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Fountain Hills N.W.
8551 GAGE BLVD STE A
Kennebec, W.V. 99336

PLEASE PRINT OR TYPE INFORMATION:

Document Title(s)(or transactions contained therein): 1. COVENANTS 2. 3. 4.
Grantor(s)(Last name first, first name, middle initials): 1. Fountain Hills, N.W., LLC 2. 3. 4. Additional names on page _____ of document.
Grantee(s)(Last name first, first name, middle initials): 1. The Public 2. 3. 4. Additional names on page _____ of document.
Legal description (abbreviated: i.e., lot, block, plat or section, township, range, qtr./qtr.) A portion of the NW 1/4 Sec 31 T9N R29E Additional legal is on page _____ of document.
Reference Number(s) of documents assigned or released: N/A Additional numbers on page _____ of document.
Assessor's Property Tax Parcel/Account Number: 1-3199-200-0010-002 Property Tax Parcel ID is not yet assigned. Additional parcel numbers on page _____ of document.
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information.

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OF
FOUNTAINS HILLS
BENTON COUNTY WASHINGTON

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Benton County

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
FOUNTAIN HILLS
BENTON COUNTY, WASHINGTON

THIS DECLARATION is made this _____ day of _____
FOUNTAIN HILLS NW, L.L.C., hereinafter referred to as "Declarant".

DESCRIPTION OF THE LAND

A. Declarant owns certain real property located within the state of Washington, which property and improvements are commonly known as FOUNTAIN HILLS, and is herein referred to as the "Property." As is more particularly provided in Article 15, the Property may be developed in more than one phase with an appropriate amendment to this Declaration (together with a plat map) being recorded as subsequent phases are completed. This first such completed phase is known as FOUNTAIN HILLS, and is located on land more particularly described in Exhibit A attached hereto and incorporated herein.

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

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

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

ARTICLE 1

INTERPRETATION

1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Property.

1.2 Covenant Running with Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns.

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

1.4 Definitions.

1.4.1 "Association" shall mean the Fountain Hills Homeowners Association, a Washington non-profit organization, provided for in Article J and its successors and assigns.



4. 1.4.2 "Board" Shall mean the Board of Directors of the Association provided for Article

1.4.3 "Common Area" The common Area shown on the Plat Map - (excluding Fountain Hills in its entirety) and to be owned by the Association at the time of the conveyance of the first lot, consists of the park and the entrance to Fountain Hills.

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

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

1.4.6 "Home" shall mean and refer to any structure located on a lot or a partial lot, which structure is designed and intended for use and occupancy as residence by a single family or which is intended for use in connection with such residence.

1.4.7 "Lot" shall mean and refer to any plot of land shown upon any recorded Plat Map of the Property. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on such Lot. "Lot" shall not include; any land now or hereafter owned by the Association; any land (other than a plot on which a single family residence may be constructed) owned by two (2) or more of the Lot Owners as tenants-in-common; or any land shown on the Plat Map but dedicated to the public or to a governmental entity.

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

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

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

1.4.11 "Person" shall include natural persons, partnerships, L.L.C.'s, corporations, associations and personal representatives.

1.4.12 "Property" shall mean the real estate described in Exhibit A and all improvements and structures thereon, including such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.4.13 "Plat Map" The Plat of Fountain Hills was recorded on



GREGORY S. MARKEL

COV

32.00

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

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

ARTICLE 2

COMMON AREA

2.1 Ownership of Common Area. The PARK described in Section 1.4.3, which is more particularly described on the Plat Map, is hereby conveyed to the Association.

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

2.2.1 The Association may totally bar or restrict the Owners' use of portions of the Common Area where ordinary use could be dangerous, unreasonably increase Association costs, or be detrimental to the environment.

2.2.2 The Association may suspend the voting rights and right to use of the Common Area by an Owner for: Any period during which any assessment against his Lot remains unpaid, or any violation of this Declaration or the Association's published rules for which he is responsible remains unabated.

2.2.3 The Association shall have a right to dedicate or transfer all or any portion of the Common Area, including easements, to any public agency, authority, or utility in accordance with the provisions of the Articles of Incorporation.

2.3 Native Growth and Other Special Areas. Certain portions of the Common Area may have special designations on the Plat, including but not limited to Native Growth Protection Areas or Easements, biofiltration areas, water retention/detention areas, etc. Those areas are subject to any special use restrictions set forth on the Plat and any supplemental regulations by the Association consistent with the Plat restrictions.

2.4 Delegation of Use. An Owner may delegate, in accordance with such rules and regulations as the Association shall promulgate, his right of use and enjoyment of the Common Area to the members of his family, his guests, and his tenants.

2.5 Maintenance by Association. The Association shall have full responsibility for the maintenance, repair and improvement of the Common Area. All of the Common Area, including improvements, shall be reasonably maintained for their intended use, subject to applicable governmental restrictions.

2.6 Property Entry Signs. If landscape/entry sign easement(s) are on a lot(s), the Association shall hereafter maintain such project entry and identification signs and related landscaping, fencing and improvements, as deemed necessary. The Lot Owners shall have no right to use these easement areas,



except to maintain, repair or improve the entry sign and landscaping. The Owners of the lots subject to these easements may not do anything in the easement areas which is inconsistent with, or detrimental to, their intended purpose.

ARTICLE 3

OWNERS' ASSOCIATION

3.1 Establishment. There is hereby created an association to be called FOUNTAIN HILLS HOMEOWNERS ASSOCIATION (referred to hereinafter as the "Association").

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

3.3 Membership.

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

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

3.4 Voting.

3.4.1 Classes of Voting Membership. The Association shall have two classes of voting membership.

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

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

The Class B membership shall cease and be converted to Class A membership on the happening of the first of the following events:

- (A) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (B) Five years after the date of recording of this Declaration.

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



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

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

ARTICLE 4

MANAGEMENT OF THE ASSOCIATION

4.1 Administration of the Property. The Owners covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration and the Bylaws of the Association which are made a part hereof. Administrative power and authority shall vest in a Board of Directors selected in accordance with the Bylaws.

4.2 Authority and Duties of the Board. On behalf and acting for the Association, the Board, for the benefit of the Property and the Owners, shall have all powers and authority permitted to the Board under this Declaration, including but not limited to the following:

4.2.1 Assessments. Levy, collect, and enforce the collection of, assessment, as more particularly set forth in Article 7 hereof, to defray expenses attributable to carrying out the duties and functions of the Association hereunder.

4.2.2 Fidelity Bonds. Require any officer or employee of the Association handling or responsible for Association funds to furnish adequate fidelity bonds, the premiums of such bonds to be paid by the Association.

4.2.3 Maintenance of Rights of Way, etc. To the extent deemed advisable by the Board, pay for the costs of maintaining and landscaping right of way, planter islands, or other similar areas which are within or adjacent to the Property boundaries.

4.2.4 Property Management. The Association may enter into agreements with one or more qualified persons which provide for the maintenance and repair of the Common Area, collection of assessments, sending all required notices to Lot Owners, operation of Association meetings, and other regular activities of the Association. Provided that, the Board may not delegate to said persons the duties which it is required by law to perform.

4.2.5 Contracting and Payment for Materials, Services, etc. Contract and pay for any materials, supplies, labor or services which the Board should determine are necessary or proper for carrying out its powers and duties under this Declaration, including legal, accounting, management or other services; provided that if for any reason any materials, supplies, labor or services are provided for particular Lots or their Owners, the cost thereof shall be specially charged to the Owner of such Lots. The Board may pay the Declarant a reasonable fee for any services it performs on behalf of the Association.

4.2.6 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents, of the Association and in such manner as is from time to time determined by the Board.



4.2.7 Attorney-in-Fact. Each Owner, by the mere act of becoming an Owner, shall irrevocably appoint the Association as his attorney-in-fact, with full power of substitution, to take such action as is reasonably necessary to promptly perform the duties of the Association and Board hereunder.

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

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

ARTICLE 5

ARCHITECTURAL CONTROL

5.1 Construction and Exterior Alteration or Repair.

5.1.1 All buildings and structures (including, without limitation, concrete or masonry walls, rockeries, fences, ledges, swimming pools, if any, or other structures) to be constructed, erected, placed or altered within the Property, and all exterior alterations and repairs (including, but not limited to, reroofing or repainting) of any buildings or structures on the Property and visible from any public street or other lot must be approved by the Board of Directors of the Association, or by an Architectural Control Committee (ACC) composed of three (3) or more representatives appointed by the Board; provided, until all of the Lots are sold with homes on them the Declarant shall appoint the members of the ACC. References in this Article 5 to the ACC shall be deemed to include the ACC, the Board or the Declarant, as circumstances may dictate. Complete plans and specifications of all such proposed buildings structures, and exterior alterations and repairs, together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the ACC shall be submitted to the ACC before construction, alteration or repair is started. Construction, alteration or repair shall not be started until written approval thereof is given by the ACC.

5.1.2 The ACC will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the external design with proposed or existing structures on neighborhood residential Lots or building sites, and as to location of the building with respect to topography, finish grade elevation and building setback restrictions.

5.1.3 In the event the ACC fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, such approval will not be required.

5.1.4 All plans and specifications for approval by the ACC must be submitted in duplicate at least thirty (30) days prior to the proposed construction or exterior alteration or repair starting date. The maximum height of any building shall be established by the ACC as part of the plan approval and shall be given in writing together with approval.

5.1.5 The ACC may require that said plans or specifications shall be prepared by an architect or a competent house designer, approved by the ACC. One complete set of said plans and



specifications shall in each case be delivered to and permanently left with the ACC. All buildings or structures shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the ACC. The ACC shall have the right to refuse to approve any design, plan or color for such improvements, construction, or exterior alteration or repair visible from a public street or other Lot which is not suitable or desirable in the ACC's reasonable opinion, aesthetic or otherwise.

5.1.6 In so passing upon such design, the ACC shall have the right to take into consideration the suitability of the proposed building or other structure, and the material of which it is to be built, and the exterior color scheme, to the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, and the effect or impairment that said structures will have on the view or outlook of surrounding buildings sites, and any and all factors, which, in the ACC's opinion, shall affect the desirability or suitability of such proposed structure, improvements, or exterior alteration or repair.

5.1.7 The ACC shall have the right to disapprove the design or installation of a swimming pool or any other recreational structure or equipment desirable, in the ACC's reasonable opinion, aesthetic or otherwise. In so passing upon such design or proposed installation, the ACC shall have the right to take into consideration the visual impact of the structure and the noise impact of the related activities upon all of the properties located in close proximity. Any enclosure or cover used in connection with such a recreational structure or equipment, whether temporary, collapsible, seasonal, or whatever, shall be treated as a permanent structure for the purposes of these covenants, and shall be subject to all the conditions, restrictions, and requirements as set forth herein for all buildings and structures.

5.1.8 The ACC shall have the right to require, at a Lot Owner's expense, the trimming or topping (or, if deemed necessary by the ACC, removal) of any tree, hedge or shrub on a Lot which the ACC determines is unreasonably blocking or interfering with the view or access to sunlight of another Lot.

5.1.9 The ACC shall have the right to specify precisely the size, color and style of mailboxes, and of the post or support on which such mailboxes are affixed, and their location within the Property.

5.1.10 Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions of this Section 5.1 as to any Lot owned by Declarant, whether or not any Class B membership exists.

5.2 Sales Facilities of Homebuilder(s). Notwithstanding any provision in this Declaration to the contrary, the Homebuilder(s) of said property (its agents, employees and contractors) shall be permitted with authorization from the ACC to maintain during the period of sale of Lots and/or Homes upon such portion of the Property as the Homebuilder(s) may choose, such facilities of the Homebuilder(s) may be reasonably required, convenient or incidental to the construction, sale or rental of Lots and Homes, including but not limited to, business offices, storage areas, signs, model units, sales offices, construction offices and parking area for all prospective tenants or purchasers of the Homebuilder.



ARTICLE 6

USE AND MAINTENANCE OBLIGATION OF OWNERS

- 6.1 Maintenance of Lots. Each Owner, at said Owner's sole cost and expense, shall promptly and continuously maintain, repair and restore said Owner's Lot (including the yard and landscaping), fences and home, and other improvements located thereon, in a good, clean, attractive, safe and sanitary condition and in full compliance with all applicable governmental laws, rules and regulations and the provisions of this Declaration and the rules and regulations of the Association.
- 6.2 Restrictions on Storage. No Owner shall store or allow any occupant or tenant to store any trailers, boats, motor homes, recreational vehicles, trucks over two tons (except those used by Declarant), or any disabled or inoperable motor vehicles on the Property (including the streets) for more than forty-eight (48) hours unless they are completely within an enclosed garage, or within such other enclosure as may be approved in advance by the ACC. Violations shall subject such vehicles to public impound, at the expense and risk of the Owner thereof.
- 6.3 Common Drives. Common drives, walks (if any) and paths (if any) shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the Board.
- 6.4 Residential Use. All lots and improvements located thereon shall be used, improved and devoted exclusively to residential use. No structures or buildings of any kind shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling for single-family occupancy only, not to exceed two stories and daylight or subterranean basement, with a private garage or carport for not more than three standard sized passenger automobiles.
- 6.5 Nuisance. No nuisance shall be permitted to exist or operate upon any Lot or improvement thereon so as to be detrimental to any other Lot or Property in the vicinity thereof or to its occupants.
- 6.6 Restriction on Further Subdivision. No Lot or portion of a Lot in this plat shall be divided and sold or resold or ownership changed or transferred whereby the ownership of any portion of this plat shall be less than the area required for the use district in which located; provided, the foregoing shall not prohibit deeds of correction, deeds to resolve boundary disputes and similar corrective instruments. Lots may be joined and joined Lots may subsequently be subdivided only into the Lots originally joined.
- 6.7 Garbage and Trash Removal. No Lot shall be used as a dumping ground for rubbish, trash or garbage. Garbage and trash containers shall be buried or shall be located abutting rear or sides of house and shall be contained within an enclosure. No incinerators shall be allowed on any of the Lots. The design and material of said enclosure shall be in keeping with the general appearance of the house and its design must receive prior approval by the Association.
- 6.8 Pets. No animal, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except: that cats, dogs, birds or other household pets may be kept if they are not kept, bred or maintained for any commercial purpose; and that such pets shall not be kept in numbers or under conditions reasonably objectionable in a closely built-up residential community or in violation of the reasonable rules and regulations of the Association. Animals shall not be allowed to roam loose, outside the limits of any Lot on which they are kept.
- 6.9 Signs. No signs shall be displayed to the public view on any Lot except one professional sign of not more than one square foot, one sign of not more than 4 square feet advertising the property for



sale or rent, or signs used by Declarant or another home builder to advertise the property during the construction and sales period.

6.10 Renting and Leasing.

6.10.1 With respect to the leasing, renting or creation of any kind of tenancy of a Lot and improvements thereon by its Owners, such Owner shall be prohibited from leasing or renting less than the entire Lot or improvements thereon, or (with the exception of lender in possession of a Lot and improvements thereon following a default in a first mortgage, a foreclosure proceeding or any deed of trust sale or other arrangement in lieu of a foreclosure) for a term less than thirty (30) days; and all leasing or rental agreements shall be in writing and be subject to the Declaration, Articles and Bylaws (with a default of the tenant in complying with the Declaration, Articles and Bylaws constituting a default under the lease or rental agreement).

6.10.2 If a Lot or Home is rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Lot or Home as is required to pay any amounts due the Association hereunder, plus interest and costs, if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner, and the Lot or Home under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Lot or its Owner; in derogation of any rights which a mortgagee of such Lot may have with respect to such rents. Other than as stated herein there are no restrictions on the right of any Owner to lease or otherwise rent his Home.

6.10.3 An Owner may not rent or lease a Lot or Home in any manner whatsoever for one year after the date of closing of their purchase without the prior written approval, of the Board of Directors. Provided that, this section shall not apply to mortgagees who take title after a default by a Lot Owner.

6.11 Zoning Regulations. Zoning regulations, building regulations, environmental regulations and other similar governmental regulations applicable to the Properties subject to this Declaration shall be observed. In the event of any conflict between any provision of such governmental regulations and restrictions of this Declaration the more restrictive provisions shall apply.

6.12 Business Use. No business of any kind shall be conducted on any Lot with the exception of (a) the business of Declarant in developing and selling Homes on the Lots and (b) home occupations approved by the Board of Directors which do not create excess traffic, parking problems, noise, or otherwise violate this Declaration. The Lot Owner shall comply with all of the requirements of the appropriate local government. No business materials, supplies or equipment shall be stored on any Lot within the view of another Lot, except for items relating to an improvement which is under construction in conformance with this Declaration.

6.13 Temporary Residence. No outbuilding, basement, tent, shack, garage, trailer or shed or temporary building of any kind shall be used as a residence either temporarily or permanently, except for a construction shack used by an Owner's construction contractor during a construction period.

6.14 Antenna, Satellite Dish. No antenna, satellite dish larger than 18 inches in diameter or similar equipment shall be affixed to any exterior wall or roof or otherwise placed on any Lot.



6.15 Building Setback Requirements. All buildings and other Lot improvements shall comply with all applicable government requirements, including without limitation minimum setback requirements.

6.16 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot; nor shall oil wells, tanks, tunnels, mining excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

6.17 Sewage Disposal. No permanent private water well or septic tank system shall be permitted on any Lot. The cleaning of private catch basins, if any, on individual Lots shall be carried out at least once prior to September 15th of each calendar year.

6.18 Lot Size. No residential structure shall be erected or placed on any Lot which has a lot area of less than that required by the government entity having appropriate jurisdiction over the Property.

6.19 Completion of Improvements. Any improvements constructed on any Lot in the Property shall be completed as to external appearance, including finish painting within six (6) months from the commencement of construction except for acts of God in which case a longer period may be permitted.

6.20 Mailboxes. Each of the mailbox structures shall be jointly owned and maintained by the Lot Owners with mailboxes located therein. All of the Owners who share a mailbox structure shall pay an equal portion of the cost of maintaining their mailbox structure in good condition.

6.21 Unightly Conditions. No unsightly conditions shall be permitted to exist on any Lot. Unightly conditions shall include, without limitation, laundry hanging or exposed in view for drying, litter trash, junk or other debris; inappropriate, broken or damaged furniture or plants; undecorative gear, equipment, cans, bottles, ladders, trash barrels, and other such items. No awnings, air conditioning units, or other projections shall be placed on exterior walls of any Housing Unit unless prior written approval shall have been obtained from the ACC.

6.22 Landscaping in Right-of-Way. Each lot owner shall maintain the tree(s) and any other vegetation planted in the right-of-way in front of each lot. Each lot owner shall install and maintain an irrigation system in the right-of-way to water vegetation planted by Developer or Homebuilder. If at anytime a lot owner wishes to add landscaping in the Right-of-Way such lot owner shall require authorization from the City of Richland.

6.23 Sidewalks. It shall be the responsibility of each lot owner to maintain the sidewalk in front of their lot.

ARTICLE 7

ASSESSMENTS

7.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressive in such deed, is deemed to covenant and agree to pay to the Association any assessment duly levied by the Association as provided herein. Such assessments, together with interest, costs, late charges and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such



assessment, together with interest, costs, late charges and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless the lien for such delinquent assessments had been properly recorded prior to title transfer or unless expressly assumed by them. When ownership of a Lot changes, assessments which have been established for the current fiscal year shall be prorated between the Buyer and Seller based on a 365-day year.

7.2 Liability for Assessments/Uniform Rate. Any assessments which may be levied from time to time pursuant to the authority of the Board as set forth in Section 4.2.1 hereof, shall be fixed at a uniform rate for each lot, except for assessments levied against an Owner for the purpose of reimbursing the Association for costs incurred in bringing the Owner or his Home and/or Lot into compliance with the provisions of this Declaration. Declarant shall pay any assessment levied against any Lots owned by it. No Owner may exempt himself from liability for his Assessments by abandonment of his Lot.

7.3 Association Budget. The Association shall prepare, or cause the preparation of, an operating budget for the Association at least annually, in accordance with generally accepted accounting principles. The operating budget shall set forth all sums required by the Association, as estimated by the Association, to meet its annual costs and expenses of the Association.

7.4 Levy of General Assessment. In order to meet the costs and expenses projected in its operating budget, the Board shall determine and levy on every Owner a general assessment. The amount of each Owner's general assessment shall be the amount of the Association's operating budget divided by the total number of Lots in the Property at the beginning of the next assessment year. The Board shall make reasonable efforts to determine the amount of the general assessment payable to each Owner for an assessment period at least thirty (30) days in advance of the beginning of such period. Notice of the general assessment shall thereupon be sent to each Owner subject to assessment; provided, however, that notification to an Owner of the amount of an assessment shall not be necessary to the validity thereof. The omission by the Board, before the expiration of any assessment period, to fix the amount of the general assessment hereunder for 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. The general assessment fixed for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Association of the operating budget during the assessment period for which such budget was prepared the Board 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 the assessment period.

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

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

7.7 Lien. In the event any assessment or installment thereof remains delinquent for more than thirty (30) days, the Board may, upon fifteen (15) days prior written notice to the Owner of such Lot of the existence of the default, accelerate and demand immediate payment of the entire assessment. The amount



of any assessment assessed or charged to any Lot plus interest, costs, late charges and reasonable attorneys' fees, shall be a lien upon such Lot. A Notice of Assessment may be recorded in the office where real estate conveyances are recorded for the county in which this Property is located. Such Notice of Assessment may be filed at any time at least fifteen (15) days following delivery of the notice of default referred to above in this section. The lien for payment of such assessments and charges shall have priority over all other liens and encumbrances, recorded or unrecorded, limited as provided in Section 10.1. Suit to recover a money judgment for unpaid assessments or charges shall be maintainable without foreclosure or waiver of the lien securing the same.

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

7.9 Special Assessments. In addition to the general assessments authorized by this Article, the Association may levy a special assessment or assessments at any time against all Lot owners, applicable to that year only, or the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a described capital improvement located upon or forming a part of the Common Areas, including necessary fixtures, and personal property related thereto, or for such other purpose as the Association may consider appropriate; provided, however, that any such assessment must have the prior favorable vote of Owners of two-thirds (2/3) of the Lots. The amount of each Owner's special assessment for any year shall be total special assessment for such year, divided by the total number of Lots in the Property at the time the special assessment is levied.

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

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

7.12 Foreclosure of assessment Lien; Attorneys' Fee and Costs. The Board or authorized agent(s), on behalf of the Association, may initiate action to foreclose the lien of, or collect, any assessment. In any action to foreclose the lien of, or otherwise collect, delinquent assessments or charges, any judgment rendered in favor of the Association shall include a reasonable sum for attorneys' fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law.



7.13 Curing of default. The Board shall prepare and record a satisfaction and release of the lien for which a Notice of Assessment has been filed and recorded in accordance with this Article upon timely payment or other satisfaction of all delinquent assessments set forth in the Notice, and other assessments which have become due and payable following the date of such recordation with respect to the Lot as to which such Notice of Assessment was recorded, together with all costs, late charges and interest which have accrued hereon. A fee of twenty-five dollars (\$25.00) covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction of the lien created by the Notice of Assessment shall be executed by the president or treasurer of the Association or by any authorized representative of the Board. For the purposes of this paragraph, the term "costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the Notice of assessment and in efforts to collect the delinquent assessments secured by the lien and a reasonable sum for attorneys' fees.

ARTICLE 8

COMPLIANCE WITH DECLARATION

8.1 Enforcement.

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

8.1.2 Attorney's Fees. In an action to enforce the provisions of Section 8.1.1 or 8.1.2 or any other provision of this Declaration, the Articles or the Bylaws, the prevail party in such legal action shall be entitled to an award for reasonable attorneys' fees and all costs and expenses reasonably incurred in preparation for or prosecution of said action, in addition to taxable costs permitted by law.

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

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

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



ARTICLE 9

LIMITATION OF LIABILITY

9.1 No Personal Liability. So long as a Board member, Association committee member, Association officer, or authorized agent(s) has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be processed by such person, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; PROVIDED, that this Section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance or bonds obtained by the Board pursuant to Section 4.2.2 or Article 14 hereof.

9.2 Indemnification. Each Board member or Association committee member, or Association Officer, and their respective heirs and successors, shall be indemnified by the Association against all expenses to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred except in such cases wherein such person is adjudged guilty of intentional misconduct, or gross negligence or a knowing violation of law in the performance of his duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled; PROVIDED, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Nothing contained in this Section 9.2 shall, however, be deemed to obligate the Association to indemnify any Member or Owner of a Lot who is or has been a Board member or officer of the Association with respect to any dues or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Lot.

ARTICLE 10

MORTGAGEE PROTECTION

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

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



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inconsistent with any other provision of this Declaration shall control over such other inconsistent provisions.

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

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

10.5 Furnishing of Documents. The Association shall make available to prospective purchasers, Mortgagees, insurers, and guarantors, at their request, current copies of the Declaration, Bylaws, and other rules governing the Property, and the most recent balance sheet and income/expense statement for the Association, if any has been prepared.

ARTICLE II

EASEMENTS AND SPECIAL TRACTS

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

11.2 Utility Easements. On each Lot, easements are reserved as provided by the Plat Map and applicable laws, ordinances and other governmental rules and regulations for utility installation and maintenance, including but not limited to, underground electric power, telephone, water, sewer, drainage, gas and accessory equipment, together with the right to enter upon the Lots at all times for said purposes. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage, interfere with the installation and maintenance of utilities or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements, the easement area or each Lot, and all improvements shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

11.3 Cul-de-sac Landscape Planters. If cul-de-sac landscape planters are installed the abutting owners shall be only responsible for the maintenance of the landscape planter islands in any of the cul-de-sacs. The performance of maintenance of the said landscape planter islands shall be subject to the reasonable rules and regulations of the Association.



ARTICLE 12

TERM OF DECLARATION:
ABANDONMENT OF SUBDIVISION STATUS

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

12.2 Abandonment of Subdivision Status. The Association shall not, without the prior written approval of the governmental entity having jurisdiction over the Property and without prior written approval of one hundred percent (100%) of all first Mortgagees (based upon one vote for each first Mortgage owned) and Owners (other than the sponsor, developer or builder) of record, seek by act or omission to abandon or terminate the subdivision status of the Property as approved by the governmental entity having appropriate jurisdiction over the Property.

ARTICLE 13

AMENDMENT OF DECLARATION, PLAT MAP

13.1 Declaration Amendment. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Amendments must be approved by Lot Owners, including Declarant, having over sixty-seven percent (67%) of the votes in accordance with Section 3.4.1. Amendments may be adopted at a meeting of the Association, or approved in writing by the requisite percentage of Owners. In all events, the amendment shall bear the acknowledged signature of the president of the Association and shall be attested by the secretary, who shall describe the manner of adoption. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Notwithstanding any of the foregoing, the prior written approval of 51 percent of all Mortgagees who have requested from the Association notification of amendments shall be required for any material amendment to the Declaration or the Association's Bylaws of any of the following: voting rights, assessments, assessments liens, and subordination of such liens; reserves for maintenance, repair and replacement of Common Areas, insurance or fidelity bonds; responsibility for maintenance and repair; the boundaries of any lot; convertibility of Lots into Common Areas or of common Areas into Lots; leasing of Lots other than as set forth herein; imposition of any restriction on the right of an Owner to sell or transfer his Lot; a decision by the Association to establish self-management when professional management had been required previously by the Mortgagees; or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of First Mortgages. It is specifically covenanted and understood that any amendment in this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration, unless otherwise specifically provided in the section being amended or the amendment itself.

13.2 Plat Map. Except as otherwise provided herein, the Plat Map may be amended by revised versions or revised portions thereof referred to and described as to affect in an amendment to the Declaration adopted as provided for in Section 13.1. Copies of any such proposed amendment to the Plat Map shall be made available for the examination of every Owner. Such amendment to the Plat Map shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county office in conjunction with the Declaration amendment.



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

13.4 Amendments to Conform to Lending Institution Guidelines. So long as Declarant continues to own one or more Lots, Declarant, on his signature alone, and as an attorney-in-fact for all Lot Owners with an irrevocable power coupled with an interest, may file such amendments to the Declaration and Plat Map as are necessary to meet the then requirements of: Federal National Mortgage Association, Veterans Administration, Federal Home Loan Mortgage Corporation, or other agencies, institutions or lenders providing financing and/or title insurance within the Property or the governmental agencies having jurisdiction over the Property.

13.5 Article 15 Amendments. Declarant, upon Declarant's sole signature, and as an attorney-in-fact for all Lot Owners with an irrevocable power coupled with an interest, may at any time, until all Lots have been sold by Declarant, file such amendments to the Declaration and Plat Map as are necessary in the exercise of Declarant's powers under Article 15.

ARTICLE 14

INSURANCE

The Board shall have authority in the exercise of its discretion to obtain and maintain from time to time as a common expense, bonds of fidelity coverage for Association Board members (including Declarant, officers, employees or agents; and such other insurance as the Board may deem advisable or as may be required by the Federal National Mortgage Association, Federal Home Loan Mortgage Association, Veterans Administration or similar agencies or lending institutions.

ARTICLE 15

ANNEXATION OF ADDITIONAL PROPERTIES

15.1 Annexation by Declarant. Although not obliged to do so, Declarant reserves the right to develop as single family residential subdivisions Additional Lands which would be in addition to and would be nearby the land described in Exhibit "A." At any time within fifteen (15) years of the date of recording of this Declaration, Declarant may cause all or any portion of such Additional Lands to be annexed to the existing property without the assent of the members of the Association; PROVIDED, however, that the annexation of Additional Lands described in this Section shall be adjacent to the then existing Property. Such Additional Lands shall be deemed "adjacent" to the existing Property even if separated therefrom by land which is owned by Declarant, the Association or the Lot Owners as tenants-in-common; or is owned by or dedicated to the public or a governmental agency or instrumentality; or is available for the use or benefit of the Association or Lot Owners by easement or otherwise.

15.2 Non-Declarant Annexations. Annexation of additional properties (other than Declarant; annexations provided for in Section 15.1 hereof) shall require the assent of two-third (2/3) of the members of the Association, at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than thirty (30) days or more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. At this meeting the presence of the members or of proxies entitled to cast sixty percent (60%) of the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the



required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event two-third (2/3) of the members are not present in person or by proxy, members not present may give their written consent to the action taken thereat. Until all Class B membership terminates, annexation of Additional Properties under this Section shall also require the prior written approval of the Declarant.

ARTICLE 16

MISCELLANEOUS

16.1 Notices

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

(A) If an Owner, other than Declarant, to the mailing address of such Owner maintained by the Association, pursuant to the Bylaws.

(B) If to Declarant, whether in its capacity as an Owner, or in any other capacity, the following address (unless Declarant shall have advised the Board in writing of some other address): 8551 West Gage Blvd. Suite A, Kennewick, Washington 99331.

(C) Prior to the organizational meeting, notices to the Association shall be addressed to the address set forth in (B) above. Thereafter, notices to the Association shall be addressed to an address to be posted by the Association at all times in a conspicuous place, or to the official mailing address furnished by notice from the Association. In addition, from and after the organizational meeting, notice of the address of the Association shall be given by the Board to each Owner, within a reasonable time after the Board has received actual notice of such Owner's purchase of a lot.

16.2 Conveyances; Notice Required. The right of an Owner to sell, transfer, or otherwise convey his Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board or anyone acting on their behalf. If a Lot is being sold, the Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Lot, whether or not such information is required.

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

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

16.5 Mortgagee's Acceptance.



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

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

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

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

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

DECLARANT:

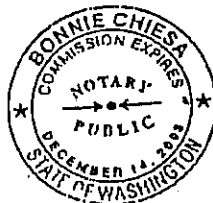
FOUNTAIN HILLS NW, L.L.C.
A Washington Corporation

By: Gregory S. Markel
Its: President

STATE OF WASHINGTON)
: ss.
COUNTY OF BENTON)

On this day 30th day of August, 2001, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared Gregory S. Markel to me personally known (or proven on the basis of satisfactory evidence) to be the President of Fountain Hills Property Development, L.L.C., the corporation that executed the within and foregoing instrument, and acknowledged 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 was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

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



Bonnie Chiesa
NOTARY PUBLIC in and for the State of Washington
Residing in Kennedixt
My commission expires: Dec 14, 2003



2001-027052
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08/30/2001 09:24P
Benton County

EXHIBIT A

LEGAL DESCRIPTION

FOUNTAIN HILLS

Fountain Hills Phase 1 Tracts A, B, C, E, F and G to include all storm basins and other common areas within Phase 1.

ALSO INCLUDING:

Plat of Fountain Hills Phase 2, Phase 3 and Phase 4 to include all storm basins and other common areas within Phases 2, 3 and 4.

A portion of NW 1/4, Sec. 31, T. 9N., R. 29E., W.M., City of Kennewick, Benton County, Washington.