Stendall Place

Planned Unit Development

Declaration of Covenants,
Easements, Liens, Restrictions, Deed
and Bylaws

Developed By
HURLEN HOMES, INC.
HU-RL-EH-*248B7

PLANNED UNIT DEVELOPMENT DECLARATION

OF

COVENANTS, CONDITIONS, EASEMENTS, LIENS AND RESTRICTIONS

AND DEED

FOR

STENDALL PLACE

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STENDALL PLACE

THIS INSTRUMENT is made on the date hereinafter set forth by the undersigned who are the owners of certain land situated in the State of Washington, County of King, known as Stendall Place, described on Exhibit A attached. The undersigned covenant, agree and declare that all of said lands and buildings hereafter constructed thereon are, and will be, held, sold and conveyed subject to and burdened by the following easements, restrictions, covenants, liens and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said lands, and all for the benefit of the owners of said lands, their heirs, successors, grantees and assigns. This instrument establishes a plan for the individual ownership of lots and buildings constructed thereon and for the beneficial ownership through a non-profit corporation of all the remaining land and related easements, hereinafter defined and referred to as the "community area." The said non-profit corporation is Stendall Place Homeowners' Association, hereinafter referred to as the "Association." All provisions of this instrument shall be binding upon all parties having or acquiring any right, title or interest in the said lands or any part thereof, and shall inure to the benefit of the owners thereof and to the benefit of the Association and shall otherwise in all respects be regarded as covenants running with the land.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Stendall Place Homeowners' Association, a Washington non-profit corporation, its successors and assigns.

Section 2. "Board" shall mean and refer to the Board of Directors of the Association.

Section 3. "Plat" shall mean that certain plat of Stendall Place, recorded in Volume ____ of Plats, pages _____, records of King County, Washington.

Section 4. "Properties" shall mean that certain real property described in the said plat and such additions thereto as may hereafter be brought within the jurisdiction of the Association through phased additions as provided for herein.

Section 5. "Development Period" shall mean that period of time from the date of recording of this Declaration until a time which is one hundred twenty (120) days after the date upon which eighty percent (80%) of the Lots according to the Plat have been sold by the Declarant, or any shorter period as determined by Declarant, but no longer than that period ending five (5) years from the date of recording of this Declaration; provided, however, that if Declarant has received preliminary plat approval for an addition to Stendall Place prior to the expiration of that period of time five years from the date of recording this Declaration, then the development period for that addition shall be that period of time from receipt of preliminary plat approval for that addition until 120 days after the date upon which eighty percent (80%) of the additional lots in Stendall Place have been sold by Declarant, or any shorter period as determined by Declarant but no longer than that period ending five years from the date of preliminary plat approval for that addition. The development period for subsequent additions to Standall Place shall be a similar time period from the date of preliminary plat approval for such addition.

Section 6. "Lot" shall mean lots one (1) through twenty-three (23) shown on the plat plus any unit now or hereafter placed on that lot together with all appurtenances of said lot, and shall also include any lots which may by phased addition become included in the properties.

Section 7. "Community Area" shall mean any and all of the properties shown on the plat, excluding lots, which shall be owned by the Association for the common use and enjoyment of the owners including community facilities, parks, roadways (other than any streets or other areas dedicated to public use), walkways, greenbelts, reserve areas and assigned recreational or parking facilities.

Section 8. "Limited Area" shall mean and refer to driveways, parking places, patios and similar areas included in the definition of community area which may be designated from time to time by Association action as allocated to the exclusive use of the lot owners.

Section 9. "Association Action" means and refers to a corporate resolution of the Association in the form of either a By-Law or a resolution duly passed by either the Board of Directors of the Association or by the members of the Association in a members' meeting.

Section 10. "Members" shall mean and refer to every person or entity holding a membership in the Association. There shall be one membership per lot.

Section 11. "Owner" shall mean and refer to the record owner (whether one or more entities) of a fee interest to any lot, but excluding entities having such interest merely as security for the performance of an obligation. Purchasers under real estate contracts shall be deemed "owners" as against their respective sellers.

Section 12. "Unit" shall mean the buildings occupying any lot but the word "unit" shall not be used in any conveyance, Will or trust instrument.

Section 13. "Declaration" shall mean and refer to this instrument.

Section 14. "Declarant" shall mean and refer to Hurlen Homes, Inc., a Washington corporation.

Section 15. "Developer" shall mean Declarant.

Section 16. "Institutional First Mortgagee" means a bank or a savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company or any state or federal agency which holds a first mortgage or deed of trust on a unit.

ARTICLE II

PRE-EXISTING RESTRICTIONS

The properties covered by this Declaration, to the extent that they may be already affected by covenants, conditions and restrictions, are submitted without the said burdens being previously removed and to the extent that the same are valid they shall continue despite this Declaration.

ARTICLE III

DEED AND DEDICATION OF COMMUNITY AREA

The Declarant hereby transfers, conveys and grants title to all of the community area portion of the properties

to the Association for the common use and enjoyment of the Association members in accordance with the terms and conditions of this Declaration; RESERVING, HOWEVER, to Declarant for the benefit of Declarant and developer those certain rights of use, ingress, egress, occupation and control indicated elsewhere in this Declaration for the duration of the development period at which said time this said reservation shall cease and then be of no further force and effect.

ARTICLE IV

DEED AND DEDICATION OF EASEMENTS

Declarant hereby transfers and conveys to the Association for the common use and enjoyment of it and its members the following easements: All easements created hereby in the community area for purposes of open space enjoyment, utilities, and access, including all private roads as now laid out, RESERVING, HOWEVER, to Declarant for the benefit of Declarant and any subsequent grantees of Declarant an equal right to utilize the said access easement to as full an extent as the Association and its members may.

ARTICLE V

ASSOCIATION LIENS

Declarant hereby creates in the Association perpetually the power, and hereby subjects all lots perpetually to the power of the Association, to create a lien in favor of the Association against each lot to secure to the Association the payment to it of all assessments, interest, costs and attorneys' fees. The said lien for each said respective lot when created shall be a security interest in the nature of a mortgage in favor of the Association. Said liens shall arise automatically in accordance with the terms of this Declaration, but shall be subordinate to the lien of a first mortgage or deed of trust in favor of an institutional first mortgagee. Said liens shall expire periodically also in accordance with the terms of this Declaration.

ARTICLE VI

SUBORDINATION OF LIENS

Section 1. The provisions of this Article VI apply for the benefit of each institutional first mortgagee and to secured entity who lends money to Declarant for purposes of construction or to secure the payment of the purchase price of a lot. These Article VI provisions supersede any contrary provisions of the Articles, By-Laws, rules or regulations of the Association, or inconsistent provisions of this Declaration.

Section 2. The holder of a first mortgage or deed of trust or second mortgage or deed of trust given to secure payment of the purchase price of a lot shall not, by reason of the security interest only be liable for the payment of any assessment or charge as to such lot, nor for the observance or performance of any covenant or restriction, excepting only those enforceable by equitable relief and not requiring the payment of money and except as hereinafter provided.

Section 3. During the pendency of any proceeding to foreclose the first mortgage or deed of trust or second mortgage or deed of trust given to secure payment of the purchase price of a lot including any period of redemption, the holder of such mortgage or deed of trust, or the receiver, if any, may exercise any or all of the rights and privileges of the owner of the encumbered lot, including but not limited to the right to vote as a member of the Association to the exclusion of the owner's exercise of such rights and privileges.

Section 4. At such time as said mortgage or deed of trust holder shall become the record owner of the lot, he shall be subject to all of the terms and conditions of this instrument including those creating the obligation to pay for all assessments and charges accruing as to the said lot in the same manner as any owner.

Section 5. Said mortgage or deed of trust holder or other secured party acquiring title to an encumbered lot through foreclosure, suit, deed of trust sale, deed in lieu of foreclosure or equivalent method, shall acquire title to the encumbered lot free and clear of any lien authorized by or arising out of any of the provisions of this instrument insofar as said lien secures the payment of any assessment or charge installment accrued but unpaid before the final conclusion of any such proceeding including the expiration date of any period of redemption. The Association by Association action may treat any unpaid assessment against a lot foreclosed against as a common expense in which case it shall prorate such unpaid assessments among remaining lots and each such lot shall be liable for its prorata share of such expense in such manner as any other assessment.

Section 6. Regardless of the foreclosure of any security interest in a lot, any unpaid assessments shall nevertheless continue to exist and remain as a personal obligation of the owner against whom the same accrued and the Association shall use reasonable efforts to collect the same from the owner even after he is no longer a member.

Section 7. The liens for assessments provided for in this instrument shall be subordinate to the lien of any mortgage, deed of trust, or other security interest placed upon a lot as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm the particular superior security interest. The sale or transfer of any lot or interest therein shall not affect the liens provided for in this instrument except as otherwise specifically provided for herein, and in the case of a transfer of a lot for purposes of realizing a security interest, liens shall arise against the lot for any assessment payments coming due subsequent to the date of completion of foreclosure (including expiration of redemption).

Section 8. No land or improvements devoted to the dwelling use shall be exempt from assessments by the Association in any event, but there shall be exempt from assessments by the Association the community area, and all portions of the properties dedicated to and accepted by a local public authority or other charitable or non-profit organization exempt from taxation by the laws of the State of Washington.

ARTICLE VII

PHASING IN OF ADDITIONAL PROPERTIES

Section 1. Stendall Place is proposed to be a phased planned unit development consisting of three phases of which the land described in Exhibit A is the first phase. The second phase is proposed to be accomplished by the addition of the land described in Exhibit B and will consist of not more than 22 lots. The third phase is proposed to be accomplished by the addition of the land described on Exhibit C and will consist of not more than 23 lots. Developer reserves the right to determine the number and location of lots at the time of addition of each phase.

Section 2. The lot owners in each phase will have equal rights with the lot owners in all other phases to use the community areas and facilities in all phases. All of the phases shall be governed by this Declaration, as amended from time to time, and the Articles and By-Laws of the Association. All easements for ingress, egress, utilities and use of facilities, unless otherwise specifically limited, shall exist in favor of all lot owners.

Section 3. Phases two and three shall be deemed added hereto by the filing for record of an amendment to this Declaration so stating together with a plat of the phase to be added.

Section 4. The voting rights of the owners shall be adjusted at the time additional phases are added only to the extent that the total number of votes is increased by the number of lots added and the percentage which one vote bears to the total is thus diminished.

Section 5. Within 30 days after the addition of a phase a revised budget for the balance of the fiscal year shall be prepared including the additional phase and, if necessary a revised assessment made against all lots in the manner provided for the annual budget and assessment as set forth in Article VIII, Section 9.2.

Section 6. If the second phase is not added within five (5) years from the date of recording this Declaration the provisions for phased additions shall cease; and if the third phase is not added within five (5) years of recording the addition of the second phase the provisions for further phased additions shall cease.

ARTICLE VIII

HOMEOWNERS' ASSOCIATION

Section 1. The community area by this instrument is dedicated and transferred to the Association as the owner thereof. However, during the development period the Association and the community area shall, for all purposes, be under the control, management and administration of the Declarant either directly or through the Association memberships held by Declarant.

1.1 Declarant may at such times as Declarant deems appropriate select, as a temporary board, three (3) to seven (7) persons who own, or are purchasers of, lots, or are officers, trustees, partners or nominees of corporations, trusts, partnerships or other entities owning or purchasing such lots. This temporary board shall have the full authority and all rights, responsibilities, privileges and duties to manage the Association under this Declaration and Bylaws, and shall be subject to all provisions of the Declaration and Bylaws; provided, that, after selecting any such temporary board, Declarant in the exercise of its sole

discretion may at any time terminate such temporary board, and reassume its management authority or select a new temporary board.

1.2 These requirements and covenants are made in order to insure that the properties and Association will be adequately administered in the initial phases of development, and to insure an orderly transition of Association operations.

1.3 At the expiration of Declarant's management authority administrative power and authority shall vest in a Board of five (5) directors or such other number as may be provided in the Bylaws, elected from among the lot owners. The Board may delegate all or any portion of its administrative duties to a manager, managing agent, or officer of the Association, or in such manner as may be provided by the Bylaws. All Board positions shall be open for election at the first annual meeting after the period of Declarant's authority ends. The Board shall elect officers of the Association from among its members, which shall include a president who shall preside over meetings of the Board and the meetings of the Association.

Section 2. By acceptance of an interest in any lot covered by this Declaration, the owner covenants and agrees thereby for himself and his heirs to observe and comply with all terms of this Declaration, the Articles of Incorporation of the Association, its current By-Laws, and all rules and regulations promulgated by Association action. The acquisition of an interest in fee of any lot covered by this Declaration automatically thereby makes the acquiring party subject to this Declaration.

Section 3. For each lot covered by this Declaration either initially or by the addition of phases, there shall be but one membership in the Association and said membership shall be automatically held and owned in the same manner as the beneficial fee interest in the lot to which it relates. Every person or entity who is an owner of a fee or undivided fee interest in any lot shall be automatically thereby a member of the Association. However, there shall be excluded from membership entities holding merely a security interest in a lot for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot.

Section 4. There shall be one vote for each lot owned whether such lot is improved or not. Initially, there shall be a total of 23 votes which shall be increased when and if phases two and three are added by the number of lots so added. A single vote is hereby made appurtenant to each membership in the same manner as each such membership is made appurtenant to each respective lot. When a single entity holds more than one membership, each membership may be voted separately. When more than one entity holds in common the fee interest in any lot, the vote for such lot shall be exercised as the owners among themselves determine, but in no event shall more than one vote be cast with respect to any lot. In case they are unable to agree their vote shall not be counted.

Section 5. Every member shall have a right of easement of enjoyment in and to the community area and for ingress and egress over and through the community area and such easement shall be appurtenant and shall pass with title to every lot, subject to the following provisions, powers and rights which are otherwise hereby granted:

5.1 The right of the Association to limit the number of guests of members; and

5.2 The right of the Association by Association action to make reasonable rules governing use of community areas and facilities and to charge reasonable admission and other fees for the use of any recreational facilities within the community area; and

5.3 The right of the Association to suspend the voting rights and right to use any portion of the community area by any member for any period in which any assessment by the Association against his lot remains unpaid, and this right shall not be exercised by the Association as against any secured party with respect to assessments coming due before completion of foreclosure proceedings through a period of redemption; and

5.4 The right of the Association to suspend the voting rights and right to use any portion of the community area by any member for any violation of the Association's rules and regulations, which suspension shall not exceed 180 days; and

5.5 The right of the Association to exclusive use and management of the community area for utilities such as pumps, pipes, wires, conduits, and other utility equipment, supplies and materials; and

5.6 The right of the Association to borrow money (except as otherwise proscribed by other contracts) for the purpose of improving the community area and facilities and in aid thereof to convey a security interest in the community area; and

5.7 The right of the Association to dedicate or transfer any portion of the community area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association; and

5.8 The right of designated owners to the exclusive use of limited areas as specified by the Association; and

5.9 The right of the Declarant during the development period to have the exclusive control, management and administration of the community area.

Section 6. Any member may delegate his rights of enjoyment to the community area and facilities to the members of his family and tenants.

Section 7. The ownership of each lot shall entitle the owner or owners thereof to the exclusive use, as limited areas, of the driveway immediately adjacent to each lot and to the use of such other parking areas as may be specified by Association action.

Section 8. Membership in the Association may be (but need not be) evidenced by a written certificate validated by the Association annually. A membership in the Association shall be inalienable and unencumberable in any way except as an appurtenance to a lot which entitles an entity to membership. Upon the transfer of any membership, the Association shall delete the name of the old members and reflect the new members succeeding in interest to the lot involved. Any attempt to make a prohibited transfer of a membership is void and will not be reflected upon the records of the Association nor shall the same be recognized by the Association. If an owner refuses or neglects to advise the Association, the Association may, on evidence satisfactory to it, reflect such new transfer upon the books of the Association and recognize as the member the successor or successors in interest to the exclusion of the prior member.

Section 9. Each lot owner for himself, his heirs, successors and assigns, covenants and agrees that each lot

shall be subject to annual assessments or charges and certain special assessments for capital improvements in an amount to be determined by the developer during the development period and thereafter by the Association, and that a lien (periodically arising) shall exist in favor of the Association and the developer with respect to each such lot as security for amounts to be paid in accordance with this instrument and the following provisions:

9.1 The Association (and the developer during the development period) shall maintain and otherwise manage all of the community area, including (without limitation) the landscaping, irrigation and storm drainage systems, parking areas, streets, and recreational facilities, roofs and exteriors of the buildings located on the properties (except window cleaning) and electrical lines from the streets to and under each building and conduct such additional maintenance as may be determined by Association action. Owners shall maintain their lots in the same condition as a reasonably prudent homeowner would maintain his own home and shall cooperate with the Association so that the entire development will reflect a significant pride of ownership. The maintenance of the individual lots and limited areas shall be the sole obligation and expense of the individual owners thereof except to the extent that the exterior maintenance or repair is provided by Association action. The Association shall maintain the sewer and water system within the properties and pay for all charges therefor and the costs thereof shall be a common expense.

9.2 Within thirty (30) days prior to the beginning of each fiscal year the Board shall prepare a budget and an estimate of the charges (including common expenses and any special charges for particular lots) to be paid during such year; shall make provisions for creating, funding and maintaining reasonable reserves for contingencies, operations, repairs, replacements, improvements and acquisition of community areas and facilities; and shall take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular monthly assessments a reserve fund for replacement of those community areas which can reasonably be expected to require replacement prior to the end of the useful life of the buildings. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace each community area covered by the fund at

the end of the estimated useful life of each such community area. The Declarant or initial Board may at any suitable time establish the first such budget and estimate. Any budgeted sum for a capital improvement or acquisition in excess of Two Thousand Five Hundred Dollars ($2,500.00) shall be subject to the prior approval of 60% of the owners. If the sum estimated and budgeted at any time proves inadequate for any reason (including nonpayment for any reason of any owner's assessment), the Board may at any time levy a further assessment, which shall be assessed to the owners in like proportions. Any surplus funds shall be carried over and applied against amounts needed in the following year.

9.3 Unless otherwise determined by the Board for Special Assessments, all assessments shall be made by Association action setting forth lot numbers and the amount thereby assessed against the same and shall be assessed equally among the lots. Notification of the amount of the assessment shall not be necessary to the validity thereof. Upon each assessment a lien therefor in favor of the Association shall arise to secure the payment of the same together with applicable interest thereon, costs and reasonable attorneys' fees for collection, for all of the foregoing there shall also arise a personal obligation upon the owners of each such respective lot as of the date and time of the assessment.

9.4 The assessment by the Association shall be made for, and the proceeds therefrom shall be used for, promotion of the recreation, health, safety and welfare of the members and their use and enjoyment of the community area. In connection with determining whether or not to make an assessment and the amount thereof, consideration shall be given to the following:

9.4.1 The cost of taxes, repairs, replacement and maintenance of the community area; and

9.4.2 The cost of amounts necessary for the establishment and maintenance of a reserve for repair, maintenance, taxes and other charges, including insurance premiums; and

9.4.3 The cost of any recreational facilities as may from time to time be provided; and

9.4.4 The cost of maintaining the exteriors of the units and the sewer, storm drainage and water system and paying for water and garbage disposal.

9.5 By virtue of this instrument each member during the development period shall pay to the developer an annual amount which is hereby assessed against each lot of one percent of the original purchase or sales price. Said funds so collected shall be held in trust by the developer in an account separate from developer's own funds. During the development period said funds shall be expended only for the purposes specified in paragraph 9.4 above as needed in the sole discretion of the developer. Upon termination of the development period, any balance shall be paid to the Association and the annual assessment shall thereafter be fixed by Association action.

9.6 The liability of each member for assessments shall commence on the date upon which any instrument of transfer to such person becomes operative (such as the date of a real estate contract for the sale of any lot, the date of death in the case of a transfer by Will or intestate succession, etc.) and, if earlier, the first day of the calendar month following the first occupancy of a unit by an owner. One-twelfth of a member's annual assessment shall be due and payable on the commencement date and on the first day of each calendar month thereafter. The due date of any special assessment shall be fixed by the Association action authorizing such assessment.

9.7 Upon request the Board shall furnish written certificates certifying the extent to which assessment and assessment payments on a specified lot are paid and current to the date stated therein. Issuance of such certificates shall be conclusive evidence of payment of any assessment or assessment payments therein declared to have been paid. A reasonable charge may be made by the Association for the issuance of such certificate.

9.8 In addition to annual assessments special assessments applicable to that year only may be made by the Association. Such assessments may be for repairing or maintaining a unit chargeable to that unit only for a failure of the owner to comply with applicable Association action. Such assessments may also be for construction, reconstruction, repair or replacement of capital improvements in the community area and related personal property or fixtures. Except on an emergency basis special assessments may be made only at a special meeting of the Association members called in accordance with its By-Laws and Articles.

9.9 Annual and special assessments together with the interest thereon and the cost of collection thereof including reasonable attorneys' fees shall become a lien against each respective lot in the amount stated in the assessment from the time of the assessment, but expiring pro-rata as the assessment payments are made, and shall also be the personal obligations of the entities who were the owners of each lot at the time of assessment. The personal obligation to pay a prior assessment shall not pass to successors in interest unless expressly assumed by them, provided, however, that in the case of a sale or contract for the sale of (or the assignment of a contract purchaser's interest in) any lot which is charged with the payment of an assessment, the person or entity who is the owner or contract purchaser immediately prior to the date of such sale, contract or assignment shall be personally liable only for the amount of the monthly installments due prior to said date and the new owner or contract purchaser or assignee shall be personally liable for monthly installments becoming due on or after said date.

9.10 If any assessment is not paid in full within thirty (30) days after it was first due and payable, the assessment shall bear interest on the unpaid portion amounts from the date it was made at the rate of ten percent (10%) per annum. Each member hereby expressly grants the Association, its agents and the developer during the development period, the right and power to bring all actions against such member personally for the collection of such assessments as a debt and to enforce the liens created by this instrument in favor of the Association, by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this instrument shall be for the benefit of the Association as a corporate entity, and the Association shall have the power to bid in at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the lot foreclosed against.

9.11 In the event any member shall be in arrears in the payment of the assessments due or is otherwise in default of the performance of any terms of the Articles and By-Laws of the Association or of this Declaration for a period of thirty (30) days, said membership's voting rights shall be suspended (except as

against foreclosing secured parties) and remain suspended until all payments are brought current and defaults otherwise remedied. No member is relieved of liability for assessments by non-use of the community area or by abandonment of a lot.

9.12 No action shall at any time be taken with respect to assessments which may unreasonably discriminate against any particular owner in favor of other owners. However, a special assessment may be made against a particular lot in the event that after notice of failing to maintain the unit thereon in a condition comparable to the remaining units in the development, the Association elects to expend funds to bring the particular assessed unit up to such comparable standards.

Section 10. Each owner expressly covenants that the Association (and the developer during the development period) may enter into management agreements for the community area, and all maintenance functions related thereto, with such entities as the Association or developer deem fit and proper, and that he is bound to observe the terms and conditions of any such management agreement. Any such management agreement shall be made available for inspection by any member upon request. Any management agreement for the planned unit development will be terminable by the Association for cause upon thirty (30) days' written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

Section 11. Except as to the Association's right to grant easements for utilities and similar or related purposes, the community areas and facilities may not be alienated, released, transferred, hypothecated, or otherwise encumbered without the approval of all institutional first mortgatees.

ARTICLE IX

COMMUNITY AREA, LIMITED AREA, AND LOT USE RESTRICTIONS

Section 1. All lots within the properties and otherwise subject to this instrument shall be solely and exclusively for private residences. A private residence shall consist of not less than one lot and no lot shall be subdivided.

Section 2. Except as built by developer or otherwise authorized by Association action, all garages shall be incorporated in or made a part of a unit and shall remain operable at all times for the purpose of parking an automobile therein.

Section 3. No animals, livestock, or poultry of any kind (other than house pets in accordance with rules and regulations established by the Association) may be kept on the properties.

Section 4. No commercial enterprise including itinerant vendors shall be permitted on any portion of the properties except as authorized by Association action.

Section 5. No mobile homes, house trailer, camper, boat, boat trailer, or similar item shall be stored or kept (except in a private garage) on any portion of the property unless expressly authorized by Association action.

Section 6. No garbage, refuse, or rubbish shall be deposited on or left on any lot unless placed in a suitable container screened from public view.

Section 7. Any construction or repair work with respect to any unit shall be prosecuted diligently and continuously from commencement until completion and no building material of any kind shall be placed or stored outside any unit (except by developer) unless expressly authorized by Association action.

Section 8. No signs of any kind or description (except as otherwise required by law) shall be erected, posted, painted or displayed on any building on any portion of the properties unless otherwise expressly authorized by Association action or unless erected or placed by the developer.

Section 9. No vehicle of any kind shall be parked or left unattended on the properties, except in private garages, limited areas improved as driveways, or those areas designated by Association action or the developer for parking purposes.

Section 10. Any lease agreement between an owner and a lessee shall provide that the terms of the lease are subject in all respects to the provisions of the Declaration, Articles of Incorporation and the By-Laws, and any failure by the lessee to comply with the terms of such documents shall

be a default under the lease. All leases shall be in writing. Other than the foregoing, there is no restriction on the right of an owner to lease his or her unit.

ARTICLE X

USE AND REPAIR COVENANTS

Section 1. Outside any lot no planting or gardening shall be done (except by the developer), and no fences, hedges or walls shall be erected or maintained unless authorized by Association action. The Association may establish an architectural control committee for the purpose of delegating thereto the powers and duties of the Association or its Board under this Declaration.

Section 2. With the exception of exterior maintenance, the maintenance, upkeep and repair of individual units shall be the sole responsibility of the individual owners thereof and in no way shall it be the responsibility of the Association, its agents, subagents, officers or directors. Any action necessary or appropriate to the maintenance and upkeep of the community area, the landscaping, irrigation, sewer and water systems, all building exteriors and roofs, recreation areas, parking areas and walks, gas, telephone, or electrical or television facilities shall (subsequent to the development period) be taken by the Association only.

Section 3. No exterior changes, painting, or maintenance of any kind, or additions or alterations to any building, fences, walls or similar structures, shall be done or begun until adequate drawings therefor showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved by the Board.

Section 4. Each owner shall be obligated to provide maintenance of the landscaping on his lot and on any limited areas designated by Association action as allocated to his particular lot in a manner satisfactory to the Board. The Association shall maintain the landscaping of the community areas. After approval of a two-thirds (2/3) majority vote by the Board of Directors of the Association, the Association shall have the right, through its agents and employees, to enter upon any lot which has been found unsatisfactory to repair, maintain and/or restore the landscape to a satisfactory condition. The cost of such work shall be added to and be a part of the assessment to which the lot is otherwise subject.

Section 5. With respect to party walls in any structure on any portion of the properties, the rights and duties of the owners with respect thereto shall be governed by the following:

5.1 With respect to any party wall, each of the adjoining owners assumes the burdens and is entitled to the benefits of these restrictive covenants and, to the extent not inconsistent herewith, the general rules of law regarding party walls which shall be applicable thereto.

5.2 In the event any party wall is damaged or destroyed through the act of an adjoining owner or any of his guests, agents, or family members, or fire or other casualty in a unit to an extent that deprives the other adjoining owner of the full use and enjoyment of such wall, then the first owner shall forthwith proceed to build and repair the same to as good a condition as formerly existed without any cost to such adjoining deprived owner. Causation only and neither negligence nor other form of culpability shall be the test for the responsibility to rebuilding and repair.

5.3 In the event a party wall is damaged or destroyed from an unknown cause or from a cause other than that included under the preceding paragraph, then in such event, both adjoining owners shall proceed forthwith to rebuild and repair the same to as good a condition as formerly existed at their joint and equal expense and each shall have against the other a right of contribution for excess prorata amounts expended.

5.4 In addition to meeting other requirements of these restrictive covenants and any relevant building code or ordinance, any owner proposing to modify, make additions to or rebuild or repair a unit in a way that involves a party wall and a change therein from its former condition, the written consent of the adjoining owner must be obtained in addition to consent to such by Association action.

5.5 The right, if any, of any owner to reimbursement or contribution from any other owner shall be appurtenant to the lot and shall pass with the fee interest in such lot to the successors in interest.

5.6 In the event of any dispute arising concerning a party wall, the said dispute shall be arbitrated

and the decision of the arbitrator shall be conclusive except for fraud. The arbitrator shall be appointed by Association action.

ARTICLE XI

MISCELLANEOUS EASEMENT RIGHTS

Section 1. Each lot and the community area are subject to an easement for encroachments created by construction settlement and overhangs as designed or constructed by the developer and a valid easement for said encroachments and for maintenance of the same as long as the encroachments remain, shall and does exist. Each lot containing a unit having a party wall shall have as an appurtenance an easement in every adjacent lot having in common the same party wall.

Section 2. The developer and the Association may transfer any sewer system or water system in the properties to a public body for ownership and maintenance together with any necessary easement relating thereto and each lot and the community area shall become burdened thereby. Additionally, there is hereby created as to each portion of each lot upon which there is no building used as a dwelling or garage and as to each portion of the community area for the necessary benefit of each lot, a blanket easement across, over and under the same premises for ingress, egress, installation, replacing, repairing and maintaining any utility (including, without limitation, landscaping and irrigation, water, sewer, gas, telephone, or electric or television facilities). There is further granted to the Association a blanket easement across, over, and under the units or any portion thereof for installation, replacing, repairing and maintaining any utility (called "maintenance" in this Section) (including, without limitation, water, sewer, landscaping, irrigation, gas, telephone, or electric or television facilities). All permanent utility systems shall be underground exclusively. Provided, however, any entity engaged in conduct pursuant to such easement rights shall be personally responsible to exercise such rights reasonably and to repair and pay for any damage caused by the exercise of such rights.

Section 3. Despite any other provisions of this instrument, it is expressly permissible during the development period for the developer to maintain on any portion of the properties such facilities as in the sole opinion of the developer may be reasonably required, convenient or incidental to the construction and sale of units, including (without limitation) a business office, storage area, construction yard, signs, model units and sales office.

Section 4. The Association and its designee has an easement with respect to each lot for the purpose of entering and inspecting during daylight hours the exterior of any unit and exercising any lawful powers as to such exterior.

ARTICLE XII

INSURANCE AND DAMAGE; CONDEMNATION

Section 1. Insurance Coverage.

The Board, and Declarant during the development period, shall obtain and maintain at all times as a common expense a policy or policies and bonds written by companies licensed to do business in Washington required to provide:

1.1 Insurance against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of the community and limited community areas, and lots, including units, with the Board named as insured as trustee for the benefit of owners and mortgagees as their interests appear, or such other fire and casualty insurance as the Board shall determine to give substantially equal or greater protection insuring the owners, and their mortgagees, as their interests may appear. The policy shall contain an agreed amount endorsement or its equivalent, if available, or an inflation guard endorsement. The policy or policies shall provide for separate protection for each lot to the full insurable replacement value thereof, (limited as above provided), and a separate loss payable endorsement, in favor of the mortgagee of each lot, if any, and further, a separate loss payable clause in favor of the construction mortgagee of the unsold remainder of the property, if any. Such insurance shall insure against loss or damage to buildings, structures and interior improvements and appliances installed by Declarant at or prior to the time of sale to the first owner and will not cover owners' own improvements or contents. All insurance shall be obtained from an insurance carrier rated Triple A (and rated Class VI or better for financial condition) by Best's Insurance Reports or equivalent rating service.

1.2 General comprehensive liability insurance insuring the Board, the Association, the owners, Declarant and managing agent against any liability to the public or to the owners of lots and their guests, invitees, or tenants, incident to the ownership or use of the community and

limited community areas. The liability insurance policies shall include protection against water damage liability; liability for owned, non-owned and hired automobiles; host liquor liability; liability for property of others; and, if applicable, elevator collision and garagekeepers liability. The coverage under such policies shall be in an amount determined by the Board after consultation with insurance consultants but not less than One Million Dollars ($1,000,000.00) covering all claims for personal injury and property damage arising out of a single occurrence. Policy limits shall be reviewed at least annually by the Board. The policies of liability insurance shall contain a severability of interest endorsement or equivalent coverage which shall preclude the insurer from denying the claim of a lot owner because of the negligent acts of the Association or other lot owners.

1.3 Workmen's compensation insurance to the extent required by applicable laws.

1.4 Fidelity coverage naming the Association as an obligee to protect against the dishonest acts by the Board, Association officers, manager and employees of any of them and all others who are responsible for handling Association funds in an amount equal to at least fifty percent (50%) of the estimated annual operating expenses, including reserves. Fidelity bonds providing such coverage shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

1.5 Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable.

1.6 Such other insurance as the Board deems advisable, including directors and officers liability insurance covering the Board and officers of the Association.

1.7 Such other insurance as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for similar projects established by Federal National Mortgage Association, Government National Mortgage Association and Federal Home Loan Mortgage Corporation so long as any of them is

a mortgagee or owner of a lot within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association or Federal Home Loan Mortgage Corporation.

1.8 Each owner shall obtain additional insurance respecting his lot and his own improvements and contents at his own expense; no owner shall, however, be entitled to maintain insurance coverage in any manner which would decrease the amount which the Board, or any trustee for the Board, on behalf of all of the owners, will realize under any insurance policy which the Board may have in force on the lot at any particular time. Each owner is required to and agrees to notify the Board of all improvements by the owner to his lot the value of which is in excess of One Thousand Dollars ($1,000.00). Each owner shall file a copy of such individual policy or policies with the Board within thirty (30) days after purchase of such insurance, and the Board shall immediately review its effect with the Board's insurance broker, agent or carrier.

1.9 Insurance proceeds for damage or destruction to any part of the property shall be paid to the Association as a trustee for the lot owners, or its authorized representative, including an insurance trustee, which shall segregate such proceeds from other funds of the Association for use and payment as provided for in Article 2. The Association acting through its Board shall have the authority to settle and compromise any claim under insurance obtained by the Board or Association and the insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy.

1.10 The Board shall exercise its reasonable best efforts to obtain insurance policies containing the following provisions:

1.10.1 Insurance coverage shall not be affected by, and the insurer shall not claim any right of set-off, counterclaim, apportionment, proration, contribution or assessment by reason of any other insurance obtained by or for any lot owner or any mortgagee;

1.10.2 Insurance coverage shall not be prejudiced by any act or neglect of the lot owners when such act or neglect is not within the control

of the Association; or any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no control;

1.10.3 Insurance coverage shall not be cancelled, the coverage or limits reduced, or the coverage otherwise substantially modified (including for non-payment of premiums) without the insurance carriers prior written notice to the Board and any and all insureds, including mortgagees;

1.10.4 A waiver of subrogation by the insurer as to any and all claims against the Association, the Declarant, the owner of any lot and/or their respective agents, employees or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured;

1.10.5 Provisions that, despite any provision giving the insurer the right to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law;

1.10.6 Contain a standard mortgagee clause which shall, if reasonably obtainable:

(a) Provide that any reference to a mortgagee in such policy shall mean and include all holders of mortgages of any lot or lot lease or sublease of the project, in their respective order and preference, whether or not named therein;

(b) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board or lot owners or any persons under any of them; and

(c) Waive any provision invalidating such mortgage clause by reason of the failure of any mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause.

Section 2. Damage or Destruction.

2.1 Initial Board Determinations. In the event of damage or destruction to any part of the property, including any lot or community areas or facilities or portion thereof, the Board shall promptly, and in all events within thirty (30) days after the date of damage or destruction, make the following determinations with respect thereto employing such advice as the Board deems advisable:

2.1.1 The nature and extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby.

2.1.2 A reasonably reliable estimate of the cost to repair and restore the damage and destruction, which estimate shall, if reasonably practicable, be based upon two or more firm bids obtained from responsible contractors.

2.1.3 The anticipated insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.

2.1.4 The amount, if any, that the estimated cost of repair and restoration exceeds the anticipated insurance proceeds therefor and the amount of assessment to each lot if such excess is to be paid as a maintenance expense and specially assessed against all the lots.

2.1.5 The Board's recommendation as to whether such damage or destruction should be repaired or restored.

2.2 Notice of Damage or Destruction. The Board shall promptly, and in all events within thirty (30) days after the date of damage or destruction, provide each owner, each institutional first mortgagee and each other mortgagee who has theretofore requested special notice, with a written notice summarizing the initial Board determination made under Section 2. If the Board fails to do so within said thirty (30) days, then any owner or mortgagee may make the determinations required under Section 2 and give the notice required under this Section 2. In addition to the notices required to be given hereunder, the Board shall promptly provide each

institutional first mortgagee on any lot written notice of damage or destruction affecting community areas, if such damage or destruction exceeds Ten Thousand Dollars ($10,000.00) or damage or destruction of any lot or limited area in which it has an interest exceeding One Thousand Dollars ($1,000.00).

2.3 Definitions: Restoration; Emergency Work.

2.3.1 As used in this Section 2, the words "repair," "reconstruct," "rebuild" or "restore" shall mean restoring the improvements to substantially the same condition in which they existed prior to the damage or destruction. Modifications to conform to then applicable governmental rules and regulations or available means of construction may be made.

2.3.2 As used in this Section 2, the term "emergency work" shall mean that work which the Board deems reasonably necessary to avoid further damage, destruction or substantial diminution in value to the improvements and to reasonably protect the owners from liability from the condition of the site.

2.4 Restoration by Board.

2.4.1 Unless prior to the commencement of repair and restoration work (other than emergency work referred to in Subsection 2.3.2) the owners shall have decided not to repair and reconstruct in accordance with the provisions of either Subsection 2.5.3 or 2.6.3, the Board shall promptly repair and restore the damage and destruction, use the available insurance proceeds therefor, and pay for the actual cost of repair and restoration in excess of insurance proceeds secured as a common expense which shall be specially assessed equally against all lots.

2.4.1 The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to effectuate the repair and restoration. Contracts for such repair and restoration shall be awarded when the Board, by means of insurance proceeds and sufficient assessments, has provision for the cost thereof. The Board may further

authorize the insurance carrier to proceed with repair and restoration upon satisfaction of the Board that such work will be appropriately carried out.

2.4.3 The Board may enter into a written agreement in recordable form with any reputable financial institution or trust or escrow company that such firm or institution shall act as an insurance trustee to adjust and settle any claim for such loss in excess of Fifty Thousand Dollars ($50,000.00), or for such firm or institution to collect the insurance proceeds and carry out the provisions of this Article.

2.5 Limited Damage; Assessment Under $2,500.

If the amount of assessment determined under Subsection 2.1.4 does not exceed $2,500 for any one lot, then the provision of this Section 2.5 shall apply:

2.5.1 The Board may, but shall not be required to, call a special owner's meeting to consider such repair and restoration work. If the Board shall fail to call such meeting within thirty (30) days after the date of damage or destruction, then, notwithstanding any provision of this Declaration or the Bylaws with respect to calling special meetings to the contrary, any owner or mortgagee, may, within fifteen (15) days after the expiration of such thirty (30) day period call a special owners' meeting to consider such repair and restoration work. Any meeting held pursuant to this Section 2.5.1 shall be called by providing written notice thereof to all owners and mortgagees, and shall be convened not less than ten (10) nor more than twenty (20) days from the date of such notice of meeting.

2.5.2 Except for emergency work, no repair and restoration work shall be commenced until after the expiration of forty-five (45) days after such damage or destruction or until after the conclusion of a special meeting if such meeting is called within that period.

2.5.3 A unanimous decision of the lot owners will be required to avoid the provisions of Subsection 2.4 and to determine not to repair and restore the damage and destruction; provided, that

the failure of the Board, owners or mortgagees to call for a special meeting for a period of forty-five (45) days after the date of such damage or destruction shall be deemed a unanimous decision to undertake such work.

2.6 Major Damage; Assessment Over $2,500.

If the amount of assessment determined under Subsection 2.1.4 exceeds $2,500 for any one apartment, then the provisions of this Section 2.6 shall apply:

2.6.1 The Board shall promptly, and in all events within thirty (30) days after the date of damage or destruction, call a special owners' meeting to consider repair and restoration of such damage or destruction. If the Board fails to do so within said thirty (30) day period, then, notwithstanding the provisions of this Declaration or the Bylaws with respect to calling special meetings to the contrary, any owner or mortgagee may call a special meeting of owners to consider such repair and restoration work. Any meeting held pursuant to this Section 2.6.1 shall be called by providing written notice thereof to all owners and mortgagees, and shall be convened not less than ten (10) nor more than twenty (20) days from the date of such notice.

2.6.2 Except for emergency work, no repair and restoration work shall be commenced until the conclusion of the special owners' meeting required under Subsection 2.6.1.

2.6.3 A concurring vote of more than two-thirds (2/3) of the total voting power, excluding Declarant, and the consent of all first mortgagees of record will be required to avoid the provision of Subsection 2.4 and to determine not to repair and restore the damage and destruction. The failure to obtain said two-thirds (2/3) vote shall be deemed a decision to rebuild and restore the damage and destruction; provided, however, that failure of the Board, or owners, or mortgagee to convene the special meeting required under Subsection 2.6.1 within ninety (90) days after the date of damage or destruction shall be deemed a unanimous decision not to undertake such repair and restoration work.

3.1 Notice of Condemnation Proceedings. If any part of the property, including any lot or unit or community area and facility or portions thereof is made the subject matter of any condemnation or eminent domain proceedings, or is otherwise sought to be acquired by a condemning authority, the Board shall promptly furnish notice of such proceedings or proposed acquisition to each owner and each institutional holder of a mortgage on lots.

3.2 Proceeds. All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award," shall be payable to the Association.

3.3 Complete Taking. In the event that the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the planned unit development shall terminate. The Condemnation Award shall be apportioned among the owners in equal shares; provided, that if a standard different from the value of the property as a whole is employed to measure the Condemnation Award in the negotiation, judicial decree, or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. On the basis of the foregoing principle, the Board shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled. After first paying out of the respective share of each owner, to the extent sufficient for the purpose, all mortgages and liens on the interest of such owner in accordance with their existing priorities, the balance remaining in each share shall then be distributed to each owner respectively.

3.4 Partial Taking. In the event that less than the entire property is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the planned unit development ownership hereunder shall not terminate. Each owner shall be entitled to a share of the Condemnation Award to be determined in the following manner:

3.4.1 As soon as practicable the Board shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds.

3.4.2 The Board shall apportion the amounts so allocated to the taking of or injury to the community areas which in turn shall be apportioned equally among owners.

3.4.3 The total amount allocated to severance damages shall be apportioned to those lots which were not taken or condemned.

3.4.4 The respective amounts allocated to the taking of or injury to a particular lot and/or improvements an owner had made within his own lot shall be apportioned to the particular lot involved.

3.4.5 The amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Board determines to be equitable in the circumstances.

3.4.6 If an allocation of the Condemnation Award is already established in negotiation, judicial decree, or otherwise, then in allocating the Condemnation Award the Board shall employ such allocation to the extent it is relevant and applicable.

3.4.7 Distribution of apportioned proceeds shall be made to the respective owners and their respective mortgagees in the manner provided in Section 3.3.

Section 3.5 Reductions of Planned Unit Development Upon Partial Taking. In the event that (a) a partial taking occurs which pursuant to Section 3.4 does not result in a termination of planned unit development ownership hereunder, and (b) at least one (1) lot is taken or condemned and (c) the condemning authority elects not to hold, use and own said lot as an owner subject to and in accordance with the Declaration, then the provisions of this Section 3.5 shall take effect immediately upon the condemning authority taking possession of the lot or lots so taken or condemned:

3.5.1 The lots subject to this Declaration shall be reduced to those lots not taken or condemned (or not sold or otherwise disposed of in lieu of or in avoidance thereof).

3.5.2 The community areas subject to this Declaration shall be reduced to that community area not so taken or condemned.

3.5.3 Except as otherwise expressly provided in Section 3.5, the rights, title, interest privileges, duties and obligations of an owner and mortgagee in, to or with respect to a lot not so taken or condemned (and in, to or with respect to the Association and the community areas) shall continue in full force and effect as provided in this Declaration.

3.5.4 The provisions of Section 3.5 shall be binding upon and inure to the benefit of all owners and mortgagees of (and other persons having or claiming to have any interest in) all lots which are, as well as all lots which are not, so taken or condemned. All such owners, mortgagees and other persons covenant to execute and deliver any documents, agreements or instruments (including, but not limited to, appropriate amendments to the Declaration and Plats) as are reasonably necessary to effectuate the provisions of Section 3.5.

ARTICLE XIII

ENFORCEMENT

Section 1. The Association, or any owner, shall have the right to enforce, by any appropriate proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this instrument. The developer separately and the Declarant separately shall have the same rights of enforcement. Failure by any person entitled to enforce the provisions of this instrument to pursue the enforcement of such provision shall in no event be a waiver of the right thereafter to enforcement.

Section 2. Remedies provided by this instrument for collection of any assessment or charge against any member or other entity are in addition to, cumulative with, and are not in lieu of other remedies provided by law.

Section 3. The covenants, restrictions, liens, conditions, easements and enjoyment rights contained herein run with the land and shall be binding upon all persons purchasing, leasing, subleasing or otherwise occupying any portion

of the properties, their heirs, executors, administrators, successors, grantees and assigns. All instruments granting or conveying any interest in any lot shall refer to this instrument and shall recite that it is subject to the terms hereof as if fully set forth therein. However, all terms and provisions of this instrument are binding upon all successors in interest despite the absence of reference in the instrument of conveyance to this instrument.

Section 4. If any particular paragraph, subparagraph or sentence of this instrument be adjudicated invalid by an appropriate authority, every other provision shall remain nevertheless in full force and effect. The singular wherever used herein shall, when applicable, be construed to include the plural and necessary grammatical changes required to make the provisions of this instrument applicable to corporations or individuals, men or women, shall in all cases be assumed as if set forth expressly.

ARTICLE XIV

RIGHTS OF CERTAIN MORTGAGEES

Section 1. Any institutional first mortgagee shall have the right on request therefor to: (a) inspect the books and records of the Association during normal business hours; (b) receive an annual audited financial statement of the Association within 90 days following the end of any fiscal year; and (c) receive written notice of all meetings of the Association and to designate a representative to attend all such meetings.

Section 2. The Association shall not without the prior written approval of all institutional first mortgagees seek to (a) abandon or terminate the planned unit development; (b) make any material amendment to the Declaration, By-Laws or Articles of Incorporation and (c) terminate professional management and assume self-management of the planned unit development.

Section 3. Institutional first mortgagees shall be entitled to timely written notice of (a) substantial damage to or destruction of any unit or any part of the community areas or facilities, (b) any condemnation or eminent domain proceedings involving any units or any portion of the community areas or facilities, and (c) any default by an owner under this Declaration or the Articles, By-laws or rules and regulations of the Association which is not cured within thirty (30) days.

ARTICLE XV

AMENDMENT AND REVOCATION

Section 1. This instrument may be amended, and partially or completely revoked only as herein provided or otherwise provided by law.

Section 2. During the development period, the Declarant may amend this instrument only to add additional phases and to comply with the requirements of the Federal National Mortgage Association, Government National Mortgage Association or Federal Home Loan Mortgage Corporation simply by recording an acknowledged document setting forth specifically the provisions amending this instrument.

Section 3. After the conclusion of the development period this instrument may be amended by recording a written instrument signed by the Association and acknowledged by its President and Secretary setting forth the specific provisions of amendment and certifying truthfully that said provisions were approved at a duly held meeting of the members of the Association by an affirmative vote of not less than 75% of all the lots subject to the terms and conditions of this instrument. Amendments shall take effect only upon recording with the recorder of King County.

IN WITNESS WHEREOF THE UNDERSIGNED DECLARANT DESIGNATED HEREIN HAS EXECUTED THIS INSTRUMENT THIS 17th DAY OF June, 1980, AT SEATTLE, KING COUNTY, WASHINGTON.

HURLEN HOMES, INC.

By: Richard Hurlen
Richard Hurlen, President

By: Frances E. Hurlen
Secretary

STENDALL PLACE HOMEOWNERS ASSOCIATION

APPROXIMATE SQUARE FOOTAGE SUMMARY

Bld. #	Unit#	Address
I	1	11912 SPN
	2	11908 SPN
	3	11904 SPN
	4	11900 SPN

6,996 sq. ft.
+ 2,089 sq. ft. garage

Bld. #	Unit#	Address
II	5	11917 SPN
	6	11913 SPN
	7	11909 SPN
	8	11905 SPN
	9	11901 SPN

9,019 sq. ft.
+ 2,622 sq. ft. garage

III	10	11902 SDN
	11	11906 SDN
	12	11910 SDN
	13	11914 SDN
	14	11918 SDN
	15	11922 SDN

11,228 sq. ft.
+ 3,132 sq. ft. garage

IV	16	11931 SDN
	17	11927 SDN
	18	11923 SDN

5,890 sq. ft.
+ 1,584 sq. ft. garage
+ 2,856 sq. ft. basement

V	19	11919 SDN
	20	11915 SDN
	21	11911 SDN
	22	11907 SDN
	23	11903 SDN

9,000 sq. ft.
+ 2,605 sq. ft. garage

VI	24	11821 SPN
	25	11817 SPN
	26	11813 SPN
	27	11809 SPN

7,030 sq. ft.
+ 2,085 sq. ft. garage

VII	28	11801 SPN
	29	11713 SPN
	30	11707 SPN
	31	11705 SPN
	32	11703 SPN

8,846 sq. ft.
+ 2,677 sq. ft. garage

VIII	33	11711 SPN
	34	11709 SPN

3,056 sq. ft.
1,049 sq. ft. garage

IX	35	11710 SPN
	36	11714 SPN
	37	11718 SPN

5,079 sq. ft.
+ 1,582 sq. ft. garage

X	38	11802 SPN
	39	11806 SPN
	40	11810 SPN
	41	11814 SPN
	42	11818 SPN
	43	11820 SPN

10,970 sq. ft.
+ 3,125 sq. ft. garage

XI	44	11822 SPN
	45	11824 SPN

3,370 sq. ft.
+1,043 sq. ft. garage

XII	46	11829 SDN
	47	11827 SDN
	48	11825 SDN
	49	11823 SDN

11,441 sq. ft.
+ 1,848 sq. ft. garage

XIII	50	11819 SDN
	51	11815 SDN
	52	11811 SDN

8,582 sq. ft.
+ 1,386 sq. ft. garage

XIV	53	11807 SDN
	54	11805 SDN
	55	11803 SDN
	56	11701 SDN

11,448 sq. ft.
+ 1,848 sq. ft. garage

XV	57	11700 SDN
	58	11704 SDN
	59	11708 SDN
	60	11712 SDN

7,236 sq. ft.
+ 1,848 sq. ft. garage

XVI	61	11702 SPN
	62	11706 SPN

3,328 sq. ft.
+ 924 sq. ft. garage

XVII	63	11800 SDN
	64	11804 SDN

3,824 sq. ft.
+ 924 sq. ft. garage

XVIII	65	11808 SDN
	66	11812 SDN
	67	11816 SDN

5,816 sq. ft.
+ 1,386 sq. ft. garage

Total

Filed for Record at the
Request of and Return
Original to:

Harvey Thompson, President
Stendall Place Homeowners Association
c/o Marge Garsi
3837 13th Avenue W., #202
Seattle, WA 98119

89/10/02 #0898 D
RECD F 6.00
RECFEE 2.00
CASHSL ****8.00
35

CERTIFICATE OF AMENDMENT TO DECLARATION AND COVENANTS, EASEMENTS, LIENS, RESTRICTIONS AND DEED FOR STENDALL PLACE, PLANNED UNIT DEVELOPMENT

Original Declaration Recorded Under Auditor's No. 8006120461

8910020898

Pursuant to proper notice at a meeting held on August 16, 1989, at 7:00 P.M. at Seattle, Washington, Members of the Association owning at least seventy five (75%) of the lots constituting STENDALL PLACE, a planned unit development, located on the real property legally described on Exhibit A attached hereto and incorporated herein by this reference, adopted the following amendment to the Declaration and Covenants, Conditions, Restrictions and Reservations for STENDALL PLACE pursuant to Article XV, Section 3.

BE IT RESOLVED that Article VIII HOMEOWNERS' ASSOCIATION, Section 9.10 of the Declaration and Covenants, Conditions, Restrictions and Reservations for STENDALL PLACE shall be and is hereby amended and restated in its entirety as follows:

9.10 Payment of Assessments; Liens; Foreclosure.

A. All monthly assessments are due and shall be paid on the first day of each calendar month. If a payment is not postmarked by the fifteenth day of the month for which it is due, a ten (10%) percent late charge shall be assessed against the payment owing. No part payment of an assessment shall stop the levying of the late charge.

B. In addition to any late charges, after the fifteenth day of the month when an assessment is due, the unpaid assessment (or any unpaid balance thereof) shall bear interest at the rate of eighteen (18%) percent per annum until paid in full. No partial payments shall stop the levying of interest charges. All payments received by the Association shall be applied first to the current assessment due for the calendar month in which the payment is received; the balance shall be applied first to any late charges, second to any interest owed and third to the unpaid assessments.

C. Whenever an assessment or any part thereof is over ninety (90) days past due, the Association shall cause a lien to be filed against the delinquent unit. The cost of filing the lien, all attorneys fees incurred by the Association and any recording fee for filing or releasing the lien shall be charged to the delinquent property owner and assessed as a special assessment which is due upon presentment prior to release of the lien.

D. The Board authorizes its professional property manager to perform all acts incidental and necessary in the performance of this collection policy.

E. All remedies available to the Board for collection of assessments are cumulative. The Board specifically reserves the right to institute personal suit against the offending unit

owner, as well as utilization of the lien and/or foreclosure procedures available.

F. Each member hereby expressly grants the Association the right and power to bring all actions against such member personally for the collection of such assessments as a debt and to enforce the liens created by this instrument in favor of the Association, by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property that is due and payable. The liens provided for in this instrument shall be for the benefit of the Association as a corporate entity, and the Association shall have the power to bid in at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the lot foreclosed against. If the unit owner desires to avoid foreclosure, he or she shall be required to pay all delinquent assessments, late charges, interest charges, attorneys fees and costs incurred in maintaining foreclosure proceedings.

G. This Amended Section 9.10 shall apply to all owners as to all assessments due on and after December 1, 1989.

FURTHER RESOLVED that HARVEY THOMPSON, President of the Association, be and is hereby authorized to execute this Certificate of Amendment on behalf of the unit owners which shall be attested to by the Secretary and the President is thereafter directed to record this Certificate of Amendment with the King County Auditor.

DATED: Sept. 21, 1989

8910020898

STENDALL PLACE

By Harvey Thompson
Harvey Thompson, President

Attest:

Franklin N. Lonsbery
Secretary

STATE OF WASHINGTON)
)ss.
COUNTY OF KING)

On this 21st day of September, 1989, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared HARVEY THOMPSON and FRANKLIN N. LONSBERY known to be the President and Secretary, respectively, of STENDALL PLACE HOMEOWNER'S ASSOCIATION the association that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said association, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.

Marjorie Harvi
NOTARY PUBLIC in and for the State of Washington, residing at
Seattle

My appointment expires: 11/05/91

ARTICLE XV

AMENDMENT AND REVOCATION

Section 1. This instrument may be amended, and partially or completely revoked only as herein provided or otherwise provided by law.

Section 2. During the development period, the Declarant may amend this instrument only to add additional phases and to comply with the requirements of the Federal National Mortgage Association, Government National Mortgage Association or Federal Home Loan Mortgage Corporation simply by recording an acknowledged document setting forth specifically the provisions amending this instrument.

Section 3. After the conclusion of the development period this instrument may be amended by recording a written instrument signed by the Association and acknowledged by its President and Secretary setting forth the specific provisions of amendment and certifying truthfully that said provisions were approved at a duly held meeting of the members of the Association by an affirmative vote of not less than 75% of all the lots subject to the terms and conditions of this instrument. Amendments shall take effect only upon recording with the recorder of King County.

IN WITNESS WHEREOF THE UNDERSIGNED DECLARANT DESIGNATED HEREIN HAS EXECUTED THIS INSTRUMENT THIS 12th DAY OF June, 1980, AT SEATTLE, KING COUNTY, WASHINGTON.

HURLEN HOMES, INC.

By: Richard Hurlen

STATE OF WASHINGTON,
County of King } ss.

On this 12th day of June, 1980, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Richard Hurlen and Diane L. Reuser to me known to be the President and Secretary, respectively, of Hurlen Homes, Inc. the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that authorized to execute the said instrument and that the seal affixed (if any) is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Cathy L. Aveson
Notary Public in and for the State of Washington, residing at Kirkland

WN-2 ACKNOWLEDGMENT, CORPORATION

AMENDMENT TO
PLANNED UNIT DEVELOPMENT DECLARATION OF
COVENANTS, CONDITIONS, EASEMENTS, LIENS,
AND RESTRICTIONS AND DEED FOR
STENDALL PLACE

THIS AMENDMENT is made on this 7th day of September, 1981, by HURLEN HOMES, INC., a Washington corporation, the "Declarant" herein.

RECITALS

A. Declarant has recorded with the King County Department of Records and Elections Divisions I and II of that certain plat located in the City of Seattle, King County, Washington, commonly known as "Stendall Place," Volume 115 of Plats, pages 12 and 13, and Volume 119 of Plats, pages 37 and 38, records of King County, Washington.

B. Stendall Place is governed and controlled by that certain Planned Unit Development Declaration of Covenants, Conditions, Easements, Liens, and Restrictions and Deed for Stendall Place, recorded with the King County Department of Records and Elections, No. 8006120461, the "Covenants" herein. Article VII of the Covenants provides for the addition of Division II to the plat of Stendall Place.

C. Declarant desires to amend the Covenants to include Division II of the plat of Stendall Place.

AGREEMENTS

NOW THEREFORE, Declarant hereby amends the Covenants as follows:

Division II of the plat of Stendall Place as recorded with the King County Department of Records and Elections, Volume 119 of Plats, pages 37 and 38, No. 8107230626, records of King County, Washington, is hereby added to the plat of Stendall Place and it is hereby subject to the Planned Unit Development Declaration of Covenants, Conditions, Easements, Liens, and Reservations and Deed for Stendall Place and its provisions therein.

IN WITNESS WHEREOF, the undersigned Declarant has executed this instrument as of the day and year set forth herein.

HURLEN HOMES, INC.

By _____
Richard Hurlen, President

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me Richard Hurlen, to me known to be the President of Hurlen Homes, Inc., the corporation that executed the within and foregoing instrument, and acknowledged the same to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

GIVEN under my hand and official seal this ____ day of _____, 1981.

_____
NOTARY PUBLIC in and for the
State of Washington, residing
at _____.

EXHIBIT A

MAINTENANCE OF LOTS BY ASSOCIATION

The Association shall maintain and otherwise manage any and all entry and/or side yards upon the lots of Stendall Place in a condition similar to that condition which existed at the time of the initial purchase of each lot; provided, however, that each Owner shall have the right and opportunity to provide for individual plantings, flowers, low-level shrubbery, and other landscaping on his lot. In the event the Owner installs any landscaping on his lot other than or in addition to that landscaping which existed at the time of the initial purchase of each lot, each such Owner shall be individually responsible and obligated to provide maintenance of such landscaping on his lot in a manner satisfactory to the Board. Upon approval of the two-thirds (2/3) majority vote by the Board of Directors, the Association shall have the right, through its agents and employees, to enter upon any lot which has, in the judgment of the Association, been unsatisfactorily maintained, to repair, maintain, and/or restore the landscaping to a satisfactory condition. The cost of such work shall be added to and be a part of the assessment to which the lot is otherwise subject.

STENDALL PLACE HOMEOWNERS' ASSOCIATION

CONSENT IN LIEU OF MEETING OF DIRECTORS

Pursuant to the Washington Nonprofit Corporation Act, the undersigned, being all of the directors of Stendall Place Homeowners' Association, a Washington nonprofit corporation (the "Association"), by this instrument in lieu of a meeting of the Board of Directors of the Association, hereby consent to the adoption of the following resolutions:

RESOLVED, that the Association shall have the additional responsibility for maintenance of a certain portion of the lots of Stendall Place, as set forth on Exhibit A attached hereto; and

RESOLVED FURTHER, that the proposed annual Budget of the Association to be effective immediately, a copy of which is attached as Exhibit B, is hereby approved and adopted.

EXECUTED as of the 3 day of July, 1981.

Richard Hurlen
RICHARD HURLEN

Dianne Reasor
DIANNE REASOR

Joel Wikum
JOEL WIKUM