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POLYGON COV 99.00
PAGE 001 OF 081
02/24/2005 14:38
KING COUNTY, WA

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
MAPLE RIDGE HIGHLANDS**

Declarant: NOVA MAPLE RIDGE, L.L.C.,
a Washington limited liability company

Legal Description: Lots 1-206 of Plat of MAPLE RIDGE HIGHLANDS
DIVISION 3, Rec. No. 20041214000289, and
Lots 1-68 of Plat of MAPLE RIDGE HIGHLANDS
DIVISION 4, Rec. No. 2005 0125000251,
King County, Washington

Additional legal description on Page 50 of document.

Tax Parcel No(s):

510453-0010 through 510453-2060
510454-0010 through 510454-0750

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**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
MAPLE RIDGE HIGHLANDS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 24th day of February, 2005, by NOVA MAPLE RIDGE, L.L.C., a Washington limited liability company ("Declarant").

Declarant is the owner of the real property described in Exhibit A attached hereto and incorporated herein by reference. The subject real property is commonly known as Divisions 3 and 4 of MAPLE RIDGE HIGHLANDS, and is referred to herein as "MAPLE RIDGE HIGHLANDS". Declarant intends by this Declaration to: (a) impose upon the Properties mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of such property; (b) provide a flexible and reasonable procedure for the overall development of the Properties; (c) establish a method for the administration, maintenance, preservation, use and enjoyment of the Properties; and (d) create easements, covenants, conditions and restrictions to protect the value and desirability of the real property subject to this Declaration.

Declarant hereby declares that the Properties shall be held, sold, used and conveyed subject to the provisions of this Declaration, which are for the purpose of protecting the value and desirability of and which shall run with title to the Properties. This Declaration shall be binding on all parties having any interest in the Properties, their heirs, successors and assigns, and shall inure to the benefit of each Owner.

**ARTICLE 1
DEFINITIONS**

1.1 "Areas of Common Responsibility". The Common Area and other areas, if any, which become the responsibility of the Association, including but not limited to planting and landscaping strips, Sensitive Area Tracts, parks, private irrigation wells (if any), greenbelts, open spaces and entry monuments located in public road right of way within MAPLE RIDGE HIGHLANDS. Some tracts may be conveyed either to King County, Sewer or Water Districts, or other municipal entities, all as specified herein. Some tracts which are conveyed to these municipal entities may be managed by the Association for the benefit of all Owners as described herein.

1.2 "Articles". The Articles of Incorporation of MAPLE RIDGE HIGHLANDS ASSOCIATION, filed with the Secretary of State of the state of Washington.

1.3 "Association". MAPLE RIDGE HIGHLANDS ASSOCIATION, its successors or assigns.

1.4 "Base Assessment". Assessments levied on all Lots subject to assessment under Article 10 to fund Common Expenses for the general benefit of all Lots, as more particularly described in Sections 10.1 and 10.2.

1.5 "Board of Directors" or "Board". The body responsible for administering the Association, selected as provided in the Bylaws, and serving as the Board of Directors under Washington corporate law.

1.6 "Builder". Any person other than Declarant purchasing one or more Lots to construct improvements thereon for resale to consumers or for further subdivision, development and/or resale in the ordinary course of such person's business.

1.7 "Bylaws". The Bylaws of the Association attached as Exhibit B and incorporated by reference, as they may be amended.

1.8 "Class "B" Control Period". The period during which the Class "B" Member is entitled to appoint a majority of the Board members under Section 3.2 of the Bylaws.

1.9 "Common Expenses". The actual and estimated expenses incurred or anticipated to be incurred by the Association for the general benefit of all Owners, including any reasonable reserve, all as may be found necessary and appropriate by the Board under this Declaration, the Bylaws and the Articles of the Association. Common Expenses include but are not limited to real estate taxes and similar charges for Common Areas.

1.10 "Common Area". The Common Areas are portions of the Property owned and maintained by the Association for the benefit of all Owners as described herein. The Common Area located in MAPLE RIDGE HIGHLANDS includes Park Tracts D-7 and D-8, and Open Space Tracts E-13 and E-14. Declarant, on its sole signature, may amend the Declaration to include additional Common Areas to be designated on the final Plat Maps for MAPLE RIDGE HIGHLANDS to be incorporated into the MAPLE RIDGE HIGHLANDS Development and subjected to this Declaration as provided for herein.

1.11 "Community-Wide Standards". Standards of conduct, maintenance or other activity generally prevailing throughout the Properties. Such standards may be more specifically determined by the Board and the Architectural Control Committee (see Article 11).

1.12 "Declaration of Easements and Agreement to Share Maintenance Costs". An Agreement between the MAPLE RIDGE HIGHLANDS and MAPLE WOODS Communities, providing for the mutual use and

shared maintenance expenses for certain parks and other amenities of common benefit to the Communities.

1.13 "Declarant". MAPLE RIDGE HIGHLANDS, L.L.C., a Washington limited liability company, and its: (a) successor by merger or consolidation, (b) successor-in-title, or (c) assignee, provided any such successor-in-title or assignee shall own or acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property, if any; and provided further, in the instrument of conveyance to any such successor-in-title or in a recorded Supplemental Declaration in the case of an assignment, such successor-in-title or assignee is designated as "Declarant" hereunder by the grantor of such conveyance or assignor, as the case may be, such grantor or assignor shall be the "Declarant" under this Declaration at the time of such conveyance or assignment; provided further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" under this Declaration shall cease, except as described in Section 11.2 below, it being understood that as to all of the property described in Exhibit A, which is now subjected to this Declaration, there shall be only one (1) "Declarant" hereunder at any one point in time.

1.14 "Lot". Any contiguous portion of the Properties, whether improved or unimproved, other than Common Area and property dedicated to the public, which may be independently owned, conveyed, developed and used as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Lot, as well as any improvements thereon.

1.15 "MAPLE WOODS". The residential development adjoining MAPLE RIDGE HIGHLANDS, and being a party to the Declaration of Easements and Agreement to Share Maintenance Costs described in Section 1.12 above.

1.16 "MAPLE RIDGE HIGHLANDS". The residential development comprised of all property subjected (now or later) to this Declaration, including the Properties.

1.17 "Member". A person entitled to membership in the Association.

1.18 "Mortgage". Any mortgage, deed of trust or similar instrument used for the purpose of encumbering Properties as security for the payment or satisfaction of an obligation.

1.19 "Mortgagee". The holder of a Mortgage.

1.20 "Owner". One or more Persons who hold the record title to any Lot, except persons holding an interest merely as security for the performance of an obligation, in which case the equitable

owner will be considered the Owner. Unless a recorded contract of sale specifically provides otherwise, the purchaser (rather than the fee owner) will be considered the Owner.

1.21 "Person". A natural person, corporation, partnership, trustee or any other legal entity.

1.22 "Properties". The real property described in Exhibit A, and all additional property subjected to this Declaration under Article 9.

1.23 "Special Assessments". Assessments levied under Section 10.4.

1.24 "Specific Assessments". Assessments levied under Section 10.5.

1.25 "Supplemental Declaration". An amendment or supplement to this Declaration filed under Article 9 which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional covenants, conditions or restrictions on the land described therein.

ARTICLE 2 PROPERTY RIGHTS

2.1 Common Area. Every Owner shall have a right and nonexclusive easement of use, access and enjoyment in and to the Common Area, subject to:

(a) this Declaration, any other applicable covenants, and the terms of any deed conveying such property to the Association;

(b) the right of the Board to adopt rules regulating the use and enjoyment of the Common Area, including rules limiting the number of guests;

(c) the right of the Board to suspend an Owner's right to use recreational facilities within the Common Area (i) for any period during which any charge, including Assessments, against such Owner's Lot remains delinquent, and/or (ii) for a period not exceeding thirty (30) days for a single violation, or for a longer period in the case of any continuing violation, of the Declaration, any applicable Supplemental Declaration, the Bylaws or rules of the Association after notice and a hearing under the Bylaws;

(d) the right of the Association to transfer, on behalf of the Owners in common, all or any part of the Common Area to governmental entities under Section 4.8, or the right of

Declarant to transfer, on behalf of the Owners in common, certain tracts as described herein;

(e) the right of the Board to impose reasonable membership requirements and charge reasonable membership admission or other fees for the use of any recreational facility within the Common Area; and

(f) the right of the Association, on behalf of the Owners in common, to mortgage or otherwise create a security interest against any or all of its real or personal property as security for money borrowed or obligations incurred.

Any Owner may extend their right of use and enjoyment to the Members of their family, lessees and social invitees, as applicable, subject to rules of the Board. An Owner who leases their Lot shall be deemed to have assigned all such rights to the lessee.

2.2 Open Space Conveyed to King County. Approximately six hundred (600) acres around and in the vicinity of MAPLE RIDGE HIGHLANDS has been or will be conveyed to King County by Declarant in Phases consistent with the development of MAPLE WOODS and MAPLE RIDGE HIGHLANDS. Such land will be used for open space purposes and may be used by the general public. Use of such land will be subject to those restrictions set forth on the recorded Plat subdivision maps filed by Declarant for MAPLE RIDGE HIGHLANDS. The following language has been taken from the recorded Plats of Divisions 3 and 4 of MAPLE RIDGE HIGHLANDS, and refers to property outside of the developed portion of MAPLE RIDGE HIGHLANDS, which has not been deeded to King County:

Open Space Note

This portion of the subject Property with open space land use designation shall remain uncleared and shall be an Open Space Tract. Use shall be limited to public, non-motorized outdoor recreation. Any alterations to the Site are subject to King County Codes and the review and approval of King County Parks and other King County agencies as appropriate.

The Developer shall provide at a minimum rear yard fencing on Lots adjacent to open space, wetlands and native vegetation areas. The fencing shall be maintained by the individual Lot Owner.

ARTICLE 3
MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. Every Owner shall have a membership in the Association. No Owner shall have more than one membership per Lot owned. If a Lot is owned by more than one Person, all co-Owners shall be entitled to the privileges of membership, subject to the restrictions on voting set forth in Section 3.2 and in the Bylaws. All co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners hereunder. The membership rights of an Owner who is a natural person may be exercised by the Member or the Member's spouse. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised only by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

3.2 Voting. The Association shall have two (2) classes of membership, Class "A" and Class "B".

3.2.1 Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Each Class "A" Member shall have one (1) equal vote for each Lot in which he or she holds the interest required for membership under Section 3.1. There shall be only one (1) vote per Lot. In any situation where there is more than one Owner of a particular Lot, the vote for such Lot shall be exercised as such co-Owners determine among themselves, and advise the Secretary of the Association in writing prior to any meeting. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

3.2.2 Class "B". The sole Class "B" Member shall be Declarant. The rights of the Class "B" Member are specified elsewhere in the Articles, Declaration and Bylaws. The Class "B" Member may appoint a majority of the Board members during the Class "B" Control Period, as specified in Section 3.2 of the Bylaws. The Class "B" membership shall terminate and convert to Class "A" membership upon the earlier of (a) five (5) years after expiration of the Class "B" Control Period; or (b) when, in its discretion, Declarant so determines and declares in a recorded instrument.

ARTICLE 4
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1 Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon. The Association shall exercise reasonable and diligent care in order to maintain the aesthetics, function, good repair and safety under the terms and conditions of this Declaration and consistent with the Community-Wide Standards.

4.2 Personal Property and Real Property for Common Use. The Association, through action of its Board, may acquire, hold and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real estate located within the Properties described in Exhibit A, personal property and easements and other property interests. Such property shall be accepted and thereafter maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the conveyance.

4.3 Rules. The Association, through its Board, may make, modify and enforce reasonable rules governing the use of the Properties, consistent with the rights and duties established by this Declaration, as provided in Article 12. Such rules shall bind all Owners, occupants, invitees and licensees until and unless repealed or modified in a regular or special meeting of the Association by the vote of sixty-seven percent (67%) of the total Class "A" votes and, so long as such membership exists, by the Class "B" Member.

4.4 Enforcement. The Association may impose sanctions for violations of this Declaration, the Bylaws or rules, including without limitation reasonable monetary fines, suspension of voting rights and the right to use any recreational facilities within the Common Area. In addition, under the Bylaws, the Association may exercise self-help remedies to cure violations and may suspend any services it provides to the Lot of any Owner thirty (30) days or more delinquent in paying any Assessment or other charge due to the Association. The Board may seek relief in any court for violations or to abate nuisances. Board actions to impose or seek sanctions shall be governed by the Bylaws.

4.5 Rights. The Association may exercise any right or privilege given to it expressly by this Declaration or the Bylaws, or which may be reasonably implied from or reasonably necessary to effectuate any such right or privilege.

4.6 Governmental Interests. Declarant may designate sites it owns or controls within the Properties for fire, police, water and sewer facilities, energy and communication facilities, parks and other public facilities. Development of such sites shall be subject to the architectural standards under Article 11; however, neither the Association, the architectural committees nor the Owners may object to the use of such sites for the designated public purposes.

4.7 Indemnification. The Association, to the fullest extent allowed by law, shall indemnify every officer, director and committee member against all expenses, including counsel fees, reasonably incurred by or imposed upon such officer, director or committee member in connection with any action, suit or other

proceeding (including settlement of any suit or proceeding, if approved by the Board) to which he or she may be a party by reason of being or having been an officer, director or committee member.

The officers, directors and committee members shall not be liable for any mistake of judgment, except for their own individual misfeasance, malfeasance, misconduct or bad faith, and shall have no personal liability to third parties with respect to any contract or action taken by them in good faith on behalf of the Association. The Association shall indemnify and hold each such officer, director and committee member harmless against all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers and directors liability insurance to fund this obligation, if such insurance is reasonably available.

4.8 Dedication of Common Area. The Association, by Board resolution, may dedicate or grant easements over portions of the Common Area on behalf of the Owners in Common to any local, state or federal government entity, public utility or private party, without a vote under Article 8, when such conveyance is consistent with the requirement of King County or other applicable jurisdiction for the development of the Properties, or Declarant's master plan for the development of the Properties.

4.9 Security. Neither the Association, Declarant nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Properties. Neither the Association, Declarant nor any successor Declarant shall be held liable for any loss or damage for failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and occupants of any Lot, and all tenants, guests and invitees of any Owner, acknowledge that the Association and its Board, Declarant, any successor Declarant, and Architectural Control Committee do not represent or warrant that any fire protection system, burglar alarm system or other security system designated by or installed according to guidelines established by Declarant or the Architectural Control Committee may not be compromised or circumvented; nor that any fire protection or burglar alarm system or other security systems will prevent loss by fire, smoke, burglary, theft, holdup or otherwise; nor that fire protection or burglar alarm systems or other security systems will in all cases provide the detection or protection for which the system is designed or intended. All Owners and occupants of any Lot, and all tenants, guests and invitees of any Owner acknowledge and understand that the Association, its Board, committees, Declarant or any successor Declarant are not insurers. All Owners and occupants of any Lot and all tenants, guests and invitees of

any Owner assume all risks for loss or damage to persons, to Lots and to the contents of Lots, and further acknowledge that the Association, its Board, committees, Declarant or any successor Declarant have made no representations or warranties, nor has any Owner, occupant or any tenant, guest or invitee of any Owner relied upon any representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose relative to any fire and/or burglar alarm systems or other security systems recommended or installed or any security measures undertaken within the Properties.

4.10 Utility Lines. Each Owner, occupant, guest and invitee acknowledges that neither the Association, the Board nor Declarant shall in any way be considered insurers or guarantors of health within the Properties, and neither the Association, the Board nor Declarant shall be held liable for any personal injury, illness or any other loss or damage caused by the presence or malfunction of utility lines or utility substations adjacent to, near, over or on the Properties. Each Owner, occupant, guest and invitee assumes all risk of personal injury, illness or other loss or damage arising from the presence of utility lines or utility substations, and further acknowledges that neither Declarant nor the Association has made any warranties, nor has any Owner, occupant, guest or invitee relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines or utility substations.

4.11 Municipal Services. The Association may, but is not obligated by this Declaration, to contribute funds to King County for the purpose of increasing the county's capacity to provide municipal services, such as but not limited to maintenance of roads, storm sewers, sidewalks, lighting, trails and roadside landscaping, police and fire protection services within MAPLE RIDGE HIGHLANDS.

4.12 Maintenance and Repair of Storm Water Facilities. The storm water drainage facilities for the Properties are located on and under the Properties, and continue off the Properties until discharged at a site away from the Properties. The entire storm water drainage system from initial collecting points, including retention ponds, through all discharge lines and to the point of final discharge located beyond the boundary of the Properties shall be the "County Storm Water Drainage Facilities," which have been dedicated to King County. Storm Water Drainage Facilities located within tracts owned by the Association shall be the "Common Storm Water Drainage Facilities." The Association shall manage, control, maintain and repair all of the Common Storm Water Drainage Facilities that are not otherwise the responsibility of King County. If, in the opinion of King County, such Common Storm Water Drainage Facilities are not being maintained properly, then King County may itself perform all maintenance and/or repair work to the

Common Storm Water Drainage Facilities that King County deems necessary. All such work performed by King County shall be paid by the Association. The Association in turn may levy Special Assessments against the Properties and Lots for any such maintenance and/or repair work performed to the Common Storm Water Drainage Facilities, whether routine or emergency, and whether performed by the Association, its contractors or King County.

4.13 Wells and Dedication of Water Tanks. All irrigation for parks and Common Areas shall use water from underground wells located in portions of the Common Areas. Such well water is not potable, and Declarant shall have no obligation or liability to provide a potable water supply from such wells. The Association shall maintain such wells as a Common Expense. Tract C1 (located in MAPLE WOODS) and Tract C2 (located within the Properties) each contain large water storage tanks to supplement domestic water system needs for both MAPLE WOODS and MAPLE RIDGE HIGHLANDS. The water tank on Tract C2 is also for fire protection. Each of these tracts have been dedicated by Declarant to the Covington Water District. Maintenance and repair of these two tracts have been assumed by the Covington Water District.

4.13.1 To provide for the assurance of water availability, particularly during peak summer supply requirement periods, the Declarant was required to construct capital improvements to Covington Water District's current facilities. These improvements consist primarily of water storage and pumping facilities and will be deeded to Covington Water District. Accordingly, the long-term maintenance and operation of the water storage facilities may require the creation of a separate classification of customer based on the limitations of the water storage facilities, the difference in cost of service, maintenance and operation, replacement, and the achievement of water conservation goals. This may result in a different rate for water provided to customers within MAPLE RIDGE HIGHLANDS than for customers in the balance of the Covington Water District's service area.

4.14 Future Annexation to City of Maple Valley. This Declaration constitutes a waiver of the right of all Owners of Lots in MAPLE RIDGE HIGHLANDS and their successors in interest to protest the annexation of MAPLE RIDGE HIGHLANDS to the City of Maple Valley, and further grants a power of attorney to the Declarant authorizing the Declarant to execute, on behalf of each Owner of a Lot in MAPLE RIDGE HIGHLANDS, a petition for annexation, subject to the following terms and conditions:

4.14.1 Declarant may not exercise the above-described power of attorney and MAPLE RIDGE HIGHLANDS may not be annexed to the City of Maple Valley until the final plat for the last Division of MAPLE RIDGE HIGHLANDS is approved by King County and recorded.

4.15 Inside/Outside Water Meters. Covington Water District requires the installation of two (2) meters for every Lot; one for inside water use, and one for all outside use, including hose bibs attached to the structure. In addition, the Covington Water District has established a water budget for outside use of thirty thousand four hundred (30,400) gallons per year (40.64 ccf) for residential use. The outside use water meter may be shut off or locked by the Association or Covington Water District if the water budget is exceeded. As always, failure to pay water service in the amount and time required by the Covington Water District will result in water service being shut off, a lien against the defaulting Lot being filed, and a foreclosure lawsuit or action for moneys due by the Covington Water District as provided in RCW 57.08.010.

4.16 Landscaping Standards. The entire rear yard for each Lot within MAPLE RIDGE HIGHLANDS shall be landscaped in accordance with this Section 4.16. Basic landscaping shall be installed within one hundred twenty (120) days of the closing of the original purchase of the Lot by the original purchaser. Such landscaping shall include plant material, sod, seed and mulch. If inclement weather conditions or other uncontrollable events prevent timely installation of said landscaping, the Lot Owner must request an extension of this 120-day period from the Architectural Control Committee (see Section 11.2 below) in writing. For purposes of this Section, the "rear yard" of a Lot shall be defined as the portion of a Lot within the fence lines of the particular Lot. As part of the initial landscaping work to be performed by a Lot Owner, the Lot Owner and its landscaper shall be responsible for making certain that the final grade of the Lot slopes toward the catch basin installed on or near the Lot.

4.17 Covington Water District Landscape and Water Use Standards. Each Owner shall comply with the Landscape and Water Use Standards set forth on Exhibit D attached hereto, which are required by the Covington Water District.

ARTICLE 5 MAINTENANCE

5.1 Association's Responsibility. The Association shall maintain and keep in good repair the Areas of Common Responsibility, which shall include but need not be limited to:

(a) all Common Areas;

(b) any additional property specified by this Declaration, any Supplemental Declaration, or any contract, easement or agreement for maintenance thereof entered into by the Association to be included within the Areas of Common Responsibility, including such landscaping and other flora,

parks, fencing, irrigation, signs, other recreation areas, greenbelts, wetlands and sensitive areas, lakes, structures, improvements, streets and bike/pedestrian pathways/trails;

(c) all ponds, streams and wetlands within the Common Areas, if any, which serve as part of the Common Storm Water Drainage Facilities for the Properties, to the extent these areas are not the responsibility of King County, including any retaining walls, bulkheads or dams retaining water in them, and any fountains, lighting, pumps, conduits and similar equipment installed in or used in connection with them;

(d) any property and facilities owned by Declarant made available on a temporary or permanent basis for the primary use and enjoyment of the Association and its Members, and identified by written notice from Declarant to the Association until Declarant revokes such privilege of use and enjoyment by written notice to the Association; and

(e) all mailbox kiosks and related improvements.

Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means without prior written approval of Declarant so long as Declarant owns any property subject to the Declaration or which may be subjected to this Declaration by Declarant under Section 9.1.

The Association shall be relieved of its responsibilities under this Section to the extent they are assumed by King County or any other local, state or federal government entity, except that the Association may provide any additional maintenance for the Area of Common Responsibility if the Board determines that such additional maintenance is necessary or desirable to maintain the Community-Wide Standards. The Association may also maintain other property which it does not own, including property dedicated to the public, if the Board determines that such maintenance is necessary or desirable to maintain the Community-Wide Standards.

Except as otherwise specifically provided, all costs for maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense allocated among all Lots as part of the Base Assessment without prejudice to the Association's right to seek reimbursement from Persons responsible for such work.

In addition to the foregoing, where public storm drainage easements cross over or under, or are located within the boundaries of any Lot, if any, then the Association shall be responsible for the repair and restoration of the original construction concrete or asphalt walkways, patios, curbs and driveways, fencing and original landscaping (but not landscaping installed by an Owner) that are

damaged as a result of the maintenance, repair or reconstruction of such public storm drainage system. The cost of any such repair and restoration work shall be a Common Expense. Notwithstanding the foregoing, the Association's responsibility shall be limited to repair and restoration of these hard surfaces located within the portion of a Lot in which the public storm water drainage easement is located.

5.2 Owner's Responsibility. Each Owner shall maintain their Lot, including without limitation all structures, fencing, yard drains, drainage, landscaping, parking areas and other improvements comprising the Lot consistent with the Community-Wide Standards and all applicable covenants, unless such maintenance responsibility is assumed by or assigned to the Association. In addition to any other enforcement rights, if any Owner fails properly to maintain their Lot, the Association may perform such maintenance and assess the costs against the Lot and the Owner under Article 10; provided, however, the Association shall give the Owner reasonable notice and an opportunity to perform such maintenance, unless the Board determines that maintenance is needed on an emergency basis. Each Owner of a Lot which is adjacent to Sensitive Area Tracts or wetlands, or which is next to or includes the Lot slopes greater than 4:1, must follow the guidelines set forth in Exhibit C regarding the maintenance of slopes of their Lots.

5.2.1 Each Lot Owner must maintain and shall not modify the slope grades of their Lot. If Lot Owners fail to do so, the Association shall perform all slope work necessary to maintain slope grades of Lots and will assess the costs of such maintenance against the Lot and the Owner as provided herein. No Lot Owner may modify or alter in any way the natural water drainage from or across their Lot in a manner which would impair or prevent water drainage into the water drainage conveyance systems internal to all Lots.

5.2.2 MAPLE RIDGE HIGHLANDS is constructed within hundreds of acres of open space and environmentally sensitive areas. The storm drainage system within the MAPLE RIDGE HIGHLANDS Community transports contaminants from the Lots, roads and sidewalks to these drainage ponds that discharge into these sensitive areas. In an effort to protect these sensitive areas, all Owners in MAPLE RIDGE HIGHLANDS must comply with the following special rules:

- (a) there is to be no use of granular or any time-release lawn fertilizers, such as ammonium sulfate or nitrogen products;
- (b) all lawn fertilizers must be liquid applied;

(c) use of pesticides, fungicides and herbicides shall be in moderation;

(d) if elevated areas of any chemicals are detected in storm water discharge, then the whole MAPLE RIDGE HIGHLANDS Community may be subjected to a ban or further limitation of the detected chemicals;

(e) the Association shall have the right to fine Owners for violations of these special rules up to One Thousand Five Hundred Dollars (\$1,500) per incident if granular chemicals are used on lawns or if these specific restrictions are violated.

5.3 Maintenance of Private Access Tracts and Private Joint Use Driveway Tracts. All roads in MAPLE RIDGE HIGHLANDS shall be public roads, except for Tracts F-9, F-10, F-12, G-7, G-8, G-9 and G-10 (all of which are collectively referred to as "Private Access Tracts"). The roadways and drainage facilities in each Private Access Tract are owned jointly by and shall be maintained and repaired at the sole cost and expense of the Lots which both abut and have driveway access from the respective Private Access Tract. For example, Tract F-12 shall be maintained by Lots 18, 19 and 20. All Lots responsible for any such costs with respect to a Private Access Tract shall be jointly and severally responsible for the entire amount of such costs. However, it is Declarant's intent that each such Lot ultimately only need pay an equal share of such costs. The Association may elect to perform such maintenance and repair work, and specially assess the Lots responsible for such costs. The final recorded Plat Map and notes shall set forth the specific Lots which are responsible for the maintenance of each Private Access Tract.

5.4 Standard of Performance. Unless otherwise specifically provided in this Declaration or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed consistent with the Community-Wide Standards and all applicable covenants. Neither the Association, Declarant nor any Owner shall be liable for any damage or injury occurring to or arising out of the condition of property maintained by the Association.

5.5 Party Walls, Fences and Driveways. Each wall, fence or driveway built as a part of the original construction on the Lots which serves or separates any two (2) adjoining Lots shall constitute a party wall, party fence or party driveway. To the extent consistent with this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Due to slope conditions, certain Lots abutting SE Maple Ridge Drive

have fences installed inside the side and/or rear yards facing said streets. Henceforth, the areas between such side and/or rear fences and the aforementioned roads shall be deemed Areas of Common Responsibility pursuant to Section 5.1(b).

The approved stain for fences is Sherwin Williams Alkyd Semi-Transparent Stain, Product Number A14T5, with the added color Sherwin Williams 3513 Spice Chest, or as approved by the Board. Periodic application of said protectant is mandated as the responsibility of the Association for fences along all streets and Common Elements, and is the responsibility of individual Owners for both sides of all fences facing toward their Lot and front fences.

The cost of reasonable repair and maintenance of party walls, fences and driveways shall be shared equally by the Owners using them. To the extent damage to a party wall, fence or driveway from fire or other casualty is not repaired out of the proceeds of insurance, any Owner who has used the wall, fence or driveway may restore it. If other Owners thereafter use the wall, fence or driveway, they shall contribute to the restoration cost in equal shares, without prejudice to any Owner's right to larger contributions from other users under any rule of law. Any Owner's right to contribution from another Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successor-in-title.

All Lots that border the open space areas owned by King County referred to in Section 2.2 above (which open space areas are not located in MAPLE RIDGE HIGHLANDS) shall maintain a minimum of thirty-eight inch (38") high fences along the common boundary of their Lots and such County owned open space areas. No gates may be installed or maintained in such fences. There shall be no dumping of yard waste, garbage, animal waste or debris, organic or otherwise, in the County owned open space areas.

5.6 "Declaration of Easements and Agreement to Share Maintenance Costs". MAPLE RIDGE HIGHLANDS has entered into a Declaration of Easements and Agreement to Share Maintenance Costs with MAPLE WOODS. Pursuant to that Agreement, each Owner in MAPLE RIDGE HIGHLANDS and MAPLE WOODS will have the right to access and use certain parks and recreation areas as designated in the Declaration of Easements and Agreement to Share Maintenance Costs located within the other Community. The Declaration of Easements and Agreement to Share Maintenance Costs further provides that MAPLE RIDGE HIGHLANDS and MAPLE WOODS will share all costs of maintaining both the designated parks, landscaping, lighting, irrigation and fencing along that portion of S.E. Maple Ridge Drive (but only that portion located in MAPLE WOODS), as well as street sweeping and snow removal on such portion of S.E. Maple Drive and the portion of Maple Ridge Way S.E. that is located to the north of S.E. Maple Ridge Drive in MAPLE WOODS. The Declaration of

Easements and Agreement to Share Maintenance Costs provides that the Association for the Community in which the above-described park or other amenity is located shall perform all work necessary to maintain such park or amenity. However, MAPLE RIDGE HIGHLANDS and MAPLE WOODS shall jointly share all such expenses on the basis of the number of Lots in each Community. MAPLE WOODS has three hundred one (301) Lots, and MAPLE RIDGE HIGHLANDS has two hundred seventy-three (273) Lots. Accordingly, MAPLE RIDGE HIGHLANDS will pay 273/574ths of all such expenses. The portion of all such expenses for which MAPLE RIDGE HIGHLANDS will be responsible is a Common Expense. However, no portion of MAPLE WOODS shall be considered an "Area of Common Responsibility" under Section 1.1 above.

ARTICLE 6 INSURANCE AND CASUALTY LOSSES

6.1 Association Insurance. The Association, acting through its Board or its duly authorized agent, shall obtain blanket "all-risk" insurance, if reasonably available, for all insurable improvements on the Common Area and other portions of the Area of Common Responsibility for which it has assumed responsibility for maintenance, repair and/or replacement. If blanket "all-risk" coverage is not generally available at reasonable cost, fire and extended coverage insurance, including coverage for vandalism and malicious mischief, shall be obtained. The face amount of the policy shall be sufficient to cover the full replacement cost of insured structures.

The Board shall also obtain a public liability policy covering the Area of Common Responsibility, insuring the Association and its Members for all damage or injury caused by the negligence of the Association, any of its Members, its employees, agents or contractors acting on its behalf. If generally available at reasonable cost, the public liability policy shall have at least a Two Million Dollar (\$2,000,000) combined single limit per occurrence and in the aggregate. The Association shall also obtain, if reasonably available, an umbrella policy providing at least Three Million Dollars (\$3,000,000) in additional coverage, bringing total liability coverage to at least Five Million Dollars (\$5,000,000).

Premiums for all insurance shall be Common Expenses included in the Base Assessment. The policies may contain reasonable deductibles which shall be disregarded in determining whether the insurance meets the coverage requirements. In the event of an insured loss, the deductible shall be treated as a Common Expense. However, if the Board reasonably determines, after notice and an opportunity to be heard under the Bylaws, that the loss resulted from negligence or willful misconduct of one or more Owners, then

the Board may assess the full amount of such deductible against such Owner(s) and their Lots under Section 10.6.

All insurance coverage obtained by the Board on behalf of the Association shall:

- (a) be written with a company authorized to do business in Washington which holds a "B" or better general policyholder's rating, or a financial performance index of "6" or better in the Best's Key Rating Guide, or an "A" or better rating from Demotech, Inc., or in the alternative, the highest rating generally available;
- (b) be written in the name of the Association as trustee for the benefitted parties (policies on the Common Area shall be for the benefit of the Association and its Members);
- (c) vest in the Board exclusive authority to adjust losses, provided that a Mortgagee having an interest in such losses may participate in any settlement negotiations;
- (d) provide that it will not be brought into contribution with insurance purchased by individual Owners, occupants or their Mortgagees;
- (e) if for property insurance, have inflation guard endorsements, if reasonably available;
- (f) if containing a co-insurance clause, have an agreed amount endorsement, if reasonably available; and
- (g) provide for a Certificate of Insurance to be furnished to the Association (a copy of such Certificate shall be provided by the Association to any Member upon request).

The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in the area of King County, Washington.

The Board shall use reasonable efforts to secure insurance policies that provide endorsements:

- (a) waiving subrogation as to any claims against the Association's Board, officers, employees and Manager, the Owners and occupants of Lots and their respective tenants, servants, agents and guests;
- (b) waiving rights of the insurer to repair and reconstruct instead of paying cash;

(c) providing that the policy may not be cancelled, invalidated, suspended or subjected to non-renewal on account of any one or more individual Owners;

(d) providing that the policy may not be cancelled, invalidated, suspended or subjected to non-renewal on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure;

(e) excluding individual Owner policies from consideration under any other insurance clause; and

(f) providing that the Association will be given at least thirty (30) days' prior written notice of any cancellation, substantial modification or non-renewal.

The Association also shall obtain, as a Common Expense, a fidelity bond or bonds, if generally available at reasonable cost, covering all persons responsible for handling Association funds. The amount of fidelity coverage shall be determined by the Board but, if reasonably available, may not be less than one-fourth (1/4) of the annual Base Assessments on all Lots plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation and shall require at least thirty (30) days' prior written notice to the Association of any cancellation, substantial modification or non-renewal.

The Board shall also obtain liability insurance coverage for directors and officers in the amount of at least Two Million Dollars (\$2,000,000), if reasonably available, insuring the Association and its officers, directors and committee members (former, present and future) from liability for any actions or decisions for which the Association would have the duty to indemnify them under Section 4.7.

The Board shall also obtain, as a Common Expense, worker's compensation and employer's liability insurance if and to the extent required by law, and such other insurance as it deems necessary or advisable, including flood insurance.

6.2 Owners Insurance. By taking title to a Lot subject to this Declaration, each Owner acknowledges that the Association has no obligation to provide any insurance for any portion of Lots or Private Access Tracts owned jointly by two (2) or more Owners, other than as set forth above, and covenants and agrees with all other Owners and with the Association to carry blanket "all-risk" property insurance on their Lot and structures constructed thereon, and on Private Access Tracts owned jointly with other Owners, and a liability policy covering damage or injury occurring on the Lot or Private Access Tract. The casualty insurance shall cover loss

or damage by fire and other hazards commonly insured under an "all-risk" policy, if reasonably available, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. If all-risk coverage is not reasonably available, Owners shall obtain, at a minimum, fire and extended coverage. These policies shall be in effect at all times, unless the Association carries insurance on such Lot.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on their Lot or to Private Access Tracts owned jointly with other Owners, the Owner(s) shall promptly repair or reconstruct the damaged structure or improvements in a manner consistent with the original construction or other plans and specifications approved under Article 11. Alternatively, the Owner may clear the Lot of all debris and ruins, and thereafter maintain the Lot in a neat and attractive landscaped condition consistent with the Community-Wide Standards.

6.3 Damage and Destruction.

6.3.1 Immediately after damage or destruction by fire or other casualty to all or any part of the Properties covered by insurance written in the name of the Association, the Board or its agent shall file all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. "Repair or reconstruction", as used in this Section, means repairing or restoring the property to substantially the condition existing prior to the damage, with any changes needed to comply with applicable building codes.

6.3.2 Any damage to the Common Area shall be repaired or reconstructed unless at least seventy-five percent (75%) of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within sixty (60) days after the loss either (a) not to repair or reconstruct, or (b) to construct alternative improvements.

If either the insurance proceeds or reliable, detailed estimates of the cost of repair or reconstruction are not available to the Association within the sixty (60) day period, then the period may be extended for not more than sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

6.3.3 If it is determined that the damage to the Common Area shall not be repaired or reconstructed and no alternative improvements on the affected portion of the Properties are

authorized, the affected area shall be cleared of all debris and ruins and thereafter maintained by the Association in a neat and attractive landscaped condition consistent with the Community-Wide Standards.

6.4 Disbursement of Proceeds. Any insurance proceeds remaining after paying for repair or reconstruction or, if no repair or reconstruction is made, after such settlement as is necessary and appropriate with the affected Owner and their Mortgagees as their interests may appear, shall be retained by the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Lot and may be enforced by such Mortgagee.

6.5 Repair and Reconstruction. If the insurance proceeds are insufficient to pay for repairing or reconstructing the damage to the Common Area, the Board may, during and following the completion of any repair or reconstruction and without membership approval, levy Special Assessments to pay for such repair or reconstruction against those Owners responsible for the premiums for the applicable insurance coverage under Section 6.1. The Association shall have the exclusive right to deal with all vendors, contractors or subcontractors in connection with the performance of any such repair and/or reconstruction work.

6.6 Fallen Tree and Limb Liability. MAPLE RIDGE HIGHLANDS is bordered by open space. Homes along the perimeter of the MAPLE RIDGE HIGHLANDS Community are at risk of fallen tree or limb damage to their homes, personal property or their persons. Any damages suffered as a result of any fallen trees or limbs in the MAPLE RIDGE HIGHLANDS Community shall be the Owner's responsibility. The only insurance available for any such damage or injuries shall be the Owner's own homeowners insurance policy. The Association, Declarant or King County shall have no responsibility or liability for any damage resulting from fallen trees or limbs in the MAPLE RIDGE HIGHLANDS Community.

ARTICLE 7 NO PARTITION

Except as permitted in this Declaration or amendments to this Declaration, the Common Area shall remain undivided, and no Owner nor any other Person shall bring any action for partition of the whole or any part thereof without the written consent of all Owners and Mortgagees.

ARTICLE 8 CONDEMNATION

Whenever any part of the Common Area shall be taken or conveyed under threat of condemnation by any authority having the

power of eminent domain, each Owner shall be entitled to notice thereof. The Board may convey Common Area under threat of condemnation only if approved in writing by at least sixty-seven percent (67%) of the total Class "A" votes in the Association and Declarant, as long as Declarant owns any Property described on Exhibit A.

The award made for such taking or conveyance shall be payable to the Association as trustee for all Owners to be disbursed as follows: if the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent practicable, unless within sixty (60) days after such taking, Declarant, so long as Declarant owns any Property described in Exhibit A, and at least sixty-seven percent (67%) of the total Class "A" vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 6.4 regarding the disbursement of funds shall apply to disbursement of awards.

ARTICLE 9 SUBMISSION AND WITHDRAWAL OF PROPERTY

9.1 Submission With Approval of Membership. After January 1, 2014, the Association may submit real property to the provisions of this Declaration with the consent of the owners of such property and the affirmative vote of at least sixty-seven percent (67%) of the Class "A" votes of the Association represented at a meeting duly called for such purpose and the consent of Declarant, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

Submission shall be accomplished by and effective upon filing a Supplemental Declaration describing the property being submitted in the public records of King County, Washington, signed by the President and the Secretary of the Association and by the Owner of the property being submitted.

9.2 Withdrawal of Erroneously Included Property. Declarant reserves the right to amend this Declaration unilaterally at any time until January 1, 2014, without prior notice or the consent of any Person, for the purpose of removing portions of the Properties owned by Declarant or its Affiliates from the provisions of this Declaration to the extent originally included in error.

9.3 Additional Covenants and Easements. Declarant may unilaterally subject any portion of the Property submitted to this Declaration initially or by Supplemental Declaration to additional covenants and easements, including covenants obligating the Association to maintain and insure such Property on behalf of the

Owners and obligating such Owners to pay the costs incurred by the Association through Assessments. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent with or after the submission of the subject property, and shall require the written consent of the Owners of such property if not Declarant.

9.4 Amendment. This Article 9 shall not be amended without the prior written consent of Declarant, so long as Declarant owns any portion of the Properties.

9.5 Merger With MAPLE WOODS Association. In the future, the Board may determine that it would be in the best interests of the Owners to merge the Association with the MAPLE WOODS Association, which manages the adjoining residential community. If the Boards of MAPLE WOODS Association and MAPLE RIDGE HIGHLANDS ASSOCIATION both agree to such merger, then such merger may occur upon the affirmative vote of at least sixty-seven percent (67%) of the Class A votes of the Association represented at a meeting duly called for such purpose, and the consent of Declarant, so long as Declarant owns property subject to this Declaration.

ARTICLE 10 ASSESSMENTS

10.1 Creation of Assessments. There are hereby created three (3) types of Assessments for Association expenses: (a) Base Assessments to fund Common Expenses for the general benefit of all Lots; (b) Special Assessments as described in Section 10.4; and (c) Specific Assessments as described in Section 10.5.

Each Owner, by acceptance of a deed or recording a contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these Assessments as levied from time to time by the Association.

All Assessments, together with interest at a rate set by the Board (not to exceed eighteen percent [18%], or the highest rate allowed by Washington law, if less) from the date of delinquency, late charges, costs and reasonable attorney's fees, shall be a charge and a continuing lien upon each Lot against which the Assessment is made until paid, as more particularly provided in Section 10.6. Each such Assessment, with interest, late charges, costs of collection, including reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Lot at the time the Assessment arose. If title to a Lot is transferred, the grantee shall be jointly and severally liable for Assessments and charges due at the time of conveyance, except that a first Mortgagee who obtains title to a Lot by exercising rights under the Mortgage shall not be liable for previously accrued Assessments and related charges.

The Association shall, on request, furnish to any Owner a written certificate setting forth whether Assessments have been paid for any particular Lot, on advance payment of a reasonable processing fee as set by the Board.

Assessments shall be paid in a manner and by dates fixed by the Board. The Board may allow payment of Assessments in installments. Unless the Board otherwise provides, the Base Assessment shall be due in advance on a semi-annual basis on the first day of each sixth (6th) month of the fiscal year. If any Owner is delinquent in paying any Assessments or charges levied on the Lot, the Board may require all unpaid Assessment installments to be paid immediately.

No Owner may exempt themself from liability for Assessments by non-use of Common Area, abandonment of the Lot or any other means. The obligation to pay Assessments is a separate and independent covenant of each Owner. No diminution or abatement of Assessment or set-off shall be claimed or allowed for any alleged failure of the Association to take any action required of it or for inconvenience or discomfort arising from repairs or improvements or other actions taken by it.

During the Class "B" Control period, Declarant may elect annually to pay the Association either (a) regular Assessments on all of its unsold Lots within a division of the Properties, notwithstanding the commencement date under Section 10.7, or (b) the difference between the amount of Assessments against all other Lots and the necessary expenditures of the Association within a division of the Properties during the fiscal year. Unless Declarant otherwise notifies the Board at least sixty (60) days before the beginning of a fiscal year, or at any time during a fiscal year after at least sixty (60) days' notice from Declarant to the Board, Declarant shall continue paying on the same basis as the preceding fiscal year. Declarant's obligations hereunder may be satisfied in cash, by "in kind" contributions of services or materials, or by a combination of these.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services and materials with Declarant or others for payment of Common Expenses.

10.2 Computation of Base Assessment. At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget for the estimated Common Expenses of the Association during the coming year, including capital contributions in accordance with reserve fund budgets prepared under Section 10.3, but not including expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure, original capital

improvements, or other original construction costs, unless approved by a majority of the total Class "A" vote of the Association.

The Base Assessment shall be set in aggregate amounts reasonably expected to produce income equaling the total budgeted Common Expenses. In determining Assessments, the Board may consider other sources of funds available to the Association. In addition, the Board shall take into account the number of Lots subject to assessment under Section 10.7 on the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to assessment during the fiscal year.

Declarant may, but is not obligated to, reduce the Base Assessments by paying a subsidy (in addition to any amounts paid by it under Section 10.1), which may be either a contribution, an advance against future Assessments due from Declarant, or a loan, in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the Common Expense budget. Payment of any subsidy shall not obligate Declarant to continue subsidies in the future.

The Board shall send to each Owner a copy of the budget and notice of the amount of the Base against such Owner's Lot at least thirty (30) days before the beginning of the fiscal year. The budget and Assessment shall be effective unless disapproved at a meeting by a vote of at least sixty-seven percent (67%) of the total Class "A" votes in the Association and by the Class "B" Member, if any.

There shall be no obligation to call a meeting to consider the budget unless a petition of at least twenty percent (20%) of the Class "A" votes in the Association is presented to the Board within ten (10) days after delivery of the notice of Assessments.

If a budget is disapproved or the Board fails to determine the budget for any year, until a budget is determined, the budget for the preceding year shall continue.

10.3 Reserve Budget and Capital Contribution. The Board shall annually prepare reserve budgets for general purposes which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected maintenance repair or replacement cost. The Board shall include in Base Assessments capital contributions in amounts sufficient to meet these projected needs.

10.4 Special Assessments. In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover expenses greater or different than those budgeted. Special Assessments shall be levied against the entire membership. Except as otherwise specifically provided in this Declaration,

Special Assessments must be approved by the affirmative vote or written consent of Owners representing at least a majority of the Class "A" votes, and consent of the Class "B" Member, if any. Special Assessments shall be paid in a manner and by dates fixed by the Board. The Board may allow payment in installments extending beyond the fiscal year in which the Special Assessment is approved.

10.5 Specific Assessments. The Board may specifically assess against particular Lots expenses incurred by the Association to provide special benefits, items or services (a) on request of the Owner of a Lot; (b) made necessary by the conduct of the Owner or its licensees, invitees or guests; or (c) necessary to bring the Lot into compliance with this Declaration, the Articles, the Bylaws or Association rules. Such Specific Assessments may be levied by the Board after notice to the applicable Owners and an opportunity for a hearing.

10.6 Lien for Assessments. The Association shall have a lien against each Lot to secure payment of delinquent Assessments, interest, late charges and costs of collection (including attorney's fees). Such lien shall be prior and superior to all other liens, except: (a) the liens for taxes and governmental Assessments which by law are superior, and (b) the lien of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment and foreclosure in the same manner as a Mortgage.

The Association may bid for a Lot at the foreclosure sale and acquire, hold, lease, mortgage and convey the Lot. When a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual Assessment, its pro rata share of the Assessment that would have been charged such Lot had it not been acquired by the Association. The Association may sue to recover a money judgment for unpaid Assessments and related charges, including attorney's fees, without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the Assessment lien or relieve such Lot from the lien for any Assessments thereafter becoming due. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Lot obtains title pursuant to foreclosure of the Mortgage, it shall not be liable for the share of the Assessments which became due prior to such acquisition of title. Such unpaid share of Assessments shall be deemed to be Common Expenses collectible from Owners of all Lots including such acquirer.

10.7 Date of Commencement of Assessments. The obligation to pay Assessments shall commence as to each Lot after the Board

first determines a budget and levies Assessments upon the earlier of: (a) six (6) months after the date of conveyance of such Lot by Declarant to a builder, or (b) on the first day of the month following the date of conveyance of such Lot by Declarant to any Person other than a builder. The first semi-annual Assessment levied on each Lot shall be adjusted according to the number of months remaining in the semi-annual period at the time Assessments commence on the Lot.

10.8 Failure to Assess. Failure of the Board to fix the Assessment amounts or rates or to deliver Assessment notices shall not be deemed a waiver, modification or a release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Base Assessments on the same basis as for the prior year until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively.

10.9 Capitalization of Association. Upon acquisition of record title to a Lot by the first Owner other than a builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-sixth (1/6th) of the annual Base Assessment per Lot for that year. This amount shall be in addition to and not in lieu of the annual Base Assessment levied on the Lot and shall not be considered an advance payment thereof. This amount shall be collected at the closing of the Lot and disbursed to the Association for use in covering operating and other expenses incurred by the Association under the terms of this Declaration and the Bylaws.

10.10 Exempt Property. The following property is exempt from payment of Base Assessments and Special Assessments:

- (a) all Common Area; and
- (b) all property dedicated to and accepted by any governmental authority, including without limitation public schools, public streets and public parks.

ARTICLE 11 ARCHITECTURAL STANDARDS

11.1 General. No improvements (including staking, clearing, excavation, grading and other site work), exterior alteration of existing improvements (including painting), placement or posting of any object or thing on the exterior of any Lot or the Common Area (e.g., fences, signs, antennas, satellite dishes, clotheslines, playground equipment, lighting, temporary structures, artificial vegetation, exterior sculptures and fountains), or planting or removal of plants, trees or shrubs shall take place except in compliance with this Article and with the approval of the appropriate committee under Section 11.2.

An Owner may remodel or redecorate the interior of buildings in any manner desired, repaint the exterior of structures in accordance with the originally approved color scheme, or rebuild structures in accordance with originally approved plans and specifications without approval under this Article; however, modifications to the interior of screened porches, patios and similar portions of a Lot visible from outside the Lot shall require approval under this Article. Each single-family dwelling shall incorporate a minimum two (2) car garage, designed and constructed as an integral part of the residence.

All dwellings constructed on any Lot shall be designed by and built in accordance with the plans and specifications of a building designer, licensed architect or engineer. All dwellings shall be constructed of new construction materials on-site, unless otherwise approved by the appropriate committee under Section 11.2, and shall be constructed in compliance with all applicable building codes.

This Article shall not apply to (a) activities of Declarant, or (b) improvements or modifications to the Area of Common Responsibility by or on behalf of the Association.

This Article may not be amended without Declarant's written consent, so long as Declarant owns any land subject to this Declaration or which it may unilaterally submit to this Declaration.

11.2 Architectural Review. Administration of the Residential Design Guidelines and review of applications for construction and modifications under this Article shall be handled by an Architectural Control Committee ("ACC"). Committee members need not be Owners or representatives of Owners, and may but need not include architects, engineers or similar professionals, whose compensation, if any, shall be established by the Board. The Board may establish reasonable fees for review of applications by the Committee and their consultants, if any, and require them to be paid by the Owner(s) submitting such application prior to review. The ACC shall consist of at least three (3) but not more than five (5) persons, and shall have exclusive jurisdiction over all original construction of any Lot. Until all Lots have been developed and conveyed to Owners other than builders in the normal course of development and sale, Declarant may appoint all members of the ACC who shall serve at its discretion. After their initial appointment, the members of the ACC may not be removed by any Declarant without the prior written approval of NOVA MAPLE RIDGE, L.L.C. There shall be no surrender of this right prior to that time except by a recorded instrument executed by Declarant. The ACC shall also have exclusive jurisdiction over modifications, additions or alterations made on or to existing structures on Lots and any appurtenant open space.

11.3 Guidelines and Procedures.

11.3.1 Declarant has prepared and attached hereto as Exhibit E initial design, development and construction guidelines and application and review procedures (the "Residential Design Guidelines"), which contain general provisions applicable to all of the Properties and specific provisions which vary from one portion of the Properties to another depending upon the location, characteristics and intended use thereof.

11.3.2 Plans and specifications showing the nature, kind, shape, color, size, materials and location of all proposed construction and modifications shall be submitted to the ACC for review and approval. In reviewing each submission, the committees may consider the quality of workmanship and design, harmony of external design with existing structures, and location in relation to surrounding structures, topography and finish grade elevation, and other factors, as well as the Residential Design Guidelines.

11.4 No Waiver of Future Approvals. The approval of any proposals, plans, specifications, drawings or other matters in any one instance shall not be deemed a waiver of any right to withhold subsequent approval of any similar proposals, plans, specifications, drawings or matters.

11.5 Variances. The ACC may authorize variances in writing from its guidelines and procedures, but only: (a) in accordance with duly adopted rules and regulations, (b) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship or aesthetic or environmental considerations require, and (c) when construction in accordance with the variance would be consistent with the purposes of the Declaration and compatible with existing and anticipated uses of adjoining properties. Inability to obtain or the terms of any governmental approval, or the terms of any financing shall not be considered a hardship warranting a variance.

11.6 Limitation of Liability. The ACC shall not be responsible for the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Association, the Board, any committee or member of any of them shall be liable for any injury, damages or loss arising out of the manner or quality of approved construction or modifications.

11.7 Enforcement. Any construction, alteration or other work done in violation of this Article shall be deemed nonconforming. On written request from the Board or Declarant, Owners shall, at their own expense, cure such nonconformance to the satisfaction of the requester or restore the land to substantially

the same condition as existed prior to the nonconforming work. If an Owner fails to so cure or restore, the Board, Declarant or their designees may do so at the Owner's expense and assess the cost against the benefitted Lot as a Specific Assessment under Section 10.5.

Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with this Article may be excluded by the Board from the Properties, subject to the notice and hearing procedures in the Bylaws. In such event, neither the Association, its officers or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

In addition, the Board may, on behalf of the Association, pursue all legal and equitable remedies available to enforce this Article and the decisions of the ACC.

ARTICLE 12 USE GUIDELINES AND RESTRICTIONS

12.1 Plan of Development; Applicability; Effect. Declarant has created MAPLE RIDGE HIGHLANDS as a master planned community of single-family residential properties. The Properties are subject to land development, and architectural and design guidelines as set forth in Article 11. The Properties are subject to guidelines and restrictions governing land use, individual conduct and uses of or actions upon the Properties as provided in this Article 12. Guidelines dealing with architecture and design are set forth in Article 11. This Declaration and resolutions the Board may adopt establish affirmative and negative covenants, easements and restrictions (the "Use Guidelines and Restrictions").

All provisions of the Declaration and of any rules shall also apply to all occupants, tenants, guests and invitees of any Lot. The Owner shall cause all occupants of their Lot to comply with these provisions. Every Owner shall be responsible for all violations and losses to the Common Area caused by such occupants, although the occupants also are fully liable and may be sanctioned for such violations and losses. Any lease on any Lot shall provide that the lessee and all occupants of the leased Lot shall be bound by the terms of this Declaration, the Bylaws and the rules of the Association.

Declarant has promulgated the MAPLE RIDGE HIGHLANDS general plan of development in order to protect all Owners' quality of life and collective interests, the aesthetics and environment within the Properties, and the vitality of and sense of community within MAPLE RIDGE HIGHLANDS, all subject to the Board's ability to respond to changes in circumstances, conditions, needs and desires within the master planned community.

Declarant has prepared initial Use Guidelines and Restrictions which contain general provisions applicable to all of the Properties, as well as specific provisions which may vary within the Properties depending upon the location, characteristics and intended use. Such Use Guidelines and Restrictions are set forth in Section 12.6. Based upon these Use Guidelines and Restrictions, the Board shall adopt the initial rules at its initial organizational meeting.

12.2 Board Power. Subject to the terms of this Article 12 and to its duty of care and undivided loyalty to the Association and its Members, the Board shall implement and manage the Use Guidelines and Restrictions through rules which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions. Prior to any such action, the Board shall conspicuously publish notice of the proposal at least five (5) business days prior to the Board meeting. Owners shall have a reasonable opportunity to be heard at a Board meeting prior to action being taken.

The Board shall send a copy of any proposed new rule or amendment to each Owner at least thirty (30) days prior to its effective date. The rule shall become effective unless disapproved at a meeting by at least seventy-five percent (75%) of the total Class "A" votes and by the Class "B" Member, if any. The Board shall have no obligation to call a meeting of the Members to consider disapproval, except upon petition of the Owners as required for special meetings in the Bylaws.

The Board shall have all powers necessary and proper subject to its exercise of sound business judgment and reasonableness to effect the duties contained in this Section 12.2.

The Board shall provide, without cost, a copy of the Use Guidelines and Restrictions, including the Initial Use Guidelines and Restrictions in Section 12.6 and rules then in effect to any requesting Member or Mortgagee.

12.3 Members' Power. The Members, at a meeting duly called for such purpose as provided in Article 2 of the Bylaws, may adopt, repeal, modify, limit and expand Use Guidelines and Restrictions and implement rules by a vote of seventy-five percent (75%) of the total Class "A" votes and the approval of the Class "B" Member, if any.

12.4 Owners' Acknowledgment. All Owners are subject to the Use Guidelines and Restrictions and are given notice that: (a) their ability to use their privately owned property is limited thereby, and (b) the Board may add, delete, modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Sections 12.2, 12.3 and 17.2.

Each Owner by acceptance of a deed acknowledges and agrees that the use, enjoyment and marketability of their property can be affected by this provision, and that the Use Guidelines and Restrictions and rules may change from time to time.

12.5 Rights of Owners. Except as may be contained in Section 12.6, neither the Board nor the Association may adopt any rule in violation of the following provisions:

12.5.1 Equal Treatment. Similarly situated Owners and residents shall be treated similarly.

12.5.2 Speech. The rights of Owners and occupants to display on their Lot political signs and symbols of the kinds normally displayed in or outside of residences located in residential neighborhoods in individually owned property shall not be abridged, except that the Association may adopt reasonable time, place and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

12.5.3 Religious and Holiday Displays. The rights of Owners to display on their Lot religious and holiday signs, symbols and decorations of the kinds normally displayed in or outside of residences located in residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

12.5.4 Household Composition. The Association or Board shall make no rule that interferes with the freedom of occupants to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping Lot and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Lot, to the extent not prohibited by law, and consistent with its fair share use of the Common Area, including parking.

12.5.5 Activities Within Lot. Neither the Association nor the Board shall make any rule that interferes with the activities of the residents carried on within the confines of their Lot, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that impose monetary costs on the Association or other Owners, that create a danger to the health or safety of other occupants, that generate excessive noise or traffic, that create unsightly conditions visible outside the Lot, that block the views from other Lots, or that create an unreasonable source of annoyance.

12.5.6 Pets. Unless the keeping of pets is prohibited at the time of the sale of the first Lot by rule, Use Guidelines and Restrictions or Supplemental Declaration, no rule prohibiting the keeping of ordinary household pets shall be adopted thereafter over the objection of any Owner expressed in writing to the Association. Notwithstanding the above, the Association or Board may adopt reasonable regulations designed to minimize damage and disturbance to other Owners and occupants, including regulations requiring damage deposits, waste removal, leash controls, noise controls, occupancy limits based on size and facilities of the Lot and fair share use of the Common Area. Nothing in this provision shall prevent the Association from requiring removal of any animal that presents an actual threat to the health or safety of residents or from requiring abatement of any nuisance or unreasonable source of annoyance.

12.5.7 Allocation of Burdens and Benefits. The initial allocation of financial burdens and rights to use Common Areas among the various Lots shall not be changed to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Areas available, from adopting generally applicable rules for use of Common Areas, or from denying use privileges to those who abuse the Common Area, violate rules or this Declaration, or fail to pay Assessments. This provision does not affect the right to increase or decrease the amount of Assessments as provided in Article 10.

12.5.8 Alienation. The Association or Board shall not adopt rules that prohibit transfer of any Lot or require consent of the Association or Board for transfer of any Lot for any period greater than two (2) months. The Association or Board shall not impose any fee on transfer of any Lot greater than an amount reasonably based on the costs of the transfer to the Association.

12.5.9 Reasonable Rights to Develop. Neither the Association nor the Board shall adopt any rule or take any action which would impede Declarant's right to develop in accordance with the MAPLE RIDGE HIGHLANDS master plan.

12.5.10 Abridging Existing Rights. If any rule would otherwise require Owners to dispose of personal property which they owned at the time they acquired their Lots, such rule shall not apply to any such Owners without their written consent.

12.6 Initial Use Guidelines and Restrictions.

12.6.1 General. The Properties shall be used only for residential, recreational and related purposes (which may include without limitation business offices for the Declarant or

the Association consistent with this Declaration and any Supplemental Declaration.)

12.6.2 Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by and then subject to such conditions as may be imposed by the Board:

- (a) parking of commercial vehicles, recreational vehicles, mobile homes, boats or other watercraft, or other oversized vehicles, stored vehicles or inoperable vehicles in places other than enclosed garages (unless adequately screened from view of both all adjacent rights-of-way and Lots and approved by the ACC). The term "commercial vehicles" shall be defined as any vehicle used for business related purposes, whether so labeled or not, that meets any of the following criteria: (a) Gross Vehicle Weight Rating (GVWR) over 10,000 pounds, (b) dual rear wheels on a single axle ("dually"), (c) multiple rear axles, or (d) the vehicle has motorized exterior accessories that can extend or can be extended from the vehicle beyond or above the perimeter of the vehicle's body;
- (b) capturing, trapping, injuring or killing of wildlife within the Properties, except in circumstances posing an imminent threat to the safety of persons using the Properties or except as required or permitted by any applicable governmental authority;
- (c) chasing, injuring or killing of wildlife within the Properties by pets of Owners or occupants of Lots within the Properties;
- (d) raising, breeding or keeping of animals, livestock or poultry of any kind, except that a reasonable number of dogs, cats or other usual and common household pets may be permitted in a Lot. However, those pets which are permitted to roam free or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of or constitute a nuisance or inconvenience to the occupants of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet;
- (e) obstructing or rechanneling of drainage flows after location and installation of drainage swales, storm sewers or storm drains, except that the Declarant and the Association shall have such right, provided the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Lot without the Owner's consent;

(f) subdividing of a Lot into two or more Lots after a subdivision plat including such Lot has been approved and filed, or changing the boundary lines of any Lot, except that the Declarant and builder, with Declarant's consent, shall be permitted to subdivide or change the boundary lines of Lots which they own;

(g) excavating, filling or otherwise altering the grade of slopes within a Lot including, but not limited to, trenching, digging, installation of walls, patios, trees, play equipment, water features, stairways, paths and structures, removing grass or other slope stabilizing vegetation between October 1 and May 1 of each year, or having a slope in an unvegetated or stabilized and protected condition for more than thirty (30) days. Lot Owners requesting ACC approval to alter slopes shall be required to submit an evaluation of the proposed alteration by professional geotechnical or soils engineer;

(h) excavating, filling or otherwise altering the grade above or below retaining walls and rockeries within fifteen (15) feet of the walls or rockery, or construction of any structures within fifteen (15) feet of a rockery or retaining wall;

(i) excavating, filling, covering or otherwise altering the ground above subsurface drainage facilities, such as footing drains at the retaining walls, trench or French drains at the toe of a slope, and front or rear yard area drains. Alteration of drainage facilities can cause significant damage to property and may represent a life safety hazard. All proposed alteration of drainage facilities shall require the review and concurrence of a professional registered civil or geotechnical engineer;

(j) either leasing a Lot for less than thirty (30) days, or operating a timesharing, fraction-sharing or similar program, whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years;

(k) converting any carport, garage, attic or other unfinished space, other than a basement, to finished space for use as an apartment or other integral part of the living area on any Lot, except as approved by the ACC.

(l) conducting any business, trade or similar activity, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as:

(i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside

the Lot; (ii) the business activity conforms to all zoning requirements for the Properties; (iii) the business activity does not involve regular visitation of the Lot by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of the Properties; and (iv) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board (this Subsection shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to its development and sale of the Properties or its use of any Lots which it owns within the Properties);

(m) conducting construction, erection, modification or placement, permanently or temporarily, on the outside portions of the Lot, whether such portion is improved or unimproved except as provided in Article 11;

(n) Although Common Areas are irrigated using non-potable water from on-site wells, watering practices shall be in support of and in concert with conservation efforts set forth by King County, the city of Maple Valley, and the Covington Water District. This may result in the decline of sod, plants and trees within Common Areas during drought periods. The landscaping of each Lot shall be installed over a minimum topsoil depth of eight (8) inches in the yard. In areas where it is not practical to place topsoil, four (4) inches of well-rotted compost should be tilled into the exposed soils to a depth of six (6) to eight (8) inches. In areas where tilling is not feasible, such as where slopes are 2:1 or steeper, the surface should be hydro-seeded and covered with shredded wood (not beauty bark) or other erosion control materials, such as mulch or jute matting; and

(o) No fence constructed on a Lot shall be moved or relocated in whole or in part, without first obtaining the prior written approval of the ACC in accordance with Article 11.

ARTICLE 13 EASEMENTS

13.1 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any fence, retaining walls or other improvements (except for dwelling structures) encroaching between each Lot and any adjacent Common Area and between adjacent Lots due to the unintentional misplacement or settling or shifting of the improvements constructed, reconstructed or altered thereon (in accordance with

the terms of these restrictions). Such easements of encroachments shall be to a distance of not more than six (6) inches, and such easements for maintenance shall be to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary.

13.2 Easements for Utilities, Etc. Declarant reserves unto itself, so long as it owns any portion of the Properties, and grants to the Association an easement for the purposes of access and maintenance upon, across, over and under all of the Properties to the extent reasonably necessary to install, replace, repair and maintain cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage and all utilities, including but not limited to water, sewer, meter boxes, telephone, gas and electricity. The Declarant and/or the Association may assign these rights to any local utility supplier, cable company, security company or other company providing a service or utility to MAPLE RIDGE HIGHLANDS subject to the limitations herein. Notwithstanding anything to the contrary herein, this easement shall not entitle the holders to construct or install any of the foregoing systems, facilities or utilities over, under or through any existing dwelling on a Lot, and any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by and at the expense of the Person exercising the easement. Exercise of this easement shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant. No utilities may be installed or relocated on the Properties without approval of the Board or as provided by Declarant. Declarant hereby bargains, grants and conveys to King County a permanent easement over the Common Areas for ingress to and egress from all storm retention ponds or holding facilities now existing or hereafter constructed upon or under any Common Areas. Such easement shall also be for the purpose of permitting King County to perform any and all emergency repair and/or maintenance work necessary for any such storm retention ponds due either to the failure or blockage of the outfall thereof. Declarant hereby further bargains, grants and conveys to King County a permanent easement over and across the Common Areas now existing or hereafter created in order to enable King County to monitor and observe the wetlands, as well as monitor, observe and enforce compliance with all regulations, laws and codes applicable to such Common Areas and/or wetlands.

13.3 Easements for Wetlands Maintenance and Flood Water. Declarant reserves for itself, the Association and their respective successors and designees the nonexclusive right and easement, but not the obligation, to enter all wetlands, ponds and streams within the Area of Common Responsibility to: (a) construct, maintain and repair any bulkhead, wall, dam or other structure retaining water;

and (b) fulfill their maintenance responsibilities under this Declaration. Declarant, the Association and their designees shall have an access easement over and across any of the Properties abutting or containing any portion of any of the wetlands, ponds or streams to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves to itself, the Association and their respective successors and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the structures thereon) adjacent to or within one hundred (100) feet of lake beds, ponds and streams within the Properties, to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) fill, drain, dredge, deepen, clean, fertilize and generally maintain the wetlands, ponds and streams within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks of such wetlands, ponds and streams. All Persons exercising these easements shall use reasonable care in and repair any damage resulting from such activities. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to earthquakes, volcanic activity, heavy rainfall or any natural disaster.

13.4 Easements for MAPLE WOODS. Homeowners in MAPLE WOODS shall have a non-exclusive easement to access and use Park Tracts D-7 and D-8 in MAPLE RIDGE HIGHLANDS, all as set forth in the Declaration of Easements and Agreement to Share Maintenance Costs.

13.5 Easement for Emergency. Authorized agents of the Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter all portions of the Properties, including each Lot, for emergency, security and safety reasons. Except in emergencies, entry onto a Lot shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement includes the right to enter any Lot to cure any condition which increases the risk of fire or other hazard if an Owner fails or refuses to cure the condition within a reasonable time after request by the Board, but does not authorize entry into any dwelling without permission of the Owner.

13.6 Easements for Maintenance and Enforcement. Authorized agents of the Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter all portions of the Properties, including each Lot to (a) perform its maintenance responsibilities under Article 5, and (b) make inspections to ensure compliance with this Declaration, any Supplemental Declaration, Bylaws and rules. Except in emergencies, entry onto a Lot shall be only during

reasonable hours and after notice to and permission from the Owner. This easement shall be exercised with a minimum of interference to the quiet enjoyment to Owners' property, and any damage shall be repaired by the Association at its expense.

The Association, without approval of the Owners, may grant temporary or permanent easements to any public entity, private entity or private party over, under and across any part of the Common Areas as the Association may deem desirable, necessary or convenient to accomplish its maintenance and other responsibilities hereunder.

The Association also may enter a Lot to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates the Declaration, the Bylaws or the rules. All costs incurred, including reasonable attorney's fees, shall be assessed against the violator as a Specific Assessment.

ARTICLE 14 MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots in the Properties. This Article applies to both this Declaration and the Bylaws, notwithstanding any other provisions contained therein.

14.1 Notices of Action. An institutional holder, insurer or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor, and the street address of the Lot to which its Mortgage relates, thereby becoming an "Eligible Holder") will be entitled to timely written notice of:

(a) any condemnation or casualty loss which affects a material portion of the Properties or which affects any Lot on which there is a first Mortgage held, insured or guaranteed by such Eligible Holder;

(b) any delinquency in the payment of Assessments or charges by the Owner of any Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days. Notwithstanding this provision, upon request, any holder of a first Mortgage is entitled to written notice from the Association of any default in the performance by an Owner of a Lot of any obligation under the Declaration or Bylaws which is not cured within sixty (60) days;

(c) any lapse, cancellation or material modification of any insurance policy maintained by the Association; or

(d) any proposed action requiring the consent of a specified percentage of Eligible Holders.

14.2 Special Freddie Mac Provision. If and to the extent required by the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the following provisions apply in addition to and not in lieu of the foregoing. Unless agreed to by at least sixty-seven percent (67%) of the first Mortgagees representing at least sixty-seven percent (67%) of the Class "A" votes in the Association, excluding Declarant, the Association shall not:

14.2.1 by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this Subsection);

14.2.2 change the method of determining the obligations, Assessments, dues or other charges which may be levied against an Owner of a Lot;

14.2.3 by act or omission change, waive or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Lots or the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision);

14.2.4 fail to maintain insurance as required by this Declaration; or

14.2.5 use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

14.3 Other Provisions for First Lien Holders. To the extent possible under Washington law:

14.3.1 Any restoration or repair of the Properties after a partial condemnation or damage due to an insurable hazard

shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of First Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.

14.3.2 Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.

14.4 Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage or condemnation under Sections 14.3.1 and 14.3.2, or to the addition of land in accordance with Article 9.

14.4.1 The consent of at least sixty-seven percent (67%) of the Class "A" votes and of Declarant, so long as it owns any land subject to this Declaration or which may be subjected by Declarant under Section 9.1, and the approval of the Eligible Holders of first Mortgages on Lots to which at least sixty-seven percent (67%) of the votes of Lots subject to a Mortgage held by an Eligible Holder appertain, shall be required to terminate the Association.

14.4.2 The consent of at least sixty-seven percent (67%) of the Class "A" votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to a Mortgage held by an Eligible Holder appertain, shall be required materially to amend any provisions of the Declaration, Bylaws or Articles, or to add any material provisions thereto which establish, provide for, govern or regulate any of the following:

- (a) voting;
- (b) Assessments, Assessment liens or subordination of such liens;
- (c) reserves for maintenance, repair and replacement of the Common Area;
- (d) insurance or fidelity bonds;
- (e) rights to use the Common Area;

(f) responsibility for maintenance and repair of the Properties;

(g) expansion or contraction of the Properties or the addition, submission or withdrawal of Properties to or from the Association;

(h) boundaries of any Lot;

(i) leasing of Lots;

(j) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer or otherwise convey their Lot;

(k) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or

(l) any provisions included in the Declaration, Bylaws or Articles which are for the express benefit of holders, guarantors or insurers of first Mortgages on Lots.

14.5 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

14.6 Notice to Association. Upon request each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

14.7 Amendment by Board. Should the Federal National Mortgage Association ("Fannie Mae") or Freddie Mac subsequently delete any of its respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may record an amendment to this Article to reflect such changes.

14.8 Applicability of Article 14. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws or Washington law for any of the acts set out in this Article.

14.9 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

14.10 HUD/VA Approval. As long as there is a Class "B" membership, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development ("HUD") or the U.S. Department of Veterans Affairs ("VA"), as applicable, if either agency is insuring or guaranteeing the Mortgage on any Lot or has issued a project approval with respect to the Properties which remains in effect: submission of additional property, dedication of Common Area other than as provided for herein by Declarant, merger, consolidation or dissolution of the Association, mortgaging of Common Area and material amendment of this Declaration.

ARTICLE 15 DECLARANT'S RIGHTS

Any or all rights and obligations of Declarant may be transferred to other Persons, but the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the Bylaws, and shall not be effective unless signed by Declarant and duly recorded in the public records of King County, Washington.

So long as Declarant owns any portion of the Properties for development and/or sale, Declarant hereby reserves a nonexclusive perpetual easement for the benefit of Declarant, builders authorized by Declarant, and its designees to maintain and carry on upon the Properties such facilities and activities as Declarant considers reasonably required, convenient or incidental to the construction or sale of Lots, including but not limited to business offices, signs, model Lots, sales offices and the right to use Lots owned by Declarant or its designees as models and sales offices.

So long as Declarant continues to have rights under this Article, no Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's written consent. Any attempted recording without compliance herewith shall result in such instrument being void, unless a consent of Declarant is subsequently recorded in the public records.

Nothing in this Declaration shall be construed to require Declarant or any successor to develop any of the Properties in any manner whatsoever. Declarant's rights under this Article shall terminate upon the earlier of: (a) fifty (50) years from the date this Declaration is recorded, or (b) upon recording by Declarant of

a written statement that all sales activity has ceased. This Article may not be amended without the written consent of Declarant.

ARTICLE 16
DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

16.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Association, Declarant, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agrees to encourage the amicable resolution of disputes involving the Properties, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Properties, including without limitation claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the Bylaws, the Association rules or the Articles (collectively "Claim"), except for those Claims authorized in Section 16.2, shall be resolved using the procedures set forth in Section 16.3 in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

16.2 Exempt Claims. The following Claims ("Exempt Claims" shall be exempt from the provisions of Section 16.3:

- (a) any suit by the Association against any Bound Party to enforce the provisions of Article 10;
- (b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article 11, Article 12 and the Use Guidelines and Restrictions and rules of the Association;
- (c) any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under the laws of the state of Washington in the absence of a claim based on the Declaration, Bylaws, Articles or rules of the Association;
- (d) any suit by the Association in which similar or identical Claims are asserted against more than one Bound Party; and

(e) any suit by a Bound Party for declaratory or injunctive relief which seeks a determination as to applicability, clarification or interpretation of any provision of this Declaration.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 16.3, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 16.3 shall require the approval of the Association.

16.3 Mandatory Procedures For All Other Claims. All Claims other than Exempt Claims shall be resolved using the following procedures:

16.3.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than an Exempt Claim, shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(a) The nature of the Claim, including date, time, location, persons involved and Respondent's role in the Claim;

(b) The basis of the Claim (i.e., the provisions of this Declaration, the Bylaws, the Articles or rules or other authority out of which the Claim arises);

(c) What Claimant wants Respondent to do or not do to resolve the Claim; and

(d) That Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

16.3.2 Negotiation.

(a) Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(b) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the parties and to the welfare of the Community.

16.3.3 Mediation.

(a) If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of the King County Dispute Resolution Center, any King County dispute resolution center, or such other independent agency providing similar services upon which the parties may mutually agree.

(b) If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a party to the foregoing proceedings.

(c) If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.

(d) Each Party shall, within five (5) days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent. The Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

16.3.4 Final and Binding Arbitration.

(a) If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer or otherwise resolve the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration of the American

Arbitration Association or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a party to the foregoing proceedings.

(b) This Subsection 16.3.4 is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of Washington. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the state of Washington.

16.4 Allocation of Costs of Resolving Claims.

16.4.1 Each Party shall bear its own costs incurred prior to and during the proceedings described in Sections 16.3.1, 16.3.2 and 16.3.3, including the fees of its attorney or other representative. Each Party shall share equally all charges rendered by the mediator(s) pursuant to Section 16.3.3.

16.4.2 Each Party shall bear its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under Section 16.3.3, and shall share equally in the costs of conducting the arbitration proceeding (collectively, "Post Mediation Costs"), except as otherwise provided in Section 16.4.3.

16.4.3 Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add such Claimant's Post Mediation Costs to the Award, such Costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than Respondent's Settlement Offer to that Claimant shall also award to such Respondent its Post Mediation Costs, such Costs to be borne by all such Claimants.

16.5 Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation or mediation in accordance with Section 16.3, and any Party thereafter fails to abide by the terms of such agreement, or if the Parties agree to accept the Award following arbitration, and any Party thereafter fails to comply with such Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 16.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing

such agreement or Award, including without limitation attorney's fees and court costs.

ARTICLE 17 GENERAL PROVISIONS

17.1 Term. This Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Declarant, the Association and the Owners, their respective representatives, heirs, successors and assigns, perpetually, to the extent allowed by law.

17.2 Amendment.

17.2.1 By Declarant. Declarant may unilaterally amend this Declaration if such amendment is necessary to: (a) bring any provision into compliance with any applicable government statute or regulation or judicial determination; (b) enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) enable any institution or government agency to make or purchase mortgage loans on the Lots; (d) enable any government agency or reputable private insurance company to insure or guarantee Mortgage loans on the Lots; or (e) otherwise satisfy the requirements of any government agency or governmental regulations. However, any such amendment shall not adversely affect the title to any Lot without the written consent of its Owner. So long as Declarant owns any portion of the Properties, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse affect upon any substantive right of any Owner and does not adversely affect the title to any Lot without the written consent of its Owners.

17.2.2 By Owners. This Declaration may also be amended by the affirmative vote or written consent, or any combination thereof, of sixty-seven percent (67%) of the Class "A" votes held by Members other than Declarant, and, so long as Declarant owns any portion of the Properties, with written consent of Declarant. In addition, the approval requirements set forth in Article 14 hereof shall be met if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Amendments must be recorded in the public records of King County, Washington.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any

Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke or modify any right or privilege of Declarant without written consent of Declarant.

17.3 Severability. Invalidation of any provision or application of a provision of this Declaration by any court shall not affect any other provisions or applications.

17.4 Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least sixty-seven percent (67%) of the total Association vote. This Section shall not apply, however, to actions brought by the Association to: (a) enforce this Declaration (including without limitation the foreclosure of liens); (b) impose and collect Assessments under Article 10; (c) challenge tax Assessments and other matters relating to taxes for which the Association may be liable; and (d) counterclaims by the Association in proceedings instituted against it.

17.5 Compliance. Every Owner and occupant of any Lot shall comply with this Declaration, the Bylaws and the rules of the Association and be subject to all remedies provided to the Association in this Declaration or the Bylaws. In addition, failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law, or in equity, by the Association or by any aggrieved Owners.

17.6 Notice of Sale or Transfer of Title. Any Owner selling or otherwise transferring title to their Lot shall give the Board at least seven (7) days' prior written notice of the name and address of the transferee, the date of such transfer of title, and such other information as the Board may reasonably require. Each transferee of a Lot shall, within seven (7) days of taking title to a Lot, confirm that the information previously provided by the transferor is complete and accurate. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Lot coming due prior to the date upon which such notice is received by the Board, including Assessment obligations, notwithstanding the transfer of title to the Lot.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 14th day of February, 2005.

DECLARANT:

NOVA MAPLE RIDGE, L.L.C.,
a Washington limited liability company

By: BRENTVIEW, INC.,
a Washington corporation
Its: Manager

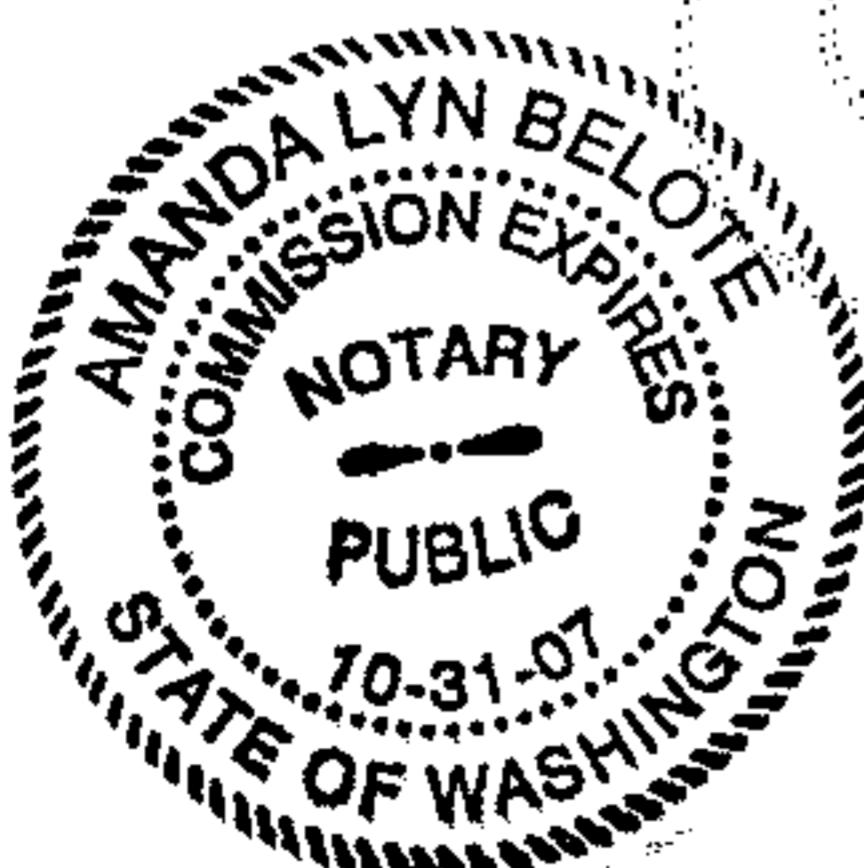
By: Richard Rawlings
[Print Name] Richard Rawlings
Its: Authorized Agent

STATE OF WASHINGTON)
)
COUNTY OF KING)
)
ss.

I certify that I know or have satisfactory evidence that Richard Rawlings is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Agent of BRENTVIEW, INC., a Washington corporation, the Manager of NOVA MAPLE RIDGE, L.L.C., a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: February 24, 2005.

(SEAL/STAMP)



Amanda Belote
[Print Name] Amanda Belote
NOTARY PUBLIC for the State of Washington
Residing at KING
My appointment expires: 10-31-07

EXHIBIT A
Legal Description

LOTS 1 THROUGH 206 OF THE PLAT OF MAPLE RIDGE HIGHLANDS DIVISION 3, AS PER PLAT RECORDED IN VOLUME 225 OF PLATS, PAGES 34 THROUGH 48, UNDER RECORDING NUMBER 20041214000289, RECORDS OF KING COUNTY, WASHINGTON;

TOGETHER WITH TRACTS D7, E4, E6, E7, E8, E9, E10, E13, E14, E15, F9, F10, G7, G8 AND G9 OF SAID PLAT OF MAPLE RIDGE HIGHLANDS DIVISION 3.

AND

LOTS 1 THROUGH 68 OF THE PLAT OF MAPLE RIDGE HIGHLANDS DIVISION 4, AS PER PLAT RECORDED IN VOLUME 226 OF PLATS, PAGES 37 THROUGH 43, UNDER RECORDING NUMBER 20050125000251, RECORDS OF KING COUNTY, WASHINGTON;

TOGETHER WITH TRACTS D8, E11, E12, E14, F12 AND G10 OF SAID PLAT OF MAPLE RIDGE HIGHLANDS DIVISION 4.

SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

EXHIBIT B
Copy of Form Bylaws

BYLAWS
OF

MAPLE RIDGE HIGHLANDS ASSOCIATION

ARTICLE 1.

NAME, PRINCIPAL OFFICE AND DEFINITIONS

1.1 Name. The name of the Association shall be MAPLE RIDGE HIGHLANDS ASSOCIATION (hereinafter the "Association").

1.2 Principal Office. The principal office of the Association shall be in the state of Washington. The Association may have such other offices as the Board may determine or as the affairs of the Association may require.

1.3 Definitions. Capitalized terms used in these Bylaws shall have the same meaning as set forth in that Declaration of Covenants, Conditions and Restrictions for MAPLE RIDGE HIGHLANDS, recorded under King County Recording No. ("Declaration"), unless the context shall otherwise require. The Declaration concerns MAPLE RIDGE HIGHLANDS, DIVISIONS 3 AND 4 ("Properties")

ARTICLE 2.

ASSOCIATION, MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

2.1 Membership. The Association shall have two (2) classes of membership, Class "A" and Class "B", as set forth in the Declaration, the terms of which membership are specifically incorporated herein by reference.

2.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as designated by the Board.

2.3 Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Subsequent regular annual meetings shall be held within one hundred twenty (120) days after the close of the Association's fiscal year on a date and at a time set by the Board.

2.4 Special Meetings. The President may call special meetings and shall call a special meeting if so directed by

resolution of the Board or upon a petition signed by Members representing at least twenty percent (20%) of the total Class "A" votes of the Association.

2.5 Notice of Meetings. Written notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally (including public courier service) or by mail, to each Member entitled to vote at such meeting, not less than fourteen (14) nor more than sixty (60) days before the date of such meeting, by or at the direction of the director, officer or other person calling the meeting.

In the case of a special meeting or when required by law or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed delivered when deposited in the United States mail addressed to the Member at their address as it appears on the records of the Association, with postage thereon prepaid.

2.6 Waiver of Notice. Waiver of meeting notice of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at any meeting by a Member or alternate shall be deemed a waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members present at such meeting, either in person or by alternate, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting is called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

2.8 Voting. The voting rights of the Members are set forth in the Articles and the Declaration, and such voting rights provisions are specifically incorporated herein. Voting for the

election of directors by the Members may be by ballots mailed to the Members. Ballots shall be returned to the Secretary by the date specified on the ballot. The Board shall determine the method of voting, the form of all ballots, the wording of questions thereon and the deadline for return of ballots. The Board may include on ballots any questions on which it seeks an advisory vote. Any other matters may be voted on by mail-in ballot to the extent allowed by law.

2.9 Proxies. At all meetings of the Members, Members may vote in person or by proxy. Each proxy shall be in writing, dated, signed and filed with the Secretary prior to the meeting for which it is to be effective. Proxies may be delivered to the Secretary by personal delivery, U.S. mail or facsimile to any Board member or the property manager. Unless otherwise provided in the proxy, a proxy shall cover all votes which the Member giving such proxy is entitled to cast; and in the event of any conflict between two (2) or more proxies purporting to cover the same voting rights, the later proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. No proxy shall be valid more than eleven (11) months after its execution unless otherwise provided in the proxy. Every proxy shall be revocable and shall automatically cease upon conveyance of the Member's Lot.

2.10 Majority Vote. Except as otherwise provided by statute, by the Declaration or by these Bylaws, passage of any matter submitted to vote at a meeting where a quorum is in attendance shall require the affirmative vote of at least fifty-one percent (51%) of the votes present.

2.11 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by alternate of Members representing twenty-five percent (25%) of the total votes of the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of Members leaving less than a quorum.

2.12 Order of Business. The order of business at meetings of the Association shall be as follows unless dispensed with on motion:

- 2.12.1 Roll call;
- 2.12.2 Proof of notice of meeting or waiver of notice and establishment of a quorum;
- 2.12.3 Minutes of preceding meeting;

- 2.12.4 Reports of officers;
- 2.12.5 Reports of committees;
- 2.12.6 Election of inspectors of election;
- 2.12.7 Election of directors (annual meeting or special meeting called for such purpose);
- 2.12.8 Unfinished business;
- 2.12.9 New business;
- 2.12.10 Adjournment.

2.13 Parliamentary Authority. In the event of dispute, the parliamentary authority for the meetings shall be the most current available edition of Robert's Rules of Order.

ARTICLE 3. **BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS**

3.1 Composition and Selection.

3.1.1 Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a Member which is not a natural person, the person designated in writing to the Secretary of the Association as the representative of such Member shall be eligible to serve as a director.

3.1.2 Directors During Class "B" Control Period. Subject to the provisions of Section 3.1.6, the directors shall be selected by the Class "B" Member, acting in its sole discretion, and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

(a) when seventy-five percent (75%) of the Lots now existing or hereafter created by Declarant for the Properties have Certificates of Occupancy issued thereon and have been conveyed to Persons other than Declarant or builders;

(b) December 31, 2054; or

(c) when, in its discretion, the Class "B" Member so determines.

3.1.3 Right to Disapprove Actions. So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove actions of the Board and any committee, as is more fully provided in this Section. This right shall be exercisable only by the Class "B" Member, its successors and assigns, who specifically take this power in a recorded instrument. The right to disapprove shall be as follows: No action, policy or program authorized by the Board or any committee shall become effective, nor shall any action, policy or program be implemented until and unless:

(a) The Class "B" Member shall have been given written notice of all meetings and proposed actions approved at meetings of the Association, the Board or any committee thereof by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies with the requirements for Board meetings set forth in Sections 3.2.7, 3.2.8 and 3.2.9 and which notice shall, except in the case of the regular meetings held under the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy or program to be implemented by the Board, any committee thereof, or the Association. The Class "B" Member, its representatives or agents may make its concerns, thoughts and suggestions known to the Board and/or the members of the subject committee and/or the Board. The Class "B" Member shall have and is hereby granted a right to disapprove any such action, policy or program authorized by the Association, the Board or any committee thereof, if Board, committee or Association approval is necessary for such action. This right may be exercised by the Class "B" Member, its representatives or agents at any time within ten (10) days following the meeting held under the terms and provisions hereof. This right to disapprove may be used to block proposed actions but shall not extend to the requiring of any action or counteraction on behalf of any committee, the Board or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.1.4 Number of Directors. The initial Board shall consist of three (3) members as identified in the Articles. The number of directors in the Association shall be increased to five (5) directors as provided in Section 3.1.6.

3.1.5 Nomination of Directors. Except with respect to directors selected by the Class "B" Member, nominations for election to the Board may be made by a Nominating Committee. The Nominating Committee, if established, shall consist of a chairman, who shall be a member of the Board, and three (3) or more Members of the Association. The Nominating Committee shall be appointed by the Board not less than thirty (30) days after the election of directors by the Members to serve a term of one (1) year or until their successors are appointed, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but in no event less than the number of positions to be filled. Nominations shall also be permitted from the floor if elections are held at a meeting. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

3.1.6 Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Within thirty (30) days after Class "A" Members, other than Declarant or a builder, own twenty-five percent (25%) of the Lots now existing or hereafter created for the Properties, or whenever the Class "B" Member earlier determines, the Association shall hold an election at which Members representing the Class "A" Members shall elect one (1) of the three (3) directors, who shall be an at-large director and shall serve a term of two (2) years or until the first annual meeting of the membership described in Section 3.1.6(d), whichever is shorter. The remaining two (2) directors shall be appointees of the Class "B" Member.

(b) Within thirty (30) days after Class "A" Members, other than Declarant or a builder, own fifty percent (50%) of the Lots now existing or hereafter created for the Properties, or whenever the Class "B" Member earlier determines, the Board shall be increased to five (5) directors. The Association shall hold an election at which the Class "A" Members shall elect the second of the five (5) directors (in addition to the director elected under (a) above), who shall serve as at-large directors and shall serve a term of two (2) years or until the first annual meeting of the membership described in Section 3.1.6(d), whichever is shorter. If such directors' terms expire prior to the happening of the event described in Section 3.1.6(c), successors shall be elected for a like term. The remaining three (3) directors shall be appointees of the Class "B" Member.

(c) Within thirty (30) days after termination of the Class "B" Control Period, the Association shall hold an election at which the Class "A" Members shall elect the third of the five (5) directors (in addition to the two [2] directors previously elected under (a) and (b) above), who shall serve as at-large directors and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting occurs within thirty (30) days after termination of the Class "B" Control Period, directors shall be elected in accordance with Section 3.1.6(d). The remaining two (2) directors shall be appointees of the Class "B" Member.

(d) At the first annual meeting of the membership after the termination of the Class "B" Control Period or in an election by mail held prior to such meeting, the directors shall be selected as follows: All five (5) directors shall be elected by the Class "A" Members. At least three (3) of the directors shall be elected for a term of two (2) years and the remaining directors shall be elected for a term of one (1) year, as such directors determine among themselves. At the expiration of the term of office of each member of the Board, a successor to the director whose term is expiring shall be elected to serve for a term of two (2) years.

Each Member shall be entitled to cast one (1) vote for each Lot owned. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Members shall hold office until their respective successors have been elected by the Association and take office or their sooner death, resignation or removal from office. Directors may be elected to serve any number of consecutive terms.

3.1.7 Removal of Directors and Vacancies. Any director may be removed, with or without cause, by the vote of Members holding at least sixty-seven percent (67%) of the votes entitled to be cast for the election of such director, but shall not be subject to removal by the Class "B" Member acting alone. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the Members to fill the vacancy for the remainder of the term of such director.

Any director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any Assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death,

disability or resignation of an elected director, a vacancy may be declared by the Board, and it may appoint a successor to the director who vacated the position who shall serve for the remainder of the term of such director.

3.2 Meetings.

3.2.1 Organizational Meetings. The Board shall hold its first meeting with ten (10) days after each annual election of directors.

3.2.2 Regular Meetings. Regular Board meetings may be held at such time and place as determined from time to time by Board resolution, but at least one (1) such meeting shall be held during each quarter. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting. Notice of the regular schedule shall constitute notice of such meetings.

3.2.3 Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by a majority of the directors. The notice shall specify the time and place of the meeting and the nature of any business to be considered. Notice shall be given to each director by one of the following methods: (a) personal delivery, including commercial courier service; (b) first class mail, postage prepaid; or (c) telephone communication, including facsimile, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery or telephone shall be delivered or telephoned at least seventy-two (72) hours before the time set for the meeting.

3.2.4 Waiver of Notice. The transactions of any Board meeting, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting prior to its commencement about the lack of adequate notice.

3.2.5 Quorum of Board of Directors. At all Board meetings, a majority of the directors shall constitute a quorum for the transaction of business, and the vote of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any Board meeting cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.2.6 Compensation. No director shall receive any compensation from the Association for acting as such, provided this Section shall not prevent any director from being reimbursed for expenses authorized by the Board to be incurred on behalf of the Association. Nothing herein shall prohibit the Association from compensating a director, or any entity affiliated with a director, for services or supplies furnished to the Association in a capacity other than as a director under a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board, excluding the interested director.

3.2.7 Conduct of Meetings. The President shall preside over all Board meetings, and the Secretary shall keep a minute book of Board meetings, recording therein all Board resolutions and all transactions and proceedings occurring at such meetings.

3.2.8 Open Meetings. All meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion unless permission for the Member to speak is requested by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any Board meeting and reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.2.9 Action Without a Formal Meeting. Any action to be taken or that may be taken at a Board meeting may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all directors, and such consent shall have the same force and effect as a unanimous vote.

3.2.10 Telephonic Participation. One or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all Persons participating in the meeting can hear each other at the same time, and those directors participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

3.3 Powers and Duties.

3.3.1 Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles or these Bylaws directed to be done and exercised exclusively by the Members generally.

In addition to the duties otherwise imposed, the Board shall have the power to establish policies relating to, and shall be responsible for performing or causing to be performed, the following, in way of explanation, but not limitation:

- (a) preparation and adoption, in accordance with applicable provisions of the Declaration, of budgets in which the contribution of each Owner to the expenses of the Association shall be established;
- (b) making Assessments to defray the expenses of the Association, establishing the means and methods of collecting such Assessments, and establishing the period of any installment payments of the Assessments;
- (c) providing for the operation, care, upkeep and maintenance of Properties as provided in the Declaration, including the Areas of Common Responsibility described in the Declaration;
- (d) designating, hiring and dismissing the personnel necessary for the operations of the Association, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in performing their duties;
- (e) collecting the Assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to operate the Association; provided, any reserve fund may be deposited, in the directors' best business judgment, in depositories other than banks;

- (f) making and amending rules;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, improvements or alternations as provided in the Declaration and these Bylaws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules of the Association, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance, repair and other expenses incurred;
- (m) making available to any prospective purchaser of a Lot, any Owner, any first Mortgagee, and the holders, insurers and guarantors of a first Mortgage on any Lot, current copies of the Declaration, the Articles, the Bylaws, rules governing the Lot and all other books, records and financial statements of the Association;
- (n) permitting utility suppliers to use portions of the Common Areas reasonably necessary to the ongoing development or operation of the Properties.

3.3.2 Management. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize.

3.3.3 Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board; and

(f) annual financial statements, prepared in accordance with generally accepted accounting principles, shall, not less than one hundred twenty (120) days after the close of each fiscal year and prior to the annual meeting, be distributed to all Members. The Board may, but is not required to, have the financial statement of the Association audited by an independent certified public accountant; provided, however, the Members, by resolution, may require that the financial statements be so audited as a Common Expense of the Association.

3.3.4 Borrowing. The Association, acting through the Board, shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Areas of Common Responsibility without the approval of the Members. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Member approval in the same manner provided in the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving or adding amenities, or the total amount of borrowing exceeds or would exceed ten percent (10%) of the budgeted gross expenses of the Association for that fiscal year.

3.3.5 Rights of the Association. In accordance with the Articles and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives or other owners or residents associations, both within and without the Properties.

The Association shall not be bound, either directly or indirectly, by any contract, lease or other agreement (including any management contract) executed during the Class "B" Control Period unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than ninety (90) days notice to the other party.

3.3.6 Enforcement. The Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or any person's right to use the Common Areas for violation of any duty imposed under the Declaration, these Bylaws, or any duly adopted rules; provided, however, nothing herein shall authorize the Association to limit ingress and egress to or from a Lot. In the event that any occupant of a Lot violates the Declaration, Bylaws, or a rule and a fine is imposed, the fine shall first be assessed against the occupant with notice to the Owner; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule shall not be deemed a waiver of the right of the Board to do so thereafter.

(a) Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants committee, if any, or Board for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

(b) Hearing. If a hearing is requested within the allotted ten (10) day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board or the Covenants Committee may, but shall not be obligated to, waive any proposed sanction if the violation is cured within the ten

(10) day period. Such waiver shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the President or Secretary of the Association within thirty (30) days after the hearing date before the Covenants Committee.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board, may elect to enforce any provision of the Declaration, these Bylaws, or the rules of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules), by suspension of services, or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs thereof, including reasonable attorney's fees actually incurred.

ARTICLE 4. **OFFICERS**

4.1 Officers. The officers of the Association shall be a President, Secretary and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one (1) or more Vice Presidents, Assistant Secretaries or Assistant Treasurers, as it shall deem desirable. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

4.2 Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board at the first Board meeting following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board for the unexpired portion of the term.

4.3 Removal. Any officer may be removed by the Board with or without cause.

4.4 Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices under applicable law, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board.

4.5 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board.

4.6 Vice President. The Vice President, if any, shall act in the President's absence and shall have all powers, duties and responsibilities provided for the President when so acting.

4.7 Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board and shall have charge of such books and papers as the Board may direct, and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Washington law.

4.8 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities, and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board.

4.9 Resignation. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.10 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board.

ARTICLE 5. COMMITTEES

5.1 General. Committees are hereby authorized to perform such tasks as may be delegated to a committee under Washington law and to serve for such periods as may be designated by a Board resolution. Each committee shall operate under the terms of the Board resolution designating the committee and the rules adopted by the board governing such committee.

5.2 Covenants Committee. In addition to any other committees which may be established by the Board, the Board may appoint a Covenants Committee consisting of at least three (3) and no more than seven (7) members. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the

Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held under Section 3.3.6(b).

5.3 Management Committee. The Board may establish a committee consisting of one (1) or more of its members with the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between Board meetings.

ARTICLE 6. MISCELLANEOUS

6.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless otherwise established by Board resolution.

6.2 Parliamentary Rules. Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Washington law, the Articles, the Declaration or these Bylaws.

6.3 Conflicts. If there are conflicts between the provisions of Washington law, the Articles, the Declaration and these Bylaws, the provisions of Washington law, the Declaration, the Articles and the Bylaws (in that order) shall prevail.

6.4 Books and Records.

6.4.1 Inspection by Members and Mortgagees. The Declaration, Bylaws and Articles, any amendments to the foregoing, the rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Lot, Member of the Association, or by the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Properties as the Board shall prescribe.

6.4.2 Rules for Inspection. The Board shall establish reasonable rules with respect to:

(a) notice to be given to the custodian of the records;

(b) hours and days of the week when such an inspection may be made; and

(c) payment of the cost of reproducing copies of documents requested.

6.4.3 Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association in furtherance of such director's duties as a director.

6.5 Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or

(b) if to the Association, the Board or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members under this Section.

6.6 Amendment.

6.6.1 Prior to the conveyance of the first Lot by Declarant to a Person other than a builder, the Board may unilaterally amend these Bylaws. After such conveyance, the Board may amend these Bylaws with the consent of the Class "B" Member but without a vote of the Class "A" Members at any time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; (c) required by an institution or government lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association ("Fannie Mae") or Federal Home Loan Mortgage Corporation ("Freddie Mac"), to enable such lender or purchaser to make or purchase mortgage loans on the Lots; or (d) necessary to enable any government agency or private insurance company to guarantee or insure mortgage loans on the Lots; provided, however, any such amendment shall not adversely affect the title to any Lot without the written consent of the Owner. So long as the Declarant still owns any portion of the Properties, it may unilaterally amend these Bylaws for any purpose, provided the amendment has no material adverse effect upon any substantive right

of any Owner and does not adversely affect the title to any Lot without the consent of its Owners.

6.6.2 These Bylaws may also be amended upon a resolution duly adopted by the Board and approved by the affirmative vote of Members representing a majority of the total Class "A" votes and the consent of the Class "B" Member, so long as such membership exists. In addition, the approval requirements set forth in Article 17.2 of the Declaration shall be met, if applicable. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

6.6.3 Any amendment to be effective must be recorded in the public records of King County, Washington.

Dated this _____ day of _____, 2005.

MAPLE RIDGE HIGHLANDS ASSOCIATION,
a Washington non-profit corporation

By: _____
[Print Name] _____
Its: Secretary

EXHIBIT C

Guidelines for Maintenance of Slopes on Lots Adjacent to Either Sensitive Areas, Wetlands, Common Areas, or Other Lots Within the Community

The MAPLE RIDGE HIGHLANDS development has been designed and constructed according to local professional standards. Based on geotechnical exploration and analyses, grading recommendations, building and lot setbacks, and drainage recommendations have been prepared to ensure the long-term stability of the site slopes and Sensitive Areas. As such, the concern of individual Owners should be directed toward maintaining slopes, drainage provisions and facilities so that they will perform as designed. The following general recommendations and simple precautions are presented to help properly maintain homesites adjacent to hillsides.

The general public often regards the natural terrain as stable. This is an erroneous concept. Natural forces are constantly at work altering the landscape. Hills and mountains are worn down by mass wasting (erosion, landsliding, creeping soil, etc.) and the valleys and lowlands collect these products. Thus, the natural process is toward leveling the terrain. Periodically (over millions of years), major land movements rebuild mountains and hills, and these processes begin over again. In some areas, these processes are at a very slow geological rate, and in others they occur at a relatively rapid rate. Development procedures are directed toward slowing the processes.

The development of hillsides for residential use is carried out, insofar as possible, to enhance the natural stability of the site, and to reduce the probability of instability resulting from the grading necessary to provide homesites, streets, yards, etc. This has been done by the developer and engineers on the basis of geologic and soil engineering studies. However, in order to be successful, the slope, drainage and setback provisions and facilities must be maintained by the Owner. Owners are accustomed to maintaining their homes; that is, painting, cleaning out clogged plumbing, repairing roofs and so on. Maintenance of a hillside homesite must be considered on an even more serious basis because neglect can result in serious consequences. In most cases, Lot and site maintenance can be provided along with normal care of the grounds and landscaping. Any costs of maintenance are far cheaper than repair after neglect. Most hillside lot problems are associated with water. Uncontrolled water from a broken pipe, septic tanks or during wet weather causes most damage. Wet weather is the principal cause of slope problems in Washington, because the rainfall is quite variable and may be heavy and/or prolonged. Therefore, drainage and erosion control are important aspects of homesite stability, and the provisions built into the developed Lot

must not be altered without competent professional advice. Maintenance of the provisions must be carried out to assure their continued operation.

The following is a list of points which should be followed by all Owners with respect to their Lots to ensure the stability of the slopes is maintained:

1. Roof drains, gutters and downspouts should be checked to be sure they are clear. Clogged gutters and downspouts will allow water to collect against foundations and basement walls, which is undesirable.

2. Clear drainage ditches and check them frequently during the rainy season.

3. Check interceptor ditches at the top of slopes to be sure they are clear and that water will not overflow the slope, causing erosion. Check trench drains at the toe of slopes for ponding. Larger (five feet and higher) slopes have a trench drain that runs at the toe of the slope. If ponding is evident, consult a drainage professional for recommendations.

4. Be sure all drain outlets and weep holes are open and clear of debris, vegetation and other material that could block them in a storm. If blockage is evident, it should be cleared.

5. Limit watering during rainy season when little irrigation is required. Over-saturation of the ground can cause major subsurface damage.

6. Watch for water backup inside the house at sump drains and toilets, since this indicates drain or sewer blockage.

7. Watch for wet spots. These may be natural seeps or an indication of a broken water or sewer line. In either case, obtain competent advice regarding the problem and its correction.

8. Exercise ordinary precaution. This development was designed and constructed to meet standards which should protect against most natural occurrences, provided they are properly maintained.

9. The Lots in this development have been graded to provide drainage away from slopes, Sensitive Areas and wetland areas. Any additional backyard fill planned to be placed

adjacent to slopes, Sensitive Areas or wetland areas should be reviewed by a qualified geotechnical engineer.

10. Check slope faces during wet weather for saturation or seeping of water. Slope faces which are soft, saturated or seeping should be reviewed by a soils engineer for repair recommendations.

11. If swimming pools at the tops of slopes and Sensitive Areas are planned, they should be built in accordance with recommendations by a qualified geotechnical engineer.

The following is a list of points which may affect the slope stability and homeowners should not do:

1. DON'T alter lot grading without competent geotechnical advice. The man-made slopes in this development were designed to carry runoff away from slopes and to a place where it can be discharged without affecting slope stability.

2. DON'T block or alter ditches or drains. If several homes rely on the same facilities, it is a good idea to check on adjacent properties. Water backed up on adjacent property may eventually reach other properties. Water backed up in surface drains will overflow and infiltrate slopes, which leads to instability.

3. DON'T permit water to collect or pond anywhere. Such water will either seep into the ground, causing unwanted saturation, or will overflow onto slopes and begin erosion. Once erosion is started, it is difficult to control, and severe damage may result rather quickly.

4. DON'T direct water over slopes, even where this may seem a good way to prevent ponding. This tends to cause erosion and slope instability. Dry wells are sometimes used to get rid of excess water when other means of disposing of water are not readily available. However, such facilities should be planned and located by a qualified geotechnical engineer.

5. DON'T let water pond against foundations, retaining walls, and basement walls. These walls are built to withstand the ordinary moisture in the ground and, where necessary, are accompanied by sub-drains to carry off excess subsurface water. However, excess surface water must be directed away from these structures.

6. DON'T connect roof drains, gutters or downspouts to existing subsurface drains which may not have been designed

for that purpose. Instead, either collect the water in lined ditches or non-perforated pipes and conduct it to a storm drain, paved road or a suitable area of natural ground. Where such channel flow is directed onto natural ground, it must be converted to sheet flow unless a suitable natural channel exists.

7. DON'T remove slope stabilizing vegetation during wet months (typically October 1 through June 1). Always cover bare slopes with plastic or other nonporous protection to prevent slope erosion. Revegetate bare slopes or altered slopes immediately and ensure growth and establishment of slope vegetation to prevent erosion and slope failure.

8. DON'T plant large trees on slopes. Large tree pits collect water and can lead to slope failure. Large trees, particularly evergreens, can be significantly moved by wind, causing uprooting and slope instability.

9. DON'T place loose soil, debris or yard waste over or on slopes. Loose soil, debris and yard waste will become saturated and will slide and may even affect the soil beneath it. The sliding may clog terrace drains below or may cause additional damage in weakening the slope.

10. DON'T over-irrigate slopes or leave a hose or sprinkler running unattended on or near a slope. Ground cover and other vegetation will require moisture during the hot summer months, but during the wet season, irrigation can cause ground cover to pull loose, which not only destroys the cover, but also starts a serious erosion.

11. DON'T try to compact earth in trenches by flooding with water. Not only is flooding the least efficient way of compacting fine-grained soil, but this could saturate and reduce the bearing capacity of supporting soils.

12. DON'T change surface grade behind retaining walls or against building walls, as this would increase the lateral loading on the walls, which could result in damage to such walls or failure.

EXHIBIT D

Residential Landscape and Water Use Standards

The purpose and intent of this Section is to help preserve our environment and quality of life by helping to conserve water, to promote groundwater quality by wise and judicious use of fertilizers and pesticides, and, if applicable, to promote effective septic system operation.

Covington Water District ("CWD") requires the installation of two (2) meters for every Lot, one for inside water use, and one for all outside use, including hose bibs. In addition, CWD has established an outdoor water budget not to exceed thirty thousand four hundred (30,400) gallons per calendar year to safeguard the community's limited water supply from depletion. Exceeding this budget will result in higher rates being applied and could result in limitations on use. Homeowners may obtain additional water by installing a cistern or other rain-catchment devices. Contact CWD for information on conservation devices.

Due to its high water requirement, fine ornamental lawn area (not including non-irrigated native grasses, pasture lands and other grasses) shall be limited to no more than one thousand (1,000) square feet for each Lot. No less than ninety-five percent (95%) of the remaining landscape area must be planted with low water requiring plants.

To reduce runoff and ensure adequate recharge of the groundwater supply, homeowners are encouraged to minimize the amount of hard surfaces, such as asphalt and concrete driveways and patios.

TO ENSURE EFFICIENT WATER USE:

1. All new or revised landscapes should be installed in a minimum of eight (8) inches of soil amended with three (3) inches of compost material.
2. Planting beds should be mulched with three (3) inches of mulch and replenished as needed to maintain this level.
3. Lawns should be top dressed with one-half (1/2) inch of fine-screened compost on a yearly basis.
4. Plants utilized should be climate-friendly, drought-tolerant varieties, planted in the appropriate location to suit their needs.

5. Drip irrigation systems or soaker hoses should be used wherever possible to keep water usage to a minimum.

6. Automatic irrigation systems:

a. Should include a rain sensor to shut the system off during rain events.

b. Controllers should be adjusted with the weather to apply the minimum amount of water needed for good plant health.

c. Controllers should have multiple-cycle capabilities to avoid runoff.

d. State law requires that these systems include a backflow prevention assembly, which must be tested annually by a certified backflow assembly tester, with a copy of the test results submitted to CWD.

7. The following water efficient irrigation techniques are provided to aid homeowners and/or residents:

a. Water established lawns once a week deeply - soil should be moist six (6) to eight (8) inches down. This will take up to a week to dry out. Lawns are considered established after several mowings. New lawns may be watered more often but for shorter durations (less deeply) during the first growing season. Deep watering inhibits thatch build-up.

b. Water established native, climate-friendly plants only when needed. Once a month deeply will probably suffice, twice a month if it has been particularly hot and dry. Water only the soil surrounding the root area of the plant.

c. Water in the early morning or in the evening when evaporation is least likely to occur. Do not water in the heat of the day, as up to half of the water applied is wasted to evaporation. Do not water on windy or rainy days.

d. Do not apply water more rapidly than the soil can absorb it. Turn off the sprinkler at the first sign of saturation or runoff to allow the water to soak in. Water again in half an hour, if necessary, to adequately moisten the root zone.

e. Make sure the sprinkler system is in good repair. Fix leaks and adjust sprinkler heads to eliminate any over spray on non-planted areas. Investigate the source of any unusual runoff, puddling or over-saturated areas.

f. The use of a shut-off nozzle on your water hose is highly encouraged.

8. The following landscape maintenance techniques are offered to aid homeowners and/or residents in efficient water use:

- a. Aerate compacted soil to increase water penetration.
- b. Thatch restricts water penetration. Remove thatch buildup of over one-half (1/2) inch.
- c. Grass cycle - mow high and let it lie. Grass clippings contain 80% to 85% water and 2% to 4% nitrogen. Clippings break down quickly and add moisture and act as a natural fertilizer. Clippings do not contribute to thatch build-up.
- d. Eliminate weeds. They compete with grass and other plant material for water.
- e. Add three (3) inches of mulch, such as bark, wood chips or compost, to help planting beds retain moisture. Do not use plastic, as it does not allow water to soak through into the soil.
- f. To protect water quality, homeowners are encouraged to use organic fertilizers or slow-release fertilizers when necessary, being careful to use only the amount needed. Over fertilizing can increase thatch build-up.

OUTDOOR WATER USE RESTRICTIONS:

The District has water use restrictions that apply during water shortages. In the event of a water shortage, whether nature-caused or due to limitations of the public water system, irrigation is the first water use to be restricted. For further information, please contact CWD.

TO PROTECT WATER QUALITY:

1. The misuse of pesticides, fertilizers and herbicides can have a far reaching effect. Whether you live two feet or two miles from a waterway, these chemicals can be washed down storm drains directly into streams and damage aquatic habitat. They can also seep through the ground and into the groundwater we all depend on for our drinking water. It is the responsibility of each property owner to become aware of Best Management Practices related to pesticide, fertilizer and herbicide use on their property, and to require the same of landscapers and grounds maintenance companies they may hire. We recommend using natural methods and organic materials as a first defense, and chemicals as a last resort. The

application of "general use" pesticides (Weed & Feed and similar products) is strongly discouraged. If pesticides are required, they should be specific to an infestation and spot applied only. Diazinon, 2, 4-D, and other banned pesticides shall be prohibited from use within any residential, open space or common property.

2. Wastewater from your residence may be discharging into the ground via a septic system. The effectiveness of each septic system is important to maintaining the quality of the local groundwater. Therefore, the septic systems must be cared for, used and maintained properly to assure groundwater quality. Septic tank additives are harmful and should not be used. It is critical that homeowners not pour hazardous chemicals (i.e., solvents, paint thinner, pesticides, oils, etc.) down the drain, as these can disrupt the organic waste treatment cycle and can leach into the groundwater - our drinking water. Proper disposal of hazardous waste is required.

In the event of a water shortage, whether nature caused or due to distribution system failure, irrigation is the first water use to be restricted.

EXHIBIT E
Residential Design Guidelines