

9102260454

DECLARATION OF

PROTECTIVE COVENANTS, CONDITIONS & RESTRICTIONS

NORTH SHORE COUNTRY CLUB ESTATES DIVISION NO. IV A

TABLE OF CONTENTS

		Page
ARTICLE ONE	Definitions	2
ARTICLE TWO	Phased Development	4
Section One:	Adjacent Real Property	4
Section Two:	Rights in Adjacent Real Property - Common Areas	4
Section Three:	Method of Adding Adjacent Real Property	5
Section Four:	Extension of Common Services	5
ARTICLE THREE	Management of Common Areas, Common Services & Enforcement of Protective Covenants, Conditions and Restrictions	5
Section One:	Development Period	5
Section Two:	Directors, Temporary Board During Development Period	6
Section Three:	Purpose of Development Period	6
Section Four:	Authority of Association After Development Period	6
Section Five:	Authority of Association Regarding Common Services	7
Section Six:	Delegation of Authority	7
ARTICLE FOUR	Membership	7
ARTICLE FIVE	Voting Rights	7

(i)

RECORDED
BRIAN SQUINTAG
AUDITOR PIERCE CO. WASH.
91 FEB 26 PM 3:40

RECORDED
BRIAN SQUINTAG
AUDITOR PIERCE CO. WASH.
91 FEB 11 AM 8:30

9102260454

9102110076

1991 FEB 27 11 00 AM

Section One:	Voting Rights	7
Section Two:	Voting Rights for Maintained Lots	8
ARTICLE SIX	Property Rights in Common Areas	8
ARTICLE SEVEN	Maintenance, Common Expenses and Common Services	8
Section One:	Standard of Maintenance - Common Areas	8
Section Two:	Standard of Maintenance - Lots	9
Section Three:	Remedies for Failure to Maintain	9
Section Four:	Common Expenses	9
Section Five:	Common Services	10
Section Six:	CSC Representatives, Temporary Committee During Development Period	10
Section Seven:	Authority of CSC After Development	10
Section Eight:	Delegation of Authority	11
Section Nine:	Payment of Common Services	11
ARTICLE EIGHT	Assessments	11
Section One:	Types of Assessments	11
Section Two:	Determination of Amount	11
Section Three:	Certificate of Payment	12
Section Four:	Special Assessments	12
Section Five:	Additional Real Property	12
Section Six:	CSC Assessments	12
ARTICLE NINE	Collection of Assessments, Enforcement of Declaration, Attorney's Fees and Costs	13
Section One:	Lien - Personal Obligation	13
Section Two:	Delinquency	13

(ii)

9102260454

9102110076

Section Three:	Suspension of Voting, Rights, Common Services	13
Section Four:	Commencement of Assessments	14
Section Five:	Enforcement	14
Section Six:	Enforcement for Common Services	14
ARTICLE TEN	Building, Use and Architectural Restrictions	14
Section One:	Development Period	14
Section Two:	Authority of ACC After Development	15
Section Three:	Delegation of Authority of ACC	15
Section Four:	Appointment of ACC	15
Section Five:	Approval Required	15
Section Six:	Temporary Structures Prohibited	17
Section Seven:	Nuisances	17
Section Eight:	Limitation on Animals	17
Section Nine:	Limitation on Signs	17
Section Ten:	Completion of Construction Projects	18
Section Eleven:	Unsightly Conditions	18
Section Twelve:	Antennas, Satellite Reception	18
Section Thirteen:	Storage of Vehicles Prohibited - Temporary Permits for RVs	18
Section Fourteen:	Setbacks	19
Section Fifteen:	Roofs	19
Section Sixteen:	Driveways	19
Section Seventeen:	Fences, Walls	19
Section Eighteen:	Residential Use Only; Home Businesses Limited	20

(iii)

9102260454
9102110076

Section Nineteen:	Refuse	20
Section Twenty:	Fuel Tanks Prohibited	20
Section Twenty-One:	Excavations	20
Section Twenty-Two:	Underground Utilities Required	20
Section Twenty-Three:	Preservation of Scenic Views and Vegetation	20
Section Twenty-Four:	Enforcement	23
ARTICLE ELEVEN	Easements	23
Section One:	No Implied Easements	23
Section Two:	Easement for Encroachments	23
Section Three:	Easements on Exterior Lot Lines	23
Section Four:	Association's Easement of Access	23
Section Five:	Easement for Public Service Personnel	24
Section Six:	Easement for Developer	24
ARTICLE TWELVE	Mortgage Protection	24
Section One:	Mortgagees	24
Section Two:	Liability Limited	24
Section Three:	Mortgagee's Rights During Foreclosure	24
Section Four:	Acquisition of Lot by Mortgagee	25
Section Five:	Reallocation of Unpaid Assessment	25
Section Six:	Subordination	25
Section Seven:	Mortgagee's Rights	25
Section Eight:	Limitation on Abandonment of Common Areas	25
Section Nine:	Notice	25
ARTICLE THIRTEEN	Management Contracts	26

ARTICLE FOURTEEN	Insurance and Condemnation	26
Section One:	Coverage	26
Section Two:	Homeowner's Insurance Required	27
Section Three:	Fidelity Bonds	27
Section Four:	Replacement, Repair After Loss	27
Section Five:	Condemnation	28
ARTICLE FIFTEEN	Rules and Regulations	28
ARTICLE SIXTEEN	Remedies and Waiver	29
Section One:	Remedies Not Limited	29
Section Two:	No Waiver	29
ARTICLE SEVENTEEN	Benefits and Burdens Run With the Land	29
ARTICLE EIGHTEEN	General Provisions	30
Section One:	Singular and Plural	30
Section Two:	Severability	30
Section Three:	Duration	30
Section Four:	Perpetuities	30
Section Five:	Attorney's Fees, Costs and Expenses	30
Section Six:	Method of Notice	30
ARTICLE NINETEEN	Amendment and Revocation	31
Section One:	Exclusive Method	31
Section Two:	Amendment by Developer	31
Section Three:	Voting	31
Section four:	Effective Date	32
Section Five:	Protection of Developer	32

DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS & RESTRICTIONS

NORTH SHORE COUNTRY CLUB ESTATES DIVISION NO. IV A

THIS INDENTURE AND DECLARATION running with the land, made this _____ day of _____, 1991, by The Quadrant Corporation, a Washington corporation ("Declarant" and "Developer", as appropriate).

WITNESSETH:

WHEREAS, Declarant is the owner in fee of certain real property (the "Real Property") legally described as:

North Shore Country Club Estates, Division IV A according to the plat recorded in Volume 594 of Plats, pages 1504 to 1508 inclusive, recorded at Pierce County Recorder's No. 9002230267 records of Pierce County, Washington, all situated in Pierce County, Washington,

the Declarant hereby covenants, agrees and declares that all of the Properties and Housing Units constructed thereon are and will be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements and reservations, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Properties for the benefit of all of Properties, their owners and their heirs, successors and assigns. These covenants, conditions, restrictions, easements and reservations are equitable servitudes and negative easements which shall run with the Properties and shall be binding on all parties having or acquiring any right, title or interest in the Properties or any part thereof, shall inure to the benefit of each owner, shall survive and continue to run with the Properties and not be discharged by a sale of the Real Property or any portion thereof in the manner described in RCW 84.64.460. Acceptance of an interest in a Lot or a Housing Unit and Lot shall be deemed acceptance of the terms and provisions of this Declaration.

It is the intent of the Declarant to supply Common Services to certain Lots and Housing Units subject to the terms of this Declaration, or which may be subject to this Declaration in the future. To provide these additional services to certain Lots and Housing Units, this Declaration will provide additional voting

9102260454

9102110076

rights and assessments for the Lots benefitted by Common Services. Except as specifically stated herein, all Lots and Housing Units shall be subject to all terms of the Declaration.

The Declarant or its successor and assigns may become the owner of certain real property which is adjacent to the Real Property described above. The adjacent real property, or a portion thereof, may be subjected to the terms and provisions of this Declaration of Protective Covenants, Conditions and Restrictions at the option of the Developer, as hereinafter provided.

NOW, THEREFORE, Declarant hereby declares as follows:

ARTICLE ONE

Definitions

For purposes of the Declaration and the Articles and Bylaws of the Association, certain words and phrases have particular meanings, which are as follows:

1. "ACC" shall mean the Architectural Control Committee, as appointed pursuant to Article Ten, Section Four.

2. "Adjacent Real Property" shall mean such property owned by the developer which, at the time of the recording of this Declaration, has not been included in the real property subject to the Declaration, but which is either in close proximity to or physically touching the real property subject to this Declaration.

3. "Articles" shall mean the Association's articles of incorporation and any amendments.

4. "Association" shall mean the North Shore Homeowners Association, a Washington nonprofit corporation, its successors and assigns.

5. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

6. "Bylaws" shall mean the Association's Bylaws and any amendments.

7. "Common Areas" shall mean those portions of the "Properties" owned or to be owned by the Association for the common use and enjoyment of Association Members and shall include any real property for which the Association is the holder of an easement, such as for the entrance improvements and signs.

8. "Common Services" shall mean
- a. Maintenance of the front yard landscaping, including front-yard lawns of each Lot; the front yard of a corner lot shall include all portions of the yard which abut a street;
 - b. Lawn treatment for the front yard of each Lot as defined in (a) above;
 - c. Pruning services for all deciduous plants, shrubs and trees in the front yards of each Lot, as defined in (a) above.
 - d. Such additional services as supplied by the CSC, as determined according to the Articles and Bylaws of the Association.
9. "CSC" shall mean the Common Services Committee as elected pursuant to Article Seven, Section Six.
10. "Declaration" shall mean this Declaration of Protective Covenants, Conditions and Restrictions.
11. "Developer" shall mean The Quadrant Corporation or any persons or entities to which it assigns its rights as Developer, or succeeds to its interest.
12. "Housing Unit" shall mean the building occupying a Lot.
13. "Institutional First Mortgagee" or "Mortgagee" shall mean a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company or state or federal agency which holds a first mortgage or deed of trust against a Lot or Housing Unit thereon.
14. "Lot" shall initially refer to one of the Lots located in the Real Property described herein. At such time as additional adjacent real property may be subjected to the Declaration, "Lot" shall include those lots shown on and included in the plat of said additional property. "Maintained Lot" shall refer to any Lot and Housing Unit which receives Common Services. The Developer may designate a Maintained Lot in this Declaration, or in an amendment to this Declaration which adds additional adjacent property. All provisions of this Declaration which refer to Lots include Maintained Lots.
15. "Member" shall mean every person or entity that holds a membership in the Association.

16. "Mortgage" shall mean a mortgage or deed of trust encumbering a Lot or other portion of the properties.

17. "Owner" shall mean the record owner of a Lot, whether one or more persons or entities, but excluding those having such interest merely as security. A real estate contract purchaser shall be deemed the Owner.

18. "Person" shall mean a natural person, a corporation, a partnership, trustee or other legal entity.

19. "Properties" shall initially mean the Real Property. If additional adjacent Real Property is subjected to the Declaration, "Properties" shall mean the real property described in this Declaration and the plat or plats of the additional adjacent real property.

20. "Sale" or "Sold" shall mean the date upon which ownership of a Lot is transferred from an Owner to another person or entity by recordation of an instrument of transfer such as a deed or real estate contract.

ARTICLE TWO

Phased Development

Section One: Adjacent Real Property. Initially only the Real Property described herein shall be subjected to the Declaration. The Developer hereby reserves for itself, its successors or assigns, the right to subject additional Adjacent Real Property to the terms and provisions of this Declaration, and grant to the Owners of Lots located on Adjacent Real Property, after it is subjected to the Declaration, all of the rights and benefits to which Members of the Association are entitled. The Owners of Lots located on the Real Property hereby covenant and agree to burden the Real Property and Adjacent Real Property with all of the duties, responsibilities, costs and expenses related to the management, administration, maintenance and improvement of the Common Areas and such additional Common Areas which are included in the Adjacent Real Property. The Developer hereby reserves for itself, its successors or assigns, the right to develop additional Adjacent Real Property without subjecting it to the terms and provisions of the Declaration.

Section Two: Rights in Adjacent Real Property - Common Areas. Until additional Adjacent Real Property shall be subjected to the Declaration, the property shall not be subject to the terms and provisions of this Declaration. This Declaration shall not give the Association or any Lot Owners any rights in Adjacent Real Property

until it is subjected to the Declaration. At such time as the Adjacent Real Property shall be subjected to the terms and provisions of this Declaration, the Adjacent Real Property shall become part of the Properties and Lot Owners in the Adjacent Real Property shall automatically become members of the Association and shall be entitled to all of the rights and benefits and subject to all of the obligations of the Members of the Association. All Common Areas in the Adjacent Real Property shall likewise become the property of the Association and shall be managed, administered, maintained and improved in the same manner as all Common Areas of the Association, and all members shall be assessed for the costs of such Common Areas in the Adjacent Real Property in the same manner as all other Common Areas of the Real Property.

Section Three: Method of Adding Adjacent Real Property. Any such additional Adjacent Real Property shall be deemed added hereto by the filing for record of an amendment to this Declaration so stating. An amendment adding Adjacent Real Property may, in the Developer's direction, alter or limit the applicability of a portion of the Declaration to the Adjacent Real Property.

Section Four: Extension of Common Services. The Owners of the Lots located on the Real Property hereby agree to extend or commence Common Services for all Maintained Lots located in Adjacent Real Property subjected to the terms of this Declaration, granting the Maintained Lots all of the duties, responsibilities and assessing the costs and expenses related to the management, administration and improvement of Common Services provided to Maintained Lots. Owners of Maintained Lots on Adjacent Real Property shall automatically become Members entitled to vote for representatives on the Common Services Committee, entitled to all of the rights and benefits and subject to all of the obligations of the Owners of Maintained Lots. The Developer hereby reserves for itself, its successors or assigns, the right to designate Maintained Lots in Adjacent Real Property.

ARTICLE THREE

Management of Common Areas, Common Services and Enforcement of Protective Covenants, Conditions and Restrictions

Section One: Development Period. During the development period, the Association, the ACC, the CSC, the Common Areas and all Common Services shall, for all purposes, be under the management and administration of the Developer.

- a. The development period for the Real Property shall be that period of time from the date of recording of this Declaration until 180 days after the date upon which 100% of the lots in Division No. IV A have been sold by the

Developer or any shorter period, as determined by the Developer.

- b. If the Developer adds Adjacent Real Property to this Declaration, the development period shall be extended for all of the Properties from the date of recording of the final plat for the Adjacent Real Property until 180 days after the date upon which 100% of the lots in the Properties have been sold by the Developer or any shorter period as determined by the Developer.

Section Two: Directors, Temporary Board During Development Period. During the development period, the Developer shall appoint five directors, and may appoint any persons the Developer chooses as directors. The directors will continue to serve as directors of the Association until a successor is appointed by the Developer, until a director is chosen by vote at the end of the development period or until the director resigns. The Developer may, at its option and at such time as the Developer deems appropriate, select a temporary board of three to five persons who own, or are purchasers of Lots. This temporary board shall have the authority and such rights, responsibilities, privileges and duties to manage the Association under this Declaration, the Articles and Bylaws, as are assigned to the temporary Board by the Developer, except the right to participate in selection of members of the ACC, appeals of the ACC's decisions, or promulgation of guidelines for ACC evaluation of submissions by Lot Owners. The temporary Board shall be subject to all provisions of the Declaration, the Articles and Bylaws, provided, that after selecting any such temporary board, the Developer, in the exercise of its sole discretion, may at any time terminate such temporary board and resume its management authority or select a new temporary board.

Section Three: Purpose of Development Period. These requirements and covenants are made in order to ensure that the Properties and the Association will be adequately administered in the initial phases of development, to ensure an orderly transition of Association operations, and to facilitate the Developer's completion of construction of Housing Units.

Section Four: Authority of Association After Development Period. At the expiration of Developer's management authority the Association shall have the authority and obligation to manage and administer the Common Areas and to enforce these covenants, conditions and restrictions. Such authority shall include all authority provided for in the Association's Articles, Bylaws, rules and regulations, as initially adopted, or as the same may hereafter be amended, and all the authority granted to the Association by this Declaration, either directly or by necessary implication. The Association shall also have the authority and obligation to manage

and administer the activities of the ACC in its responsibilities as described in Article Ten, Section Five.

Section Five: Authority of Association Regarding Common Services. The Association shall have the authority and obligation to collect assessments as requested by the CSC from the owners of Maintained Lots. The Association shall permit the CSC to administer the Common Services, including but not limited to the manner in which services are performed and determination of the person performing such services. The Association shall exercise authority over the CSC only in the event that the CSC is engaged in gross mismanagement which, under the Association's business judgment, jeopardizes the provision of Common Services or the proper expenditure of assessments for Common Services. The Association may not discontinue Common Services for a period of one year after the termination of the Developer's management authority without the Developer's written consent. After the elapse of one year from the date the Developer's management authority terminates, the Association may vote to terminate, modify or continue Common Services according to the terms of the Declaration, Article Nineteen, Section Three.

Section Six: Delegation of Authority. The Board of Directors or the Developer may delegate any of its managerial duties, powers, or functions to any person, firm, or corporation. The Board shall not be liable for any breach of duty, negligence, omission, intentional act or improper exercise by a person who is delegated any duty, power or function by the Board of Directors.

ARTICLE FOUR

Membership

Every person or entity who is an Owner of any Lot agrees to be a Member of the Association by acceptance of a deed for such Lot. Membership shall be appurtenant to and may not be separated from ownership of any Lot. All Members shall have rights and duties as specified in this Declaration, and in the Articles and Bylaws of the Association.

ARTICLE FIVE

Voting Rights

Section One: Voting Rights. Members shall be entitled to one vote for each Lot owned. When more than one person or entity owns an interest in any Lot, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. The voting rights of any Member may be suspended as provided in the Declaration, or the Articles or Bylaws of the Association.

Section Two: Voting Rights for Maintained Lots. Owners of Maintained Lots shall be entitled to one vote for each Lot owned in any election of a representative to the CSC, subject to limitations as described in Section One. Only Owners of Maintained Lots shall be entitled to vote for representatives on the CSC.

ARTICLE SIX

Property Rights in Common Areas

Every Member shall have a right, easement of enjoyment in and to, and an easement for ingress and egress over and upon the Common Areas owned by the Association or property in which the Association holds an interest which permits use by Members. These rights and easements shall be appurtenant to and shall pass with the title to every Lot, subject to the following restrictions:

- a. Rules and Regulations. The right of the Association to limit the number of guests of Members, and to adopt rules and regulations, and establish appropriate penalties for violation of such rules;
- b. Utilities. The right of the Association to exclusive use and management of said Common Areas for utilities such as pipes, wires, conduits, and other utility equipment, supplies and material;
- c. Developer's Rights. The rights reserved to the Developer in the Declaration;
- d. Right to Transfer. The right of the Association to dedicate or transfer by deed all or any part of the Common Areas to any Member, person, entity, public agency, authority or utility. No such dedication or transfer shall be effective without the approval of two-thirds of the Members.
- e. Other Restrictions. The other restrictions, limitations and reservations contained or provided for in the Declaration and the Articles and Bylaws of the Association.

ARTICLE SEVEN

Maintenance, Common Expenses and Common Services

Section One: Standard of Maintenance - Common Areas. The Association shall maintain the Common Areas owned by it in a manner consistent with good building and nursery practices, in compliance with all applicable codes and regulations.

Section Two: Standard of Maintenance - Lots. Each Lot Owner hereby covenants and agrees to maintain his respective Lot and the Housing Unit located thereon in the same condition as a reasonably prudent homeowner would maintain his own home so that the Real Property will reflect a high pride of ownership. Each Lot Owner shall perform the maintenance and upkeep of any drainage swells and/or underground drain lines and catch basins installed by the Developer on their Lot which are servicing the yard drainage needs on more than one Lot.

Section Three: Remedies for Failure to Maintain. If any Lot Owner shall fail to conduct maintenance on his Lot or the Housing Unit located thereon, or fails to maintain the Lot and Housing Unit in the same condition as a reasonably prudent homeowner, or in a manner which preserves the drainage for other Lots, the Association shall have the right to notify the Lot Owner in writing of the maintenance required. If the maintenance is not performed within (30) days of the date notice is delivered to the non-performing Lot Owner, the Association shall have the right to provide such maintenance, and to levy an assessment against the non-performing Lot Owner and his Lot for the cost of providing the maintenance. The assessment shall constitute a lien against the Lot owned by the non-performing Lot Owner and may be collected and foreclosed in the same manner as any other monthly or special assessment. The Association shall have all remedies for collection as provided in Article Nine of the Declaration.

Section Four: Common Expenses. The Association shall perform such work as is necessary to carry out the duties described in this Declaration, and shall delegate the responsibility for management and supervision of such work to the Board, the ACC or to a manager or agent hired by the Board for the purpose of such management and supervision. Expenses for such work shall be paid by the Association for the benefit of all Lot Owners and shall be referred to as Common Expenses. The Common Expenses shall be paid by the Association from funds collected from assessments paid by Lot Owners as hereinafter provided. The Common Expenses shall include, but shall not be limited to, the following:

- a. The expense of maintaining the Common Areas and equestrian/pedestrian trails;
- b. The real property taxes levied upon the Common Areas;
- c. The cost of maintaining all required insurance coverage and fidelity bonds on any Common Areas, and for directors and officers of the Association, the ACC and CSC;
- d. The cost of any repairs or replacement of Common Areas and any equestrian/pedestrian trails;

- e. Utility charges attributable to Common Areas owned by the Association;
- f. The cost of operating any recreational facilities;
- g. The cost of maintaining entrance improvements, including, but not limited to, signs, lights, fences, walls, plantings and landscaping;
- h. The cost of maintaining landscaped islands or medians;
- i. Any other expense which shall be designated as a Common Expense in the Declaration or from time to time by the Association.

Section Five: Common Services. The CSC shall also provide Common Services for Owners of Maintained Lots. Expenses for Common Services shall be paid by the CSC for the benefit of the Owners of Maintained Lots. The Common Services shall be paid from funds collected from assessments levied against the Owners of Maintained Lots as hereinafter provided.

Section Six: CSC Representatives, Temporary Committee During Development Period. The Common Services shall be managed by the CSC. Representatives serving on the CSC must be Owners of Maintained Lots; except, during the development period, the CSC shall be appointed by the developer, and do not have to be Owners of Maintained Lots. Upon completion of the development period, Owners of Maintained Lots shall elect the representatives to serve on the CSC, which shall consist of five members. The developer may elect to appoint a temporary CSC which shall serve as long as the developer chooses, during the development period. Each appointed representative on the committee shall hold office for the term for which the representative is appointed until the successor is appointed by the developer, until a representative is chosen by a vote at the end of the development period or until the representative resigns.

Section Seven: Authority of CSC After Development. At the expiration of the developer's management authority during the development period, the CSC shall have the authority and obligation

to manage and administer the Common Services according to the Covenants, Conditions and Restrictions. Such authority shall include all authority provided for the CSC in the Association's Articles, Bylaws, Rules and Regulations, as initially adopted, or as the same may hereafter be amended, and all authority granted to the Committee by this declaration, either directly or by necessary implication.

Section Eight: Delegation of Authority. The CSC may delegate any of its managerial duties, powers or functions to any person, firm, or corporation. The CSC shall not be liable for any breach of duty, negligence, omission, intentional act or improper exercise by a person who is delegated any duty, power or function by the CSC.

Section Nine: Payment of Common Services. All expenses incurred in providing Common Services as described in this Article shall be paid for from assessments made by the CSC and the Association on Owners of Maintained Lots. The CSC shall determine the sum necessary to provide Common Services necessary and appropriate for Maintained Lot, and shall designate the sum to be assessed the Owner of each Maintained Lots by the Association. The Association shall add the assessment for Common Services to its regular or special assessment of Owners of Maintained Lots, and shall remit the portion of the sums collected from each Owner of a Maintained Lot to the CSC for the committee's use in providing Common Services. If any work is required as a result of the negligent or intentional act or omission of any Owner of a Maintained Lot, or his or her guest, family, tenants or agents, costs of such work shall be paid for exclusively by such Owner of a Maintained Lot, and shall become a part of the assessment levied against the Lot owned by such Owner.

ARTICLE EIGHT

Assessments

Section One: Types of Assessments. Each Lot shall be subject to monthly assessments or charges and certain special assessments in an amount to be determined by the Association. Each Maintained Lot shall, in addition to the assessments and charges for Lots, be subject to monthly assessments or charges and certain special assessments for Common Services.

Section Two: Determination of Amount. The Board of Directors of the Association shall determine the amount of monthly assessment necessary to pay Common Expenses at least 15 days prior to the start of its fiscal year. The amount of monthly assessment may be increased or decreased periodically as may be necessary from time to time to provide properly for payment of the Common Expenses. The

amount of such monthly assessments shall be equal for all Lots subject to said monthly and special assessments except for assessments of Owners of Maintained Lots. There shall be no monthly assessment for Lots or Maintained Lots owned by Developer, without the consent of the Developer. The Association may create and maintain from regular monthly assessments a reserve fund for replacement of those Common Area improvements which can reasonably be expected to require maintenance or replacement. Written notice of all assessments shall be given to each Owner. If the Board or CSC fails to fix an assessment for a fiscal year, the assessment shall be automatically continued at the sum previously set by the Board or CSC until such time as the Board acts.

Section Three: Certificate of Payment. The Association shall, upon written demand, furnish a certificate in writing setting forth whether the assessment on a specified Lot or Maintained Lot has been paid. A reasonable charge may be made for the issuance of the certificate. Such certificate shall be conclusive evidence of payment of any assessment stated to have been paid.

Section Four: Special Assessments. In addition to the monthly assessments authorized above, the Association, by and through its Board of Directors, or the CSC may levy, in any year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of facilities in the Common Areas, including the necessary fixtures and personal property related thereto, or the provision of any necessary Common Services. However, Lots owned by the Developer shall not be subject to special assessments and the Developer shall not be obligated to pay any special assessments. Assessments may be made based upon the estimated cost of such work, prior to the work's commencement, provided such estimate has been provided by a licensed contractor retained by the Board or CSC for the purpose of such estimate. All special assessments for construction of new facilities or acquisition of new equipment, which is not for the upgrade, repair or replacement of existing construction or equipment, shall require approval of two-thirds the Members or Owners of Maintained Lots, as appropriate.

Section Five: Additional Real Property. At such time as additional Lots are subject to assessment by virtue of having been subjected to these Protective Covenant, Conditions and Restrictions, the monthly assessment for all Lots subject to assessment may be adjusted so as to reflect a proportional reduction based on the increased total Lots obligated to contribute to the Association budget.

Section Six: CSC Assessments. Assessments, charges and special assessments for Common Services shall be made by the CSC in the same

manner as assessments are made by the Board of Directors of the Association, described in Sections Two through Five of this Article, the Articles of Incorporation and Bylaws of the Association. After determined by the Committee, the amount of such assessment shall be provided to the Board for inclusion in the written notice of the amount of the assessment given to each Owner.

ARTICLE NINE

Collection of Assessments, Enforcement of Declaration, Attorney's Fees and Costs

Section One: Lien - Personal Obligation. All assessments, together with interest and the cost of collection shall be a charge on the land and will be a continuing lien upon the Lot against which each such assessment is made. The lien shall have all the incidents of a mortgage on real property. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due. No Owner may waive or otherwise avoid liability for assessments by non-use of the Common Areas, Common Services or abandonment of the Lot.

Section Two: Delinquency. If any assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from said date at twelve percent (12%), or, in the event that twelve percent (12%) exceeds the maximum amount of interest that can be charged by law, then the highest permissible rate as provided for the law. A late charge of five percent (5%) of the amount overdue shall be charged for any payment more than ten (10) days past due. Each Member hereby expressly vests in the Association, or its agents, the right and power to bring all actions against each Member personally for the collection of such assessments as a debt and to enforce lien rights of the Association by all methods for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage of real property, and such Member hereby expressly grants to the Association the power of sale in connection with such liens. The liens provided for in this section shall be in favor of the Association, and shall be for the benefit of the Association. The Association shall have the power to bid at a foreclosure sale and to acquire, hold, lease, mortgage and convey any Lot obtained by the Association.

Section Three: Suspension of Voting, Rights, Common Services. In the event any Member shall be in arrears in the payment of the assessments due or shall be in default of the performance of any of the terms of the Articles and Bylaws of the Association, the rules or regulations adopted by the Association, or the Declaration for a period of thirty (30) days, said Member's right to vote shall be

suspended and shall remain suspended until all payments are brought current and all defaults remedied. In addition, the Association shall have such other remedies against such delinquent Members as may be provided in the Articles, Bylaws or Declaration. Default in the payment of assessments for Common Services shall entitle the CSC to suspend provision of Common Services for the defaulting Owner of a Maintained Lot and CSC voting rights.

Section Four: Commencement of Assessments. The assessments shall commence as to each Lot within the property (except Lots owned by the Developer) upon the first day of the month following the initial conveyance of the Lot. The first assessment on any Lot shall be adjusted according to the number of days remaining in the month. At the time of each initial sale, the Developer may, at its election, collect from each Purchaser an amount equal to six months' assessment for the Association and CSC, to be placed in the Association's account. Any interest earned by the Association on assessments held by it shall inure to the benefit of the Association.

Section Five: Enforcement. The Board may take such action as is necessary, including the institution of legal proceedings, to enforce compliance with or specific performance of any of the covenants or restrictions contained in this Declaration, rules or regulations adopted by the Association, or the provisions of the Articles or Bylaws of the Association. In the event the Board commences an action to enforce any such rights, including the rights of any individual Lot Owner, the prevailing party shall be entitled to its attorney's fees, costs and expenses incurred in the course of such enforcement action as provided in Article Eighteen, Section Five.

Section Six: Enforcement for Common Services. At the request of the CSC, the Board shall take such action as is necessary to enforce compliance with or payment of assessments for Common Services, in the manner described in this Article. The Board shall have the same rights and powers to collect assessments for Common Services as the Board holds for assessments and special assessments, described in this Article, the Articles of Incorporation and the Bylaws of the Association.

ARTICLE TEN

Building, Use and Architectural Restrictions

Section One: Development Period. The Developer hereby reserves for itself, its successors and assigns, the right to exercise any and all powers and controls herein given to the Board of Directors, the ACC or its authorized representative in this Article of the Declaration, during the development period as described in Article Three, Section One. This reserved right shall automatically

terminate when the Developer no longer owns any Lot in the Real Property or Adjacent Real Property, or at such earlier time as the reserved right is relinquished to the Board of Directors or the ACC of the Association. Each Lot shall be subject to this reserved right and each Owner shall take subject thereto.

Section Two: Authority of ACC After Development. At the expiration of the developer's management authority during the development period, the ACC shall have the authority and obligation to manage and administer the review of building plans, specifications and plot plans and such other submissions as described in Section Five herein, and to enforce these covenants, conditions and restrictions. Such authority shall include all authority provided for the ACC in the Association's Articles, Bylaws, Rules and Regulations, as initially adopted, or as the same may hereafter be amended, and all the authority granted to the ACC by this Declaration, either directly or by necessary implication.

Section Three: Delegation of Authority of ACC. The ACC or the developer may delegate any of its managerial duties, powers, or functions to any person, firm, or corporation. The ACC shall not be liable for any breach of duty, negligence, omission, intentional act or improper exercise by a person is delegated a duty, power or function by the ACC.

Section Four: Appointment of ACC. The Board shall appoint the members of the ACC. There shall be three members of the ACC, chosen in the manner described in the Articles and Bylaws of the Association.

Section Five: Approval Required. Except as to construction, alteration, or improvements performed by the Developer, no construction activity of any type including clearing and grading, cutting or transplanting of natural vegetation may begin on a Lot or Common Area and no building, structure, fence or other improvement shall be erected, placed or altered on any Lot or Common Area until, at a minimum, the building plans, specifications and plot plans showing the nature, kind, shape, height, materials, exterior color and location of such building, structure or other improvements have been submitted and approved in writing by the ACC or its authorized representative as to harmony of exterior design and location in relation to and its effect upon surrounding structures and topography. Further, no fences, hedges or walls shall be erected or altered and no exterior changes of any kind shall be made to any building including, but not limited to, exterior color changes, additions or alterations until such written approval shall have been obtained.

- a. If the ACC or its authorized representative shall fail to notify the Owner of its action for a period of thirty (30)

days following the date of the submission of the required information to the ACC, or its authorized representative, the Owner may proceed with the proposed work notwithstanding the lack of written approval by the ACC or its authorized representative. The required information shall be submitted to the ACC upon personal delivery of a complete set of all required information on the person designated to receive such items by the ACC, or by mail three days after deposit in the U.S. Mail, postage prepaid, certified, return receipt requested, to the ACC in care of the Board of Directors of the Association at the address designated in the most recent notice of assessment issued by the Board, or at such other address as is designated by the ACC by written notice to the Members.

- b. The ACC shall have the authority to adopt and amend written guidelines to be applied in its review of plans and specifications, in order to further the intent and purpose of this Declaration and any other covenants or restrictions covering Real Property. If such guidelines are adopted, they shall be available to all interested parties upon request.
- c. The ACC shall meet as is necessary to review any plans or specifications provided pursuant to this Section, and shall keep and maintain a record of all actions taken at meetings or otherwise.
- d. Approval by the ACC of any plans, drawings or specifications shall not be a waiver of the right to withhold approval of any similar plan, drawing, specification or matter submitted for approval.
- e. The ACC may retain and consult persons or entities qualified to assist in the evaluation of plans submitted to the Board for review.
- f. The ACC, its agents and the Members shall not be liable to the Association, to any Owner or to any other person for any damage, loss or prejudice resulting from any action on a matter submitted to the ACC for approval of plans and specifications or for failure to approve any matter submitted to the ACC. The ACC or its members may consult with the Association or any Owner with respect to any plans, drawings or specifications, or any other proposal submitted to the ACC.
- g. The Board shall serve as an appellate panel to review decisions of the ACC upon request of a party aggrieved by the ACC's decision. The Board shall provide, through rules

and regulations, a procedure by which decisions of the ACC may be appealed to the Board. The Board may choose, in its discretion, to limit the scope of such appeals and provide time limitations for appeals to be made to the Board.

- h. The ACC may recommend and request that the Board initiate legal proceedings to enforce the terms of these covenants or orders of the ACC. Legal proceedings may only be instituted, however, after approval of the Board.

Section Six: Temporary Structures Prohibited. No basement, tent, shack, garage, barn or other outbuilding or buildings or any structure of a temporary or moveable character erected or placed on the Properties shall at any time be used as living quarters except as specifically authorized by the ACC.

Section Seven: Nuisances. No noxious or undesirable thing, activity or use of any Lot in the Properties shall be permitted or maintained. If the ACC shall determine that a thing or use of property is undesirable or noxious, such determination shall be conclusive. The ACC may recommend and the Board may direct that steps be taken as is reasonably necessary, including the institution of legal action, to abate any activity, remove anything or terminate any use of property which is determined by the ACC or described in this Declaration to constitute a nuisance.

Section Eight: Limitation on Animals. No animal, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except cats, dogs, birds or fish may be kept if they are not kept, bred or maintained for any commercial purpose, and they shall not be kept in numbers or under conditions reasonably objectionable in a closely built-up residential community. Animals shall not be allowed to roam loose outside the limits of any Lot on which they are kept. Any dogs must be kept so as to minimize excessive noise from barking or otherwise shall be considered a nuisance according to the terms of this Declaration.

Section Nine: Limitation on Signs. No sign of any kind shall be displayed to public view on any Lot, except one sign, not to exceed 24 inches by 24 inches, advertising the Lot (where posted) for sale or rent by the Owner thereof, or such Owner's authorized agent. In addition to other rights reserved to the Developer or its successors or assigns in the Declaration, the Developer hereby reserves for itself, its successors or assigns, so long as it owns any Lot, the right to maintain upon the property such signs as in the sole opinion of the Developer are required, convenient or incidental to the merchandising and sale of the Lots. All other signs except as described above shall only be displayed to public view after written approval of the ACC, its authorized representative, or the Developer as herein provided.

Section Ten: Completion of Construction Projects. The work of construction of all building and structures shall be prosecuted diligently and continuously from commencement of construction until the structures are fully completed and painted. All structures shall be completed as to external appearance, including finish painting, within eight months of the date of commencement of construction, except such construction as is performed by the Developer, which shall be exempt from the limitations contained in this Section. Except with the approval of the ACC, no person shall reside on the premises of any lot until such time as the improvements to be erected thereon in accordance with the plans and specifications approved by the Board have been completed.

Section Eleven: Unsightly Conditions. No unsightly conditions shall be permitted to exist on any Lot. Unsightly conditions shall include, without limitation, laundry hanging or exposed in view for drying, litter, trash, junk or other debris; inappropriate, broken or damaged furniture or plants; nondescriptive gear, equipment, cans, bottles, ladders, trash barrels and other such items; and no awnings, air conditioning units, heat pumps or other projections shall be placed on the exterior walls of any Housing Unit unless prior written approval shall have been obtained from the ACC.

Section Twelve: Antennas, Satellite Reception. No radio or television antenna or transmitting tower or satellite dish shall be erected on the exterior of any home.

Section Thirteen: Storage of Vehicles Prohibited - Temporary Permits for RVs. Except as hereinafter expressly provided, the Lots, Common Areas and/or streets located on the Properties shall not be used for the storage and/or overnight parking of any vehicle other than private family automobiles or motorcycles; and no commercial vehicle, boat, boat trailer, house trailer, camper, truck, truck with camper, or other recreational vehicle or similar object may be stored and/or parked overnight on any part of the Properties, except as specified herein. No inoperable vehicles of any kind, or motorcycles shall be parked, stored, maintained, or constructed on any lot or street unless stored in a garage.

Notwithstanding the foregoing, Lot Owners who have guests visiting them intending to stay in a camper, trailer, or other form of recreational vehicle, may secure written permission from the ACC or its authorized representative, for guests to park a vehicle upon the Lot owned by a Lot Owner or the public street adjacent to a Lot for a period of up to two weeks. The privilege shall only exist, however, after the written permission has been obtained from the ACC or its authorized representative.

The ACC or its authorized representative may give written notice of a violation to the Lot Owner or occupant and the Lot Owner or

occupant shall have three (3) days from the date of receipt of the written notice to take whatever actions are necessary to remedy the violation. If said Lot Owner shall not comply with within the three-day period, the ACC or its authorized representative is hereby granted the right to remove at the expense of the Owner thereof, any vehicles, or similar items which are parked or stored in violation of the terms and provisions hereof. The Lot Owners hereby grant to the Association and the ACC an express easement for the purpose of going upon the Lots of said Lot Owners or public streets for the purpose of removing any vehicles or similar items which are parked or stored in violation of the terms and provisions hereof.

No mechanical repair shall be conducted on any Lot unless such repairs are conducted in a fully enclosed garage on the Lot, on the Owner's private vehicle. Any such repair activity must be conducted in a manner which is not offensive to persons residing in the neighborhood, is not unsightly and does not result in unusual noise or debris being placed upon the premises. The power of the ACC to remove any inoperable vehicle or motorcycle or other motorized apparatus on which mechanical repairs are being conducted in violation of the terms of the covenant shall be exercised in the same manner as described above, in this Section.

Section Fourteen: Setbacks. No building shall be located on any Lot nearer to the front lot line or nearer to the side street than the minimum building setback lines adopted by the governmental authority with jurisdiction over the Properties. For purposes of this covenant, eaves, steps and open porches shall not be considered a part of a building; provided, however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot.

Section Fifteen: Roofs. Roofs on all buildings must be finished with tile, cedar shakes or shingles unless approval for use of other material is granted by the ACC or its authorized representatives.

Section Sixteen: Driveways. All driveways shall be concrete unless approval for use of other material is granted by the ACC or its authorized representatives.

Section Seventeen: Fences, Walls. In order to preserve the aesthetics of the Properties, no fence, wall or hedge shall be erected or placed on any Lot unless prior written approval has been obtained from the ACC. The design and color of any fence on the properties shall be approved by the ACC before construction, and shall be substantially similar or in harmony with other fences located on the Properties.

Section Eighteen: Residential Use Only; Home Businesses Limited. Except for Developer's temporary sales offices and model homes, no Lot shall be used for other than one detached single-family dwelling with driveway parking for not more than three cars, and no trade, craft business, commercial or manufacturing enterprise or business or commercial activity of any kind shall be conducted or carried on upon any to or within any building located on a lot; nor shall any goods, materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, be kept or stored, outside any building on any Lot; nor shall any goods, used for private purposes and not for trade or business be kept or stored outside any building on any Lot. The provisions of this Section may be waived in writing by the ACC upon application by a Lot Owner. Such application shall describe the type of trade or business activity to be conducted, the estimated amount of traffic generated and the impact of such activity on the neighborhood. The ACC shall exercise its discretion to approve or disapprove such activity, balancing the interests of the Lot Owner with the impact on the neighborhood. Nothing in this Section shall permit the use of a Lot for a purpose which violates law or applicable zoning codes.

Section Nineteen: Refuse. No garbage, rubbish or cuttings shall be deposited on or left on the Lot premises, unless placed in an attractive container suitably located and screened from public view. No building material of any kind shall be placed or stored upon any Lot until the Owner is ready to commence construction; then such material shall be placed within the property line of the Lot upon which the structures are to be erected and shall not be placed in the street.

Section Twenty: Fuel Tanks Prohibited. No fuel tank shall be maintained on any Lot.

Section Twenty-One: Excavations. Except with permission of the ACC, or except as may be necessary in connection with the construction of any improvement approved by the ACC, no excavation shall be made nor shall any dirt be removed from a Lot.

Section Twenty-Two: Underground Utilities Required. Except for any facilities or equipment provided by the Developer or any utility, all electrical service, telephone lines and other outdoor utility lines shall be placed underground.

Section Twenty-Three: Preservation of Scenic Views and Vegetation. It is the intent of the Declarant to attempt, as much as possible, to preserve the scenic views available to Lot Owners in North Shore. Although the entire view available from any Lot in North Shore cannot be protected, due to the close proximity of homes and topography, the Board and the ACC shall, when reasonably

possible, enforce the terms of these covenants in such a manner as to preserve the scenic view of Mount Rainier, primarily, and the views of other portions of the Cascade Mountains and Olympic Mountains, secondarily. Nothing in the Declaration, however, shall be interpreted to conflict with or supersede any law or governmental regulation applicable to the Properties, and shall not supersede any specific recorded descriptions of height or placement limitation imposed upon Lots in North Shore, by other recorded instrument. In all cases where there is conflict between this Declaration and specific, recorded descriptions of height or placement limitation, the specific, separately recorded restriction shall control.

- a. When the ACC is considering the building plan specifications and plot plans for construction of a single-family home on any Lot in North Shore, the ACC may approve the construction of any home which is designed and placed on the Lot in a manner permitted by applicable height and setback provisions of the City of Tacoma Building Code, unless specific limitations or restrictions have been recorded by the Developer to restrict the use of the Lot. The ACC shall be guided by the intent of the Declarant to make each and every Lot in North Shore a buildable Lot, and to provide the maximum flexibility to the builder to construct a home on the Lot. The ACC shall not apply the provisions of this section regarding scenic view preservation in a manner which would prevent the use of a Lot for a single-family residence. Construction of a single-family residence to the maximum extent made possible by applicable codes, regulations and separately recorded restrictions shall take precedence over preservation of scenic views.
- b. When the ACC is considering the building plans, specifications and plot plans for construction of any building or improvement other than a single-family home, the remodel of an existing home or the height and replacement of fences, screens or vegetation, consideration shall be given by the ACC to the scenic view available to adjacent Lots, and the manner in which the proposed change will affect such scenic view. The ACC shall attempt to preserve the primary view as defined above and, to the extent convenient, the secondary views as defined above available to other Lots. The ACC shall not be compelled to retain any professionals to engage studies or measurements, but may rely upon its own judgment and observation in making its determination. Scenic views shall take precedence over changes to a Lot other than for the construction of a new single-family home.

- c. To the extent that scenic views are not impeded, Declarant intends to preserve the natural beauty of the Lots by preserving trees, shrubs and other natural vegetation (hereafter "vegetation") either in existence on the Properties or planted by the Developer to accomplish this objective. No substantial changes may be made in the vegetation located on a Lot, unless such proposed changes are reviewed and approved by the ACC.
- d. No vegetation shall be planted and/or allowed to grow on a Lot to a height exceeding the elevation of the highest point of a home constructed on the Lot. This highest point shall be measured by the highest point of the structure of the home, excluding consideration of chimneys, vents and other items which, by applicable building code must exceed the maximum height of the home structure. Exceptions may be granted by the ACC, after the ACC's consideration whether such exception will materially interfere with the primary view available from the surrounding Lots. This paragraph shall not be interpreted to permit cutting or pruning of any vegetation in a manner contrary to any laws or regulations of governmental authority with jurisdiction over the Lots. In the event that the primary view is obstructed by vegetation of a height less than the height required under the terms of this Declaration or an applicable height restriction affecting a Lot, the ACC may direct, upon application by a Member whose scenic view is impaired, that the vegetation be pruned or cut to a height less than the maximum permitted by these covenants, in order to preserve such primary view.
- e. The ACC or any Member may enforce the provisions of this section. In the event that enforcement is undertaken by the ACC, the provisions of Article Seven, Section Three may be utilized by the ACC to enforce the terms of this section. However, in the event that any Member undertakes to enforce the terms of this section, such enforcement may only be compelled after application to a court of competent jurisdiction, and entry of an order by that court entitling the Member to the remedies provided in this declaration or compelling the Owner of the Lot to prune or cut the offending vegetation.
- f. To the extent that any vegetation planted by the Developer (or replacements of vegetation planted by the Developer) in the median or adjacent to Nassau

Boulevard impair the primary or secondary view of any Lots in North Shore, such vegetation shall not be removed but may be, at the discretion of the ACC, trimmed or pruned in such a manner to enhance the primary view of any Lot.

Section Twenty-Four: Enforcement. The Association, or the Developer during the development period, may, but is not required to, take any action to enforce the provisions of the Declaration available to it under law, including but not limited to specific performance, injunctive relief, and damages. Any Member may also enforce the terms of this Article, but must first obtain an order from a court of competent jurisdiction entitling the Member to relief. In the event that a Member takes action to enforce the terms of this Article, the Association shall not be in any way obligated to join in such action, or pay any of the attorney's fees, costs and expenses incurred in such action.

ARTICLE ELEVEN

Easements

Section One: No Implied Easements. There are no implied easements over, upon or across any portion of the Properties.

Section Two: Easement for Encroachments. Each Lot is, and the Common Areas are, subject to an easement for encroachments created by construction settlement and overhangs as designed or constructed by the Developer, and to a valid easement for said encroachments and for maintenance of the same as long as the encroachments remain.

Section Three: Easements on Exterior Lot Lines. In addition to easements reserved on any plat of the properties or shown by instrument of record, easements for utilities and drainage are reserved for the Developer or its assigns, over a five-foot wide strip along each side of the interior Lot lines, and seven feet over the rear and front of each Lot, and over, under, and on the Common Areas. Within all of the easements, no structure, planting or fill material shall be placed or permitted to remain which may, in the opinion of the Board or ACC, damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels and the easements. The easement area of each Lot and all improvements within it shall be maintained continuously by the Owner of such lot, except those improvements for which a public authority, utility company or the Association is responsible.

Section Four: Association's Easement of Access. The Association, the ACC, the CSC and its agents shall have an easement for access to each Lot and to the exterior of any building located

thereon during reasonable hours as may be necessary for the following purposes: (a) cleaning, maintenance, repair or replacement of any home or Lot as provided in Article Seven, Section Three of this Declaration which shall also include the reasonable right of entry to the interior of any building, to the extent necessary to perform the work described in that article and section; (b) repair, replacement or improvement of any Common Area accessible from that Lot; (c) emergency repairs necessary to prevent damage to the Common Areas or to another Lot, or to the improvements thereon; (d) cleaning, maintenance, repair or restoration work which the Owner is required to do but has failed or refused to do; (e) all cleaning, maintenance or replacement of any home or lot as provided in Article Fourteen, Section Four, which shall also include the right of entry to the interior of any building, to the extent necessary to perform the work described in that article and section; (f) all work necessary to perform Common Services for Maintained Lots; and (g) all acts necessary to enforce these Covenants.

Section Five: Easement for Public Service Personnel. An easement for access by police, fire, rescue and other personnel is reserved across all Common Areas as necessary or appropriate for the performance of their public duties.

Section Six: Easement for Developer. Developer shall have an easement across all Common Areas for ingress, egress, storage and placement of equipment and materials, and other actions necessary or related to the development or maintenance of the Real Property.

ARTICLE TWELVE

Mortgage Protection

Section One: Mortgagees. Notwithstanding and prevailing over any other provisions of the Declaration, the Association's Articles of Incorporation or Bylaws, or any rules, regulations or management agreements, the following provisions shall apply to and benefit each Institutional First Mortgagee ("Mortgagee") which holds a mortgage given for the purpose of obtaining funds for the construction or purchase of a Housing Unit on any Lot or the improvement of any Lot.

Section Two: Liability Limited. The Mortgagee entitled to the protection hereof shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, regulation, rule, Association Article of Incorporation or Bylaw, or management agreement, except for those matters which are enforceable by injunctive or other equitable actions, not requiring the payment of money, except as hereinafter provided.

Section Three: Mortgagee's Rights During Foreclosure. During

the pendency of any proceeding to foreclose the mortgage, the Mortgagee or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the mortgaged Lot, including but not limited to the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

Section Four: Acquisition of Lot by Mortgagee. At such time as the Mortgagee shall become entitled to possession of the Lot, the Mortgagee shall be subject to all of the terms and conditions of the Declaration, and the Articles, Bylaws, rules and regulations of the Association, including but not limited to the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any Owner; provided, however, the Mortgagee shall acquire the title to said Lot free and clear of any lien authorized by or arising out of any provisions of the Declaration which secure the payment of any assessment for charges accrued prior to the date the Mortgagee became entitled to possession of the Lot.

Section Five: Reallocation of Unpaid Assessment. If it is deemed necessary by the Association, any unpaid assessment against a Housing Unit foreclosed against may be treated as a common expense of other Lots. Any such unpaid assessment shall continue to exist as a personal obligation of the defaulting Owner of the respective Lot to the Association.

Section Six: Subordination. The liens for assessments provided for in this instrument shall be subordinate to the lien of any Mortgage, or other security interest placed upon a Lot or Housing Unit as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm the particular superior security interest.

Section Seven: Mortgagee's Rights. Any Mortgagee shall have the right on request therefor to: (a) inspect the books and records of the Association during normal business hours; (b) receive an annual audited financial statement of the association within (90) days following the end of any fiscal year; and (c) receive written notice of all meetings of the Association and designate a representative to attend all such meeting.

Section Eight: Limitation on Abandonment of Common Areas. The Association shall not, without the prior written approval of sixty-seven percent (67%) of the Mortgagees, seek to abandon the Common Areas for reasons other than substantial destruction or condemnation of the property.

Section Nine: Notice. Mortgagees shall be entitled to timely written notice of: (a) substantial damage or destruction of any

Housing Unit or any part of the Common Areas or facilities; (b) any condemnation or eminent domain proceedings involving any Housing Units or any portion of Common Areas or facilities; (c) any default under this Declaration or the Articles, Bylaws or rules and regulations of the Association by an Owner of any Housing Unit on which it holds the mortgage which is not cured within thirty (30) days; (d) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Housing Unit on which it holds the mortgage; (e) ten (10) days' prior written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and (f) any proposed action that requires the consent of a specific percentage of Mortgagees.

ARTICLE THIRTEEN

Management Contracts

Each Member hereby agrees that the Association, the ACC and the CSC may enter into such agreements for the performance of any or all of the functions of the Association, the ACC and the CSC with such persons or entities as the Association shall deem fit and proper in its judgment and discretion; provided, however, any agreement for professional management of the Properties, or any other contract providing for services by the Developer must provide for termination by either party without cause after reasonable notice.

ARTICLE FOURTEEN

Insurance and Condemnation

Section One: Coverage. The Association shall purchase as a Common Area Expense and shall have authority to and shall obtain insurance for the Common Areas against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement value in the event of damage or destruction. It shall also obtain a comprehensive public liability policy covering the Common Areas. The comprehensive public liability coverage shall be in an amount to be determined by the Association, but shall not be less than \$1,000,000 concerning all claims for personal injury and/or property damage arising out of a single occurrence. It shall also obtain, if available at a reasonable cost, insurance to cover the Board, the ACC, the CSC its agents and employees from any action brought against them arising out of actions taken in furtherance of the Association's duties under this Declaration.

Following the development period, all such insurance coverage shall be written in the name of the Association as trustee for each of the Members of the Association. Costs of insurance obtained by the Developer during the development period shall be a Common Area

Expense. The Association shall review the adequacy of the Association's insurance coverage at least annually. All policies shall include a standard mortgagee's clause and shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to any and all insured named therein, including Owners and Institutional First Mortgagees.

Section Two: Homeowner's Insurance Required. In addition to the aforementioned insurance carried by the Association, every Owner, at his own expense, shall insure his own Housing Unit against loss or damage by fire or other hazards in an amount equal to the full replacement value thereof, during any construction period and thereafter.

Section Three: Fidelity Bonds. The Association shall obtain fidelity bonds which shall afford coverage to protect against dishonest acts on the part of officers, director, managers, volunteers, trustees, and employees of the Association, the ACC, the CSC or the managing agent and all the persons who handle or are responsible for handling funds of the Association, the ACC and the CSC in an amount equal to three (3) months' assessments on all Lots, including reserve funds. All such fidelity bonds shall name the Association as an Obligee, contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression, and provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to any and all insureds named therein, including Owners and Institutional First Mortgagees.

Section Four: Replacement, Repair After Loss. In the event of the damage or destruction of the Common Areas covered by insurance written in the name of the Association, the Association may, upon receipt of the insurance proceeds, and to the extent of such proceeds contract to rebuild or repair such damaged or destroyed portions of the Common Areas to as good a condition as they were when the loss occurred; provided, however, that the Association's election not to rebuild the Common Areas shall require the approval of two-thirds (2/3) of the Association. The Association may in its sole discretion contract with any licensed contractor for reconstruction or rebuilding of such destroyed portions of the Common Areas.

In the event of damage or destruction by fire or other casualty to any Housing Unit, the Owner thereof shall, upon receipt of the insurance proceeds, contract to repair or rebuild such damage or destroyed portions in a good workmanlike manner in conformance with the original plans and specifications of said Housing Unit. Plans and specifications for such damaged or destroyed Housing Unit may be

*modified and the damaged or destroyed Housing Unit may be reconstructed in accordance with said modified plans and specifications if the Owner of the damaged or destroyed Housing Unit secures the approval of the ACC or the Developer, as the case may be, provided in this Declaration. In the event such Owner refuses or fails to commence such repair or rebuilding within thirty (30) days after such damage or destruction, unless such period is otherwise extended by the Association, the Association is hereby authorized by such Owner, if the Association so desires, to repair, rebuild or clear and clean up any such Housing Unit. The Association shall first obtain an estimate of cost of performing such repair, rebuild or clearing/clean up work as is necessary, such estimate to be performed by a licensed contractor approved by the Board for such purpose. Upon provision of the estimate, the Association may assess the Lot owner for the cost of the proposed improvements, and such assessment shall become a lien in the manner described in Article Nine. Any rebuilding shall be done in a good and workmanlike manner. The Owner shall pay the Association the amount reasonably necessary to perform such repairs and reconstruction, and the Housing Unit shall continue to be subject to the lien for such amount until it is paid in full. The Association may, at any time, enforce its rights as provided in the Declaration for collection of the assessment and foreclosure of the lien.

Section Five: Condemnation. If at any time or times during the continuance of the Housing Unit ownership pursuant to this Declaration, all or any part of the Common Areas shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in advance thereof, the provisions of this Section Five shall apply, and notice of the proceedings or proposed acquisition shall promptly be given to each Owner and to each Institutional First Mortgagee.

All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award" shall be payable to the Association. The Condemnation Award shall be apportioned among the Owners as directed by the Association who shall fairly and promptly allocate and distribute such Condemnation Award. If the entire property is condemned or taken, ownership in the Common Areas shall terminate. The Condemnation Award shall then be distributed among the Owners in like proportions.

ARTICLE FIFTEEN

Rules and Regulations

The Association and/or its Board of Directors is hereby authorized and empowered to adopt rules and regulations governing the use of the Properties and the personal conduct of the Members and their guests thereon, and to establish penalties for the

infraction thereof. All Lot Owners shall be given written notice of the rules and regulations or the rules and regulations may be posted in a conspicuous place in the Common Areas.

ARTICLE SIXTEEN

Remedies and Waiver

Section One: Remedies Not Limited. The remedies provided herein, including those for collection of any assessment or other charge or claim against any Member, for and on behalf of the Association, the ACC, the CSC, or Developer, are in addition to, and not in limitation of, any other remedies provided by law.

Section Two: No Waiver. The failure of the Association, the ACC, the CSC, the Developer or of any of their duly authorized agents or any of the Owners to insist in any one or more instances upon the strict performance of or compliance with the Declaration or any of the Articles, Bylaws or rules or regulations of the Association, or to exercise any right or option contained therein, or to serve any notice or to institute any action or summary proceedings, shall not be construed as a waiver or relinquishment of such right for the future, but such right to enforce any of the provisions of the Declaration or of the Articles, Bylaws or rules or regulations of the Association shall continue and remain in full force and effect. No waiver of any provision of the Declaration or of the Articles, Bylaws, rules or regulations of the Association shall be deemed to have been made, either expressly or implied, unless such waiver shall be in writing and signed by the Board of Directors of the Association pursuant to authority contained in a resolution of the Board of Directors.

ARTICLE SEVENTEEN

Benefits and Burdens Run with the Land

The covenants, restrictions, reservations and conditions contained herein shall run with the land as covenants real and equitable servitudes and shall be binding upon the Properties and each portion thereof and all persons owning, purchasing, leasing, subleasing or occupying any Lot on the Properties, and upon their respective heirs, successors and assigns. After the date on which the Declaration has been recorded, these covenants, restrictions, reservations and conditions may be enforced by the Association or Developer which shall have the right to enforce the same and expend Association monies in pursuance thereof, and also may be enforced by the Owner of any Lot.

ARTICLE EIGHTEEN

General Provisions

Section One: Singular and Plural. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section Two: Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this Declaration or any part hereof, all of which are inserted conditionally on their being held valid in law and in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid, this Declaration shall be construed as if such invalid phrase, sentence, clause, paragraph, or section had not been inserted.

Section Three: Duration. These covenants, restrictions, reservations and conditions shall remain in full force and effect for a period of twenty (20) years from the date hereof. Thereafter, they shall be deemed to have been renewed for successive terms of ten (10) years, unless revoked or amended as hereinabove provided.

Section Four: Perpetuities. In the event that any provision or provisions of this Declaration violate the rule against perpetuities, such provision or provisions shall be construed as being void and of no effect as of twenty-one (21) years after the death of the last surviving incorporator of the Association, or twenty-one (21) years after the death of the last survivor of all of the said incorporators' children and grandchildren who shall be living at the time this instrument is executed, whichever is later.

Section Five: Attorney's Fees, Costs and Expenses. In the event the Association employs an attorney to enforce any provision of the Declaration, the Articles, Bylaws of the Association, or rules and regulations adopted by the Association, the prevailing party in any action for enforcement shall be entitled to the award of reasonable attorney's fees, costs and all expenses incurred in the action, whether determined by judgment, arbitration or settlement.

Section Six: Method of Notice. Any notice required by the Declaration or the Articles or Bylaws of the Association or the rules and regulations adopted by the Association shall be deemed properly given when deposited in the United States mail, postage prepaid.

ARTICLE NINETEEN

Amendment and Revocation

Section One: Exclusive Method. This instrument may be amended, and partially or completely revoked only as herein provided or otherwise provided by law.

Section Two: Amendment by Developer. During the development period, the Developer may amend this instrument to add Additional Real Property and to comply with the requirements of the Federal National Mortgage Association, Government National Mortgage Association, Veterans Administration or Federal Home Loan Mortgage Corporation by recording an acknowledged document setting forth specifically the provisions amending this instrument.

Section Three: Voting. This Declaration may be amended at any annual meeting of the Association, or at a special meeting called for such purpose, if sixty-seven percent (67%) or more of the Owners vote for such amendment, or without such meeting if all Owners are notified in writing of such amendment, and if sixty-seven percent (67%) or more of the Owners vote for such amendment by written ballot. Notice of any proposed amendment shall be given to all Owners not less than ten (10) days prior to the date of the annual meeting or of any special meeting at which the proposed amendment shall be considered. Notwithstanding any of the foregoing, fifty-one percent (51%) of all Institutional First Mortgagees who have requested notification of amendments must give prior written approval to any material amendment to the Declaration or Bylaws, including any of the following:

- 3.1 Voting rights;
- 3.2 Assessments, assessment liens and subordination of such liens;
- 3.3 Reserves for maintenance, repair and replacement of Common Areas;
- 3.4 Insurance or fidelity bonds;
- 3.5 Responsibility for maintenance and repair;
- 3.6 Contraction of the project or the withdrawal of property from the Properties;
- 3.7 The boundaries of any Lot;
- 3.8 Leasing of Housing Units other than as set forth herein;

3.9 Imposition of any restrictions on the right of an Owner to sell or transfer his or her Lot;

3.10 Any decision by the Association to establish self-management when professional management had been required previously by an Institutional First Mortgagee;

3.11 Restoration or repair (after hazard damage or partial condemnation) in a manner other than that specified in this Declaration.

3.12 Any action to terminate the legal status of the Properties after substantial destruction or condemnation occurs; or

3.13 Any provisions which are for the express benefit of Institutional First Mortgagees.

Section Four: Effective Date. Amendments shall take effect only upon recording with the Recorder of King County.

Section Five. Protection of Developer. For such time as Developer shall own Lots located in the Properties there shall be no amendments to the Declaration, the Articles of Incorporation, the Bylaws of the Association, or any Rules and Regulations adopted by the Association which:

- a. Discriminate or tend to discriminate against the Developer's rights.
- b. Change Article I ("Definitions") in a manner which alters the Developer's right or status.
- c. Alter the character and rights of membership or the rights of the Developer as set forth in Article III.
- d. Alter its rights as set forth in Article X relating to architectural controls.
- e. Alter the basis for assessments, or the Developer's exemption from assessments.
- f. Alter the number or selection of Directors as established in the Bylaws.

- g. Alter the Developer's rights as they appear under this Article.

IN WITNESS WHEREOF, the Declarant has hereunto set its hand this 20 day of FEBRUARY, 1991.

THE QUADRANT CORPORATION

By *Skip Holman*
Skip Holman
Its Vice President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

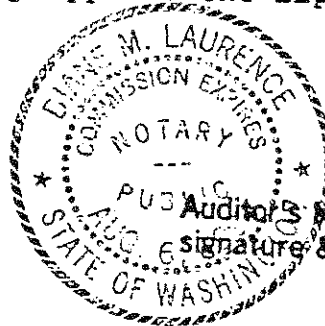
I CERTIFY that I know or have satisfactory evidence that Skip Holman is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Vice President of The Quadrant Corporation to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: February 20, 1991

Diane M. Laurence
Signature

Notary Public
Title

My Appointment Expires: 8-6-91



Auditor's Note: Notary
signature & seal omitted.