

**DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR**

MEADOW CREEK

THIS DECLARATION is made on this 15th day of March, 2005, by CONNER HOMES COMPANY, a Washington Corporation, referred to herein as “Declarant”, which is the owner of a portion of certain real property now known as “Meadow Creek”, situated in the City of Sammamish, King County, Washington.

The Declarant has created a non-profit corporation known as the ‘Meadow Creek Community Organization’. The ‘Meadow Creek Community Organization’ (hereafter referred to as “Organization”) shall be delegated and assigned the duties and powers of owning, maintaining, and administering any and all Common Areas and related facilities in the Plat, administering and enforcing these covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created. The Organization shall also have the right and power to promulgate rules and regulations that may further define and limit permissible uses and activities consistent with the provisions of this Declaration.

NOW, THEREFORE, the undersigned hereby covenants, agrees, and declares that all of the Plat as defined herein and the buildings and structures hereafter constructed thereon are, and will be, held, sold, and conveyed subject to and burdened by the following covenants, conditions, and restrictions, for the purpose of enhancing and protecting the value, desirability, and attractiveness of Meadow Creek for the benefit of the Owners thereof, their heirs, successors, grantees, and assigns.

ARTICLE 1 - DEFINITIONS

Section 1.1: Articles. “Articles” shall refer to the adopted Articles of Incorporation of the Organization as now or hereafter amended.

Section 1.2: Board. “Board” shall mean and refer to the board of directors of the Organization established pursuant to the Articles and Bylaws.

Section 1.3: Bylaws. “Bylaws” shall refer to the adopted Bylaws of the Organization as now or hereafter amended.

Section 1.4: Common Areas. “Common Areas” shall mean and refer to all real property that is owned by the Organization.

Section 1.5: Committee. “Committee” is defined as the Architectural Control Committee as provided in Article 6.

Section 1.6: Declarant. “Declarant” shall mean and refer to Conner Homes Company, its successors and assigns, if such successors and assigns should acquire all or substantially all of the then undeveloped parcels of the Plat from Declarant for the purpose of development; provided, however, that no successor or assign of Declarant shall have any rights or obligations which are not specifically set forth in the instrument of succession or assignment or other recorded instrument of passed by operation of law. Certain rights and obligations of Declarant, as set forth herein, shall cease at the end of the Development Period.

Section 1.7: Declaration. “Declaration” shall mean and refer to this instrument, as the same may be supplemented or amended from time to time.

Section 1.8: Development Period. “Development Period” shall mean and refer to that period of time beginning on the date of initial recording of this Declaration and ending whenever any of the following first occurs: (i) 3 years from the date hereof; or (ii) 2 months after title has been transferred to purchasers of Lots representing ninety-five (95%) of the total voting power of all Owners as then constituted; or (iii) written notice from Declarant to the Organization in which Declarant elects to terminate the Development Period. The “Development Period” may be extended for a period of 5 years or longer at the sole option of Declarant.

Section 1.9. Governing Documents. “Governing Documents” shall mean and refer to this Declaration, the Articles of Incorporation, the By-Laws of the Organization, and the recorded Plat, as any of the foregoing may be amended from time to time.

Section 1.10: Lot. “Lot” shall mean and refer to the lots as shown on the Plat as of the date of this Declaration, as well as any future lots created through subdivision, short subdivision, site plan approval, or any other legal process for dividing land with the Plat. The word “Lot” as used herein excludes any parcel designated as a Tract on the recorded Plat, unless and until that Tract is later legally divided into lots through subdivision, short subdivision, site plan approval, or any other legal process for dividing land.

Section 1.11: Mortgage. “Mortgage” shall mean and refer to any recorded mortgage or deed of trust encumbering one or more of the Lots or Living Units. “First Mortgage” shall mean and refer to a Mortgage with priority over other Mortgages. “Mortgagee” shall mean and refer to the holder or beneficiary of any Mortgage and shall not be limited to Institutional Mortgagees. As used herein, the term “Institutional Mortgagees” or “Institutional Holder” shall include banks, trust companies, insurance companies, mortgage companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, Federal National Mortgage Association (“FNMA”), Federal Home Loan Mortgage Corporation (“FHLMC”), all corporations, and any agency or department of the United States Government or of any state or municipal government.

Section 1.12: Native Growth Protection Area. “Native Growth Protection Area” shall mean and refer to an area in a Lot, Tract or Common Area so designated on a final plat, short

plat, binding site plan, or other analogous recorded plan or map, in which the removal of trees and significant natural ground cover, as well as the conduct of other activities, is restricted.

Section 1.13: Owner. “Owner” shall mean and refer to the record owner (whether one or more persons or entities) of a fee interest in any Lot but excluding mortgagees or other persons or entities having such interest merely as security for the performance of an obligation. Purchasers or assignees under recorded real estate contracts shall be deemed Owners and their respective sellers or assignors shall not be deemed Owners.

Section 1.14: Plat: “Plat” shall mean and refer to the approved plat of **Meadow Creek** contained therein recorded at Volume **224**, pages **001** to **007** under **King** County Recording Number 20041006001267.

Section 1.15: Tract. “Tract” shall mean and refer to those portions of the recorded Plat which are so designated and which are generally held for purposes other than use as lots for construction of a residence.

ARTICLE 2 COMMUNITY ORGANIZATION

Section 2.1. Description of Organization. The Organization is a non-profit corporation organized and existing under the laws of the State of Washington charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as they may be amended from time to time. No Governing Document other than this Declaration shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 2.2. Organization Board of Directors. Declarant shall select an initial Board of Directors of not fewer than 3 persons, who need not be Owners. The initial Board shall have the full authority and all rights, responsibilities, privileges, and duties to manage the Organization under the Governing Documents and shall be subject to all provisions of the Governing Documents. The term of the initial directors of the Board shall expire as set forth in the Articles and Bylaws. The Board shall elect officers of the Organization, which shall include a president who shall preside over meetings of the Board and meetings of the Organization.

Section 2.3. Organization Membership. Every Owner shall by reason thereof be a member of the Organization as set forth in the Articles and Bylaws.

Section 2.4. Votes Appurtenant to Ownership. Every Owner shall be entitled to vote in accordance with the provisions of the Articles and Bylaws.

Section 2.5. Owner’s Compliance with Governing Documents. By acceptance of a deed to a Lot, execution of a contract therefore, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents of the Organization, and all rules and regulations duly promulgated by the Board.

Section 2.6. Rules and Regulations. The Board shall have the power to adopt from time to time and to enforce rules and regulations governing the use of Common Areas and the use and maintenance of Lots and Tracts, in addition to the use restrictions contained in this Declaration and whether or not expressly contemplated herein, provided that such rules and regulations shall not be inconsistent with this Declaration. The rules and regulations may not discriminate among Owners. The Organization may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use the Common Areas or portions thereof. Any such rules and regulations shall become effective 30 days after promulgation or amendment and shall be mailed to all Owners within 30 days after promulgation or amendment. A copy of the rules and regulations then in force shall be retained by the secretary of the Organization and shall be available for inspection by any Owner during reasonable business hours. Such rules shall have the same force and effect as if set forth herein.

Section 2.7. Architectural Control Committee. The Board shall establish and thereafter continuously maintain an Architectural Control Committee to review and approve or disapprove the details and written plans and specifications of all construction, including initial construction, other than new construction exempt pursuant to Section 5.1(a), additions or exterior alterations to homes and accessory buildings, fences, walls, or other structures and all clearing or excavation of Lots, or cutting of trees within the Plat, pursuant to Article 6 hereof.

The Board shall have the power to adopt from time to time and to enforce guidelines, criteria, and procedures governing the Architectural Control Committee and the Owners' compliance with the provisions of Article 6 hereof.

Section 2.8. Additional Committees. The Board of Directors shall have the authority to create, from time to time, additional committees that the Board of Directors, in its sole discretion, determines would be useful for the efficient and proper administration of the duties of the Organization. The Board may delegate such functions and duties to such committees as it deems fit, provided that the Board shall retain the ultimate decision making authority on all issues affecting the Organization.

ARTICLE 3 - ORGANIZATION BUDGET, ASSESSMENTS, AND LIENS

Section 3.1. Owner's Covenant to Pay Assessments. By acceptance of a deed to a Lot, execution of a contract therefore, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to pay the Organization, in advance, all general and special assessments levied as provided herein.

Section 3.2. Organization Budget. The Organization shall prepare, or cause the preparation of, an operating budget for the Organization at least annually, in accordance with generally accepted accounting principles and the procedures specified in the Bylaws. The operating budget shall set forth all sums required by the Organization, as estimated by the Organization, to meet its annual costs and expenses including, but not limited to, all management and administration costs of the Organization, operating and maintenance expenses of Common Areas, expenses for services furnished to or in connection with the Common Areas, including the amount of all taxes and assessments levied against, the cost of liability and other insurance on

the Common Areas, charges for any services furnished to the Organization, the cost of utilities and other services, including the cost for power and maintenance for street lighting within the Community from the appropriate power company , and the cost of funding all reserves established by the Organization, including, if appropriate, a general operating reserve and a reserve for replacements. The funds required to meet the Organization's annual expenses shall be raised from a general assessment against each Owner as provided hereafter. The Organization may revise the operating budget after its preparation at any time and from time to time, as it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Organization.

Section 3.3. Levy of General Assessment. In order to meet the costs and expenses projected in its operating budget, the Organization shall determine and levy in advance on every Owner a general assessment. The amount of each Owner's general assessment shall be the amount of the Organization's operating budget divided among the Lots; provided that, any vacant Lot(s) not yet liable for payment of assessments pursuant to Section 3.6 shall not be included in this calculation. Notice of the proposed budget and estimated general assessment shall be sent to each Owner as required by RCW ch. 64.38.025 as now or hereafter amended; provided, however, that notification to an Owner of the amount of an assessment shall not be necessary to the validity thereof. The omission by the Organization, before the expiration of any assessment period, to fix the amount of the general assessments hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Owner from the obligation to pay the general assessment, or any installment thereof, for that or any subsequent assessment period, but the general assessments fixed for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Organization of the operating budget during the assessment period for which such budget was prepared, the Organization shall, if necessary, revise the general assessments levied against the Owners and give notice of the same in the same manner as the initial levy of general assessments for an assessment period.

Section 3.4. Payment of General Assessment. As determined by the Board, installments of general assessments may be collected on a monthly, quarterly, semi-annual, or annual basis. Any Owner may prepay one or more installments on any assessment without discount or penalty.

Section 3.5. Non-Discriminatory Assessment. No assessment shall be made at any time that may unreasonably discriminate against any particular Owner or group of Owners in favor of other Owners.

Section 3.6. Commencement of Assessments; Limited Exemptions for Vacant Lots. Liability of an Owner for assessments shall commence on the first day of the calendar month following the date upon which any instrument of transfer to such Owner becomes operative (such as the date of a deed, the date of a recorded real estate contract for the sale of any Lot, the date of death in the case of a transfer by will or intestate succession, etc.) and shall terminate on the date that the Owner transfers title to a new Owner, provided such transfer shall not relieve a selling Owner from liability for assessments due prior to the close of such transfer. The due dates of any special assessment payments shall be fixed by the Board when authorizing such special assessment. The Board shall have the discretion to exempt Lots which are vacant from

assessments or portions of assessments attributable to improvements or work which does not benefit vacant Lots.

Section 3.7. Special Assessments. In addition to the general assessments authorized by this Article, the Organization may levy a special assessment or assessments at any time, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a described capital improvement located upon or forming a part of the Common Areas, including necessary fixtures and personal property related thereto, or for such other purpose as the Organization may consider appropriate; provided, however, that any such assessment must have the prior favorable vote of Owners representing two-thirds of the Lots affected by the special assessment. If appropriate, the Organization may levy a special assessment against a portion of the Lots in cases where some but not all of the Lots would benefit by the special assessment, so long as any such assessment shall have the favorable vote of Owners representing two-thirds of the Lots affected by the special assessment. The amount of each Owner's special assessment for any year shall be the total special assessment for such year, divided by the sum of the number of Lots affected by the special assessment, provided the Organization may set different special assessment rates for Lots if the Organization determines that the benefit of the special assessment is different for the Lots.

Section 3.8. Effect of Non-Payment of Assessment. If any assessment payment is not made in full within 30 days after it was first due and payable, the unpaid amounts shall constitute a lien against the Lot and shall bear interest from the date on which payment was first due and payable at the rate applicable to judgments in Washington. By acceptance of a deed to a Lot, execution of a contract therefore, or any other means of acquisition of an ownership interest, and whether or not it shall be so expressed in any such deed or other instrument, each Owner shall be deemed to grant thereby to the Organization, its agents and employees, the right and power to bring all actions against such Owner personally for the collection of such assessments as a debt, and to enforce the liens created by this Declaration in favor of the Organization by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this Declaration shall be for the benefit of the Organization as a corporate entity, and the Organization shall have the power to bid in at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot foreclosed against.

Section 3.9. Lien to Secure Payment of Assessments. Declarant hereby creates in the Organization perpetually the power to create a lien in favor of the Organization against each Lot to secure to the Organization the payment to it of all assessments, interest, costs, and attorneys' fees; and Declarant hereby subjects all Lots perpetually to such power of the Organization. Such lien shall arise in accordance with the terms of this Declaration without the necessity of any further action by the Organization, and any such lien when created, shall be a security interest in the nature of a mortgage in favor of the Organization. Such lien shall become a continuing lien in the amount stated in the assessment from the time of the assessment, and shall also be the personal obligation of the person or entity who is the Owner of the Lot at the time of the assessment. The personal obligation to pay a prior assessment shall not pass to successors in interest unless expressly assumed by them, provided, however, that in the case of a sale or contract for the sale of any Lot which is charged with the payment of an assessment the person or entity who is the Owner immediately prior to the date of such sale shall be personally liable for

the amounts of the monthly installments due prior to said date, and the new Owner shall be personally liable for monthly installments becoming due on or after such date. The foregoing limitation on the duration of the personal obligation of an Owner to pay assessments shall not, however, affect the validity or duration of the continuing lien for unpaid assessments against the respective Lot.

Section 3.10. Suspension for Non-Payment of Assessment. If an Owner shall be in arrears in the payment of any assessment due, or shall otherwise be in default of the performance of any terms of the Governing Documents for a period of 30 days, said Owner's voting rights shall without the necessity of any further action by the Board, be suspended (except as against foreclosing secured parties) and shall remain suspended until all payments, including interest thereon, are brought current and any other default is remedied.

Section 3.11. Reserves for Replacement. As a common expense, the Organization may establish and maintain a reserve fund for replacement of any Common Areas and any improvements and community facilities thereon by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Organization. Such fund shall either be deposited with a banking institution, the accounts of which are insured by any state or by any agency of the United States of America or, in the discretion of the Organization, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve fund shall be expended only for the purpose of effecting the replacement of the Common Areas and any improvements and community facilities thereon, equipment replacement, and for start-up expenses and operating contingencies of a nonrecurring nature. The Organization may establish such other reserves for such other purposes as it may from time to time consider necessary or appropriate. The proportional interest of any Owner in any such reserves shall be considered an appurtenance of that Owner's Lot and shall not be separately withdrawn, assigned, or transferred, or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.

Section 3.12. Certain Areas Exempt. The Common Areas and all portions of the Plat dedicated to and accepted by a public authority or other charitable or non-profit organization exempt from taxation under the laws of the State of Washington shall be exempt from assessments by the Organization.

ARTICLE 4 - SUBORDINATION OF LIENS

Section 4.1. Intent of Provisions. The provisions of this Article 4 apply for the benefit of each Mortgagee who lends money for purposes of construction or to secure the payment of the purchase price of a Lot.

Section 4.2. Mortgagee's Non-Liability. The holder of a Mortgage shall not, by reason of the security interest only, be liable for the payment of any assessment or charge, nor for the observance or performance of any covenant or restriction, excepting only those enforceable by equitable relief and not requiring the payment of money, and except as hereafter provided.

Section 4.3. Mortgagee's Rights During Foreclosure. During the pendency of any proceeding to foreclose a Mortgage, including any period of redemption, the holder of the

Mortgage, or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the encumbered Lot, including but not limited to the right to vote in the Organization to the exclusion of the Owner's exercise of such rights and privileges.

Section 4.4. Mortgagee as Owner. At such time as a Mortgagee shall become the record Owner of the Lot or previously encumbered by the Mortgage, the Mortgagee shall be subject to all of the terms and conditions of this Declaration, including the obligation to pay for all assessments and charges in the same manner as any Owner.

Section 4.5. Mortgagee's Title Free and Clear of Liens. A Mortgagee or other secured party acquiring title to a Lot through foreclosure, suit, deed of trust sale, deed in lieu of foreclosure, or equivalent method, shall acquire title to the encumbered Lot free and clear of any lien authorized by or arising out of the provisions of this Declaration, insofar as such lien secures the Payment of any assessment or charge or installment due but unpaid before the final conclusion of any such proceeding, excluding the expiration date of any period of redemption. The Organization may treat any unpaid assessments against a Lot foreclosed against as a common expense, in which case it shall prorate such unpaid assessments among the remaining Lots, and each such remaining Lot shall be liable for its prorated share of such expenses in the same manner as for any other assessment.

Section 4.6. Survival of Assessment Obligation. After the foreclosure of a security interest in a Lot, any unpaid assessments shall continue to exist and remain as a personal obligation of the Owner against whom the same was levied, and the Organization shall use reasonable efforts to collect the same from such Owner.

Section 4.7. Subordination of Assessment Liens. The liens for assessments provided for in this Declaration shall be subordinate to the lien of any Mortgage or other security interest placed upon a Lot as a construction loan security interest or as a purchase money security interest, or refinancing thereof and the Organization will, upon demand, execute a written subordination document to confirm the particular superior security interest. The sale or transfer of any Lot, or any interest therein, shall not affect the liens provided for in this Declaration except as otherwise specifically provided for herein, and in the case of a transfer of a Lot for purposes of realizing a security interest, liens shall arise against the Lot for any assessment payments coming due after the date of completion of foreclosure (excluding the expiration date of any period of redemption).

ARTICLE 5 - BUILDING AND LAND USE RESTRICTIONS

Section 5.1. Improvements. No Lot, dwelling, residence, outbuilding, fence, wall, building, pool, deck, substantial landscaping, change in exterior paint color or other structure or other improvement shall be erected, altered, placed or maintained on any Lot unless it shall comply with the following:

(a) Prior to placing any such structure or making such improvement on the Lot, the plans and specifications for the structure or improvement and a request for approval shall be submitted to and approved by the Committee as provided in Article 6. When constructed or placed on the Lot, the structure or improvement shall substantially conform to the plans and

specifications approved by the Committee. This provision shall not apply to the Declarant until all homes are initially sold and occupied.

(b) Prior to making any change or alteration to the external appearance of any existing improvement on a Lot, plans and specifications for the alteration and change shall be submitted to and approved by the Committee as provided in Article 6. When made, the changes or alteration shall substantially conform to the plans and specifications as approved by the Committee. This provision shall not apply to the Declarant until all homes are initially sold and occupied.

(c) Once started, the work of constructing, altering, repairing, or reconstructing any structure or improvement on a Lot shall be diligently prosecuted until completion thereof and in any event the exterior of the structure shall be completed and finished within six months after the work first commences. In the case of landscaping improvements or modifications, the work shall be completed within two months after the work first commences.

(d) All buildings and improvements on a Lot shall be of permanent construction, and no temporary structure, trailer, mobile home, tent, garage, outbuilding or other similar device shall be placed on any Lot, except with the permission of the Committee. This provision shall not apply to the Declarant during the Development Period.

(e) Lots shall be used solely for residential purposes and related facilities normally incidental to a residential community. No building shall be erected, altered, placed or permitted to remain on any Lot except for one (1) detached single family dwelling and permitted accessory building.

(f) Accessory buildings which are appurtenant to the use of an existing permanent residential building may be permitted on a Lot. Permitted accessory buildings may include playhouses, tool sheds, doghouses, and gazebos. No permitted accessory building shall be placed on a Lot unless the plans for the accessory building have been first approved as to the design and location on the Lot by the Committee. The Committee may refuse to approve a permitted accessory building if, in the exercise of the discretion of the Committee, the structure detracts from the general visual appearance of the neighborhood or other homes. The location of a permitted accessory building shall be located where it minimizes the visual impact and, as a general guideline, shall be in the rear yard or side yard behind the front of the house. The Committee shall not be bound by the guidelines, but may exercise its discretion in that respect. The Committee may require visual screening of accessory buildings from adjacent Lots. Accessory buildings shall not be easily visible from any street.

(g) All structures and improvements shall comply with the provisions of the applicable Building Code, as amended from time to time, relating to setback requirements; provided that nothing herein shall require removal of a building which was originally placed in conformity with such Code because of change in the Code. The Applicant is responsible for procuring all necessary permits.

(h) No exterior aerials, antennas, microwave receivers or satellite dishes for television or other purposes shall be permitted on any Lot except as follows: The Committee

will not require prior approval as to placement and screening from residents who wish to install satellite dishes (18" or less in diameter) in accordance with current FCC rulings. The Committee recognizes the need to locate these dishes in a place that will allow the best reception possible, however, residents are encouraged to consider aesthetics as well. Residents choosing to install satellite dishes measuring larger than 18" in diameter are required to obtain approval from the Committee prior to installation.

(i) All mailboxes are to be of uniform design as approved by the Committee.

(j) Owners of fences shall be obligated to repair and maintain such fences so that they are structurally sound and painted or stained from time to time as may be necessary to retain a reasonable appearance thereof. Owners of fences shall have the right to enter adjoining property on a temporary basis for purposes of such maintenance, provided the owner seeking to exercise this right of entry shall give two weeks written notice to the owner of the adjoining property and further provided that no damage to adjoining property shall be permitted and the adjoining property shall be restored to a condition reasonably equivalent to its condition prior to such entry as soon as such maintenance or repair work is completed.

(k) The Board may, in the Community Regulations, adopt such regulations for the installation, maintenance and watering of landscaping, including lawns, as the Board determines are reasonably necessary to maintain the general appearance and value of the properties within the Plat.

Section 5.2. Animals. No animals, livestock or poultry of any kind shall be raised, bred, or kept on any Lot except that usual household pets such as dogs, cats and small birds may be kept, provided that they are not kept, bred or maintained for commercial purposes, and that they do not unreasonably interfere with the use and enjoyment of any part of the Plat.

Section 5.3. Nuisances. No Lot shall be used or maintained as a dumping ground for rubbish; and trash, garbage, or other waste shall not be kept except for in sanitary containers or composting areas. Equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition and out of sight. Nothing shall be done on a Lot that may become a nuisance to the neighborhood.

Section 5.4. Businesses. No trade, craft, business, profession, manufacturing, commercial enterprise or commercial activity of any kind shall be conducted or carried on upon any Lot or within any building located within the Plat unless it is authorized by and is in compliance with local land use ordinances and does not interfere with the quiet and peaceful use and enjoyment of any part of the Plat. For purposes of this Section, "interference" will be assumed to exist if (1) evidence of said use is visible from the street or adjacent Lots, (2) the use causes an increase in the noise level in the surrounding area, or (3) the use increases traffic above usual residential volumes. No signs for such businesses shall be permitted.

Section 5.5. Storage. No goods, materials, supplies or equipment, and no boats, trucks, motorcycles, busses, motor homes, campers, trailers, or vehicles of any description, shall be stored, dismantled, or repaired in the street, driveway, or within view from any street or Lot in the Plat. Upon 48 hours notice to the Owner of the Lot, the Organization has the authority to

have removed at the Owner's expense any improperly stored or parked vehicle, boat, or other equipment. During the Development Period, the Declarant may store equipment and building materials and maintain temporary trash storage sites within the Plat. The restrictions contained in this Section shall not exclude the temporary parking of automobiles on the designated driveway areas adjacent to garages on the Lots.

Section 5.6. Construction and Sale Period. So long as Declarant owns any property in the Plat for development and/or sale, the restrictions set forth in this Article 5 shall not be applied or interpreted so as to prevent, hinder, or interfere with development, construction or sales activities of Declarant or any builder or developer approved by the Declarant.

Section 5.7 Maintenance. Property ownership includes the responsibility to maintain all structures and grounds that are a part of the Lot. This obligation includes, but is not limited to, such activities as mowing grass, weed control, vegetation control, prevention of offensive or noxious odors associated with composting, removal of trash, structural maintenance, including repairing mildewed, worn or dated siding and fencing, painting and removing moss on roofs.

ARTICLE 6 - ARCHITECTURAL CONTROL

Section 6.1. The Committee. The Board shall designate the Committee herein referred to. The address of the Committee shall be the registered office of the Organization.

Section 6.2. Submission of Plans. Prior to construction, all plans and specifications or information required to be submitted to the Committee for approvals shall be submitted by mail to the address of the Committee in duplicate, shall be in writing, shall contain a written request for approval and the name and address of the person submitting the same and the Lot involved, and shall set forth the following with respect to a proposed structure: The location of the structure upon the Lot, the elevation of the structure with reference to the existing and finished lot grade, the general design, the interior layout, the exterior finish materials and color including roof materials, the landscape plan, and such other information as may be required to determine whether such structure conforms with the restrictions established by the Governing Documents and any Community Regulations adopted by the Organization. The Committee may require applicants to notify adjacent Lot Owners of their request for approval.

Section 6.3. Rules and Regulations. The Committee shall have the authority to determine and establish Community Rules and Regulations involving aesthetic considerations of harmony of construction and color which it determines to be in the best interest of providing for attractive development of the Plat, which authority shall include but not be limited to determining the height, configuration, location, design and appearance of the home, fences, walls, outbuildings, pools, and other structures and improvements appurtenant to the use of the Lot. Such determinations shall be binding on all persons having any interest in the Lot. Owners shall be responsible for informing contractors, agents and others working on the Lot of the Rules and Regulations and conditions of all approvals issued by the Committee and shall be responsible for correcting any violations of any and all violations of those Rules, Regulations and conditions.

Section 6.4. Approval or Disapproval Process. Within 30 days after the receipt of plans and specifications or information with a request for approval, the Committee shall by majority vote approve or disapprove the request. The Committee may disapprove any request that in its opinion does not conform to the Governing Documents and any Community Regulations adopted by the Organization or its aesthetic or other adopted standards. Approval or disapproval of a request shall be made upon one of the copies thereof and returned to the address shown on the request. If the Committee fails to approve or disapprove submitted plans and specifications within 30 days after the plans and specifications have been submitted, which submission shall be evidenced by a written receipt for said plans and specifications, approval will not be required, and this Section will be deemed to have been fully complied with. In this event, any such plans and specifications shall nevertheless be in compliance with all the restrictions contained in the Governing Documents and any Community Regulations adopted by the Organization.

Section 6.5. Advisors. The Committee may appoint advisors or advisory committees from time to time to advise on matters pertaining to the Plat. No person on the Committee or acting for it shall be responsible for any defect in any plan or specification submitted or approved nor for any defect in any plan or specification submitted or approved nor for any defect in any work done according to such plans and specifications.

Section 6.6. Variations. The Committee shall have the authority to approve plans and specifications which do not conform to these restrictions in order to overcome practical difficulties or prevent hardships in the application of these restrictions; provided that such variations so approved shall not be materially injurious to the improvements of other Lots and shall not constitute a waiver of the restrictions herein contained but shall be in furtherance of the purposes and intent of these restrictions.

ARTICLE 7 - COMMON AREAS AND MAINTENANCE

Section 7.1. Title to Common Areas. Declarant shall convey to the Organization the Common Areas owned by Declarant, as designated in the recorded Plat including notes thereto. The Common Area shall be subject to an easement of common use and enjoyment in favor of the Organization and every Owner, their heirs, successors, and assigns, in accordance with the terms and conditions of the Governing Documents. The Common Area when conveyed to the Organization shall be free and clear of financial liens.

Section 7.2. Owners' Common Rights. Owners shall have equal rights with other Owners to use the Common Areas, unless certain Common Areas are specifically designated as limited Common Areas on the face of a plat or other recorded instrument. All easements for ingress, egress, utilities, and use of facilities, unless otherwise specifically limited, shall exist in favor of all Owners in the Plat.

Section 7.3. Maintenance Standards. The Organization shall maintain, repair, replace, improve, and otherwise manage all of the Common Areas so as to keep them in good repair and condition and shall conduct such additional maintenance, repair, replacement, construction, or reconstruction as may be determined by the Board to promote the recreation, health, safety, and welfare of the Owners. Any action necessary or appropriate to the maintenance and upkeep of the Common Areas, the landscaping, irrigation, storm drainage facilities, sewer and water

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systems, all buildings, gas, telephone, or electrical or television facilities applicable to the Common Areas shall be taken by the Board. In addition, the Board may, in its discretion, agree to maintain other improvements within the Plat where the Board finds that such maintenance will provide a general benefit to the Organization and the Lots in the Plat.

Section 7.4 Maintenance of Fence at Tract 'F'

The private fencing, jointly owned by lots 24 through 27, located adjacent to Tract 'F' and along the south boundary of the Plat shall be repaired and maintained by the Association. The Association shall have the right to temporarily access the area on Lots 24 through 27 immediately adjacent to the fence for such repair and maintenance work. The owners of lots 24 through 27 shall not install any improvements or landscaping that will interfere with the Association's right of access for repair and maintenance without prior written approval from the Board.

ARTICLE 8 - EASEMENTS AND OPEN SPACE

Section 8.1. Construction, Utility and Drainage Easements. Easements for the construction, repair, replacement, reconstruction, and maintenance of utilities and drainage facilities have been created along the street frontages of all lots and established by the recorded Plat including notes thereto. Furthermore, all lots shall be subject to easements 2.5 feet in width, parallel and adjacent to all interior lot lines and 5 feet in width, parallel and adjacent to all rear lot lines for the purpose of private drainage. Easements shall move with adjusted lot lines. Maintenance of all private drainage easements shall be the responsibility of all lots deriving benefit from said easement, including the owner of the lot on which said easement(s) are located. No structure, including fences and rockeries, planting or other material which may damage or interfere with the installation and maintenance of utilities or facilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through the drainage channels in the easements, shall be placed or permitted to remain within any of these easements, except as otherwise authorized by the Plat or as specifically authorized by the Committee.

Section 8.2. Maintenance Obligations. The Organization shall be responsible for maintaining, repairing and replacing:

- (a) Any plat entry monuments, lighting, landscaping, and irrigation constructed in a common Tract.
- (b) Landscaping, irrigation, fencing, and any other community improvements that have been or may be constructed in the future within a Common Tract or other areas designated by the Board.
- (c) Any landscaping and irrigation systems located within the public rights of way located in the Plat, that are not otherwise contiguous to Lots.

(d) Fencing and/or any other necessary maintenance to sensitive area tracts owned by the Organization, following the declarant's prescribed mitigation monitoring period, consistent with the recorded plat language governing the use of and restrictions on sensitive areas

(e) The mailbox stands.

ARTICLE 9 - INSURANCE, CASUALTY LOSSES, CONDEMNATION

Section 9.1. Insurance Coverage. The Organization shall obtain and maintain at all times as an Organization expense an insurance policy or policies and bonds written by companies licensed to do business in Washington which provide:

9.1.1. Insurance against loss or damage by fire and other hazards covered by the standard extended coverage endorsement in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of the Common Areas, with the Organization named as insured, or such other fire and casualty insurance as the Organization shall determine will give substantially equal or greater protection.

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9.1.2. General comprehensive liability insurance insuring the Organization, the Owners, Declarant, and any managing agent, against any liability to the public or to the Owners and their guests, invitees, licensees, or tenants, incident to the ownership or use of the Common Areas.

9.1.3. Worker's compensation insurance to the extent required by applicable laws.

9.1.4. Fidelity coverage naming the Organization as an obligee to protect against dishonest acts by the Board, Organization officers, committees, managers, and employees of any of them, and all others who are responsible for handling Organization funds, in an amount equal to three months general assessments on all Lots, including reserves.

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

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9.1.6. Such other insurance as the Organization deems advisable, provided, that notwithstanding any other provisions herein, the Organization shall continuously maintain in effect casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for Projects established by Federal National Mortgage Organization, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and Veterans Administration, so long as any of them is a Mortgagee or Owner, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, or Veterans Administration.

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Section 9.2. Casualty Losses. In the event of substantial damage to or destruction of any of the Common Areas, the Organization shall give prompt written notice of such damage or

destruction to the Owners and to the holders of all First Mortgages who have requested such notice from the Organization. Insurance proceeds for damage or destruction to any part of the Common Areas shall be paid to the Organization as a trustee for the Owners, or its authorized representative, including an insurance trustee, which shall segregate such proceeds from other funds of the Organization.

Section 9.3. Condemnation. In the event any part of the Common Areas is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, the Organization shall give prompt notice of any such proceeding or proposed acquisition to the Owners and to the holders of all First Mortgages who have requested from the Organization notification of any such proceeding or proposed acquisition. All compensation, damages, or other proceeds therefrom, shall be payable to the Organization.

ARTICLE 10 - ENFORCEMENT

Section 10.1. Right to Enforce. The Organization, Declarant, and any Owner shall have the right to enforce, by any appropriate proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens, and charges now or hereafter imposed by or pursuant to the provisions of this Declaration. Failure or forbearance by any person or entity so entitled to enforce the provisions of this Declaration to pursue enforcement shall in no event be deemed a waiver of the right to do so thereafter.

Section 10.2. Imposition of Fines.

- (a) Authority to Impose Fines: The Organization shall have the right to impose monetary penalties against the owner and/or occupant of any Lot who violates these Covenants, Conditions and Restrictions or the Community Regulations or other rules and restrictions adopted by the Organization. The Board shall, from time to time, adopt a schedule for such monetary penalties. The schedule may provide for penalties that are assessed a single flat rate and may provide for penalties which are incurred on a periodic (daily, weekly, etc.) basis and which accrue until violations are corrected.
- (b) Procedure for Imposition of Fines: If the Organization determines that a violation of the Covenants, Conditions and Restrictions, or the Community Regulations or other rules and restrictions adopted by the Organization has occurred, the Organization shall send a written Notice of Violation to the owner or occupant of the Lot determined to be responsible for the violation. The Notice of Violation shall identify (1) the location where the violation has occurred, (2) the name of the person responsible for the violation, (3) the nature of the violation, (4) the action or actions required in order to cure the violation and a deadline for compliance, and (5) the rate or amount of the fine that will be assessed if the violation is not cured by the compliance deadline. In addition, the Notice of Violation shall indicate that the owner or occupant deemed responsible for the violation shall be entitled to request a hearing before the Board, provided a written request for such a hearing is

submitted to the Board within fourteen calendar days after the issuance of the Notice of Violation.

- (c) Hearing by Board: If a request for a hearing is submitted, the Board shall conduct a factual hearing and allow interested parties to present evidence relevant to the issues of whether or not a violation has occurred and what action is required to cure the violation. The Board shall issue a written decision after the conclusion of the factual hearing. All Notices of Violation become final either fourteen days after they are issued if no request for a hearing is submitted, or on the date that the Board issues its decision following a hearing.
- (d) Collection of Fines, Lien on Title: Unpaid fines assessed pursuant to Section 10.2 shall constitute liens against the Lot, be subject to the terms and conditions of this Declaration regarding liens for assessments and attorneys fees.

Section 10.3. Remedies Cumulative. Remedies provided by this Declaration are in addition to, cumulative with, and are not in lieu of, other remedies provided by law. There shall be, and there is hereby created and declared to be, a conclusive presumption that any violation or breach or attempted violation or breach of the covenants, conditions, and restrictions herein cannot be adequately remedied by an action at law or exclusively by recovery of damages.

ARTICLE 11 - AMENDMENT AND REVOCATION

Section 11.1. Amendment by Organization. Prior to the expiration of the Development Period, any amendment to the Declaration may be executed by the Declarant. Subsequent to the expiration of the Development Period, this Declaration may be amended only by an instrument executed by the Organization for and on behalf of the Owners, provided, however, that such amendments shall have received the prior approval of a vote of the Owners having 75 percent of the total outstanding votes in the Organization. Notwithstanding any of the foregoing, the prior written approval of 51 percent of all Mortgagees who have requested from the Organization notification of amendments shall be required for any material amendment to the Declaration or the Organization's By-Laws of any of the following: voting rights, assessments, assessment liens, and subordination of such liens, reserves for maintenance, repair, and replacement of Common Areas, responsibility for maintenance and repair, reallocation of interest in the Common Areas, or rights to their use, convertibility of Lots into Common Areas or of Common Areas into Lots; leasing of Lots other than as set forth herein; imposition of any restrictions on the right of an Owner to sell or transfer a Lot; any action to terminate the legal status of the Organization after substantial destruction or condemnation occurs, or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of First Mortgages.

Section 11.2. Effective Date. Amendments shall take effect only upon recording in the County where the property is located

ARTICLE 12 - GENERAL PROVISIONS

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Section 12.1. Taxes. Each Owner shall pay without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against his Lot, or personal property located on or in the Lot. The Organization shall likewise pay without abatement, deduction, or offset, all of the foregoing taxes, assessments, and charges levied or assessed against the Common Areas.

Section 12.2. Non-Waiver. No waiver of any breach of this Declaration shall constitute a waiver of any other breach, whether of the same or any other covenant, condition, or restriction.

Section 12.3. Covenants Running with the Land. The covenants, conditions, restrictions, liens, easements, enjoyment rights, and other provisions contained herein are intended to and shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing or otherwise occupying any portion of the Plat, their heirs, executors, administrators, successors, grantees, and assigns. All instruments granting or conveying any interest in any Lot and all leases or subleases shall refer to this Declaration and shall recite that it is subject to the terms hereof as if fully set forth therein. However, all terms and provisions of this Declaration are binding upon all successors in interest despite an absence of reference thereto in the instrument of conveyance, lease, or sublease.

Section 12.4. Attorneys' Fees. In the event of a suit or action to enforce any provision of this Declaration or to collect any money due hereunder or to foreclose a lien, the unsuccessful party in such suit or action shall pay to the prevailing party all costs and expenses, including title reports, and all attorneys fees that the prevailing party has incurred in connection with the suit or action, in such amounts as the court may deem to be reasonable therein, and also including all costs, expenses, and attorneys fees incurred in connection with any appeal from the decision of a trial court or any appellate court.

Section 12.5. No Abandonment of Obligation. No Owner, through his non-use of any Common Area, or by abandonment of his Lot, may avoid or diminish the burdens or obligations imposed by this Declaration.

Section 12.6. Interpretation. The captions of the various articles, sections and paragraphs of this Declaration are for convenience of use and reference only and do not define, limit, augment, or describe the scope, content or intent of this Declaration or any parts of this Declaration. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the masculine and neuter, and each includes a legal entity when the context so requires. The single number includes the plural whenever the context so requires.

Section 12.7. Severability. Invalidation of any one of these covenants, conditions, restrictions, easements, or provisions by judgment or court order shall in no way affect any other of the same, all of which shall remain in full force and effect.

Section 12.8. Notices. All notices, demands, or other communications (“Notices”) permitted or required to be given by this Declaration shall be in writing and, if mail postage prepaid by certified or registered mail, return receipt requested (if a Notice to Declarant, the Organization, or to fewer than all Owners), or if mailed first-class postage prepaid (if a Notice to all Owners), shall be deemed given three days after the date of mailing thereof, or on the date of actual receipt, if sooner, except as otherwise provided in the Governing Documents. Notice to an Owner may be given at any Lot owned by such Owner; provided, however, that an Owner may from time to time by Notice to the Organization designate such other place or places or individuals for the receipt of future Notices. Notices shall be addressed to the last known address of the addressee if not otherwise known. If there is more than one Owner of a Lot, Notice to any one such Owner shall be sufficient. The address of Declarant during the Development Period and of the Organization shall be given to each Owner at or before the time he becomes an Owner. If the address of Declarant or the Organization shall be changed, Notice shall be given to all Owners.

Section 12.9. Applicable Law. This Declaration shall be construed in all respects under the laws of the State of Washington.

