

AFTER RECORDING RETURN TO:

Stew Stone
Prudential Real Estate Professionals
PO Box 12397
Salem, OR 97309

STEWART TITLE OF THE TRI-CITIES

\$58-

Reference number of related documents: 94-18376

Grantor: North Stone Richland, LLC

Grantee: North Stone Richland, LLC

Abbreviated Legal Description: Portions of Sections 19, 20, 21, 28 and 29, Township 10 North, Range 28 East, W.M., Benton County, Washington 99354

Additional legal description: See Exhibit "A"

Assessor's Tax Parcel ID Number: N/A 1-2908-100-0003-001

**COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR EAGLEWATCH SUBDIVISION OF HORN RAPIDS**

THESE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR EAGLEWATCH SUBDIVISION OF HORN RAPIDS (the "Covenants") to be effective upon its recording in the real property records of Benton County, Washington, are made and executed this 14 day of November, 2008, by the undersigned, Northstone Richland, LLC ("Declarant"), who is the owner of certain land situated in the State of Washington, County of Benton, known as Eaglewatch Subdivision of Horn Rapids, hereafter referred to and defined and more particularly described as Exhibit A, which is attached hereto and incorporated herein by this reference as fully set forth.

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RECITALS:

- A. Declarant is the owner of certain real property located in Benton County, Washington, which is commonly known as the Eaglewatch Subdivision of Horn Rapids, a Master Planned Golf Course Community, said real property being more particularly described on **Exhibit A**, attached hereto and by this reference made a part hereof.
- B. The Subdivision is governed by that certain Declaration of Covenants, Conditions, Restrictions, and Easements for Horn Rapids, a Master Planned Golf Course Community, which has been recorded in the real property records of Benton County, Washington, on May 27, 1994, under Recording No. 94-18376 ("**Master Declaration**").
- C. Declarant desires to subject the owners of every Lot situated within Subdivision to certain restrictions, as provided herein.

NOW THEREFORE, the Declarant hereby declares that:

1. **Master Declaration.** The property subject to this Declaration is subject to the provisions of the Declaration of Covenants, Conditions, Restrictions, and Easements for Horn Rapids: a Master Planned Community, filed under Benton County Auditor's Number 94-18376 (the "Master Declaration"), as such Master Declaration may be amended from time to time. The Master Declaration provides, among other provisions, definitions of terms used herein, mandatory membership in the Horn Rapids Homeowners Association ("Master Association"), assessments against the Eaglewatch Lots for costs incurred by said Association, property use restrictions, and that the design and construction of all improvements to the Lots within the Subdivision are subject to the approval of the Initial Construction Controls Committee and the Architectural Controls Committee.

2. **Eaglewatch at Horn Rapids Association**

a. Interim Management of Eaglewatch. From the date hereon until Eaglewatch Association is created, as set forth below, all duties and powers granted herein of the Eaglewatch Association, shall be vested in the Master Association, under the management of its Board. Upon the creation of Eaglewatch Association it shall undertake and exercise all of the duties and powers granted to it hereunder.

b. Establishment of Eaglewatch Association. By written consent of the Owners of 50% of the Lots within the Eaglewatch Subdivision of Horn Rapids or action of the Board of Directors of the Master Association, the Eaglewatch Association shall be created as a non-profit corporation organized under the laws of the State of Washington, to be charged with the duties and vested with the powers prescribed by law and set forth in this document, as it may be amended from time to time.

c. Eaglewatch Association Board of Directors. If Eaglewatch Association is established during the Development Period, Declarant shall, within 90 days of delivery to it of the written consent to establish the Eaglewatch Association signed by 50% of the Owners of the Lots within to Subdivision, select an initial Board of not fewer than 3 persons who need not be Owners. The initial Board shall have the full authority and all rights, responsibilities, privileges, and duties to manage the Eaglewatch Association under this document and shall be subject to all provisions of this document. The Board shall elect officers of the Eaglewatch Association from among the Board members, which shall include a president who shall preside over meetings of the Board and meetings of the Eaglewatch Association. The term of the initial directors of the Board shall expire at the first annual meeting of the Eaglewatch Association following their appointment by Declarant. At the first annual meeting the number of Directors shall increase to five (5), consisting of four (4) Directors designated by Declarant, and one Director elected by the Eaglewatch Association members at their annual meeting. Directors shall serve for three-year terms with staggered term expirations as may be established by the Articles of Incorporation or Bylaws of the Eaglewatch Association. The number of Directors shall remain at five for a period of two (2) years, after which time the number of Directors may increase to seven (7), consisting of five(5) Directors designated by Declarant, and two (2) Directors elected by the Eaglewatch Association members at their annual meeting. At the end of the Development Period, all Directors that would otherwise have been designated by Declarant shall be elected by the membership of the Eaglewatch Association at their annual meeting. Any vacancy created by the incapacity, resignation or removal of a Director shall be filled by the party entitled to designate that Director, provided that if the Director holds a position elected by the membership of the Eaglewatch Association, such vacancy shall be filled by the Board until the next regularly scheduled meeting of the Eaglewatch Association, at which time it shall be filled by vote of the membership of the Eaglewatch Association.

d. Eaglewatch Association Membership. Once Eaglewatch Association has been created, every person or entity who is an Owner shall by reason thereof be a member of the Eaglewatch Association. Such membership shall be appurtenant to and held and owned in the same manner as the beneficial fee interest in the Lot to which it relates. Membership shall not be separated from ownership of the Lot to which it relates; provided, however, that any Owner may delegate his rights of membership in the Eaglewatch Association and rights of enjoyment in the Common Areas, if any, to the members of his family and to his tenants occupying a Living Unit, subject to the provisions of Section 6.3 of the Master Declaration.

e. Votes Appurtenant to Lots. Every Owner shall be entitled to cast one vote in the Eaglewatch Association for each Lot owned. A vote shall be appurtenant to and held and owned in the same manner as the beneficial fee interest in the Lot to which it relates. A vote shall not be separated from ownership of the Lot to which it relates; provided, however, that when more than one entity holds the beneficial fee interest in any Lot, the vote therefor shall be cast as the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot; and if the several Owners of a Lot are unable to agree as to the casting of their vote, such vote shall not be counted. When a single entity owns more than one Lot, each vote may be cast separately.

f. Initial Number of Votes. From the commencement of the existence of the Eaglewatch Association, there shall be a total of 48 outstanding votes in the Eaglewatch Association, representing one vote for each of the 48 Lots, the maximum number presently authorized for Eaglewatch Subdivision of Horn Rapids. During the Development Period, the Declarant shall be entitled to cast 48 votes, less one vote for each Lot then owned by an Owner other than Declarant.

g. Adjustment to Number of Votes. If other Lots are added to Eaglewatch Subdivision of Horn Rapids at any time during the Development Period, the number of votes in the Eaglewatch Association shall be readjusted at such time to reflect the changed number of Lots, and Declarant shall be entitled to cast all such votes, less one vote for each Lot owned by an Owner other than Declarant. At the end of the Development Period, the number of votes in the Eaglewatch Association shall be readjusted to equal the number of Lots in Eaglewatch Subdivision of Horn Rapids to that date. If, after the end of the Development Period, additional or fewer Lots are platted from time to time in Eaglewatch Subdivision of Horn Rapids, the number of votes in the Eaglewatch Association shall similarly be readjusted from time to time, in order that there shall thereafter always be one vote for each Lot in Eaglewatch Subdivision of Horn Rapids.

h. Owner's Compliance with Governing Documents. By acceptance of a deed to a Lot, execution of a contract therefor, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to observe and comply with all terms of these Covenants, all corporate documents of the Eaglewatch Association, and all rules and regulations duly promulgated by Eaglewatch Association.

i. Authority of Eaglewatch Association. The Eaglewatch Association shall have the power to maintain the Common Areas within Eaglewatch Subdivision of Horn Rapids, if any, and to maintain the landscaping on every Lot, to implement and enforce the policy of ownership of Lots by older persons, and to promulgate rules as herein provided.

j. Rules and Regulations. The Eaglewatch Association shall have the power to adopt from time to time and to enforce rules and regulations governing the use of Eaglewatch Subdivision of Horn Rapids, in addition to the use restrictions contained in these Covenants and the Master Declaration, as now in effect or hereafter amended, and whether or not expressly contemplated herein, provided that such rules and regulations shall not be inconsistent with these Covenants and the Master Declaration. The rules and regulations may not discriminate among Owners except as may be necessary to reflect (i) different requirements or restrictions applicable to different Lots under the Eaglewatch Covenants; (ii) different access rights or maintenance obligations of Owners in relation to Common Areas that are the responsibility of the Eaglewatch Association, if any; (iii) ensure compliance with all state and federal laws and regulations concerning the policy of ownership of Lots by older persons or (iv) as may be authorized in these Covenants, as now in effect or hereafter amended. The Board may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use

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the Common Areas or portions thereof. Any such rules and regulations shall become effective 30 days after promulgation or amendment and shall be mailed to all Owners within 30 days after promulgation or amendment. A copy of the rules and regulations then in force shall be retained by the secretary of the Eaglewatch Association and shall be available for inspection by any Owner during reasonable business hours. Such rules shall have the same force and effect as if set forth herein.

k. Eaglewatch Association Right to Subcontract. The Eaglewatch Association, acting through its Board, shall be entitled to subcontract with the Master Association for the provision of any service or matter that would otherwise be the responsibility of the Eaglewatch Association, including but not limited to enforcement of the use covenants, conditions and restrictions set forth below, collection of assessments, the purchase of insurance and the maintenance of Common Areas, if any and the maintenance of Lot landscaping.

l. Immunity. So long as a Officer, Director, Association member, or Declarant, acting on behalf of the Board or the Association, has acted in good faith, without willful or intentional misconduct, upon the basis of such actual information as is then possessed by such person, then no such Person shall be personally liable to any Owner, or to any other person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person; provided that this Article shall not apply to the extent the liability of such person for such act, omission, error, or negligence is covered by any insurance actually obtained by the Board.

m. Indemnification. Each Officer, Director, and Declarant shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance actually obtained by the Board and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

3. Association Budget, Assessments, and Liens

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

b. Eaglewatch Association Budget. Eaglewatch Association shall prepare, or cause to be prepared, and approve, an operating budget for the Eaglewatch Association at least

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annually, in accordance with generally accepted accounting principles. The operating budget shall set forth all sums estimated to be required by the Eaglewatch Association, to meet its annual costs and expenses, including but in no way limited to all management and administration costs, operating and maintenance expenses of the Common Areas, if any and maintenance of Lot landscaping and services furnished to or in connection with the Common Areas, if any, including the amount of all taxes and assessments levied against, and the costs of liability and other insurance on the Common Areas, if any, and including charges for any services furnished by or to the Eaglewatch Association; the cost of utilities and other services; and the cost of funding all reserves established by the Eaglewatch Association, including, when appropriate, a general operating reserve and a reserve for replacements. The funds required to meet the Eaglewatch Association's annual expenses shall be raised from a general assessment against each Owner and Living Unit as provided hereafter. The Eaglewatch Association may revise the operating budget after its preparation at any time and from time to time, as it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Eaglewatch Association.

c. Levy of General Assessment. In order to meet the costs and expenses projected in its operating budget, the Board shall by Eaglewatch Association Action determine and levy in advance on every Owner a general assessment, as follows:

1. The general assessment shall be calculated as follows. The amount of the Eaglewatch Association's operating budget shall be divided by the number of Lots in Eaglewatch at Horn Rapids. The resulting quotient shall be the per-Lot assessment share. Such quotient shall then be multiplied by the sum of the number of an Owner's Lots. The resulting product shall be the amount of such Owner's general assessment.

2. The Eaglewatch Association shall make reasonable efforts to determine the amount of the general assessment payable by each Owner for an assessment period at least 30 days in advance of the beginning of such period and shall at that time prepare a roster of the Owners and the general assessment allocated to each, which shall be kept in the office of the Eaglewatch Association and shall be open to inspection by any Owner upon reasonable notice to Eaglewatch Association. Notice of the general assessment shall thereupon be sent to each Owner; provided, however, that notification to an Owner of the amount of an assessment shall not be necessary to the validity thereof.

3. The omission by the Eaglewatch Association, before the expiration of any assessment period, to fix the amount of the general assessment hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release of any Owner from the obligation to pay the general assessment, or any installment thereof, for that or any subsequent assessment period, but the general assessment fixed for the preceding period shall continue until a new assessment is fixed.

4. Upon any revision by the Eaglewatch Association of the operating budget during the assessment period for which such budget was prepared, the Eaglewatch

Association shall, if necessary, revise the general assessment levied against the Owners and give notice of the same in the same manner as the initial levy of a general assessment for an assessment period.

d. Payment of General Assessment. Upon Eaglewatch Association Action, installments of general assessments may be collected on a monthly, quarterly, semi-annual, or annual basis. Any Owner may prepay one or more installments on any assessment levied by the Eaglewatch Association without premium or penalty.

e. Commencement of Assessments. Liability of an Owner for assessments shall commence on the first day of the calendar month following the date upon which any instrument of transfer to such Owner becomes operative (such as the date of a deed, the date of a recorded real estate contract for the sale of any Lot, the date of death in the case of a transfer by will or intestate succession, etc.) and, if earlier, the first day of the calendar month following the first occupancy of a Living Unit by an Owner. The Eaglewatch Association may in its rules and regulations provide for an administratively convenient date for commencement of assessments that is not more than 90 days after the effective date established above. The due dates of any special assessment payment shall be fixed by the Eaglewatch Association Action authorizing such special assessment.

f. Certificates and Assessment Payment. Upon request, the Eaglewatch Association shall furnish written certificates certifying the extent to which assessment payments on a specified Lot are paid and current to the date stated therein. Issuance of such certificates shall be conclusive evidence of payment of any assessments therein declared to have been paid. A reasonable charge may be made by the Board for the issuance of such certificate.

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

h. Effect of Non-Payment of Assessment. If any assessment payment is not made in full within 30 days after it is first due and payable, the unpaid amounts shall constitute a lien against the Lot assessed and shall bear interest from the date on which payment was first due and payable at the rate applicable to judgments in Washington. By acceptance of a deed to a Lot, execution of a contract therefor, or any other means of acquisition of an ownership interest, and

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whether or not it shall be so expressed in any such deed or other instrument, each Owner shall be deemed to grant thereby to the Eaglewatch Association, its agents and employees, and to Declarant during the Development Period, the right and power to bring all actions against such Owner personally for the collection of such assessments as a debt, and to enforce the liens created by this Covenant of such assessments as a debt, and to enforce the liens created by this Covenant in favor of the Eaglewatch Association by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this Covenant shall be for the benefit of the Eaglewatch Association as a corporate entity, and the Eaglewatch Association shall have the power to bid in at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot foreclosed against.

i. Lien to Secure Payment of Assessments. Eaglewatch Association shall have in perpetually the power to create a lien in favor of the Eaglewatch Association against each Lot and Living Unit, to secure to the Eaglewatch Association the payment to it of all assessments, interest, costs, and attorneys' fees; and Declarant hereby subjects all Lots and Living Units perpetually to such power of the Eaglewatch Association. Such lien shall arise in accordance with the terms of this Covenant without the necessity of any further action by the Eaglewatch Association, and any such lien when created, shall be a security interest in the nature of a mortgage in favor of the Eaglewatch Association. Such lien shall become a continuing lien in the amount stated in the assessment from the time of the assessment, but expiring pro rata as the assessment payments are made, and shall also be the personal obligation of the person or entity who is the Owner of the Lot at the time of the assessment. The personal obligation to pay a prior assessment shall not pass to successors in interest unless expressly assumed by them; provided, however, that in the case of a sale or contract for the sale of any Lot which is charged with the payment of an assessment, the person or entity who is the Owner immediately prior to the date of such sale shall be personally liable for the amounts of the monthly installments due prior to said date, and the new Owner shall be personally liable for monthly installments becoming due on or after such date. The foregoing limitation on the duration of the personal obligation of an Owner to pay assessments shall not, however, affect the validity or duration of the continuing lien for unpaid assessments against the respective Lot.

j. Suspension for Non-Payment of Assessment. If an Owner shall be in arrears in the payment of any assessment due, or shall otherwise be in default of the performance of any terms of these Covenants or the rules and regulations of Eaglewatch Association for a period of 30 days, said Owner's voting rights shall without the necessity of any further action by the Eaglewatch Association, be suspended (except as against foreclosing secured parties) and shall remain suspended until all payments, including interest thereon, are brought current and any other default is remedied. No Owner is relieved of liability for assessments by non-use of the Common Areas or by abandonment of a Lot or Living Unit.

k. Certain Areas Exempt. The Common Areas to which the Horn Rapids Homeowners Association or the Master Association holds fee ownership, the Golf Course, any Lots owned by Declarant that do not have Living Units with issued certificates of occupancy thereon, and all portions of Eaglewatch Subdivision of Horn Rapids owned by or dedicated to and accepted by a charitable or non-profit organization that is exempt from federal income

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taxation under section 501 (c) (2) or (3) of the Internal Revenue Code (as the same may hereafter be amended or under any successor statute) or that is exempt from taxation under the laws of the State of Washington, shall be exempt from assessments by the Eaglewatch Association. All portions of the Property owned by or dedicated to and accepted by a public authority shall not be entitled to votes in the Eaglewatch Association and shall be exempt from assessments by the Eaglewatch Association.

4. Subordination of Liens

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

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

c. Mortgagee's Rights During Foreclosure. During the pendency of any proceeding to foreclose a Mortgage, including any period of redemption, the holder of the Mortgage, or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the encumbered Lot, including but not limited to the right to vote in the Eaglewatch Association to the exclusion of the Owner's exercise of such rights and privileges.

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

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

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

5. Design of Living Units. No Living Unit may be constructed or remodeled unless

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it meets the following criteria:

a. The design of any Living Unit or remodel of any Living Unit shall be approved in advance by the Initial Construction Controls Committee or the Architectural Controls Committee, as appropriate pursuant to the Master Declaration.

b. Exteriors of all buildings and structures shall be constructed of stucco, masonry, rock, stone or a combination thereof, with stucco being the predominant material, the colors of which must be approved by the Initial Construction Controls Committee or the Architectural Controls Committee, as appropriate pursuant to the Master Declaration.

c. All of the Living Units in the Subdivision shall have roofs of the same color, said color to be determined by the Initial Construction Controls Committee.

d. Except as authorized in Paragraph e, below, no two-story, split level or split entry designs shall be allowed. As used herein, a Living Unit is two-story, split level or split entry if the height of the floor of the living space is more than three (3) feet above the height of the Lot curb.

e. Notwithstanding the restrictions set forth in paragraphs b above, the Initial Construction Controls Committee or the Architectural Controls Committee may approve a Living Unit that includes a "bonus room" or "bonus area" that meets the following criteria:

i. The bonus room or bonus area is limited to the area that otherwise would have been attic space under the sloping portions of the roof.

ii. Walls may not be added above the trusses so as to result in any increase in roof height, except for dormers, the design of which will be subject to the approval of the ICC or ACC, as appropriate, on a case-by-case basis.

6. Housing for Older Persons

a. Residents in the Eaglewatch Subdivision of Horn Rapids shall be limited according to age with the intent to maintain a character of the same as a residential community for persons fifty-five (55) years of age or older under the provisions of the Fair Housing Act and regulations, as amended from time to time.

b. Eaglewatch Subdivision of Horn Rapids is intended and operated for occupancy by persons fifty-five (55) years of age or older. At least 80% of the occupied Living Units in Eaglewatch Subdivision of Horn Rapids shall be occupied by at least one person who is fifty-five (55) years of age or older.

c. The existence of unoccupied Living Units shall not be deemed to mean that the Eaglewatch Association is in violation of the age requirements of this section, so long as Living Units are not thereafter occupied in violation of these requirements.

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d. Solely for the purpose to ensure that this section is enforced, Eaglewatch Association shall require that an age survey be completed with all Eaglewatch Subdivision of Horn Rapids real estate transactions to verify that the age requirements have been fulfilled. In addition, Eaglewatch Association shall verify occupancy ages no less than every two years in compliance with rules issued by the Secretary of the Department of Housing and Urban Development.

e. Eaglewatch Association shall do such acts and promulgate such rules to ensure continued compliance with the Fair Housing Act and relevant regulations to ensure continued compliance with the Housing for Older Persons Exemption under the Fair Housing Act and relevant regulations adopted thereunder. Any rules adopted by the Eaglewatch Association shall be published and distributed in accordance with these Covenants.

f. All advertising for the sale of Lots or Living Units shall state that Eaglewatch Subdivision of Horn Rapids is a housing community intended and operated for occupancy by older persons or persons 55 years or older, and shall not describe Eaglewatch Subdivision of Horn Rapids as "adult" or "adult community".

7. Enforcement

a. Right to Enforce. The Eaglewatch Association, Board, Declarant, or any two (2) Owners acting in concert, shall have the right to enforce, by any appropriate proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens, and charges now or hereafter imposed by the provisions of this Covenant. Failure or forbearance by any person or entity so entitled to enforce the provisions of this Covenant to pursue enforcement shall in no event be deemed a waiver of the right to do so thereafter.

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

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

8. Amendment and Revocation

Amendment by Declarant of Eaglewatch Association. Declarant may, during the Development Period, amend this Covenant on its sole signature. This Covenant may also be amended by an instrument executed by the Eaglewatch Association for and on behalf of the Owners, provided, however, that such amendments shall have received the prior approval of a vote of the Owners (except Declarant) having seventy-five (75) percent of the total outstanding votes in the Eaglewatch Association; and provided, further, that no such amendment shall be valid during the Development Period without the prior written consent of the Declarant.

9. Landscaping of Lots.

Eaglewatch Association shall arrange for, perform and assess the Owners for maintenance of lawns, plants, shrubs, ground covering, trees, landscaping and landscaping ornaments on all Lots, all Common Areas, if any, and along any City rights of way strip. Owners shall not alter or modify lawns, plants, shrubs, ground covering, trees, landscaping and landscaping ornaments without approval of the Eaglewatch Association. In the event any Owner installs or plants of lawns, plants, shrubs, ground covering, trees, landscaping and landscaping ornaments on his/her Lot without Eaglewatch Association approval, said Owner shall be responsible for the cost thereof, as well as the cost of the maintenance and replacement thereof.

10. General Provisions

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

b. Transfer of Certain Utilities, Utility Repair Easement. Declarant, irrigation source entity, and the Eaglewatch Association after conveyance thereto, may transfer and convey any sewer, water, storm drainage, or other general utility in Eaglewatch at Horn Rapids to a public body for ownership and maintenance, together with any necessary easements relating thereto, and each Lot and Living Unit shall become burdened thereby.

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

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

e. No Abandonment of Obligation. No Owner, through his nonuse of any Common Area, or by abandonment of his Lot or Living Unit, may avoid or diminish the burdens or obligations imposed by this Covenant.

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

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

h. Notices. All notices, demands, or other communications ("Notices") permitted or required to be given by this Covenant shall be in writing and, if mailed postage prepaid by certified or registered mail, return receipt requested (if a Notice to Declarant, the Eaglewatch Association, or to fewer than all Owners), or if mailed first-class postage prepaid (if a Notice to all Owners), shall be deemed given three days after the date of mailing thereof, or on the date of actual receipt, if sooner; otherwise, Notices shall be deemed given on the date of actual receipt. Notices shall be addressed to the last known address of the addressee. Notice to any Owner may be given at any Lot or Living Unit owned by such Owner; provided, however, that an Owner may from time to time by Notice to the Eaglewatch Association designate such other place or places or individuals for the receipt of future Notices. If there is more than one Owner of a Lot, Notice to any one such Owner shall be sufficient. The address of Declarant and of the Eaglewatch Association shall be given to each Owner at or before the time he becomes an Owner. If the address of Declarant or the Eaglewatch Association shall be changed, Notice shall be given to all Owners.

i. Applicable Law. This Covenant shall be construed in all respects under the laws of the State of Washington.

j. Effective Date. Amendments shall take effect only upon recording with the Office of the Benton County Auditor or any successor recording office.

11. Definitions

a. Common Areas as used in these Covenants shall mean and refer to (i) all real property that is owned by the Eagle watch Association, if any; (ii) the beneficial interest in easements or other property interests that are granted or reserved to the Eaglewatch Association as an Association or for the benefit of its members, if any, including without limitation open space areas and improvements thereon, streets and sidewalks, pedestrian trails, bicycle paths, lakes, ponds, parking areas, landscaping, and other areas available for access, use, or enjoyment

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by members of the Eaglewatch Association. Declarant shall be entitled to add Common Areas as such are identified. In particular, Declarant anticipates that, as siting of individual houses on each individual Lot is identified in the building permit process, Declarant will be identifying as Limited Common Areas the particular landscape maintenance easement area applicable to such lot. Such identification of Common Areas shall be recorded by Declarant on an individual plot plan for each Lot identifying such Limited Common Areas and referencing this Declaration, and upon recordation, such plot plans shall be deemed a part of this Covenant. Unless otherwise specifically set forth herein, "Common Areas" in this Eaglewatch Covenant shall not include Common Areas owned or maintained (except under a maintenance subcontract) by the Master Association.

b. Declarant shall mean and refer to NORTHSTONE RICHLAND, LLC, a Washington limited liability company, its successors and assigns, if such successors or assigns should acquire all or substantially all of the then-undeveloped Parcels of Eaglewatch Subdivision of Horn Rapids from Declarant for the purpose of development (excluding Participating Builders); provided, however, that no successor or assign of Declarant shall have any rights or obligations which are not specifically set forth in the instrument of succession or assignment or other recorded instrument or passed by operation of law. Certain rights and obligations of Declarant, as set forth herein, shall cease at the end of the Development Period.

c. Covenant shall mean and refer to this instrument, as the same may be supplemented or amended from time to time. This Covenant may also be referred to herein as the "Eaglewatch Covenant" to distinguish it from the Master Declaration.

c. Development Period shall mean and refer to that period of time beginning on the date of initial recording of this Covenant and ending whenever any of the following first occurs: (i) 30 years from the date hereof; or (ii) 4 months after Declarant has transferred title to purchasers of Lots or Condominiums representing ninety-five percent (95%) of the total voting power of all Owners as then constituted; or (iii) written notice from Declarant to the Eaglewatch Association in which Declarant elects to terminate the Development Period.

d. Golf Course shall mean that certain real and personal property which is contiguous to Eaglewatch at Horn Rapids and developed as an 18-hole golf course, presently or formerly owned and operated by Columbia Golf Associates, a Washington General Partnership or its successors and/or assigns. The Golf Course shall include the greens, fairways, cart paths, driving range, putting greens, designated lakes or water hazards, maintenance facilities and other improvements so-designated by Declarant as part of the Golf Course. Notwithstanding anything to the contrary contained within this Covenant, the Golf Course is not a part of Eaglewatch Subdivision of Horn Rapids or the Common Areas, and the Owners of Living Units do not, by the nature of their ownership of Property within the community, have any reserved right to use of the Golf Course or membership, if offered, to any golf club for the community.

e. Living Unit shall mean and refer to a building or structure or any portion thereof situated in Eaglewatch Subdivision of Horn Rapids that is designed and intended for use and occupancy as a residence by a single family, and the appurtenant landscaping, fences or

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walls, decks, patios, pool, spa, garage, driveway, or similar improvements occupying any Lot on which a Living Unit is situated.

f. Lot shall mean and refer to any legally segmented and alienable portion of Eaglewatch Subdivision of Horn Rapids created after the date of this Covenant (and including Lots in the Plat of Eaglewatch Subdivision of Horn Rapids, whether or not such plat is recorded after the date of this Covenant), through subdivision, short subdivision, planned unit development approval, or any other legal process for dividing land, with the exception of streets and other public areas, the Golf Course, the Common Areas and any areas conveyed to the irrigation source entity for use as well sites. When used with respect to a Lot on which any structures have been constructed, "Lot" shall mean both the underlying real property and all improvements thereon.

g. Master Association shall mean the Horn Rapids Master Homeowners Association, as set forth in the Master Declaration.

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

i. Owner shall mean and refer to the record owner (whether one or more persons or entities) of a fee interest in any Lot, including Participating Builders but excluding Mortgagees or other persons or entities having such interest merely as security for the performance of an obligation. Purchasers or assignees under recorded real estate contracts shall be deemed Owners and their respective sellers or assignors shall not be deemed Owners, except as provided herein.

j. Participating Builder shall mean and refer to a person or entity that acquires a portion of Eaglewatch Subdivision of Horn Rapids for the purpose of improving such portion in accordance with the Planned Unit Development for resale to Owners or lease to tenants.

k. Eaglewatch Subdivision of Horn Rapids shall mean and refer to that certain real property described on Exhibit A attached hereto, and such additions thereto as may hereafter be brought within the terms and conditions hereof.

NORTH STONE RICHLAND, LLC

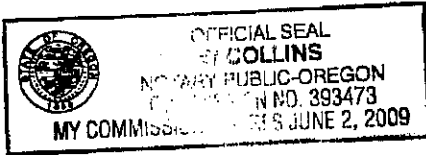
By: Stew Stone
Stew Stone, Member

By: Paul Beals
Paul Beals, Managing Member of
Santiam Development Company, LLC

STATE OF Oregon)
COUNTY OF Marion)

On this 17th day of Nov, 2008, before me, the undersigned Notary Public in and for the State of Oregon duly commissioned and sworn, personally appeared STEW STONE, to me known to a Member of NORTH STONE RICHLAND, LLC, the limited liability company that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned and on oath stated that he is authorized to execute the said instrument on behalf of said limited liability company.

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



[Signature]
NOTARY PUBLIC in and for the State of Oregon, residing at Steviem, OR
My Commission Expires: _____

STATE OF Oregon)
COUNTY OF Linn)

On this 13th day of November, 2008, before me, the undersigned Notary Public in and for the State of Oregon duly commissioned and sworn, personally appeared PAUL BEALS, to me known to Managing Member of Santiam Development Company, LLC, the limited liability company that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned and on oath stated that he is authorized to execute the said instrument on behalf of said limited liability company.

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



[Signature]
NOTARY PUBLIC in and for the State of Oregon, residing at Silverton, Oregon
My Commission Expires: Jan 13, 2009

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FOR EAGLEWATCH SUBDIVISION OF HORN RAPIDS

EXHIBIT "A"

Eaglewatch, according to the plat thereof recorded in Volume 15 of Plats, Page 306, records of Benton County, Washington