2.

1.17 Declaration shall mean this Declaration and Covenants, Conditions and Restrictions.

1.18 Development Period shall mean and refer to that period of time defined in Section 3.1 of this Declaration.

1.19 First Mortgage and First Mortgagee shall mean, respectively, (a) a recorded mortgage on a Lot that has legal priority over all other Mortgages thereon, and which is held by an Institutional Lender, and (b) the holder of a First Mortgage which is an Institutional Lender.

1.20 Governing Documents means this Declaration; the Plat, Survey Map and Plans, Association Rules, and the Articles and Bylaws of the Association, all as amended from time to time.

1.21 Improvement shall mean all Structures and appurtenances thereto of every kind, whether above or below the land surface, including but not limited to, buildings (including Residences), garages, utility systems, walkways, driveways, parking areas, loading areas, landscaping items, swimming pools, sports courts, fences, walls, decks, stairs, poles, landscaping vegetation including street trees, irrigation systems, stormwater facilities, streets, signs, exterior fixtures, recreational facilities, play structures, lighting including without limitation street lighting, paving, striping, curbs, picnic structures and any other Structure of any kind.

1.22 Institutional Lender shall mean one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds or business trusts, including, but not limited to real estate investments trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such a lender, or any private or governmental institution which has insured the loan of such a lender, including Federal Mortgage Agencies, or any combination of any the foregoing entities.

1.23 Lot shall mean each of the lots designated any plot of land shown upon any recorded subdivision maps of the Property, but excluding the lettered and numbered Tracts. The Subdivision shall consist of 8 Lots.

1.24 Majority Vote shall mean a vote of the holders of more than 50% of the total number of votes allocated to the Lots in accordance with Section 2.3 below.

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

1.26 Mortgagee shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Lot created by a mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Lot.

1.27 Occupant shall mean a lessee or licensee of an Owner or any other person or entity, other than an Owner, in lawful possession of a Lot, or a portion of a Lot, with the permission of the Owner.

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

1.29 Person shall include natural persons, and legal entities of all kinds.

1.30 Plat shall mean and refer to the approved plat of Rosewood Estates, contained therein recorded in volume 286 of Plats, pages 095 through 098 under King County Recording Number 20190116000115 and any additions that may be made pursuant to Section 3.5 hereof.

1.31 Property shall mean and refer to the real property described with particularity in **Exhibit A** and such additions to that Property which may hereafter be brought within the jurisdiction of the Association.

1.32 Public Offering Statement shall mean the document mandated by RCW 64.90.605.

1.33 Residence shall mean and refer to a residential structure occupying any Lot.

1.34 Structure shall mean any building, fence, wall, driveway, walkway, patio, garage, storage shed, carport, mailboxes, rockery, or the like.

1.35 Subdivision shall mean the Property and all improvements thereto.

1.36 Survey Map and Plans shall mean the survey map and plans filed simultaneously herewith depicting the Subdivision as-built.

1.37 Tracts shall mean all parcels of land so designated on the Plat, but excluding any such tract dedicated to King County.

Article 2 HOMEOWNERS' ASSOCIATION

2.1 Non-Profit Corporation. The Association shall be incorporated as a nonprofit corporation in accordance with RCW 24.03.

2.2 Membership. Every Person that is an Owner of any Lot shall be a member of the Association. Membership shall be appurtenant to the Lot and may not be separated from ownership of any Lot and shall not be assigned or conveyed in any way except upon the transfer of title to said Lot and then only to the transferee of title to the Lot. All Owners shall have the rights and duties specified in the Governing Documents.

2.3 Voting. Owners, including the Declarant unless otherwise provided herein, shall be entitled to one vote for each Lot owned. When more than one Person owns an interest in any Lot, the vote for that Lot shall be exercised as the Owners of such lot decide to exercise that vote, but in no event shall more than one vote be cast with respect to any Lot, nor shall any vote be divided. A majority of the votes entitled to be cast by Owner present or represented by proxy at a meeting at which a quorum is present shall be necessary and sufficient for the adoption of any matter voted upon by Owners unless a greater proportion is required by this Declaration, the Articles or these Bylaws.

2.3.1 Voting Representative. There shall be one (1) voting representative of each Lot. Declarant shall be considered an "Owner" and shall be the voting representative with respect to any Lot owned by Declarant. If a Person (including Declarant) owns more than one Lot, such Person shall have the votes for each Lot owned. The voting representative shall be designated by the Owner but need not be an Owner. The designation shall be revocable at any time by actual Notice to the Association from the Owner, or by actual Notice to the Association of the death or judicially declared incompetency of the representative. This power of designation and revocation may be exercised by the guardian of a Lot Owner, and the administrators or executors of an Owner's estate. Where no designation is made, or where a designation has been made but is revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners.

2.3.2 Joint Owner Disputes. The vote of a Lot must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than one vote is cast for a particular Lot, none of such votes shall be counted and such votes shall be deemed void.

2.3.3 Pledged Votes. If an Owner is in default under a First Mortgage on a Lot for ninety (90) consecutive days or more, the Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his or her vote on all issues to the Mortgagee during the continuation of the default. If the Association has been notified of any such pledge to a Mortgagee, or in the event the record Owner has otherwise pledged its vote regarding special matters to a Mortgagee under a fully recorded mortgage or deed of trust, or to the vendor under a duly recorded real estate contract, only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Association. Amendments to this Section shall only be effective upon the written consent of all of the voting Owners of their Lot and their respective Mortgagees and vendors, if any.

2.3.4 Voting by Ballot. The Association may conduct a vote by ballot without a meeting as follows:

2.3.4.1 The Association must deliver to every Owner a Notice stating that:

2.3.4.1.1 the vote will be taken by ballot;

2.3.4.1.2 the time and date by which a ballot must be delivered to the Association in order to be counted, which date shall not be fewer than fourteen days after the date of the Notice;

2.3.4.1.3 the percent of votes necessary to meet the quorum requirements;

2.3.4.1.4 the percent of votes necessary to approve each matter other than election of Board members; and

2.3.4.1.5 the time, date, and manner by which Owners wishing to deliver information to all Owners regarding the subject of the vote may do so.

2.3.4.2 The Association must deliver to every Owner along with the Notice required in in Subsection 2.3.4.1 a ballot that sets forth each proposed action and provides an opportunity to vote for or against the action.

2.3.4.3 Any action by ballot shall be approved if the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, as provided in Section 2.4.3.1. A ballot is not effective until received by the Association.

2.3.4.4 If an action fails to receive the required number of votes, the Board may extend the deadline for a reasonable period not to exceed eleven months upon further Notice to all Owners as provided in Subsection 2.3.4.1. All votes previously cast on the proposal shall be counted unless subsequently revoked.

2.3.4.5 A ballot cast pursuant to this Section 2.3.4 may be revoked only by actual Notice to the Association of revocation. A revocation is not effective until received by the Association.

2.3.4.6 The Association must give notice to Owners of any action taken pursuant to this Section 2.3.4 within a reasonable time after the action is taken. 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.

2.4 Meetings.

2.4.1 Annual Meetings. There shall be an annual meeting of the Owners every calendar year, or such other fiscal year as may be adopted by the Association. The Association shall give Notice to all Owners no less than fourteen days and no more than fifty days prior to the date fixed for such meeting, specifying the date, time and place of the meeting, and an agenda of the matters to be considered, including the text of any proposed amendment to any of the Organizational Documents; any changes in the previously approved Budget that result in a change in Assessment obligations; and any proposal to remove a Board member or Officer.

2.4.2 Special Meetings. Special meetings of the Owners may be called at any time for the purpose of considering matters which by the terms of this Declaration require the approval of all or some of the Owners, or for any other reasonable purpose. Special meetings of the Owners may be called by the president, a majority of the Board, or by Owners having twenty percent of the votes in the Association. Notice for special meetings shall be delivered not less than fourteen days and no more than fifty days prior to the date fixed for such meeting. The Notice shall specify the date, time and place of the meeting, and an agenda of the matters to be considered, including the text of any proposed amendment to any of the Organizational Documents; any changes in the previously approved Budget that result in a change in Assessment obligations; and any proposal to remove a Board member or Officer.

2.4.3 Quorum Requirements for Association Meeting. At all meetings of the Owners, twenty percent (20%) of the voting Owners present in person or by proxy shall constitute a quorum. A majority of Owners present and entitled to vote, either in person or by proxy, shall be sufficient for the passage of any motion or the adoption of any resolution, except as otherwise specified in the Governing Documents. If the required quorum is not present, another meeting may be called subject to the requirement of written Notice sent to all Owners at least fourteen (14) days in advance of such meeting, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum for the preceding meeting. In the absence of a quorum of at an Owner's meeting, a majority of those present in person or by proxy may adjourn the meeting to another time but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) nor more than thirty (30) days from the original meeting date.

2.4.4 Minutes of all Owner meetings shall be maintained in a record, including the decision on each matter voted upon at such meeting.

2.5 Bylaws of Association. Bylaws may be adopted and amended by the Board. The Bylaws may contain provisions which are supplementary to, and consistent with this Declaration and the Act.

2.6 Powers of the Association.

2.6.1 The Association shall:

2.6.1.1 Adopt organizational documents;

2.6.1.2 Adopt Budgets;

2.6.1.3 Impose Assessments for Common Expenses on the Owners;

2.6.1.4 Prepare financial statements; and

2.6.1.5 Deposit and maintain the funds of the Association in accounts in accordance with Section 6.16.

2.6.2 The Association shall also have the powers enumerated below, any powers reasonably implied from the grant of enumerated powers, any powers necessary and proper for the governance and operation of the Association, and all other powers that may be exercised in Washington state by a plat community:

2.6.2.1 Purchase policies of liability and property insurance on the Common Elements and the Buildings, directors' and officers' liability insurance and such other insurance as the Board deems advisable, and take all actions which may be necessary or convenient in dealing with any insurance recovery or any insurance company;

2.6.2.2 Purchase legal and accounting services, if necessary, for the administration of Association affairs, administration of the Common Elements, or the enforcement of this Declaration;

2.6.2.3 Arrange for the maintenance, repair and replacement of the Common Elements;

2.6.2.4 If necessary, maintain any Lot if such maintenance is reasonably necessary in the judgment of the Board to preserve the appearance and value of the Subdivision as a whole pursuant to 10.2.

2.6.2.5 Pay any amount necessary to discharge any lien or encumbrance levied against the entire Property or any part thereof which is claimed or may, in the opinion of the Board, constitute a lien against the Property or a portion thereof and/or against the Common Elements. Where one or more Owners are responsible for the existence of such liens, they shall be jointly and severally liable for the cost of discharging it and any costs or expenses, including reasonable attorneys' fees and costs of title search incurred by the Board by reason of such lien or liens. Such fees and costs shall be assessed against the Owner or Owners and the Lot responsible to the extent of their responsibility.

2.6.2.6 Pay all utility charges attributable to Common Elements;

2.6.2.7 The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Owners and Occupants safer than they might otherwise be. However, neither the Association nor Declarant shall in any way be considered an insurer or guarantor of security within the Property nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken;

2.6.2.8 Hire and discharge managing agents and other employees, agents, and independent contractors;

2.6.2.9 Enter any Lot, when reasonably necessary, in the event of emergencies or in connection with any maintenance or landscaping for which the Board is responsible. Except in cases of emergencies, the Board, its agents or employees shall attempt to give Notice to the Owner or Occupant twenty-four (24) hours prior to such entry. Such entry must be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board if the entry was due to any emergency (unless the emergency was caused by the Owner of the Lot entered, in which case the cost shall be specially assessed to the Lot). If the work, repairs or maintenance activities were necessitated by the Owner's neglect of the Lot or the Owner's violation of any of the Governing Documents, the cost of such repair or maintenance activity shall be specially assessed to that Lot. If the emergency or the need for maintenance or repair was caused by another Owner of another Lot, the cost thereof shall be specially assessed against the Owner of the other Lot;

2.6.2.10 Adopt and publish Association Rules governing the Owners. Occupants, guests and establish reasonable penalties for any infraction thereof;

2.6.2.11 Employ a property manager, to keep the books of the Association, and take such other actions as the Association may deem appropriate;

2.6.2.12 Impose Special Assessments to pay for Common Expenses;

2.6.2.13 Exercise all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Governing Documents;

2.6.2.14 Acquire by gift pledge or otherwise, own, hold, improve, build upon, operate, maintain, insure, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

2.6.2.15 Borrow money, and with the consent of at least 80% of the Owners, mortgage, pledge, encumber or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

2.6.2.16 With the consent of at least 80% of the Owners, dedicate, sell, transfer, all or any part of the Common Element to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Board;

2.6.2.17 Participate in mergers and consolidations with other non-profit corporations created for the same purposes;

2.6.2.18 Amend organizational documents and adopt and amend Association Rules;

2.6.2.19 Amend budgets;

2.6.2.20 Institute, defend, or intervene in litigation or in arbitration, mediation, or administrative proceedings or any other legal proceeding in its own name on behalf of itself or two or more Owners on matters affecting the Subdivision;

2.6.2.21 Make contracts and incur liabilities as provided in the Governing Documents;

2.6.2.22 Grant easements, leases, licenses, and concessions through or over the Common Elements and petition for or consent to the vacation of streets and alleys;

2.6.2.23 Impose and collect any reasonable payments, fees, or charges for: (a) the use, rental, or operation of the Common Elements, (b) services provided to Owners; (c) moving in, moving out, or transferring title to Units; (d) recordation of amendments to the declaration, resale certificates required pursuant to Act, lender questionnaires, or statements of unpaid assessments; and

2.6.2.24 Provide for the indemnification of its officers and board members, to the extent provided in RCW 23B.17.030.

2.6.3 The Association and Declarant shall have no authority, liability or responsibility with respect to construction defects in any residence, and such issues shall be governed solely by the purchase and sale contract between each Owner and the builder constructing the residence.

2.7 Records. The Board shall cause to be kept complete, detailed and accurate records of the following (collectively, "Records"):

2.7.1 Current budget, detailed records of receipts and expenditures affecting the operation and administration of the Association, and other appropriate accounting records within the last seven years;

2.7.2 Minutes of all meetings of the Owners and the Board, other than executive sessions; a record of all actions taken by the Owners or Board without a meeting; and a record of all actions taken by a Committee in place of the Board on behalf of the Association;

2.7.3 The names of current Owners and the addresses used by the Association to communicate with them;

2.7.4 The original or restated Declaration and Organizational Documents and amendments thereto;

2.7.5 Current Association Rules;

2.7.6 All financial statements and tax returns of the Association for the past seven years;

2.7.7 list of the names and addresses of the current Board members and Officers;

2.7.8 The Association's most recent annual report delivered to the secretary of state, if any;

2.7.9 Financial and other records sufficiently detailed to enable to the Association to provide the information required for resale certificates as required by the Public Offering Statement and RCW 64.90.640;

2.7.10 Copies of contracts to which the Association is or has been a party to within the last seven years;

2.7.11 Materials relied upon by the ACC to approve or deny any requests for design or architectural approval for a period of seven years after such decision is made;

2.7.12 Materials relied upon by the Board or any Committee concerning a decision to enforce the Governing Documents for a period of seven years after such decision is made;

2.7.13 Copies of insurance policies under which the Association is a named insured;

2.7.14 Any current warranties provided to the Association;

2.7.15 Copies of all notices provided to Owners or the Association as required by the Governing Documents or the Act; and

2.7.16 Ballots, proxies, absentee ballots, and other records related to voting by Owners for one year after the election, action, or vote to which they relate.

2.8 Examination of Records. Subject to the following, all Records must be made available for examination and copying by all Owners, mortgagees of Lots, and their respective authorized agents:

2.8.1 Records may be inspected during reasonable business hours at the Association's offices or at a mutually convenient time and location;

2.8.2 Records retained by an association may be withheld from inspection and copying to the extent that they concern: (a) personnel and medical records relating to specific individuals; (b) contracts, leases, and other commercial transactions to purchase or provide goods or services currently being negotiated; (c) existing or potential litigation, mediation, arbitration, or administrative proceedings; (d) existing or potential matters involving federal, state, or local administrative or other formal proceedings before a governmental tribunal for enforcement of the Governing Documents; (e) legal advice or communications that are otherwise protected by the attorney-client privilege or the attorney work product doctrine, including communications with any agents of the Association; (f) information the disclosure of which would violate a court order or law; (g) records of an executive session of the Board; (h) Individual Lot files other than those requested by that Lot Owner; (i) unlisted telephone number or electronic address of any Owner or Occupant; (j) security access information provided to the Association for emergency purposes; and (k) Agreements that for good cause prohibit disclosure to the Owners.

2.8.3 The Association shall provide copies by photocopy or through electronic transmission, if available, upon request by the person inspecting the Records. The Association may charge a reasonable fee for producing and providing copies of any Records and for supervising the inspection. The Association is not obligated to compile or synthesize any information.

2.8.4 Records provided for inspection shall not be used for commercial purposes.

Article 3

MANAGEMENT RIGHTS OF DECLARANT DURING DEVELOPMENT PERIOD

3.1 Development Period. "Development Period" shall mean that period of time from the date of recording this Declaration until the earlier of: (a) sixty days after Declarant has transferred title to the purchasers of Lots representing 75% of the total lots in the Plat (including all divisions); (b) two years after the last conveyance of a Lot, except to a Dealer; (c) two years

after any right to add new Lots was last exercised; and (d) the date on which Declarant, by written Notice to all Owners, records an amendment to the Declaration voluntarily surrendering all rights to appoint and remove officers and board members.

3.2 Assignment of Declarant Rights. Declarant may, at any time, by recorded instrument (a "Declarant Assignment"), assign and/or delegate all or a portion of its rights and obligations under this Declaration to another Person. The scope of the rights assigned and the liability assumed shall be limited solely to those specified in such Declarant Assignment. The original Declarant shall be deemed released from any obligations which is assumed by a Successor Declarant, and shall not be liable for any act or omission by a successor Declarant.

3.3 Expenditures During Development Period. During the Development Period, the Board shall have the sole discretion to use and consume all or so much of the dues paid, and initial capital contributions, as in the Board's judgment is necessary or expedient in maintaining the Common Elements and carrying out the other functions of the Association. Maintenance of Common Elements include, but are not limited to, (1) replacement of all dead or missing landscaping; (2) irrigation costs and repairs; and (3) costs of repairing damage due to vandalism or other destruction. Other expenditures may include, but are not limited to, any legal fees associated with carrying out any duties during the Development Period, including all costs associated with turning over the Association after the expiration of said Development Period.

3.4 Special Declarant Rights. As more particularly provided in this Section, Declarant, for itself and any successor Declarant, has reserved the following Special Declarant Rights, which rights may only be transferred in accordance with RCW 64.90.425;

3.4.1 to complete any improvements indicated on the Map, in this Declaration or the Public Offering Statement;

3.4.2 to exercise any development right;

3.4.3 to maintain sales offices, management offices, models, and signs advertising the Subdivision and Lots for sale therein;

3.4.4 to use easements through the Common Elements for the purpose of making improvements within the Subdivision or within real estate that may be added to the Subdivision;

3.4.5 to make the Association subject to a master association;

3.4.6 to merge or consolidate the Subdivision or Association with another common interest community of the same form of ownership;

3.4.7 to appoint or remove any Officer or Board Member of the Association in accordance with Sections 5.2.1, and or to veto or approve a proposed action of the Board or Association;

3.4.8 to control any construction, design review, or aesthetic standards or process;

3.4.9 to attend meetings of the Owners, the Association, and, except during an executive session, the Board; and

3.4.10 to have access to the records of the Association to the same extent as an Owner.

3.5 Other Declarant Rights. As more particularly provided in this Section, Declarant, for itself and any successor Declarant, has reserved the following Declarant Rights:

3.5.1 To subdivide or combine Lots owned by Declarant or convert Lots owned by Declarant into Common Elements. Whenever Declarant exercises a Development Right to subdivide, combine or convert a Lot previously created into additional Lots, Common Elements, or both:

3.5.1.1 If Declarant converts the Lot entirely to Common Elements, the amendment to this Declaration must reallocate all the Allocated Interests of that Lot among the other Lots in accordance with Section 6.15;

3.5.1.2 If Declarant subdivides the Lot into two or more Lots, whether or not any part of the Lot is converted into Common Elements, the amendment to this Declaration must reallocate all the Allocated Interests of the Lot among the Lots created by such subdivision in any reasonable and equitable manner prescribed by the Declarant; and

3.5.1.3 If Declarant combines two or more Lots, the amendment to this Declaration must reallocate to the new Lot all of the Allocated Interests formerly allocated to the Lots so combined;

3.5.2 To add Real Estate or improvements to the Subdivision;

3.5.3 To create Lots or Common Elements within Real Estate included or added to the Subdivision;

3.5.4 To withdraw Property from the Subdivision subject to the following limitations:

3.5.4.1 If all the Property is subject to withdrawal, and this Declaration, or the Map or amendment thereto, does not describe separate portions of Property subject to that right, none of the Property may be withdrawn if a Lot in that portion of the Property is owned by a Person other than the Declarant; and

3.5.4.2 If a portion or portions are subject to withdrawal as described in this Declaration, or in the Survey Map or in any amendment thereto, no portion may be withdrawn if a Lot in that portion of the Property is owned by a Person other than the Declarant.

3.5.5 Different Parcels; Different Times.

3.5.5.1 Any Development Right may be exercised with respect to different parcels of Property at different times;

3.5.5.2 No assurances are made as to final boundaries of such parcels or as to the order in which those parcels may be subjected to the exercise of each Development Right; and

3.5.5.3 Even though a Development Right is exercised in any portion of the Property subject to that right, that right need not be exercised in all or in any other portion of the remainder of that Property.

3.5.6 Exercise of Declarant’s Right. To exercise any Declarant Right or Special Declarant Right reserved under Section 3.5, the Declarant shall prepare, execute, and record an amendment to this Declaration in accordance with Article 16.

3.6 Limitation of Declarant’s Rights. It is understood that the total Subdivision shall include Lots not exceeding in number the maximum permitted by law.

3.7 Termination of Development Rights. Except as otherwise provided in this Declaration, the foregoing Development Rights and Special Development Rights shall continue so long as the Declarant is completing improvements which are within or may be added to this Subdivision, or the Declarant owns any Lots, or any Special Declarant Rights remain in effect; provided, that Declarant may voluntarily terminate any or all of such Development Rights or Special Development Rights at any time by recording an amendment to this Declaration, which amendment specifies which Right is thereby terminated.

**Article 4
TRANSITION OF MANAGEMENT TO ASSOCIATION**

4.1 Notice of Transition Meeting. Within thirty days following the end of the Development Period, but in no case later than sixty days after Declarant has transferred title to the purchasers of Lots representing 75% of the total lots in the Plat (including all divisions), Declarant shall send written Notice to Owners of the transition meeting of the Association (“Transition Meeting”). The Notice shall be given in the manner prescribed by Section 18.1, and specify that the purpose of the Transition Meeting is to elect new Officers and Board members of the Association. Notwithstanding any provision of the Articles or Bylaws to the contrary, for the purpose of this meeting, the presence, either in person or by proxy, of the Owners of 10% of the Lots shall constitute a quorum. The Board of Directors and Officers of the Association may be elected by a majority vote of said quorum. The Owners shall adopt voting procedures designed to assure that the expiration dates for the term of the Board members are staggered. If a quorum shall not be present, the Development Period shall nevertheless terminate on that date specified in said Notice, the term in office of any Board member or Officer appointed by Declarant shall be deemed terminated, and it shall thereafter be the responsibility of the Lot Owners to provide for the operation of the Association.

4.2 Transfer of Property. No later than thirty days following the date of the Transition Meeting, Declarant shall deliver or cause to be delivered to the Board elected at the Transition Meeting all Property of the Owners and Association, including but not limited to:

- 4.2.1** The original or a copy of the recorded Declaration and any amendments thereto;
- 4.2.2** The organizational documents of the Association;
- 4.2.3** The minute books, including all minutes, and other books and records of the Association;
- 4.2.4** All current Association Rules as may have been adopted;
- 4.2.5** Resignations of Officers and members of the Board who were appointed by Declarant and not qualified as Board members;

4.2.6 The financial records, including canceled checks, bank statements, and financial statements of the Association, and source documents from the time of formation of the Association through the Transition Date;

4.2.7 Originals or copies of any recorded instruments of conveyance for Common Elements;

4.2.8 All tangible personal property of the Association;

4.2.9 Except for alterations to a Lot or Residence made by an Owner other than Declarant, a copy of the most recent plans and specifications used in the construction or remodeling of the Property and Structures;

4.2.10 Originals or copies of insurance policies for the Association and Property;

4.2.11 Originals or copies of any certificates of occupancy that may have been issued for the Subdivision;

4.2.12 Originals or copies of any other permits obtained by or on behalf of Declarant for the Subdivision and issued by any governmental agency with jurisdiction over the Subdivision;

4.2.13 Originals or copies of all written warranties that are still in effect for the Common Elements, or any other areas or facilities that the Association has the responsibility to maintain and repair, from the contractor, subcontractors, suppliers, and manufacturers and all owners' manuals or instructions furnished to the Declarant with respect to installed equipment or building systems;

4.2.14 A roster of Owners and First Mortgagees, along with their addresses and telephone numbers, if known, as shown on the Declarant's records and the date of closing of the first sale of each Lot sold by the Declarant;

4.2.15 Originals or copies of any leases to which the Association is a party;

4.2.16 Originals or photocopies of any employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Owners have an obligation or a responsibility, directly or indirectly, to pay some or all of the fee or charge of the person performing the service;

4.2.17 Originals or copies of any qualified warranty issued to the Association as provided for in RCW 64.35.505; and

4.2.18 Originals or copies of all other contracts to which the Association is a party.

4.3 Transition Audit. Within sixty days of the Transition Meeting, the Board must retain the services of a certified public accountant to audit the records of the Association as of the date of the Transition Meeting, in accordance with generally accepted auditing standards, unless a majority the Owners, excluding the Declarant, elect to waive the audit. The cost of the audit must be a Common Expense. The accountant performing the audit must examine supporting documents and records, including the cash disbursements and related paid invoices, to determine if expenditures were for Association purposes and the billings, cash receipts, and related records to determine if the Declarant was charged for and paid the proper amount of Assessments.

Article 5
BOARD OF DIRECTORS, OFFICERS, AND COMMITTEES

5.1 Management of Association. The Board shall have the power and authority to exercise all the rights, duties and functions and generally exercise all powers necessary to carry out the provisions of this Declaration, including but not limited to enacting Association Rules, contracting for required services, obtaining property and liability insurance, and collecting and expending all Assessments and Association funds. The Board shall have the exclusive right to contract for all goods and services, payment for which is to be made from any monies collected from Assessments.

5.1.1 Association Rules. All Association Rules shall be reasonable. Following the adoption or amendment of any Association Rules, the Board shall notify Owners of its action and provide a copy of any new or revised Association Rule.

5.2 Board Members. All Board Members other than those appointed by Declarant pursuant to Section 3.4 must be Owners, or the officer, director, or agent of an Owner which is an entity; any Board Member who no longer qualifies shall cease to be a Board Member. Board Members shall serve for two year terms of office unless otherwise provided in the Bylaws.

5.2.1 During Development Period. During the Development Period, Declarant may appoint and remove Association Officers and Board members, provided, the Board shall be constituted as follows:

5.2.1.1 Upon creation of the Association, the Declarant shall have sole authority to appoint all Board members who need not be members of the Association.

5.2.1.2 Not later than 60 days after conveyance of 25% of the Lots owned by Owners other than Declarant, Owners other than Declarant shall elect at least one Board member, but in no case less than 25% of the total number of Board members.

5.2.1.3 Not later than 60 days after conveyance of 50% of the Lots owned by Owners other than Declarant, one third of the Board members shall be elected by Owners other than Declarant.

5.2.1.4 Until such Board members are elected and take office, the existing Board may continue to act on behalf of the Association.

5.3 Organizational Board Meeting. The first meeting of a newly-elected Board shall be held immediately following the Transitional Meeting of the Association at which they were elected, and no Notice shall be necessary to the newly elected Board members in order legally to constitute such meeting.

5.4 Removal of Board Members.

5.4.1 By the Board. The Board may remove a board member if the Board member is more than sixty days' delinquent in the payment of Assessments and such delinquency remains uncured for thirty days after receiving Notice of the Board's intent to remove such Board Member.

5.4.2 By Owners. At any regular meeting or at any special meeting called for that purpose, at which a quorum is present, the Owners present in person, by proxy, or by absentee

ballot may remove any Board Member elected by the Owners, with or without cause, by affirmative vote of the lesser of (a) a majority of all Owners or (b) 2/3 of Owners present at the meeting. Removal may not be voted on unless consideration of such removal was noted on the meeting Notice. Any Board member whose removal has been so proposed by the Owners shall be given an opportunity to be heard at the meeting. Following removal of a Board member, the Owners may immediately elect a successor Board member in accordance with the Governing Documents.

5.5 Vacancies. Vacancies in the Board caused by any reason other than the removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; and each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Association.

5.6 Compensation. No Board member shall receive compensation for any service he may render to the Association as a Board member. However, any Board member may be reimbursed for his or her actual expenses incurred in performance of his or her duties.

5.7 Board Meetings.

5.7.1 During Development Period. During the Development Period, the Board must meet at least four times a year. At least one of those meetings must be held at the Association or at a place convenient to the Owners.

5.7.2 Following Transition Meeting. 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 Board members, provided:

5.7.2.1 All Board meetings must be at the Association or at a place convenient to the Owners, unless the Owners amend the Bylaws to vary the location of Board meetings; and

5.7.2.2 At least one Board meeting shall be held during each fiscal year; and

5.7.2.3 One such meeting shall be held immediately following the annual meeting of Owners.

5.7.3 Special Meetings. Special meetings of the Board shall be called by the President, Secretary or written request by two or more Board members.

5.7.4 Owner Attendance. Owners shall have the right to attend meetings of the Board and Committees, except during an executive session; provided, the chair of the meeting may expel or prohibit attendance by any person who, after warning by the chair of the meeting, disrupts the meeting. The Board shall make reasonably available to Owners any materials that were distributed to the Board before the meeting. The Board shall provide a reasonable opportunity at every meeting for Owners to comment regarding matters affecting the Association.

5.7.5 Electronic conferencing. One or more Board members may participate in a Board meeting by telephonic, video, or other conferencing process, provided all Board members participating can hear each other during the meeting. The entire Board may participate in a Board meeting by telephonic, video, or other conferencing process, provided the meeting Notice states

the conferencing process to be used and provides information explaining how Owners may participate; and the process provides all Owners the opportunity to hear or perceive the discussion and to comment as provided in 5.7.4.

5.7.6 Unanimous consent. 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 only act by unanimous consent only to undertake ministerial actions, actions subject to ratification by the Owners, or to implement actions previously taken at a Board meeting.

5.7.7 Declarant Actions. During the Development Period, Declarant may veto or approve a proposed action of the Board.

5.7.8 No Proxies. Board members may not vote by proxy or absentee ballot.

5.7.9 Minutes. Minutes of all Board meetings, excluding executive sessions, must be maintained in a record, including the decision on each matter voted upon at such meeting.

5.7.10 Notice. Unless a meeting is called to deal with an emergency, or included in a schedule given the Owners, Notice of meetings of the Board and Committees shall be given to all Board Members and Owners not less than fourteen days prior to the day named for such meeting.

5.7.11 Waiver of Notice. Before, at, or after any meeting of the Board, any Board member may, in writing, waive Notice of such meeting and such waiver shall be deemed equivalent to the giving of such Notice. Attendance by a Board member at any meeting of the Board shall be a waiver of Notice by him or of the time and place thereof. If all the Board members are present at any meeting of the Board, no Notice shall be required and any business may be transacted at such meeting.

5.7.12 Executive Sessions. The Board and Committees may hold executive session during a regular or special meeting only to (a) consult with the Association's attorney concerning legal matters; (b) discuss existing or potential litigation or mediation, arbitration, or administrative proceedings; (c) discuss labor or personnel matters; (d) 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 (e) 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. No final vote or action may not be taken during an executive session.

5.7.13 Quorum. At all meetings of the Board, a majority of the members of the Board shall constitute a quorum for the transaction of business, and the acts of a majority of the Board members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. An adjournment for lack of a quorum shall be to a date not less than five nor more than thirty days from the original meeting date. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.8 Officers. The Officers of the Association shall consist of president, treasurer, secretary, and any other officers of the Association specified in the Bylaws ("Officer"). During the Development Period, all Officers of the Association shall be appointed by Declarant. After the Transition Meeting, all Officers of the Association shall be elected by the Board. All Officers shall be Owners.

5.9 Committees. The Board may, from time to time, establish such Committees as the Board determines is in the best interests of the Association. During the Development Period, all Committee members shall be appointed by Declarant. After the Transition Meeting, all Committee members shall be appointed by the Board, and all Committee members shall be Owners.

5.10 Fidelity Bonds. The Board may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

Article 6
BUDGETS AND ASSESSMENTS

6.1 Budget Preparation. Not less than thirty days prior to the beginning of each fiscal year, the Board shall adopt a proposed Budget containing:

- 6.1.1** The projected income to the Association by category;
- 6.1.2** The projected Common Expenses and those specially Allocated Expenses that are subject to being budgeted, both by category;
- 6.1.3** The amount of the Assessments per Lot and the date the Assessments are due;
- 6.1.4** The current amount of regular Assessments budgeted for contribution to the Reserve Account;
- 6.1.5** A statement of whether the Association has a Reserve Study or is exempt pursuant to Article 7;
- 6.1.6** If a Reserve Study has been prepared, a statement of the extent to which the Budget meets or deviates from the recommendations of that reserve study; and
- 6.1.7** The current deficiency or surplus in reserve funding expressed on a per Lot basis.

The Budget shall be based on an estimate of the charges for Common Expenses to be paid during the year, which may also make provision for creating, funding and maintaining reserves for contingencies, operations, insurance, and maintenance, improvement, repair, replacement and acquisition of Common Area, including Common Area Structures, and which takes into account any expected income and any surplus available from the prior year's operating fund.

6.2 Ratification of Budget. With respect to any Budget adopted after the Transition Date, the Board shall set a date for a meeting of the Owners to consider ratification of the Budget. The date of the meeting shall be not less than ten days and no more than fifty days after a summary of the annual Budget or special assessment supplemental Budget is mailed to each Owner. Unless at that meeting a majority of the Owners reject the Budget, the Budget is 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 Owners shall be continued until such time as the Owners ratify a subsequent Budget proposed by the Board.

6.3 Supplemental Budget/Special Assessment. If during the fiscal year the Budget proves to be inadequate for any reason, including nonpayment for any reason of any Owner's Assessment or an unbudgeted Common Expense, the Board may prepare a supplemental Budget for the remainder of the year that includes a special assessment. Any supplemental Budget that results in an increase in the Assessment charged to a Lot must be ratified pursuant to Section 6.2 above. The Board shall have the authority to determine the date payment of any special Assessment is due. The Board has the duty and/or right under various provisions of this Declaration to assess particular sums against specific Owners (and not against all Owners). Such Assessments against particular Owners shall be Assessments for all other purposes under this Declaration.

6.3.1 In addition, the Association may levy specific Assessments against a particular Lot for the costs incurred by the Association to bring the Owner's Lot into compliance with this Declaration or the other Governing Documents. Special assessments may be levied either before or after the work is done, in the discretion of the Board.

6.4 Assessment of Budgeted Common Expenses Against Lots. The annual expenditures contained in the Budget, net of budgeted income, shall be assessed in equal shares against each Lot. Annual Assessments shall commence on and become due and payable in twelve equal monthly installments, due on the first day of each month, or in any other manner as the Board may reasonably require. Each Owner shall be obligated to pay Assessments made pursuant to this Declaration as provided above, or in any other reasonable manner as the Board shall designate. Any Assessment not paid in full when due shall be delinquent and shall bear interest as specified herein until paid. Each Owner of a Lot, for himself or herself, and for his or her heirs, personal representatives, successors and assigns, hereby covenants and agrees, and each subsequent Owner of a Lot by acceptance of a deed therefore, whether or not it shall be so expressed in the deed, is deemed to covenant and agree to pay to the Association for each Lot owned any and all Assessments charged by the Association pursuant to this Declaration. No Owner may exempt himself or herself from liability for payment of Assessments for any reason, including waiver of use or enjoyment of any of the Common Areas or abandonment of the Owner's Lot.

6.5 Purpose of Assessments. The Assessments imposed by the Association shall be used (a) to promote the recreation, health, safety, and welfare of the residents of the Property, (b) for the improvement, maintenance, upkeep, repair, replacement, operation, and use of the Common Elements, (c) for legal fees and damages incurred in any action in which the Association or a member of the Board, acting on behalf of the Association is named as a party, (d) for legal fees incurred by the Association, and (e) for any other reasonable expenses incurred by the Association.

6.6 Commencement of Assessments. Upon the conveyance of the first Lot, Assessments shall commence on all Lots; provided, Declarant may delay commencement of Assessments for some or all Common Expenses or Specially Allocated Expenses, provided Declarant pays all such expenses that have been delayed in equal monthly installments on or before the first day of each month during such year, or in such other reasonable manner as the Board shall designate.

6.7 Omission of Assessment. The omission by the Board before the expiration of any year to adopt the Budget and Assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration or a release of an Owner from the obligation to pay the Assessments or any installment thereof for that or any subsequent year, but the Assessment established for the preceding year shall continue until a new Assessment is fixed.

6.8 Capitalization of Association. Upon the sale of each Lot by the Declarant (whether to a builder or otherwise), each Lot Owner, at the time of his/her purchase of the Lot, shall pay an initial start-up assessment to the Association in the amount of \$500.00. Such initial assessment shall be in addition to any annual assessment provided for in this Article 6 and shall be for the purpose of reimbursing the Declarant and/or Association for maintenance and operating expenses of and for the Common Areas during the initial development and house sales period, and for costs incurred by the Declarant and/or Association for the installation, activation and operation of street lights within the Subdivision. Notwithstanding the provisions set forth above, the Declarant shall not be liable for any initial assessments assessed or due so long as Declarant owns any Lot.

6.9 Special Assessments. In addition to the annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, (a) the cost of any capital improvements to the Common Elements, (b) legal fees and damage costs, or (c) any other reasonable expenses incurred by the Association.

6.10 Only Some Lots Benefitted. The Board may elect that any Common Expense or portion thereof benefitting fewer than all of the Lots must be assessed exclusively against the Lots benefitted.

6.11 Insurance Costs. The Board may elect that the costs of insurance must be assessed in proportion to risk.

6.12 Utility Costs. The Board may elect that the costs of utilities, if any, must be assessed in proportion to usage.

6.13 Assessments for Judgment. Assessments to pay a judgment against the Association may be made only against the Lots in the Subdivision at the time the judgment was entered in proportion to their Allocated Common Expense Liabilities at the time the judgment was entered.

6.14 Owner Misconduct. To the extent that any Common Expense is caused by the misconduct of any Owner, the Association shall assess that expense against the Owner's Lot.

6.15 Reallocation. If Common Expense Liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense Liabilities.

6.16 Association Funds. The Association shall prepare an annual financial statement in accordance with accrual based accounting practices. If the Association's annual Assessments total fifty thousand dollars or more, the financial statements must be audited annually by a certified public accountant. If the Association's annual Assessments are less than fifty thousand dollars,

the audit may be waived on an annual basis by a majority vote of the Owners, excluding the vote for Lots owned by Declarant. The Association shall keep all funds of the Association in the name of the Association with a qualified financial institution. The funds shall not be commingled with the funds of any other person or entity, or kept in any trust account or custodial account in the name of any trustee or custodian.

6.17 Account Reconciliation. The Association shall establish and maintain its accounts and records in a manner that enables it to credit Assessments for Common Expenses and Specially Allocated Expenses, including Allocations to Reserves, and other income to the Association, and to charge expenditures, to the account of the appropriate Lots in accordance herewith. Unless the Board determines that a reconciliation would not result in a material savings to any Owner, the accounts must be reconciled at least annually. Any surplus funds remaining after the payment of or provision for Common Expenses and any prepayment of Reserves shall be credited to Owners to reduce future Common Expense Assessments.

6.18 Lien For Assessments.

6.18.1 Lien. The Association has a lien on a Lot for any unpaid Assessments levied against a Lot from the time the Assessment is due.

6.18.2 Priority. A lien under Section 6.18.1 shall be prior to all other liens and encumbrances on a Lot except: (a) liens and encumbrances recorded before the recording of this Declaration; (b) a Security Interest on the Lot recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for Real Estate taxes and other governmental Assessments or charges against the Lot.

6.18.3 Security Interest Priority. Except as provided in Sections 6.18.4 and 6.18.5, the lien for Assessments shall also be prior to the Security Interests described in Section 6.18.2(b) 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 Section 6.1, which would have become due during the six months immediately preceding the date of the 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 non-judicial Foreclosure by a Mortgagee, or the date of recording of this Declaration of forfeiture in a proceeding by the vendor under a real estate contract.

6.18.4 Mortgagee Notice. The priority of the Association's lien against Lots encumbered by a Security Interest held by a First 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 three months if and to the extent that the lien priority under Section 6.18.3 includes delinquencies which relate to a period after such holder becomes a First Mortgagee or has given such request for notice and before the Association gives the holder a written notice of the delinquency. This Section does not affect the priority of mechanics' or materialmen's liens, or the priority of liens for other Assessments made by the Association.

6.18.5 Recording as Notice. Recording of this Declaration constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessment 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 in the real

estate records of the County in which the Subdivision is located. Such recording shall not constitute the written notice of delinquency to a Mortgagee referred to in Section 6.18.3.

6.18.6 Limitation on Action. 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 six years after the amount of the Assessments sought to be recovered becomes due.

6.18.7 Foreclosure. The Association may not commence foreclosure unless unpaid amounts on a Lot being foreclosed total the equivalent of not less than three months of Common Expense Assessments; the Board approves commencement of the foreclosure action that Lot; and methods of collection, foreclosure, sale, or other conveyance under this Section, are commercially reasonable.

6.18.7.1 Judicial. The lien arising under Section 6.18 may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Lot at the Foreclosure sale and to acquire, hold, lease, security interest, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial Foreclosure action, the period of redemption shall be eight months. Nothing in this Section shall prohibit an Association from taking a deed in lieu of Foreclosure.

6.18.7.2 Non-Judicial. A lien arising under this Article may be foreclosed nonjudicially in the manner set forth in RCW 61.24 for nonjudicial foreclosure of deeds of trust. For the purpose of preserving the Association's nonjudicial foreclosure option, this Declaration shall be considered to create a grant of each Lot in trust to Chicago Title Insurance Company or its successors or assigns ("Trustee"), to secure the obligations of each Owner ("Grantor") to the Association ("Beneficiary") for the payment of Assessments. Grantor shall retain the right to possession of Grantor's Lot so long as Grantor is not in default of an obligation to pay Assessments. The Trustee shall have a power of sale with respect to each Lot, which becomes operative in the case of a default in a Grantor's obligation to pay Assessments. The Lots are not used principally for agricultural or farming purposes. If the Association forecloses its lien nonjudicially pursuant to this section, it shall not be entitled to the lien priority over Security Interests provided in Section 6.18.3.

6.18.8 Receiver. From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Lot that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Lot as and when due. If the rent is not paid, the receiver may obtain possession of the Lot, refurbish it for rental up to a reasonable standard for rental Lots in this type of Subdivision, rent the Lot or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Lot, then to applicable charges, then to costs, fees, and charges of the Foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this section, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Lot.

6.18.9 Mortgagee Liability. Except as provided in Section 6.18.3, the holder of a Security Interest or other Purchaser of a Lot who obtains the right of possession of the Lot through Foreclosure 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 Owners, including such Mortgagee or other Purchaser of the Lot. Foreclosure of a Security Interest does not relieve the prior Owner of personal liability for Assessments accruing against the Lot prior to the date of such sale as provided in this Section.

6.18.10 Lien Survives Sale. The lien arising under Section 6.18 shall not be affected by the sale or transfer of the subject Lot except in the event of sale through Foreclosure, as provided in Section 6.18.9.

6.19 Owner Liability. In addition to constituting a lien on the Lot, each Assessment shall be the joint and several obligation of the Owner of the Lot to which the same are assessed as of the time the Assessment is due. In a voluntary conveyance, the grantee of a Lot shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter 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. No Owner shall be entitled to assert as a setoff or defense against his or her obligation to pay Assessments for the amount of any obligation or liability due from, or claim asserted against, the Association or any other person.

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

6.20 Late Charges. 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. In the absence of another established nonusurious rate, delinquent Assessments shall bear interest from the date of delinquency at the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

6.21 Attorneys' 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 those collection activities result in suit being commenced or prosecuted to judgment. In addition, the prevailing party 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 prevailing party shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment.

6.22 Assessment Certificate. The Association, upon written request, shall furnish to an Owner or a Mortgagee a statement signed by an Officer or authorized agent of the Association setting forth the amount of unpaid Assessments or the priority amount against that Lot, or both. The statement shall be furnished within fifteen days after receipt of the request and is binding on

the Association, the Board, and every Owner, unless and to the extent known by the recipient to be false.

6.23 Acceleration of Assessments. In the event any monthly Assessment or special charge attributable to a particular Lot remains delinquent for more than sixty days, the Board may, upon fifteen days' written notice to the Owner of such Lot, accelerate and demand immediate payment of all, or such portion as the Board determines, of the monthly Assessments and special charges which the Board reasonably determines will become due during the next succeeding twelve months with respect to such Lot.

6.24 Delinquent Assessment Deposit.

6.24.1 Delinquent Assessment Deposit. An Owner may be required by the Board, from time to time, to make and maintain a deposit equal to not less than one month nor in excess of three months estimated monthly Assessment and charges, which may be collected as are other Assessments and charges. Such deposit shall be held in a separate fund, be credited to the Lot owned by such Owner, and be for the purpose of establishing a reserve for delinquent Assessments.

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

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

Article 7

RESERVE STUDY AND ACCOUNTS

7.1 Reserve Study. Unless the Association has only nominal reserve costs or the cost of a reserve study or update would exceed 10% of the Association's annual budget, the Association shall:

7.1.2 Cause to be prepared an initial reserve study and annual updates in accordance with RCW 64.90.545 and 64.90.550 (collectively, "Reserve Study"). The initial Reserve Study and every third year update, if required, shall be prepared by an independent reserve study professional in accordance with the Act); and

7.1.3 Establish one or more income-earning accounts ("Reserve Account") for the deposit of any funds for the replacement costs of reserve components ("Reserve Components") identified in the Reserve Study.

7.2 **Reserve Account.** The Reserve Account shall be administered and under the direct control of the Board.

7.2.1 The Board may withdraw funds from the Reserve Account to pay for replacement costs of Reserve Components not included in the Reserve Study.

7.2.3 The Board may withdraw funds from the Reserve Account to pay for unforeseen or unbudgeted costs that are unrelated to replacement costs of the Reserve Components, provided:

7.2.3.1 The Board shall adopt a schedule to replace the withdrawn reserves within twenty-four months unless the Board determines that repayment within twenty-four months would impose an unreasonable burden on the Owners.

7.2.3.2 The amount of any such withdrawal, the current deficiency in reserve funding on per Lot basis, and the repayment plan shall be included with the annual Budget provided to Owners.

7.2.4 All withdrawals from the Reserve Account shall be recorded in the Association's minute books.

7.3 **Owner's Demand for Reserve Study.** Should the Board fail to prepare a required Reserve Study for a period of three years or more, 20% or more of the Owners may issue a written demand, which shall reference RCW 64.90.555, to the Board that the cost of a Reserve Study be included in the next annual Budget and that the Reserve Study be prepared by the end of that Budget year. Upon receipt of the demand, the Board shall include the cost of a Reserve Study in the next Budget and, if that Budget is not rejected by a majority vote of the Owners, arrange for the preparation of a Reserve Study. One or more Owners may bring an action to enforce the requirements of this Article 7. In such an action, a court may order specific performance and may award reasonable attorneys' fees and costs to the prevailing party. An Owner's duty to pay Assessments is not excused because of the Association's failure to comply with this Article 7. A Budget ratified by the Owners is not invalidated because of the Association's failure to comply with this Article 7.

7.4 **Immunity from Liability.** Except for an award for attorneys' fees and costs under Section 7.3, the Association shall not be liable for monetary damages or other liability awarded against or imposed upon the Association, its Officers, or Board members, or upon any person who may have provided advice or assistance to the Association, its Officers, or Board members, for failure to establish or replenish a Reserve Account or have a current Reserve Study prepared or updated, or to include information regarding Reserve Account withdrawals in the Budget.

Article 8

COVEYANCE OF COMMON ELEMENTS AND EASEMENTS

8.1 **Conveyance of Common Elements.** As further described on the Plat, Declarant grants, confirms and conveys to the Association for the undivided common use and enjoyment of

the Association and Owners, the Common Elements, subject to the easements on the Plat and described herein.

8.2 Association to Maintain Common Elements. The Association shall have the right and the obligation to maintain the Common Elements, (except to the extent such maintenance is required to be provided by utility purveyors) and all expenses relating thereto shall be Common Expenses.

8.3 Easements. The following easements are hereby conveyed, established, granted, confirmed and conveyed:

8.3.1 An irrevocable non-exclusive easement is hereby granted to the Association for the construction, repair, replacement, reconstruction, and maintenance of utilities and drainage facilities in all Common Elements and within all portions of individual Lots which are not covered by the footprint of a building. No structure, planting or other material which may damage or interfere with the installation and maintenance of utilities or facilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through the drainage channels in the easements, shall be placed or permitted to remain within any of these easements, except as otherwise authorized by the Plat.

8.3.2 Each Lot has an easement in and through each other Lot and the Common Elements for all support elements and utility, wiring, heat and service elements, and for reasonable access thereto, for the maintenance, repair and replacement of all improvements within each Lot. Each Lot as it is constructed is granted an easement (to which each other Lot and all Common Element is subject) for the location and maintenance of all the original equipment and facilities and utilities for such Lot.

8.3.3 The Board, on behalf of the Association and all Owners thereof, shall have authority to grant utility, road and similar easements, licenses and permits under, through or over the Common Elements, which easements the Board determines are reasonably necessary to the ongoing development and operation of the Property.

8.3.4 There is hereby reserved to the Association, or their duly authorized agents and representatives, such easements and rights of access over, across, under or into the Property (and any part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Association as are set forth, provided for or authorized in the Governing Documents.

8.3.5 An easement is granted over, across and under Common Elements for the benefit of Declarant, the Association and the Owners, and their respective heirs and assigns, for ingress and egress to and from the Lots, for emergency vehicle access to the Lots, and for the purposes of exercising all other rights granted in this Declaration. Such easement includes, without limitation, the right to go upon the Lots for the purpose of removing vehicles or other similar objects which are parked or stored in violation of the terms of this Declaration, or otherwise exercise remedial rights under this Declaration.

8.3.6 Lots and all Common Elements are hereby declared to have an easement over all adjoining Lots and Common Element, for the purpose of accommodating any encroachment due to engineering errors, or errors in original construction, reconstruction, repair

of any portion of the Lot Improvements, or any other similar cause, and any encroachment due to building overhang or Subdivision. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners. In the event a Lot or Common Element is partially or totally destroyed, and then Repaired or rebuilt, the Owners agree that minor encroachments over adjoining Lots shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any Lot.

8.3.7 The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for Common Elements reserved by law.

8.4 Storm Drainage and Maintenance Easement. A private perpetual, nonexclusive easement for storm drainage, grading, landscaping and maintenance is hereby granted and conveyed to the Lot Owners and the Association under and upon the exterior five (5) feet adjoining each side and rear boundary line of each Lot and Tract. If the boundary line of any Lot or Tract is altered, the easement shall relocate accordingly. The Association shall have the right of ingress and egress and the right to excavate, construct, operate, maintain, repair and/or rebuild: (i) an enclosed or open channel storm water conveyance system and/or other drainage facilities under, upon or through the drainage easement, provided that each Lot Owner shall have the explicit responsibility for maintaining the portion of the system located on the Owner's Lot; and (ii) landscaping, including retaining walls and similar improvements, fencing, and any regrading that the Association deems reasonable to advance the safety, beautification or value of the Subdivision, provided that each Lot Owner shall have the explicit responsibility for maintaining the portion of any such improvements located on the Owner's Lot.

Article 9 ADMINISTRATION, USE AND MAINTENANCE OF COMMON ELEMENTS

9.1 Association Responsibility for Maintaining Common Elements. The Association is responsible for maintaining, repairing and replacing as necessary all Common Elements and Improvements thereon and all expenses related thereto shall be Common Expenses.

9.2 Use of Common Elements. Except as otherwise provided herein, each Owner shall have the right to use the Common Elements in common with all other Owners. The right to use the Common Elements extends not only to each Owner, but also to such Owner's agents, servants, tenants, family members, invitees, and licensees. The right to use the Common Elements shall be governed by the provisions of the Governing Documents. The right to use the Common Area private roads includes the right to use such roads to access adjoining public roads. Common drives, walks, corridors, stairways and other general Common Elements shall be used exclusively for normal transit and no obstructions and/or decorations or other items shall be placed thereon or therein except by express written consent of the Board. The Board reserves the right to limit access to those portions of the Common Areas which, in the opinion of the Board, are dangerous; to

charge reasonable admission and other fees for the use of any recreational facility situated upon any Common Area; and limit the number of guests of Owners.

9.3 Repair of Damaged Improvements in Common Elements. Any damage to Common Elements or Improvements thereon, including landscape plantings, sprinkler systems, fences, etc., if any, by the Owner, Owner's agents, servants, tenants, family members, invitees, and licensees shall be repaired by the Association and the responsible Owner will be obliged to immediately remit funds for the repair. If the Owner fails to promptly make payment for such repairs, the payment due shall be treated as a late Assessment and the Owner shall be subject to the late payment and lien provisions described in Sections 6.18 and 6.20 and as otherwise set forth in this Declaration.

9.4 Alteration of the Common Elements. Nothing shall be altered, or constructed in, or removed from the Common Elements, including fences and landscaping, except by the Declarant or the Association. No Structures, vehicle parking, storage of vehicles or storage of materials shall be allowed in Common Elements, except for on-street parking, subject to Association Rules.

9.5 Fences, Landscaping, Etc. To the extent deemed advisable by the Board, the Association may pay for the cost of constructing, maintaining, repairing and replacing: perimeter and interior fences, if any; and landscaping and improvements on Easements, if any, which are located on or across Lots; provided, the Board at its option may require a Lot Owner at the Owner's expense to maintain, repair and replace such fences, landscaping and improvements as are adjacent to such Owner's Lot. All such perimeter and interior fences shall be constructed, maintained, repaired and replaced in accordance with the Common Fence Design Standards contained in attached Exhibit B.

9.6 Dumping in Common Elements. No trash, plant or grass clippings or other debris of any kind shall be dumped, deposited or placed on or within the Common Elements.

9.7 Management. Each Owner expressly covenants that the Association and/or the Declarant, during the Development Period, may delegate all or any portion of their management authority to a managing agent, manager or officer of the Association and may enter into such management contracts or other service contracts to provide for maintenance and the operation of Common Elements and any portion thereof. Any management agreement or employment agreement for the maintenance or management of the Common Elements or any portion thereof shall be terminable by the Association without cause and without payment of penalty upon ninety days' written notice thereof; the term of any such agreement shall not exceed one year, renewable by agreement of the parties for successive one-year periods. Each Owner is bound to observe the terms and conditions of any such management agreement or employment contract, all of which shall be made available for inspection by any Owner on request.

Article 10

USE AND MAINTENANCE OBLIGATION OF OWNERS

10.1 Maintenance of Lots. Each Owner, at said Owner's sole cost and expense, shall promptly and continuously maintain, repair and restore said Owner's Lot (including the yard and landscaping) and Home and other improvements located thereon, and also such other areas as may

be required pursuant to Section 9.5, in a good, clean, attractive, safe and sanitary condition and in full compliance with all applicable governmental laws, rules and regulations and the provisions of this Declaration and the rules and regulations of the Association.

10.2 Residential Use. Except as provided in Section 10.6, all Lots and improvements located thereon shall be used, improved and devoted exclusively to residential use.

10.3 Restriction on Further Subdivision. No Lot or portion of a Lot shall be divided and sold or resold, nor ownership changed or transferred whereby the ownership of any portion of this Subdivision shall be less than the area required for the use district in which located; provided, the foregoing shall not prohibit deeds of correction, deeds to resolve boundary disputes and similar corrective instruments. Lots may be joined and joined Lots may subsequently be subdivided only into the Lots originally joined.

10.4 Rental Lots.

10.4.1 With respect to the leasing, renting, or creating of any kind of tenancy of a Lot and improvements thereon by its Owners, such Owner shall be prohibited from leasing or renting less than the entire Lot or improvements thereon, or (with the exception of a lender in possession of a Lot and improvements thereon following a default in a first mortgage, a foreclosure proceeding or any deed of trust sale or other arrangement in lieu of a foreclosure) for a term of less than six (6) months; and all leasing or rental agreements shall be in writing, and shall be subject to the Declaration and Bylaws (with a default of the tenant in complying with the Declaration and Bylaws constituting a default under the lease or rental agreement).

10.4.2 If a Lot or Home is rented by its Owner, the Board on behalf of the Association may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Lot or Home as is required to pay any amounts due the Association hereunder, plus interest and costs, if the same are in default over thirty (30) days. The renter or lessee shall not have the right to challenge payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner or the Lot under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Lot or its Owner, nor in derogation of any rights which a mortgagee of such Lot may have with respect to such rents. Other than as stated in this Article 10 there are no restrictions on the right of any Owner to lease or otherwise rent such Owner's Lot or Home.

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

10.6 Business Use. No business of any kind shall be conducted on any Lot with the exception of: (a) the business of Declarant in developing and selling all of the Lots; and (b) such home occupation as may be permitted by the appropriate local government and which is not otherwise in violation of the provisions of this Declaration.

10.7 Building Setback Requirements. All buildings and other Lot improvements shall comply with all applicable governmental requirements, including without limitation minimum setback requirements. No building or other structure shall be located within any building setback line shown on the Plat Map.

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

10.9 Catch Basin. The Owner of each Lot shall ensure the cleaning of all catch basins, if any, located on such Lot at least once prior to September 15 of each calendar year.

10.10 Lot Size. No residential structure shall be erected or placed on any Lot which has a Lot area of less than that required by the government entity having appropriate jurisdiction over the Subdivision.

10.11 Garages. Every Home must have a garage capable of holding at least two full-size cars, but no more than four full-size vehicles (any car, boat, recreational vehicle, etc. shall be deemed one car for purposes of this limitation). All vehicles must be stored in garages or in a manner which the Board reasonably determines is not offensive when viewed from the street or from the ground level of adjacent Lots or Common Areas.

10.12 Square Footage. Each single-family residence must include a minimum of 3,200 square feet for two-story Homes, excluding garage, porches and decks.

10.13 Mobile or Manufactured Housing. Custom designs by licensed architects shall be strongly encouraged and any use of repetitive design shall be strongly discouraged and/or prohibited at the discretion of the ACC. The ACC may refuse to approve a plan based on design or repetitive use of a plan, or for failure to meet the approved criteria as set forth. There shall be no mobile or manufactured housing.

10.14 Driveway Standards. All driveways shall be constructed of a combination of concrete with a minimum of aggregate finish, pavers or other material approved by ACC.

10.15 Parking. Unless substantially screened from view from the street or from the ground level of adjacent Lots and Common Area in a manner reasonably approved by the ACC, no recreational vehicles, commercial vehicles, construction or like equipment, motorcycles, or trailers (utility, boat, camping, horse, or otherwise), shall be allowed to be parked or stored on any Lot or street for a cumulative period in excess of fourteen (14) days in any one (1) calendar year. No motor vehicles of any kind shall be parked overnight on any street adjoining any Lot or Common Area; provided that, such vehicles belonging to guests of a Lot Owner may occasionally be so parked so long as such parking will not violate any other provision of this Section 10.15. No motor vehicle of any kind that is inoperative by reason of mechanical failure shall be parked or stored on any Lot or in any right-of-way or street adjoining any Lot or Common Area for more than seventy-two (72) hours. The Board shall have full authority to determine, in its sole discretion, if any vehicle is obnoxious or undesirable to other Lot Owners and to enforce this

covenant. Pursuant to Article 9 of this Declaration, the Association may levy fines or have vehicles that are parked in violation of this Section towed and impounded at the Owner's expense.

10.16 Roof. The exterior of all roofs shall be composed of materials approved by ACC. Roof material shall be at least twenty-five (25) year architectural composition asphalt shingle, charcoal color or other color approved by the ACC, and by a manufacturer approved and accepted by ACC.

10.17 Exterior Finish. The exterior of each Home shall be designed, built and maintained in such a manner as to blend in with the natural surroundings, existing structures and landscaping of the Subdivision. All exterior materials and all exterior colors must be approved by the ACC in accordance with the provisions of this Declaration. Exterior trim, fences, doors, railing, decks, eaves, gutters and the exterior finish of garages and other accessory buildings (including garden sheds) shall be designed, built and maintained to be compatible with the exterior of the structures they adjoin.

10.18 Utilities. All utilities shall be installed underground. No fuel tank shall be maintained above ground unless properly screened in a manner acceptable to the ACC. All Lots shall be served by public water and sewer. No wells or septic systems shall be constructed or maintained on any Lot.

10.19 Antenna. No antenna, satellite dish or other similar type of exterior equipment shall be allowed on any Lot unless approved in writing by the ACC. As a condition of approval the ACC may require reasonable shielding of such antenna, satellite dish or equipment from view from the street and the ground level of adjacent Lots or Common Areas. In no event shall any satellite dish or similar antenna greater than one (1) meter in diameter be permitted.

10.20 Fencing. No fences or site-screening improvements shall be erected without the prior written approval of the ACC. Fences may only be placed along the rear property line, along the front building line, and from the front building line to the rear Lot line, cannot exceed six (6) feet in height above the ground, under no circumstances may obstruct view from any other Lot, must be constructed of wood or other material approved by the ACC, and shall be constructed, maintained, repaired and replaced in accordance with the Common Fence Design Standards contained in attached Exhibit B; provided that the foregoing height limitation shall not apply to site screening approved by the ACC pursuant to Section 10.15. Hedges or other solid screen planting may be used as Lot line barriers subject to the same height restrictions as fences. No chain-link fences shall be permitted on a Lot. No fence, wall or hedge shall be permitted on a Lot any nearer to any street than a building is permitted under Section 10.7, except that nothing shall prevent the erection of a necessary retaining wall, the top of which does not extend more than three (3) feet above the finished grade at the back of said retaining wall.

10.21 Fireplace Chimneys. Fireplace chimneys must be constructed with material approved by the ACC and as otherwise required by this Declaration.

10.22 Garbage and Refuse. No garbage, refuse, rubbish, cuttings, or debris of any kind shall be deposited on or left upon any Lot unless placed in an attractive container suitably located and screened from view from the street and from the ground level of adjacent Lots and Common Area. Such containers shall be returned to the screened location by the end of each scheduled

pick-up day. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No building material of any kind shall be placed or stored on any property within the Subdivision until the Lot Owner is ready to commence construction, and then such materials shall be placed within the boundary lines of the Lot upon which its use is intended. Garbage cans may only be placed in public view on the day of garbage pick-up. All woodpiles and storage areas must be placed so that they do not obstruct or hamper any other Lot Owner's view and must be suitably screened from view from the street and from the ground level of adjacent Lots and Common Area.

10.23 Games and Play Structures. No deck, platform, dog house, playhouse or structure of a similar kind or nature shall be constructed on any part of a Lot located in front of the rear line of the residence constructed thereon, and any such structure must have prior approval of the ACC.

10.24 Construction of Significant Recreation Facilities. The construction of any significant recreational facilities on any Lot including, but not limited to, such items as swimming pools and tennis, badminton or pickle ball courts shall require the approval of the ACC and shall be subject to the requirements adopted by the ACC.

10.25 Livestock and Poultry. No animals or reptiles of any kind shall be kept on the Subdivision, except that dogs, cats, and other indoor household pets may be kept provided that they are not kept, bred, or maintained for any commercial purpose. No individual Lot Owner shall keep more than two (2) dogs.

10.26 Landscaping. All cleared areas between the front building line and the street shall be fully landscaped within thirty (30) days, depending on weather conditions, of the time when Home is ready for occupancy. Owner shall install or have installed fully landscaped rear and side yards within nine (9) months of occupancy unless a longer time is approved by the ACC.

10.27 Signs. No signs of any kind, nor for any uses, shall be erected, posted, painted or displayed on any Lot or Common Area whatsoever, except for public notices by political divisions of the State or County or as required by law. Any builder or the builder's agent may erect and display signs during the period the builder is building and selling property in the Subdivision only with prior approval from ACC. Any Lot Owner or the Lot Owner's agent wishing to sell that Owner's Lot may place one (1) "For Sale" sign on the Lot, provided such sign complies with any rules published by the ACC.

10.28 Temporary Structures. No trailer, basement, tent, shack, garage, barn or other outbuildings or any structure of a temporary character erected or placed on the Subdivision shall at any time be used as a residence, even temporarily. No building or structure shall be moved on to the Subdivision from any land outside the Subdivision. A trailer may be placed and occupied by the designated subdivision sales agent with the prior written approval of the ACC. A construction shack may be used by an Owner's construction contractor during the construction period.

10.29 Completion of Construction. All construction shall begin within eighteen (18) months of the date of closing of the sale from the Declarant for each Lot. Any dwelling or structure erected or placed on any Lot shall be completed as to external appearance, including finish painting or staining, and shall be connected to sewers within eight (8) months from the date of

commencement of construction, unless some longer period of time is approved in writing by the ACC.

10.30 Easements. Easements for the installation and maintenance of utilities, drainage and irrigation facilities are reserved as shown on the Plat Map and as described in Section 8.3. Within these easements no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and/or maintenance of such utilities, or which may change the directions of flow of water through a drainage channel in the easement, or which may obstruct or retard the flow of water through drainage channels in the easement. Any easement or portion thereof located on any Lot and all improvements thereon shall be maintained continuously by the Lot Owner.

10.31 Use During Construction. Except with the approval of the ACC, no person shall reside in any structure on any Lot until such time as the improvements to be erected thereon in accordance with the plans and specifications approved by the ACC have been completed. Completion shall be considered receipt of a final inspection of the dwelling unit by the King County Building Department or other applicable government official.

10.32 Excavations. Except with the permission of the ACC, or except as may be necessary in connection with the construction of any approved improvement, no excavation shall be made nor shall any dirt be removed from or added to any Lot. Except with permission of ACC, no retaining wall of more than four feet (4) in height (exposed height) may be constructed on any Lot.

10.33 Nuisances. No noxious or undesirable thing or noxious or undesirable use shall be permitted or maintained upon any Lot or upon any other portion of the Subdivision. If the Board determines that a thing or use is undesirable or noxious, that determination shall be conclusive.

10.34 Clothes Lines, Other Structures. No clothes lines or other structures of a similar nature shall be visible from any street or the ground level of any adjacent Lot or Common Area.

10.35 Common Drives. Common drives, walks (if any) and paths (if any) shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the Board.

10.36 Building Height. Except with the permission of the ACC, no building height shall exceed thirty five (35) feet, as measured from the average grade elevation at the perimeter of the house to the maximum point on the roof.

10.37 Storm Runoff. Each Lot Owner shall ensure that all roof down spout drains are properly cleaned and maintained, and that the tight line drainage lines or storm infiltration/dispersion system on each Lot are clean and free of any debris. Due diligence shall be exercised by each Lot Owner to prevent adverse impact of storm runoff onto downstream Lots.

Article 11
ARCHITECTURAL CONTROL

11.1 Construction and Exterior Alteration or Repair.

11.1.1 All buildings and structures (including, without limitation, concrete or masonry walls, rockeries, fences, sheds, swimming pools, if any, or other structures) to be constructed within the Subdivision, and all exterior alterations and repairs (including, but not limited to, reroofing or repainting) of any buildings or structures on the Subdivision and visible from any public street, Common Area or other Lot must be approved in writing by the Board, or by an Architectural Control Committee ("ACC") composed of three (3) or more representatives appointed by the Board, at least two (2) of whom shall be Board members; provided that during the Declarant Control Period, Declarant at its option may exercise all of the rights and powers of the Board under Section 11.1 including without limitation the appointment of members of the ACC. References in this Article 11 to the ACC shall be deemed to include the ACC, the Board, or the Declarant, as circumstances may dictate. Complete plans and specifications, including colors, of all such proposed buildings, structures, and exterior alterations and repairs, together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the ACC, shall be submitted to the ACC along with a written request for approval signed by the Owner. Any exterior modifications in accordance with plans and specifications developed by the Declarant and filed with the Board at the time of transfer (pursuant to Section 4.2) shall be deemed approved exterior modifications.

11.1.2 The ACC will review all requests for approval of construction, alteration or repair for quality of workmanship and materials planned and for conformity and harmony of the external design with proposed or existing structures on the Lots, and for location of the building with respect to topography, finish grade elevation and building setback restrictions.

11.1.3 In the event the ACC fails to approve or disapprove such request within thirty (30) days after all required plans and specifications have been submitted to it, such approval shall be deemed given by the ACC.

11.1.4 All plans and specifications for approval by the ACC must be submitted in duplicate, at least thirty (30) days prior to the proposed construction or exterior alteration or repair starting date. Construction, alteration or repair shall not be started until written approval thereof is given by the ACC.

11.1.5 The ACC may require that said plans or specifications be prepared by an architect or a competent house designer, approved by the ACC. One complete set of said plans and specifications shall in each case be delivered to and permanently retained by the ACC. All buildings or structures (including but not limited to garden sheds) shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the ACC. The ACC shall have the right to refuse to approve any design, plan or color for such improvements, construction, or exterior alteration or repair visible from a public street, Common Area or other Lot which is not suitable or desirable, in the ACC's reasonable opinion, aesthetic or otherwise.

11.1.6 In so passing upon such design, the ACC shall have the right to take into consideration the suitability of the proposed building or other structure, and the material of which it is to be built, and the exterior color scheme, to the site upon which it is proposed to be erected, the harmony thereof with the surroundings, and the effect or impairment that said structure will have on the view or outlook of surrounding building sites, and any and all factors, which, in the ACC's opinion, could affect the desirability or suitability of such proposed structure, improvements, or exterior alteration or repair.

11.1.7 The ACC shall have the right to disapprove the design or installation of a swimming pool or any other recreational structure or equipment, in the ACC's reasonable opinion, aesthetic or otherwise. In so passing upon such design or proposed installation, the ACC shall have the right to take into consideration the visual impact of the structure and the noise impact of the related activities upon all of the properties located in close proximity. Any enclosure or cover used in connection with such a recreational structure or equipment, whether temporary, collapsible, seasonal, or otherwise, shall be treated as a permanent structure for the purposes of these covenants, and shall be subject to all the conditions, restrictions, and requirements as set forth herein for all buildings and structures.

11.1.8 The ACC shall have the right to require, at a Lot Owner's expense, the trimming or topping (or, if deemed necessary by the ACC, removal) of any tree, hedge or shrub on a Lot which the ACC determines is unreasonably blocking or interfering with the view or access to sunlight of another Lot.

11.1.9 The ACC shall have the right to specify precisely the size, color and style of mailboxes, and of the post or support on which such mailboxes are affixed, and their location within the Subdivision, whether or not such mailbox stand is a Common Area.

11.1.10 Approval by the ACC is independent of, in addition to, and not to be construed as a representation as to compliance with, any requirements for a permit, license or other approval by the City or other applicable governmental or quasi-governmental entity. The Lot Owner is responsible for obtaining any such governmental approvals.

11.1.11 Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions of this Section 11.1 as to any Lot owned by Declarant, either during or after the Declarant Control Period.

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

11.3 Variances. So long as Declarant owns any Lot, the Board may in its reasonable discretion, upon written request of the Declarant, grant a variance from the requirements of Article 10; thereafter, the Board may, upon written request of an Owner, grant a variance from

the requirements of Article 10 only in cases where, because of the physical characteristics of the Lots, strict enforcement would result in an unnecessary hardship. Beginning at such time that Declarant owns no Lot, the Board may only grant a variance from the provisions of Sections 10.11 through 10.17, 10.19 through 10.21, 10.23, 10.29, or 10.36. The Board's authority to grant such a variance shall not be delegated to the ACC. Prior to granting such a variance, the Board shall hold an open hearing at which other Owners may comment. At least fifteen (15) days prior to such hearing, the Board shall give written notice of the nature of the requested variance: to the Owner of each Lot immediately adjacent to the Lot for which the variance is requested; to other Owners that would reasonably be affected by the variance; and by requiring the Owner requesting the variance to post a notice on such Owner's Lot in a form reasonably satisfactory to the Board.

11.4 Appeals. Any aggrieved Owner may appeal a decision of the ACC to the Board by written notice within sixty (60) days after the ACC's written decision. The Board will review the ACC decision at the Board's next regularly scheduled meeting (but in any event not later than thirty (30) days after receipt of the notice of appeal). The Board shall give written notice to the appealing Owner of the time and place of such meeting at least five (5) days in advance. During the Declarant Control Period, the Declarant shall perform the role of the Board described in this Section 11.4.

Article 12 COMPLIANCE WITH GOVERNING DOCUMENTS

12.1 Strict Compliance. Each person who occupies a Lot within the Development as an Owner, guest or Occupant, shall comply strictly with the provisions of the Governing Documents and with all Association Rules and decisions of the Board, including a decision made after a hearing required under this Declaration. The acceptance of a deed, conveyance, or lease, or the entering into occupancy of any Lot shall constitute an agreement that the provisions of the Governing Documents, are accepted and ratified by that Owner and its Occupants and all provisions of the Governing Documents 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 the Lot, as though the provisions were recited and stipulated at length in each and every deed, conveyance or lease of the Lot.

12.2 Failure to Insist on Strict Performance Not a Waiver. The Board shall exercise its business judgment in determining what actions to take in the enforcement of the Governing Documents. The failure of the Board to insist upon the strict performance of any of the terms, covenants, conditions or restrictions of the Governing Documents, or to exercise any right or option contained in the Governing Documents, or to serve any notice or to institute any action, shall not be construed as a waiver or relinquishment for the future of that term, covenant, condition or restriction, but the term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board of any Assessment from an Owner with knowledge of any breach shall not be deemed a waiver of a breach, and no waiver by the Board of any provision of the Governing Documents shall be deemed to have been made unless expressed in writing and signed by the appropriate Officers on behalf of the Board.

12.3 Enforcement Procedures. In the event of any violation by an Owner or Occupant, the Association and any aggrieved Owner shall have all of the rights and remedies which may be provided for in the Governing Documents, or which may be available at law or in equity.

12.4 Internal Enforcement Procedures.

12.4.1 Complaint Review Panel. Except as hereinafter provided, the Board or committee appointed by the Board shall serve as the Complaint Review Panel ("Panel") and shall investigate, hear and determine all complaints concerning violations by any Owner or Occupant pursuant to procedures set forth in reasonable policies adopted by the Board from time to time. The Panel is authorized to order compliance with the applicable provision of the Governing Documents. Any member of the Panel who is incapable of impartial, disinterested and objective consideration of the case shall disclose this to the Panel and shall remove himself or herself from participation in the proceedings and have it so recorded in the minutes of the Panel.

12.4.2 Informal Dispute Resolution Procedure. The Association and Owners intend that an informal process be followed prior to the initiation of a formal hearing process against any party subject to the Governing Documents. To that end, any Owner, employee or agent of the Association has the authority to request that an Owner or Occupant cease or correct any act or perform any omission which appears to be in violation of the Governing Documents. The informal request must be made, either verbally or in writing, prior to initiation of the formal hearing process.

12.5 Judicial Enforcement. Failure to comply with a provision of the Governing Documents, or a decision of the Board or Panel shall be grounds for an action to recover sums due for damages, fines and any costs incurred by the Association in connection with the proceedings before the Panel, including reasonable attorney's fees incurred by the Association. Such action shall be maintainable by the Association (acting through the Board) on behalf of the Owners. Such Violation shall further be sufficient grounds for the granting of injunctive relief in such an action and a showing of irreparable harm shall not be a prerequisite to issuance of such injunctive relief. Nothing contained in this Declaration shall be deemed or construed as a waiver of the Association's right to bring a judicial action without first exhausting the Association's internal enforcement procedures in cases where the Board deems immediate judicial action to be necessary or appropriate. In the event that the Board fails or refuses, after demand by an aggrieved Owner, to take appropriate action to enforce compliance with any provision of the Governing Documents or any Board or Panel Decision, an aggrieved Owner on his or her own may maintain an action for damages or injunctive relief against the party failing to comply. In any judicial action to enforce compliance with the Governing Documents, or a decision of the Board, or Panel, the prevailing party, including the Association, shall be entitled to recover from the non-prevailing party, whether or not the action proceeds to judgment, its costs and a reasonable sum for attorneys' fees incurred in connection with the action, in addition to actual costs.

12.6 Imposition of Fines.

12.6.1 Authority to Impose Fines. The Association shall have the right to impose monetary penalties against the Owner and/or Occupant who violates the Governing Documents or other rules and restrictions adopted by the Association. The Board shall, from time to time, adopt a schedule for such monetary penalties. The schedule may provide for penalties that are assessed

a single flat rate and may provide for penalties which are incurred on a periodic (daily, weekly, etc.) basis and which accrue until violations are corrected.

12.6.2 Procedure for Imposition of Fines. If the Association determines that a violation of the Governing Documents or other rules and restrictions adopted by the Association has occurred, the Association shall send a written notice of violation ("Notice of Violation") to the Owner and Occupant of the Lot determined to be responsible for the violation. The Notice of Violation shall identify (1) the location where the violation has occurred, (2) the name of the person responsible for the violation, (3) the nature of the violation, (4) the action or actions required in order to cure the violation and a deadline for compliance, and (5) the rate or amount of the fine that will be assessed if the violation is not cured by the compliance deadline. In addition, the Notice of Violation shall indicate that the Owner or Occupant deemed responsible for the violation shall be entitled to request a hearing before the Panel, provided a written request for such a hearing is submitted to the Panel within fourteen calendar days after the issuance of the Notice of Violation.

12.6.3 Hearing by Complaint Review Panel. If a request for a hearing is submitted, the Panel shall conduct a factual hearing and allow interested parties to present evidence relevant to the issues of whether or not a violation has occurred and what action is required to cure the violation. The Panel shall issue a written decision after the conclusion of the factual hearing. All Notices of Violation become final either fourteen days after they are issued if no request for a hearing is submitted, or on the date that the Panel issues its decision following a hearing.

12.6.4 Collection of Fines, Lien on Title. Unpaid fines assessed pursuant to this Section shall constitute liens against the Lot, and shall be subject to the terms and conditions of this Declaration regarding liens for Assessments and attorney's fees.

12.7 Enforcement Against Occupants. The occupation of a Lot by a tenant, and every lease, shall be subject to the Governing Documents. By entering into occupancy of a Lot, an Occupant agrees to be bound by the Governing Documents. A breach of the Governing Documents by an Occupant shall be deemed to be a breach of his or her lease. In the event of a violation by an Occupant, the Board shall notify the Owner and Occupant of the violation and demand that the violation be remedied through the Owner's efforts within twenty days' after the Notice of Violation. The Owner shall, within five days of such notice, serve upon the Occupant in the manner provided by law, a notice to comply or quit the premises. If the violation is not remedied within the twenty day period, then the Owner shall immediately thereafter, at his or her own cost and expense, institute and diligently prosecute an unlawful detainer action. The unlawful detainer action shall not be compromised or settled without the prior written approval of the Board. If the Owner fails to fulfill the foregoing obligation, then the Board shall have the right, but not the duty, to institute and prosecute an unlawful detainer action as attorney-in-fact for the Owner and at the Owner's sole cost and expense, including all legal fees incurred. The costs and expenses of the action shall be deemed to constitute Assessments secured by a lien on the Lot involved as well as the personal obligation of the Owner, and collection thereof may be enforced by the Board in the same manner as any other Assessment. Each and every Owner does hereby automatically and irrevocably name, constitute, appoint and confirm the Association as his or her attorney-in-fact for the purposes described in this section.

Article 13
LIMITATION OF LIABILITY

13.1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Board pursuant to Article 14, the Association, Board members (including the Declarant if a Board member), Officers, and Committee members shall not be liable for: (i) any failure of any utility or other service to be obtained and paid for by the Board; (ii) for injury or damage to Person or Property caused by the elements, or resulting from electricity, noise, smoke, water, rain (or other liquid), dust or sand which may leak or flow from outside or from any parts of the Buildings, or from any of its pipes, drains, conduits, appliances, or equipment, or from any other places; or (iii) for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

13.2 No Personal Liability. So long as the Association, Board members (including the Declarant if a Board member), Officers, and Committee members have acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such Person and such Person's evaluation of such information, no such Person shall be personally liable to any Owner, or other Person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence, including any discretionary decision, or failure to make a discretionary decision, by such Person in such Person's official capacity. Without limiting the generality of the foregoing, the term "discretionary decisions" shall include evaluating and deciding whether or not to act in response to reports, investigations or recommendations received by such Person, and shall include deciding whether or not to commence, defend, continue, or settle lawsuits or arbitration/mediation or other legal proceedings involving the Association or Subdivision (or any part thereof). Provided, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Board pursuant to Article 14.

13.3 Indemnification of Board Members. Each Board member, Committee member, and Officer (including Declarant in its capacity as a Board or Committee member or Officer), shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities arose or are incurred, except in such cases wherein such Person is adjudged guilty of either willful or intentional misconduct, a knowing violation of the law in the performance of his duties and except in such cases where such Person has participated in a transaction from which said Person will personally receive a benefit in money, Property or services to which said Person is not legally entitled. Provided, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association.

13.4 Legal Proceedings. The rights, powers, benefits, duties and obligations granted to and imposed upon parties subject to this Declaration (including without limitation the Declarant, Owners, Association, Board and Officers) shall not be restricted, diminished, or otherwise

modified by threatened or pending legal proceedings (including without limitation litigation, administrative, mediation, or arbitration), which proceedings involve one or more of such parties.

Article 14
INSURANCE

14.1 General Requirements. Commencing not later than the time of the first conveyance of a Lot to a Person other than the Declarant, the Association shall maintain, in its name, to the extent reasonably available, a policy or policies and bonds necessary to provide: (a) commercial general liability insurance; (b) property insurance; (c) fidelity bonds; (d) workers' compensation insurance to the extent required by applicable laws; (e) directors and officers liability insurance; and (f) such other insurance as the Board deems advisable. The Board shall review at least annually the adequacy of the Association's insurance coverage. All insurance shall be obtained from insurance carriers with a minimum A VIII Best's financial rating and authorized to do business in the state of Washington, and, if required, meet the specific requirements of any Federal Mortgage Agency regarding the qualifications of insurance carriers. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect liability insurance and fidelity bonds that meet any applicable requirements established by any Federal Mortgage Agency so long as any of them is a holder of a Mortgage or Owner of a Lot, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies and fidelity bonds shall provide that coverage may not be canceled or substantially modified without at least thirty days' (ten days' cancellation for nonpayment of premium) prior written notice to any and all insureds named therein, including Owners, Mortgagees, and designated servicers of Mortgages.

14.2 Property Insurance. The policy for property insurance shall insure the Common Elements, insuring against risks of direct physical loss commonly insured against, which insurance, after application of any deductibles, must be not less than 80% of the actual cash value of the insured Property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies

14.3 Liability Insurance. The policy of public liability insurance, including medical payments insurance, shall insure the Board, the Association, the Owners, and any managing agent, and cover all of the Common Elements in the Subdivision with a "Severability of Interest Endorsement" or equivalent coverage which would preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or of another Owner, and shall cover liability of the insureds for property damage and bodily injury and death of persons arising out of the operation, maintenance, and use of the Common Elements, liability in connection with employment contracts of the Association, host liquor liability, employers' liability (stop gap) insurance, non-owned and hired automobile liability insurance, and such other risks as are customarily covered with respect to projects of similar construction, location and use. The limits of liability shall be in amounts generally required by mortgagees for projects of similar construction, location and use but shall be at least \$1,000,000 bodily injury and property damage per occurrence and \$2,000,000 general aggregate.

14.4 Insurance Trustee; Power of Attorney. The named insured under the policies referred to above shall be the Association, as trustee for each of the Owners. The insurance

proceeds may be made payable to any trustee with which the Association enters into an insurance trust agreement, or any successor trustee, who shall have exclusive authority to negotiate losses under the policies. Each Owner appoints the Association, or any insurance trustee or successor trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of all documents and the performance of all other acts necessary to accomplish such purposes.

14.5 Additional Policy Provisions. The insurance obtained shall contain the following provisions and limitations:

14.5.1 Each Lot Owner is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Plat or membership in the Association.

14.5.2 Such policies shall not provide for contribution by (or Assessment against) Mortgagees or become a lien on the Property superior to the lien of a First Mortgage. If, at the time of the loss under the policy, there is other insurance in the name of the Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

14.5.3 Coverage shall not be prejudiced by (a) any act, omission or neglect of the Owners when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or (b) failure of the Association to comply with any warranty or condition with regard to any portion of the premises over which the Association has no control.

14.5.4 A waiver of subrogation by the insurer as to any and all claims against the Association, the Owner, and/or their respective agents, members of the Owner's household, employees, or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

14.5.5 A standard mortgagee clause which shall:

14.5.1.1 Provide that any reference to a mortgagee in the policy shall mean and include all holders of Mortgages of any Lot or Lot lease or sublease in their respective order of preference, whether or not named therein;

14.5.1.2 Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board or Owners or any Persons under any of them;

14.5.1.3 Waive any provision invalidating such mortgagee clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the Mortgagee pay any premium thereon, and any contribution clause; and

14.5.1.4 Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

14.6 Fidelity Bond/Directors and Officers Insurances. The required fidelity bonds shall afford coverage to protect against dishonest acts on the part of Officers, Board members, trustees, and employees of the Association and all other Persons who handle or are responsible for handling funds of, or funds administered by the Association. All managers hired by the

Association shall maintain fidelity bonds for its officers, employees, and agents who handle or who are responsible for handling funds of, or funds administered by the Association. All such fidelity bonds shall name the Association as an obligee and shall be not less than three months' aggregate Assessments. The bonds shall contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression. The Association shall obtain directors and officers liability insurance which shall at a minimum insure each Board member and Officer of the Association against any loss arising from any claim for any alleged wrongful act made by such person while acting in his/her capacity as Board member or Officer of the Association.

14.7 Owner's Insurance. Each Owner shall maintain property insurance in reasonable amounts on all Improvements located on its Lot. The Board shall have the authority to further define or expand such requirement by rule, and to prescribe enforcement mechanisms.

Article 15 DAMAGE OR DESTRUCTION; CONDEMNATION

15.1 Common Elements. If all or any portion of any Common Element is damaged, the Association shall rebuild, repair and replace the same, unless (a) rebuild, repair or replacement would be illegal; (b) 80% of the Owners vote not to rebuild, repair and replace or (c) the Association is terminated. Any uninsured portion of the cost of rebuild, repair and replacement shall be a Common Expense.

15.2 Residence. If any Residence is damaged or destroyed by fire or other casualty, the Owner thereof shall repair or reconstruct the Residence in a manner which will restore it substantially to its appearance and condition immediately prior to the casualty and in compliance with the Architectural Control provisions of the Governing Documents, acting with all reasonable diligence and as soon as reasonably possible.

15.3 Condemnation. In the event any part of the Common Elements is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, the Association shall give prompt notice of any such proceeding or proposed acquisition to the Owners and to the holders of all First Mortgages who have requested from the Association notification of any such proceeding or proposed acquisition. All compensation, damages, or other proceeds therefrom, shall be payable to the Association. The Association shall represent the Owners in any proceedings, negotiations, settlements or agreements regarding a condemnation of any part of the Subdivision, and any condemnation proceeds shall be payable to the Association for the benefit of the Owners of affected Lots and their Mortgagees. Should the Association not act, based on a right reserved to the Association in the Declaration, on the Owners' behalf in a condemnation

Article 16 AMENDMENTS TO GOVERNING DOCUMENTS

The Declaration and other Governing Documents may be amended as follows:

16.1 By Declarant. Without approval of the Owners or the Board, the Declarant may, upon thirty days' advance notice to Owners, unilaterally adopt, execute, and record a corrective amendment or supplement to the Governing Documents to correct a mathematical mistake, an

inconsistency, or a scrivener's error, or to clarify an ambiguity in the Governing Documents with respect to an objectively verifiable fact including, without limitation, recalculating the undivided interest in the Common Elements, the liability for Common Expenses, or the number of votes in the Association appertaining to a Lot, within five years after the recordation or adoption of such Governing Document; provided, that any such amendment or supplement may not materially reduce what the obligations of the Declarant would have been if the mistake, inconsistency, error, or ambiguity had not occurred.

16.2 By the Board. Without approval of the Owners, the Board may Amend or supplement the Governing Documents, by a vote of two-thirds of the Board members, and upon thirty days' advance notice to Owners:

16.2.1 For any reason set forth in Section 16.1 above; or

1.6.2.2 To remove any other language and otherwise amend as necessary the Declaration to remove of language purporting to limit the rights of the Association or Owners in direct conflict with the Act.

16.3 By Owners. The Association may amend the Declaration upon the vote or agreement of no less than 67% of the Owners.

Once an amendment has been adopted by the Association, the amendment will become effective when a certificate of the amendment, executed by the President of the Board, has been recorded in the county where the Property is located.

Article 17 MORTGAGEE PROTECTION

17.1 Notices. The Association shall provide to any First Mortgagee which has requested the same; written notice of (i) casualty or condemnation, (ii) the fact an Owner has for more than thirty days failed to meet any obligation under the Governing Documents, or (iii) lapse of insurance. Any First Mortgagee shall, upon request, be entitled to receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

17.2 Effect of Declaration Amendments. No amendment to this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon First Mortgagees in this instrument with respect to any unsatisfied mortgage duly recorded unless the amendment shall be consented to in writing by such First Mortgagee. Any provisions of this Declaration conferring rights upon First Mortgagees which are inconsistent with any other provisions of this Declaration shall control over such inconsistent provisions.

17.3 Inspection of Books. First Mortgagees shall be entitled to inspect, during normal work hours on weekdays, all of the books and records of the Association, and, upon request, to receive the annual financial statement of the Association within ninety days following the end of the fiscal year of the Association.

17.4 Priority. A breach of any of the provisions, covenants, restrictions or limitations hereof or the recordation of any Association Lien or the pursuit of any remedy hereunder shall not defeat or render invalid the lien of any Mortgage of Record. As provided in Section 6.18.9, each

First Mortgagee which obtains title to a Lot by judicial or non-judicial foreclosure or by deed in lieu of foreclosure, shall take title to such Lot free and clear of any claims for unpaid Assessments or charges against such Lot which accrued prior to the time such First Mortgagee acquires title to such Lot.

Article 18
MISCELLANEOUS

18.1 Notices for All Purposes.

18.1.1 Delivery of Notice. Any notice ("Notice") permitted or required to be delivered under the provisions of Governing Documents may be delivered by mail, private carrier, or personal delivery; telegraph or teletype; telephone, wire, or wireless equipment that transmits a facsimile of the notice; or by email if the recipient has consented in writing to receipt of Notice by Email and provided a valid email address. Notice to the Association shall be addressed to the Association, or the Association's registered agent, president or secretary, at the Association's registered office or principal office shown in its most recent annual report or provided by notice to Owners. Notice to Owners or Board Members shall be addressed to such person's Lot address unless such person has requested in writing that notices be sent to an alternate address. Notice to be given to the Board shall be given to Declarant until the Board has been constituted and thereafter shall be given to the president or secretary of the Board. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice shall be deemed to have been delivered as of the date it was sent.

18.1.2 Mortgagee Notice. Upon written request therefor, and for a period specified in such notice, the Mortgagee of any Lot shall be entitled to be sent a copy of any notice respecting the Lot covered by his security instrument until the request is withdrawn or the security instrument discharged. Such written request may be renewed an unlimited number of times.

18.2 Severability. The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remainder affects the common plan. This Declaration shall be effective upon recording.

18.3 Assignment by Declarant. Declarant reserves the right to assign or delegate all or any of its rights, duties, and obligations created under this Declaration.

IN WITNESS WHEREOF, Declarant has executed this Declaration the day and year first hereinabove written.

[SIGNATURE ON FOLLOWING PAGE]

EXHIBIT A

LEGAL DESCRIPTION

For APN/Parcel ID(s): 112506-9088-08 and 112506-9146-08

THE WEST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND THE EAST HALF OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 25 NORTH, RANGE 6 EAST, W.M., IN KING COUNTY, WASHINGTON.

TOGETHER WITH NON-EXCLUSIVE RIGHT-OF-WAY EASEMENTS FOR UTILITIES SERVICES AND ACCESS ROADS AS PROVIDED UNDER KING COUNTY PRELIMINARY SHORT SUBDIVISION APPROVALS NUMBERED 576041, 576042, 576043, 576044, 776079 AND INTERCONNECTING ROAD RIGHTS-OF-WAY INCLUDING ESPECIALLY A 60 FOOT WIDE RIGHT-OF-WAY, BEING 30 FEET ON EACH SIDE OF THE CENTER OF SECTION LINE EXTENDING SOUTHERLY FROM THE SOUTH LINE OF THE NORTH HALF OF THE SECTION TO THE NORTHERLY LINE OF THE INTERCONNECTING RIGHT-OF-WAY LEADING EASTERLY FROM THE SOUTHEAST CORNER OF SAID SHORT SUBDIVISION NUMBERED 576041 AND CONNECTING RIGHTS- OF-WAY WHEREBY WAYS OF ACCESS ARE AVAILABLE TO, FROM AND BETWEEN THE PROPERTY AND THE COUNTY ROAD KNOWN AS THE UNION HILL ROAD, EXCEPT THAT PORTION OF SAID EASEMENT LYING WITHIN THE ABOVE-DESCRIBED MAIN TRACT.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

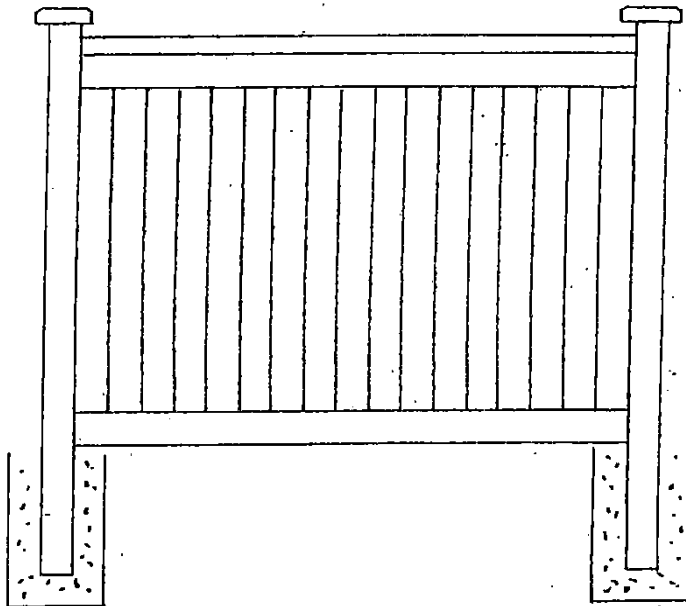
EXHIBIT B

Common Fence Design Standards

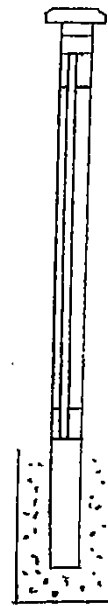
FULL PANEL

STYLE CEDAR FENCE

Fence Height	6'
Post Size:	4x4 Pressure Treated
Board Size:	1x4x6' Cedar
Cap:	1" Cedar
Stringer:	2x4 Cedar
Top Cap Board	2x4 Cedar
Trim:	1x4 Cedar
Post Spacing:	8' Maximum
Post Depth:	8" Diameter and 24" Deep



FRONT VIEW



SIDE VIEW