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DOCUMENT TITLE(S): SUPPLEMENTAL DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR THE RIDGESTONE NEIGHBORHOOD
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: NONE
GRANTOR(S): (DECLARANT) RIDGESTONE BUILDERS LLC
GRANTEE(S): RIDGESTONE
LEGAL DESCRIPTION (SECTION, TOWNSHIP, RANGE) Lot 1 of Snoqualmie Ridge Plat 21, Vol. 238 of Plats, Pages 90 – 93, records of King County, Washington. Additional legal is on Exhibit A of the document
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER 352407-9006, 9007 + 9008 Not yet assigned

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**SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS
 AND RESTRICTIONS
 OF THE
 RIDGESTONE NEIGHBORHOOD
 KING COUNTY, WASHINGTON
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**SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS
 AND RESTRICTIONS
 OF THE
 RIDGESTONE NEIGHBORHOOD
 CITY OF SNOQUALMIE
 KING COUNTY, WASHINGTON**

THIS SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF THE RIDGESTONE NEIGHBORHOOD (the "Declaration") is made as of this _____ day of May, 2007 by RIDGESTONE BUILDERS, LLC, a Washington limited liability company, hereinafter referred to as "Declarant."

RECITALS

A. Declarant owns certain real property located within the State of Washington, which property and improvements are commonly known as RIDGESTONE (the "Project"), and is located on land more particularly described in Exhibit A attached hereto and incorporated herein (the "Property").

B. All Common Areas of the Project are to be shown on the Final Plat recorded in conjunction with, and/or described in, this Declaration.

C. For the benefit and protection of the Project, to enhance its value and attractiveness, and as an inducement to lenders and investors to make and purchase loans secured by Homes and Lots within the Project, Declarant agrees to provide herein for a method of use and architectural control within the Project.

D. By recording this Declaration, Declarant intends to create a Neighborhood within the Snoqualmie Ridge Phase II Master Plan community, and to assign certain rights and duties related to this Neighborhood Declaration to the Ridgestone Homeowners Association, established in the manner provided in the Master Declaration and in this Declaration. Unless otherwise defined herein, all capitalized terms shall have the same meaning as provided in the Master Declaration. For purposes of this Declaration, "Homes and Lots", when used in conjunction, shall have the same meaning as "Units", as defined in the Master Declaration.

NOW, THEREFORE, Declarant hereby declares that the Homes and Lots described herein shall be held, conveyed, encumbered, leased, rented, used, occupied and improved subject to the following uniform covenants, conditions, restrictions, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes.

Any conveyance, transfer, sale, assignment, lease or sublease of a Home or Lot in the Project, shall and hereby is deemed to incorporate by reference all provisions of this Declaration. The provisions of this Declaration shall be enforceable by Declarant, any Owner, the Association, and any first mortgagee of any Home or Lot.

DEVELOPMENT PLAN

A. The Project, as defined in Section 1.5, is being developed pursuant to the ordinances, rules and regulations of the jurisdiction in which the Project is located and the requirements of the Mixed Use Final Plan for Snoqualmie Ridge (the "Master Plan"), as amended, Notice of which was recorded under King County Recording No. 9607300508, and as now or hereafter approved and amended..

B. The Project will consist of 104 attached single family dwellings on fee simple Lots, configured in 25 separate buildings, and related common areas and facilities.

C. The Project (and all Lots, Homes and Common Areas, and all having any interest therein) and this Declaration shall be subject to: (1) the Declaration of Covenants, Conditions and Restriction for Snoqualmie Ridge Residential Property recorded under King County Recording No. 9704250998, as amended (the "Master Declaration"), and the Residential Design Guidelines adopted thereunder ; and (2) the Articles of Incorporation, Bylaws and Rules and Regulations of the

Snoqualmie Ridge Residential Owners Association ("Master Association"). The documents referred to in the preceding sentence are herein collectively referred to as the "Master Documents".

D. In the event of any conflict between the provisions of this Declaration and Master Documents, the provisions of the Master Documents shall control.

E. This Declaration provides that the Association created hereunder, and the Master Documents provide that the Master Association, shall each be responsible for exercising various rights, duties, powers and obligations ("Association Functions"). So long as the Master Association is performing a particular Association Function with respect to the Project, the Association created hereunder shall not attempt to perform that Association Function.

ARTICLE 1
INTERPRETATION

1.1 **Liberal Construction.** The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Project. Except as otherwise expressly provided herein, this Declaration is not intended to provide the Owners or the Association with any legal rights in addition to those available under RCW 64.38.020 and the express warranties provided by Declarant. Specifically, references to "Shared Elements" contained in this Declaration are intended solely to provide the Owners with effective procedures to maintain and operate those portions or components of their Homes which affect more than one Home or Owner. It is the responsibility of the Owners, not the Association, to maintain and operate their Homes, including Shared Elements, as defined in this Declaration. The dispute resolution provisions of this Declaration that provide rights to the Association and the Board with respect to Shared Elements are intended to apply only to disputes as between Owners. The dispute resolution provision is not intended to apply to any disputes that may arise as between Owners and Declarant or the Association and Declarant.

1.2 **Covenant Running with Land.** Declarant hereby makes this Declaration for the purpose of submitting the Property to this Declaration, and declares that the Property shall be held, sold, conveyed, encumbered, leased, rented, occupied and improved subject to the following covenants, conditions, restrictions, reservations, grants of easement rights, rights of way, liens, charges and equitable servitudes, which are for the purpose of protecting the value and desirability of the Property. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns. Any conveyance, transfer, sale, assignment, lease or sublease of a Lot shall and hereby is deemed to incorporate by reference all provisions of this Declaration. Except to the extent otherwise provided in Section 1.1, the provisions of this Declaration shall be enforceable by Declarant, any Owner, the Association, and any first Mortgagee of any Lot.

1.3 **Declarant is Original Owner.** Declarant is the original Owner of all Lots and Common Areas and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Lots or the Common Areas are filed of record.

1.4 **Captions.** Captions given to the various articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof.

1.5 **Definitions.**

1.5.1 "Assessments" shall mean all sums chargeable by the Association against a Lot, including, without limitation: (a) general and special Assessments for Common Area Expenses and, to the extent provided in this Declaration, Shared Element Costs; (b) charges and fines imposed by the Association; (c) interest and late charges on any delinquent account; and (d) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account. The Assessments levied pursuant to this Declaration shall be in addition to any assessments levied pursuant to the Master Declaration, as more specifically provided therein.

1.5.2 "Association" shall mean the association of Owners provided for in Article 4 and its successors and assigns.

1.5.3 "Board" shall mean the Board of Directors of the Association provided for in Article 5.

1.5.4 "Builder" shall mean a person or entity that acquires title to one or more Lots for the purpose of, in the ordinary course of business, of constructing Homes for resale.

1.5.5 "Cluster" shall mean each group of 3, 4, 5 or 6 Homes that are attached, and each Cluster constitutes one of the 25 buildings within the Project.

1.5.6 "Common Areas" shall mean, all real property (including the improvements thereto) owned by the Association or, in the case of Tract TR-1, by the City of Snoqualmie, and maintained by the Association for the common use and enjoyment of the Owners and shall include all Common Area described on the Final Plat or in this Declaration, including without limitation: roadside swales/rain gardens and bio-filtration facilities; irrigation lines located in the public rights of way; landscaping within public rights of way, Common Areas and individual Lots; planter and buffer strips; common greens; open space tracts; parks; and stormwater facilities, including lines located in the public rights of way. Tract TR-2 is owned and shall be maintained by the Master Association.

1.5.7 "Common Area Expenses" shall mean those actual expenses incurred by the Association and paid by Assessments levied against Lots arising from maintenance, repair and restoration of the Common Areas for the benefit of the Members. The Master Declaration refers to these expenses as "Neighborhood Expenses".

1.5.8 "Common Area Expense Percentage" shall mean the portion of the Common Area Expenses which each Lot Owner must pay. The Common Area Expense Percentage for all Lots shall be based on the Lot sizes, as stated in Exhibit B, as that exhibit may be amended by Declarant to reflect material differences between projected and actual areas of the Lots, as constructed.

1.5.9 "Declarant" shall mean the undersigned (being the sole Owner of the Property) and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant.

1.5.10 "Declaration" shall mean this declaration and any amendments thereto.

1.5.11 "Exterior Siding" shall mean the siding and other components typically included in a building envelope, including without limitation flashing, but shall specifically exclude windows and doors and, for purposes of this Declaration, shall be limited to the Exterior Siding affecting more than one Owner and more than one Home, such as along property boundaries.

1.5.12 "Final Plat" shall mean the Final Plat recorded in conjunction with this Declaration (or amendments thereto) which Final Plat depicts the layout of the Lots on the Property.

1.5.13 "Home" shall mean and refer to any Structure, or portion of a Structure, located on a Lot, which Structure is designed and intended for use and occupancy as a residence or which is intended for use in connection with such residence.

1.5.14 "Lot" shall mean and refer to any plot of land shown upon any recorded Final Plat of the Property, excluding Common Areas. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on such Lot. "Lot" shall not include any land now or hereafter owned by the Association or by all of the Lot Owners as tenants-in-common, nor include any land shown on the Final Plat but dedicated to the public or to a governmental entity.

1.5.15 "Master Association" shall mean the Snoqualmie Ridge Residential Owners Association, and the Association created by this Declaration is a "Neighborhood Association" as defined in the Master Declaration.

1.5.16 "Master Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for Snoqualmie Ridge Residential Property recorded under King County Recording No. 9704250998, as thereafter amended.

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

1.5.18 "Mortgagee" shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Lot created by mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate

contract for the sale of a Lot. "Eligible Mortgagee" means a Mortgagee of a Lot that has filed with the secretary of the Association a written request that it be given copies of notices of any action by the Association that requires the consent of Mortgagees.

1.5.19 "Notice and Opportunity to be Heard" shall mean the procedure wherein the Board shall give written notice of the proposed action to all Owners, tenants or occupants of the Lots whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, which shall be not less than ten days from the date notice is delivered by the Board. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the Board to assure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the Board. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

1.5.20 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, and, except as may be otherwise expressly provided herein, shall, in the case of a Lot which has been sold pursuant to a real estate contract, include any person of record holding a vendee's interest under such real estate contract, to the exclusion of the vendor thereunder. Any person or entity having such an interest merely as security for the performance of an obligation shall not be considered an owner.

1.5.21 "Person" shall include natural persons, partnerships, corporations, associations and personal representatives.

1.5.22 "Property," "Project," or "Premises" shall mean the land described in Exhibit A (and amendments thereto) and all improvements and structures thereon.

1.5.23 "Shared Elements" shall mean, for each Cluster, certain elements located on the exterior of the Homes, as follows: only insofar as it affects more than one Home, the roof; Exterior Siding, but only insofar as the Exterior Siding affects more than one Home, such as along property boundaries, and not including the Exterior Siding within the boundaries of a Lot that affects only a single Home; and storm collection and detention facilities such as gutters, downspouts, catch basins and lines. Shared Elements also shall include utilities and utility systems, to the extent they serve more than one Home. However, notwithstanding the foregoing, it shall be the responsibility of the Association to maintain, operate and replace the irrigation system and the portion of the fire alarm system within each Cluster that serves more than one Home, and the costs associated with such obligations shall be deemed Common Area Expenses.

1.5.24 "Shared Element Costs" shall mean those costs incurred and paid by the Cluster Owners or by the Association, as the case may be, to maintain, restore and repair Shared Elements, and shall be allocated to each Owner in proportion to the benefit received.

1.5.25 "Shared Element Cost Liability" shall mean the allocation of Shared Element Costs to the affected Cluster Owners, in proportion to the benefit received. Costs necessary to correct a condition that does not involve a Shared Element shall not be deemed a Shared Element Cost Liability and shall be incurred and paid solely by the Owner whose Home is affected. For example, a repair or replacement of the entire roof affecting all Homes within a Cluster would be a Shared Element Cost Liability, but the repair of a single roof leak affecting a single Home would be the sole responsibility of that Owner.

1.5.26 "Structure" shall mean a Home and any other building, fence, hedge, wall, rockery, pole, driveway, utilities, walkway, patio, antenna, play structure or equipment, swimming pool, hot tub, spa, dog run, fountains, statuary, basketball hoop, or the like, whether seasonal, temporary (collapsible or otherwise) or permanent.

1.6 Percentage of Mortgagees. For purposes of determining the percentage of first mortgagees approving a proposed decision or course of action, a mortgagee shall be deemed a separate mortgagee for each Lot on which it holds a mortgage that constitutes a first lien on said Lot.

1.7 **Percentage of Owners.** For purposes of determining the percentage of Owners approving a proposed decision or course of action, an Owner shall be deemed a separate Owner for each Lot owned.

ARTICLE 2 OWNERSHIP OF COMMON AREAS

2.1 **Common Areas Conveyed to Association.** The Common Areas consist of the following: Tracts O-1, O-2, O-3, O-5, O-6, O-7, O-8, O-9 and O-10, which Declarant grants and conveys to the Association upon recording of the Final Plat. The entirety of Tracts O-1, O-2, O-5, O-9 and O-10 are subject to an easement for utilities. Tracts O-1, O-2, O-5 and O-6 are subject to an easement for public pedestrian access. Declarant dedicates and conveys Tract TR-1 to the City of Snoqualmie, upon recording of the Final Plat, for utility purposes, but the Association shall remain responsible for the maintenance, repair and replacement of any improvements located thereon, except those utilities owned and maintained by utility providers. Except as provided in Section 2.2, and except for Tract TR-1, the Common Areas within the Property and referred to in Section 1.5 and this Section 2.1 have been or will be conveyed to the Association upon recording of the Final Plat. In the event the Association should be dissolved, then each Lot shall be deemed to have an equal and undivided interest in the Common Areas pursuant to Section 2.2.

2.2 **Common Areas Conveyed to Lots.** Notwithstanding Section 2.1, if the Final Plat provides that a particular Common Area Tract is granted and conveyed to the Lots, then each Lot shall have an equal and undivided interest in that particular Common Area upon the recording of the Final Plat; provided, that (a) such undivided interest in such Common Area shall be appurtenant and inseparable from the ownership of a Lot; (b) such undivided interest shall not be subject to any right of partition; and (c) the provisions of the Declaration and the Final Plat shall control over any conflicting principals of common law applicable to tenancy in common interests.

2.3 **Dedicated Common Areas.** The Common Areas shall exclude those portions of common areas (and improvements thereto), which have been or may hereafter be, dedicated to and owned by a governmental entity, except insofar as the Association remains liable for maintenance of Tract TR-1.

2.4 **Control of Common Areas.** The Common Areas (regardless of whether conveyed to the Association, or to the Lots) shall for all purposes be under the control, management and administration of the Declarant until all Class B membership (as defined in Section 4.4.1) terminates, and under the control, management and administration of the Association thereafter. The Association (and the Owners who are members thereof) have the responsibility and obligation to maintain, repair and administer the Common Areas in a clean, attractive, sanitary and safe condition and in full compliance with applicable governmental laws, rules and regulations and the provisions of this Declaration.

ARTICLE 3 OWNER'S PROPERTY RIGHTS

3.1 **Owners' Easements of Enjoyment.** Every Owner shall have a non-exclusive right and easement, in common with all Owners, of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

3.1.1 The right of the Association to limit access to those portions of the Common Areas, which in the opinion of the Board are dangerous.

3.1.2 The right of the Association to suspend the voting rights of an Owner and/or the right to use of the Common Areas by an Owner for: any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations. Until all Class B membership terminates, the Association shall be required to exercise its right to suspend the voting rights of, and the right to the use of the Common Areas by, a member for non-payment of an assessment, upon the request of the Declarant.

3.1.3 The rights of the Association to dedicate or transfer all or any part of the Common Area, including easements across said properties, to any public agency, authority, or utility for such purposes and subject to such conditions as may

be agreed to by the members of the Association. No such dedication or transfer shall be effective unless approved by seventy-five percent (75%) of the Owners and the provisions of Article 14 hereof have been observed; provided, only a majority of Owners will be necessary to approve dedicating a storm retention pond or similar facility, if any, to a governmental entity which shall maintain such facility.

3.1.4 The right of the Association to limit the number of guests of members that have use of any recreational facilities located within the Common Areas;

3.1.5 The right of the Association, in accordance with this Declaration and its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, but the rights of such mortgages in said property shall be subordinate to the rights of the Owners hereunder and subject to the provisions of Section 11.1;

3.1.6 Until all Class B membership terminates, the exercise of all of the rights and powers set forth in subsections 3.1.2, 3.1.3, 3.1.4, and 3.1.5 shall require the prior written approval of Declarant.

3.1.7 To the extent required by the Master Declaration and that certain Declaration of Easements and Covenants to Share Costs for Snoqualmie Ridge recorded under King County Recording No. 9807201530, as amended (the "Covenants"), the Common Areas also shall be subject to easements for the benefit of the Master Association and other Owners within the Snoqualmie Ridge Master Plan community; and

3.1.8 Utility, access, sensitive area buffer and other easements as are set forth, reserved and conveyed on the face of the Final Plat and in this Declaration.

3.2 Delegation of Use. Any Owner may delegate (in accordance with the Bylaws), his right of enjoyment to the Common Areas and facilities to the members of his family, or his tenants or contract purchasers who reside on the Property, and (subject to regulation by the Association) to his temporary guests.

ARTICLE 4 OWNERS' ASSOCIATION

4.1 Establishment. There is hereby created an association to be called RIDGESTONE HOMEOWNERS' ASSOCIATION (referred to hereinafter as the "Association"). The Association shall be a Neighborhood Association as defined in the Master Declaration and shall function in accordance with the requirements of the Master Declaration and this Declaration.

4.2 Form of Association. The Association shall be a nonprofit corporation formed and operated pursuant to RCW Title 24. In the event of any conflict between this Declaration and the Articles of Incorporation for such nonprofit corporation, the provisions of this Declaration shall prevail.

4.3 Membership.

4.3.1 Qualification. Each Owner of a Lot in the Project (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Lot so owned. Ownership of a Lot shall be the sole qualification for membership in the Association.

4.3.2 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, conveyed, pledged or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

4.4 Voting.

4.4.1 **Classes of Voting Membership.** The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners except the Declarant. Class A members shall be entitled to one vote for each Lot owned.

Class B. The Class B member shall be the Declarant, which shall be entitled to three (3) votes for each Lot owned.

4.4.2 **Termination of Class B Membership.** The Class B membership of a Declarant shall cease and be converted to Class A membership on the happening of the first of the following events:

(a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) The date when Declarant's management powers terminate, as provided in Section 5.2.

4.4.3 **Combining Class A and B Votes.** In determining whether any given proposition shall have been approved by the membership, the total number of Class A and Class B votes shall be combined and the appropriate percentage applied against that combined number.

4.4.4 **Number of Votes.** Except as provided above, the total voting power of all Owners shall equal the number of Lots at any given time and the total number of votes available to Owners of any one Lot shall be one vote.

4.5 **Bylaws of Association.** Bylaws for the administration of the Association and the Property, and to further the intent of this Declaration, shall be adopted or amended by the Owners at a regular or special meeting; provided, that the initial Bylaws shall be adopted by Declarant. In the event of any conflict between this Declaration and any Bylaws, the provisions of this Declaration shall prevail.

4.6 **Board of Directors.** The Association shall be managed by a Board of Directors who are members of the Association. Until the Declarant's Class B membership has ceased, Declarant shall appoint the members of the Board. Thereafter, they shall be elected by the members of the Association, as set forth in the Bylaws.

ARTICLE 5 MANAGEMENT OF THE ASSOCIATION

5.1 **Administration of the Property.** The Owners covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration and the Bylaws of the Association, which are made a part hereof.

5.2 **Management by Declarant.** The Property shall be managed by the Declarant until the earlier of: (a) one hundred twenty (120) days after all Class B membership terminates; or (b) the date on which Declarant elects to permanently relinquish all of its authority under this Section 5.2 by written notice to all Owners. Declarant, so long as it is managing the Property, or a managing agent selected by Declarant, shall have the exclusive power and authority to exercise all the rights, duties and functions of the Board set forth or necessarily implied in this Declaration; provided, however, that if entered into before the Board elected by Owners pursuant to Section 5.3 takes office, (1) any management contract, employment contract, or lease of recreational or parking areas or facilities, (2) any other contract or lease between the Association and the Declarant or an affiliate of a Declarant, or (3) any contract or lease that is not bona fide or was unconscionable to the Owners at the time entered into under the circumstances then prevailing may be terminated without penalty by the Association at any time after the Board elected by the Owners pursuant to Section 5.3 takes office upon not less than ninety days' notice to the other party or within such lesser notice period provided for without penalty in the contract or lease.

5.3 Management by Elected Board of Directors. At the expiration of Declarant's management authority under Section 5.2, administrative power and authority shall vest in a Board of Directors elected from among the Lot Owners. The number of directors shall be specified in the Bylaws and shall be sufficient to adequately handle the affairs of the Association. Except as otherwise provided herein, decisions shall be determined by a majority vote of the directors entitled to vote. The Board may delegate all or any portion of its administrative duties to a managing agent or officer of the Association. All Board offices shall be open for election at an organizational meeting. The Board shall elect from among its members a president who shall preside over meetings of the Board and the meetings of the Association.

5.4 Authority and Duties of the Board. On behalf of and acting for the Association, the Board (or the Declarant or Declarant's managing agent as provided in Section 5.2 hereof), for the benefit of the Project and the Owners, shall have all powers and authority permitted to the Board under this Declaration, including but not limited to the following:

5.4.1 Assessments. Establish and collect regular Assessments (and to the extent necessary and permitted hereunder, special Assessments) to defray expenses attributable to carrying out its duties hereunder and maintain an adequate reserve fund for the maintenance, repair and replacement of those portions of the Common Areas or facilities which must be maintained, repaired or replaced on a periodic basis, which reserve shall be funded by the above Assessments.

5.4.2 Service. Obtain the services of persons or firms as required to properly manage the affairs of the Project to the extent deemed advisable by the Board including legal and accounting services, property management services as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Project, whether such personnel as the Board shall determine are necessary or proper for the operation of the Project, and whether such personnel are employed directly by the Board or are furnished by the manager or management firm or agent.

5.4.3 Utilities. Obtain water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service, including utility easements and street lighting, as required for the Common Area.

5.4.4 Insurance. Obtain and pay for policies of insurance or bonds providing:

- (a) Common Area casualty and liability coverage;
- (b) Fidelity of Association officers and other employees.

Insurance under clauses (a) and (b) be in accordance with the requirements set forth herein.

5.4.5 Common Area Maintenance/Repair. Pay for the costs of painting, maintenance, repair and all landscaping and gardening work for the Common Areas and improvements located thereon and for the Lots, to the extent described in Section 5.4.9(b) below, so as to keep the Property in a good, clean, attractive, sanitary and safe condition and in full compliance with applicable governmental laws, rules and regulations and the provisions of this Declaration. Except to the extent otherwise performed by the Master Association, the foregoing shall include: the cost of maintaining the storm retention ponds or similar facility, if any; and such replacing and repairing of furnishings and equipment, if any, for the Common Area as the Board shall determine are necessary and proper. In furtherance of the foregoing, the Board shall be entitled to require that such maintenance work shall be performed by a professional management/maintenance company capable of performing such work.

5.4.6 Maintenance of Rights of Way, etc. To the extent deemed advisable by the Board, pay for the costs of maintaining and landscaping rights of way, traffic islands and medians, or other similar areas which are within or adjacent to the Project boundaries, and which are owned by or dedicated to a governmental entity, if said governmental entity fails to do so.

5.4.7 Fences, etc. Each Owner is responsible for one half of the costs of maintaining a fence along an interior

property line, and for all of the costs of maintaining a fence located solely on his Lot, along the exterior property line. The Association shall pay for the cost of maintaining, repairing and replacing fences located on Common Areas.

5.4.8 Defaulting Owner. If the Owner ("Defaulting Owner") of a Lot fails to perform their obligations under Section 5.4.9 or otherwise under this Declaration, including, without limitation, the obligation to pay that Defaulting Owner's share of maintenance, repair or restoration of Shared Elements, the other Cluster Owners or the Owner(s) of the adjoining Home(s) may perform such action or make such payment. The Defaulting Owner shall promptly reimburse that Owner or those Owners for all costs and expenses (including attorneys' fees and costs) incurred with interest thereon at twelve percent (12%) per annum until paid and any amounts not so paid shall become a lien on the Lot of the Defaulting Owner in accordance with the provisions of Chapter 60.04 RCW. This remedy shall be in addition to the remedy provided to the Board and the Association under Section 5.4.9(a)(i).

5.4.9 Lot and Home Maintenance - Association and Owner Responsibilities

(a) **Shared Elements.** Each Owner, at the Owner's cost and expense, shall promptly and continuously maintain, repair, replace and restore all portions of the Home and other Structures or improvements on the Owner's Lot (except as provided in Subsection (b)) in a sound, good, clean, attractive, safe and sanitary condition and in full compliance with all applicable laws, the provisions of this Declaration, and any rules and regulations of the Association. Each group of affected Owners within a Cluster (the "Cluster Owners") shall be responsible for maintaining, repairing and replacing the Shared Elements within the Cluster, and each affected Owner shall pay their proportionate share of the Shared Element Costs associated with such maintenance, repair and replacement, in proportion to the benefit received.

(i) Such maintenance, repair or replacement of Shared Elements shall be performed at such time as the affected Cluster Owners consider necessary to preserve and protect the appearance and condition of the Homes as part of a systematic program based on the estimated useful life of the Shared Elements. If the affected Cluster Owners are in disagreement regarding the necessity to perform a particular repair or any other matter pertaining to maintenance, repair or replacement of Shared Elements, the Cluster Owners shall submit their dispute to the Board, who, after Notice and Opportunity to be Heard, shall issue a decision. If any Owner disagrees with the decision, that Owner may proceed to mediation and, as necessary, arbitration, in conformance with the provisions of Article 18. If, after issuance of a decision, an Owner fails to contribute their share of the Shared Elements Costs, the other Cluster Owners may proceed to perform the work, or, with majority consent, may request the Board to cause the work to be performed, and the Association shall levy a special Assessment against the non-contributing Owner for their proportionate share of the Shared Elements Costs.

(ii) Within each Cluster, the Association is hereby authorized to levy as part of the regular Assessments or as special Assessments to fund Shared Elements Costs, other exterior maintenance of the Homes, insurance on the Homes, or replacement reserves, if so directed by petition signed by a majority of the Cluster Owners. The Board shall attempt to calculate the contributions of any reserve fund so that sufficient funds are on deposit to pay the estimated costs of such work at the end of the estimated useful life of the Shared Elements. The reserve fund so created shall be the primary source of payment of the actual cost of such work; but, if the reserve fund so created should at any time prove insufficient, a special Assessment shall be levied to cover such insufficiency.

(iii) At its sole discretion, or at the request of a majority of Owners, the Board may promulgate rules and regulations governing performance of work on Shared Elements, including without limitation, selection and approval of the persons who shall actually perform said work, the methods and materials to be used and any other rules and regulations pertaining to such work.

(b) **Yard and Landscaping.** The Association shall have the right to regulate and maintain yards and landscaping in accordance with the following provisions:

(i) The Association shall be responsible for maintaining (in accordance with the standards established by the Board or the Architectural Control Committee) the yard and landscaping of each Home (excluding any portion of a Lot enclosed with a fence or any other portion that the Board shall elect, at its sole discretion). Declarant hereby reserves an easement over

each Lot for such purposes, for the benefit of the Board, on behalf of the Association, and its agents, contractors and employees. Such maintenance work shall include grass cutting, garden bed weeding and tree and shrub replacement. The cost of maintaining the yard and landscaping shall be a Common Area Expense. Such maintenance work shall not include snow removal, which shall be the sole responsibility of each Owner. Each Owner also shall be responsible for maintaining that portion of the Lot not otherwise maintained by the Association, at the Owner's expense, and in accordance with Association standards.

(ii) Nothing herein shall prohibit the Board from requiring or permitting any Owner, at said Owner's expense, to perform the maintenance obligations imposed on the Association in this Section. In the event that the Board shall require or permit an Owner to so perform, the Board shall nonetheless in its sole discretion have the right to establish the standards, rules and regulations pertaining to such landscaping and maintenance work.

5.4.10 Lien/Encumbrance. The Board may pay any amount necessary to discharge any lien or encumbrance levied against the Common Areas or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Common Areas, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Lots responsible to the extent of their responsibility.

5.4.11 Enforce Declaration. Enforce the applicable provisions of the Declaration for the management and control of the Project.

5.4.12 Materials, Services, etc. Contract and pay for any materials, supplies, labor or services which the Board should determine are necessary or proper for the enforcement of this Declaration, including legal, accounting, management or other services; provided that if for any reason any materials, supplies, labor or services are provided for particular Lots or their Owners, the cost thereof shall be specially charged to the Owner of such Lots.

5.4.13 Authority of Association. Each Owner authorizes the Board and the Association to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Property, to deal with the Property upon damage or destruction, and to secure insurance proceeds, including a right of entry onto each Lot to enable the Board complete its obligations under this Declaration; provided, However, that the Board shall not have the authority to initiate litigation or otherwise pursue claims against the Declarant on behalf of the Association or individual unit owners. The Association and the Board are not the real party in interest for such third party claims. Pursuant to RCW 64.38.020, the Association and the Board will only be allowed to represent the interests of the Association and individual Owners for matters affecting the Association.

5.4.14 Borrowing of Funds. In the discharge of its duties and the exercise of its powers as set forth herein, but subject to the limitations set forth herein, the Board may borrow funds on behalf of the Association.

5.4.15 Adoption of Rules and Regulations. When and to the extent deemed advisable by the Board, to adopt reasonable rules and regulations governing the maintenance and use of the Property and other matters of mutual concern to the Lot Owners, which rules and regulations are not inconsistent with this Declaration and the Bylaws and which treat all Owners fairly and on a non-discriminatory basis.

5.4.16 Additional Powers of Association. In addition to the duties and powers of the Association, as specified herein, and elsewhere in this Declaration, but subject to the provisions of this Declaration, the Association, acting through its Board, shall have the power to do all other things, which may be deemed reasonably necessary to carry out its duties and the purposes of this Declaration.

ARTICLE 6 ARCHITECTURAL CONTROL

6.1 Construction and Exterior Alteration/Repair.

6.1.1 The Master Declaration sets forth controls imposed on construction within the Master Plan, including the Property, and the jurisdiction of the Reviewer, as defined in Article IV of the Master Declaration. No Structures shall be placed, erected or installed upon any Lot and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Property, except in compliance with the Master Declaration and the Residential Design Guidelines, and subject to the review and approval of the Architectural Review Committee ("ARC"), all as more particularly described in the Master Declaration.

6.1.2 In the event the ARC delegates any of its authority to the Association, or to the extent the matters described in Section 6.1.1 are not otherwise governed by the ARC, the Board shall form an Architectural Control Committee ("ACC"), to govern the matters described in Section 6.1.1. The ACC shall be composed of three or more representatives appointed by the Board; provided, that until completed Homes have been constructed on all Lots, Declarant shall act as the ACC. The ACC will proceed in the same manner as the ARC, as described in the Master Documents, with respect to matters over which it has jurisdiction.

6.1.3 The ACC shall not adopt standards or procedures that are duplicative of or inconsistent with the Master Association Documents and, in the event of any conflict between the Master Documents, this Declaration or the standards adopted by the Association or the ACC, the Master Documents shall govern. If an Owner complies with the requirements of the Master Documents, the Owner shall be deemed to have complied with this Declaration, except to the extent this Declaration supplements the Master Association Documents and addresses matters that are not otherwise addressed in the Master Documents.

6.2 Sales Facilities of Declarant and Builders.

6.2.1 Notwithstanding any provision in this Declaration to the contrary, but subject to the provisions of the Master Documents, Declarant (its agents, employees and contractors) shall be permitted to maintain during the period of sale of Lots and/or Homes upon such portion of the Property (excluding Lots sold to customers) as Declarant may choose, such facilities as in their sole opinion may be reasonably required, convenient or incidental to the construction or sale of Lots or Homes, including but not limited to, a business office, storage area, signs, model units, sales office, construction office, and parking areas for all prospective purchasers of Declarant.

6.2.2 Subject to the provisions of the Master Documents, Declarant may make temporary alterations to model homes (such as fenced front yards, special entries, and French doors on garages), which are not otherwise permitted by this Declaration or the ACC guidelines, for marketing purposes. The selling Owner must remove the model home alterations and return the Home to full compliance with the ACC guidelines prior to occupancy by a Home purchaser. Owners other than Declarant may not make these kinds of model home alterations to the Lot or Home.

ARTICLE 7 OWNERS USE/MAINTENANCE OBLIGATION

7.1 **Master Association.** Use and occupancy of the Lots, Structures and Common Areas shall be subject to the Master Documents. In the event of any conflict between the Master Documents and this Declaration, the Master Documents shall govern. In particular, use of the Property shall be governed by the Use Restrictions which are part of the Master Declaration and design and construction of Structures shall be governed by the Residential Design Guidelines that have been adopted pursuant to the Master Declaration.

7.2 **Building Setback Requirements.** All Structures and other Lot improvements shall comply with all applicable governmental requirements, including without limitation minimum setback requirements.

7.3 **Catch Basins.** The cleaning of catch basins, if any, on individual Lots, whether or not the catch basin serves more

than the Lot on which it is located, shall be carried out by the Owner at least once prior to September 15 of each calendar year. Each benefited Owner shall share equally in the expense of cleaning out catch basins.

7.4 Restrictions on Parking and Storage. Parking of motor vehicles shall only be permitted in designated parking spaces on the Property or on driveways on the Lots so long as such parking does not interfere with access to garages on other Lots, sidewalks or fire lanes. No Owner shall store or allow any occupant or tenant to store any trailers, boats, motor homes, recreational vehicles, or trucks over two tons (except those used by Declarant in connection with the development of the Property or construction of the Homes) or any disabled or inoperable motor vehicle on the Property unless any such vehicle is completely enclosed and hidden from view within a garage. Violations of this Section shall subject such vehicles to impound, at the expense and risk of the owner thereof, and the Board and its agents are hereby granted a right of entry onto all Lots to accomplish an impound under this Section. .

7.5 Mobile or Manufactured Housing. There shall be no mobile or manufactured housing.

7.6 Fencing. Fences shall conform with the requirements of the Design Guidelines and may only be placed along the rear property line and from the front building line to the rear lot line of a Lot. Hedges or other solid screen planting may be used as Lot line barriers, subject to the Design Guidelines.

7.7 Garbage and Refuse. No garbage, refuse, rubbish, cuttings, or debris of any kind shall be deposited on or left upon any Lot unless placed in an attractive container suitable located and screened from the view of any other Owner. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No building material of any kind shall be placed or stored on any property within the development until the Owner is ready to commence construction, and then such materials shall be placed within the boundary lines of the Lot upon which its use is intended. Garbage cans may only be placed in public view on the day of garbage pickup. All woodpiles and storage areas must be placed so that they do not obstruct or hamper any other Owner's view and must be suitable screened from all other Owner's views.

7.8 Games and Play Structures. No platform, doghouse, playhouse or Structure of a similar kind or nature shall be constructed in a location on a Lot that is in the front or side yard.

7.9 Significant Recreation Facilities. The construction of any significant recreational facilities on any Lot including, but not limited to, such items as swimming pool, hot tub, tennis, badminton, or pickle ball courts shall require the approval of the ARC and shall be subject to the Design Guidelines.

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

7.11 Governmentally Required Maintenance, etc. Except as otherwise provided in the Master Documents, any insurance, maintenance, repair, replacement, alteration or other work, or the monitoring of such work, which is required by any governmental entity (including without limitation, federal, state or local government, public or private utility provider, local improvement district, or other governmental or quasi-governmental entity or agency), and regardless of whether such requirement is now or hereafter established, and whether imposed in connection with a building permit or other governmental approval or requirement, and whether involving land within public rights of way or subject to ownership or exclusive use of one owner, shall be the sole and exclusive responsibility of the Association (not the Declarant) and any cost incurred in connection therewith shall be a Common Areas Expense. In furtherance of the generality of the foregoing, and not by way of limitation, such work shall include: maintenance of any grass-lined swales and proper disposal of clippings; maintenance of wetland plantings; replacement of wetland and landscape plantings that die during any required maintenance period; maintenance of public and private storm sewer and retention systems. Declarant shall have the right, but not the obligation, to perform any such work if the Association fails to do so. The Association shall promptly upon demand reimburse Declarant for any costs directly or indirectly incurred by declarant as a result of the Declarant performing, or the Association's failure to perform, such work (including any work necessary to obtain a release, or avoid a forfeiture, of any cash deposit or other bond made by Declarant.

7.12 Fire Alarm Systems. Each Owner shall be responsible for annual testing of their own sprinkler system. The City of Snoqualmie sends out annual notices to Owners that have backflow assemblies on their Lots, requiring them to be tested. If the Owner fails to comply, the City will issue a Notice of Noncompliance letter and, failing compliance within the required period, could lock the water meter until compliance is achieved. At its sole discretion, the Board may determine to impose a fine for Owners that fail to comply with the annual testing requirements or elect other enforcement remedies.

ARTICLE 8 COMMON EXPENSES AND ASSESSMENTS

8.1 Lien and Personal Obligation for Assessments. Each Owner of any Lot with a Home, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any Assessment duly levied by the Association or otherwise due and payable, as provided herein. These Assessments shall be in addition to the assessments due and owing pursuant to the Master Declaration. Such Assessments, together with interest, costs, late charges and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. The lien for payment of the such Assessments and charges shall have priority over all other liens and encumbrances, recorded or unrecorded, limited as provided in Section 11.1 and except for any lien of the Master Association pursuant to the Master Documents. Each such Assessment, together with interest, costs, late charges and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to his successors in title unless the lien for such delinquent Assessments had been properly recorded prior to title transfer or unless expressly assumed by them. Provided, however, that in the case of a sale of any Home or Lot which is charged with the payment of an Assessment or Assessments payable in installments, the person or entity who is the Owner immediately prior to the date of any such sale shall be personally liable only for the amount of the installments due prior to said date. The new Owner shall be personally liable for installments, which become due on and after said date.

8.1.1 Notice of Default, Notice of Assessment and Acceleration. In the event any Assessment or installment thereof remains delinquent for more than thirty (30) days, the Board may, upon fifteen (15) days' prior written notice to the Owner of such Lot of the existence of the default (the "Notice of Default"), record a Notice of Assessment and accelerate and demand immediate payment of the entire Assessment. The Notice of Assessment shall be recorded in the office where real estate conveyances are recorded for King County. Such Notice of Assessment may be filed at any time at least fifteen (15) days following delivery of the Notice of Default.

8.1.2 Foreclosure. The Declarant or Board, on behalf of the Association, may initiate action to foreclose the lien of, or collect, any assessment. In any action to foreclose the lien of, or otherwise collect, delinquent assessments or charges, any judgment rendered in favor of the Association shall include a reasonable sum for attorneys' fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of such action, in addition to taxable costs permitted by law (collectively, the "Costs").

8.1.3 Curing of Default. The Board shall prepare and record a satisfaction and release of the lien for which a Notice of Assessment has been filed and recorded in accordance with this Article upon timely payment or other satisfaction of all delinquent Assessments set forth in the Notice, and all other Assessments which have become due and payable following the date of such recordation with respect to the Lot as to which such Notice of Assessment was recorded, together with all Costs, late charges and interest which have accrued thereon. A fee of fifty dollars (\$50.00) covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction of the lien created by the Notice of Assessment shall be executed by the president or treasurer of the Association or by any authorized representative of the Board.

8.2 Uniform Rate.

8.2.1 **Common Area Expenses.** Assessments to pay for Common Area Expenses shall be based on the Common Area Expense Percentage.

8.2.2 **Special Charges to Owner.** Assessments levied against an Owner for the purpose of reimbursing the Association for costs incurred in bringing the Owner or his Lot and/or Home into compliance with the provisions of this Declaration shall be paid solely by that Owner.

8.3 **Association Budget.** The initial budget for the Association shall be adopted by Declarant. Subsequent budgets shall be prepared by the Board, subject to ratification by the members of the Association as provided below. The budgets shall set forth sums required by the Association, as estimated by the Board, to meet its annual costs for Common Area Expenses and, to the extent provided in Section 5.4.9, for Shared Element Costs, if any, including a reasonable sum for reserves for future major repairs and replacements for which the Association is responsible. Assessments on each Lot shall commence upon the closing of the sale by Declarant of the Lot with a completed Home or upon the occupancy of the Home, whichever is earlier. Until Assessments have commenced on all Lots, Declarant shall pay to the Association an amount equal to the excess, if any, of actual expenses of the Association over the amount of Assessments levied by the Association for operating expenses, which would exclude amounts levied for reserves. The Declarant shall be entitled to be reimbursed for any prepaid expense of the Association.

8.3.1 **Ratification of Budget.** Within 30 days after adoption of any proposed budget for the Association after the initial budget adopted by Declarant, the Board shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than 14 nor more than 60 days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the prior budget shall continue until such time as the Owners ratify a subsequent budget prepared by the Board.

8.3.2 **Supplemental Budget.** If during the year the budget proves to be inadequate for any reason, including nonpayment of any Owner's Assessments, the Board may prepare a supplemental budget for the remainder of the year. A supplemental budget shall be subject to ratification by the Owners pursuant to Section 8.3.1.

8.3.3 **Governmental Requirements.** Notwithstanding any other provision of the Declaration to the contrary, the Association shall be obligated to collect assessments in an amount necessary to provide regularly scheduled maintenance of Common Areas in accordance with all governmental requirements.

8.4 **Levy of Assessments.** In addition to the assessments imposed and levied on each Owner of a Lot as provided in the Master Declaration, in order to meet the costs projected in its operating budget, the Board shall determine and levy on every Owner of a Lot with a completed Home (other than Declarant unless the Home is occupied) a general Assessment for Common Area Expenses and, to the extent applicable, for Shared Element Costs. The Association's operating budget for Common Area Expenses shall be allocated equally to the Owners based on the number of Lots owned. The Association's budget for Shared Element Costs, if any, shall be allocated to the applicable Cluster Owners in accordance with their Shared Element Cost Liability.

8.4.1 **Assessment Period.** The general Assessments fixed for the preceding period shall continue until new Assessments are fixed. Upon any revision by the Association of the operating budget during the Assessment period for which each budget was prepared, the Board shall, if necessary, revise the general Assessments levied against the Owners and give notice of the same in the same manner as the initial levy of general Assessments for the Assessment period.

8.4.2 **Special Assessments.** For those Common Area Expenses or Shared Element Costs which cannot reasonably be calculated and paid on a monthly basis, the Board may levy special Assessments for such expenses against the Owners or Cluster Owners on the same basis as general Assessments. To the extent that any Common Area Expense or Shared

Element Cost is caused by the misconduct of an Owner or tenant of any Lot, the Association may, after Notice and Opportunity to be Heard, levy a special Assessment for the expense against the Owner of the Lot.

8.5 Manner and Time of Payment. Assessments shall be payable in such reasonable manner as the Board shall designate. Any assessment or installment thereof which remains unpaid for at least fifteen (15) days after the due date thereof shall bear interest at the rate of 12% per annum, and the Board may also assess a late charge in an amount not exceeding 25% of any unpaid assessment which has been delinquent for more than fifteen (15) days.

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

8.7 Reconciliation of Assessments to Actual Income and Expenses. The Association shall establish and maintain its accounts and records in such a manner that will enable it to credit Assessments for Common Area Expenses including allocations to reserves, to the Association and to charge expenditures to the account of the appropriate Owners. In order that Owners are correctly assessed for the actual expenses of the Association, the accounts of the Association shall be reconciled at least annually, unless the Board determines that a reconciliation would not result in a material savings to any Owner; and any surpluses (or deficits) in the accounts shall be credited to the benefit of or paid to (or charged to the account of or assessed against) the Owners who paid the surplus (or owe the deficit).

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

8.9 Continuing Liability for Assessments. No Owner may exempt himself from liability for his Assessments by abandonment of his Home or Lot.

8.10 Records; Financial Statements. The Board shall prepare or cause to be prepared, for any calendar year in which the Association levies or collects any Assessments, and shall distribute to all Owners, a balance sheet and an operating (income/expense) statement for the Association, which shall include a schedule of Assessments received and receivable, identified by the number of the Lot and the name of the Owner so assessed. The Board shall cause detailed and accurate records of the receipts and expenditures of the Association to be kept specifying and itemizing the maintenance, operating, and any other expenses incurred. Such records, copies of this Declaration, the Articles and the Bylaws, and any resolutions authorizing expenditures of Association funds shall be available for examination by any Owner at convenient hours of weekdays.

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

8.12 Assessment Deposit; Working Capital

8.12.1 Delinquent Assessment Deposit.

(a) An Owner may be required by the Board or by the Manager, from time to time, to make and maintain a deposit not less than one-twelfth (1/12) nor in excess of one-quarter (1/4) of the total annual Assessments, which may be

collected as are other Assessments and charges. Such deposit shall be held in a separate fund, be credited to the Lot owned by such Owner, and be for the purpose of establishing a reserve for delinquent Assessments.

(b) At any time when an Owner is ten (10) days or more delinquent in paying his monthly or other Assessments and charges, the Board or the Manager, as the case may be, may withdraw and apply funds from the deposit in order to pay such delinquent Assessments. Said deposits shall not be considered as advance payments of regular Assessments. In the event the Board should draw upon said deposit as a result of an Owner's delinquency in payment of any Assessments, said Owner shall continue to be responsible for the immediate and full payment of said delinquent Assessment (and all penalties and costs thereon) and thus the full restoration of said deposit, and the Board shall continue to have all of the rights and remedies for enforcing such Assessment payment and deposit restoration as provided by this Declaration and by law.

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

8.12.2 Working Capital Contribution. The Declarant may elect that the first Purchaser of any Lot shall pay to the Association, in addition to other amounts due, and not as an advance payment of regular Assessments, an amount equal to two times the initial monthly Assessment (including reserves) against the Lot as a contribution to the Association's working capital. Such working capital contributions shall not be used to defray Declarant's expenses in completing the construction of the Project or, to pay Declarant's contributions to Association reserves. As used in this Section, the term "Purchaser" shall not include a Declarant, or Builder who acquires a Lot from a Declarant for purposes of construction and subsequent sale of a Lot and Home.

8.13 Exempt Property. The following property subject to this Declaration shall be exempt from the Assessments created herein:

8.13.1 All properties dedicated to and accepted by a governmental entity or the Master Association; and

8.13.2 All Common Area tracts.

8.14 Effect of Legal Proceedings. In any legal proceeding commenced pursuant to Section 9.1.1, the court having jurisdiction over such proceeding shall also have jurisdiction and power to cause assessments to be levied and collected on an equal per Lot basis in such amounts as is reasonably necessary to cause the Project to be properly administered in accordance with the provisions of this Declaration and the Bylaws, or to cause the provisions of this Declaration and the Bylaws to be properly applied and enforced. Except with respect to legal proceedings to collect assessments or similar charges owed to the Association by an Owner or to enforce the provisions of this Declaration, neither the Association nor its Board may commence and prosecute litigation (or collect assessments in connection therewith) until first approved as provided in Section 18.9 after the owners have been provided a written explanation of the nature of such litigation, the reasons therefore, the expected result and the estimated cost thereof.

8.15 Master Association Assessments. The Master Declaration governs the creation, imposition, collection of and all other aspects of the assessments levied by the Master Association, which are due and payable quarterly by each Owner. Unless otherwise determined by a majority vote of the Owners at a regularly or specially called meeting, the Association shall not be responsible for collection of Master Association Assessments, and instead each Owner shall be responsible for payment of the Master Association Assessments directly to the Master Association, as such payments become due. Failure to make such payments shall be governed by the Master Declaration.

**ARTICLE 9
COMPLIANCE WITH DECLARATION**

9.1 Enforcement.

9.1.1 Compliance of Owner. Each Owner, Board member and the Association shall comply strictly with the provisions of this Declaration and with the Bylaws and administrative rules and regulations adopted by the Association (as the same may be lawfully amended from time to time). Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board (acting through its officers on behalf of the Association and the Owners), or by the aggrieved Owner on his own against the party (including an Owner or the Association) failing to comply.

9.1.2 Compliance of Lessee. Each Owner who shall rent or lease his Home shall insure that the lease or rental agreement will be in writing and subject to the terms of the Master Declaration, this Declaration, Articles of Incorporation, if any, and Bylaws. Said agreement shall further provide that failure of any lessee to comply with the provisions of said documents shall be a default under the lease.

9.1.3 Attorneys' Fees. In any action to enforce the provisions of this Declaration, the Articles or the Bylaws, the prevailing party in such legal action shall be entitled to an award for reasonable attorneys' fees and all costs and expenses reasonably incurred in preparation for or prosecution of said action, in addition to taxable costs permitted by law.

9.2 No Waiver of Strict Performance. The failure of the Board, or Declarant or Declarant's managing agent, as applicable, in any one or more instances to insist upon or enforce the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or of any Bylaws or administrative rules or regulations, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. No waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

9.3 Right of Entry. Violation of any of the provisions of this Declaration shall give to Declarant, its successors, or the Association, the right to enter upon the Property as to which such violation exists and to abate, correct and remove, at the expense of the Owner thereof, any erection, thing or condition that may be or exists thereon contrary to the provisions hereof. Such entry shall be made only after three (3) days' notice to said Owner and with as little inconvenience to the Owner as possible, and any damage caused thereby shall be repaired by the Association. Declarant, its successors, or the Association shall not be deemed guilty of any manner of trespass by such entry, abatement or removal.

9.4 Remedies Cumulative. The remedies provided are cumulative, and the Board may pursue them concurrently, as well as any other remedies, which may be available under law although not expressed herein.

**ARTICLE 10
LIMITATION OF LIABILITY**

10.1 No Personal Liability. So long as a Board member, Association committee member, Association officer, or Declarant exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; Provided, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance or bonds obtained by the Board.

10.2 Indemnification of Board Members. Each Board member or Association committee member, or Association Officer, or Declarant exercising the powers of the Board, and their respective heirs and successors, shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in

connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct, or gross negligence or a knowing violation of law in the performance of his duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled; Provided, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Nothing contained in this Section 10.2 shall, however, be deemed to obligate the Association to indemnify any Member or Owner of a Lot who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Lot covered thereby.

ARTICLE 11 MORTGAGEE PROTECTION

11.1 **Priority of Mortgages.** Notwithstanding all other provisions hereof, the liens created under this Declaration upon any Lot for assessments shall be subject to tax liens on the Lot in favor of any assessing unit and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by first lien Mortgages which were made in good faith and for value upon the Lot. Where the Mortgagee of a Lot, or other purchaser of a Lot, obtains possession of a Lot as a result of Mortgage foreclosure or deed in lieu thereof, such possessor and his successors and assigns, shall not be liable for the share of any assessment by the Association chargeable to such Lot which becomes due prior to such possession, but will be liable for any assessment accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Owners including such possessor, his successor and assigns. For the purpose of this section, the terms "mortgage" and "mortgagee" shall not mean a real estate contract or the vendor, or the designee of a vendor thereunder, or a mortgage or deed of trust (or mortgagee or beneficiary thereunder) securing a deferred purchase price balance owed with respect to a sale by an individual Owner other than Declarant.

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

11.3 **Right of Lien Holder.** A breach of any of the provisions, conditions, restrictions, covenants, easements or reservations herein contained shall not affect or impair the lien or charge of any bona fide Mortgage made in good faith and for value on any Lots; provided, however, that any subsequent Owner of the Lot shall be bound by these provisions whether such Owner's title was acquired by foreclosure or trustee's sale or otherwise.

11.4 **ACC, Maintenance and Insurance.** The Association shall not, without prior written approval of seventy-five percent (75%) of all first Mortgagees (based upon one vote for each first Mortgage owned) or Owners (other than the sponsor, developer or builder) of record by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the exterior maintenance of Lots, maintenance of walkways, fences and driveways, or the upkeep of lawns and plantings in the development, including the provisions of Articles 4 and 5 hereof.

11.5 **Copies of Notices.** If the first Mortgagee of any Lot has so requested the Association in writing, the Association shall give written notice to such first Mortgagee that an Owner/mortgagor of a Lot has for more than sixty (60) days failed to meet any obligation under this Declaration. Any first Mortgagee shall, upon written request, also be entitled to receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

11.6 **Furnishing of Documents.** The Association shall make available to prospective purchasers, Mortgagees, insurers, and guarantors, at their request, current copies of the Declaration, Bylaws, and other rules governing the Project, and the



most recent balance sheet and income/expense statement for the Association, if any has been prepared.

**ARTICLE 12
EASEMENTS**

12.1 Association Functions. There is hereby reserved to Declarant and the Association, or their duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, or in the Bylaws, and rules and regulations adopted by the Association.

12.2 Easements Over Common Areas. The Board, on behalf of the Association and all members thereof, shall have authority to grant (in accordance with applicable governmental laws and regulations) utility, road and similar easements, licenses and permits, under, through or over the Common Areas, which easements the Board determines are reasonably necessary to the ongoing development and operation of the Property.

12.3 Access to Public Streets. Each Owner and his guests and invitees shall have a perpetual, non-exclusive easement across all roadways (including alleys) constructed within the Project, thereby providing access throughout the Property and to public streets.

12.4 Utility Easements. On each Lot, utility easements are reserved as provided by the Final Plat and applicable laws, ordinances and other governmental rules and regulations, for the installation, maintenance and replacement of sewer, water, drainage, electric power, telephone, fire alarm wiring and sprinklers, cable/broadband/telecommunications facilities and accessory equipment. In addition, the Declarant hereby reserves a blanket easement across each Lot, together with the right to enter thereon, so that the Declarant, the Association or the utility providers may install, maintain and replace such utilities as may be necessary to serve the entire Cluster or Lots other than the burdened Lot. Declarant will use reasonable commercial efforts to cause as built drawings to be prepared after completion of installation of all utilities, showing the as built location of all utilities within each Lot. The Declarant hereby further reserves, conveys and establishes an easement within the area underneath the slab of each Home, as constructed, within which Declarant or the utility providers may install, maintain and replace underground electric power, telephone, fire alarm wiring, cable/broadband/telecommunications facilities and accessory equipment, together with the right to enter upon the Lots at all times for said utility purposes. In addition, Declarant hereby reserves, conveys and establishes easements for installation and maintenance of facilities for surface water drainage across a 5-foot wide or 10-foot wide area along each of the front and rear boundary lines of each Lot and a 2.5 foot wide area along each of the "external" side property lines for the Lots located at the end of a Cluster. Within all of the easements described in this Section 12.4, the construction and maintenance of a Structure, fence, planting, or other material or improvement ("Surface Improvement") shall be prohibited, unless the burdened Owner can show that such construction or maintenance would not: (a) damage or materially interfere with the installation and maintenance of utilities; or (b) change the direction of flow of drainage channels in the easements; or (c) obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot, and all improvements therein except any landscaping to be maintained by the Association shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. It shall be the responsibility of each Owner to maintain all Surface Improvements, but such maintenance obligation shall not extend to the utilities or other improvements installed in connection with exercise of the easement rights or to landscaping maintained by the Association. Maintenance of private storm drain systems located within public utility easements shall be the responsibility of those Owners benefiting from said systems. The Owners of Lots 90 through 93 and Lots 102 through 104, inclusive, and for their heirs, successors and assigns, covenant that no building or permanent Structures shall be constructed within that portion of each of said Lots lying within the sensitive area buffer and sensitive area building setback line therefrom as shown on the face of the Final Plat. To the extent necessary to ensure safe functioning of the fire alarm system within each Cluster, Declarant hereby reserves an easement over each Lot, together with the right to enter thereon, for the purpose of enabling annual or other inspections of the fire alarm system.

12.5 Project Entry Signs. On Common Area adjacent to a roadway entrance into the Project, and on such portion of said Common Area as determined by Declarant, the Declarant may at any time erect (and the Association as a Common Area Expense may thereafter maintain, repair and replace) such Project entry and identification signs (and landscaping, fencing and improvements relating thereto) as Declarant and the Association deem necessary and appropriate. The obligations

under this Section may be assumed by the Snoqualmie Ridge Residential Owners Association under the Master Documents.

12.6 Lot Maintenance and Encroachments. Each Lot and all Common Area and Lot improvements are hereby declared to have a non-exclusive perpetual easement over all adjoining Homes, Lots (including setback areas) and Common Areas, for the purpose of accommodating any encroachment (including building overhang or projection or drains and footings) due to: engineering errors; or errors in original construction, reconstruction, or repair of any portion of a Lot; or construction carried out in accordance with applicable permits; or design elements such as roof soffets; or any other similar cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment. In the event a Home or Common Area improvement is partially or totally destroyed, and then repaired or rebuilt, the Owners agree that minor encroachments over adjoining Lots (including setback areas) and Common Areas shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. In no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful act or acts with full knowledge of said Owner or Owners and are not otherwise expressly authorized by these provisions. The foregoing easements and encroachments shall not be construed to be encumbrances affecting the marketability of title to any Lot. This Section does not purport to authorize a violation of any applicable building, zoning or governmental law, rule or regulation.

12.7 Declarant Functions. There is hereby reserved to the Declarant (and its duly authorized agents, employees, contractors and representatives, such easements and rights of access over, across, under or into the Property (and any part thereof) as are necessary, for repairs, maintenance or replacement and/or to perform the rights, duties and obligations of the Declarant as are set forth, provided for or authorized in: this Declaration; the Master Association Documents; Plat Map; Articles, Bylaws, or Association Rules; building or other governmental permits or approvals; and Purchase and Sale Agreement between Declarant and a Lot purchaser; any express or implied warranty under which Declarant is obligated; or otherwise authorized or required by law.

ARTICLE 13 TERM OF DECLARATION

13.1 Duration of Covenants. The covenants contained herein shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time the covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument executed in accordance with Section 14.1.1 below shall be recorded, abandoning or terminating this Declaration.

ARTICLE 14 DECLARATION/FINAL PLAT AMENDMENT

14.1 Declaration Amendment.

14.1.1 Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Amendments may be adopted at a meeting of the Owners if seventy-five percent (75%) of the Owners vote for such amendment, or without any meeting if all Owners have been duly notified and seventy-five percent (75%) of the Owners consents in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Association and shall be attested by the secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices.

14.1.2 In addition to the amendments set forth in Article 11, any amendment to a provision of the Declaration establishing, providing for, governing or regulating the following shall require the consent of fifty-one percent (51%) of

the Eligible Mortgagees and the consent of the Declarant (so long as that Declarant owns any Lots): (a) voting; (b) Assessments, (c) Assessment liens or subordination of such liens; (d) reserves for maintenance, repair and replacements of Common Areas; (e) insurance or bonds; (f) use of Common Areas; (g) responsibility for maintenance or repairs; (h) expansion or construction of the Project or the addition, annexation or withdrawal of property to or from the Project (other than annexations made pursuant to Article 17); (i) boundaries of Lots; (j) converting of Lots into Common Areas or vice versa; (k) leasing of Lots; (l) provisions for the benefit of any Declarant; (m) provisions for benefit of first mortgagees, or holders, insurers or guarantors of first mortgages; (n) the interests in Common Areas; or (o) imposition of any right of first refusal or similar restrictions on the right of an Owner to sell, transfer or otherwise convey a Lot. Provided, that a mortgagee who fails to respond in writing within thirty (30) days of a written request to approve an amendment shall be deemed to have approved the request.

14.1.3 It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

14.1.4 The provisions of Section 14.1 shall not apply to amendments made pursuant to Sections 14.3, 14.4, 14.5, or 14.6, nor to any other amendment, which the Declarant is authorized to make pursuant to other provisions of the Declaration.

14.2 **Conform to Construction.** Declarant, upon Declarant's sole signature, and as an attorney-in-fact for all Owners with an irrevocable power coupled with an interest, may at any time, until all Lots have been sold by Declarant, file an amendment to the Declaration and to the Final Plat to conform data depicted therein to improvements as actually constructed, including property and boundary lines, and to establish, vacate and relocate utility easements and access road easements.

14.3 **Conform to Lending Institution Guidelines.** So long as Declarant continues to own one or more Lots, Declarant, on its signature alone, and as an attorney-in-fact for all Owners with an irrevocable power coupled with an interest, may file such amendments to the Declaration and Final Plat as are necessary to meet the then requirements of Federal National Mortgage Association, Veterans Administration, Federal Home Loan Mortgage Corporation, or other agencies, institutions or lenders financing and/or title insuring the purchase of a Lot or Home from the Declarant.

14.4 **Declarant Powers.** Declarant, upon Declarant's sole signature, and as an attorney-in-fact for all Lot or Home Owners with an irrevocable power coupled with an interest, may at any time, until all Lot or Homes have been sold by Declarant, file such amendments to the Declaration and Final Plat as are necessary in the exercise of Declarant's powers under Article 17 or any other provision of the Declaration.

14.5 **Amendments Affecting Special Rights.** Any amendment to this Declaration which would affect a right, power, duty or obligation which is exclusively granted to or imposed upon a specific "person or class" shall require the consent of the "person" or seventy five percent (75%) of the members of that "class". A "person or class" shall mean: the Declarant; Owners; or institutional first Mortgagees.

ARTICLE 15 INSURANCE

15.1 **In General.** Commencing not later than the time of the first conveyance of a Home to a person other than the Declarant, the Association shall maintain, to the extent reasonably available:

15.1.1 Property insurance on any improvements located in the Common Areas, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles shall not be less than one hundred percent of the actual replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

15.1.2 Commercial general liability insurance, in an amount determined by the Board but not less than One Million Dollars per occurrence, and Two Million Dollars in the aggregate, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas and Lots, as required under this Declaration.

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

15.1.4 Fidelity bonds naming the members of the Board, the Manager and its employees and such other persons as may be designated by the Board as principals and the Association as obligee, in at least an amount equal to three months aggregate Assessments for all Homes plus reserves, in the custody of the Association or Manager at any given time during the term of each bond. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression.

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

15.1.6 Such other insurance (including directors and officers liability) as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such property, fidelity and liability insurance for townhouse or zero lot line projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as any such agency is a Mortgagee or Owner of a Home within the Project, except to the extent such coverage is not available or has been waived in writing by such agency.

15.2 Coverage Not Available . If the insurance described in Section 15.1 is not reasonably available, or is modified, canceled, or not renewed, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by first class United States mail to all Owners, to each Eligible Mortgagee, and to each Mortgagee to whom a certificate or memorandum of insurance has been issued at their respective last known addresses. The Association in any event may carry any other insurance it deems appropriate to protect the Association or the Owners.

15.3 Required Provisions . Insurance policies carried pursuant to this Article shall:

15.3.1 Provide that each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Shared Elements or membership in the Association;

15.3.2 Provide that the insurer waives its right to subrogation under the Association policy as to any and all claims against the Association, the Owner of any Home and/or their respective agents, employees or tenants, and members of their household, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured;

15.3.3 Provide that no act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Association, nor any failure of the Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no direct control, will void the policy or be a condition to recovery under the policy;

15.3.4 Provide that if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance, and that the liability of the insurer thereunder shall not be affected by, and the insurer shall not claim any right of set-off, counterclaims, apportionment, proration, contribution or assessment by reason of, any other insurance obtained by or for any Owner or any Mortgagee;

15.3.5 Provide 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;

15.3.6 Contain no provision (other than insurance conditions) which will prevent Mortgagees from collecting insurance proceeds; and

15.3.7 Contain, if available, an agreed amount and Inflation Guard Endorsement.

15.4 **Claims Adjustment** . Any loss covered by the property insurance under this Article must be adjusted with the Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a Mortgage. The insurance trustee or the Association shall hold any insurance proceeds in trust for Owners and lienholders as their interests may appear. Subject to the provisions of Article 14, the proceeds must be disbursed first for the repair or restoration of the damaged property, and Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored..

15.5 **Owner's Insurance** . Each Owner is required to obtain and maintain property and liability owner's insurance ("Owner's Insurance"), in such limits and with such coverage as would typically be carried by a reasonable Owner living in an attached Home. The Association shall have the right, but not the obligation, to monitor Owner's Insurance for an Owner and if the Owner fails to obtain or maintain Owner's Insurance to obtain Owner's Insurance on the Owner's behalf and specially assess the cost to the Owner.

15.6 **Property Insurance; Deductible** With the exception of the Owner's Insurance required under Section 15.5, the cost of the insurance described in this Article 15 shall be a Common Area Expense and shall be included in the Association Budget and allocated to the Owners as part of their Assessments.

ARTICLE 16 DESTRUCTION AND RECONSTRUCTION

16.1 **Common Areas**. In the event of damage to or destruction of any part of the Common Area improvements (and of that portion of a Home, if any, for which the Association has responsibility to maintain, repair and replace, or for which the Association is responsible for obtaining insurance), the Association shall repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property damaged or destroyed, the Association may make a Reconstruction Assessment against all Lot Owners or against the Cluster Owners, as applicable, to cover the additional cost of repair or replacement not covered by the insurance proceeds, in addition to any other Assessments made against such Lot Owner.

16.2 **Homes**. In the event of damage or destruction by fire or other casualty to any Home or other Structure or improvements to the Lot, the Owner shall, regardless of the amount or availability of insurance proceeds, promptly repair or rebuild such damage or destroyed portions of the Home and other Structures and improvements in a workmanlike manner, in accordance with applicable building codes and regulations and in accordance with the provisions of the Declaration.

ARTICLE 17 MISCELLANEOUS

17.1 **Delivery of Notices and Documents**. Any written notice, or other document as required by this Declaration, may be delivered personally or by mail. If by mail, such notice, unless expressly provided for herein to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received forty-eight (48) hours after a copy thereof has been deposited in the United States mail, postage prepaid, addressed as follows:

(a) If to an Owner, other than Declarant, to the registered address of such Owner, as filed in writing with the Board pursuant to the requirements of the Bylaws.

(b) If to Declarant, whether in its capacity as an Owner, or in any other capacity, the address which Declarant shall have advised the Board in writing.

(c) Prior to the organizational meeting, notices to the Board shall be addressed to the address set forth in (b) above.

Thereafter, notices to the Board shall be addressed either to an address to be posted by the Board at all times in a conspicuous place or to the registered office of the Association. In addition, from and after the organizational meeting, notice of the address of the Association shall be given by the Board to each Owner, within a reasonable time after the Board has received actual notice of such Owner's purchase of a Lot.

17.2 Conveyances; Notice Required. The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell a Lot shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying: the Lot being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The failure of an Owner to properly give such notice to the Board shall not invalidate the sale. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Lot, whether or not such information is requested.

17.3 Successor and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sublessees and assignees of the Owners.

17.4 Joint and Several Liability. In the case of joint ownership of a Lot, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners, set forth in or imposed by this Declaration, shall be joint and several.

17.5 Mortgagee's Acceptance.

17.5.1 Priority of Mortgage. This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to said mortgage.

17.5.2 Acceptance Upon First Conveyance. Declarant shall not consummate the conveyance of title of any Lot until said Mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements for partial release of Lots from the lien of said Mortgage. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of this Declaration and the status of the Lots remaining subject to its Mortgage as well as its acknowledgment that such appropriate arrangements for partial release of Lots has been made; provided, that, except as to Lots so released, said mortgage shall remain in full effect as to the entire Property.

17.6 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

17.7 Effective Date. The Declaration shall take effect upon recording.

17.8 Governmental Right of Access. All governmental and quasi-governmental entities (including without limitation public and private providers of utility services) shall have rights of access, maintenance and inspection for the open space area, any drainage facilities or utility systems contained therein, or other matter of their respective jurisdiction.

17.9 Approval of Lawsuits. The Board shall not commence a lawsuit or arbitration against any party without first:

(b) If to Declarant, whether in its capacity as an Owner, or in any other capacity, the address which Declarant shall have advised the Board in writing.

(c) Prior to the organizational meeting, notices to the Board shall be addressed to the address set forth in (b) above.

Thereafter, notices to the Board shall be addressed either to an address to be posted by the Board at all times in a conspicuous place or to the registered office of the Association. In addition, from and after the organizational meeting, notice of the address of the Association shall be given by the Board to each Owner, within a reasonable time after the Board has received actual notice of such Owner's purchase of a Lot.

17.2 Conveyances; Notice Required. The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell a Lot shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying: the Lot being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The failure of an Owner to properly give such notice to the Board shall not invalidate the sale. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Lot, whether or not such information is requested.

17.3 Successor and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sublessees and assignees of the Owners.

17.4 Joint and Several Liability. In the case of joint ownership of a Lot, the liability of each of the Owners thereof in connection with the liabilities and obligations of Owners, set forth in or imposed by this Declaration, shall be joint and several.

17.5 Mortgagee's Acceptance.

17.5.1 Priority of Mortgage. This Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to said mortgage.

17.5.2 Acceptance Upon First Conveyance. Declarant shall not consummate the conveyance of title of any Lot until said Mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements for partial release of Lots from the lien of said Mortgage. The issuance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of this Declaration and the status of the Lots remaining subject to its Mortgage as well as its acknowledgment that such appropriate arrangements for partial release of Lots has been made; provided, that, except as to Lots so released, said mortgage shall remain in full effect as to the entire Property.

17.6 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

17.7 Effective Date. The Declaration shall take effect upon recording.

17.8 Governmental Right of Access. All governmental and quasi-governmental entities (including without limitation public and private providers of utility services) shall have rights of access, maintenance and inspection for the open space area, any drainage facilities or utility systems contained therein, or other matter of their respective jurisdiction.

17.9 Approval of Lawsuits. The Board shall not commence a lawsuit or arbitration against any party without first:

notifying all Owners in writing as to the nature of and reasons for such lawsuit or arbitration; and obtaining the approval of seventy-five percent (75%) of all Owners to commence such lawsuit or arbitration; provided, that this Section shall not apply to the collection of assessment pursuant to Article 12 or the enforcement of the Declaration pursuant to Article 9.

ARTICLE 18 DISPUTE RESOLUTION

18.1 Policy - Mediation. Each Owner commits to cooperate in good faith and to deal fairly in performing their duties under this Declaration in order to accomplish the objectives of the community and avoid disputes. If a dispute arises, the following alternate dispute resolution process shall apply: (a) the parties will seek a fair and prompt negotiated resolution, but if this is not successful, (b) all disputes shall be resolved by binding arbitration, provided that during this process, (c) at the request of either party made not later than forty-five (45) days after the initial arbitration demand, the parties will attempt to resolve any dispute by nonbinding mediation (but without delaying the arbitration hearing date). Each Owner confirms that by agreeing to this alternate dispute resolution process, they intend to give up their right to have any dispute decided in court by a judge or jury.

18.2 Binding Arbitration. Any claim between or among any party subject to this Declaration (including without limitation, the Declarant, Association Board or officers, Lot Owners, or their employees or agents) arising out of or relating to this Declaration, a Lot or Lots, the Project or the Association shall be determined by Arbitration in the county in which the Project is located commenced in accordance with RCW 7.04A.090 (or as it may hereafter be amended); provided, that the total award by a single arbitrator (as opposed to a majority of the arbitrators) shall not exceed \$500,000, including interest, attorneys' fees and costs. If any party demands a total award greater than \$500,000, there shall be three (3) neutral arbitrators. If the parties cannot agree on the identity of the arbitrator(s) within ten (10) days of the arbitration demand, the arbitrator(s) shall be selected by the administrator of the American Arbitration Association (AAA) office in Seattle from its Large, Complex Case Panel (or have similar professional credentials). Each arbitrator shall be an attorney with at least fifteen (15) years' experience in commercial or real estate law and shall reside in the county in which the Project is located. Whether a claim is covered by the Article shall be determined by the arbitrator(s). All statutes of limitations, which would otherwise be applicable, shall apply to any arbitration proceeding hereunder.

18.3 Hearing - Law - Appeal Limited. The arbitrator(s) shall take such steps as may be necessary to hold a private hearing within forty (40) days of the initial demand for arbitration and to conclude the hearing within three (3) days; and the arbitrator(s) written decision shall be made not later than fourteen (14) calendar days after the hearing. The parties have included these time limits in order to expedite the proceeding, but they are not jurisdictional, and the arbitrator(s) may for good cause afford or permit reasonable extensions or delays, which shall not affect the validity of the award. All notices may be by telephone or other electronic communication with later confirmation in writing. The time, date and place of the hearing shall be set by the arbitrator in his or her sole discretion, provided that there be at least 3 days prior notice of the hearing. There shall be no post-hearing briefs. There shall be no discovery except by order of the arbitrator. The written decision shall contain a brief statement of the claim(s) determined and the award made on each claim. In making the decision and award, the arbitrator(s) shall apply applicable substantive law. Absent fraud, collusion or willful misconduct by an arbitrator, the award and decision shall be final, and the judgment may be entered in any court having jurisdiction thereof. The arbitration proceedings shall be governed by RCW 7.04A, except to the extent modified by this Article 18. The decision and award of the arbitrator(s) need not be unanimous; rather, the decision and award of two arbitrators shall be final.

ARTICLE 19 PARTY WALLS

19.1 General Rules of Law Apply. Each wall which is built as a part of the original construction of the Homes upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

19.2 Sharing Repair and Maintenance . The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

19.3 Destruction by Fire or Other Casualty . If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

19.4 Weatherproofing . Notwithstanding any other provision of this Article, an Owner who, by his negligent or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

19.5 Right to Contribution Runs with Land . The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

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

DECLARANT: RIDGESTONE BUILDERS LLC

By RIDGESTONE ASSOCIATES, INC.
Its: Managing Member

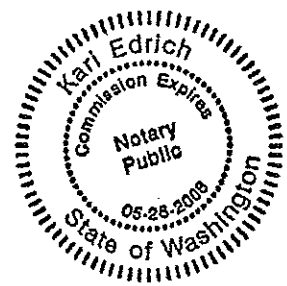
By: [Signature]
Alison D. Birmingham
(Printed Name)
Its: Assistant Secretary

STATE OF WASHINGTON }
 } ss.
COUNTY OF KING }

On this 16th day of May, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Alison Birmingham, to me personally known (or proven on the basis of satisfactory evidence) to be the Assistant Secretary of RIDGESTONE ASSOCIATES, INC., Managing Member of RIDGESTONE BUILDERS LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument on behalf of said limited liability company.

WITNESS my hand and seal hereto affixed the day and year in this certificate above written.

[Signature]
NOTARY PUBLIC in and for the State of
Washington, residing in Seattle
My commission expires: 5-26-08
Print Notary Name: Kari Edrich



**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE
RIDGESTONE NEIGHBORHOOD**

KING COUNTY

Exhibit A - Legal Description

**LOT 1 OF "SNOQUALMIE RIDGE PLAT 21 - PARCELS S1, S1A AND S23", ACCORDING
TO THE PLAT THEREOF, RECORDED IN VOLUME 238 OF PLATS, PAGES 90 THROUGH 93, IN
KING COUNTY, WASHINGTON.**

SUPPLEMENTAL DECLARATION OF
 COVENANTS, CONDITIONS AND RESTRICTIONS
 OF THE
 RIDGESTONE NEIGHBORHOOD

Exhibit B – Common Area Expense Percentage Lot Calculation

RIDGESTONE
 LOT
 CALCULATIONS

Updated: 2/7/2006
 Total Area: 538476 sf
 12.36 ac

Lot Number	Lot Area (sf)	% of Total Area
1	3,057	0.005677
2	1,619	0.003007
3	1,809	0.003359
4	1,809	0.003359
5	1,622	0.003012
6	2,608	0.004843
7	2,343	0.004351
8	1,809	0.003359
9	1,809	0.003359
10	1,622	0.003012
11	1,622	0.003012
12	2,734	0.005077
13	4,122	0.007655
14	1,653	0.003070
15	1,876	0.003484
16	1,913	0.003553
17	1,742	0.003235
18	2,813	0.005224
19	2,536	0.004710
20	2,100	0.003900
21	2,100	0.003900
22	1,883	0.003497
23	1,883	0.003497
24	2,936	0.005452
25	4,550	0.008450
26	2,880	0.005348

27	2,951	0.005480
28	2,952	0.005482
29	4,106	0.007625
30	4,613	0.008567
31	3,011	0.005592
32	3,589	0.006665
33	3,433	0.006375
34	2,588	0.004806
35	2,489	0.004622
36	2,878	0.005345
37	3,072	0.005705
38	2,394	0.004446
39	2,394	0.004446
40	3,059	0.005681
41	3,177	0.005900
42	2,506	0.004654
43	2,514	0.004669
44	2,973	0.005521
45	2,959	0.005495
46	2,530	0.004698
47	2,558	0.004750
48	3,710	0.006890
49	3,300	0.006128
50	2,408	0.004472
51	2,891	0.005369
52	2,516	0.004672
53	1,936	0.003595
54	2,912	0.005408
55	3,059	0.005681
56	2,143	0.003980
57	2,129	0.003954
58	4,137	0.007683
59	3,631	0.006743
60	2,524	0.004687
61	2,731	0.005072
62	2,992	0.005556
63	2,828	0.005252
64	2,357	0.004377
65	2,378	0.004416
66	2,410	0.004476
67	3,833	0.007118

68	3,196	0.005935
69	1,726	0.003205
70	1,904	0.003536
71	1,878	0.003488
72	1,662	0.003088
73	3,280	0.006091
74	4,226	0.007848
75	2,952	0.005482
76	3,054	0.005672
77	4,352	0.008082
78	4,512	0.008379
79	2,385	0.004429
80	2,435	0.004522
81	2,485	0.004615
82	2,531	0.004700
83	3,763	0.006988
84	4,770	0.008858
85	3,076	0.005712
86	4,139	0.007687
87	3,698	0.006868
88	1,649	0.003062
89	2,865	0.005321
90	2,048	0.003803
91	1,649	0.003062
92	3,505	0.006509
93	3,198	0.005939
94	1,566	0.002908
95	3,237	0.006011
96	3,241	0.006019
97	1,750	0.003250
98	2,181	0.004050
99	2,291	0.004255
100	1,780	0.003306
101	3,311	0.006149
102	3,149	0.005848
103	1,609	0.002988
104	3,849	0.007148
TOTALS	283,923	

CONSENT TO DECLARATION

The undersigned, as owner of the Property described herein, hereby consents to the recording of the foregoing Supplemental Declaration of Covenants, Conditions, Restrictions, and Reservations for the Ridgestone Neighborhood ("Declaration). This consent is granted solely as an accommodation to the Declarant of the Declaration, and the undersigned specifically disclaims any interest or liability as a co-declarant.

SNOQUALMIE RIDGE II DEVELOPMENT LLC,
a Washington limited liability company

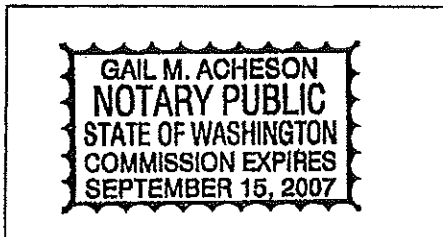
By: The Quadrant Corporation,
a Washington corporation
Its Managing Member

By: [Signature]
Name: Daniel E. Dappaly
Title: Vice President

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me DANIEL E. DAPPALY, to me known to be the VICE PRESIDENT of The Quadrant Corporation, a Washington corporation and Managing Member of SNOQUALMIE RIDGE II DEVELOPMENT LLC, the Washington limited liability company that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 15th day of MAY, 2007.



[Signature]
Printed Name GAIL M. ACHESON
NOTARY PUBLIC in and for the State of Washington,
residing at KIRKLAND
My Commission Expires 9/15/07



20070517002577

CHICAGO TITLE INS. CO. 33.00
 PAGE 01 OF 02
 05/17/2007 15:33
 KING COUNTY, WA

RETURN ADDRESS:
 Puget Sound Energy, Inc.
 Attn: R/W Department (C. Biggs)
 PO Box 90868 / EST-06W
 Bellevue, WA 98009

EASEMENT

EXCISE TAX NOT REQUIRED

King Co. Records Division

By *[Signature]* Deputy

REFERENCE #:
 GRANTOR: SNOQUALMIE RIDGE II DEVELOPMENT LLC, a Washington Limited Liability Company
 GRANTEE: PUGET SOUND ENERGY, INC.
 SHORT LEGAL: Portion of NE 1/4 Sec. 35; Twp. 24N; Range 07E
 ASSESSOR'S PROPERTY TAX PARCEL: 785334-0590

For and in consideration of One Dollar (\$1.00) and other valuable consideration in hand paid, SNOQUALMIE RIDGE II DEVELOPMENT LLC, a Washington Limited Liability Company ("Grantor" herein), hereby conveys and warrants to PUGET SOUND ENERGY, INC., a Washington Corporation ("Grantee" herein), for the purposes hereinafter set forth, a nonexclusive perpetual easement over, under, along, across, and through the following described real property ("Property" herein) in KING County, Washington:

LOT 59, SNOQUALMIE RIDGE PLAT 22, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 239 OF PLATS, PAGES 76 THROUGH 86, RECORDS OF KING COUNTY, WASHINGTON.

Except as may be otherwise set forth herein Grantee's rights shall be exercised upon that portion of the Property ("Easement Area" herein) described as follows:

EASEMENT NO. 1: A STRIP OF LAND 5 FEET IN WIDTH ACROSS THE ABOVE DESCRIBED PROPERTY BEING PARALLEL TO AND COINCIDENT WITH THE BOUNDARIES OF ALL ALLEYWAYS AND PRIVATE DRIVES.

EASEMENT NO. 2: AN EASEMENT OVER THE ABOVE DESCRIBED PROPERTY FOR VAULTS, PEDESTALS AND RELATED FACILITIES ("VAULT EASEMENTS") ADJACENT TO EASEMENT AREA NO. 1. THE VAULT EASEMENT MAY OCCUPY UP TO AN ADDITIONAL 5 FEET IN WIDTH (FOR A TOTAL WIDTH OF 10 FEET) WITH THE LENGTH OF EACH VAULT EASEMENT EXTENDING 5 FEET FROM EACH END OF THE AS-BUILT VAULT(S).

1. Purpose. Grantee shall have the right to construct, operate, maintain, repair, replace, improve, remove, enlarge, and use the easement area for one or more utility systems for purposes of transmission, distribution and sale of gas and electricity. Such system may include, but are not limited to:

Underground facilities. Pipes, pipelines, mains, laterals, conduits, regulators and feeders for gas; conduits, lines, cables, vaults, switches and transformers for electricity; fiber optic cable and other lines, cables and facilities for communications; semi-buried or ground-mounted facilities and pads, manholes, meters, fixtures, attachments and any and all other facilities or appurtenances necessary or convenient to any or all of the foregoing.

Following the initial construction of all or a portion of its systems, Grantee may, from time to time, construct such additional facilities as it may require for such systems. Grantee shall have the right of access to the Easement Area over and across the Property to enable Grantee to exercise its rights hereunder. Grantee shall compensate Grantor for any damage to the Property caused by the exercise of such right of access by Grantee.

2. Easement Area Clearing and Maintenance. Grantee shall have the right to cut, remove and dispose of any and all brush, trees or other vegetation in the Easement Area. Grantee shall also have the right to control, on a continuing basis and by any prudent and reasonable means, the establishment and growth of brush, trees or other vegetation in the Easement Area.

3. Grantor's Use of Easement Area. Grantor reserves the right to use the Easement Area for any purpose not inconsistent with the rights herein granted, provided, however, Grantor shall not construct or maintain any buildings, structures or other objects on the Easement Area and Grantor shall do no blasting within 300 feet of Grantee's facilities without Grantee's prior written consent.

4. Indemnity. Grantee agrees to indemnify Grantor from and against liability incurred by Grantor as a result of Grantee's negligence in the exercise of the rights herein granted to Grantee, but nothing herein shall require

CHICAGO TITLE INS. CO. (2)
 REF# W0701041-10



20070517002578

CHICAGO TITLE INS. 33.00
PAGE 001 OF 002
05/17/2007 15:33
KING COUNTY, WA

RETURN ADDRESS:
Puget Sound Energy, Inc.
Attn: R/W Department (C. Biggs)
PO Box 90868 / EST-08W
Bellevue, WA 98009

EXCISE TAX NOT REQUIRED
King Co. Records Division

EASEMENT

By *[Signature]* Deputy

REFERENCE #:
GRANTOR: SNOQUALMIE RIDGE II DEVELOPMENT LLC, a Washington limited liability company
GRANTEE: PUGET SOUND ENERGY, INC.
SHORT LEGAL: Portion of NE 1/4 Sec. 35; Twp. 24N; Range 07E
ASSESSOR'S PROPERTY TAX PARCEL: 785334T-10 *NOT ASSIGNED - Open Space Tract*

For and in consideration of One Dollar (\$1.00) and other valuable consideration in hand paid, SNOQUALMIE RIDGE II DEVELOPMENT LLC, a Washington limited liability company ("Grantor" herein), hereby conveys and warrants to PUGET SOUND ENERGY, INC., a Washington Corporation ("Grantee" herein), for the purposes hereinafter set forth, a nonexclusive perpetual easement over, under, along, across, and through the following described real property ("Property" herein) in KING County, Washington:

TRACT TR-10, SNOQUALMIE RIDGE PLAT 22, ACCORDING TO THE PLAT THEREOF, RECORDED IN VOLUME 239 OF PLATS, PAGES 76 THROUGH 86, RECORDS OF KING COUNTY, WASHINGTON.

Except as may be otherwise set forth herein Grantee's rights shall be exercised upon that portion of the Property ("Easement Area" herein) described as follows:
An Easement Area 10 feet in width having 5 feet of such width on each side of a centerline described as follows:

THE CENTERLINE OF GRANTEE'S FACILITIES AS CONSTRUCTED, TO BE CONSTRUCTED, EXTENDED OR RELOCATION WITHIN THE ABOVE DESCRIBED REAL PROPERTY.

1. Purpose. Grantee shall have the right to construct, operate, maintain, repair, replace, improve, remove, enlarge, and use the easement area for one or more utility systems for purposes of transmission, distribution and sale of gas and electricity. Such system may include, but are not limited to:

Underground facilities. Pipes, pipelines, mains, laterals, conduits, regulators and feeders for gas; conduits, lines, cables, vaults, switches and transformers for electricity; fiber optic cable and other lines, cables and facilities for communications; semi-buried or ground-mounted facilities and pads, manholes, meters, fixtures, attachments and any and all other facilities or appurtenances necessary or convenient to any or all of the foregoing.

Following the initial construction of all or a portion of its systems, Grantee may, from time to time, construct such additional facilities as it may require for such systems. Grantee shall have the right of access to the Easement Area over and across the Property to enable Grantee to exercise its rights hereunder. Grantee shall compensate Grantor for any damage to the Property caused by the exercise of such right of access by Grantee.

2. Easement Area Clearing and Maintenance. Grantee shall have the right to cut, remove and dispose of any and all brush, trees or other vegetation in the Easement Area. Grantee shall also have the right to control, on a continuing basis and by any prudent and reasonable means, the establishment and growth of brush, trees or other vegetation in the Easement Area.

3. Grantor's Use of Easement Area. Grantor reserves the right to use the Easement Area for any purpose not inconsistent with the rights herein granted, provided, however, Grantor shall not construct or maintain any buildings, structures or other objects on the Easement Area and Grantor shall do no blasting within 300 feet of Grantee's facilities without Grantee's prior written consent.

4. Indemnity. Grantee agrees to indemnify Grantor from and against liability incurred by Grantor as a result of Grantee's negligence in the exercise of the rights herein granted to Grantee, but nothing herein shall require Grantee to indemnify Grantor for that portion of any such liability attributable to the negligence of Grantor or the negligence of others.

5. Abandonment. The rights herein granted shall continue until such time as Grantee ceases to use the Easement Area for a period of five (5) successive years, in which event, this easement shall terminate and all rights hereunder, and any improvements remaining in the Easement Area, shall revert to or otherwise become the property of Grantor; provided, however, that no abandonment shall be deemed to have occurred by reason of Grantee's failure to initially install its systems on the Easement Area within any period of time from the date hereof.

6. Successors and Assigns. Grantee shall have the right to assign, apportion or otherwise transfer any or all of its rights, benefits, privileges and interests arising in and under this easement. Without limiting the generality of the foregoing, the rights and obligations of the parties shall inure to the benefit of and be binding upon their respective successors and assigns.

DATED this 16th day of May, 2007.

GRANTOR:

SNOQUALMIE RIDGE II DEVELOPMENT LLC, a Washington limited liability company

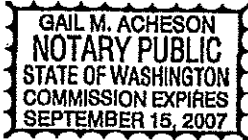
By: THE QUADRANT CORPORATION
Its: Managing Member

BY: [Signature]
ITS: Vice-President

STATE OF WASHINGTON)
COUNTY OF KING) SS

On this 16th day of MAY, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared DAVID E. DROTH to me known to be the person(s) who signed as VICE PRESIDENT of THE QUADRANT CORPORATION, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be his free and voluntary act and deed and the free and voluntary act and deed of SNOQUALMIE RIDGE II DEVELOPMENT LLC for the uses and purposes therein mentioned; and on oath stated that he was authorized to execute the said instrument on behalf of said SNOQUALMIE RIDGE II DEVELOPMENT LLC.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.



[Signature]
(Signature of Notary)

GAIL M. ACHESON
(Print or stamp name of Notary)

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

My Appointment Expires: 9/15/07

Notary seal, text and all notations must be inside 1" margins