

RIVERSHORE ESTATES

THIS DECLARATION is made on the 15th day of August, 2003, by the RiverShore Estates Developers, hereinafter referred to as "Developer", with respect to certain real property and improvements thereon located in the City of Pasco, Franklin County, Washington.

WHEREAS, it is the Developer's intention that said Lots will be developed and sold subject to certain protective covenants, easements, conditions, restrictions, and reservations, as hereinafter set forth:

NOW, THEREFORE, the Developers hereby declare that all the properties described below shall be held, sold, conveyed and developed subject to the following restrictions, easements, conditions, and covenants. All of which are for the purpose of attractiveness, enhancing the value of the real property, protecting the health, safety and welfare of the property Owners, and to further all things conducive to assure the orderly and eventual conversion of this property into a high quality residential area. These covenants, easements, conditions, and restrictions shall run with the real property and shall be binding on all parties now having or hereafter acquiring any title, right, or interest in the described properties or any part thereof and shall inure to the benefit of each Owner thereof.

RECITALS:

- A. Developer is the Owner of the real property and improvements described in the Plat marked Exhibit A, attached hereto and by this reference made a part hereof.
- B. Developer desires to declare RiverShore Estates to be subject to the covenants, conditions and restrictions, easements and reservations set forth in this Declaration.

NOW, THEREFORE, to accomplish the foregoing purposes, the Developer hereby publishes and declares that RiverShore Estates shall be held, conveyed, encumbered, leased, rented, used, occupied, and improved subject to the following covenants, conditions, restrictions, easements and reservations, all of which are for the purpose of enhancing and protecting the value, attractiveness, and desirability of RiverShore Estates. Those covenants, conditions, restrictions, easements, and reservations shall run with the land, and shall be a burden upon and benefit to the Developer and any other person, firm, corporation, or entity of any kind whatsoever acquiring or owning an interest in RiverShore Estates or any part hereof, and their lessees, guests, heirs, executors, personal representatives, successors and assigns.

Acceptance of an interest in a Lot shall be deemed acceptance of the terms and provisions of this Declaration.

ARTICLE I
DEFINITIONS

Section 1: Developer. The term “Developer” shall mean and refer to Designer Homes Northwest L.L.C.; Tome and Salina Savage.

Section 2 Owner The term “Owner” shall mean and refer to the Owner of record, whether one or more persons or entities, of a fee simple title to any Lot or portion of said plat, including contract purchasers.

Section 3: Association. The term “Association” shall mean and refer to the non-profit association of Lot Owners of RiverShore Estates acting collectively in accordance with the Articles of incorporation thereof, the Bylaws thereof, and this Declaration. The Association is called the “RiverShore Estates Association.”

Section 4 Board The term “Board” shall mean and refer to the Board of Directors of the Association.

Section 5 Building The term “Building” shall mean and refer to home(s) constructed in the RiverShore Estates Development.

Section 6: Corporate Action The term “Corporate Action” shall mean and refer to a corporate resolution of the Association in the form of either a Bylaw or Resolution duly passed by either the Board or the Members of the Association at Members meeting.

Section 7 Declaration The term “Declaration” shall mean and refer to this Declaration of Covenants, Conditions and Restrictions.

Section 8 Garage The term “garage” shall mean that building or designed for the purpose of storage of a motor vehicle.

Section 9 Lot The term “Lot” shall mean and refer to any one of the Lots located within the plat of RiverShore Estates, with the exception of the common area, identified as Tract D. A “River Lot” will mean any Lot with the South boundary adjacent to the Columbia River.

Section 10: Member The term “Member” shall mean and refer to every person or entity that holds a membership in the Association. There shall be one membership per Lot, which shall be inseparably appurtenant to each Lot.

Section 11: Lot Owner The term “Lot Owner” shall mean and refer to the record Owner, whether one or more persons or entities, for and Lot and shall include and persons or entities purchasing a Lot pursuant to the terms of a recorded real estate

contract or Deed of Trust, but excluding those having an interest in any Lot merely as security for the performance of an obligation.

Section 12: Plat The term "Plat" shall mean the Plat as recorded in Volume ___ of Plats, pages ___, Records of Franklin County, Washington.

ARTICLE II
TERMINATION OF DEVELOPMENT PERIOD-RESERVED
RIGHTS DURING DEVELOPMENT PERIOD

Section 1: Development Period RiverShore Estates Development Period shall mean that period of time from the date of the recording of these Declarations until the date when seventy-five percent (75%) of the Lots have been sold. Upon termination of the Development Period, either because of the sale of the required number of Lots or at the election of the Developer, the Developer shall record with the Franklin County Auditor a Declaration of Termination of Development period, referencing the Declaration and stating that the Development Period is terminated. The Development Period shall terminate with the recording of said document.

Section 2: Notice of Termination of Development Period. Not less than ten (10) nor more than thirty (30) days prior to the recording of the Declaration of Termination of Development Period, the Developer shall give written notice of the termination of the Development Period to the Lot Owner of each Lot. If there shall be more than one Lot Owner of any Lot, notice to any one of said Lot Owners should be sufficient. The notices shall be transmitted by regular mail, postage prepaid, addressed to the Owners at their last mailing address provided to the Developer. If no mailing address has been provided to the Developer, then said notice shall be addressed to the mailing address of the Lot. Notices shall be deemed given when deposited in a United States Post Office postage prepaid, addressed as hereinabove indicated.

Section 3 Notice of Meeting of Association. Said Notice of Termination of Development Period shall specify the date when the Development Period will terminate, and shall further notify the Lot Owners of the date, place, and time at which the first meeting of the Association will be held. The notice shall specify that the purpose of the Association meeting is to elect new officers and Board of the Association. Notwithstanding any other provision of the Articles or Bylaws of the Association to the contrary, for the purposes of this meeting, the presence of the Owners of a majority of the Lots shall constitute a quorum. The Board and officers of the Association may be elected by a majority vote of said quorum. If a quorum shall not be present, the Development Period shall nevertheless terminate and it shall thereafter be the responsibility of the Lot Owners to provide for the operation of the Association.

Section 4: Developer's Reservation of Authority During Development Period. The Developer hereby reserves for itself, its successors or assigns, during the Development Period, all of the rights, powers, and functions of the Association or the Board thereof, which shall be exercised and/or performed by the Developer. The Developer shall appoint the initial Board Members who shall exercise and aforesaid rights during the Development Period.

ARTICLE III
THE ASSOCIATION

Section 1: Membership. Every Lot Owner shall be a Member of The RiverShore Estates HomeOwner's Association. Membership shall be appurtenant to and may not be separated from Ownership of and Lot that is subject to assessment. All Members shall have rights and duties as specified in this Declaration, and in the Articles and Bylaws of the Association.

Section 2 Voting At any meeting of the Association, each Lot Owner (including the Developer if the Developer shall own any Lot) shall be entitled to cast one vote per each Lot owned. If any Lot is owned by more than one person or other entity, then the Owners thereof shall appoint one person to cast the vote appertaining to the Lot, and shall file a written statement with the Board signed by all Owners, stating such. The person appointed to vote need not be a Lot Owner. Any such designation once made may be revoked when the Board receives notice of the death or judicially declared incompetency of any Lot Owner, or upon the Lot Owner's conveyance of the Lot. In any situation where there is more than one Owner of a Lot, the Owners attending any meeting of the Association may, if they act unanimously, cast the vote for that Lot. Voting at any meeting of the Association may be in person or by proxy, provided that such proxy is in writing and signed by the Lot Owner and filed with the Board in advance of the meeting at which such vote is taken. Any proxy given by a Lot Owner or Owners to or in favor of a holder of indebtedness secured by any recorded first mortgage (meaning a mortgage with priority over all other mortgages) upon his Lots, shall upon presentment to the Board be honored by the Association and may not be revoked by the Lot Owner without the prior written consent of the holder of such indebtedness. The voting rights of any Member may be suspended as provided in the Declaration, or the Articles or Bylaws of the Association.

ARTICLE IV
BYLAWS OF THE ASSOCIATION

Section 1: Adoption of Bylaws and Amendment. Within thirty (30) days following the filing of this Declaration with the Franklin County Auditor, the Developer shall adopt Bylaws for the Association and shall thereupon appoint the Members to the initial Board. Except as expressly provided to the contrary herein or in the Bylaws of the Association, the Bylaws of the Association may be amended from time to time by a vote of seventy-five percent (75%) of all Lot Owners, at any regular or special meeting of the Association called for that purpose, provided that thirty (30) days' notice of any such meeting shall fully describe the amendment to be voted upon at the meeting. Notice of the time and place of such meeting shall be in writing and shall be delivered personally to each Lot Owner, or mailed postage prepaid to each Lot Owner at his last known post office address.

Section 2: Initial Board of Directors. The members of the initial Board shall be appointed by the Developer and shall serve until the termination of the Development Period and the transfer of the management and administration of RiverShore Estates to the Permanent Board. If any member of the initial Board is no longer alive, or becomes incompetent or resigns, or if the Developer desires to replace or remove any such member, then the Developer shall have the right and power to appoint a successor member who shall serve until the initial Board transfers responsibility for management and administration of RiverShore Estates to the Board. Except as specifically provided herein to the contrary, during such time as the Developer's appointees compose the initial Board, such appointees shall have the right to exercise all powers and perform all functions of the Board as authorized and provided in this Declaration, the Articles of Incorporation of the Association and the Bylaws. The initial Board shall serve without compensation. This Declaration and/or the Articles of Incorporation of the Association and/or the Bylaws of the Association shall not be amended, modified or superseded without the expressed written consent of the Developer until management and administration of RiverShore Estates is transferred from the initial Board to the Board.

ARTICLE V MANAGEMENT AND OWNERSHIP OF COMMON AREAS

Section 1: Control. The Developer shall have the right, during the Development Period and until construction is completed and all Lots are sold and closed in RiverShore Estates, to utilize the Common Area for its business use and purposes, including, but not limited to: construction, promotion, and development of the real property. The Common Area shall be conveyed to the Association upon completion of Tracts A, B, D, and F.

Section 2: Costs Until such time as the Common Area shall be conveyed to the Association, the Developer shall pay all costs of maintaining and operating the Common Area. Upon conveyance of the Common Area to the Association, the Association shall thereafter pay all costs of maintaining and operating the Common Area, except for any costs incurred on account of or as a result of the use by a declarant as aforesaid which will be the obligation of the Developer.

ARTICLE VI PROPERTY RIGHTS IN THE COMMON AREA

Section 1 Lot Owner's Easement of Enjoyment in and to the Common Area. Every Lot Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Area, and such easement shall be appurtenant to and shall be conveyed with the title to, or contract purchaser's interest in every Lot, even though such easement is not expressly mentioned or described in the conveyance or other instrument, subject to the following restriction:

- (a) The right of the Association to limit the number of guests of Members, and to adopt rules and regulations with regards to the use of the Common Area.

Section 2: Title to Common Area. After conveyance by Developer, the Association as trustee for the Lot Owners shall hold title to the Common Area.

ARTICLE VII MAINTENANCE

Section 1 Association The Association and/or its duly designated representative shall maintain the Common Area and the grass, trees, and shrubs on individual Lots. Maintenance of individual Lots to include front, back and side yard.

Section 2: Lot Owners. Each Lot Owner hereby covenants and agrees to maintain that area of his respective Lot as described above in Section 1. The entire real property will reflect a high pride of Ownership. If any Lot Owner shall fail to provide the initial landscaping or to maintain his or her Lot or the dwellings located thereon in this manner, the Association, after approval by two-thirds (2/3) vote of the Board, shall have the right to notify said Lot Owner in writing of the maintenance required. If said notice is delivered to the non-performing Lot Owner, and no action is taken for a period of thirty (30) days, the Association shall have the right, through its agents and employees, to enter upon said Lot and provide such maintenance, and to levy an assessment against the non-performing Lot Owner and his or her Lot for the cost of providing said maintenance. Said assessment shall constitute a lien against the Lot owned by the non-performing Lot Owner, and may be collected in the same manner, as any other monthly or special assessment as hereinafter provided. If not paid within thirty (30) days after said assessment is levied, the Association shall have all the remedies for collection as provided in Article VII of the Declaration.

ARTICLE VIII COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1 Creation of the Lien and Personal Obligation of Assessments. Each Lot Owner by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or conveyance, is deemed to covenant and agree to pay to the Association all common expenses assessed against his Lot by the Association, including, but not by way of limitation:

- (1) annual assessments or charges, and
- (2) special assessments, such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest and costs of collection thereof (including reasonable attorney's fees) shall also be the personal obligation of the Lot Owner when the assessment falls due. There will be no assessment on any Lot until first sold.

Section 2 Purpose of Annual Assessments: The monthly assessments shall constitute a common expense fund and shall be used for the payment of those expenses authorized by this Declaration and the Bylaws of the Association, for the benefit of the Lot Owners and for the improvement and maintenance of the Common Area, including without limitation:

- (a) Water, electricity, sewer, garbage collection and other necessary utility services for the Common Area, and to the extent not separately metered or charged for the Lots, and assessments upon RiverShore Estates with respect to such services.
- (b) Legal and accounting services which, in the reasonable opinion of the Board, are necessary or proper in the operation of the Common Area or the enforcement of this Declaration.
- (c) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes and assessment which the Board may procure or pay for pursuant to the terms of this Declaration, or the Bylaws of the Association. Also, anything the board shall decide is necessary or proper for the operation and maintenance of the Common Area or the enforcement of any provisions in this Declaration or the Bylaws of the Association.
- (d) Common area taxes.

Section 3 Amount of the Annual Assessments. The amount of the annual assessments shall be \$240.00

- (a) Each original Lot purchaser, upon the closing of each Lot, shall pay an initial assessment of \$120.00
- (b) Within thirty (30) days prior to the beginning of each fiscal year of the Association, the Board shall estimate the net charges to be paid by the Association during the coming year for the purposes specified in Section 2 of this Article VIII, including a reasonable provision for contingencies and replacements and less any expected income and any surplus from the prior year's fund. The Board shall also divide the estimated net charges by the number of Lots and shall assess each Lot Owner such amount in accordance with the number of Lots owned. The Association's fiscal year commences January 1. If the estimated cash requirement provides inadequate for any reason, including nonpayment of any Lot Owner's assessment, a further assessment may be levied, which shall be assessed in like manner. Each Lot Owner shall be obligated to pay assessments made pursuant to this paragraph to the Association in equal monthly installments on or before the first day of each month during the year. However, the Board of Directors may provide for quarterly payments in lieu of monthly payments.
- (c) All funds collected hereunder shall be expended for the purposes designated herein.
- (d) The omission by the Board before the expiration of any year to fix the assessments for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of the Declaration. This is also not a release of any Lot Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

The new assessment shall be determined as provided in Paragraph (b) above and shall apply prospectively for the balance of the year and until the next assessment is fixed.

- (e) The Association shall keep detailed accurate records, in chronological order, of the receipts and expenditures affecting the Common Area, specifying and itemizing the operation, maintenance, replacement and repair expenses of the Common Area and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by the Lot Owners.

Section 4: Special Assessment. The Association may levy such other special assessments for capital improvements upon the Common Area, or for such other purposes and in such manner as shall be provided in this Declaration, the Articles of Incorporation, Bylaws or other rules and regulations of the Association.

Section 5: Default in Payment of Assessment – Remedies. If any assessment is not paid within thirty (30) days after it was first due and payable, the assessment shall bear interest from the date on which it was due at the highest rate permitted by law until paid. If law imposes no limitation, the rate shall be four percent (4%) above the prime rate charged at Banner Bank or its successor from the last day of the preceding calendar year. The Association may also bring legal action against the one personally obligated to pay, and may also foreclosure the lien against the Lot, plus charge interest, cost and reasonable attorney's fees. All such sums shall be included in any judgment or decree entered in such suit. No Lot Owner may exempt himself from liability for his contribution towards the common expenses by waiver of the uses and enjoyment of the Common Area or by abandonment of his Lot.

Section 6: Subordination of the Lien to Mortgages. The lien of the assessments herein provided for shall be subordinate to the lien of any first mortgage now or hereafter placed on any Lot. Sale or transfer of any Lot that is subject to such first mortgage pursuant to a decree of foreclosure under such mortgage or in lieu of foreclosure thereof shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 7: Assessments RiverShore Estates Property Owners' Association. The assessments provided for in this article are the assessments for the RiverShore Estates HomeOwners Association and do not include those assessments for which each Lot Owner will be responsible as a member of the RiverShore Estates Property Owners Association.

ARTICLE IX ARCHITECTURAL CONTROL

Section 1: Developer. The Developer hereby reserves for itself, its successors and assigns, as long as it owns any Lot, the right to exercise any and all powers and controls given to the Board or its authorized representative as enumerated in Article IX, Section 2 herein. Said reserved right shall automatically terminate when the Developer sells the last Lot, or at such time as the Developer relinquishes said reserved right to the Board.

Section 2: Committee. After the Developer has relinquished his reserved right to control the buildings and the use thereof, or said right has been automatically terminated as provided in Article IX, Section 1, the three (3) member Board of Directors of the Association shall act as the Architectural Control Committee. The written approval of the Committee must be obtained before any building or any fences may be erected, placed or altered on any Lot. A two-thirds (2/3) affirmative vote of the Committee is required before the Committee shall grant written approval. In seeking such approval, a Lot Owner or prospective Lot Owner shall submit to the Architectural Control Committee the building plans and plot plans showing the nature, kind, shape, height, materials and location of such buildings. Their conformity and harmony of external design with existing structures in RiverShore Estates and the appropriateness of their location with respect to topography and finished ground elevation will be considered. After a review of such plans, and within thirty (30) days of such submission of said plans, the Committee shall vote to approve or disapprove. If the Committee fails to approve or disapprove a plan within the thirty (30) day period, approval shall not be required and this Article shall be deemed to have been fully complied with.

ARTICLE X EXTERIOR MAINTENANCE

Each Lot Owner shall be obligated to provide exterior maintenance on that portion of his own Lot not maintained by the Association, at his own expense. To this end, the Architectural Control Committee shall have the right to determine when such exterior maintenance is required in order to maintain the well-kept appearance of all Lots in RiverShore Estates. Such determinations shall include, but not be limited to:

- (a) Dwelling in need of repair, such as replacement of broken windows and repair/replacement of roofs.
- (b) Fencing in need of paint and repair.
- (c) Lawn area in need of maintenance and upkeep.

The color of paint to be used on any building or fence must be approved by the Architectural Control Committee in the same manner as outlined in Article IX, Section 1, and shall be limited to neutral, earth tone, and traditional Cape Cod colors.

ARTICLE XI BUILDING, USE, AND MISCELLANEOUS RESTRICTIONS

Section 1: Building Approval. Prior to construction all plans shall be reviewed and approved by the Developer. This will require submitting a full set of building plans and plat map including all accessory building. The Developer will be allowed 7 days to review the plans.

Section 2: Building Restrictions. The City of Pasco may permit no building except a single-family residential building together with such other accessory building. Such accessory buildings shall not be used for, or in connection with, multiple-family living, and each building site shall be used for no more than one family. Any small business activities operated on the premises shall not be visible from the street, i.e. signs, vehicles and/or equipment.

Section 3: Dwelling Size Restrictions. No building shall be permitted on any Lot if said building has a market value of less than \$200,000.00 exclusive of land based on price levels prevailing on the date of these covenants are recorded. The floor areas of the main structure, exclusive of one-story open porches, basements and garages, shall not be less than 2400 square feet. Daylight basements are required on Block 1 River front Lots.

Section 4: Dwelling Construction Restrictions. Exterior front finishes shall have no less than 20% masonry (brick, stone, or stucco coyness) and the balance shall have only lapped or shade-style siding (no T-111 or like product). All dwellings shall have architectural laminate roofing material, cedar shake, or tile roofing.

Section 5: Accessory Building Construction Restrictions. Accessory building(s) shall have exterior finish equal to the main structure, inclusive of masonry (brick or stone).

Section 6: Completion of Construction. All landscaping shall be completed within 60 days of receiving a certificate of occupancy from the City of Pasco Building Department (weather permitting).

Section 7: Fences. All Fencing that is constructed on said Lots must be coated chain link, vinyl, masonry, or wrought iron. No wood fencing will be permitted.

Section 8: Animal Restrictions. Domesticated cats and dogs, not to exceed a total of three permitted.

Section 9: Vehicles. Any auto or other vehicle deemed to be in inoperative condition in excess of ten days and which causes and undesirable affect on the area may be removed by suit commenced at the request of any Owner.

Section 10: Vehicle Parking. All vehicle parking will be off street parking. Parking of commercial vehicles shall not be visible to other property Owners or from the street.

Section 11: River Bulkheads. All rivers Lots are required to install a 44"-48" bulkhead on the southern boundary. River or dock access will be limited to no more than 10' either side of the East/West centerline of each Lot. To maintain consistency, bulkheads are to be constructed with Anchor Highland Stone. This system comes in various styles and colors. The Developer will provide information including estimated pricing and a list of landscaping contractors.

Section 12: Setbacks. Building and accessory building setbacks must conform with the City of Pasco Building codes. In addition, River Lots are restricted from building closer than 75 feet from the Southern Lot boundary.

Section 13: Dumping. No Lot or tract shall be used as a dump for trash of any kind. All garbage and other waste shall be kept in appropriate sanitary containers located in appropriate areas concealed from view. Yard rakings such as rocks, lawns and shrubbery clippings and other material resulting from landscaping work shall not be dumped into public streets or ditches or on any of the Common Area. The removal and disposal of all such materials shall be the sole responsibility of the individual Lot Owner. Should any Lot Owner fail to comply with this covenant within ten (10) days following the date on which notice is mailed to him by the Association informing him of such violation, then the Association may have said trash removed and charge the expense of removal to said Lot Owner, which shall be collectable as a special assessment.

ARTICLE XII EASEMENTS

Section 1: Utility Easements. There is hereby reserved for and conveyed to each Lot Owner and to all applicable utility entities which may provide services to RiverShore Estates, its successors and assigns, and to the City of Pasco, an exclusive easement over, under, upon and across all portions of the real property for the purpose of the installation, operation, maintenance and repair of their respective facilities. This includes but is not limited to: power, telephone, water, sewer, drainage, gas, cable television, etc., and the right of such utility to enter upon the Lots and/or Common Areas as it necessary for such purposes. Provided, however, all said utility entities providing services to the real property, their successors and assigns, shall give notice in writing three (3) days prior to making any installation, performing any maintenance, or making any repair of their respective facilities to the City of Pasco and the Association. This notice shall specify the nature and location of the work to be performed. Provided further, said notice shall not be required for the making of emergency repairs. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect equipment on the real property and to affix and maintain electrical and/or telephone wires, circuits and conduits on, above, across and under the roofs and exterior walls. This easement must be used in such manner as to minimize inconvenience to the Owners and damage to existing structures. Said utility companies shall, at their own expenses, repair any damage and restore the real property to as good a condition as they were prior to the performance of said work by said utility companies. Each Owner agrees not to place locks on structures enclosing utility meters or to in any manner interfere with the ability of utility representatives to have access to said meters at all times.

Section 2: Nature of Easements. All easements conveyed herein shall be perpetual and shall run with the land to be benefited and shall insure to the benefit of the heirs, successors and assigns of the Owners.

Section 3: Maintenance of and Restrictions on Easement Areas.

Easements for installation and maintenance of utilities and drainage facilities are shown on the recorded map. Within these easements, no structure or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may damage, interfere with or change the direction of flow of drainage facilities. The Owners of the Lot shall maintain all easements shown on the face of the plat. Fences may be erected along property lines, as the Owner of the Lot is aware that access to the easement may require the removal of said fences.

ARTICLE XIII GENERAL PROTECTIVE COVENANTS

Section 1: Partition. There shall be no judicial partition of RiverShore Estates, or any part thereof, nor shall any Lot Owner or any person acquiring any interest in RiverShore Estates, or any part thereof, seek judicial partition, except in accordance with the express provisions of this Declaration.

Section 2: Subdivision or Combination. No Lot or nay part of the real property shall be subdivided or combined except on approval by all of the Lot Owners at

a meeting of the Association called for that purpose. Written notice of such meeting expressly setting forth the purpose thereof shall be given to each Lot Owner as provided in the Association's Bylaws. Upon approval, the Association shall file with the Franklin County Auditor and amendment to this Declaration as may be necessary to fully describe such combined or subdivided Lot or real property.

Section 3: Mortgagee Protection.

- (a) As used in this Article XIII, reference to mortgage or mortgages shall be deemed to include deeds of trust.
- (b) Notwithstanding and prevailing over any other provisions of this Declaration, the Association's Articles of Incorporation of Bylaws, or any rules, regulations or management agreements, the following provisions shall apply to and benefit each holder of a mortgage given for the purpose of obtaining funds for the construction or purchase of a dwelling on any Lot or the improvement of any Lot.
- (c) The holder of a mortgage entitled to the protection hereof shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenants, restriction, regulation, rule, Association Article of Incorporation, Bylaw or management agreement. Personal Liability may be incurred on those matters that are enforceable by injunctive or other equitable actions, not requiring the payment of money, and except as hereinafter provided.
- (d) During the pendency of any proceeding to foreclosure of said mortgage, the holder of said mortgage or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of any mortgaged Lot. This includes, but is not limited to the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.
- (e) At such time as said mortgages shall become entitled to possession of the Lot, said mortgagee shall be subject to all the terms and conditions of the Declaration, and the Articles and Bylaws of the Association, including but not limited to the obligation to pay for all assessments and charges occurring thereafter. Provided, however, said mortgagee shall acquire the title to said Lot free and clear of any lien authorized by or arising out of any provision of the Declaration that secures the payment of any assessment for charges accrued prior to the date of said mortgage became entitled to possession of the Lot.
- (f) If it is deemed necessary by the Association, any unpaid assessment against a dwelling foreclosed against may be treated as a common expense of other Lots. Any such unpaid assessments shall continue to exist as a personal obligation of the defaulting Owner of the respective Lot to the Association.

ARTICLE XIV
MANAGEMENT CONTRACTS

Each Member hereby agrees that the Association may enter into such agreements for the performance of any or all of the functions of the Association which such persons or entitles as the Association shall deem fit and proper in its judgment and discretion. Provided, however, any said agreements entered into by the Developer during the Development Period shall terminate upon the termination of the Development Period. Any contract with a managing agent shall have a term no longer than one (1) year (but may be renewable by agreement of the parties for successive one-year periods) and shall be terminable by the Board without payment of a termination fee, either (1) for cause, on 30 days' written notice, or (2) without cause, on not less than 90 days' written notice. Fees and charges paid pursuant to said agreements shall be common expenses.

ARTICLE XIV
MANAGEMENT CONTRACT

Section 1: The Association shall have authority to and shall obtain insurance for the Common Area against loss or damage by fire other hazards in an amount sufficient to cover the full replacement in the event of damage or destruction. It shall also obtain a Broad Form Public Liability Policy covering the Common Area. Following the conveyance of the Common Area to the Association, all such insurance coverage shall be written in the name of the Association as trustee. Costs of insurance obtained by the Developer prior to conveyance of the Common Area shall be borne by the Developer.

Section 2: In the event of the damage or destruction of the real property covered by insurance written in the Association's name, the Association shall upon receipt of the insurance proceeds contract to rebuild or repair such damaged or destroyed portions of the real property. The extent of the repair will be to as good a condition as they were when the loss occurred. The Association may contract with any licensed contractor for reconstruction or rebuilding of such destroyed portions of the real property. The Developer may, during the Development Period, elect to rebuild the damaged or destroyed portion of the real property.

ARTICLE XVI
RULES AND REGULATIONS

Section 1: Association Control. The Association is hereby authorized and empowered to adopt rules and regulations governing the use of the real property and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof. All Lot Owners shall be given written notice of said rules and regulations, which shall be posted, in a conspicuous place in the Common Area.

ARTICLE XVII\
REMEDIES AND WAIVER

Section 1: Remedies. The remedies provided herein for collection of any assessment or other charge or claim against any Member, for and on behalf of the Association, or Developer, are in addition to, and not limitation of, any other remedies provided by law.

Section 2: Waiver. The failure of the Association or the developer or any of their duly authorized agents or any of the Owners to insist in any one or more instances upon the strict performance of, or compliance with the Declaration or any of the Articles, Bylaws or rules and regulations of the Association, or to exercise any right or option contained therein, or to serve any notice or to institute any action or summary proceedings. This shall not be construed as a waiver or relinquishment of such right for the future, but such right to enforce any of the provisions of the Declaration or of the Articles, Bylaws or rules or regulations of the Association shall be deemed to have been made, either expressly or implied, unless such waiver shall be in writing and signed by the Board of the Association pursuant to authority contained in a resolution of said Board.

ARTICLE XVIII
BENEFITS AND BURDENS RUN WITH THE LAND

Section 1: Covenants, Restrictions, Reservations, and Conditions Run with the Land. The covenants, restrictions, reservations and conditions contained herein shall run with the land and shall be binding upon the real property and each portion thereof and all persons owning, purchasing, leasing and subleasing or occupying any Lot on the real property, and upon their respective heirs, successors and reservations and conditions may be enforced by the Association or Developer which shall have the right to enforce the same and expend Association monies in pursuance thereof, and also may be enforced by the Owner of any Lot.

ARTICLE XIX
RESERVATION OF RIGHT TO AMEND TO COMPLY WITH
FNMA/FHLMC/VA/FHA REQUIREMENTS

The Developer hereby reserves the right to amend the Declaration from time to time as may be necessary to comply with FNMA/FHLMC/VA/FHA regulations or requirements. Said reserved right to amend the Declaration shall exist so long as the Developer retains the Ownership of any Lot.

If the Developer, at its option, determines that it is necessary to so amend the Declaration, the Developer, on behalf of all Lot Owners, is hereby authorized to execute and to have recorded said required amendment or amendments. All Lot Owners hereby grant to the Developer a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment or amendments and agree that said

amendment or amendments shall be binding upon their respective Lots and them and their respective heirs, personal representatives, successors and assigns to the same extent as if they had personally executed said amendment or amendments. All Lot Owners hereby acknowledge and agree that the power of attorney herein granted shall be irrevocable.

ARTICLE XX GENERAL PROVISIONS

Section 1: Enforcement. The Association and any Lot Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws and the Articles of Incorporation of the Association. Failure by any Owner to insist on strict performance of any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The receipt by the Association of payment of any assessment from a Lot Owner with knowledge of any breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the authorized officers of the Association.

Section 2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 3: Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Owners of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of five (5) years. Except as provided in Article XIX of the Declaration, the Declaration may be amended by an instrument executed by the President and Secretary of the Association for and on behalf of the Lot Owners. The Association is hereby authorized to record or to cause to be recorded said instrument. The Association shall only be authorized to execute and record said amendment on behalf of Lot Owners after said amendment shall be approved by a vote of the Lot Owners having seventy-five percent (75%) of the total votes. Votes shall be cast by written ballot either in person or by proxy at a meeting duly called for such purpose, written notice of which shall be sent to all Lot Owners not less than ten (10) days nor more than fifty (50) days in advance of said meeting. All Lot Owners may also vote by executing a document in writing consenting to the said amendment, written consent may be submitted either prior to or within one hundred twenty (120) days following the date of said meeting.

All Lot Owners hereby grant to the Association a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment and agree that said amendment when authorized and recorded as provided in this Article shall be binding upon their property and them and their respective heirs, personal representatives, successors and assigns to the same extent as if they had personally executed said amendment. All Lot Owners hereby acknowledge and agree that the power

of attorney herein granted shall be deemed coupled with an interest and shall be irrevocable.

Notwithstanding the foregoing, no material amendment to the Declaration shall be made unless thirty (30) days' written notice of said proposed material amendment is given by the Association to institutional holders of first mortgage liens who have in writing requested notice thereof.

Section 4: Subordination. It is further provided that a breach of any of the conditions contained herein or of any re-entry by reason of such breach shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value as to said premises or any part thereof, but said conditions shall be binding upon and effective against any Owner of said premises whose title thereto is acquired by foreclosure, trustee's sale or otherwise.

Section 5: Limitation of Liability. No person who shall serve as a Member of the Board or the initial Board or as an officer of the Association shall be liable to any Lot Owner or to the Association except for claims, damages, liabilities, costs or expenses which arise out of the willful misconduct of such person. Without limiting the generality of the foregoing, no person who shall serve as a Member of the Board or the initial Board or as an officer of the Association shall be liable to any Lot Owner or to the Association for the interruption of service of any utility which the Board or the initial Board or an authorized officer of the Association is purchasing from a public utility or otherwise for the benefit of the Lots or the Lot Owners unless such interruption of service arises out of the willful misconduct of such person. Nothing contained in this Section 5 shall be construed to impose liability upon any person who shall serve as a Member of the Board, the initial Board, or as an officer of the Association. The limitation of liability specified in this Section 5 shall extend to the Developer if the Developer is a Member of the Board or the initial Board or and officer of the Association.

Section 6: Indemnification. The Lot Owners shall indemnify and hold each person who serves as a Member of the Board (including the Developer if the Developer serves in such capacity) harmless from all claims, damages, liabilities, expenses and costs (including, but not by way of limitation, the cost of attorneys, with or without litigation) which such person may incur because of his serving as a Member of the Board, whether or not such person incurs the obligation to pay such claim, damage, liability expense or cost at the time at which such person is a Member of the Board or thereafter, provided that such claim, damage, liability, expense or cost does not arise out of the willful misfeasance or malfeasance of such person in the performance of his duties as a Member of the Board; and provided that the Lot Owners shall not be obligated to indemnify and hold such person harmless as provided in this Section 6 if such claim, damage, liability, expense or cost is not included in a court order except to the extent that the Board determines that the cost is in the best interest of the Association. The indemnification agreement of the Lot Owners, which is provided in the Section 6, shall also apply to and be for the benefit of each person who serves as a Member of the initial Board and to each person who serves as officer of the Association, including the Developer if the Developer serves in such capacity.

Section 7: Leases. Any lease agreement between an Owner and a lessee shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Articles of incorporation and Bylaws

of the Association, and that any failure by the lessee to comply with the terms in such document shall be a default under the lease. All such leases shall be in writing.

Section 8: Notice. Any Notice required by the Declaration or the Articles of Incorporation or Bylaws of the Association or the rules and regulations adopted by the Association shall be deemed properly given if mailed by ordinary mail to the last address furnished to the Developer or the Association, and said notices shall be deemed given when deposited in a United States Post Office.

Section 9: Costs and Attorney's Fees. In the event the Association employs an attorney to enforce any provision of the Declaration, the Articles of Incorporation or Bylaws of the Association, or rules and regulations adopted by the association, the prevailing party in said action shall be entitled to the award of reasonable attorney's fees and costs incurred in said action.

Section 10: Audit. Any Lot Owner may at any time at his own expense cause an audit or inspection to be made of the books and records of the Association. The Board as a common expense shall obtain an auditor of all books and records pertaining to the Association at such intervals as the Board shall determine, and copies shall be furnished to the Lot Owners.

Section 11: Gender. This Declaration is to be read with all changes of number and gender required by the context.

Section 12: Headings. The captions in this Declaration are for convenience only and do not in any matter affect, limit or amplify the provisions hereof.

Dated this 19th day of August, 2003

Recorded: August 19, 2003

Recording Number: 1630037