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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

NORTHWEST LANDING RESIDENTIAL PROPERTY

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

NORTHWEST LANDING RESIDENTIAL PROPERTY

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this 1st day of March, 1994, by Weyerhaeuser Real Estate Company, Land Management Division.

Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference (or if not the owner, Declarant has the written consent of the owner to subject such property to this Declaration). Declarant intends by this Declaration to: (1) impose upon the Residential Properties mutually beneficial restrictions under a general plan of improvement for the benefit of all owners of such property; (2) provide a flexible and reasonable procedure for the overall development of the Residential Properties; (3) establish a method for the administration, maintenance, preservation, use and enjoyment of the Residential Properties; and (4) 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 Residential 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 Residential Properties. This Declaration shall be binding on all parties having any interest in the Residential Properties, their heirs, successors, and assigns, and shall inure to the benefit of each Owner.

ARTICLE I: DEFINITIONS

1.1. "Areas of Common Responsibility": the Residential Common Area and other areas, if any, which become the responsibility of the Residential Association.

1.2. "Articles": the Articles of Incorporation of Northwest Landing Residential Owners Association, as filed with the Secretary of State of the State of Washington.

1.3. "Base Assessment": assessments levied on all Units subject to assessment under Article X to fund Common Expenses for the general benefit of all Units, as more particularly described in Sections 10.1 and 10.2.

1.4. "Board of Directors" or "Board": the body responsible for administering the Residential Association, selected as provided in the By-Laws and serving as the board of directors under Washington corporate law.

1.5. "Builder": any Person purchasing one or more Units 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.

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1.6. "By-Laws": the By-Laws of the Residential Association attached as Exhibit "C" and incorporated by reference, as they may be amended.

1.7. "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 By-Laws.

1.8. "Commercial Declaration": the Declaration of Covenants, Conditions, and Restrictions for Northwest Landing Commercial Property, which has been separately recorded by Declarant in the records of Pierce County, Washington, and given Recording No. 9208240297, which is applicable to the commercial properties within Northwest Landing and provides for the Northwest Landing Commercial Owners Association, as it may be amended.

1.9. "Common Expenses": the actual and estimated expenses incurred, or anticipated to be incurred, by the Residential 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 By-Laws, and the Articles of the Residential Association.

1.10. "Community-Wide Standards": standards of conduct, maintenance, or other activity generally prevailing throughout the Residential Properties. Such standards may be more specifically determined by the Board and the New Construction Committee.

1.11. "Covenant to Share Costs": the Declaration of Easements and Covenant to Share Costs for Northwest Landing attached as Exhibit "D," and incorporated by reference, as it may be amended, under which the Residential Association is obligated to share certain costs incurred by the Northwest Landing Commercial Owners Association that benefit the Residential Properties, including, but not limited to, expenses associated with the maintenance of the Maintenance Property.

1.12. "Declarant": Weyerhaeuser Real Estate Company, Land Management Division and its: (a) successors by merger or consolidation, (b) successors-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 described in the attached Exhibit "A" or Exhibit "B," 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, which 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, it being understood that as to all of the property described in Exhibit "A" and Exhibit "B" which is now or hereafter subjected to this Declaration, there shall be only one "Declarant" hereunder at any one point in time.

1.13. "Exclusive Common Area": a portion of the Residential Common Area which the Residential Association now or hereafter owns, leases, or otherwise holds possessory or use rights in for the exclusive use or primary benefit of Owners in one or more, but less than all, Neighborhoods, as described in Section 2.2.

1.14. "Maintenance Property": those portions of Northwest Landing which are maintained by the Northwest Landing Commercial Owners Association under the Covenant to Share Costs.

1.15. "Master Plan": the land use plan for the development of Northwest Landing as it may be amended from time to time, which includes the property described on Exhibit "A" and all or a portion of the property described on Exhibit "B," portions of which Declarant may subject to this Declaration as provided

in Article IX. The Master Plan is subject to and is intended to implement the Comprehensive Plan and Zoning Code for the City of DuPont ("Comprehensive Plan") and, until a Master Plan is finalized, the Master Plan shall be the Comprehensive Plan. Inclusion of property on the Master Plan shall not obligate Declarant to subject such property to this Declaration, nor shall the exclusion of property described on Exhibit "B" from the Master Plan bar Declarant from submitting such property to the Declaration under Article IX. The Master Plan reflects considerable thought and long-range planning; however, market conditions, technological and cultural changes undoubtedly will require revisions in the Master Plan over the long-term development of the Residential Properties.

1.16. "Member": a Person entitled to membership in the Residential Association.

1.17. "Mortgage": any mortgage, deed of trust, or similar instrument used for the purpose of encumbering Residential Properties as security for the payment or satisfaction of an obligation.

1.18. "Mortgagee": the holder of a Mortgage.

1.19. "Neighborhood": each separately designated residential area within the Residential Properties, whether or not governed by a Neighborhood Association, as more particularly described in Section 3.3. For example, and by way of illustration and not limitation, each condominium, townhome development, cluster home development, and single-family detached housing development may constitute a separate Neighborhood, or a Neighborhood may be comprised of more than one housing type with other features in common.

1.20. "Neighborhood Assessments": assessments levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as more particularly described in Sections 10.1 and 10.3.

1.21. "Neighborhood Committee": any committee established by the Board for a Neighborhood which has no formal organizational structure or association.

1.22. "Neighborhood Association": any condominium association or other owners association having concurrent jurisdiction over any part of the Residential Properties.

1.23. "Neighborhood Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Residential Association for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized by the Board and as more particularly authorized herein or in a Supplemental Declaration applicable to a Neighborhood.

1.24. "Northwest Landing": the master-planned development comprised of all property subjected (now or later) to this Declaration and the Commercial Declaration.

1.25. "Northwest Landing Commercial Owners Association" or "Commercial Association": Northwest Landing Commercial Owners Association, a Washington corporation, formed to serve as the mandatory membership owners association under the Commercial Declaration.

1.26. "Owner": one or more Persons who hold the record title to any Unit, 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.

1.27. "Person": a natural person, corporation, partnership, trustee, or any other legal entity.

1.28. "Private Amenities": real property and the improvements and facilities thereon located adjacent to, in the vicinity of, or within the Residential Properties, which are privately owned and operated by Persons other than the Residential Association for recreational and related purposes, on a club membership basis or otherwise, and including, without limitation, a golf course, if any, so located.

1.29. "Residential Association": Northwest Landing Residential Owners Association, its successors or assigns.

1.30. "Residential Common Area": all real and personal property which the Residential Association now or hereafter owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including easements held by the Residential Association for those purposes. The term shall include the Exclusive Common Area.

1.31. "Residential Properties": the real property described in Exhibit "A" and all additional property subjected to this Declaration under Article IX.

1.32. "Special Assessments": assessments levied under Section 10.5.

1.33. "Specific Assessments": assessments levied under Section 10.6.

1.34. "Supplemental Declaration": an amendment or supplement to this Declaration filed under Article IX which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional covenants, conditions or restrictions on the land described therein. The term shall also refer to an instrument filed by Declarant under Section 3.3(b) designating Voting Groups.

1.35. "Unit": any contiguous portion of the Residential Properties, whether improved or unimproved, other than Residential Common Area, common property of any Neighborhood Association 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 Unit as well as any improvements thereon, and shall include, by way of illustration but not limitation, condominium units, townhouse units, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots, as well as vacant land intended for development as such.

Prior to recordation of a subdivision or condominium plat, a parcel of vacant land or land on which improvements are under construction shall contain the number of Units designated for residential use for such parcel on the Master Plan, preliminary plat or the site plan approved by Declarant, whichever is more recent. Until a Master Plan, preliminary plat or site plan has been approved, such parcel shall contain the number of Units set by Declarant in conformance with the Comprehensive Plan.

1.36. "Voting Group": the group of Members whose Units are represented by one or more Voting Representatives who vote on a common slate for election of directors to the Board of the Residential Association, as more particularly described in Section 3.3(b).

1.37. "Voting Representative": the representative selected by the Members within each Neighborhood responsible for casting all votes attributable to Units in the Neighborhood on all matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and the By-Laws). The Voting Representative from each Neighborhood shall be the senior elected officer (e.g., Neighborhood Committee chairman or Neighborhood Association president) from that Neighborhood; the alternate Voting Representative shall be the next most senior elected officer as designated by the Neighborhood Committee or Neighborhood Association. The term "Voting Representative" shall include alternate Voting Representatives acting in the absence of the Voting Representative.

ARTICLE II: PROPERTY RIGHTS

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

- (a) this Declaration, any other applicable covenants, and the terms of any deed conveying such property to the Residential Association;
- (b) the right of the Board to adopt rules regulating the use and enjoyment of the Residential 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 Residential Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and/or (ii) for a period not exceeding 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 By-Laws, or rules of the Residential Association after notice and a hearing under Section 3.23 of the By-Laws;
- (d) the right of the Residential Association to transfer all or any part of the Residential Common Area to governmental entities under Section 4.8;
- (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 Residential Common Area;
- (f) the right of the Residential Association 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; and
- (g) the rights of certain Owners to the exclusive use of those portions of the Residential Common Area designated "Exclusive Common Areas," as described in Section 2.2.

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

2.2. Exclusive Common Area. Certain portions of the Residential Common Area may be designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners and occupants of Units within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Areas may include entry features, recreational facilities, landscaped medians

and cul-de-sacs, lakes and other portions of the Residential Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of an Exclusive Common Area shall be assessed as a Neighborhood Assessment against the Owners of Units in those Neighborhoods to which the Exclusive Common Area is assigned.

Initially, Exclusive Common Area shall be designated and the exclusive use thereof assigned in the deed conveying the Residential Common Area to the Residential Association or on the plat of survey relating to such Residential Common Area. No such assignment shall preclude Declarant from later unilaterally assigning use of the same Exclusive Common Area to additional Units and/or Neighborhoods, so long as Declarant has a right to subject additional property to this Declaration under Section 9.1. Thereafter, a portion of the Residential Common Area may be assigned as Exclusive Common Area of a particular Neighborhood or Neighborhoods and Exclusive Common Area may be reassigned upon the vote of Voting Representatives representing a majority of the total Class "A" votes in the Residential Association, including a majority of the Class "A" votes within the affected Neighborhood(s). As long as Declarant owns any property described on Exhibits "A" or "B" for development and/or sale, any such assignment or reassignment shall also require the consent of Declarant.

The Residential Association may, upon approval of a majority of the members of the Neighborhood Committee or board of directors of the Neighborhood Association for the Neighborhood(s) to which certain Exclusive Common Areas are assigned, permit Owners of Units in other Neighborhoods to use all or a portion of such Exclusive Common Areas upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Exclusive Common Areas.

2.3. Private Amenities. Access to and use of any Private Amenities is strictly subject to the rules and procedures of the Private Amenities, and no Person shall gain any right to enter or to use those facilities, if any, by virtue of membership in the Residential Association or ownership or occupancy of a Unit.

No representations or warranties, either written or oral, have been or are made by Declarant or any other Person with regard to the nature or size of improvements to, or the continuing ownership or operation of, any Private Amenities.

ARTICLE III: MEMBERSHIP AND VOTING RIGHTS

3.1. Membership. Every Owner shall have a membership in the Residential Association. No Owner shall have more than one membership per Unit owned. If a Unit 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 By-Laws. 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 Residential Association.

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

(a) Class "A." Class "A" Members shall be all Owners except the Class "B" Member, if any. Each Class "A" Member shall have one equal vote for each Unit in which he or she holds the interest required

for membership under Section 3.1; there shall be only one vote per Unit. Unless otherwise specified in this Declaration or the By-Laws or required by law, the vote for each Unit shall be exercised by the Voting Representative representing the Neighborhood of which the Unit is a part.

In any situation where a Member is entitled personally to exercise the vote for his or her Unit and there is more than one Owner of a particular Unit, the vote for such Unit shall be exercised as such co-Owners determine among themselves and advise the Secretary of the Residential Association in writing prior to any meeting. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

(b) 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 By-Laws. 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 By-Laws. The Class "B" membership shall terminate and convert to Class "A" membership upon the earlier of:

- (i) five years after expiration of the Class "B" Control Period; or
- (ii) when, in its discretion, Declarant so determines and declares in a recorded instrument.

3.3. Neighborhoods and Voting Groups.

(a) Neighborhoods. Every Unit shall be located within a Neighborhood. The Units within a particular Neighborhood may be subject to additional covenants and the Owners of Units within a particular Neighborhood may also be mandatory members of a Neighborhood Association; however, there shall be no requirement that a Neighborhood Association be created except in the case of a Neighborhood which is developed as a condominium or cooperative or otherwise as required by law. Any Neighborhood which does not have a Neighborhood Association shall have a Neighborhood Committee, as described in Section 5.3 of the By-Laws, to represent the interests of Owners of Units in such Neighborhood.

Each Neighborhood may, upon the affirmative vote, written consent, or a combination thereof, of a majority of Owners within the Neighborhood, require the Residential Association to provide a higher level of service or special services for the benefit of Units in such Neighborhood, the costs of which shall be assessed against the benefitted Units as a Neighborhood Assessment under Article X hereof.

The senior elected officer of each Neighborhood Association or Neighborhood Committee shall serve as the Voting Representative for such Neighborhood and shall cast all votes attributable to Units in the Neighborhood on all Residential Association matters requiring a membership vote, unless otherwise specified in this Declaration or the By-Laws or required by law. The Voting Representative may cast such votes as determined in his or her sole discretion and shall not be required to cast all such votes in the same manner. The next most senior elected officer, as designated by the Neighborhood Committee or Neighborhood Association, shall be the alternate Voting Representative and may cast such votes in the absence of the Voting Representative.

The Voting Representative of a Neighborhood may be removed, with or without cause, by a vote of a majority of the Owners of Units in the Neighborhood.

Exhibit "A" to this Declaration, and each Supplemental Declaration filed to subject additional property to this Declaration, shall initially assign the property described therein to an existing or newly created

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Neighborhood by name. Declarant may unilaterally amend this Declaration to redesignate Neighborhood boundaries; provided, two or more Neighborhoods shall not be combined without the consent of Owners of a majority of the Units in the affected Neighborhoods.

The Owner(s) of a majority of the total number of Units within any Neighborhood may at any time petition the Board to divide the property into two or more Neighborhoods by submitting a written petition, a rendering of the entire parcel which indicates the boundaries of the proposed Neighborhood(s) or otherwise identifies the Units to be included within the proposed Neighborhood(s) and such other information as the Board requires. The Board shall approve or disapprove such petition in writing within 30 days after receipt by the Board of all required documents. The Board may deny an application only upon a determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Neighborhoods. All expenses incurred in petitioning for the division of a Neighborhood, reviewing such application, and implementing a division of a Neighborhood shall be the responsibility of the Owners requesting such division.

(b) Voting Groups. Declarant shall establish Voting Groups for election of directors to the Board in order to promote representation on the Board for various groups having dissimilar interests. Each Voting Group shall be entitled to elect the number of directors specified in Section 3.6 of the By-Laws.

Voting Groups shall be established not later than, and may be modified until, the date of expiration of the Class "B" Control Period. Declarant shall establish and may modify Voting Groups by filing in the public records of Pierce County, Washington, an addendum to this Declaration designating by map or other description all of the Units within each Voting Group. After the expiration of the Class "B" Control Period, Declarant may unilaterally amend such addendum as additional property is submitted to this Declaration to change the composition of existing Voting Groups or to establish new Voting Groups to account for additional property. Until such time as Voting Groups are established by Declarant, all Units shall be assigned to the same Voting Group.

ARTICLE IV: RIGHTS AND OBLIGATIONS OF THE RESIDENTIAL ASSOCIATION

4.1. Residential Common Area. The Residential Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Residential Common Area and all improvements thereon and shall keep it in good, clean, attractive, and sanitary condition, order, and repair 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 Residential 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 Residential Association improved or unimproved real estate located within the properties described in Exhibits "A" or "B," personal property and easements and other property interests. Such property shall be accepted and thereafter maintained by the Residential Association at its expense for the benefit of its Members, subject to any restrictions set forth in the conveyance.

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

4.4. Enforcement. The Residential Association may impose sanctions for violations of this Declaration, the By-Laws, or rules, including, without limitation, reasonable monetary fines, suspension of voting rights and the right to use any recreational facilities within the Residential Common Area. In addition, under Section 3.23 of the By-Laws, the Residential Association may exercise self-help remedies to cure violations and may suspend any services it provides to the Unit of any Owner 30 days or more delinquent in paying any assessment or other charge due to the Residential 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 By-Laws.

4.5. Implied Rights. The Residential Association may exercise any right or privilege given to it expressly by this Declaration or the By-Laws 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 within the Residential Properties for fire, police, water, and sewer facilities, public schools and parks, and other public facilities. Development of such sites shall be subject to the architectural standards under Article XI; however, neither the Residential Association, the architectural committees, nor the Owners may object to the use of such sites for the designated public purposes.

4.7. Indemnification. The Residential 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 Residential Association. The Residential 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 Residential 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 Residential Common Area. The Residential Association, by Board resolution, may dedicate or grant easements over portions of the Residential Common Area to any local, state, or federal government entity without a vote under Article VIII when such conveyance is consistent with the Master Plan, subject to compliance with Section 14.2, if applicable.

4.9. Security. Neither the Residential Association, Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Residential Properties. Neither the Residential 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 Unit, and all tenants, guests, and invitees of any Owner, acknowledge that the Residential Association, and its Board, Declarant, any successor Declarant, and New Construction and Modifications Committees 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 New Construction or Modifications Committees may not be compromised or circumvented; nor that any fire protection or burglar alarm systems or other security systems will prevent loss by fire, smoke, burglary, theft, hold-up, 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 Unit, and all tenants, guests, and invitees of any Owner, acknowledge and understand that the Residential Association, its Board, committees, Declarant, or any successor Declarant are not insurers. All Owners and occupants of any Unit and all tenants, guests, and invitees of any Owner assume all risks for loss or damage to persons, to Units, and to the contents of Units and further acknowledge that the Residential 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 Residential Properties.

4.10. Powers of the Residential Association Relating to Neighborhoods. Since a Neighborhood Committee is a committee of the Residential Association, the Board shall have all of the power and control over any Neighborhood Committee that it has under applicable law over other committees of the Residential Association.

The Residential Association may veto any action taken or contemplated by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Residential Association or its Members or inconsistent with the Community-Wide Standards. The Residential Association also may require specific action to be taken by any Neighborhood Association to fulfill its obligations and responsibilities under this Declaration or any other applicable covenants. For example, the Residential Association may require specific maintenance or repairs or aesthetic changes to be done by the Neighborhood Association, and that a proposed budget include the cost of such work. If the Neighborhood Association fails to comply with such requirements within a reasonable time as specified in writing by the Residential Association, the Residential Association may effect such action on behalf of the Neighborhood Association and assess the Units in such Neighborhood for their pro rata share of any expenses incurred by the Residential Association in taking such action. Such assessments may be collected as a Specific Assessment under Article X.

4.11. Utility Lines. Each Owner, occupant, guest, and invitee acknowledges that neither the Residential Association, the Board nor Declarant shall in any way be considered insurers or guarantors of health within the Residential Properties and neither the Residential 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 sub-stations adjacent to, near, over, or on the Residential 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 sub-stations and further acknowledges that neither Declarant nor the Residential Association have made any representations or 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 sub-stations.

4.12. Relationship to Northwest Landing Commercial Owners Association. The Residential Association is the "Residential Association" referenced in the Commercial Declaration and shall perform the obligations of the "Residential Association" in the Covenant to Share Costs.

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4.13. Municipal Services. In addition to any obligations it may have under the Covenant to Share Costs, the Residential Association may, but is not obligated by this Declaration to, contribute funds to the City of DuPont for the purpose of increasing the city'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 Northwest Landing.

ARTICLE V: MAINTENANCE

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

- (a) all Residential Common Area;
- (b) any additional property specified by this Declaration, any Supplemental Declaration, the Covenant to Share Costs, or any contract or agreement for maintenance thereof entered into by the Residential Association to be included within the Areas of Common Responsibility, including such landscaping and other flora, parks, lakes, structures, improvements, streets and bike/pedestrian pathways/trails;
- (c) all ponds, streams and wetlands within the Residential Properties which serve as part of the drainage and storm water retention system for the Residential Properties, 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; and
- (d) any property and facilities owned by Declarant made available on a temporary or permanent basis for the primary use and enjoyment of the Residential Association and its Members and identified by written notice from Declarant to the Residential Association until Declarant revokes such privilege of use and enjoyment by written notice to the Residential Association.

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 Residential Association shall be relieved of its responsibilities under this Section to the extent they are assumed by the City of DuPont or any other local, state or federal government entity, except that the Residential 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 Residential 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.

The Residential Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with a Neighborhood Association or because, in the Board's opinion, the level and quality of service then being provided is not consistent with the Community-Wide Standards. All costs of such maintenance shall be assessed as a Neighborhood Assessment against the Units within such Neighborhood. The provision of services in accordance with this Section shall not constitute discrimination within a class.

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 Units as part of the Base Assessment without prejudice to the Residential Association's right to seek reimbursement from Persons responsible for such work. All costs for maintenance, repair and replacement of Exclusive Common Areas maintained by the Residential Association shall be a Neighborhood Expense assessed as a Neighborhood Assessment against the Units within the Neighborhood(s) to which the Exclusive Common Areas are assigned.

5.2. Owner's Responsibility. Each Owner shall maintain his or her Unit, including, without limitation, all structures, landscaping, parking areas, and other improvements comprising the Unit consistent with the Community-Wide Standards and all applicable covenants, unless such maintenance responsibility is assumed by or assigned to the Residential Association or a Neighborhood Association. In addition to any other enforcement rights, if any Owner fails properly to maintain his or her Unit, the Residential Association may perform such maintenance and assess the costs against the Unit and the Owner under Article X; provided, the Residential 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.

5.3. Neighborhood's Responsibility. On Board resolution, the Owners of Units within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining and insuring portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, for example, the costs of maintenance of any signs, entry features, right-of-way and open space between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Residential Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same. As an alternative, the Board may resolve that such maintenance shall be performed by the applicable Neighborhood Association.

All maintenance required of a Neighborhood Association under this Declaration or any additional covenants or agreements shall be performed consistent with the Community-Wide Standards. If any Neighborhood Association fails to perform such maintenance, the Residential Association may perform it and assess the costs against all Units within the Neighborhood under Article X.

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 Residential Association, Declarant, any Owner or any Neighborhood Association shall be liable for any damage or injury occurring on or arising out of the condition of property maintained by the Residential Association.

5.5. Party Walls, Fences, and Driveways. Each wall, fence or driveway built as a part of the original construction on the Units which serves or separates any two adjoining Units and is not the common property of any Neighborhood Association 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.

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 successors-in-title.

ARTICLE VI: INSURANCE AND CASUALTY LOSSES

6.1. Residential Association Insurance. The Residential Association, acting through its Board or its duly authorized agent, shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Residential 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.

In addition, the Residential Association may, on request of a Neighborhood Association, and shall, if so specified in a Supplemental Declaration applicable to the Neighborhood, obtain blanket "all-risk" property insurance, if reasonably available, for insurable improvements maintained by such Neighborhood Association. If "all-risk" coverage is not generally available at reasonable cost, fire and extended coverage insurance may be obtained in such form as the Board deems appropriate. The face amount of the policy shall be sufficient to cover the full replacement cost of all insured structures. The costs thereof shall be charged to the Owners of Units within the Neighborhood as a Neighborhood Assessment.

The Board also shall obtain a public liability policy covering the Area of Common Responsibility, insuring the Residential Association and its Members for all damage or injury caused by the negligence of the Residential 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 \$5,000,000.00 combined single limit per occurrence and in the aggregate. The Residential Association shall also obtain, if reasonably available, an umbrella policy providing at least \$5,000,000.00 in additional coverage bringing total liability coverage to at least \$10,000,000.00.

Except as provided above for property maintained by a Neighborhood Association, 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 or a Neighborhood Expense in the same manner as the premiums for the applicable insurance. However, if the Board reasonably determines, after notice and an opportunity to be heard under the By-Laws, 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 Units under Section 10.6.

All insurance coverage obtained by the Board on behalf of the Residential Association or a Neighborhood 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;

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(b) Be written in the name of the Residential Association as trustee for the benefitted parties (policies on the Residential Common Area shall be for the benefit of the Residential Association and its Members; policies secured on behalf of a Neighborhood Association shall be for the benefit of the Neighborhood Association and the Owners of Units within the Neighborhood);

(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 Residential Association and to the Neighborhood Association, if any. A copy of such certificate shall be provided by the Residential Association to any Member upon request.

The Residential 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 Pierce County, Washington area.

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

(aa) waiving subrogation as to any claims against the Residential Association's Board, officers, employees, and manager, the Owners and occupants of Units and their respective tenants, servants, agents, and guests;

(bb) waiving any rights of the insurer to repair and reconstruct instead of paying cash;

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

(dd) 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 Residential Association to cure the defect or violation and allowance of a reasonable time to cure;

(ee) excluding individual Owners' policies from consideration under any "other insurance" clause; and

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

The Residential 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 Residential Association funds. The amount of fidelity coverage shall be determined by the Board but, if reasonably available, may not

be less than one-fourth of the annual Base Assessments on all Units 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 30 days prior written notice to the Residential Association of any cancellation, substantial modification or non-renewal.

The Board shall also obtain directors and officers liability insurance coverage in the amount of at least \$5,000,000.00, if reasonably available, insuring the Residential Association and its officers, directors and committee members (former, present and future) from liability for any actions or decisions for which the Residential 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 Unit subject to this Declaration, each Owner acknowledges that the Residential Association has no obligation to provide any insurance for any portion of Units other than as set forth above and covenants and agrees with all other Owners and with the Residential Association to carry blanket "all-risk" property insurance on its Unit and structures constructed thereon and a liability policy covering damage or injury occurring on the Unit. 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 either the applicable Neighborhood Association or the Residential Association carries insurance on such Unit.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on his or her Unit, the Owner shall promptly repair or reconstruct the damaged structure in a manner consistent with the original construction or other plans and specifications approved under Article XI. Alternatively, the Owner may clear the Unit of all debris and ruins and thereafter maintain the Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standards.

Additional covenants for any Neighborhood may establish more stringent standards for repairing or reconstructing structures and for clearing and maintaining the Units if the structures are not rebuilt or reconstructed within the Neighborhood.

6.3. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other casualty to all or any part of the Residential Properties covered by insurance written in the name of the Residential 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.

(b) Any damage to the Residential Common Area shall be repaired or reconstructed unless the Voting Representatives representing at least 75% of the total Class "A" votes in the Residential Association,

and the Class "B" Member, if any, decide within 60 days after the loss either (i) not to repair or reconstruct or (ii) to construct alternative improvements.

Any damage to the common property of any Neighborhood Association shall be repaired or reconstructed unless the Owners holding at least 75% of the total vote of the Neighborhood Association decide within 60 days after the damage or destruction not to repair or reconstruct.

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

(c) If it is determined that the damage to the Residential Common Area or to the common property of any Neighborhood Association shall not be repaired or reconstructed and no alternative improvements on the affected portion of the Residential Properties are authorized, the affected area shall be cleared of all debris and ruins and thereafter maintained by the Residential Association or the Neighborhood Association, as applicable, 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 Residential Association or the Neighborhood Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Unit 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 Residential Common Area or to the common property of a Neighborhood Association, the Board may, during and following the completion of any repair or reconstruction and without Voting Representative or 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.

ARTICLE VII: NO PARTITION

Except as permitted in this Declaration or amendments to this Declaration, the Residential 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 VIII: CONDEMNATION

Whenever any part of the Residential 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 Residential Common Area under threat of condemnation only if approved in writing by Voting Representatives representing at least 67% of the total Class "A" votes in the Residential Association and Declarant, as long as Declarant owns any property described on Exhibits "A" or "B."

The award made for such taking or conveyance shall be payable to the Residential Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Residential Common Area on which improvements have been constructed, the Residential Association shall restore or replace such improvements on the remaining land included in the Residential Common Area to the extent practicable, unless within 60 days after such taking Declarant, so long as Declarant owns any property described in Exhibits "A" or "B," and Voting Representatives representing at least 67% of the total Class "A" vote of the Residential 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 IX: SUBMISSION AND WITHDRAWAL OF PROPERTY

9.1. Submission Without Approval of Membership. At any time until December 31, 2042, Declarant may unilaterally subject to the provisions of this Declaration all or any portion of the real property described in Exhibit "B." Declarant also may unilaterally assign the right, privilege, and option to submit property to this Declaration which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibits "A" or "B" and that such assignment is memorialized in a written, recorded instrument executed by Declarant.

Such submissions shall be accomplished by and effective upon filing a Supplemental Declaration submitting such property in the public records of Pierce County, Washington. Such Supplemental Declarations do not require consent of the Voting Representatives, but require the consent of the owner of such property, if not Declarant.

9.2. Submission With Approval of Membership. The Residential Association may submit real property other than that described on Exhibit "B," and, after December 31, 2042, any property described on Exhibit "B," to the provisions of this Declaration with the consent of the owners of such property and the affirmative vote of Voting Representatives representing at least 67% of the Class "A" votes of the Residential 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 Pierce County, Washington signed by the President and the Secretary of the Residential Association, and by the owner of the property being submitted.

9.3. Withdrawal of Erroneously Included Property. Declarant reserves the right to amend this Declaration unilaterally at any time until December 31, 2042, without prior notice or the consent of any Person, for the purpose of removing portions of the Residential Properties owned by Declarant or its affiliates from the provisions of this Declaration to the extent originally included in error.

9.4. Conversion to Commercial Use. Declarant reserves the right to amend this Declaration unilaterally at any time so long as it holds an unexpired option to expand the community under this Article, without prior notice or consent of any Person other than the Owner of the affected property, to withdraw property from the provisions of this Declaration and simultaneously submit such property to the provisions of the Commercial Declaration. Such withdrawal shall be accomplished by and effective upon filing, in the public

records of Pierce County, Washington, a Supplemental Declaration to both this Declaration and the Commercial Declaration describing the property being converted to commercial use.

9.5. 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 Residential Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Residential Association through Neighborhood 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.

9.6. Amendment. This Article shall not be amended without the prior written consent of Declarant so long as Declarant owns any property described in Exhibits "A" or "B."

ARTICLE X: ASSESSMENTS

10.1. Creation of Assessments. There are hereby created four types of assessments for Residential Association expenses: (a) Base Assessments to fund Common Expenses for the general benefit of all Units; (b) Neighborhood Assessments for Neighborhood Expenses benefitting only Units within a particular Neighborhood or Neighborhoods; (c) Special Assessments as described in Section 10.5; and (d) Specific Assessments as described in Section 10.6.

The Residential Association is subject to assessment by the Commercial Association under the Covenant to Share Costs for the Residential Association's share of the expenses incurred by the Commercial Association in maintaining and insuring Maintenance Property, as defined in the Covenant to Share Costs. The total of all assessments levied by the Commercial Association shall be included within the annual Base Assessment and collected by the Residential Association for payment to the Commercial Association.

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

All assessments, together with interest at a rate set by the Board (not to exceed 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 Unit against which the assessment is made until paid, as more particularly provided in Section 10.7. 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 Unit at the time the assessment arose. If title to a Unit 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 Unit by exercising rights under the Mortgage shall not be liable for previously accrued assessments and related charges.

The Residential Association shall, on request, furnish to any Owner a written certificate setting forth whether assessments have been paid for any particular Unit, 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 and any Neighborhood Assessment shall be due in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or charges levied on the Unit, the Board may require all unpaid assessment installments to be paid immediately.

No Owner may exempt himself or herself from liability for assessments by non-use of Residential Common Area, abandonment of the Unit 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 Residential 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 Residential Association either (a) regular assessments on all of its unsold Units, notwithstanding the commencement date under Section 10.8, or (b) the difference between the amount of assessments against all other Units and the necessary expenditures of the Residential Association during the fiscal year. Unless Declarant otherwise notifies the Board at least 60 days before the beginning of a fiscal year, 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 Residential 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 60 days before the beginning of each fiscal year, the Board shall prepare a budget for the estimated Common Expenses of the Residential Association during the coming year, including capital contributions in accordance with reserve fund budgets prepared under Section 10.4, 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 Voting Representatives representing a majority of the total Class "A" vote of the Residential Association.

The Base Assessment shall be levied equally against all Units and 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 Residential Association. In addition, the Board shall take into account the number of Units subject to assessment under Section 10.8 on the first day of the fiscal year for which the budget is prepared and the number of Units 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 Assessment against such Owner's Unit at least 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 Voting Representatives representing at least 67% of the total Class "A" votes in the Residential 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 the Voting Representatives, as provided for special meetings in the By-Laws, is presented to the Board within ten 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. Computation of Neighborhood Assessments. At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget for estimated Neighborhood Expenses to be incurred by the Residential Association for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. The Board may set such budget only to the extent that (a) this Declaration, any Supplemental Declaration, or the By-Laws specifically authorizes the Board to assess costs as a Neighborhood Assessment, or (b) the Residential Association expects to incur expenses to provide additional services for a Neighborhood at the request of a majority vote of its Class "A" Members and the Class "B" Member, if any. Such budget shall include capital contributions to a reserve fund for repair and replacement of any capital items maintained as a Neighborhood Expense. Neighborhood Expenses shall be levied as a Neighborhood Assessment against all Units within the Neighborhood benefitted thereby and shall be allocated equally among those Units. If specified in the Supplemental Declaration applicable to such Neighborhood or if directed by the Neighborhood in writing to the Board, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefitted Units in proportion to the benefit received.

The Board shall send to each Owner in the Neighborhood a copy of such budget and notice of the amount of the Neighborhood Assessment against such Owner's Unit at least 30 days before the beginning of the fiscal year. The budget and assessment shall be effective unless disapproved by a majority vote of the Owners of Units in the applicable Neighborhood. There shall be no obligation to call a meeting to consider the budget except on petition of Owners of at least ten percent of the Units in such Neighborhood. This right to disapprove the Neighborhood budget shall apply only to line items attributable to services requested by the Neighborhood, and such services shall not be provided if the proposed costs are disapproved.

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

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

10.5. Special Assessments. In addition to other authorized assessments, the Residential Association may levy Special Assessments from time to time to cover expenses greater or different than those budgeted. Special Assessments may be levied against the entire membership, if for Common Expenses, or against the Units within any Neighborhood, if for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, Special Assessments must be approved by the affirmative vote or written consent of Voting Representatives (if a Common Expense) or Owners (if a Neighborhood Expense) representing at least a majority of the total votes allocated to applicable Units, 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.

10.6. Specific Assessments. The Board may specifically assess against particular Units expenses incurred by the Residential Association to provide special benefits, items, or services (a) on request of the Owner of a Unit; (b) made necessary by the conduct of the Owner or its licensees, invitees, or guests; or (c) necessary to bring the Unit, or the Neighborhood in which it is located, into compliance with this Declaration, the Articles, the By-Laws, or Residential Association rules. Such Specific Assessments may be levied by the Board after notice to the applicable Owners and an opportunity for a hearing.

10.7. Lien for Assessments. The Residential Association shall have a lien against each Unit to secure payment of delinquent assessments, interest, late charges, and costs of collection (including attorneys 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 Residential Association may bid for a Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. When a Unit is owned by the Residential 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 Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Residential Association. The Residential 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 Unit shall not affect the assessment lien or relieve such Unit from the lien for any assessments thereafter becoming due. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Unit 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 Units including such acquirer.

10.8. Date of Commencement of Assessments. The obligation to pay assessments shall commence as to each Unit, after the Board first determines a budget and levies assessments, upon the earlier of: (a) six months after the date of conveyance of any Unit by Declarant to a Builder, or (b) the date of conveyance of any Unit by Declarant to any Person other than a Builder. The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

10.9. 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 and Neighborhood 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.

10.10. Capitalization of Residential Association. Upon acquisition of record title to a Unit 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 Residential Association in an amount equal to one-sixth of the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment levied on the Unit and shall not be considered an advance payment thereof. This amount shall be collected at the closing of the Unit and disbursed to the Residential Association for use in covering operating and other expenses incurred by the Residential Association under the terms of this Declaration and the By-Laws.

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

- (a) all Residential Common Area;
- (b) all property dedicated to and accepted by any governmental authority including without limitation public schools, public streets, and public parks; and
- (c) property owned by any Neighborhood Association for the common use and enjoyment of its members.

ARTICLE XI: 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 Unit or the Residential Common Area (e.g., fences, signs, antennas, clotheslines, playground equipment, lighting, storm or screen doors and windows, 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 Unit visible from outside the Unit and modifications to enclose garages as living space shall require approval under this Article. Any request to enclose a garage must include plans for a replacement garage on the Unit. If approval of a garage enclosure is granted by the appropriate committee, such approval may be conditional on the construction of a replacement garage.

Upon completion of any construction, improvement or alteration to a Unit made in compliance with this Article and the Residential Design Guidelines (as defined herein), an Owner may request and the Residential Association shall provide a written certificate in recordable form stating that such construction, improvement or alteration was completed in compliance with this Article and the Residential Design Guidelines. The Owner may, at his or her option, record such certificate in the public records of Pierce County, Washington.

All dwellings constructed on any Unit shall be designed by and built in accordance with the plans and specifications of a building designer or licensed architect. 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 the City of DuPont's 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 Residential 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 two committees described below. 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 and require them to be paid prior to review.

(a) New Construction Committee. The New Construction Committee shall consist of at least three, but not more than five, persons and shall have exclusive jurisdiction over all original construction on any Unit. Until all Units 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 New Construction Committee who shall serve at its discretion. There shall be no surrender of this right prior to that time except by a recorded instrument executed by Declarant. Upon expiration of such right, the Board shall appoint the members of the New Construction Committee, who shall serve at its discretion.

(b) Modifications Committee. The Board may establish a Modifications Committee consisting of at least three and no more than five persons, appointed by and serving at the Board's discretion. Members of the Modifications Committee may include architects or similar professionals who are not Owners. The Modifications Committee, if established, shall have exclusive jurisdiction over modifications, additions, or alterations made on or to existing structures on Units and any appurtenant open space; provided that it may delegate its authority as to a particular Neighborhood to the appropriate board or committee of the Neighborhood if it finds the board or committee prepared to assume such role. Any delegation may be revoked and jurisdiction reassumed at any time. Notwithstanding the above, the New Construction Committee may veto any action of the Modifications Committee, or a Neighborhood acting in that role, which the New Construction Committee finds inconsistent with the Residential Design Guidelines.

11.3. Guidelines and Procedures.

(a) Declarant shall prepare initial design, development and construction guidelines and application and review procedures (the "Residential Design Guidelines"), which may contain general provisions applicable to all of the Residential Properties and specific provisions which vary from one portion of the Residential Properties to another depending upon the location, characteristics, and intended use thereof.

The New Construction Committee, acting on behalf of the Board, shall adopt such Residential Design Guidelines at its initial meeting and, thereafter, shall have sole and full authority to amend them without consent of the Owners. Any amendments shall not apply to construction and modifications when a complete application for approval has been submitted before the adoption and shall not require modifications to or removal of any previously approved construction or modification.

The New Construction Committee shall make the Residential Design Guidelines available to Owners, Builders and others who seek to engage in development of or construction on any portion of the Residential Properties and all such Persons shall conduct their activities in accordance with such Residential Design Guidelines.

The Modifications Committee may adopt detailed application and review procedures and design standards governing its area of responsibility consistent with the Residential Design Guidelines and which shall be subject to approval by the New Construction Committee.

(b) Plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed construction and modifications shall be submitted to the appropriate committee 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.

If the applicable committee fails to approve or to disapprove any application within 50 days after submission of all information and materials reasonably requested, the application shall be deemed approved. However, no approval, whether expressly granted or implied, shall be inconsistent with the Residential Design Guidelines unless a variance has been granted in writing by the New Construction Committee under Section 11.5.

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 New Construction Committee 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. Neither the New Construction Committee nor the Modifications Committee shall 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 Residential 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 Unit as a Specific Assessment under Section 10.6.

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 Residential Properties, subject to the notice and hearing procedures in the By-Laws. In such event, neither the Residential 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 Residential Association, pursue all legal and equitable remedies available to enforce this Article and the decisions of the New Construction Committee and Modifications Committee.

ARTICLE XII: USE GUIDELINES AND RESTRICTIONS

12.1. Plan of Development; Applicability; Effect. Declarant has created Northwest Landing as a master planned community that includes residential and commercial properties. The Residential Properties are subject to land development, architectural, and design guidelines as set forth in Article XI. The Residential Properties are subject to guidelines and restrictions governing land use, individual conduct, and uses of or actions upon the Residential Properties as provided in this Article XII. Guidelines dealing with architecture and design are set forth in Article XI. This Declaration and resolutions the Board or the Voting Representatives 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 Unit. The Owner shall cause all occupants of his or her Unit to comply with these provisions. Every Owner shall be responsible for all violations and losses to the Residential 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 Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of this Declaration, the By-Laws, and the rules of the Association.

Declarant has promulgated Northwest Landing's general plan of development in order to protect all Owners' quality of life and collective interests, the aesthetics and environment within the Residential Properties, and the vitality of and sense of community within Northwest Landing all subject to the Board's and the Voting Representatives' 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 Residential Properties, as well as specific provisions which may vary within the Residential 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 XII 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 business days prior to the Board meeting. Voting Representatives 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 30 days prior to its effective date. The rule shall become effective unless disapproved at a meeting by Voting Representatives representing at least 67% 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 Voting Representatives as required for special meetings in Section 2.4 of the By-Laws.

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 II of the By-Laws, may adopt, repeal, modify, limit, and expand Use Guidelines and Restrictions and implement rules by a vote of 67% 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 and/or the Voting Representatives may add, delete, modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Sections 12.2, 12.3, and 18.2.

Each Owner by acceptance of a deed acknowledges and agrees that the use and enjoyment and marketability of his or her 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:

(a) **Equal Treatment.** Similarly situated owners and residents shall be treated similarly.

(b) **Speech.** The rights of Owners and occupants to display on their Unit 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.

(c) **Religious and Holiday Displays.** The rights of Owners to display on their Unit 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.

(d) **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 unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit, to the extent not prohibited by law, and consistent with its fair share use of the Residential Common Area, including parking.

(e) **Activities Within Unit.** 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 Unit, 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 Unit, that block the views from other Units, or that create an unreasonable source of annoyance.

(f) Pets. Unless the keeping of pets is prohibited at the time of the sale of the first Unit in any phase 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 Unit 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.

(g) Allocation of Burdens and Benefits. The initial allocation of financial burdens and rights to use Residential Common Areas among the various Units 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 Residential Common Areas available, from converting Residential Common Area to Exclusive Common Area, from adopting generally applicable rules for use of Common Areas, or from denying use privileges to those who abuse the Residential 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 X.

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

(i) Reasonable Rights to Develop. Neither the Association nor the Board shall adopt any rule or take any action which would unreasonably impede Declarant's right to develop in accordance with the Master Plan.

(j) Abridging Existing Rights. If any rule would otherwise require Owners to dispose of personal property which they owned at the time they acquired their Units, such rule shall not apply to any such Owners without his or her written consent.

12.6. Initial Use Guidelines and Restrictions.

(a) General. The Residential Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Residential Association or business offices for the Declarant or the Residential Association consistent with this Declaration and any Supplemental Declaration.) Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in this Article and the Residential Association shall have standing and the power to enforce such standards.

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

(i) 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;

(ii) Capturing, trapping, injuring or killing of wildlife within the Residential Properties, except in circumstances posing an imminent threat to the safety of persons using the Residential Properties or except as required or permitted by any applicable governmental authority;

(iii) Chasing, injuring or killing of wildlife within the Residential Properties by pets of Owners or occupants of Units within the Residential Properties;

(iv) 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 Unit. 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 Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet;

(v) Obstruction 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 Unit without the Owner's consent;

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

(vii) Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program with respect to Units which it owns;

(viii) Conversion of 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 Unit;

(ix) Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the business activity conforms to all zoning requirements for the Residential Properties; (c) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Residential Properties; and (d) the business activity is consistent with the residential character of the Residential Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Residential 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 Residential Properties or its use of any Units which it owns within the Residential Properties, including the operation of a timeshare or similar program.

(x) Any construction, erection, modification, or placement, permanently or temporarily, on the outside portions of the Unit whether such portion is improved or unimproved except as provided in Article XI.

ARTICLE XIII: EASEMENTS

13.1. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Residential Common Area and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three 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 property described on Exhibit "A" or "B," and grants to the Residential Association an easement for the purposes of access and maintenance upon, across, over, and under all of the Residential 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 Northwest Landing 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 Unit, and any damage to a Unit 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 Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

No utilities may be installed or relocated on the Residential Properties without approval of the Board or as provided by Declarant.

13.3. Easements for Lake and Pond Maintenance and Flood Water. Declarant reserves for itself, the Residential Association and their respective successors and designees the nonexclusive right and easement, but not the obligation, to enter the lakes, 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 Residential Association, and their designees shall have an access easement over and across any of the Residential Properties abutting or containing any portion of any of the lakes, ponds or streams to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves to itself, the Residential Association, and their respective successors and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Residential Common Area and Units (but not the structures thereon) adjacent to or within 100 feet of lake beds, ponds, and streams within the Residential Properties, to (a) temporarily flood and back water upon and maintain water over such portions of the Residential Properties; (b) fill, drain, dredge, deepen, clean, fertilize, and generally maintain the lakes, ponds, and streams within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks of such lakes, 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 to Serve Additional Property. Declarant and its agents, successors, assigns, licensees, and Mortgagees shall have an easement over the Residential Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, rights of ingress and egress over the Residential Common Area to construct roads and to connect and install utilities on the property described in Exhibit "B." Declarant and its successors or assigns shall be responsible for any damage resulting from exercise of this easement. If the easement is exercised for permanent access to property which is not made subject to this Declaration or the Commercial Declaration, Declarant, its successors or assigns shall enter into a reasonable agreement with the Residential Association to share the cost of maintenance of any access roadway serving the property based on the number of residential dwellings on the property served by the easement and not subject to this Declaration as a proportion of the total number of residential dwellings within the Residential Properties and on such property.

13.5. Easement for Emergency. Authorized agents of the Residential Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Residential Association, to enter all portions of the Residential Properties, including each Unit, for emergency, security, and safety reasons. Except in emergencies, entry onto a Unit shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement includes the right to enter any Unit 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 Residential Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Residential Association, to enter all portions of the Residential Properties, including each Unit to (a) perform its maintenance responsibilities under Article V, and (b) make inspections to ensure compliance with this Declaration, any Supplemental Declaration, By-Laws, and rules. Except in emergencies, entry onto a Unit 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 Residential Association at its expense.

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

ARTICLE XIV: MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Residential Properties. This Article applies to both this Declaration and the By-Laws, 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 Residential Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit 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 Residential Properties or which affects any Unit 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 Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days. Notwithstanding this provision, upon request, any holder of a first Mortgage is entitled to written notice from the Residential Association of any default in the performance by an Owner of a Unit of any obligation under the Declaration or By-Laws which is not cured within 60 days;

(c) any lapse, cancellation, or material modification of any insurance policy maintained by the Residential 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 67% of the first Mortgagees or Voting Representatives representing at least 67% of the Class "A" votes in the Residential Association, excluding Declarant, the Residential Association shall not:

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

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Unit (A decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Residential Properties regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration.);

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units or the Residential 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.);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Residential 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 Residential Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Residential Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Residential Association.

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

(a) Any restoration or repair of the Residential 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 Units to which at least 51% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Residential Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which at least 51% of the votes of Units 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 Residential Association made as a result of destruction, damage, or condemnation under Section 14.3(a) and (b), or to the addition of land in accordance with Article IX.

(a) The consent of Voting Representatives representing at least 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 Units to which at least 67% of the votes of Units subject to a Mortgage held by an Eligible Holder appertain, shall be required to terminate the Residential Association.

(b) The consent of Voting Representatives representing at least 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 Eligible Holders of first Mortgages on Units to which at least 51% of the votes of Units subject to a Mortgage held by an Eligible Holder appertain, shall be required materially to amend any provisions of the Declaration, By-Laws, or Articles, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

- (i) voting;
- (ii) assessments, assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair, and replacement of the Residential Common Area;
- (iv) insurance or fidelity bonds;
- (v) rights to use the Residential Common Area;
- (vi) responsibility for maintenance and repair of the Residential Properties;

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

(viii) boundaries of any Unit;

(ix) leasing of Units;

(x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Unit;

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

(xii) any provisions included in the Declaration, By-Laws, or Articles which are for the express benefit of holders, guarantors, or insurers of first Mortgages on Units.

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

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

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 XIV. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, 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 Residential Association does not receive a written response from the Mortgagee within 30 days of the date of the Residential 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 such agency is insuring or guaranteeing the mortgage on any Unit or has issued a project approval with respect to the Residential Properties which remains in effect: submission of additional property other than that described on Exhibit "B," dedication of Residential Common Area, merger, consolidation or dissolution of the Residential Association, mortgaging of Residential Common Area, and material amendment of this Declaration.

ARTICLE XV: 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 By-Laws and shall not be effective unless signed by Declarant and duly recorded in the public records of Pierce County, Washington.

So long as Declarant owns any property described in Exhibits "A" or "B" 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 Residential Properties such facilities and activities as Declarant considers reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, sales offices, and the right to use Units 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 Residential Properties without Declarant's written consent. Any attempted recordation 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 property described in Exhibit "A" and Exhibit "B" in any manner whatsoever. Declarant's rights under this Article shall terminate upon the earlier of: (a) 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 XVI. DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

16.1. Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Residential 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") agree to encourage the amicable resolution of disputes involving the Residential 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 Residential Properties, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the By-Laws, the Residential 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 Residential Association against any Bound Party to enforce the provisions of Article X;

(b) any suit by the Residential 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 Residential Association's ability to enforce the provisions of Article XI, Article XII and the Use Guidelines and Restrictions and rules of the Residential 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, By-Laws, Articles or rules of the Residential 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 Residential Association.

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

(a) 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:

1. the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim;
2. the basis of the Claim (i.e., the provisions of this Declaration, the By-Laws, the Articles or rules or other authority out of which the Claim arises);
3. what Claimant wants Respondent to do or not do to resolve the Claim; and
4. 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.

(b) Negotiation.

1. 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.
2. 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.

(c) Mediation.

1. If the Parties do not resolve the Claim through negotiation within 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 30 additional days within which to submit the Claim to mediation under the auspices of the Snohomish County Dispute Resolution Center, any Pierce County dispute resolution center or such other independent agency providing similar services upon which the Parties may mutually agree.

2. If Claimant does not submit the Claim to mediation within 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.

3. If the Parties do not settle the Claim within 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.

4. Each Party shall, within five 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.

(d) Final and Binding Arbitration.

1. If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "E" 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.

2. This subsection (d) 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.

(a) Each Party shall bear its own costs incurred prior to and during the proceedings described in Section 16.3 (a), (b) and (c), 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(c).

(b) 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(c) and shall share equally in

the costs of conducting the arbitration proceeding (collectively, "Post Mediation Costs"), except as otherwise provided in subsection 16.4(c).

(c) 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, attorneys fees and court costs.

ARTICLE XVII: GENERAL PROVISIONS

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

17.2. Amendment.

(a) By Declarant. Declarant may unilaterally amend this Declaration if such amendment is necessary to: (i) bring any provision into compliance with any applicable government statute or regulation or judicial determination; (ii) enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) enable any institution or government agency to make or purchase mortgage loans on the Units; (iv) enable any government agency or reputable private insurance company to insure or guarantee mortgage loans on the Units; or (v) otherwise satisfy the requirements of any government agency or governmental regulations. However, any such amendment shall not adversely affect the title to any Unit without the written consent of its Owner. So long as Declarant owns property described in Exhibits "A" or "B" for development as part of the Residential Properties, it may unilaterally amend this Declaration for any other 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 Unit without the written consent of its Owners.

(b) By Owners. This Declaration may also be amended by the affirmative vote or written consent, or any combination thereof, of Voting Representatives representing 67% of the total Class "A" votes in the Residential Association, including 67% of the Class "A" votes held by Members other than Declarant, and, so long as Declarant owns any property described in Exhibit "A" or "B" for development or sale as part of the Residential Properties, with written consent of Declarant. In addition, the approval requirements set forth in Article XIV 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 Pierce County, Washington.

If an Owner consents to any amendment to this Declaration or the By-Laws, 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.

No amendment to this Declaration adopted under this Section 17.2(b) which would materially affect the rights or responsibilities of any Owner under the Covenant to Share Costs shall be effective unless approved by the Persons and percentage votes set forth in that instrument.

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. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

17.5. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Residential Association unless approved by Voting Representatives representing at least 67% of the total Residential Association vote. In the case of such a vote, and notwithstanding anything contained in this Declaration or the Articles or By-Laws to the contrary, a Voting Representative shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of Owners holding 67% of the total votes attributable to Units in the Neighborhood represented by the Voting Representative.

This Section shall not apply, however, to actions brought by the Residential Association to: (a) enforce this Declaration (including, without limitation, the foreclosure of liens); (b) impose and collect assessments under Article X; (c) challenge tax assessments and other matters relating to taxes for which the Residential Association may be liable; and (d) counterclaims by the Residential Association in proceedings instituted against it.

17.6. Cumulative Effect; Conflict. The provisions of this Declaration shall be cumulative with the covenants, conditions and restrictions of any Neighborhood, and the Residential Association may, but shall not be required to, enforce the covenants, conditions, and restrictions of any Neighborhood; provided, however, in the event of conflict, the covenants, conditions, and restrictions, articles of incorporation, by-laws, rules, policies, or practices of any Neighborhood shall be subject and subordinate to those of the Residential Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments.

17.7. Use of the Words "Northwest Landing" or Logo. No Person shall use the words "Northwest Landing" or any derivative thereof or the registered logo of Northwest Landing in any printed or promotional material without prior written consent of Declarant. However, Owners may use the words "Northwest Landing" in printed or promotional matter where such words are used solely to specify that

particular property is located within Northwest Landing, and the Residential Association shall be entitled to use the words "Northwest Landing" in its name.

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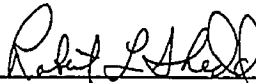
17.8. Compliance. Every Owner and occupant of any Unit shall comply with this Declaration, the By-Laws, and the rules of the Residential Association and be subject to all remedies provided to the Residential Association in this Declaration or the By-Laws. In addition, failure to comply shall be grounds 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 Residential Association or by any aggrieved Owners.

17.9. Notice of Sale or Transfer of Title. Any Owner selling or otherwise transferring title to his or her Unit shall give the Board at least seven 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 Unit shall, within seven days of taking title to a Unit, 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 Unit 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 Unit.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 1st day of March, 1994.

WEYERHAEUSER REAL ESTATE COMPANY, LAND
MANAGEMENT DIVISION

By:



Robert L. Shedd, Vice President

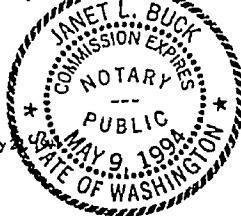
STATE OF WASHINGTON

COUNTY OF PIERCE

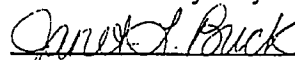
TO WIT:

On this 1st day of March, 1994 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert L. Shedd to me known to be the Vice President of Weyerhaeuser Real Estate Company, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

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



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NOTARY PUBLIC in and for the State of Washington,
residing at Gig Harbor
My Appointment Expires: 5-9-94

This property is hereby designated as The Palisade Neighborhood

ESM inc.



A CIVIL ENGINEERING, LAND SURVEY, AND PROJECT MANAGEMENT CONSULTING FIRM

WRECO - Dupont

Job No. 129-36-910

Revision of August 3, 1992

LEGAL DESCRIPTION

(Proposed Plat of Northwest Landing Divisions 1-4)

THAT portion of the south half of Section 26 and of the northeast quarter of Section 35, Township 19 North, Range 1 East, W.M., Pierce County, Washington, more particularly described as follows:

COMMENCING at the southeast corner of the northeast quarter of the northeast quarter of said Section 35, said point also known as Fort Lewis Monument 270;

THENCE N 18°18'29" W, along the westerly line of a tract of land conveyed by a Donation Deed from the Weyerhaeuser Company to the City of Dupont dated January 14, 1977, 1028.66 feet to a point on the south line of a tract of land conveyed by Donation Deed recorded in Volume 358, Page 158, under Recording Number 8609160527, said point being on a non-tangent curve and the TRUE POINT OF BEGINNING;

THENCE along the southerly and westerly lines of said tract the following courses:

Northwesterly 670.61 feet along the arc of a non-tangent curve to the right, having a radius of 892.44 feet, the radius point of which bears N 00°23'11" E, through a central angle of 43°03'14" to a point of tangency;

N 46°33'35" W, 452.09 feet;

N 36°28'56" E, 992.63 feet;

N 34°42'17" E, 349.18 feet;

N 82°01'00" E, 26.58 feet to a point on the southerly edge of Edmonds Marsh as shown on that Record of Survey filed under Recording No. 8909110090;

940315084"

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THENCE along said southerly edge the following courses:

N 33°04'29" W, 29.45 feet;

N 10°07'26" E, 37.42 feet;

N 56°19'26" W, 35.04 feet;

N 18°54'12" E, 51.41 feet;

N 23°07'19" E, 49.94 feet;

N 23°33'13" W, 49.53 feet;

N 17°51'04" W, 73.88 feet;

N 65°51'47" W, 44.39 feet;

THENCE N 00°00'00" E, 9.16 feet;

THENCE S 89°59'58" W, 1324.10 feet;

THENCE N 18°18'29" W, 10.03 feet;

THENCE S 71°41'31" W, 48.00 feet to a point of curvature;

THENCE southwesterly 39.27 feet along the arc of a non-tangent curve to the right, having radius of 25.00 feet, the radius point of which bears S 71°41'31" W, through a central angle of 90°00'00" to a point of tangency;

THENCE S 71°41'31" W, 175.98 feet to a point of curvature;

THENCE northwesterly 39.27 feet along the arc of a tangent curve to the right, having radius of 25.00 feet, through a central angle of 90°00'00";

THENCE S 71°41'31" W, 60.00 feet;

THENCE S 18°18'29" E, 1.00 feet to a point of curvature;

THENCE southwesterly 39.27 feet along the arc of a tangent curve to the right, having radius of 25.00 feet, through a central angle of 90°00'00" to a point of tangency;

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EXHIBIT "A" continued

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THENCE S 71°41'31" W, 473.61 feet to a point of curvature;

THENCE northwesterly 39.27 feet along the arc of a tangent curve to the right, having radius of 25.00 feet, through a central angle of 90°00'00";

THENCE S 71°41'31" W, 46.00 feet to a point of curvature;

THENCE southwesterly 39.27 feet along the arc of a non-tangent curve to the right, having radius of 25.00 feet, the radius point of which bears S 71°41'31" W, through a central angle of 90°00'00" to a point of tangency;

THENCE S 71°41'31" W, 80.09 feet to a point of curvature;

THENCE southwesterly 47.34 feet along the arc of a tangent curve to the left, having radius of 323.00 feet, through a central angle of 08°23'54" to a point of reverse curvature;

THENCE northwesterly 37.74 feet along the arc of a tangent curve to the right, having radius of 25.00 feet, through a central angle of 86°29'43" to the proposed easterly margin for Center Drive;

THENCE along said proposed easterly margin, the following courses:

S 30°12'40" E, 333.87 feet to a point of curvature

Southeasterly 266.87 feet along the arc of a tangent curve to the right, having radius of 1560.00 feet, through a central angle of 09°48'06" to a point of tangency;

S 20°24'34" E, 806.36 feet to a point of curvature;

Southerly 548.74 feet along the arc of a tangent curve to the right, having radius of 1560.00 feet, through a central angle of 20°09'15";

THENCE N 86°52'43" E, 61.88 feet to a point of curvature;

940315084

WRECO - Dupont
Revision of August 3, 1992
Page 4

THENCE easterly 126.70 feet along the arc of a tangent curve to the left, having radius of 478.00 feet, through a central angle of 15°11'12" to a point of tangency;

THENCE N 71°41'31" E, 509.88 feet;

THENCE S 18°18'29" E, 305.40 feet to a point of curvature;

THENCE southwesterly 37.48 feet along the arc of a tangent curve to the right, having a radius of 25.00 feet, through a central angle of 85°53'31" to a point of reverse curvature;

THENCE southwesterly 9.10 feet along the arc of a tangent curve to the left, having a radius of 324.00 feet, through a central angle of 01°36'30";

THENCE S 24°01'28" E, 48.00 feet to a point of curvature;

THENCE southerly 685.29 feet along the arc of a non-tangent curve to the left, having a radius of 276.00 feet, the radius point of which bears S 24°01'28" E, through a central angle of 142°15'43" to a point of tangency;

THENCE S 76°17'11" E, 110.58 feet to a point of curvature;

THENCE northerly 257.70 feet along the arc of a non-tangent curve to the left, having a radius of 740.00 feet, the radius point of which bears N 76°17'11" W, through a central angle of 19°57'10";

THENCE N 71°41'31" E, 1126.36 feet to said Westerly line of a tract of land conveyed by Donation Deed dated January 14, 1977;

THENCE along said westerly line, N 18°18'29" W, 335.00 feet to the TRUE POINT OF BEGINNING.

See attached Exhibit "P-1-4".

EXCEPTING the proposed Elementary School Site as described on the attached Exhibit 1.

ALSO EXCEPTING the Mixed Use Lot 1 and Commercial Lots 1 and 2 as delineated on the proposed preliminary Palisade Plat and as shown on the attached Exhibit 2.

Note For All Parcels: The exact boundaries of the above-described parcels are subject to modification until time of official parcel segregation by either recordation of final plat, recordation of short plat, recordation of large lot division or recordation of request for parcel segregation with the proper city or county agency.



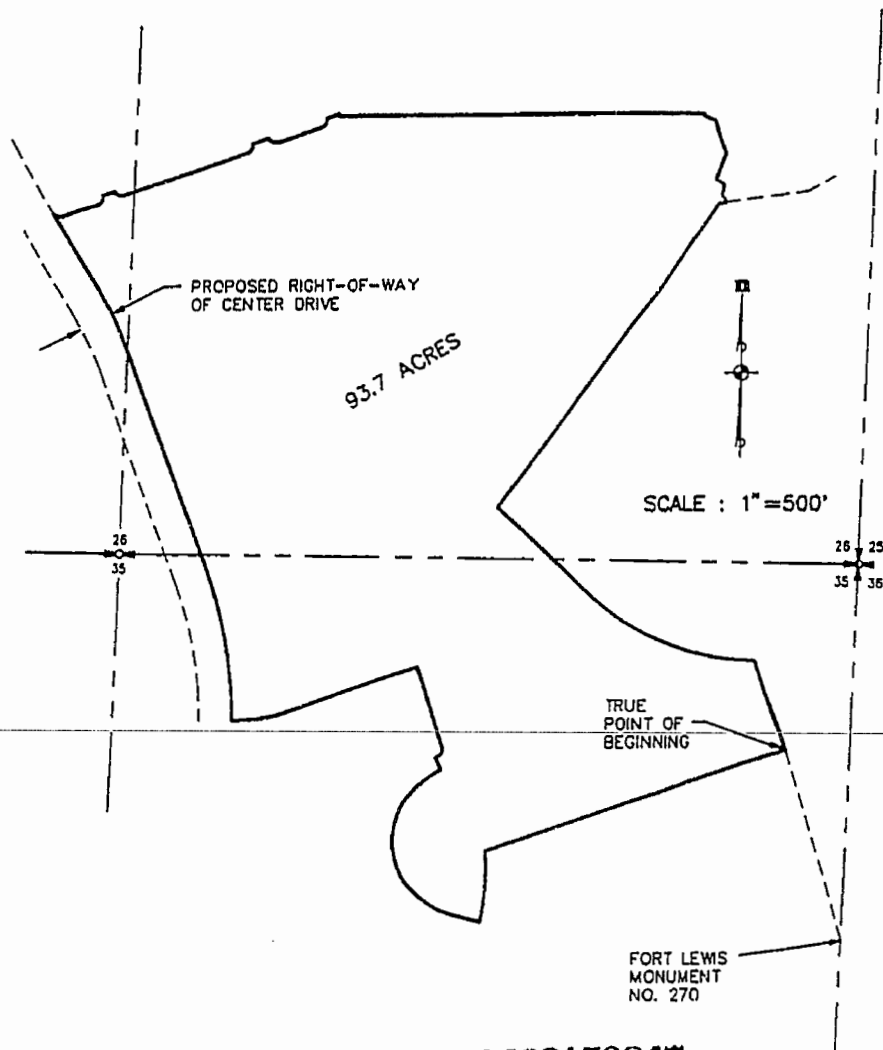
8/3/92

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EXHIBIT "P-1-4"

**TO ACCOMPANY LEGAL DESCRIPTION
FOR LM (PROPOSED NORTHWEST LANDING DIV. 1-4)**

A PORTION OF THE S 1/2 OF SECTION 26 AND OF
THE NE 1/4 OF SECTION 35, TWP. 19 N., RGE. 1 E., W.M.,
PIERCE COUNTY, WASHINGTON



940315084

**ESM inc.**

A CIVIL ENGINEERING, LAND SURVEYING AND PROJECT MANAGEMENT CONSULTING FIRM

34004 9TH AVE. SO. BLDG. A
FEDERAL WAY, WASHINGTON 98003
PHONE: (206) 836-6113

JOB NO. 129-08-945
DRAWING NAME : EXP-1-4
DRAWN : R.J.W./C.A.G.
DATE : 08-01-92
SHEET 1 OF 1

EXHIBIT "1"

EXHIBIT "A" continued

ESM inc.

A CIVIL ENGINEERING, LAND SURVEY, AND PROJECT MANAGEMENT CONSULTING FIRM

Dupont
 Job No. 129-08-954-002
 Revision of August 1, 1992

**LEGAL DESCRIPTION
 FOR ELEMENTARY SCHOOL SITE**

That portion of the southeast quarter of Section 26 and of the northeast quarter of Section 35, Township 19 North, Range 1 East, W.M., City of Dupont, Pierce County, Washington, more particularly described as follows:

COMMENCING at the southeast corner of the northeast quarter of the northeast quarter of said Section 35, said point also being known as Fort Lewis Monument No. 270;

THENCE N 18°18'29" W, along the westerly line of a tract of land conveyed by a Donation Deed from the Weyerhaeuser Company to the City of Dupont dated January 14, 1977, 1028.66 feet to a point on the southerly line of a tract of land conveyed by Donation Deed recorded in Volume 358, Page 158, under Recording No. 8609160527, said point being on a non-tangent curve;

THENCE along the southerly and westerly line of said tract, the following courses:

Northwesterly 670.61 feet along the arc of a non-tangent curve to the right, having a radius of 892.44 feet, the radius point of which bears N 00°23'11" E, through a central angle of 43°03'14" to a point of tangency;

N 46°33'35" W, 64.32 feet to the TRUE POINT OF BEGINNING;

THENCE continuing N 46°33'35" W, 387.77 feet;

N 36°28'56" E, 395.20 feet;

THENCE N 64°36'16" W, 154.45 feet to a point of curvature;

THENCE westerly 396.64 feet along the arc of a tangent curve to the left, having a radius of 520.00 feet, through a central angle of 43°42'13" to a point of tangency;

THENCE S 71°41'31" W, 247.88 feet;

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THENCE S 18°18'29" E, 801.33 feet to a point of curvature;

EXHIBIT 1 of EXHIBIT "A" continued

Dupont
Revision of August 1, 1992
Page 2

THENCE southeasterly 39.27 feet along the arc of a tangent curve to the left, having a radius of 25.00 feet, through a central angle of $90^{\circ}00'00''$ to a point of tangency;

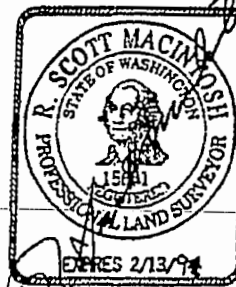
THENCE N $71^{\circ}41'31''$ E, 487.68 feet to a point of curvature;

THENCE northeasterly 67.16 feet along the arc of a tangent curve to the left, having a radius of 369.00 feet, through a central angle of $10^{\circ}25'43''$ to THE TRUE POINT OF BEGINNING.

See attached Exhibit "C-C".

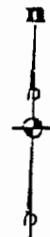
Written by: C.A.G.
Checked by: R.J.W.

L10:L66

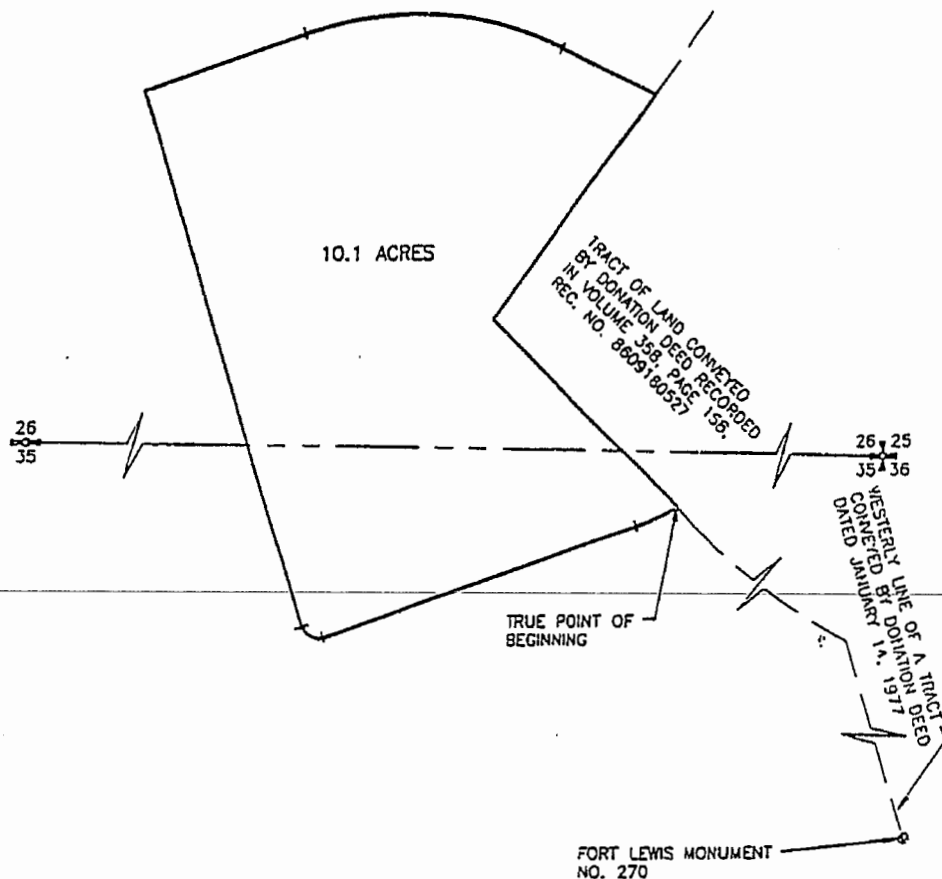


8/3/92

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EXHIBIT C-CTO ACCOMPANY LEGAL DESCRIPTION FOR
THE ELEMENTARY SCHOOL SITEA PORTION OF THE SE 1/4 OF SECTION 26 AND OF
THE NE 1/4 OF SECTION 35, TWP. 19 N., RGE. 1 E., W.M.,
CITY OF DUPONT, PIERCE COUNTY, WASHINGTON

SCALE : 1" = 200'



940315084~

**ESM Inc.**

A CIVIL ENGINEERING, LAND SURVEYING, AND PROJECT MANAGEMENT CONSULTING FIRM

34004 9TH AVENUE S.W., BLDG. A
FEDERAL WAY, WASHINGTON 98003
PHONE: (206) 638-6113JOB NO. 129-08-954-002
DRAWING NAME : EXH-CC
DATE : 08-03-92
DRAWN : C.A.G.
SHEET 1 OF 1

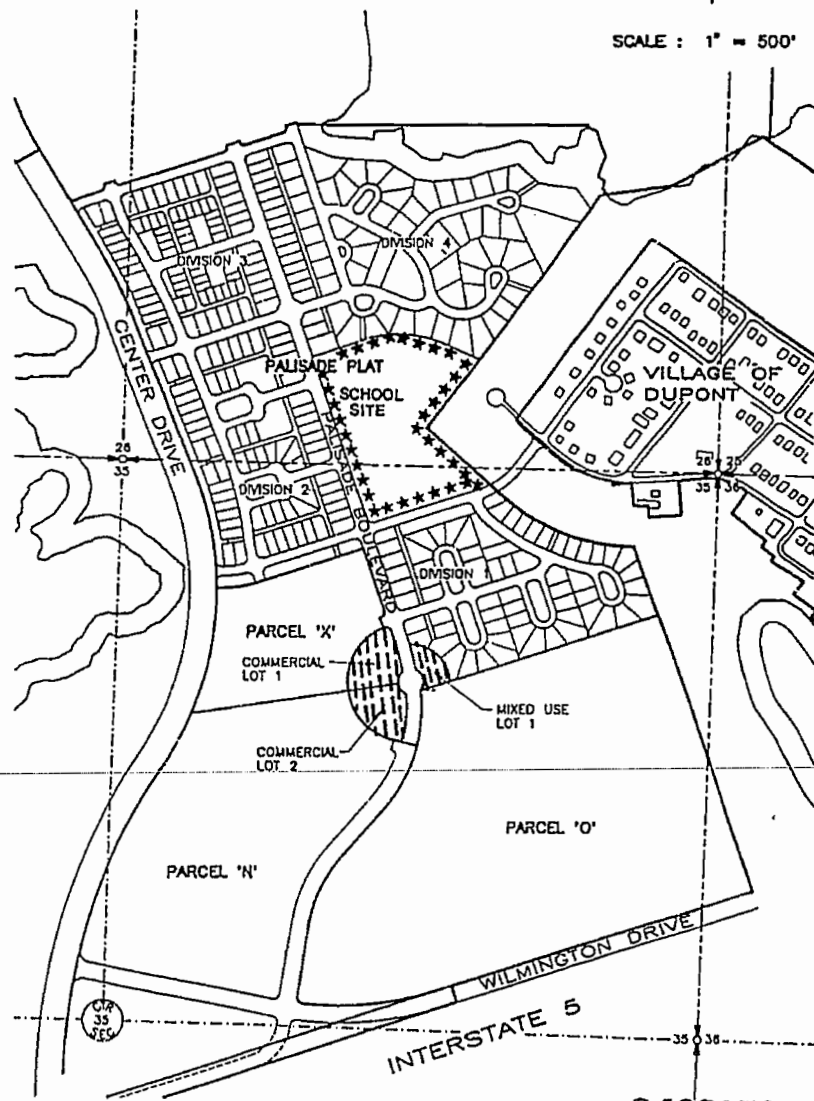
EXHIBIT "A" continued

BK1001PG2698

EXHIBIT 2

A PORTION OF SECTIONS 26 AND 35,
TWP. 19 N., RGE. 1 E., W.M.,
CITY OF DUPONT, PIERCE COUNTY, WASHINGTON

SCALE : 1" = 500'



ESM Inc.
10101 10TH AVENUE S.W., SUITE 100
FEDERAL WAY, WASHINGTON 98003
PHONE: (206) 836-8113

940315084
JOB NO. 129-24-910
DRAWING NAME: PARO-EXH
DATE: 03-19-93
DRAWN: C.A.G.
SHEET 1 OF 1

EXHIBIT "B"

Land Subject to Submission

That portion of Sections 22, 23, 24, 25, 26, 27, 28, 33, 34, 35 and 36, Township 19 North, Range 1 East of the Willamette Meridian, Pierce County, Washington more particularly described as follows:

Beginning at the Northwest corner of the Northwest 1/4 of the Southeast 1/4 of Section 33;
 Thence East along the North line of said subdivision to the Northeast corner of said subdivision;
 Thence South along the East line of said subdivision to the Southwest corner of the Northeast 1/4 of the Southeast 1/4 of said Section 33;
 Thence East along the South line of said subdivision to the Southeast corner of said subdivision;
 Thence North along the East line of said subdivision to the Southwest corner of the Southwest 1/4, of the Northwest 1/4 of Section 34;
 Thence East along the South line of said subdivision to the Southeast corner of said subdivision;
 Thence North along the centerline of the Northwest 1/4 of said Section 34, to the North line of said Section 34;
 Thence East along said North line to the Northwest corner of the Northeast 1/4 of said Section 34;
 Thence South along the West line of said subdivision to the East-West centerline of the Northeast 1/4 of said Section 34 and the Northwest 1/4 of Section 35;
 Thence East along said centerline to a point lying 3423.43 feet more or less perpendicular to the East line of said Section 35;
 Thence South at a right angle to said centerline to the Northerly margin of the Burlington Northern Rail Road Right-of-Way;
 Thence Northeasterly along said Northerly margin to a point 1149.76 feet Westerly of Fort Lewis Monument #269, said monument marks the intersection of said Northerly margin of the Burlington Northern Right-of-Way and the East line of said Section 35;
 Thence North 18°21'35" West, 80 feet;
 Thence North 77°38'25" East, 1424.97 feet to an existing concrete monument with a brass cap marking the Southwest corner of a tract of land conveyed to the City of Dupont by deed, dated March 31, 1988, recorded under Pierce County Auditor Fee Number 702783, (said monument being located South 18°17'35" East, 657.82 feet from Fort Lewis Monument #270);
 Thence Northwesterly to said Fort Lewis Monument #270, said monument being the Southeast corner of the Northeast 1/4 of the Northeast 1/4 of Section 35;
 Thence continuing Northwesterly North 20°07'10" West, 1028.66 feet to a point on a curve to the right, the center of which bears North 01°25'30" West, 892.44 feet through a central angle of 43°03'14", an arc distance of 670.61 feet to a point of tangency of said curve being 300 feet Southerly and parallel with the Southerly Right-of-Way line of Barksdale Avenue;
 Thence North 48°22'16" West 452.09 feet;
 Thence North 34°40'15" East 992.63 feet;
 Thence North 32°53'36" East 349.18 feet;
 Thence North 80°12'09" East 314.64 feet;
 Thence North 59°26'50" East 473.55 feet to a point 650 feet Northerly at a right angle to the Northerly Right-of-Way line of Dupont Avenue;
 Thence South 55°22'38" East, and parallel with said Right-of-Way, 883.69 feet;
 Thence South 02°07'00" East, 46.84 feet;
 Thence South 23°03'14" East, 84.29 feet;
 Thence South 16°10'01" East, 158.61 feet;
 Thence South 49°50'55" East, 59.62 feet;
 Thence South 53°09'05" East, 108.86 feet;
 Thence South 73°51'56" East, 136.16 feet;
 Thence South 53°36'41" East, 126.60 feet;
 Thence South 65°38'28" East, 145.71 feet;
 Thence South 49°37'45" East, 99.24 feet;

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Exhibit "B" - continued

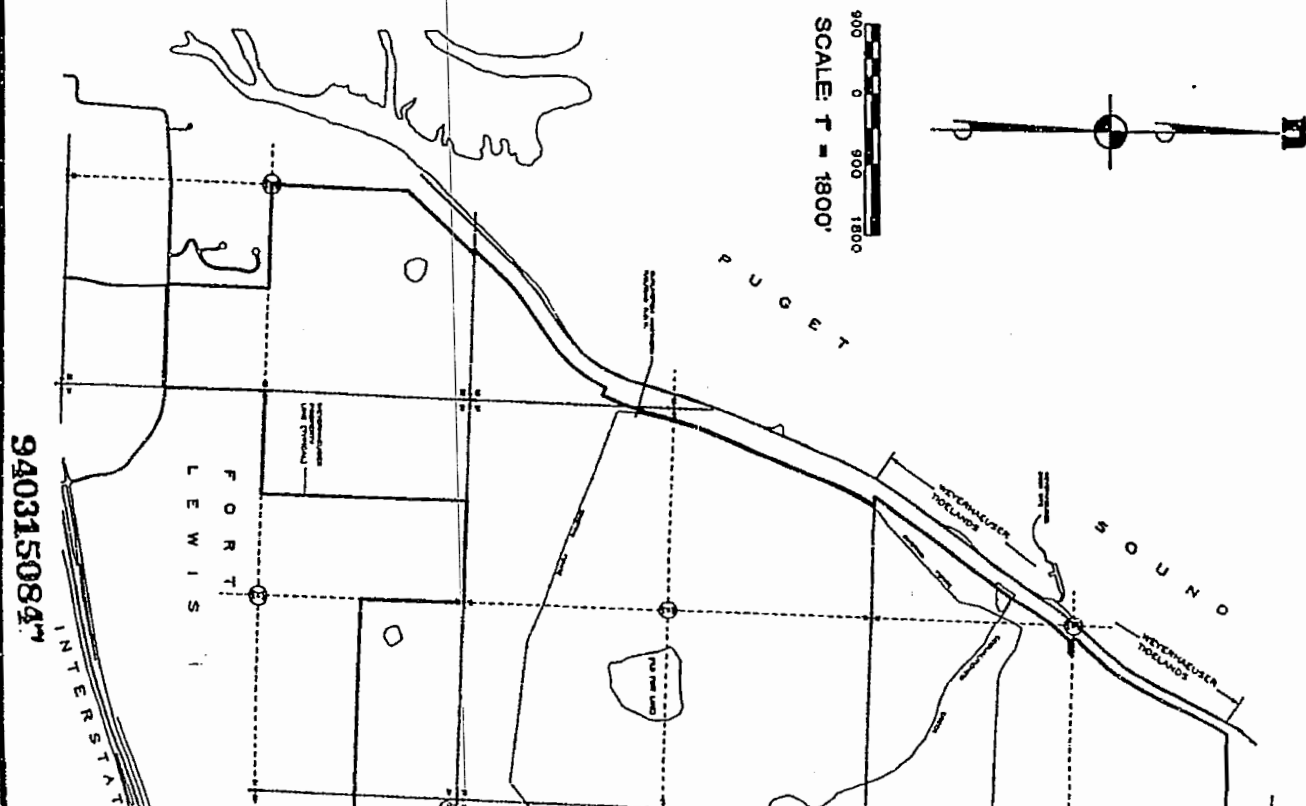
Thence South 43°10'23" East, 83.79 feet;
Thence South 51°32'44" East, 138.48 feet;
Thence South 41°44'40" East, 402.16 feet;
Thence South 09°00'19" West 83.70 feet;
Thence South 12°15'50" East, 109.27 feet;
Thence South 16°39'55" West, 97.46 feet;
Thence South 06°16'49" West, 148.69 feet;
Thence South 18°26'47" West, 177.79 feet;
Thence South 52°43'29" East, 39.71 feet;
Thence South 35°42'28" West 300.72 feet more or less, to the Northeasterly corner of Block "L" of the Replat of the Village of Dupont as recorded with the Pierce County Auditor's Office, in Volume 15 page 66 of the Book of Plats;
Thence South 35°40'36" West, 120.9 feet;
Thence Southeasterly along the Southerly line of a 15 foot easement granted to Pierce County School District #7 (Now Steilacoom School District #1), to the Westerly Right-of-Way line of the Steilacoom Dupont County Road;
Thence Northeasterly and Northerly, along said Westerly Right-of-Way line of the Steilacoom Dupont County Road to the Southerly easement line of the Puget Sound Channel as described in Pierce County Auditor Fee Number 1674527, Volume 1054, pages 309 through 312;
Thence Westerly and Northerly along the Southerly and Westerly easement line of said Puget Sound Outfall Channel to the East-West centerline of the North 1/2 of the North 1/2 of Section 23 and Section 22;
Thence West along said centerline to the Easterly margin of the Burlington Northern Rail Road Right-of-Way as described in deeds of record under Pierce County Auditor Fee Number 271946, 318560 and 39453;
Thence Southwesterly along said Right-of-Way to the North-South centerline of Section 33;
Thence South along said centerline of Section 33 to the East-West centerline of said section and the point of beginning.
Also;
Commencing at a concrete monument at the Northeast corner of the Northwest 1/4 of Section 36, Township 19 North, Range 01 East of the Willamette Meridian;
Thence South along the North-South centerline of said Section 36, 377.3 feet to the point of beginning;
Thence West to the Easterly Right-of-Way line of the Steilacoom Dupont County Road;
Thence Southerly along said Easterly Right-of-Way line to a point said line intersects with the Northern margin of the Burlington Northern Rail Road Right-of-Way;
Thence Northeasterly along said Northerly margin, North 69°58'30" East, 454.14 feet more or less to a point said line intersects the North-South centerline of said Section 36;
Thence continuing North 69°58'30" East 309.76 feet to Fort Lewis Monument #268;
Thence North 272.7 feet to Fort Lewis Monument #267;
Thence West 290.9 feet more or less to Fort Lewis Monument #266, said monument being located 781.4 feet South of the Northeast corner of the Northwest 1/4 of said Section 36 on the North-South centerline of said section;
Thence North along said centerline 404.1 feet to the point of beginning.

As graphically depicted on the attached Exhibit "B-B".

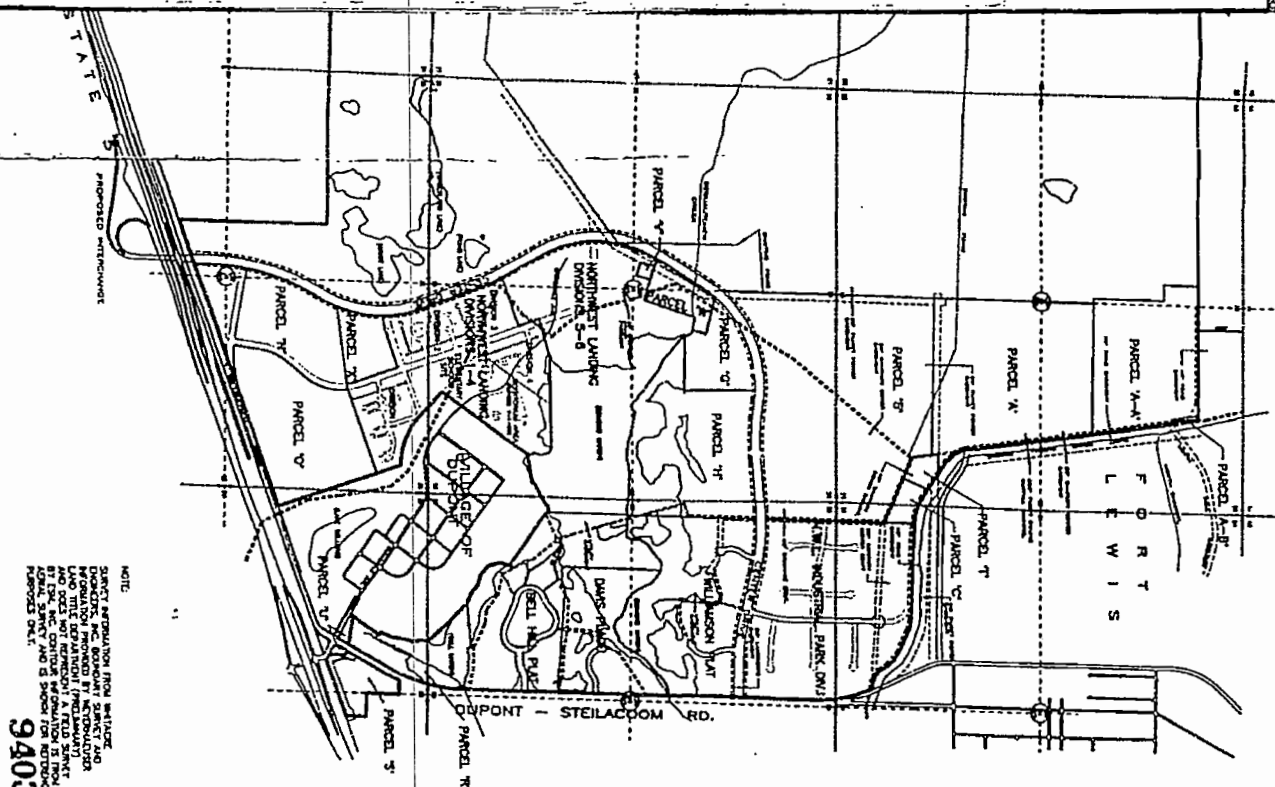
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EXHIBIT "B-B"

EXHIBIT "B" continued



BK1001PG2701



This map is intended as a
graphic representation only.

DRAWING: CCR-517



ESM inc.

A ONE, ENGINEERING, LAND SURVEY, AND PROJECT MANAGEMENT CONSULTING FIRM

34004 NINTH AVENUE SO., BLDG. A
FEDERAL WAY, WASHINGTON 98003
PHONE: (206) 838-6113

JOB NO. 129-00-944

DATE: 1-10-91

DRAWN: B.A.C.

SHEET 1 OF 1



WEYERHAEUSER REAL ESTATE COMPANY
LAND MANAGEMENT DIVISION

NORTHWEST LANDING
OVERALL SITE EXHIBIT FOR CCR'S

EXHIBIT "C"

**BY-LAWS
OF
NORTHWEST LANDING RESIDENTIAL OWNERS ASSOCIATION**

HYATT & RHOADS, P.C.

Attorneys

1200 Peachtree Center, South Tower
225 Peachtree Street, N.E.
Atlanta, Georgia 30303
(404) 659-6600

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BY-LAWS
OF
NORTHWEST LANDING RESIDENTIAL OWNERS ASSOCIATION

ARTICLE I: NAME, PRINCIPAL OFFICE, AND DEFINITIONS

1.1. Name. The name of the Association shall be Northwest Landing Residential Owners Association (hereinafter the "Residential Association").

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

1.3. Definitions. Capitalized terms used in these By-Laws shall have the same meaning as set forth in that Declaration of Covenants, Conditions, and Restrictions for Northwest Landing (said Declaration, as amended, hereinafter the "Declaration"), unless the context shall otherwise require.

ARTICLE II: ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

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

2.2. Place of Meetings. Meetings of the Residential Association shall be held at the principal office of the Residential 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 Residential Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Residential Association. Unless otherwise required, meetings shall be of the Voting Representatives or their alternates. Subsequent regular annual meetings shall be held at least 90 but not more than 120 days after the close of the Residential 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 Voting Representatives representing at least ten percent of the total Class "A" votes of the Residential Association.

2.5. Notice of Meetings. Written notice stating the place, day, and hour of any meeting of the Voting Representatives shall be delivered, either personally (including public courier service) or by mail, to each Voting Representative entitled to vote at such meeting, not less than ten nor more than 50 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 By-Laws, 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 Voting Representative at his or her address as it appears on the records of the Residential Association, with postage thereon prepaid.

2.6. Waiver of Notice. Waiver of meeting notice of the Voting Representatives shall be deemed the equivalent of proper notice. Any Voting Representative may, in writing, waive notice of any meeting of the Voting Representatives, either before or after such meeting. Attendance at any meeting by a Voting Representative or alternate shall be deemed waiver by such Voting Representative of notice of the time, date, and place thereof, unless such Voting Representative 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 Residential Association cannot be held because a quorum is not present, a majority of the Voting Representatives present at such meeting, either in person or by alternate, may adjourn the meeting to a time not less than five nor more than 30 days from the time 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. 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 Voting Representatives 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 Voting Representatives may be by ballots mailed to the Voting Representatives. 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.

(a) Voting Representatives. Voting Representatives may not vote by proxy but only in person or through their designated alternates or by written ballot as provided above.

(b) Members. 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 telecopy 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 or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. No proxy shall be valid more than 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 Unit.

2.10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, owners, or

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other group as the context may indicate totaling more than 50% of the total number.

2.11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by alternate of the Voting Representatives representing a majority of the total vote of the Residential Association shall constitute a quorum at all meetings of the Residential Association. Any provision in the Declaration concerning quorums is specifically incorporated herein. The Voting Representatives 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 Voting Representatives leaving less than a quorum.

2.12. Conduct of Meetings. The President shall preside over all meetings of the Residential Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

2.13. Telephonic Participation. One or more Voting Representatives may participate in and vote during any regular or special meeting of the Voting Representatives 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 Voting Representatives so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Voting Representatives.

2.14. Meetings of Members. At all meetings of the Members, the procedures and requirements applicable to the Voting Representatives set forth in Sections 2.2, 2.4, 2.5, 2.6, 2.7, 2.10, and 2.12 shall control; provided, however, the term "Voting Representative" shall refer to the Members of the Residential Association and provided that Members may vote by proxy as provided in Section 2.9(b). At all such meetings of the Members, the presence in person or by proxy of Members holding a majority of the total vote of the Residential Association shall constitute a quorum, except as otherwise provided in these By-Laws or in the Declaration.

ARTICLE III: BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection.

3.1. Governing Body; Composition. The affairs of the Residential Association shall be governed by a Board of Directors, each of whom shall have one 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 Residential Association as the representative of such Member shall be eligible to serve as a director.

3.2. Directors During Class "B" Control Period. Subject to the provisions of Section 3.6, 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 75% of the Units permitted by the Master Plan for the property described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than Declarant or Builders;

(b) December 31, 2042; or

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

3.3. 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 Residential 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 Residential Association, as it may change from time to time, which notice complies with the requirements for Board meetings set forth in Sections 3.9, 3.10, and 3.11 and which notice shall, except in the case of the regular meetings held under the By-Laws, 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 Residential 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 Residential Association, the Board or any committee thereof if Board, committee, or Residential 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 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, or the Board or the Residential Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Residential Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.4. Number of Directors. The number of directors in the Residential Association shall be not less than three nor more than nine, as provided in Section 3.6 and as set by resolution of the Board. The initial Board shall consist of three members as identified in the Articles.

3.5. 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 or more Members of the Residential Association, with at least one representative from each Voting Group. The Nominating Committee shall be appointed by the Board not less than 30 days after the election of directors by the Voting Representatives to serve a term of one 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. The Nominating Committee shall nominate separate slates for the directors to be elected at large by all Voting Representatives, and for the directors to be elected by and from each Voting Group. 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 Voting Representatives and to solicit votes.

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

(a) Within 30 days after Class "A" Members, other than Declarant or a Builder, own 25% of the Units permitted by the Master Plan for the property described in Exhibits "A" and "B" or whenever the Class "B" Member earlier determines, the Residential Association shall hold an election at which Voting Representatives representing the Class "A" Members shall elect one of the three directors, who shall be an at-large director and shall serve a term of two years or until the happening of the event described in Section 3.6(b), whichever is shorter. If such director's term expires prior to the happening of the event described in Section 3.6(b), a successor shall be elected for a like term. The remaining two directors shall be appointees of the Class "B" Member.

(b) Within 30 days after Class "A" Members, other than Declarant or a Builder, own 50% of the Units permitted by the Master Plan for the property described in Exhibits "A" and "B", or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The Residential Association shall hold an election at which Voting Representatives representing the Class "A" Members shall elect two of the five directors, who shall serve as at-large directors and shall serve a term of two years or until the happening of the event described in Section 3.6(c), whichever is shorter. If such directors' terms expire prior to the happening of the event described in Section 3.6(c), successors shall be elected for a like term. The remaining three directors shall be appointees of the Class "B" Member.

(c) Within 30 days after termination of the Class "B" Control Period, the Residential Association shall hold an election at which Voting Representatives representing the Class "A" Members shall elect three of the five directors, 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 30 days after termination of the Class "B" Control Period, directors shall be elected in accordance with Section 3.6(d). The remaining two 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: directors shall be elected by the Voting Representatives representing both Class "A" and Class "B" Members, with an equal number of directors elected from each Voting Group and any remaining directorships filled at large by the vote of all Voting Representatives. At least one-half of the directors shall be elected for a term of two years and the remaining directors shall be elected for a term of one year as such directors determine among themselves. At the expiration of the term of office of each member of the Board, a successor from the Voting Group represented by the director whose term is expiring shall be elected to serve for a term of two years.

The number of directors making up the Board shall be increased as necessary to provide one seat on the Board for each Voting Group; provided, however, there shall always be an odd number of directors making up the Board and in no event shall the Board be increased to more than nine directorships. In the event that more than nine Voting Groups exist in the Residential Properties, the Board shall consolidate one or more Voting Groups as it deems necessary for the purpose of electing directors.

Each Voting Representative shall be entitled to cast one vote for each Unit represented by such Voting Representative with respect to each vacancy to be filled from each slate on which such Voting Representative is entitled to vote. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Voting Representatives shall hold office until their respective successors have been elected by the Residential Association and take office or their sooner death, resignation or removal from office. Directors may be elected to serve any number of consecutive terms.

3.7. Removal of Directors and Vacancies. Any director elected by the Voting Representatives may be removed, with or without cause, by the vote of Voting Representatives holding at least 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 Voting Representatives entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Representatives who has three consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Residential Association for more than 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 from the Voting Group represented by the director who vacated the position who shall serve for the remainder of the term of such director.

B. Meetings.

3.8. Organizational Meetings. The Board shall hold its first meeting within ten days after each annual election of directors.

3.9. 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 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 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.

3.10. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Residential 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 telecopy, 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 Residential Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery or telephone shall be delivered or telephoned at least 72 hours before the time set for the meeting.

3.11. 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.

3.12. 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 nor more than 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.

3.13. Compensation. No director shall receive any compensation from the Residential 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 Residential Association. Nothing herein shall prohibit the Residential Association from compensating a director, or any entity affiliated with a director, for services or supplies furnished to the Residential Association in a capacity other than as a director under a contract or agreement with the Residential 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.

3.14. 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.

3.15. 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.

3.16. 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.

3.17. 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 so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a meeting of the Board.

C. Powers and Duties.

3.18. Powers. The Board shall be responsible for the affairs of the Residential Association and shall have all of the powers and duties necessary for the administration of the Residential 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 By-Laws directed to be done and exercised exclusively by the Voting Representatives or the membership 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 Residential Association shall be established;
- (b) making assessments to defray the expenses of the Residential 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 property as provided in the Declaration;
- (d) designating, hiring, and dismissing the personnel necessary for the operations of the Residential 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 Residential 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 Residential Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions, improvements or alterations as provided in the Declaration and these By-Laws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules of the Residential Association and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Residential 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 Residential Association or its Members and not chargeable directly to specific Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Residential Association and its administration, specifying the maintenance, repair and other expenses incurred;
- (m) making available to any prospective purchaser of a Unit, any Owner, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any Unit, current copies of the Declaration, the Articles, the By-Laws, rules governing the Unit and all other books, records, and financial statements of the Residential Association;

(n) permitting utility suppliers to use portions of the Residential Common Area reasonably necessary to the ongoing development or operation of the Residential Properties;

(o) cooperating with the Northwest Landing Commercial Owners Association in carrying out its purposes and responsibilities under the Commercial Declaration; and

(p) performing the duties imposed upon the Residential Association by the Covenant to Share Costs.

3.19. Management. The Board may employ for the Residential 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.

3.20. 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 Residential 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 Residential Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Residential Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Residential 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 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 Residential Association audited by an independent certified public accountant; provided, however, the Voting Representatives, by resolution, may require that the financial statements be so audited as a Common-Expense of the Residential Association.

3.21. Borrowing. The Residential Association, acting through the Board, shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Area of Common Responsibility without the approval of the Voting Representatives. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Voting Representative 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 of the budgeted gross expenses of the Residential Association for that fiscal year.

3.22. Rights of the Residential Association. In accordance with the Articles and the Declaration, the Residential 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 Residential 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 Residential Properties.

The Residential 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 90 days notice to the other party.

3.23. 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 Residential Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any duly adopted rules; provided, however, nothing herein shall authorize the Residential Association to limit ingress and egress to or from a Unit. In the event that any occupant of a Unit violates the Declaration, By-Laws, 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 Residential Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, 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 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 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 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 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 Residential Association within 30 days after the hearing date before the Covenants Committee.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Residential Association, acting through the Board, may elect to enforce any provision of the Declaration, these By-Laws, or the rules of the Residential 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

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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 IV: OFFICERS

4.1. Officers. The officers of the Residential 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 or more Vice Presidents, Assistant Secretaries or Assistant Treasurers, as it shall deem desirable. Any two 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 Residential Association shall be elected annually by the Board at the first Board meeting following each annual meeting of the Voting Representatives. 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 Residential 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 Residential Association and shall preside at all meetings of the Residential 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 Residential 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 Residential 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 Residential 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 Residential Association shall be executed by at least two officers or by such other person or persons as may be designated by resolution of the Board.

ARTICLE V: 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 and no more than seven members. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Residential Association and shall conduct all hearings held under Section 3.23.

5.3. Neighborhood Committees. In addition to any other committees which may be established by the Board, there shall be a Neighborhood Committee for each Neighborhood which has no formal organizational structure or association. Each Neighborhood Committee shall consist of three members; provided, however, by a majority vote of the Owners within the Neighborhood this number may be increased to five.

The nominees for each Neighborhood Committee shall be elected annually by the vote of Owners of Units within that Neighborhood. The first election shall be called by the Board of the Residential Association not later than 60 days after conveyance of a majority of the Units in the Neighborhood to Persons other than a Builder. Election of a Neighborhood Committee may be held by mail-in ballot sent out by the Board for the initial election and after the initial election by the Neighborhood Committee. Committee members nominated in such fashion shall be appointed by the Board for a term of one year and until their successors are elected. Any director elected to the Board from a Neighborhood shall be an ex officio member of the Neighborhood Committee.

It shall be the Neighborhood Committee's responsibility to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Residential Association in addition to those which the Residential Association is obligated to provide under the Declaration or any applicable Supplemental Declaration; provided, however, such special services requested by the Neighborhood shall have the approval of Owners holding at least a majority of the total votes in the Neighborhood. A Neighborhood Committee may advise the Board on any other issue, but shall not have the authority to bind the Board.

The Owners of Units holding at least a majority of the total votes of Units in the Neighborhood shall constitute a quorum at any Neighborhood meeting. In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the procedures and requirements applicable to the Board set forth in Sections 3.8, 3.9, 3.10, 3.11, 3.12, 3.13, 3.14, 3.15, 3.16, and 3.17; provided, however, the term "Voting Representative" shall refer to the Owners of Units within the Neighborhood. Each Neighborhood Committee shall elect a chairperson from among its members who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board. Such chairperson shall be the Voting Representative from that Neighborhood. Each Neighborhood Committee shall elect a vice chairperson to act as the alternate Voting Representative for the Neighborhood.

5.4. Management Committee. The Board may establish a committee consisting of one 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 VI: MISCELLANEOUS

6.1. Fiscal Year. The fiscal year of the Residential 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 Residential Association proceedings when not in conflict with Washington law, the Articles, the Declaration, or these By-Laws.

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

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration, By-Laws, and Articles, any amendments to the foregoing, the rules of the Residential 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 Unit, Member of the Residential 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 Unit at the office of the Residential Association or at such other place within the Residential Properties as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made; and
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Residential Association and the physical properties owned or controlled by the Residential 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 Residential Association in furtherance of such director's duties as a director.

6.5. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws 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 or Voting Representative, at the address which the Member or Voting Representative has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Representative; or

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(b) if to the Residential Association, the Board, or the managing agent, at the principal office of the Residential 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.

(a) Prior to the conveyance of the first Unit by Declarant to a Person other than a Builder, the Board may unilaterally amend these By-Laws. After such conveyance, the Board may amend these By-Laws 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 Units; (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 Units; or (d) necessary to enable any government agency or private insurance company to guarantee or insure mortgage loans on the Units; provided, however, any such amendment shall not adversely affect the title to any Unit without the written consent of the Owner. So long as the Declarant still owns property described in Exhibits "A" or "B" of the Declaration for development as part of the Residential Properties, it may unilaterally amend these By-Laws 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 Unit without the consent of its Owners.

(b) These By-Laws may also be amended upon a resolution duly adopted by the Board and approved by the affirmative vote of Voting Representatives 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 XIV 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.

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

CERTIFICATION

I hereby certify:

That I am the duly elected and acting Secretary of Northwest Landing Residential Owners Association, a Washington corporation;

That the foregoing By-Laws constitute the original By-Laws of said Residential Association, as duly adopted at a meeting of the Board of Directors thereof held on the 1st day of March, 1994

This 1st day of March, 1994.

J. J. Mc Clement
Secretary

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DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS FOR NORTHWEST LANDING
RESIDENTIAL PROPERTY - EXHIBIT "D"

DECLARATION OF EASEMENTS AND COVENANT TO SHARE COSTS
FOR
NORTHWEST LANDING

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Exhibit
DECLARATION OF EASEMENTS AND
COVENANT TO SHARE COSTS
FOR NORTHWEST LANDING

THIS DECLARATION is made this 20th day of August, 1992, by WEYERHAEUSER REAL ESTATE COMPANY, Land Management Division (hereinafter referred to as "Declarant").

BACKGROUND STATEMENT

Declarant is the owner (or if not the owner, Declarant has the consent of the owner(s) to subject such property to this Declaration) of all that property which is subject to the Declaration of Covenants, Conditions and Restrictions for Northwest Landing Commercial Property, recorded or to be recorded in the Records of Pierce County, Washington (as amended the "Commercial Declaration"; all property subject to the Commercial Declaration is referred to as the "Commercial Property"). Declarant is also the owner (or if not the owner, Declarant has the consent of the owner(s) to subject such property to this Declaration) of all that property which is subject to the Declaration of Covenants, Conditions and Restrictions for Northwest Landing Residential Property, recorded or to be recorded in the Records of Pierce County, Washington (as amended the "Residential Declaration"; all property subject to the Residential Declaration is referred to as the "Residential Property").

Declarant desires to provide for maintenance of certain property benefitting the Residential Property and the Commercial Property, for the sharing of costs benefitting the owners of such property and for an allocation of such costs between the members of the Northwest Landing Residential Owners Association ("Residential Association") and the Northwest Landing Commercial Owners Association ("Commercial Association"). Declarant also desires to provide an easement for access by the Commercial Association over and through the Residential Property to the extent necessary to perform its maintenance responsibilities hereunder.

NOW, THEREFORE, Declarant hereby declares that the Commercial Property, the Residential Property and the property submitted to the terms of this Declaration in accordance with Section 4.3 (collectively the "Properties"), shall be held, sold, and conveyed subject to the covenants, conditions and easements contained herein, which shall run with the title to the Properties and shall bind all parties having any right, title, or interest in the Properties, their heirs, successors, and assigns, and shall inure to the benefit of the Commercial Association, the Residential Association and each owner of the Properties.

ARTICLE I: EASEMENT

Subject to the provisions of this Declaration, Declarant hereby and by recording the Residential Declaration and the recording of any document adding property to the Residential Declaration, grants and conveys to the

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Commercial Association an easement appurtenant to the Commercial Property over the Residential Property for the purpose of maintaining, repairing and replacing the Maintenance Property (as defined below) in accordance with this Declaration.

THE CONTINUED EXISTENCE OF THIS EASEMENT IS EXPRESSLY MADE SUBJECT TO THE CONDITIONS AND RESTRICTIONS CONTAINED HEREIN WHICH SHALL CONSTITUTE COVENANTS RUNNING WITH THE TITLE TO, AND BOTH BENEFITTING AND BURDENING, THE COMMERCIAL PROPERTY AND THE RESIDENTIAL PROPERTY.

ARTICLE 11: JOINT MAINTENANCE AND BUDGET

2.1. Maintenance Property. The term "Maintenance Property" means that property more particularly described on Exhibit "1" attached hereto and incorporated herein by this reference. The Maintenance Property is also part of the Area of Common Responsibility under the Commercial Declaration and/or the Residential Declaration.

2.2. Joint Budget. The term "Joint Budget Items" means the expenses associated with maintenance of the Maintenance Property and all other expenses of the associations benefitting both the Residential Property and the Commercial Property as reasonably determined by the Commercial Association's Board.

2.3. Commercial Association Responsibility.

(a) Joint Budget Items. The Commercial Association shall contract for and obtain the services contemplated by the Joint Budget Items and shall have responsibility for the payment of the costs of such items.

(b) Maintenance. The Commercial Association shall maintain, repair, replace, and keep the Maintenance Property in a neat and attractive condition consistent with the Community-Wide Standard established pursuant to the Commercial Declaration.

In the event that all or any part of the Commercial Association's responsibilities under this Section are assumed by any local, state or federal government entity, the Commercial Association shall be relieved of such responsibility to the extent so assumed. The Commercial Association may provide additional or a higher level of maintenance to any affected portion of the Maintenance Property if the Commercial Association's Board determines that such additional maintenance is desirable to maintain the Community-Wide Standard under the Commercial Declaration.

2.4. Insurance. The Commercial Association shall keep in force property and public liability insurance on the Maintenance Property in accordance with the standards for insurance established in the Commercial Declaration. Such insurance shall name the Residential Association as additional insured.

2.5. Right to Request Higher Level of Maintenance. The Residential Association may request at any time that the Commercial Association provide a

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higher level of maintenance as to some or all of the Maintenance Property than that required hereunder and the Commercial Association shall provide such additional maintenance. The Residential Association shall pay all costs resulting from the increase in the level of maintenance.

ARTICLE III: OBLIGATION TO SHARE COSTS

3.1. Responsibility for Assessments. The Residential Association shall pay to the Commercial Association an annual assessment to cover a portion of the costs, including insurance, incurred by the Commercial Association in performing its obligations under Article II of this Declaration. The obligation to pay this assessment shall be mandatory, whether or not the Residential Association agrees with or is satisfied with the manner and extent of performance by the Commercial Association.

3.2. Computation of Assessments. On an annual basis, the Commercial Association shall determine an estimated budget for performing its obligations under this Declaration during the upcoming year, including an appropriate amount to be placed in a reserve fund for capital repairs and replacements. The budget shall be adjusted to reflect any excess or deficiency in the budget assessed for the immediately preceding year, as compared to actual expenses for that period. Each party's annual assessment shall be a pro rata amount of the annual budget as determined by the following formula:

$$\frac{\text{Total Acreage of Commercial Property}}{(\text{Commercial Property Acreage} + \text{Residential Property Acreage})} \times \text{Budget} = \text{Commercial Assessment}$$

$$\frac{\text{Total Acreage of Residential Property}}{(\text{Commercial Property Acreage} + \text{Residential Property Acreage})} \times \text{Budget} = \text{Residential Assessment}$$

For purposes of this formula, the total acreage of the Residential Property and the Commercial Property shall be determined annually as of the date that the budget is adopted.

3.3. Payment of Assessments. Within 30 days of receipt of notice of an annual assessment, the Residential Association shall pay to the Commercial Association the entire amount due, unless the Commercial Association's Board provides for the payment to be made in installments. Any assessment delinquent for a period of more than 30 days may incur a reasonable late charge in an amount determined by the Commercial Association's Board plus interest (at a rate equal to the lesser of 18% per annum or the maximum lawful rate) on the principal amount plus all costs of collection, including, but not limited to, reasonable attorneys' fees actually incurred and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after 90 days, the Commercial Association may institute suit to collect such amounts. All payments shall be applied first to costs and attorneys' fees, then to late charges, then to interest and then to delinquent assessments.

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3.4. Recordkeeping. The Commercial Association shall maintain or cause to be maintained full and accurate books of account with respect to the performance of its responsibilities hereunder. The books and records and related financial statements shall be made available for inspection and copying upon request by the Residential Association during normal business hours. Copying charges shall be paid by the Residential Association when requesting copies. If the Residential Association desires to have the records audited, it may do so at the expense of the Residential Association, and the Commercial Association shall cooperate by making available to the auditors the records, including all supporting materials (e.g. check copies, invoices, etc.), for the year in question.

If the amount of actual expenses for the year is disputed after audit, the Residential Association and the Commercial Association shall cause a second audit to be performed by a mutually acceptable auditor and the decision of the second auditor shall be binding. If the amount as determined by the second auditor varies from the amount asserted by the Commercial Association by five percent or more, the Commercial Association shall pay the entire cost of the second auditor. If the amount as determined by the second auditor varies from the amount asserted by the Commercial Association by two percent or less, then the Residential Association shall pay the entire cost of the second auditor. Otherwise, the cost of the second auditor shall be shared equally by the Commercial Association and the Residential Association. Variances shall be taken into account in the following year's budget as provided above.

ARTICLE IV: GENERAL

4.1. Notice. Any notice shall be served personally (including delivery by commercial courier service) or shall be mailed by registered or certified mail to the president or secretary of the Residential Association or the Commercial Association. All such notices shall, for all purposes, be deemed delivered (a) upon personal delivery (including commercial courier service); or (b) on the third (3rd) day after mailing when mailed by registered or certified mail, postage prepaid, and properly addressed.

4.2. Enforcement. The obligations created hereunder may be enforced by the Declarant, the Commercial Association, the Residential Association and any owner of any portion of the Properties by any means available at law or in equity.

4.3. Amendment.

(a) By Declarant. The Declarant may amend this Declaration unilaterally at any time for the purpose of designating additional property as Maintenance Property or designating certain expenses as Joint Budget Items or deleting any property or Joint Budget Items previously included by filing an amendment to this Declaration in the public records of Pierce County, Washington. The Declarant may also unilaterally amend this Declaration at any time and from time to time if such amendment is necessary to: (i) bring any provision hereof into compliance with any applicable governmental statute or

regulation or judicial determination; (ii) enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Commercial Property or Residential Property; or (iii) enable any institution or government lender to make, purchase, insure or guarantee mortgage loans on any portion of the Commercial Property or the Residential Property; provided, however, any such amendment shall not adversely affect the title to any property unless the owner consents in writing. Further, so long as the Declarant has an option unilaterally to subject additional property to the Residential Declaration as provided therein, Declarant may unilaterally amend this Declaration for any other purpose, so long as such amendment does not materially adversely affect the substantive rights of any owner of any portion of the Properties, nor adversely affect title to any portion of the Properties without the consent of the affected owner.

(b) By Owners. In addition to the above, this Declaration may be amended upon (i) the approval of owners holding a majority of the total votes in the Commercial Association, (ii) the approval of owners holding a majority of the total votes in the Residential Association and (iii), so long as the Declarant has an option unilaterally to subject additional property to the Residential Declaration as provided in that instrument, the consent of the Declarant. No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant.

(c) Validity of Amendments. Amendments to this Declaration shall become effective when recorded in the public records of Pierce County, Washington, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

4.4. Duration. The provisions of this Declaration shall run with and bind the land and shall be and remain in effect perpetually to the extent allowed by law.

4.5. Binding Effect. This Declaration shall be binding upon and shall inure to the benefit of every owner of any portion of the Properties.

4.6. Interpretation. This Declaration shall be governed by and construed under the laws of the State of Washington.

4.7. Waiver. No failure of the Residential Association or the Commercial Association to exercise any power under this Declaration or insist upon strict compliance with this Declaration and no custom or practice at variance with the terms of this Declaration shall constitute a waiver of the right to demand exact compliance with the terms of this Declaration.

4.8. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of

the last survivor of the now living descendants of Elizabeth II, Queen of England.

4.9. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

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

4.11. Captions. The captions of each Article and Section are inserted only for convenience and do not define, limit, extend, modify or add to the particular Article or Section to which they refer.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration as of the date first above written.



WEYERHAEUSER REAL ESTATE COMPANY, Land
Management Division

By: Robert L. Shedd
Robert L. Shedd, Vice President

STATE OF WASHINGTON

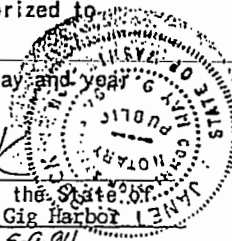
COUNTY OF KING

On this 20th day of August, 1992 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert L. Shedd to me known to be the Vice President of Weyerhaeuser Real Estate Company, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

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

Janet L. Buck

NOTARY PUBLIC in and for the State of
Washington, residing at Gig Harbor
My Appointment Expires: 5-9-94



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Exhibit "1"
MAINTENANCE PROPERTY

The following property shall be included in the Maintenance Property (all parcel references are to the numbered parcels as shown on the attached Exhibit "2" which is incorporated herein by this reference and is intended to show general locations relative to surrounding parcels only):

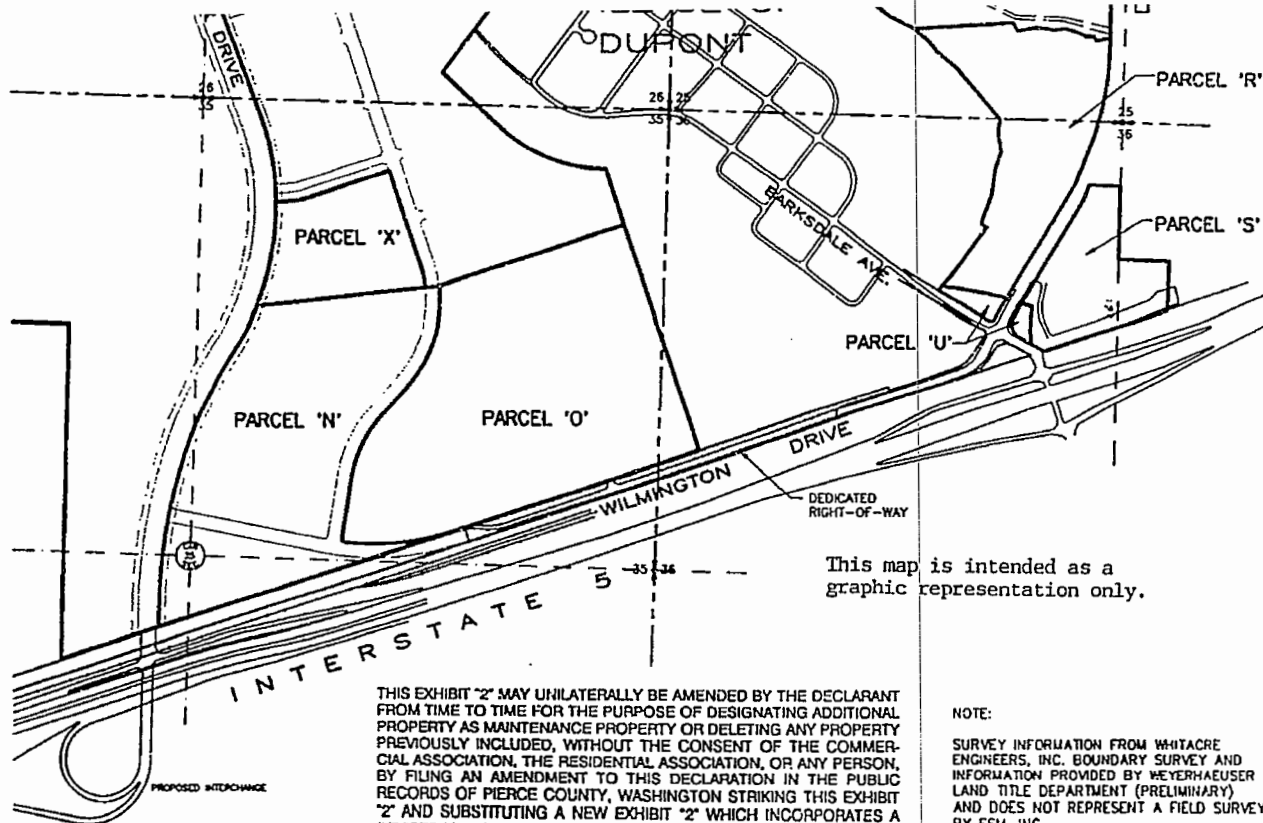
1. Roads, landscaping along roads, trails and storm sewers. At present the roads include Center Drive, Wilmington Drive, International Place, Davis Place, Bell Hill Loop, Williamson Place, and Manchester Place (see map, Exhibit 2).
2. All costs of maintaining, repairing and replacing on-premise signs demarking Northwest Landing.

This Exhibit "1" may unilaterally be amended by the Declarant from time to time for the purpose of designating additional property as Maintenance Property or deleting any property previously included, without the consent of the Commercial Association, the Residential Association, or any person, by filing an amendment to this Declaration in the public records of Pierce County, Washington striking this Exhibit "1" and substituting a new Exhibit "1" which incorporates a revised description of the Maintenance Property.

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This map is intended as a graphic representation only.

THIS EXHIBIT "2" MAY UNILATERALLY BE AMENDED BY THE DECLARANT FROM TIME TO TIME FOR THE PURPOSE OF DESIGNATING ADDITIONAL PROPERTY AS MAINTENANCE PROPERTY OR DELETING ANY PROPERTY PREVIOUSLY INCLUDED, WITHOUT THE CONSENT OF THE COMMERCIAL ASSOCIATION, THE RESIDENTIAL ASSOCIATION, OR ANY PERSON, BY FILING AN AMENDMENT TO THIS DECLARATION IN THE PUBLIC RECORDS OF PIERCE COUNTY, WASHINGTON STRIKING THIS EXHIBIT "2" AND SUBSTITUTING A NEW EXHIBIT "2" WHICH INCORPORATES A REVISED MAP OF THE MAINTENANCE PROPERTY.

NOTE:

SURVEY INFORMATION FROM WHITACRE ENGINEERS, INC. BOUNDARY SURVEY AND INFORMATION PROVIDED BY WEYERHAEUSER LAND TITLE DEPARTMENT (PRELIMINARY) AND DOES NOT REPRESENT A FIELD SURVEY BY ESM, INC.

DRAWING: 129-08-CCR-EXM1



ESM Inc.

A CIVIL ENGINEERING, LAND SURVEY, AND PROJECT MANAGEMENT CONSULTING FIRM

941 POWELL AVENUE S.W., SUITE 100
RENTON, WASHINGTON 98055
PHONE: (206) 228-5628

JOB NO. 129-08-944

DATE: 12-17-91

DRAWING B.A.C.

SHEET 1 OF 2



Weyerhaeuser

WEYERHAEUSER REAL ESTATE COMPANY
LAND MANAGEMENT DIVISION

NORTHWEST LANDING
MAINTENANCE AREA EXHIBIT FOR CCR'S

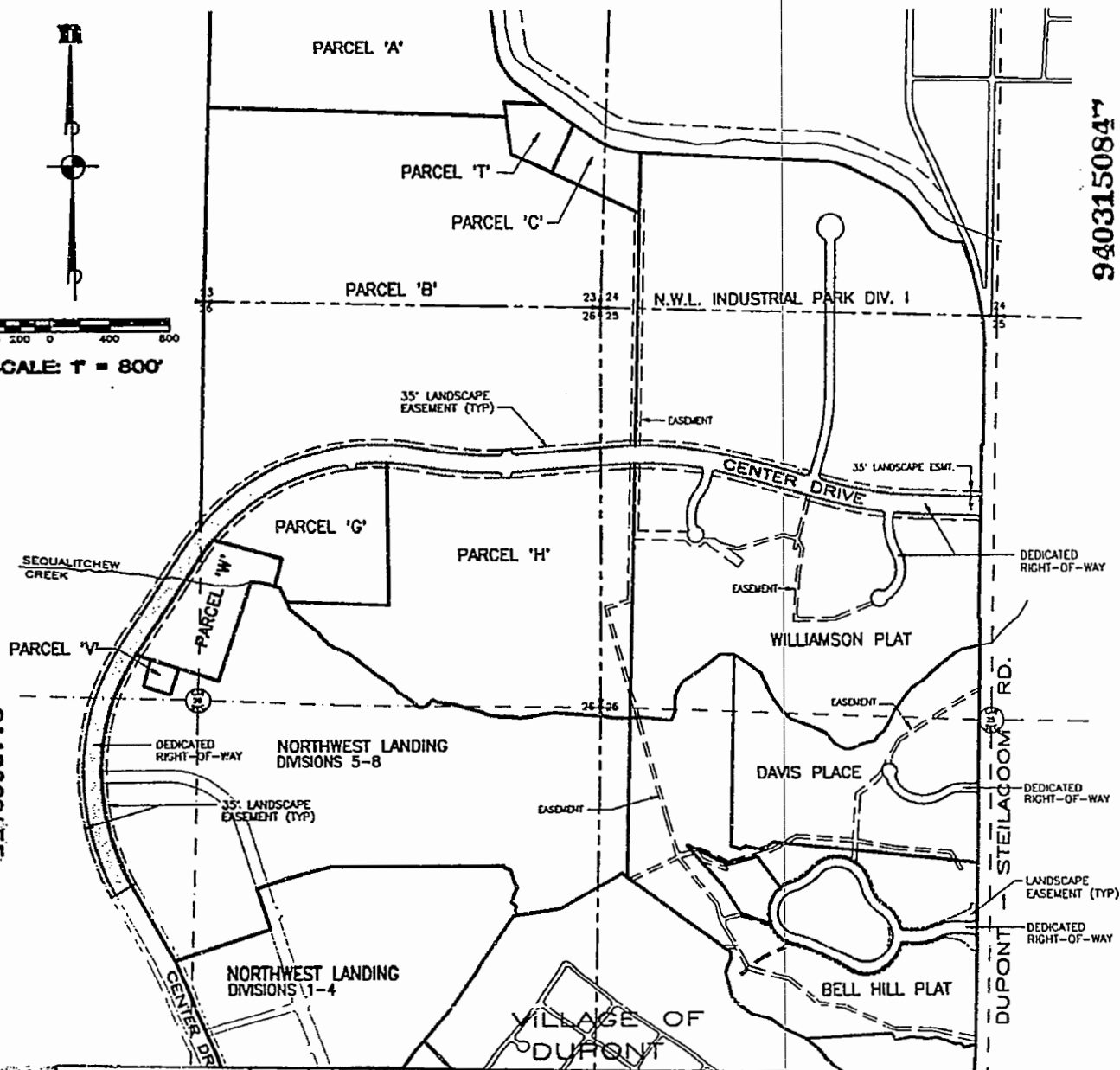
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BK 11001 PR 2730

400 200 0 400 800

SCALE: 1" = 800'



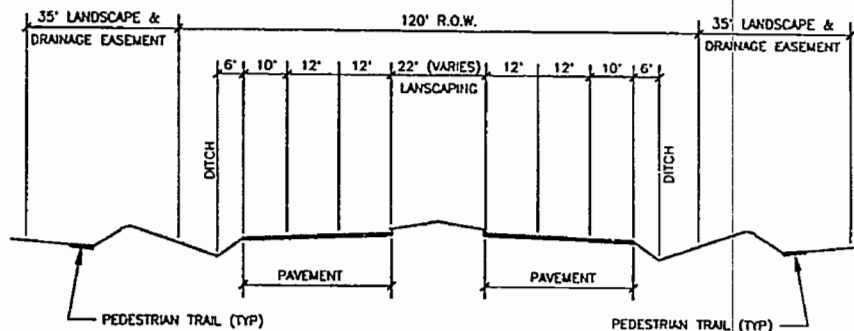
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CENTER DRIVE - TYPICAL SECTION

NOT TO SCALE

THIS EXHIBIT "2" MAY UNILATERALLY BE AMENDED BY THE DECLARANT FROM TIME TO TIME FOR THE PURPOSE OF DESIGNATING ADDITIONAL PROPERTY AS MAINTENANCE PROPERTY OR DELETING ANY PROPERTY PREVIOUSLY INCLUDED, WITHOUT THE CONSENT OF THE COMMERCIAL ASSOCIATION, THE RESIDENTIAL ASSOCIATION, OR ANY PERSON, BY FILING AN AMENDMENT TO THIS DECLARATION IN THE PUBLIC RECORDS OF PIERCE COUNTY, WASHINGTON STRIKING THIS EXHIBIT "2" AND SUBSTITUTING A NEW EXHIBIT "2" WHICH INCORPORATES A REVISED MAP OF THE MAINTENANCE PROPERTY.

DRAWING: 129/08/CCR-EX12

	ESM Inc.
	<small>A DIV. OF CH2M HILL, INC. 10000 10TH AVENUE S.W. SEATTLE, WA 98148</small>
	941 POWELL AVENUE S.W., SUITE 100 RENTON, WASHINGTON 98055 PHONE: (206) 228-5628
	JOB NO. 129-08-844 DATE: 12-17-91 DRAWN: B.A.C.



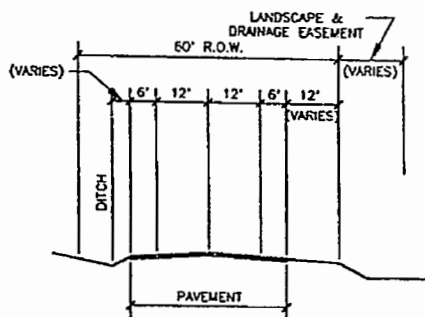
WEYERHAEUSER REAL ESTATE COMPANY
LAND MANAGEMENT DIVISION

NORTHWEST LANDING
MAINTENANCE AREA EXHIBIT FOR CCR'S

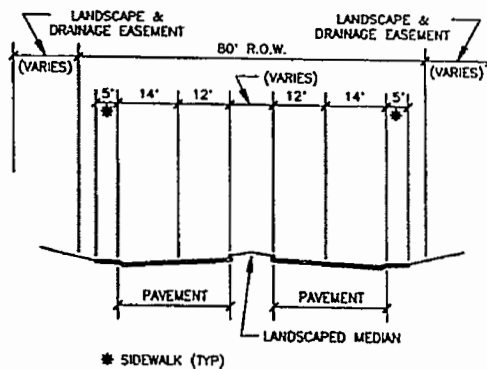
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BELL HILL PLACE
NOT TO SCALE



BELL HILL PLACE ENTRY ROAD
NOT TO SCALE

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Exhibit "3"
JOINT BUDGET ITEMS

The following are Joint Budget Items under Article II § 2:

1. All amounts contributed to the City of DuPont by the Commercial Property Owners Association to be used for budgeted items such as public safety, fire, police, administration, etc.

This Exhibit "3" may unilaterally be amended by the Declarant from time to time for the purpose of modifying Joint Budget Items without the consent of the Commercial Association, the Residential Association, or any person, by filing an amendment to this Declaration in the public records of Pierce County, Washington striking this Exhibit "3" and substituting a new Exhibit "3" which incorporates a revised list of Joint Budget Items.

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EXHIBIT "E"

Rules Of Arbitration

1. Claimant shall submit a Claim to arbitration under these Rules by giving written notice to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's desire to submit the Claim to arbitration ("Arbitration Notice").

2. Each Party shall select an arbitrator ("Party Appointed Arbitrator"). The Parties are encouraged to select an arbitrator who has experience in the real estate industry and who is familiar with the arbitration of real estate related disputes. The Party Appointed Arbitrators shall, by unanimous agreement, select one or two neutral arbitrators ("Neutral(s)") so that the total arbitration panel ("Panel") has an odd number of arbitrators. If any Party fails to appoint a Party Appointed Arbitrator within 20 days from the date of the Arbitration Notice, the remaining arbitrators shall conduct the proceedings, selecting a Neutral in place of any missing Party Appointed Arbitrator. The Neutral arbitrator(s) shall select a chairperson ("Chair").

3. If the Panel is not selected under Rule 2 within 45 days from the date of the Arbitration Notice, or if the Parties earlier agree, Claimant may notify the Washington chapter of The Community Associations Institute ("CAI"), which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Parties in writing of such appointment. The Appointed Neutral shall be experienced in the arbitration of real estate related disputes or knowledgeable of real estate issues as determined by the Washington Chapter of CAI. The Appointed Neutral shall thereafter be the sole arbitrator ("Arbitrator"), and any Party Appointed Arbitrators or their designees shall have no further duties involving the arbitration proceedings.

4. No person may serve as a Neutral in any arbitration under these Rules in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a Neutral shall immediately disclose in writing to all Parties any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Party objects to the service of any Neutral after receipt of that Neutral's Bias Disclosure, such Neutral shall be replaced in the same manner in which that Neutral was selected.

5. The Arbitrator or Chair, as the case may be ("Arbitrator") shall fix the date, time and place for the hearing. ~~The place of the hearing shall be within the Residential Properties unless otherwise agreed by the Parties.~~

6. Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings.

7. All persons who, in the judgment of the Arbitrator, have a direct interest in the arbitration are entitled to attend hearings.

8. There shall be no stenographic record of the proceedings.

9. The hearing shall be conducted in whatever manner will, in the Arbitrator's judgment, most fairly and expeditiously permit the full presentation of the evidence and arguments of the Parties.

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10. The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator may deem necessary to an understanding and determination of the Claim. The Arbitrator shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator shall be authorized, but not required, to administer oaths to witnesses.

11. The Arbitrator shall declare the hearings closed when satisfied the record is complete.

12. There will be no posthearing briefs.

13. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than 14 days from the close of the hearing, unless otherwise agreed by the Parties. The Award shall be in writing, shall be signed by the Arbitrator and acknowledged before a notary public. If the Arbitrator believes an opinion is necessary, it shall be in summary form.

14. If there is more than one arbitrator, all decisions of the Panel and the Award shall be by majority vote.

15. Each Party agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that Party or its attorney at the address communicated to the Arbitrator at the hearing.

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