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FOR
DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS & RESTRICTIONS

REMINGTON

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Filed by Stewart T. W 23878

DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS & RESTRICTIONS

REMINGTON

THIS INDENTURE AND DECLARATION running with the land, made this 16th day of February, 1989, by THE QUADRANT CORPORATION, a Washington corporation ("Declarant"),

WITNESSETH:

Whereas, Declarant is the owner in fee of certain real property (the "Real Property") described as Remington Division I consisting of Lots 1 through 77 (the "Lots"), as recorded in Volume 144 of Plats, pages 44 through 50 inclusive, records of King County, Washington; and under King County filing number 8902131344 and hereby covenants, agrees and declares that all of said Properties and Housing Units constructed thereon are and will be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements and reservations, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said Properties for the benefit of all of Properties and the owners thereof and their heirs, successors and assigns. These covenants, conditions, restrictions, easements and reservations shall run with the said Properties and shall be binding on all parties having or acquiring any right, title or interest in the Properties or any part thereof, and shall inure to the benefit of each owner thereof. Acceptance of an interest in a Lot shall be deemed acceptance of the terms and provisions of this Declaration.

The Developer is also the owner or may become the owner of certain real property which is adjacent to Remington Division I. Said adjacent real property, or a portion thereof, may be subjected to the terms and provisions of this Declaration of Protective Covenants, Conditions and Restrictions at the option of the developer as hereinafter provided.

NOW, THEREFORE, Declarant hereby declares as follows:

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ARTICLE ONE

Definitions

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

1. "Association" shall mean Remington Homeowners Association, a Washington nonprofit corporation, its successors and assigns.

2. "Common Areas" shall mean those portions of the "Properties" owned or to be owned by the Association for the common use and enjoyment of Association Members.

3. "Declaration" shall mean this Declaration of Protective Covenants, Conditions and Restrictions.

4. "Developer" shall mean The Quadrant Corporation, or a person or entity to which they assign their rights as Developer.

5. "Housing Unit" shall mean the buildings occupying a Lot.

6. "Lot" shall initially mean those Lots shown on the Plat of Remington, Division I. At such time as additional adjacent real property may be subjected to the Declaration, "Lot" shall include those lots shown on and included in the plat of said additional property.

7. "Member" shall mean every person or entity that holds a membership in the Association.

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

9. "Properties" shall initially mean the Real Property. If additional adjacent real property is subjected to the Declaration, "Properties" shall mean the real property described in the plats of both Division I and the plat or plats of said additional adjacent real property.

10. "Institutional First Mortgagee" shall mean a bank or savings and loan association or established mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company or state or federal agency which holds a first mortgage or deed of trust against a lot or housing unit thereon.

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ARTICLE TWO

Phased Development

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Section One: Initially only Division I shall be subject to the terms and provisions of the Declaration. Additional adjacent real property, may, at the option of the Developer, be subjected to the Declaration. The Developer hereby reserves for itself, its successors or assigns, the right to subject said additional adjacent real property to the terms and provisions of the Declaration, and to grant to the Owners of Lots located on said adjacent real property, after it is subjected to the Declaration, all of the rights and benefits to which Members of the Association are entitled. The Developer hereby reserves for itself, its successors or assigns, the right to develop said additional adjacent real property without subjecting it to the terms and provisions of the Declaration.

Section Two: Until said additional adjacent real property shall be subjected to the Declaration, said property shall not be subject to the terms and provisions of this Declaration. This Declaration shall not give the Association or any Lot owners any rights in said adjacent real property until it is subjected to the Declaration. At such time as said adjacent real property shall be subjected to the terms and provisions of this Declaration, said adjacent real property shall become part of the Properties and Lot Owners shall automatically become Members of the Association and shall be entitled to all of the rights and benefits and subject to all of the obligations of Members of the Association.

Section Three: Any such additional adjacent real property 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.

ARTICLE THREE

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

Section One: The community areas by this instrument are dedicated 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 management and administration of the developer.

a. The development period for Division I shall be that period of time from the date of recording of this Declaration until 120 days after the date upon which 75% of the lots in Division I have been sold by the developer or any shorter period, as determined by the developer, but no longer than a period ending five (5) years from the recording of this declaration.

b. If the Developer adds additional adjacent real property to this Declaration, the development period for each additional adjacent property added shall run from the date of recording of the final plat for the additional parcel until 120 days after the date upon which 75% of the lots in that parcel have been sold by the developer or any shorter period as determined by the developer but no longer than a period ending five (5) years from the date of recording of the final plat approval for that additional land.

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Section Two: Developer may, at its option and at such time as Developer deems appropriate, select a temporary board of three (3) to five (5) persons who own, or are purchasers of lots. This temporary board shall have the full authority and all rights, responsibilities, privileges, and duties to manage the Association under this Declaration and By-Laws, and shall be subject to all provisions of the Declaration and By-Laws, provided, that after selecting any such temporary board, the Developer in the exercise of its sole discretion, may at any time terminate such temporary board and resume its management authority or select a new temporary board.

Section Three: These requirements and covenants are made in order to ensure that the properties and the Association will be adequately administered in the initial phases of development, and to ensure an orderly transition of association operations.

Section Four: At the expiration of Developer's management authority during the development period, the Association shall have the sole authority and obligation to manage and minister the common areas and to enforce these covenants, conditions and restrictions. Such authority shall include all authority provided for in the Association's Articles, By-Laws, rules and regulations, as initially adopted, or as the same may hereafter be amended, and all the authority granted to the Association by this Declaration, either directly or by necessary implication.

ARTICLE FOUR

Membership

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

ARTICLE FIVE

Voting Rights

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

ARTICLE SIX

Property Rights in Common Areas

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

- (a) The right of the Association to limit the number of guests of Members, and to adopt rules and regulations;
- (b) The right of the Association to exclusive use and management of said Common Areas for utilities such as pipes, wires, conduits, and other utility equipment, supplies and material;
- (c) The rights reserved to the Developer in the Declaration;
- (d) The other restrictions, limitations and reservations contained or provided for in the Declaration and the Articles and Bylaws of the Association.

ARTICLE SEVEN

Maintenance and Common Expenses

Section One: The Association shall maintain the Common areas owned by it.

Section Two: Each Lot Owner hereby covenants and agrees to maintain his respective Lot and the Housing Unit located thereon in the same condition as a reasonably prudent homeowner would maintain his own home so that the entire Properties will reflect a high pride of ownership. If any Lot Owner shall fail to maintain his Lot or the Housing Unit located thereon in the same condition as a reasonably prudent homeowner, the Association shall have the right to notify said

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Lot Owner in writing of the maintenance required. If said maintenance shall not be performed within (30) days of the date said notice is delivered to the non-performing Lot Owner, the Association shall have the right to provide such maintenance, and to levy an assessment against the non-performing Lot Owner and his Lot for the cost of providing said maintenance. Said assessment shall constitute a lien against the Lot owned by the non-performing Lot Owner and may be collected in the same manner as any other monthly or special assessment and, if not paid within thirty (30) days after said assessment is levied, the Association shall have all remedies for collection as provided in Article Nine of the Declaration.

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Section Three: Certain expenses shall be paid by the Association for the benefit of all Lot Owners and shall be referred to as Common Expenses. The Common Expenses shall be paid by the Association from funds collected from assessments paid by Lot Owners as hereinafter provided. The Common Expenses shall include, but shall not be limited to, the following:

- (a) The expense of maintaining the Common Areas and equestrian/pedestrian trails;
- (b) The real property taxes upon the Common Areas;
- (c) The cost of maintaining all required insurance coverage on the Common Areas;
- (d) The cost of any repairs or replacement of the Common Areas and equestrian/pedestrian trails;
- (e) Utility charges attributable to the Common Areas owned by the Association;
- (f) The cost of operating the recreational facilities;
- (g) The cost of maintaining entrance improvements, including, but not limited to, signs, lights, fences, walls, plantings and landscaping;
- (h) The cost of maintaining landscaped islands or medians;
- (i) Contracting with a private septic system maintenance company or public agency to provide for triennial system inspections and pumping where necessary;
- (j) Costs associated with establishing and coordinating a transportation management plan which educates the Lot Owners and encourages their use of transit and ride-sharing facilities; and
- (k) Any other expense which shall be designated as a Common Expense in the Declaration or from time to time by the Association.

Section Four: Water service and street lighting service shall be furnished by Covington Water District, or its successors and assigns, to all lots covered by this Declaration. All such lots shall benefit from street lighting service, directly or indirectly, and each Lot Owner shall be required to pay street lighting monthly service charges. Unpaid charges for street lighting and for water service shall be a lien upon any lot or lots for which such charges remain unpaid for a period of fifteen (15) days from the date billed, provided notice of intent to file a lien shall be given to the Lot Owner at least ten (10) days prior to the filing of such lien with the King County Records and Elections Office.

ARTICLE EIGHT

Assessments

Section One: Each Lot shall be subject to monthly assessments or charges and certain special assessments in an amount to be determined by the Association.

Section Two: The Board of Directors of the Association shall determine the amount of monthly assessment necessary to pay Common Expenses. The amount of monthly assessment may be increased or decreased periodically as may be necessary from time to time to provide properly for payment of the Common Expenses. The amount of such monthly assessments shall be equal for all Lots subject to said monthly and special assessments; except that the monthly assessment for Lots owned by Developer which do not have a completed residence thereon shall not exceed Five Dollars (\$5) per month. The Association shall create and maintain from regular monthly assessments a reserve fund for replacement of those common areas which can reasonably be expected to require maintenance or replacement.

Section Three: The Association shall, upon written demand, furnish a certificate in writing setting forth whether the assessment on a specified Lot has been paid. A reasonable charge may be made for the issuance of the certificate.

Section Four: In addition to the monthly assessments authorized above, the Association, by and through its Board of Directors, may levy, in any year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of facilities in the Common Areas, including the necessary fixtures and personal property related thereto, provided, however, Lots owned by the Developer which do not have a completed residence shall not be subject to special assessments and the Developer shall not be obligated to pay any special assessments.

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

ARTICLE NINE

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

Section One: All assessments, together with interest hereon and cost of collection thereon, as herein provided, shall be a charge on the land and will be a continuing lien upon the Lot against which each such assessment is made. Said lien shall have all the incidents of a mortgage on real property. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due.

Section Two: If any assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from said date at the rate of eighteen (18%) percent per annum. Each Member hereby expressly vests in the Association, or its agents, the right and power to bring all actions against each Member personally for the collection of such assessments as a debt and to enforce lien rights of the Association by all methods for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage of real property, and such member hereby expressly grants to the Association the power of sale in connection with such liens. The liens provided for in this section shall be in favor of the Association, and shall be for the benefit of the Association. The Association shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. In the event the Association employs an attorney to enforce said liens, or the collection of any amounts due, or to enforce compliance with or specific performance of the Articles or By laws of the Association, rules or regulations adopted by the Association, or the provisions of the Declaration, the prevailing party in said action shall be entitled to the award of reasonable attorney's fees and costs incurred.

Section Three: In the event any Member shall be in arrears in the payment of the assessments due or shall be in default of the performance of any of the terms of the Articles and Bylaws of the Association, the rules or regulations adopted by the Association, or the Declaration for a period of thirty (30) days, said Member's right to vote shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied. In addition, the Association shall have such other remedies against such delinquent Members as may be provided in the Articles, Bylaws or Declaration.

ARTICLE TEN

Building, Use and Architectural Restrictions

Section One: The Developer hereby reserves for itself, its successors and assigns, the right to exercise any and all powers and controls herein given to the Board of Directors or its authorized representative in this Article of the Declaration. Said reserved right shall automatically terminate when the Developer no longer owns any Lot, or at such earlier time as said reserved right is relinquished to the Board of Directors of the Association. Each Lot shall be subject to this reserved right and the Developer and each Owner shall take subject thereto.

Section Two: Except as to construct, alteration, or improvements performed by the Developer, no construction activity of any type including clearing and grading, cutting or transplanting of natural vegetation may begin on a Lot and no building, structure or other improvement shall be erected, placed, or altered on any Lot or Tract until, at a minimum, the building plans, specifications and plot plan showing the nature, kind, shape, height, materials, exterior color and location of such building, structure or other improvement have been submitted and approved in writing by the Board of Directors of the Association or its authorized representative as to harmony of exterior design and location in relation to and its effect upon surrounding structures and topography. The minimum finished square footage of any house shall not be less than 1,200 square feet of ground coverage and have a living area of not less than 1500 square feet unless approved by the Board of Directors of the Association or its authorized representative. Further, no fences, hedges or walls shall be erected or altered and no exterior changes of any kind shall be made to any building including, but not limited to, exterior color changes, additions or alterations until such written approval shall have been obtained.

If the Board of Directors, or its authorized representative, shall fail to notify the Owner of its action for a period of thirty (30) days following the date of the submission of the required items to the Board of Directors, or its authorized representative, the Owner may proceed with the proposed work notwithstanding the lack of written approval by the Board of Directors or its authorized representative.

Section Three: No trailer, recreational vehicle, basement, tent, shack, garage, barn or other outbuilding or buildings or any structure of a temporary character erected or placed on the Properties shall at any time be used as living quarters except as hereinafter specifically authorized.

Section Four: No noxious or offensive activity shall be carried on upon any Lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to other Lot Owners.

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Section Five: No animal, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except cats, dogs, birds or fish may be kept if they are not kept, bred or maintained for any commercial purpose, and they shall not be kept in numbers or under conditions reasonably objectionable in a closely built-up residential community. Animals shall not be allowed to roam loose outside the limits of any Lot on which they are kept.

Section Six: No sign of any kind shall be displayed to public view on any Lot, except upon written approval of the Board of Directors, its authorized representative, or Developer as herein provided.

Section Seven: The exterior of any building, structure or other improvement, including front yard landscaping, shall be completed within nine (9) months from the commencement of construction so as to present a finished appearance when viewed from any angle, and all construction materials and debris shall be removed.

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

Section Nine: No radio or television antenna or transmitting tower or satellite dish shall be erected unless approved in writing as provided in this Declaration.

Section Ten: Except as hereinafter expressly provided, the Common Areas and/or streets located on the Properties shall not be used for the overnight parking of any vehicle other than private family automobiles; and no boat, boat trailer, house trailer, camper, truck or other recreational vehicle or similar object or on any part of the Properties, except as specified in Article 10, Section Sixteen.

Section Eleven: Setbacks. No building shall be located on any Lot nearer to the front lot line or nearer to the side street than the minimum building setback lines shown on the recorded plat. In any event, no building shall be located on any Lot nearer than 20 feet to the front line, or nearer than 15 feet to any side street line. No building shall be located nearer than 10 feet to an interior lot line (side yard lot line). No building shall be located on an interior Lot nearer than an average of 20 feet to the rear lot line. For purposes of this covenant, eaves, steps and open porches shall not be considered a part of a building, provided, however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot.

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Section Twelve: Roofs. Roofs on all buildings must be finished with cedar shakes or shingles unless approval for use of other material is granted by the Board of Directors or its authorized representative.

Section Thirteen: Driveways. All driveways shall be concrete or asphalt unless approval for use of other material is granted by the Board of Directors or its authorized representative.

Section Fourteen: Fences. No fence, wall or hedge shall be erected or placed on any lot unless prior written approval has been obtained as provided in this Declaration, except that nothing shall prevent the erection of a necessary retaining wall the top of which does not extend more than two feet above the finished grade at the back of said wall. Fences bordering common areas shall be of stained cedar or redwood, not to exceed six feet in height, with finished side facing common areas. No chain link fencing shall be visible from any street or common area. All fences shall be per approved standard fence design.

Section Fifteen: Business & Commercial Use. Except for builder's temporary sales offices and model homes, no Lot shall be used for other than one detached single family dwelling with parking for not more than three cars, plus a recreational vehicle and/or boat, owned by the Lot Owner, per the restrictions and limitations as specified in Article 10, Section 16, and no trade, craft business, commercial or manufacturing enterprise or business or commercial activity of any kind shall be conducted or carried on upon any lot or within any building located on a lot; nor shall any goods, materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, be kept or stored, outside any building on any lot; nor shall any goods, used for private purposes and not for trade or business be kept or stored outside any building on any lot.

Section Sixteen: Vehicles. No recreation vehicles, including but not limited to boats, campers and trailers - whether operable or not - of any kind shall be parked, stored, maintained, or constructed on any lot or street unless it is screened from the street and all adjacent lots by a decorative privacy screen, fence or other means as approved by the Board of Directors or its authorized representative.

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

The Board of Directors or its authorized representative shall give written notice of a violation to the Lot owner or occupant and said Lot Owner or occupant shall have ten (10) days from the date of receipt of said written notice to take whatever actions are necessary to remedy

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period, the Board of Directors or its authorized representative is hereby granted the right to remove at the expense of the owner thereof, any boats, trailers, campers, trucks, recreational vehicles, or similar items which are parked or stored in violation of the terms and provisions hereof. Said Lot Owners hereby grant to the Association an express easement for the purpose of going upon the Lots of said Lot Owners or public streets for the purpose of removing said boats, trailers, campers, trucks, recreational vehicles, or similar items which are parked or stored in violation of the terms and provisions hereof.

Section Seventeen: Signs. All signs and advertising devices for display to public view are prohibited except one sign, not to exceed 18 inches by 24 inches, advertising the Lot (whereon posted) for sale or rent by the owner thereof, or such owner's authorized agent. In addition to other rights reserved to the Developer or its successors or assigns in the Declaration, the Developer hereby reserves for itself, its successors or assigns so long as it owns any lot, the right to maintain upon the Properties such signs as in the sole opinion of the Developer are required, convenient or incidental to the merchandising and sale of lots.

ARTICLE ELEVEN

Easements

Section One: There is no easement of view, light or air expressed or implied from the terms and provisions of this Declaration over, upon or across any portion of the Properties.

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

ARTICLE TWELVE

Mortgage Protection

Section One: As used in this Article Twelve, references to mortgage or mortgages shall be deemed to include deeds of trust.

Section Two: Notwithstanding and prevailing over any other provisions of the Declaration, the Association's Articles of Incorporation or Bylaws, or any rules, regulations or management agreements, the following provisions shall apply to and benefit each Institutional First Mortgagee given for the purpose of obtaining funds

for the construction or purchase of a Housing Unit on any Lot or the improvement of any Lot.

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

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

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

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

Section Seven: 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 or housing unit as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm the particular superior security interest.

Section Eight: 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 designate a representative to attend all such meeting.

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Section Nine: The Association shall not, without the prior written approval of sixty-seven percent (67%) of Institutional First Mortgagees, seek to abandon or terminate the project for reasons other than substantial destruction or condemnation of the property.

Section Ten: Institutional First Mortgagees shall be entitled to timely written notice of: (a) substantial damage or destruction of any housing unit or any part of the Common Areas or facilities; (b) any condemnation or eminent domain proceedings involving any housing units or any portion of Common Areas or facilities; (c) any default 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; (d) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any housing unit on which it holds the mortgage; (e) ten (10) days' prior written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintenance by the Association; and (f) any proposed action that requires the consent of a specified percentage of Institutional First Mortgagees.

ARTICLE THIRTEEN

Management Contracts

Each member hereby agrees that the Association may enter into such agreements for the performance of any or all of the functions of the Association with such persons or entities as the Association shall deem fit and proper in its judgement and discretion; provided, however, any agreement for professional management of the Properties, or any other contract providing for services by the Developer must provide for termination by either party without cause or payment of a termination fee on ninety (90) days, or less, written notice and the maximum contract term shall be three (3) years.

ARTICLE FOURTEEN

Insurance and Condemnation

Section One: The Association shall purchase as a Common Area Expense and shall have authority to and shall obtain insurance for the Common Areas against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement in the event of damage or destruction. It shall also obtain a comprehensive public liability policy covering the Common Areas. Said comprehensive public liability coverage shall be in an amount to be determined by the Association, but shall not be less than \$1,000,000 concerning all claims for personal injury and/or property damage arising out of a single occurrence.

Following the development period, all such insurance coverage shall be written in the name of the Association as trustee for each of the

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

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

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

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

In the event of damage or destruction by fire or other casualty to any Housing Unit, the Owner thereof shall, upon receipt of the insurance proceeds, contract to repair or rebuild such damaged or destroyed portions in a good workmanlike manner in conformance with the original plans and specifications of said Housing Unit. The plans and specifications for said damaged or destroyed Housing Unit may be modified and said damaged or destroyed Housing Unit may be reconstructed in accordance with said modified plans and specifications if the Owner of said damaged or destroyed Housing Unit secures the approval of the Association or the Developer, as the case may be as provided in the Declaration. In the event such Owner refuses or fails

to commence such repair or rebuilding within thirty (30) days after such damage or destruction, unless such period is otherwise extended by the Association, the Association is hereby authorized by such Owner, if the Association so desires, to repair, rebuild or clear and clean up any such Housing Unit. Any rebuilding shall be done in a good and workmanlike manner in conformance with the original plans and specifications. The Owner shall then repay the Association the amount actually expended for such repairs and reconstruction, and the Housing Unit shall be specially assessed in such amount pursuant to Article Eight herein. The Association shall have a lien against the Housing Unit for such amount and the rights provided in the Declaration for the enforcement of said lien and assessment.

Section Five:

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5.1 Consequence of Condemnation; Notices. If at any time or times during the continuance of the Housing Unit ownership pursuant to this Declaration, all or any part of the Property shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in advance thereof, the provisions of this Section 5 shall apply, and notice of the proceeding or proposed acquisition shall promptly be given to each Owner and to each Institutional First Mortgagee.

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

ARTICLE FIFTEEN

Rules and Regulations

The Association and/or its Board of Directors is hereby authorized and empowered to adopt rules and regulations governing the use of the Properties and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof. All Lot Owners shall be given written notice of said rules and regulations and said rules and regulations shall be posted in a conspicuous place in the Common Areas.

ARTICLE SIXTEEN

Remedies and Waiver

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

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

ARTICLE SEVENTEEN

Benefits and Burdens Run with the Land

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

ARTICLE EIGHTEEN

General Provisions

Section One: The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to

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corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

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

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

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

Section Five: In the event the Association employs an attorney to enforce any provision of the Declaration, the Articles or Bylaws of the Association, or rules and regulations adopted by the Association, the prevailing party in said action shall be entitled to the award of reasonable attorney's fees and costs incurred in said action.

Section Six: Any notice required by the Declaration or the Articles or Bylaws of the Association or the rules and regulations adopted by the Association shall be deemed properly given if mailed by ordinary mail to the last address furnished to the Developer or the Association, and said notices shall be deemed given when deposited in a United States Post Office.

ARTICLE NINETEEN

Amendment and Revocation

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

Section Two: During the development period, the Developer 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, Veterans Administration or

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Federal Home Loan Mortgage Corporation simply by recording an acknowledged document setting forth specifically the provisions amending this instrument.

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

- 3.1 Voting rights;
- 3.2 Assessments, assessment liens and subordination of such liens;
- 3.3 Reserves for maintenance, repair and replacement of Common Areas;
- 3.4 Insurance or fidelity bonds;
- 3.5 Responsibility for maintenance and repair;
- 3.6 Expansion or contraction of the project or the addition, annexation or withdrawal of property to or from the project;
- 3.7 The boundaries of any Lot;
- 3.8 Leasing of Housing Units other than as set forth herein;
- 3.9 Imposition of any restrictions on the right of an Owner to sell or transfer his or her Lot;
- 3.10 Decision by the Association to establish self-management when professional management had been required previously by an Institutional first Mortgagee;
- 3.11 Restoration or repair (after hazard damage or partial condemnation) in a manner other than that specified in this Declaration.
- 3.12 Any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or
- 3.13 Any provisions which are for the express benefit of Institutional First Mortgagees.

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