

EXHIBIT 15
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After Recording Return to:

SSHI LLC
12931 NE 126th Place
Kirkland, WA 98034
Attn: Tia Brotherton Heim

DOCUMENT TITLE	DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR VINTERRA
REFERENCE NO. OF DOCUMENTS ASSIGNED/ RELEASED	
GRANTOR	SSHI, LLC, a Delaware limited liability company dba DR Horton
GRANTEE	Vinterra Homeowners Association
LEGAL DESCRIPTION	Ptn Sec 16 Twp 26N Rge 05E, SE Qtr, NW Qtr
ASSESSOR'S PARCEL NO.	162605-9017-09

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DEC 18 2012
CITY OF WOODINVILLE
DEVELOPMENT SERVICES

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
VINTERRA**

This Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements is made by SSHI LLC, a Delaware limited liability company dba DR Horton ("Declarant"), as owner of the Property described below.

A. Declarant is the owner of certain real property located in the County of King, State of Washington, described in **Exhibit A** attached hereto and by this reference incorporated herein ("Property"). The Property is comprised of the real property legally described on **Exhibit A** and any other real property added by Amendment hereto or amendment of the Map. Declarant is developing the residential community ("Community") of Woodinville Heights on the Property in accordance with the Plat of Vinterra ("Plat"), recorded under King County Auditor's File No. -

B. Declarant plans to develop, own and convey the Property subject to the covenants, conditions, restrictions and easements as hereinafter set forth and as set forth in the deed of Lots from Declarant to Owners of Lots in the Property.

C. Declarant hereby declares that all of the Property shall be held, leased, encumbered, used, occupied, improved, sold and conveyed subject to the following covenants, conditions, restrictions and reservations of easements, all and each of which are for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Property, in furtherance of a general plan for the protection of the Property. All and each of these covenants, conditions, restrictions, and easements are hereby imposed as equitable servitudes upon the Property. They shall run with the Property, and every portion thereof, shall be binding on all parties having or acquiring any right, title or interest in the Property, and every portion thereof, and their lessee, guests, heirs, successors and assigns, shall inure to the benefit of every portion of the Property and any interest therein, shall inure to the benefit of each Owner, and his heirs, successors and assigns, and may be enforced by the Owners, the Association and Declarant in accordance with the terms hereof. Acceptance of any portion of the Property shall be deemed acceptance of the terms and provisions of this Declaration.

ARTICLE 1. DEFINITIONS

The following words, when used in this Declaration and in any amendment hereto shall have the following meanings unless otherwise expressly provided herein or therein:

1.1 Intentionally Omitted

1.2 "Articles" shall mean the Articles of Incorporation of the Association which have been or will be filed in the office of the Secretary of State of the State of Washington, as such Articles may be amended from time to time.

1.3 "Assessment(s)" shall mean all assessments imposed pursuant to this Declaration, including without limitation General Assessments, Capital Improvement Assessments, Special Assessments, Reconstruction Assessments, and Yard Maintenance Assessments.

1.4 "Assessment Period" shall mean a calendar year for General Assessments and Yard Maintenance Assessments, and such other period as determined by the Board for other Assessments.

1.5 "Association" shall mean Vinterra Home Owners Association, a Washington non-profit corporation, 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 of Directors" or "Board" shall mean the Board of Directors of the Association.

1.8 "Budget" shall mean the operating budget for the Association adopted pursuant to Section 4.3 below.

1.9 "Bylaws" shall mean the Bylaws of the Association, as adopted by the Board initially, as such Bylaws may be amended from time to time.

1.10 "Capital Improvement Assessment(s)" shall mean an Assessment imposed pursuant to Section 4.4 below.

1.11 "Capital Improvement Work" shall have the meaning ascribed to it in Section 4.4 below.

1.12 "Class" shall mean a class of Membership in the Association as described in Section 3.9 below.

1.13 "Close of Escrow" shall mean the date on which a deed conveying a Lot is Recorded.

1.14 "Committee" shall mean the Architectural Control Committee formed pursuant to ARTICLE 9 of this Declaration.

1.15 "Common Areas" shall mean all real property and Improvements: (a) owned or leased by the Association or owned in equal and undivided interest by the owners of the Lots; (b) in which the Association has an easement for access or maintenance (excepting easements for maintaining Lots) for the use, enjoyment, and benefit of the Members; (c) in which the Members have a right of control by any written instrument, including this Declaration, or by delineation and declaration of the same on the Plat; or (d) in which the Members of the Association have an undivided interest and shall exclude streets or other areas dedicated or conveyed to a governmental entity for public use. The Common Areas may be improved by certain common facilities and, if and when improved, shall include such common facilities. The

Common Areas may include (where applicable, if and when improved) common greens and open space areas, including Improvements thereon, street lights, street trees and other landscaping, signs, recreational, picnic and athletic facilities, pedestrian and hiking paths and trails, bicycle paths, private alleys, irrigation systems located in public rights of way, drainage and storm water detention areas and sewer, water, storm drainage, and other utility systems located on or in the Common Areas. The Common Areas shall include specifically (but without limitation) Tracts _____, as shown on the Plat. The Declarant may add or subtract from the Common Areas during the Development Period by Amendment to this Declaration. If the Common Areas shown on the Map are different from those described herein, the Common Areas described on the Map shall be deemed to be the Common Areas unless this Declaration has been amended or modified and states that such amendment or modification changes the Common Areas shown on the Map.

1.16 "Common Expenses" shall mean all costs and expenses incurred by the Association, including, but not limited to, the following: (a) expenses of administration, maintenance, and operation, including, but not limited to, reasonable compensation to employees of the Association, (b) costs of repair, replacement and capital improvement of the Common Areas and any Improvements thereon, (c) premiums or deductibles for all insurance policies and bonds required or permitted by this Declaration, (d) all real property and other taxes and assessments on the Common Areas, (e) utility and service charges, (f) funding of reserves for anticipated operational shortfalls or for replacement of capital items, (g) funding of reserves for the replacement of the Common Areas and any improvements and community facilities therein, and start-up expenses and operating contingencies of a nonrecurring nature, (h) expenses payable under ARTICLE 4 below, (i) legal fees and costs, (j) the costs of recovering unpaid Assessments, including legal fees and other costs of foreclosure of an Association Lien, (k) fees for architectural services provided to the Committee, (l) expenses of administration, maintenance, operation, repair or replacement of landscaping performed by the Association or the Association's agent on the Owners' Lots, (m) costs payable under Section 3.5(b) below, (n) the cost of maintaining or repairing any storm water drainage system, and (o) any other costs and expenses determined from time to time as reasonably necessary by the Board, or as otherwise incurred by the Association pursuant to this Declaration.

1.17 "Declarant" shall mean SSHI LLC dba DR Horton, a Delaware limited liability company, its successors or assigns and any Person to which it has assigned, in whole or in part, any of its rights hereunder by an express written assignment.

1.18 "Declaration" shall mean this Declaration of Covenants, Conditions, and Restrictions and Reservation of Easements for Vinterra, as it may be amended from time to time as provided herein.

1.19 "Development Period" shall mean the period of time from the date of Recording this Declaration until the Turnover Date.

1.20 "Development Rights" shall mean those rights of Declarant reserved in ARTICLE 2, ARTICLE 3, ARTICLE 8 and ARTICLE 14, and elsewhere in this Declaration. Declarant may exercise any and all Development Rights at any time during the Development Period in Declarant's sole discretion.

1.21 "Fence Requirements" shall mean the requirements for fences identified in Section 10.1(c) below, and attached as **Exhibit B**.

1.22 "General Assessment(s)" shall mean Assessments imposed by the Association pursuant to Section 4.3(a) below.

1.23 "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, irrigation systems, Streets, Signs, exterior fixtures, playfields and appurtenant facilities, recreational facilities, play structures, picnic structures and any other structure of any kind.

1.24 "Initial Working Capital Contribution" shall have the meaning ascribed to it in Section 4.11 below.

1.25 "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 of the foregoing entities.

1.26 "Lot" shall mean each separate parcel of the Property as shown on the Plat to be used for construction of a Residence and which is not a Common Area nor dedicated to the public. If any additional property is added to the Plat, each parcel comprised of a legal buildable lot which will be used for the construction of a Residence shall be considered a "Lot."

1.27 "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 3.9 below, whether by Class or in the aggregate as so indicated.

1.28 "Map" shall mean the map(s) of the Property recorded with the King, Department of Records under Auditor's File No. Referenced in Section A, above and any subsequent Maps of divisions of Vinterra which are recorded.

1.29 "Member" shall mean every person or entity who or which holds a Membership in the Association, as provided in Section 3.7 below. "Membership" shall mean the status of being a Member.

1.30 "Mortgage"— "Mortgagee"— "Mortgagor." A Mortgage shall mean any recorded mortgage or deed of trust on a Lot. A Mortgagee shall mean any holder of a Mortgage and shall be deemed to include the beneficiary of a deed of trust. A Mortgagor shall mean the borrower under a Mortgage and shall be deemed to include the trustor or grantor of a deed of trust.

1.31 "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.

1.32 "Owner" shall mean the Person(s), including Declarant, holding fee simple title of record to any Lot, including purchasers under executory contracts of sale and shall include "Co-Owners" as defined in Section 3.9(c). "Ownership" shall mean the status of being an Owner. The Declarant shall be an Owner until it sells the last Lot, but the Declarant shall not be liable for assessments and fees and may be expressly excluded from other obligations under this Declaration or the Association Articles and Bylaws.

1.33 "Participating Builder" shall mean a party that purchases unimproved Lots from the Declarant for the purposes of building Residences on such Lots, and offering such Residences for sale.

1.34 Intentionally Omitted

1.35 "Person" shall mean a natural individual, partnership, company, corporation or any other entity with the legal right to hold title to real property.

1.36 "Plans" shall mean plans and specifications as further described in Section 10.1 below.

1.37 "Plat" shall mean the Plat of Vinterra described in A above.

1.38 "Property" shall mean all of the real property described in Exhibit A to this Declaration and all real property added by amendment of this Declaration and/or the Map.

1.39 "Prorata Share" shall mean, for any particular Owner and for any particular Assessment, an amount equal to the number of Lots owned by an Owner, divided by the total number of Lots subject to that particular Assessment.

1.40 "Reconstruction Assessment(s)" shall mean an Assessment imposed pursuant to Section 12.1 below.

1.41 "Record" or "File" shall mean, with respect to any document, the recordation thereof, and with respect to any map, the filing thereof, in the official Records of King County, State of Washington.

1.42 "Residence" shall mean a single family residential building which is constructed on a Lot, or each dwelling unit within a Townhouse or other structure with a Party Wall between dwelling units located at the common boundary between the Lots.

1.43 "Signs" shall mean any structure, device or contrivance, electric or non-electric, upon or within which any poster, bill, bulletin, printing, lettering, painting, device, or other advertising of any kind whatsoever is used placed, posted, tacked, nailed, pasted or otherwise fastened or affixed.

1.44 "Special Assessment(s)" shall mean an Assessment imposed as a Special Assessment pursuant to any provision of this Declaration.

1.45 "Street" shall mean any public or private street, drive-way lane (if located in a public right of way or Common Area), place or other thoroughfare either as shown on the Map or any recorded survey or plat of the Property, however designated, or as so used as a part of the Common Areas.

1.46 Intentionally Omitted

1.47 "Turnover Date" shall mean the earlier of (i) ten (10) years from the date hereof, or (ii) the date the last of the Lots has been conveyed by Declarant to another Owner; provided, however, that Declarant may accelerate the Turnover Date by recording a written notice surrendering Declarant's Development Rights arising under this Declaration.

1.48 "Working Capital Fund" shall have the meaning ascribed to it in Section 4.11 below.

1.49

ARTICLE 2. PHASED DEVELOPMENT; DEVELOPMENT RIGHTS

2.1 **Subsequent Development.** Declarant reserves as a Development Right for itself, its successors and assigns, the right, by adoption of amendments to this Declaration, to subject additional properties to this Declaration or to withdraw undeveloped property from it. If the Declarant elects to subject additional property to this Declaration, Declarant shall grant to the Owners of such additional properties all of the rights and benefits to which Members of the Association are entitled. The rights reserved by Declarant in this Section shall be exercised by Declarant at Declarant's sole discretion.

2.2 **Consent to Adding or Subtracting Properties.** Declarant reserves as a Development Right the right to subject additional properties to this Declaration at any time prior to termination of the Development Period. Declarant reserves as a Development Right the right to withdraw any undeveloped properties from this Declaration at any time prior to termination of the Development Period. Each Owner appoints and constitutes the Declarant as his/her attorney-in-fact to adopt and file amendments to this Declaration necessary to add or subtract such properties. The original Vinterra Owners shall be benefited by any Common Areas on additional property the Declarant elects to add to Vinterra, either through Association ownership and control of said additional Common Areas or by easements of use and enjoyment in favor of said original Owners on said additional Common Areas. The Owners of such property added by Declarant to Vinterra shall have an easement for use and enjoyment of the existing Vinterra Common Areas and shall have all the obligations to pay their prorata cost of maintaining the Common Areas, unless otherwise provided herein. The Declarant shall also have as a Development Right the right to extend existing easements and may create new easements over the Lots still within Declarant's control so as to provide access to and service to the additional properties. Neither the Association nor any Owners shall have any right in any additional property nor shall this Declaration have any effect on such additional property until it is subjected to this Declaration by adoption of an amendment to this Declaration specifically

describing such additional property or by addition to the Map of Vinterra. The rights reserved by Declarant in this Section shall be exercised by Declarant at Declarant's sole discretion.

2.3 **Rights and Obligations.** The Owners of properties added to Woodinville Heights shall be Members of the Association, and shall be entitled to all benefits and subject to all obligations of a Member, including, but not limited to, the right to vote in Association elections and the obligation to pay assessments as set forth herein.

2.4 **No Requirement to Include Additional Properties.** Nothing contained in this Declaration shall be construed to require the Declarant to subject additional properties to this Declaration.

2.5 **Control.** The Declarant shall have and hereby reserves as a Development Right for itself, its successors, and assigns, an easement for the right, during the Development Period and any period thereafter in which Declarant is a Lot Owner, to utilize the Common Areas for its business uses and purposes, including, but not limited to, uses and purposes related to the construction, promotion, sale and development of Vinterra. If additional properties are subjected to this Declaration pursuant to this ARTICLE 2, Declarant shall have an easement as described in this Section 2.5 on the Common Areas located therein. Upon termination of the Development Period, said Declarant's easement shall automatically terminate except as to Lots to which the Declarant retains title. Control and the management and administration of the Common Areas shall vest in the Association at the end of the Development Period subject to the Declarant's aforementioned rights of use.

2.6 **Dedication to Governmental Entities.** Until the termination of the Development Period, Declarant reserves as a Development Right the right to withdraw any undeveloped part of the Property from this Declaration and to dedicate, transfer or convey it to any state, county, municipal or other governmental entity any such part of the Property or reserve it for Declarant's use and/or sale. The rights reserved by Declarant in this Section 2.6 shall be exercised by Declarant at Declarant's sole discretion.

ARTICLE 3. THE ASSOCIATION

3.1 **Formation.** The Association has been, or will be, incorporated under the name of Vinterra Home Owners Association, as a non-profit corporation under Revised Code of Washington, Chapter 24.03. Declarant may change the name of the Association if Declarant elects to change the name of the Plat or use a different name for marketing purposes.

3.2 **Development Period.** Until the termination of the Development Period, the Declarant hereby reserves as a Development Right for itself, its successors or assigns, the power to exercise all of the rights, powers and functions of the Association, or the Board thereof, which Development Right shall be exercised and/or performed solely by the Declarant without further authority from or action by the Members. During the Development Period, the Declarant shall have no obligation to publish financial statements, hold meetings or otherwise account to or consent with the Members, except as required under RCW 64.38 and RCW 24.03, or as expressly required herein. Prior to the termination of the Development Period, the

Declarant, acting pursuant to its authority to act on behalf of the Association, shall adopt Bylaws. During the Development Period, Declarant shall have as a Development Right, the sole authority to amend the Bylaws. The Declarant's control of the Association during the Development Period is established in order to ensure that the Property, Community, and the Association will be adequately administered in the initial phases of development and to ensure an orderly transition of Associations operations. Upon termination of the Development Period, administrative power and authority for management of the Common Areas shall pass to the Board of Directors and Members as provided herein and in the Bylaws of the Association.

3.3 **Board of Directors.** The Association shall be managed by a Board of Directors, elected or appointed in accordance with this Declaration, the Articles, and the Bylaws of the Association. Notwithstanding the foregoing, the Declarant shall have as a Development Right the right to appoint and remove all members of the Board in its sole discretion until the Turnover Date. The initial Board of Directors shall be:

Bill Salvesen

DR Horton
12931 NE 126th Place, Building B1
Kirkland, Washington 98034

Ashley M. Johnson

DR Horton
12931 NE 126th Place, Building B1
Kirkland, Washington 98034

3.4 **Delegation to Manager.** The Board may delegate any of its managerial duties, powers, or functions to any Person or entity. The Board members shall not be liable for any omission or improper exercise by the manager of any duty, power, or function so delegated by written instrument authorized and entered into by the requisite vote of the Board.

3.5 **Duties and Powers of Association.** The duties and powers of the Association are those set forth in its Articles and Bylaws, together with its general and implied powers as a not for profit corporation, generally to do any and all things that a corporation organized under the laws of the State of Washington may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in its Articles, its Bylaws, the Plat and in this Declaration.

(a) **Purposes.** Specifically, but not by way of limitation, the Association shall effectuate the purposes of this Declaration, including but not limited to: (i) adopting and enforcing rules and regulations (through action of the Board pursuant to Section 3.5(c) below); (ii) adopting an operating and capital budget; (iii) controlling and administering the Association's funds, including the levy, collection, and disbursement of Assessments; and (iv) administering and enforcing this Declaration. Subject to any dedications or other provisions of this Declaration, the Association shall have the authority and obligation to establish, manage, repair, and administer the Common Areas. Subject to the approval of any applicable governmental agency and to the approval of the Committee, the Association may at any time, and from time to time, construct, reconstruct, improve, replace and/or restore any

Improvement or portion thereof upon the Common Areas, and the Association may construct, reconstruct, improve and/or replace destroyed trees or other vegetation and plant trees, shrubs, ground cover and other landscaping upon the Common Areas. The Association may employ personnel necessary for the effective operation and maintenance of the Common Areas, including the employment of legal and accounting services.

(b) Operating Costs. The Association shall be responsible for the payment of power bills, maintenance, repair, and any other associated operating costs for the Common Areas and the Improvements thereon unless that responsibility is otherwise assigned by this Declaration, the Map or regulations of a governmental agency with jurisdiction over the Plat.

(c) Rules and Regulations. The Board is authorized and empowered on behalf of the Association to adopt rules and regulations governing the use of the Property and the personal conduct of the Members, Owners, and their guests, and to establish penalties for the infraction thereof.

3.6 **Priorities and Inconsistencies**. In the event of conflicts or inconsistencies between this Declaration and either the Articles or the Bylaws, the terms and provisions of this Declaration shall prevail.

3.7 **Membership**. An Owner of a Lot shall automatically be a Member of the Association and shall remain a Member until such time as Ownership ceases for any reason, at which time such Membership shall automatically cease. Membership shall be appurtenant to and may not be separated from the Ownership of each Lot. The Owners covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration, the Articles, and the Bylaws. Except as may otherwise be provided herein, the rights, duties, privileges and obligations of all Members shall be as set forth in this Declaration, the Articles, and the Bylaws.

3.8 **Transfer**. Membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Owner's Lot and then only to the purchaser or Mortgagee of such interest in such Lot. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

3.9 **Voting Rights**.

(a) Voting Rights. The right to vote may not be severed or separated from any Lot, and any sale, transfer or conveyance of a Lot to a new Owner or Co-Owners shall operate to automatically transfer the appurtenant vote without the requirement of any expressed reference thereto. An Owner may, by written notice delivered to the Board, designate a voting representative for its voting rights if expressly permitted in the Bylaws. Notwithstanding the foregoing, the voting rights of any Member may be suspended as provided in this Declaration, the Articles, or the Bylaws. Member votes may be tabulated by mail, facsimile, email, or other electronic transmission.

(b) Classes of Membership. The Association shall have two (2) Classes of Membership, Class A and Class B, as follows:

i. Class A. Class A Membership shall consist of all Owners, other than Declarant. Each Class A Member shall be entitled to one (1) vote for each Lot owned.

ii. Class B. Membership shall consist of the Declarant. The Declarant shall be entitled to three (3) votes for each Lot owned by Declarant. Class B Membership shall terminate and be converted to Class A Membership on the Turnover Date.

(c) Co-Owners. If an ownership interest in a Lot is held by multiple Persons ("Co-Owners"), the Association shall have no responsibility to accept any vote for such Lot if such vote is disputed among the Co-Owners.

(d) Proxies. Members may vote at any meeting of the Association in person or by proxy. A proxy must be in writing, signed by the designated voting Member for the Lot and filed with the Board in advance of the meeting at which such vote is taken. No Owner may revoke any proxy given by a Member to or in favor of a Mortgagee without the prior written consent of the holder of the Mortgagee.

3.10 **Rules and Regulations**. The Board shall have the power to adopt from time to time and to enforce rules and regulations governing the use of the Property, in addition to the use restrictions contained in this Declaration and whether or not expressly contemplated herein, provided that such rules and regulations shall not be inconsistent with this Declaration. The rules and regulations may not unreasonably differentiate among Owners. The Board may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use the Common Areas or portions thereof, and the imposition of fines pursuant to a previously adopted schedule there of. Any such rules and regulations, and/or amendments thereto, shall become effective thirty (30) days after promulgation and shall be mailed to all Owners within thirty (30) days after promulgation. A copy of the rules and regulations in force at any time shall be retained by the secretary of the Association and shall be available for inspection by any Owner during reasonable business hours. Such rules shall have the same force and effect as if set forth herein.

ARTICLE 4. ASSESSMENTS

4.1 **Creation of the Lien and Personal Obligation of Assessments**. Each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any Assessment duly levied by the Association as provided in this Declaration. Such Assessments, together with interest, costs, late charges and reasonable attorneys' fees, shall also be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, costs, late charges, and attorneys' fees (including all such costs and fees incurred in connection with collection of the Assessment), shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to an Owner's successor in title unless the lien for such delinquent Assessments had been Recorded prior to title transfer or unless expressly assumed by the successor in title. When Ownership of a Lot changes, Assessments which have been levied but are not yet due and payable in full shall be prorated between the transferor and the transferee based on a 365-day year.

4.2 **Liability for Assessments.** The Owner of each Lot shall be personally liable for all Assessments imposed on such Lot pursuant to this Declaration, on a joint and several basis. Declarant shall not be obligated to pay any Assessment levied against any Lots owned by it unless a Residence has been constructed on the Lot and such Residence is occupied. No Owner may exempt himself or herself from liability for his Assessments by abandoning any Lot owned by him or her.

4.3 **General Assessments.**

(a) Association Budget. The Board shall prepare, or cause the preparation of, an operating budget (the "Budget") for the Association for each calendar year. The Declarant shall adopt the initial Budget of the Association. Every Budget shall set forth sums required by the Association, as estimated by the Board, to meet its annual Common Expenses. Within thirty (30) days after adoption by the Board of any proposed regular or special Budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the Budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of a majority of the votes in the Association are allocated or any larger percentage specified in the governing documents reject the Budget, in person or by proxy, the Budget is ratified, whether or not a quorum is present. In the event the proposed Budget is rejected or the required notice is not given, the periodic Budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent Budget proposed by the Board. General Assessments on each Lot shall commence as follows: (i) for Lots on which Declarant has built a Residence, General Assessments on such Lots shall commence upon the earlier of the Close of Escrow for the initial transfer of such Lot with a completed Residence, or upon the occupancy of such Residence; (ii) for Lots sold by Declarant to a Participating Builder, General Assessments shall commence on the earlier of the date of the Close of Escrow for the Participating Builder's sale of the Lot with a completed Residence, or upon the occupancy of such Residence, but in no event later than one hundred twenty (120) days after the date that the Participating Builder has completed construction of such Residence and/or obtained a certificate of occupancy for the Residence; and (iii) for Lots sold by Declarant to anyone who is not a Participating Builder, General Assessments shall commence on the Close of Escrow. After the Turnover Date, the Members of the Association who are obligated to pay General Assessments based on a particular Budget may reject said Budget at a special meeting of the Association by a Majority Vote. After the Turnover Date, the Board shall not increase the amount of the General Assessments in any year by more than fifteen percent (15%) without a Majority Vote, in addition to the ordinary Budget ratification process. If during the year the Budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessment, the Board may prepare a supplemental Budget for the remainder of the year. A supplemental Budget that results in an increase in an Owner's Assessments shall be ratified pursuant to this Section. Until General Assessments have commenced on all Lots, Declarant shall have the option for each calendar year of either paying an amount equal to the General Assessments which would have been due with respect to the unoccupied Lots owned by it had General Assessments commenced thereon or paying to the Association an amount equal to the excess, if any, of actual expenses of the Association over General Assessments levied.

(b) Levy of General Assessment. In order to meet the costs and expenses projected in its Budget, the Board shall determine and levy on every Owner a General

Assessment. The Association's Budget shall be divided by the number of Lots to determine the amount of the General Assessment applicable to each Lot. Except as provided in Section 4.3 with respect to unoccupied Lots owned by the Declarant or a Participating Builder, each Owner's Prorata Share of General Assessments shall be calculated by multiplying the number of Lots owned by the Owner by the amount of the General Assessment for each Lot. General Assessments shall be payable in a lump sum annually on the date determined by the Board or may be billed on a quarterly or monthly basis if the Board so elects.

(c) Initial Assessment.

At the time of the first transfer of title to a Lot to a purchaser/Owner other than Declarant or a Participating Builder, the first purchaser shall pay to the Association at the Close of Escrow, an Initial General Assessment (which is in addition to the initial Working Capital Contribution described below). The Initial General Assessment is the pro-rata amount of the current General Assessment that the Board has assessed against the Lot for the year in which the Lot is purchased, which amount shall be prorated on a 365-day per year basis. The Declarant, its successor or assigns shall not be responsible for paying the balance of the General Assessment which is not paid as the first purchaser's Initial General Assessment, or any other fee or assessment which is assessed or due prior to the termination of the Development Period. The Initial General Assessment is the property of the Association.

(d) Amount of General Assessment. After ratification of the Budget by the Owners as set forth in Section 4.3 (a), the Board shall notify the Owners of the amount of the General Assessment payable by each Owner for an Assessment Period at least thirty (30) days in advance of beginning of such Assessment Period. Notice of the General Assessment shall thereupon be sent to each Owner; provided, however, that failure to notify an Owner of the amount of a General Assessment shall not render such General Assessment void or invalid and each Owner shall be obligated for such General Assessment even if no notice is given, and/or notice is given late. Any failure by the Board, before the expiration of any Assessment Period, to fix the amount of the General Assessment hereunder for the next Assessment Period, shall not be deemed a waiver or modification in any respect of the provisions hereof or a release of any Owner from the obligation to pay the General Assessment, or any installment thereof, for that or any subsequent Assessment Period.

(e) Assessment Period. The Assessment Period for General Assessments shall be a calendar year. The General Assessment for the preceding Assessment Period shall continue until a new Budget is approved. Upon any revision of the Budget by a supplemental Budget, the Board shall, if necessary, recalculate the General Assessment levied against the Owners and give notice of the same in the same manner as the initial levy of a General Assessment for the Assessment Period. The Assessment Period for any other Assessment shall be as determined by the Board.

4.4 **Capital Improvement Assessments.**

(a) Capital Improvement Work. In addition to the General Assessments authorized by this Article, the Board may levy Capital Improvement Assessments at any time for the purpose of paying the cost of any installation, construction, reconstruction, repair or replacement of any capital improvements ("Capital Improvement Work") in or on a

Common Area, or for such other purposes as the Board may consider appropriate. Capital Improvement Assessments shall require a Majority Vote (if there are two Classes, Capital Improvement Assessments shall require the Majority Vote of both Classes). The total cost of the Capital Improvement Work shall be divided by the number of Lots to determine the amount of the Capital Improvement Assessment applicable to each Lot. Each Owner's Prorata Share of the Capital Improvement Assessment shall be calculated by multiplying the number of Lots owned by the Owner by the amount of the Capital Improvement Assessment for each Lot. Capital Improvement Assessments shall be payable in one lump sum, or in installments, as determined by the Board (and as approved by a Majority Vote of each Class). The Association may charge interest on any Capital Improvement Assessment payable in installments, as determined by the Board (and as approved by a Majority Vote of each Class), and such interest shall become part of the installments due. Capital Improvement Assessments may be levied either before or after the Capital Improvement Work is done, in the discretion of the Board.

(b) **Special Facilities.** If the Association determines that costs incurred for Capital Improvement Work are in connection with facilities shared in common by one or more, but fewer than all, of the Lots, then the Capital Improvement Assessment for such Capital Improvement Work shall be assessed only against the Owners of the Lots served by such facilities. In such event, the total cost of the Capital Improvement Work shall be divided by the number of Lots served by such facilities to determine the amount of the Capital Improvement Assessment applicable to each Lot. Each Owner's Prorata Share of such Capital Improvement Assessment shall be calculated by multiplying the number of Lots owned by the Owner by the amount of the Capital Improvement Assessment for each Lot, and shall otherwise be on terms as permitted by this Section 4.4.

4.5 **Special Assessments.** The Association may levy Special Assessments against one or more Lots as provided in this Declaration. Special Assessments shall be as determined by the Board in accordance with this Declaration. Special Assessments shall be payable in one lump sum, or in installments, as determined by the Board. The Association may charge interest on any Special Assessment, as determined by the Board, and such interest shall become part of the installments due.

4.6 **Intentionally Omitted.**

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

4.8 **Waiver of Homestead or exemption Rights Under Law.** 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 due and payable pursuant to the terms hereof.

4.9 **Records and Financial Statements.** The Board shall prepare or cause to be prepared for any fiscal year in which the Association levies or collects any

Assessments, a balance sheet and an operating (income/expense) statement for the Association which shall include a schedule of delinquent Assessments identified by the number of the Lot and the name of the Lot Owner; provided, however, such documents need not be prepared by a certified public accountant unless requested by the Board or the Owners by a Majority Vote. The annual financial statement of the Association need not be audited unless (i) the total of all Assessments for the year for all Lots is \$50,000 or more, and (ii) the audit is not waived by at least 67% of Class A votes at a meeting of the Association at which a quorum is present. The Board shall cause detailed and accurate records of the receipts and expenditures of the Association to be kept specifying and itemizing the maintenance, operating, and any other expense incurred. Such records, copies of this Declaration, the Articles and the Bylaws, and any resolutions authorizing expenditures of Association funds shall be available after the Turnover Date for examination by any Owner at convenient weekday hours upon reasonable advance notice.

4.10 **Certificate of Assessment.** A certificate executed and acknowledged by the treasurer or the president of the Association (or an authorized agent thereof, if neither the president nor treasurer is available) stating the indebtedness for Assessments and charges, or lack thereof, upon any Lot shall be conclusive upon the Association as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any Owner or any Mortgagee of a Lot within a reasonable time after request, in Recordable form, at a reasonable fee. Unless otherwise prohibited by law, any Mortgagee holding a lien on a Lot may pay any unpaid Assessments or charges with respect to such Lot, and, upon such payment, shall have a lien on such Lot for the amounts paid of the same priority as the lien of its Mortgage.

4.11 **Contribution to Working Capital Fund.** In connection with the Close of Escrow for the closing of the sale of each Lot to an Owner other than Declarant, the initial Owner of such Lot (including a Participating Builder who acquires a Lot or Lots from Declarant) shall make a nonrefundable working capital contribution payment to the Association for an initial working capital fund ("Working Capital Fund"), which contribution shall be in an amount equal to Three Hundred Fifty Dollars (\$350.00) per Lot (the initial "Working Capital Contribution") or such other amount as the Board determines from time to time is appropriate. The Initial Working Capital Contribution shall not be considered as an advance payment of any Assessments. The Working Capital Fund may be used as determined by the Board.

ARTICLE 5. NONPAYMENT OF ASSESSMENTS

5.1 **Delinquency.** Any installment of any Assessment provided for in this Declaration shall be delinquent, if it is not paid on the due date as established by the Board. With respect to each installment of an Assessment not paid within ten (10) days after its due date, the Board may, at its election, require the delinquent Owner to pay a late charge in the amount set forth in a previously approved schedule thereof which has been delivered to the Owners, together with interest on such delinquent sum at a rate to be determined by the Board, but not to exceed the maximum rate permitted by law, calculated from the date of delinquency to and including the date full payment is received by the Association. If any installment of an Assessment is not paid within thirty (30) days after its due date, the Board shall mail a notice to the Owner and to any Mortgagee of such Owner. The notice shall specify (1) the fact that the

installment is delinquent; (2) the amount of the Assessment and any late fees and interest accrued thereon; and (3) that (a) failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the Assessments for the then current fiscal year and (b) the Association has the right to record a lien ("Association Lien") against the Owner's Lot for the full amount of the Assessment and related charges. The Association shall have the right to accelerate all of the unpaid balance of all Assessments for the then current fiscal year, attributable to that Owner and his Lot or interest therein, after written notice as specified above. Such accelerated Assessments shall be immediately due and payable without further demand. The Association may record a lien against the Owner's Lot and enforce the collection of the Assessments and all charges thereon in any manner authorized by law or by this Declaration.

5.2 **Lien and Notice of Lien.** Each Owner vests in the Association, or its assigns, the right and power to bring all actions at law or to foreclose an Association Lien provided for in Section 5.1 against an Owner and such Owner's Lot for the collection of delinquent Assessments. No action shall be brought to foreclose said delinquent Association Lien or to proceed under the power of sale herein provided sooner than thirty (30) days after the date a notice of claim of lien is recorded by the Association in the Office of the King County Auditor and a copy thereof is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot at said Owner's last known address. The notice of claim of lien must contain a sufficient legal description of said Lot, the record Owner or reputed Owner thereof, and the amount claimed, including, at the Association's option, the cost of preparing and recording the notice of claim of lien, interest on said unpaid Assessments and costs of collections, including attorney's fees. Each Owner, by acceptance of the deed for a Lot subject to this Declaration, acknowledges that all liens authorized hereunder are consensual.

5.3 **Foreclosure and Sale.** Any such foreclosure and sale provided for in Section 5.2 shall be conducted in accordance with the laws of the State of Washington applicable to the exercise of powers of foreclosure and sale of mortgages. The Association, through its duly authorized agents, shall have the power to bid on the Lot at the foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

5.4 **Curing the Default.** Upon the timely curing of any default for which a notice of claim of lien was recorded by the Association, the Board, or an authorized representative thereof, shall record an appropriate release of such notice upon payment by the defaulting Owner of a fee to be determined by the Board to cover the cost of preparing and recording such release, together with the payment of such other costs, interests and fees as shall have been incurred by the Association by reason of such default. Any purchaser or encumbrancer, who has acted in good faith and extended value, may rely upon such release as conclusive evidence of the full satisfaction of the sums stated in the notice of claim of lien.

5.5 **Cumulative Remedies.** The Association Lien and right of foreclosure and sale thereunder shall be in addition to, and not in substitution for, all other rights and remedies which the Association, and/or its assigns, may have hereunder, in equity and at law, including, but not limited to, a suit to recover a money judgment for unpaid Assessments, or the suspension of a Member's right to vote until any Assessments unpaid for a period in excess

of thirty (30) days are paid. Any institution of a suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages.

5.6 **Subordination of Association Liens.** All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on the respective Lot prior and superior to all other liens, except (1) all taxes, bonds, assessments and other levies or liens which, by law, would be superior thereto, and (2) the lien or charge of any Mortgage of Record made in good faith and for value and recorded prior to the date on which the notice of claim of lien is recorded, subject to the provisions of Section 4.3(a) and ARTICLE 11 of this Declaration. Upon the foreclosure of, or acceptance of a deed in lieu of foreclosure of, such a prior Mortgage, the foreclosure purchaser or deed-in-lieu grantee shall take title free of the lien for unpaid Assessments for all said charges that accrue prior to the foreclosure of deed given in lieu of foreclosure, but subject to the lien hereof for all said charges that shall accrue subsequent to the foreclosure or deed given in lieu of foreclosure.

5.7 **Exempt Property.** The following property is exempt from the Assessments created herein and shall not be subject to liens for unpaid Assessments: (a) all properties dedicated to and accepted by local public authority; (b) all Common Areas; (c) all properties the fee title to which is retained by Declarant; and (d) all Lots owned by a Participating Builder for the period which is prior to the earlier of (i) the date of the Close of Escrow for the Participating Builder's sale of the Lot with a completed Residence, or (ii) upon the occupancy of such Residence, but in no event later than one hundred twenty (120) days after the date that the Participating Builder has completed construction of such Residence and/or obtained a certificate of occupancy for the Residence.

5.8 **Rights of Board – Waiver of Lot Owners.** Each Owner hereby vests in and delegates to the Board or its duly authorized representatives, the right and power to bring all actions at law, including lien foreclosures, whether judicially or by power of sale or otherwise, against any Owner for collection of the delinquent assessments in accordance herewith. Each Owner hereby expressly waives any objection to the enforcement in accordance with this Declaration, of the obligation to pay Assessments as set forth herein.

ARTICLE 6. EASEMENTS, DEDICATIONS, AND RIGHTS OF ENTRY

6.1 Easements.

(a) Access. Declarant expressly reserves for the benefit of the Association and for the Owners of the Property reciprocal, non-exclusive easements over all of the Common Areas for access to the Lots and other Common Areas. Subject to the provisions of this Declaration and the Plat governing use and enjoyment thereof, such easements may be used by Declarant, its successors, the Owners, and any guests, tenants, and invitees residing upon or temporarily visiting the Property, for walkways, vehicular access, parking, drainage and such other purposes reasonably necessary for use and enjoyment of any Lot in the Property. In addition to the foregoing, each Lot is subject to an easement for encroachments created by construction, settlement, and overhangs as designed or constructed by the Declarant.

(b) Maintenance and Repair. Declarant expressly reserves for the benefit of the Association and all agents, officers and employees of the Association non-exclusive easements over the Common Areas and the Lots necessary to maintain and repair the Common Areas and to perform all other tasks in accordance with the provisions of this Declaration. There are specifically reserved for the benefit of the Owners easements for the utility services and the repair, replacement and maintenance of the same over all of the Common Areas. Such easements shall be established and used so as not to unreasonably interfere with the use and enjoyment by the Owners of their Lots and the Common Areas. All such easements shall be appurtenant to and shall pass with the title to every Lot conveyed.

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

(d) Walkways and Driveways. There shall be no obstruction, including, but not limited to obstruction by basketball hoops or other similar sporting equipment, of any Streets, walkways, or driveways on or located within the Property which would interfere with the free circulation of foot, bicycle or automotive traffic, except such obstruction as may be reasonably required in connection with repairs of such Streets, walkways, and driveways. Use of all Streets, walkways, and driveways within the Property shall be subject to the reasonable rules and regulations adopted by the Association. The Association may, but shall not be obligated to, take such action as may be necessary to abate or enjoin any interference with or obstruction of Streets, walkways, and driveways, and shall have the right of entry for purposes of removing said interference or obstruction including towing of vehicles that are parked on Streets, driveways or walkways for extended periods or in violation of rules and regulations adopted by the Association or set forth in this Declaration. Any costs incurred by the Association in connection with such abatement, injunction, or corrective work shall be deemed to be a Special Assessment of the Owner responsible for the interference or obstruction. Free use of the Streets, walkways, and driveways and free circulation of foot, bicycle and vehicular traffic are essential elements of Declarant's plan for development of the Property.

(e) Landscaping Maintenance Easement. Declarant expressly reserves for the benefit of the Association and all agents, officers and employees of the Association non-exclusive easements over the Common Areas and the Lots to perform maintenance of landscaping, including the trimming, watering and fertilization of all grass, ground cover, shrubs or trees, removal of dead or waste materials, or replacement of any dead or diseased grass, ground cover, shrubs or trees, and also including any yard maintenance pursuant to Section 7.3. Notwithstanding the foregoing, each Owner shall be primarily responsible for maintaining the landscaping and yard areas on their respective Lot, as provided in this Declaration.

(f) Association's Authority to Grant Easements. The Association, through approval by the Board, shall have the right to grant necessary easements and rights-of-way over the Common Areas to any Person. Further, the Property is subject to any and all easements shown on the face of the Plat.

6.2 **Right of Entry**. The Association, the Committee and Declarant shall have a limited right of entry in and upon the exterior of all improvements located on any Lot for the purpose of inspecting the same, and taking whatever corrective action may be deemed necessary or proper, consistent with the provisions of this Declaration. However, nothing herein shall be construed to impose an obligation upon the Association, the Committee, or Declarant to maintain or repair any portion of any Lot or any Improvement thereon which is to be maintained or repaired by the Owner. Nothing in this Article shall in any manner limit the right of any Owner to the exclusive occupancy and control over the Improvements located upon his Lot. However, each Owner shall permit access to such Owner's Lot or Improvements thereon by any Person authorized by this Association, the Committee, or Declarant as reasonably necessary, much as in case of any emergency originating on or threatening such Lot or Improvements, whether or not such Owner is present.

6.3 **Intentionally Omitted.**

ARTICLE 7. REPAIR AND MAINTENANCE

7.1 **Repair and Maintenance Duties of the Association**. Following their initial installation, the Association shall maintain, repair, replace, resurface and make necessary improvements to the Common Areas, or shall contract for such maintenance, repair, replacement, resurfacing, and improvements, to keep the Common Areas, including without limitation all improvements thereon, in a good, sanitary, and attractive condition. Such maintenance, repairs, replacement, resurfacing, and improvements shall include, without limitation, maintenance and replacement of lighting, shrubs, trees, vegetation, irrigation systems (if any), Signs, play structures, picnic facilities, playfields and appurtenances and other landscaping improvements located on the Common Areas, repair of and payment for all centrally metered utilities, mechanical and electrical equipment in the Common Areas, to include care and upkeep of any median within the public street rights-of way, repair and maintenance of storm water facilities and equipment (to the extent such maintenance is not performed by the municipality or any utility service provider), and repair and maintenance of all parking areas, walks, and other means of ingress and egress within the Common Areas. All such maintenance, repairs and improvements to the Common Areas shall be paid for as a Common Expense. The Association shall pay all real and personal property taxes and Assessments which shall constitute

a lien upon any portion of the Common Areas. The Board shall use reasonable efforts to require compliance with all provisions of this Declaration.

7.2 **Intentionally Omitted**

7.3 **Intentionally Omitted**

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ARTICLE 8. COMMON AREA PROTECTION

8.1 **Association Control.** The Association shall own fee title to the Common Areas, except as expressly stated in this Declaration, on the face of the Plat or other document granting the Association rights with respect to the Common Areas, or any portion thereof. The Association's appurtenant rights and duties with respect to the Common Areas shall include, without limitation, the following:

(a) Limits. The right of the Association to reasonably limit the number of guests, patrons and invitees of Owners using the Common Areas.

(b) Rules. The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Areas.

(c) Borrowings. The right of the Association in accordance with the Articles, Bylaws and this Declaration, with a Majority Vote of the Owners, to borrow money for the purpose of maintaining and preserving the Common Areas, and in aid thereof to Mortgage any or all of its real or personal property as security for money borrowed or debts incurred, provided that the right of any such Mortgagee of the Association shall be subordinated to the rights of the Owners.

(d) Voting Rights. The right of the Association to suspend the voting rights and right to use the Common Areas by an Owner for any period during which any Assessment against the Owner and his Lot remains unpaid and delinquent for a period not to exceed thirty (30) days for any single infraction of the published rules and regulations of the Association, provided that any suspension of such voting rights or rights to use the Common Areas shall be made only by the Board, after notice and an opportunity for a hearing, if any, as provided in the Bylaws.

(e) Reconstruction. The right of the Association (by action of the Board) to reconstruct, replace or refinish any Improvement or portion thereof upon the Common Areas, in accordance with the original design, finish or standard construction of such Improvement, or of the general Improvements within the Property, as the case may be; and not in accordance with such original design, finish or standard of construction only with a Majority Vote of each Class of Members.

(f) Replacement. The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover, upon any portion of the Common Areas.

8.2 **Reserved Rights.** Declarant shall have as a Development Right, the right to the nonexclusive use of the Common Areas without charge, for sales and marketing purposes, display, advertising, access, ingress, egress and exhibit purposes, which right Declarant hereby expressly reserves for itself and its sales agents and representatives.

8.3 **Easements for City and County Use.** In addition to the foregoing there shall be, and Declarant hereby reserves and covenants for itself and all future Owners within the Property, easements for public services and utilities, including without limitation, the right of the City of Woodinville, King County, or other recognized governmental entity or utility purveyors to install, maintain and repair public Streets, Street lights, curbs, gutters and sidewalks, sanity sewer, storm water facilities and water systems, and the right of the police and other emergency and public safety personnel to enter upon any part of the Common Areas for the purpose of enforcing the law.

8.4 **Waiver of Use.** No Owner may exempt himself from personal liability for Assessments duly levied by the Association, nor release the Lot or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Areas or by abandonment of his Lot or any other property in the Property.

8.5 **Trash and Other Debris.** No trash, debris, waste, grass clippings, or hazardous waste shall be dumped, deposited, or placed in any Common Areas by any Owner or Occupant.

8.6 **Fires.** There shall be no fires permitted within the Common Areas except in designated barbeque pits or fire circles while attended and in full compliance with local laws and ordinances.

8.7 **Taxes.** Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain a separate real estate tax assessment of each Lot. If any such taxes or assessments may, in the opinion of the Association, nevertheless be a lien on the Common Areas, or any part thereof, they shall be paid by the Association and each Owner shall be obligated to pay or to reimburse the Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against the Common Areas and attributable to such Owner's Lot and interest in the Common Areas.

8.8 **Permissive Use.** Any Owner may permit an Occupant to use the Common Areas in the same manner as an Owner. All Owners shall be responsible for informing any Occupants of the contents of this Declaration and the rules regarding the Common Areas, and shall be responsible for requiring its Occupants to comply with this ARTICLE 8. No Owner, guest, Occupant, invitee, or licensee shall conduct or allow others to conduct any offensive or obnoxious activities within the Common Areas.

ARTICLE 9. ARCHITECTURAL CONTROL COMMITTEE

9.1 **Committee.** An Architectural Control Committee ("Committee") consisting of three (3) Committee members is hereby created with the rights and powers set forth in this Declaration; provided, however, that at Declarant's sole discretion until the Turnover

Date, the Committee may consist of fewer than three (3) members to be appointed by the Declarant until the Turnover Date. Committee members shall not be entitled to compensation for their services hereunder unless authorized by vote of two-thirds (2/3) of the Board. Declarant shall have the right and power at all times to appoint or remove the Committee members or to fill any vacancy on such Committee until the Turnover Date; provided, however, that Declarant may earlier surrender Declarant's rights of appointment to the Board. Any surrender of Declarant's rights of appointment shall not be effective until a written notice of such transfer is Recorded. After the Turnover Date, the Board shall have the power to appoint and remove the Committee members.

9.2 **Residential Development.** Notwithstanding any provision of this Declaration, the approval of the Committee shall not be required for action taken by the Declarant to develop the Property as a residential subdivision, including the initial construction of the Residences and other Improvements.

9.3 **Guidelines.** The Committee shall have the authority (but shall not be required) to adopt and amend written guidelines to be applied in its review of Plans (defined below) in order to further the intent and purpose of this Declaration and any other covenants or restrictions covering the Property. If such guidelines are adopted, they shall be available to all Members upon request. Approval by the Committee of any Plans shall not be a waiver of the right to withhold approval of any similar plan, drawing, specification, or matter submitted for approval.

9.4 **Liability.** Neither the Committee nor any of its members (past, present or future) shall be liable to the Association or to any Owner for any damage, loss or prejudice resulting from any action taken in good faith on a matter submitted to the Committee for approval or for failure to approve any matter submitted to the Committee. The Committee or its members may consult with the Association or any Owner with respect to any Plans or any other proposal submitted to the Committee.

9.5 **Appeals.** After the Development Period, the Board shall serve as an appellate panel to review Committee decisions upon the request of any aggrieved Member. The Board shall develop a procedure by which decisions of the Committee may be appealed. The Board may choose to limit the scope of such appeals and provide time limitations therefore.

ARTICLE 10. CONSTRUCTION OF IMPROVEMENTS

10.1 Approval of Plans Required.

(a) **Plan Submission and Approval.** No Improvements shall be erected, placed, altered, maintained or permitted to remain on any Lot by any Owner until final plans and specifications ("Plans") shall have been submitted to and approved by the Committee. Such Plans shall be submitted by the authorized agent, by the builder of such Improvements, or by the Lot Owner. The following information shall be a part of such Plans submitted to the Committee: (a) the location of the proposed structure upon the Lot, (b) the elevation of the structure with reference to the existing and finished Lot grades, (c) the general design, (d) the interior layout, (e) the exterior finish materials and color, including roof materials, (f) the

landscape and exterior lighting plan and (g) any other information required to determine whether the structure conforms with Community standards.

(b) Contents of Plans. The Plans shall be of such form and content as may be required by the Committee, but shall in any event include the following: description and sketches of the architectural design concept, including intended character and materials. The design concept, including the size, shape, and character of Improvements, shall be consistent with the Community. In addition, materials in all residential buildings shall be of equal or better quality than those of the other residential buildings in the Community.

(c) Requirements. Where applicable, the Plans shall contain no less detail than required by the appropriate governmental authority for the issuance of a building permit. Each Lot must have a private enclosed car shelter for not less than one (1) car. No Residences shall be altered to provide residence for more than one (1) family per Lot. All roofs must be finished with a minimum thirty (30) year composition material, the color of which shall be approved by the Committee. The exterior finishes on the front of any structures, as well as any paints or stains applied thereto, shall be approved by the Committee. All Residences and other Improvements shall be constructed of new materials, with the exception of "décor" items, such as weathered brick, approved in advance by the Committee in its sole discretion. Fencing, if any, shall be in conformance with the Fence Requirements, a copy of which is attached hereto as **Exhibit B** unless otherwise approved in writing by the Committee, and fences shall be erected so as to not interfere with or obstruct any easements established in this Declaration or on the Plat, unless such interference or obstruction is expressly approved in writing by all beneficiaries of the applicable easement. Front yards of a Lot shall be landscaped in accordance with City of Woodinville and King County standards and the standards established by the Committee. No structure shall be located on any Lot nearer to the front Lot line or nearer to any side street than the minimum building setback lines adopted by local governmental authorities. Material changes in approved Plans must be similarly submitted to and approved by the Committee.

10.2 **Basis for Approval**. Approval shall be based upon the conditions of approval for the Plat and the restrictions set forth in this Declaration. The Committee shall not arbitrarily or unreasonably withhold its approval of any Plans so long as they are in compliance with the Plat and the restrictions set forth in this Declaration. The Committee shall have the right to disapprove any Plans submitted hereunder on any reasonable grounds including, but not limited to, any one or more of the following:

(a) Restrictions. Failure to comply with any of the restrictions set forth in this Declaration.

(b) Information. Failure to include information in such Plans as may have been reasonably requested by the Committee.

(c) Code Compliance. Failure to comply with any state or local building codes or rules and regulations for the installation of electric wires and equipment.

(d) Guidelines. Failure to comply with any design guidelines adopted by the Board.

(e) Incompatibility. Objection on the grounds of incompatibility of any proposed structure or use with existing structures or the surrounding natural environment.

(f) Landscaping. Objection to the grading or landscaping plan for any Lot.

(g) Design. Objection to the color scheme, finish, proportions, style or architecture, height, bulk or appropriateness of any Improvement.

(h) Parking. Objection to the number or size of parking spaces, or to the design of any parking area.

(i) Other. Any other matter which, in the judgment of the Committee, would render the proposed Improvements or use inharmonious with the general plan for improvement of the Property or with Improvements located upon other Lots or other Property in the Community.

10.3 **Result of Inaction.** If the Committee fails to take action (approve, disapprove, comment, request changes, and/or conditionally approve) with respect to Plans submitted to it within sixty (60) days after the same have been submitted, it shall be conclusively presumed that the Committee has approved said Plans; provided, however, that if within the sixty (60) day period the Committee gives written notice of the fact that more time is required for the review of such Plans, there shall be no presumption that the Plans are approved until the expiration of such reasonable period of time as is set forth in the notice.

10.4 **Variances.** The Committee shall have the authority in its sole discretion to approve Plans which do not conform to the restrictions described herein to (a) overcome practical difficulties, or (b) prevent undue hardship from being imposed on an Owner. However, such variation shall only be approved in the event that the variation will not (a) detrimentally impact the Community or its attractive development, or (b) adversely affect the character of nearby Lots. Granting such a waiver shall not constitute a waiver of the restrictions described herein.

10.5 **Approval.** The Committee may approve Plans as submitted, or as altered or amended, or it may grant its approval to the same subject to specific conditions. Upon approval or conditional approval by the Committee of any Plans submitted, a copy of such Plans, bearing such approval together with any conditions, shall be returned to the applicant submitting the same. The Declarant shall have the right to waive the requirement that Plans be reviewed for any Improvements to be constructed by the Declarant.

10.6 **Proceeding with Work.** Upon receipt of approval of the Plans from the Committee, the Owner to whom approval is given shall, as soon as practicable, satisfy any and all conditions of such approval and shall diligently proceed with the commencement and completion of all approved excavation, construction, refinishing and alterations. In all cases, work shall commence within one (1) year from the date of approval, and if work is not so commenced, approval shall be deemed lapsed and revoked unless the Committee, pursuant to written request made and received prior to the expiration of said one (1) year period, extends the period of time within which work must be commenced.

10.7 **Completion of Work.** Any Improvement commenced pursuant hereto shall be completed within nine (9) months from the date on which the construction of said Improvement began (in accordance with Section 10.6 above), but such period shall be extended for the period that completion is rendered impossible or would impose an unreasonable hardship due to strike, fire, national emergency, natural disaster or other supervening force beyond the control of the Owner and/or its builder. The Committee may, upon written request made and received prior to the expiration of the nine (9) month period, extend the period of time within which work must be completed. Failure to comply with this Section 10.7 shall constitute a breach of the Declaration and subject the party in breach to the enforcement procedures set forth herein.

10.8 **Committee and Declarant Not Liable.** Neither the Committee nor the Declarant (nor any officer, director, member, shareholder, partner, employee, agent or representative of the Declarant) shall be liable for any damage, loss or prejudice suffered or claimed by any person on account of: the approval, conditional approval, or disapproval of any Plans, whether or not in any way defective; the construction of any Improvements, or performance of any work, whether or not pursuant to approved Plans; or the development of any Lot within the Property.

10.9 **Compliance with Codes/Environmental Laws.** Ultimate responsibility for satisfying all state or local building codes or environmental laws shall rest with the Owner and his contractor. The Committee is not responsible for ensuring that Plans it reviews comply with state or local building codes. The Owner shall hold the Committee, its members, and the Declarant harmless from any claims based on (i) the failure of an Improvement constructed based on approved Plans to meet any applicable governmental requirements, (ii) any structural failure of an Improvement constructed based on approved Plans, or (iii) the failure of the Owner or his contractor, by construction undertaken in accordance with approved Plans, to comply with any environmental laws, including, but not limited to, those relating to hazardous waste or underground storage tanks.

10.10 **Construction Without Approval.** If any Improvement shall be altered, erected, placed or maintained upon any Lot, or any new use commenced upon any Lot, other than in accordance with the approval of the Committee pursuant to the provisions of the Declaration, such alteration, erection, placement, maintenance or use shall be deemed to have been undertaken in violation of this Declaration, and upon written notice from the Committee any such improvement so altered, erected, placed, maintained or used upon any Lot in violation of this Declaration shall be removed or altered, and/or such use shall have ceased, so as to conform to this Declaration. Should such removal or alteration not be accomplished within thirty (30) days after receipt of such notice, then the party in breach of this Declaration shall be subject to the enforcement procedures set forth in this Declaration, including those set forth in Section 19.1 below.

ARTICLE 11. REGULATION OF OPERATIONS AND USES

11.1 **Prohibited Uses.** The Property is being developed as a residential development for Residences. No Lot shall be used except for residential purposes; provided, however, that upon written request by an Owner, the Board may allow an Owner to conduct an

"in-home business", provided that all business activities are carried on within the Residence and that there are no employees, clients, customers, tradesmen, student, suppliers, or others that come to the Residence in connection with such business. Notwithstanding the foregoing, to the extent required under RCW 64.38.060, operation of an "adult family home" on a Lot shall not be prohibited. No building shall be erected, altered, placed or permitted on the Lots other than Residences, which shall be designed in accordance with the standards set forth in ARTICLE 10, and which shall not unreasonably interfere with any other Owner's right to enjoy his Lot. The following operations and uses shall not be permitted on any portion of the Property:

(a) Single Family Residence. Only one (1) single-family residence ("Residence") may be constructed or permitted to remain on a Lot.

(b) Nuisance. No noxious or offensive activity shall be carried on upon any Lot or Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the Community.

(c) Other Items. No structure of a temporary character, trailer, recreational vehicle, boat, boat trailer, panel truck, bus, camper or camping trailer, tent, shed, shack, basement of any incomplete building, barn or other outbuilding shall be either used or located on any Lot, or on any Street, at any time or used as a residence either temporarily or permanently. No prefabricated buildings or structures of any nature, specifically including mobile homes, shall be moved, placed, constructed or otherwise located on any Lot for any period of time unless approved by the Committee. Temporary buildings or structures allowed during construction shall be removed immediately after construction or upon request of the Committee, whichever occurs first. Notwithstanding the foregoing, Declarant may place construction and sales trailers on any Lot which Declarant owns. Notwithstanding the foregoing, a trailer, boat, RV, camper, shed or other outbuilding may be located on a Lot if screened or located such that it is not visible from the street and approved in advance by the Committee, which approval shall be in the sole discretion of the Committee.

(d) Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except dogs, cats, or other household pets; provided that they are not kept, bred or maintained for commercial purposes; provided further that no more than two (2) dogs or two (2) cats shall be allowed per Lot unless expressly authorized by the Board in writing. Dogs shall be restrained to the Owner's Lot and shall not be allowed to run at large. All animals must be kept as domestic, indoor pets. Leashed animals are permitted within rights-of-way when accompanied by their Owners. Owners shall be responsible for cleaning up any and all of their animals' waste on the Property, including on the respective Owner's Lot. If an Owner fails to clean up their animals' waste, the Association may, but shall not be obligated to, take such action as may be necessary to clean up the animals' waste and shall have the right of entry for such purposes. Any costs incurred by the Association in connection with such action shall be deemed to be a Special Assessment of the Owner whose animal(s) created the waste. No animal shall be allowed to make an unreasonable amount of noise or become a nuisance as determined by the Board, at its sole discretion. After notice and an opportunity to be heard, the Board shall have the right to require the removal of any animal from the Lot which it finds in its sole discretion to violate this subsection (d).

(e) Parking. No vehicles shall be permitted to park on the Streets within the Property for a period exceeding twenty-four (24) hours without the prior written permission of the Association. No vehicle may be parked on any Lot, except on designated and approved driveways or parking areas, which areas shall be hard-surfaced. Any additional parking added after the initial landscaping shall be hard surfaces and constructed only in accordance with a site plan approved by the Committee. Only the cars of guests and visitors may be parked on the Streets. All other vehicles shall be parked in garages or on driveways located entirely on a Lot. No vehicle may be parked on a Street if it interferes with or impedes the flow of traffic and use of the Street by others.

(f) Construction. No dirt, debris, or other materials shall be allowed to come off of any Lot onto any Streets, Common Areas, other Lots, or other parts of the Property as a result of any construction or other activities. All Buildings shall be of new construction. No previously used houses or other Buildings shall be moved onto a Lot. The Lot shall be kept clean and clear of debris during construction. No house may be constructed on any Lot by other than a contractor licensed as a general contractor under the statutes of the State of Washington without the prior approval of the Committee.

(g) Fences. Fences must comply with all applicable laws and regulations. Fences may be erected on property lines, except that (a) no fence shall be erected between the front of the house and the street, and (b) on corner Lots, no fence shall be erected in the exterior yard (adjacent to the street) within two feet (2') of the property line, unless specifically approved by the Committee or constructed by the Declarant. Nothing in this ARTICLE 11 or Section 11.1(g) shall prevent the erection of a necessary retaining wall. No fence, wall, hedge or mass planting shall at any time extend higher than six feet (6') above the ground, except for necessary retaining walls or rockeries which conform to the applicable local Building Codes. Fences shall conform to the specifications set forth on **Exhibit B** and incorporated herein by this reference, unless otherwise approved in writing by the Committee. No wire fences shall be used unless approved by the Committee.

(h) Lighting. All area lighting shall be designed and positioned to ensure that the light source is not visible from any other house in the development. Decorative holiday lighting shall be removed no later than thirty (30) days after the date of the holiday.

(i) Yard Art. No yard pieces or yard art, including but not limited to sculptures, statues, and other freestanding or attached works, whether for decoration or otherwise, more than twelve inches (12") tall or twelve inches (12") wide shall be permitted outside of the Residences and within view from the Street without prior written approval of the Committee.

11.2 **Condition of Property**. Each Owner, at its own expense and at all times, shall keep such Owner's Lot, including the Improvements and appurtenances thereon, in a safe, clean and wholesome condition and shall comply in all respects with applicable governmental, health, fire and safety ordinances, regulations, requirements and directives. The Owner shall at regular and frequent intervals remove at its own expense any rubbish of any character whatsoever that may accumulate upon such Lot. No Improvement upon any Lot shall

be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished.

11.3 **Nuisances; Hazardous Activities.** No odors or loud noises shall be permitted to arise or emit from any Lot or Common Areas so as to render any such property or portion thereof, or activity thereon, unsanitary, offensive or detrimental to any other property in the vicinity thereof or to the Occupants of such property. No other nuisance or unsafe or hazardous activity shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other Lot or to its Owner or Occupants. No firearms shall be discharged within the Property and no explosives of any kind shall be discharged or stored upon any of the Lots or permitted within the Property. No open fires shall be lighted or permitted on the Lots, except in a contained outdoor fireplace or barbeque pit while attended and in full compliance with local laws and ordinances.

11.4 **Unsightly Conditions.** No Owner shall permit any unsightly condition to exist on his/her Lot. Unsightly conditions shall include, without limitation, litter, trash, junk or other debris; unrepaired vehicles, boats, boat trailers or other trailers; inappropriate, broken, damaged or ugly furniture or plants; non-decorative gear, equipment, cans, bottles, ladders, trash barrels and other such items; and air conditioning units or other projections placed on the exterior walls of any Building. The Committee, in its sole discretion, may grant a written waiver of this Section, upon written application by an Owner as provided in this Declaration and may require Owner to remove, screen or take other action to remedy conditions deemed unsightly.

11.5 **Storage.** No storage under decks or overhangs or anywhere else on any Lot which is visible from any point outside the Lot shall be permitted.

11.6 **Machinery and Equipment.** No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the construction (during residential construction only) of an Improvement, appurtenant structure or improvement on a Lot, and machinery and equipment customarily used in the maintenance of landscaping.

11.7 **Signs.** No Sign of any kind shall be displayed to the public view on any Lot without the prior written approval of the Board, except (a) customary name and address signs, (b) "For Sale" or "For Rent" signs of no more than six (6) square feet in size advertising the Lot for sale or rent, which signs must be removed promptly after sale or lease of the residence, (c) signs required by legal proceedings (and then the sign shall be no larger than eighteen inches (18") by twenty-four inches (24")), unless mandated by statute or court order), (d) temporary signs for political advertising, garage sales, etc. (and then the sign shall be no larger than four (4) square feet and shall be in place no longer than sixty (60) days), (e) promotional sales signs of the Declarant and/or its agents, and (f) permanent monuments (entry signage) and Common Areas identification signs.

11.8 **Grounds; Maintenance of Grounds.** The entire front landscaping for each Lot with a Residence thereon shall be installed prior to occupancy in accordance with the Plan submitted to the Committee. The entire landscaping, including the remaining portions

of the side and rear yard, shall be installed within six (6) months of the Close of Escrow for the first conveyance. Each Owner shall be responsible for removing the PVC pipe containing the cable connection wires located on their Lot and either burying the cable wires or installing a landscape box and landscaping to screen the cable connection wires and box. Each Owner shall be responsible for the maintenance and repair of all parking areas, driveways, walkways, and landscaping on his Lot as well as maintenance of the landscape strip and street trees adjacent to his Lot. Nothing contained herein shall preclude an Owner from recovering from any person liable therefore damages to which such Owner might be entitled for any act or omission to act requiring an expenditure by the Owner for the maintenance and repair of the parking area, driveway, walkway, and/or landscaping on Owner's Lot. Such maintenance and repair shall include, without limitation:

(a) Parking and Other Areas. Maintenance of all parking areas, driveways and walkways in a clean and safe condition, including paving and repairing or resurfacing of such areas when necessary with the type of material originally installed thereon or such substitute therefore as shall, in all respects, be equal in quality, appearance and durability; the removal of debris and waste material and the washing and sweeping of paved areas as required.

(b) Lighting. Cleaning, maintaining and relamping of any external lighting fixtures, except such fixture as may be the property of any public utility or government body.

(c) Landscaping. Landscaping shall emphasize plantings and other features which compliment and enhance the existing character of Vinterra. Maintenance of all landscaping, including the trimming, watering and fertilization of all grass, ground cover, shrubs or trees, removal of dead or waste materials, and replacement of any dead or diseased grass, ground cover, shrubs or trees.

(d) Drainage. Maintenance of all storm water drainage systems, yard drains, and catch basins in their originally designed condition, and in accordance with any governmental requirements. Further, no Owner shall take any action which would interfere with surface water drainage across his Lot either through natural drainage or by drainage easements. The topographic conditions of any Lot shall not be altered in any way that would adversely affect or obstruct the approved and constructed storm drain system and surface flows without the written consent of the Committee.

(e) Hillsides and Other. Maintenance of all hillsides, slopes and swales in their as designed and completed condition, and which shall not be changed or interfered with without the prior written consent of the Board.

11.9 Remedies for Failure to Maintain and Repair.

(a) Remedies. If any Owner shall fail to perform the maintenance and repair required by this Declaration, then the Board after fifteen (15) days' prior written notice to such delinquent Owner, shall have the right, but not the obligation, to perform such maintenance and repair and to charge the delinquent Owner and his Lot with a Special Assessment for the cost

of such work together with interest thereon at a rate to be set by the Board from the date of the Association's advancement of funds for such work to the date of reimbursement of the Association by Owner. If the delinquent Owner fails to reimburse the Association for such costs within ten (10) days after demand therefore, the Association may, at any time after such advance, record a claim of lien (which shall be an Association Lien) signed by an authorized agent of the Association for the amount of such charge together with interest thereon and enforce the Association Lien in accordance with the provisions of this Declaration.

(b) Nonexclusive Remedy. The foregoing Association Lien and the rights to foreclose thereunder shall be in addition to all other rights and remedies which the Board may have hereunder or in equity or at law, including any suit to recover a money judgment for unpaid Assessments. If any Owner fails to perform such maintenance and repair and, notwithstanding such failure, the Board should fail to exercise its rights and remedies hereunder, then any other Owner, after fifteen (15) days' prior written notice to the Board and such delinquent Owner, shall have the right, but not the obligation, to perform such maintenance and repair and shall have the same rights and remedies with respect thereto as are provided herein to the Board, including the right to Record and enforce a lien in the same manner as the Association.

11.10 **Refuse; Storage Areas.** No refuse, garbage, rubbish, cuttings or debris of any kind shall be left or deposited upon any Lot unless placed in an attractive container. All outdoor refuse storage areas on each Lot shall be visually screened so as not to be visible from neighboring Lots, Streets, or other Common Areas.

11.11 **Utility Lines and Facilities and Satellite Dishes.** No facilities, antennae, equipment, wires or other devices for the communication or transmission of signals, power, electrical current, or any other electronic transmission, including without limitation telephone, television, microwave or radio signals, shall be constructed, placed or maintained anywhere in or upon any portion of a Lot, other than within buildings or enclosed structures unless the same shall be contained in conduits or cables constructed, placed or maintained underground or concealed in or under buildings or other enclosed structures; provided, however, that satellite dishes not exceeding twenty-four inches (24") in diameter may be allowed on buildings with the prior written approval of the Committee, and provided, further, that any approved satellite dish is placed on the building so as to meet the following standards: (a) the satellite dish is placed in the most discreet location practical as determined by the Committee; (b) the satellite dish is screened from view from adjacent Lots to the extent feasible; and (c) the satellite dish is not visible from the Street in front of the Owner's Lot to the extent possible. Nothing contained herein shall be deemed to forbid the erection or use of temporary power or telephone facilities incidental to the construction or repair of buildings on a Lot. If the provisions of this Section conflict with the provisions of 47 CFR Section 1.4000 or other applicable Federal, state or local law, ordinance or rule, the terms of such law, ordinance or rule shall prevail, but the conditions and limitations set forth in this Section shall be enforced to the maximum extent permitted by law.

11.12 **Mechanical Equipment; Vehicles.** All mechanical equipment, utility meters, storage tanks, air conditioning equipment and similar items shall be screened with landscaping or attractive architectural features integrated into the structure itself, as approved by

the Committee. No unlicensed motor vehicles, such as motorcycles; dirt bikes, scooters, and ATV's, shall be permitted to operate on any Street or Lot. No major automotive repairs shall be permitted except for within enclosed garages which are kept closed. The only repairs permitted are occasional casual repairs and maintenance activities such as oil changes.

11.13 **Mineral Exploration.** No portion of the Property shall be used in any manner to explore for or to remove any steam, heat, oil or other hydrocarbons, gravel, earth, or any earth substances or other minerals of any kind. No excavation or fill shall be made nor shall any dirt be removed from any Lot; provided, however, that this shall not prevent the excavation of the earth in connection with the grading or construction of Improvements within a Lot. Water may be extracted to the extent permitted by all applicable governmental agencies.

11.14 **Occupants.** Any Owner may delegate to any Occupant the right to enjoy the Owner's Lot. All Owners shall be responsible for informing any Occupants of the contents of this Declaration and the rules regarding the use of such Lot, and shall be responsible for requiring its Occupants to comply with this ARTICLE 11.

ARTICLE 12. DAMAGE OR LOSS TO IMPROVEMENTS

12.1 **Restoration of Common Areas.** Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Areas or any other Improvements insured by the Association, the Association shall restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance shall be used for such purpose. The Board is authorized to have the necessary documents prepared and executed, and to take such other action so as to effect such reconstruction as promptly as practical. The Common Areas and all other Improvements shall be constructed or rebuilt substantially in accordance with the original construction plans available, with such changes as are recommended by the Committee. In the event that the amount available from the proceeds of such insurance policies for such restoration and repair shall be less than the estimated cost of restoration and repair, a Reconstruction Assessment may be levied by the Board upon the Owners and their Lots in order to provide the necessary funds for such reconstruction over and above the amount of any insurance proceeds available for such purpose. Reconstruction Assessments shall be borne by the Owners in the same proportions as their Prorata Share of General Assessments. If, prior to the end of the Development Period, the Common Areas or Improvements thereon are destroyed and the insurance proceeds are less than the estimated cost of repair or reconstruction, the Declarant may elect not to restore or rebuild some or all of the Improvements or Common Areas or may elect to restore or rebuild only those for which the Declarant has received insurance proceeds sufficient to pay all costs associated therewith. Reconstruction Assessments shall be approved and levied in the same manner as Capital Improvement Assessments as set forth in Section 4.4.

12.2 **Restoration Obligations of Owners.** In the event of the damage or destruction of any portion of a Lot or the Improvements thereon, it shall be the duty of the Owner of such Lot, as soon as may be practical, to repair or replace the damage or destruction or such portion thereof as will render such damage or destruction indiscernible from the exterior of the Lot. Any reconstruction, replacement or repair required by this section shall be in accordance with the original plans and specifications of the Lot or plans and specifications

approved by both the Committee and the holders of Mortgage(s) of Record which encumber(s) the Lot.

12.3 **Condemnation.** In the event that all or any portion of the Common Areas shall be taken or condemned by any authority exercising the power of eminent domain, the condemnation award shall be used to restore the remaining Common Areas, and any balance shall be turned over to the Association. The Board shall have the exclusive right to prosecute any such proceedings; provided, however, that nothing contained herein to the contrary shall prevent an Owner from joining in the proceeding for purposes of claiming that the condemnation action has materially affected said Owner's property. The entire award shall be paid to the Association in trust for the benefit of the Owners. The Board shall distribute the portion of the award not used to restore the Common Areas to the Owners in proportion to their Prorata Share of General Assessments; provided, however, that if a Lot is encumbered by a Mortgage or Mortgages which has or have a provision relating to condemnation, then in-lieu-of distributing the award to the Owner of said Lot, the Board shall distribute the award directly to the Mortgagee of the Mortgage with the highest priority and seniority for distribution or payment in accordance with the terms and conditions of said Mortgagee's Mortgage.

ARTICLE 13. PROTECTION OF MORTGAGEES

13.1 **Mortgagee Provisions.** 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. The Owners and their Mortgagees may examine the books and records of the Association during all normal business hours, upon serving written notice of such examination on the Board. All of the provisions herein shall be binding upon and effective against any Owner whose title to said Lot is hereafter acquired through foreclosure or trustee's sale. The Mortgagee of any Mortgage of Record on any Lot may file with the Board a written request for written notification from the Association of any default by the Mortgagor of such Lot in the performance of such Mortgagor's obligations under this Declaration which is not cured within thirty (30) days, and the Board shall give notice thereof to each such Mortgagee. Each Institutional Lender which holds a Mortgage encumbering any Lot in the Property which obtains title to such Lot pursuant to the remedies provided in such Mortgage, 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 holder acquires title to such Lot. The Association shall treat such unpaid Assessments and charges as a Common Expense.

ARTICLE 14. DURATION AND AMENDMENT

14.1 **Duration.** This Declaration shall continue in full force until fifty (50) years from the date hereof unless a Declaration of Termination or Declaration of Renewal is Recorded meeting the requirements of an amendment to this Declaration as set forth in Section 14.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Lot from the appurtenant Membership as long as this Declaration shall continue in full force and effect.

14.2 **Amendment.** Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. The amendment shall be adopted if approved by the vote, in person or by proxy, or written consent, of sixty seven percent (67%) or more of the total voting power of the Association; provided, however, that until the Turnover Date no termination or other amendment shall be effective without the written approval of Declarant, in Declarant's sole discretion; and provided further, that no amendment to Section 19.3 below shall be made at any time without the written approval of Declarant, in Declarant's sole discretion. A copy of each amendment which has been properly adopted shall be certified by at least two (2) officers of the Association and the amendment shall be effective when the Certificate of Amendment is Recorded. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of one-hundred percent (100%) of the aggregate value of Mortgages encumbering the Property at the time of such amendment (provided that any Mortgage holder that falls to submit written notice of approval or disapproval of any such amendment within sixty (60) days of notice from the Association regarding such amendment shall be deemed to have consented to such amendment):

(a) Lien Rights. Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protections granted to Mortgagees as provided in ARTICLE 13 or which seeks to modify Section 14.2 hereof.

(b) Assessments. Any amendment which would necessitate a Mortgagee after it has acquired a Lot through foreclosure to pay more than its Prorata Share of any Assessments accruing after such foreclosure.

(c) Cancellation. Any amendment which would or could result in a Mortgage being cancelled by forfeiture.

(d) Mortgagees. Any amendment which would have a material, adverse effect on any Mortgagee.

14.3 **Amendments and Modifications by Declarant.** For so long as there is a Class B Member, Declarant acting alone shall have as a Development Right, the right to modify or amend this Declaration or any design guidelines adopted by the Committee; provided, however, that (i) any such modification or amendment of the design guidelines must be within the spirit and overall intention of the Community as set forth herein; (ii) prior to any such modification or amendment Declarant shall obtain the approval of any governmental agency to such modification or amendment where such approval is necessary; and (iii) any modification or amendment shall not provide for any type of non-residential use not presently permitted by this Declaration. Within thirty (30) days after any such modification or amendment by Declarant, Declarant shall deliver a written notice of such modification or amendment to each Owner, which notice shall include a copy of the executed, acknowledged and recorded modification or amendment.

ARTICLE 15. LIMITATION OF LIABILITY

15.1 **Limitation of Liability.** So long as a member of the Board, the Committee, any of the Board's other committees, Declarant or any agent of the foregoing has acted in good faith, without willful or intentional misconduct, upon the basis of information possessed by such person, then that person shall not be personally liable to any Owner, the Association, or to any other person for any damage, loss, or claim on account of any, omission, error, or negligence of such person, except this article shall not apply to the extent such acts, omissions or errors are covered by the Association's insurance. In connection with all reviews, acceptances, inspections, permissions, consents or approvals required or permitted by or from either the Declarant, the Association or the Committee under this Declaration, neither Declarant, the Association, nor the Committee shall be liable to any Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against any Owner or such other person and arising out of or in any way relating to the subject matter of any such review, acceptance, inspection, permission, consent or approval, whether given, granted, withheld or denied.

ARTICLE 16. INSURANCE; LOSSES.

16.1 **Insurance.** The Board shall procure for the Association, and continuously maintain, as a Common Expense, one or more policies of insurance as follows: (a) insurance against property loss or damage by fire or other hazards covered by the standard extended coverage endorsement in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of the Common Areas, or such other fire and casualty insurance as the Board determines will give substantially equal or greater protection, (b) commercial general liability insurance for the use and ownership of the Common Areas, (c) worker's compensation insurance to the extent required by applicable law, (d) insurance against loss of personal property to the Association by fire, theft, and other losses with deductible provisions as the Association deems advisable, and (e) any other insurance the Board deems advisable including, but not by way of limitation, directors' and officers' liability coverage. Such insurance policies shall meet the insurance and fidelity bond requirements for similar projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and Veterans Administration, so long as any of them is a Mortgagee or Owner, except to the extent such coverage is not available or has been waived by any of the foregoing. All policies shall include an endorsement providing coverage for Directors and Officers of the Association.

16.2 **Casualty Losses.** In the event of substantial damage or destruction of any Common Area, all applicable insurance proceeds for such damage or destruction shall be paid to the Association for repair, replacement, or other disbursement as determined by the Board.

ARTICLE 17. Intentionally Omitted

ARTICLE 18. Intentionally Omitted

ARTICLE 19. GENERAL PROVISIONS

19.1 **Legal Proceedings.** Failure to comply with any of the terms of this Declaration, the Articles, the Bylaws, or any regulations by an Owner or Occupant, his guests, employees, invitees or tenants, shall be grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, lien, or any combination thereof, which relief may be sought by Declarant, the Association, the Board, or, if appropriate, by an aggrieved Owner. Failure to enforce any provision thereof shall not constitute a waiver of the right to enforce said provision, or any other provision thereof. The Association, the Board, any Owner (so long as such Owner is not at that time in default hereunder), or Declarant shall be entitled to bring an action for damages against any defaulting Owner, and in addition may enjoin any violation of this Declaration by any Owner. Any judgment rendered in any action or proceeding pursuant thereto shall include a sum for attorneys' fees, including attorneys' fees incurred on appeal, in such amount as the Court may deem reasonable in favor of the prevailing party, as well as the amount of any delinquent payment, together with interest thereon at the rate established by the Board therefore from time to time, costs of collection and court costs. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.

19.2 **Arbitration.** Except with respect to the foreclosure of liens pursuant to this Declaration, any dispute or claim by a party hereto arising under or in connection with this Declaration shall be settled by arbitration in King County, Washington, as set forth in this Section 19.2. Each party will have full access to the courts to compel compliance with these arbitration provisions, or to enforce an arbitration award. In addition, either party may seek injunctive relief, whether or not arbitration is available or under way. The parties to this Declaration acknowledge and agree that the provisions of this Declaration may be specifically enforced. The arbitration will take place pursuant to the arbitration rules and procedures set forth in RCW 7.04, with a single arbitrator. In any arbitration, the prevailing party shall be entitled to reimbursement of its costs, witness fees, and attorneys' fees. The fees charged by the arbitrator and the costs of the proceeding shall be paid by the non-prevailing party.

19.3 **Special Declarant Provisions.**

(a) **Arbitration.** Any claim by the Association, any Owner, or any Occupant against the Declarant shall be settled by arbitration in King County, Washington, as set forth in this Section 19.3. Such parties shall have full access to the courts to compel compliance with this arbitration provision, or to enforce an arbitration award. The arbitration will take place pursuant to the arbitration rules and procedures set forth in RCW 7.04, with a single arbitrator. In any such arbitration, each party will pay its own costs, witness fees, and attorneys' fees. The fees charged by the arbitrator and the costs of such proceeding shall be borne equally.

(b) **Amendments.** Notwithstanding Section 14.2 above, the following provisions may not be amended at any time without the Declarant's prior written consent: (a)

Section 10.8, (b) Section 10.9, (c) Section 19.3, (d) Section 19.8, or (e) ARTICLE 15. In addition to the foregoing, no amendment to this Declaration shall be effective without the Declarant's prior written consent if the effect of the amendment would be to increase any obligation or liability of Declarant to the Owners, Occupants, Members, the Association, or the Board; or to lessen or decrease the Development Rights or any other rights of the Declarant under this Declaration; or revoke, reduce, amend or modify any waivers or releases given in favor of the Declarant under this Declaration.

19.4 **Severability.** The provisions hereof shall be deemed independent or severable, and a determination of invalidity or partial invalidity or enforceability of any one provision or portion hereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

19.5 **Interpretation.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of the Community and for the maintenance of the Common Areas, and any violation of this Declaration shall be deemed to be a nuisance. The article and section headings, titles and captions have been Inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context otherwise requires, as used herein, the singular and the plural shall each include the other and the masculine, feminine or neuter shall each include the masculine, feminine and neuter. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the Person or Persons may require.

19.6 **Construction and Sales by Declarant.** Nothing in this Declaration shall limit, and no Owner shall do anything which shall interfere with, the right of Declarant to reasonably subdivide or resubdivide any portion of the Property owned by Declarant, or to complete any construction of Improvements on the Lots owned by Declarant and the Common Areas, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements on such Lots and Common Areas as Declarant deems advisable prior to completion and sale of the last Lot owned by Declarant. Each Owner, by accepting a deed of a Lot from Declarant, hereby acknowledges that the activities of Declarant may constitute a temporary inconvenience or nuisance to the Owners, but nonetheless shall be permitted. Such right shall include, but shall not be limited to, erecting, construction and maintaining on the Property such structures and displays as may be reasonably necessary for the conduct of Declarant's business or completing the work of disposing of the Lots by sale, lease or otherwise. Declarant may at any time use any Lots owned by Declarant as models or real estate sales or leasing and renting offices. This Declaration shall not limit the right of Declarant at any time prior to conveyance of title by deed to the last Lot owned by Declarant to establish on the Lots owned by Declarant and the Common Areas additional easements, reservations and rights-of-way to itself, to utility companies, or to other Persons as may from time to time be reasonably necessary to the property development and disposal of the Lots owned by Declarant. Such easements may be created for the construction, installation, maintenance, removal, replacement, operation and use of utilities, including without limitation sewers, water and gas pipes and systems, drainage lines and systems, electric power and conduit lines and wiring, television, internet, telecommunication, and telephone conduits, lines and wires, and other utilities, public or private, beneath the ground surface (except vaults, vents, access structures and other facilities

required to be above ground surface by good engineering practice), including the right to dedicate, grant or otherwise convey easements for rights-of-way to any public utility or governmental entity for such purposes. In the performance of any work in connection with such utilities, Declarant shall not unreasonably interfere with or disrupt the use of the Common Areas or the facilities located thereon and shall replace and restore the areas and facilities as nearly as possible to the condition in which they were prior to the performance of such work. All or any portion of the rights of Declarant hereunder, including but not limited to the Development Rights, may be assigned to any successor or successors to all or part of Declarant's respective interest in the Property, by an express written Recorded assignment.

19.7 **Owner Liability and Duty.** Each Owner shall indemnify and hold harmless the Association for any injury to any person or damage to the Common Areas or any equipment thereon which may be sustained by reason of the negligence of said Owner or of his guests, employees, invitees or tenants. The damage and costs incurred by the Association as a result thereof shall become a Special Assessment against such Owner and his Lot, and shall be subject to levy, enforcement and collection in accordance with the Association Lien procedure provided for in this Declaration. The Association reserves the right to charge a Special Assessment to such Owner equal to the increase, if any, in the insurance premium directly attributable to the damage or injury caused by such Owner or by the use of the Lot of such Owner. The Association shall hold each Owner harmless from liability for loss or injuries that are covered by insurance then maintained by the Association.

19.8 **Association Waiver.** Notwithstanding anything herein to the contrary, to the extent that any Owner waives any claims against Declarant, or releases the Declarant from any claim with respect to a Lot, the Common Areas, the Improvements, and/or the Community, then the Association shall be deemed to have likewise released Declarant (and its officers, directors, shareholders, members, partners, employees, agents and representatives) from any claim with respect to such Lot, the Common Areas, the Improvements, and/or the Community on a pro rata basis applicable to each such Lot.

19.9 **No Public Right or Dedication.** Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public, or for any public use.

19.10 **Indemnification.** Each officer of the Association, and each member of the Board, the Committee and any of the Board's other committees, and any agents thereof, shall be indemnified by the Association against all expenses and liabilities (including attorneys' fees and costs) reasonably incurred by or imposed in connection with any litigation or other proceeding by reason of such individual holding a position or office, whether or not such person holds that position at the time the expense or liability is incurred, except to the extent such expenses or liabilities are covered by insurance and except where such person is adjudged guilty of willful misfeasance in the performance of his/her duties. However, 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 interests of the Association.

19.11 **Access to Lots.** The Declarant, the Committee, the Board, and the Association (and, as applicable, any of their officers, directors, shareholders, members, partners,

employees, agents and representatives) may enter upon any Lot, which entry shall not be deemed a trespass, and take whatever steps are necessary to correct a violation of the provisions of this Declaration.

19.12 **No Third Party Rights.** This Declaration is made for the exclusive benefit of the Association, the Board, the Owners, the Members, the Declarant and their successors. This Declaration is expressly not intended for the benefit of any other Person besides the Association, the Board, the Owners, the Members, the Declarant and their successors. No third party shall have any rights under this Declaration against any of the Association, the Board, the Owners, the Members, the Declarant and their successors.

19.13 **Notices.** Except as otherwise provided in this Declaration, in each instance in which notice is to be given to an Owner, the same shall be in writing and may be delivered personally to the Owner, in which case personal delivery of such notice to one or more Co-Owners of a Lot or to any general partner of a partnership owning a Lot shall be deemed delivery to all Co-Owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address shall have been furnished, to the street address of such Lot. Such notice shall be deemed delivered forty-eight (48) hours after the time of such mailing, except for notice of a meeting of Members or of the Board in which case the notice provisions of the Bylaws shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners.

Dated: _____

Declarant:

SSHI LLC, a Delaware limited liability company dba DR Horton

By: SHLR of Washington, Inc., a Washington corporation, its manager

By: _____
J. Matt Farris, Division President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this ____ day of _____, 2012, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, came J. Matt Farris, personally known or having presented satisfactory evidence to be Division President of SHLR of Washington Inc., the Washington corporation that is the manager of SSHI LLC, a Delaware limited liability company dba DR Horton, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS MY HAND and official seal the day and year in this certificate first above written.

Print Name: _____
Notary Public in and for the
State of Washington, residing at

Expiration Date: _____

Exhibit A
Legal Description to Declaration

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 16, TOWNSHIP 26 NORTH,
RANGE 5 EAST, W.M., IN KING COUNTY, WASHINGTON;

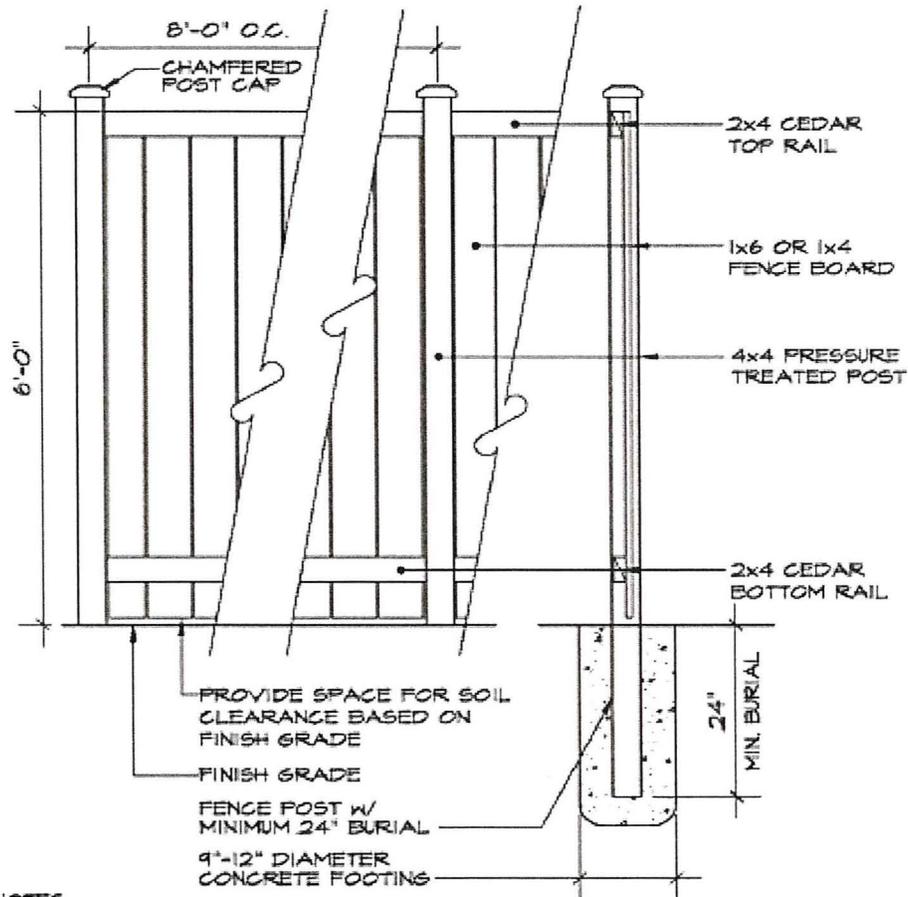
EXCEPT THE NORTH 10 ACRES THEREOF;

EXCEPT PORTION CONDEMNED IN KING COUNTY SUPERIOR COURT CAUSE NUMBER 514489, FOR PIPE
LINERIGHT OF WAY "TOLT RIVER PIPELINE";

AND EXCEPT PORTION LYING WITHIN COUNTY ROAD "124TH AVENUE NORTHEAST

Exhibit B

6' TYPICAL FENCE



NOTES:

1. TIGHT KNOT CEDAR
2. ALL HARDWARE/FASTENERS TO BE NON-FERROUS
3. THE FINISHED SIDE OF THE FENCE SHALL FACE THE EXTERIOR OF THE LOT
4. ALL FENCES STAINED WITH PARKER NEWPORT BAY #42-07-1231 WOODLITE 5002 OR SHALL BE STAINED WITH AN ALTERNATIVE BRAND AND COLOR AS APPROVED BY THE BOARD OR THE ACC

DATE: 8/8/12