

ARTICLE I

Definitions

Section 1. "Association" shall mean and refer to North Creek Heights Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Open Space" or "Common Area" shall mean all real property owned by the Association of the common use and enjoyment of the Owners. The Common Open Space to be owned by the Association is described as follows:

- A. Tracts A, B, C and D on the plat of North Creek Heights.

Section 4. "Limited Common Open Space" or "Limited Common Area" shall mean all real property (including the improvements thereto), described as follows:

- A. The opens space contained in Lot 1 of Division One of North Creek Heights. Said Limited common Open Space within each of the aforementioned lots shall be for the common use and enjoyment of each individual lot owner and occupants thereof, and shall be owned and maintained by each individual lot owner.

Section 5. "Private Open Space" shall mean all real property (including the improvements thereto) described as follows:

- A. Portions of Lots 1 through 63, plat of North Creek Heights. The Private Open Space within each lot shall be owned and maintained by each individual lot owner.
- B. All private driveways, parking lots and roadways shall be maintained by the respective Owners of such driveways and roadways. Maintenance expenses shall be borne by the lot owners who own such driveway, roadway, parking lot or Limited Common Open Space as described above.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation

Section 7. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision/planned unit development map of the Properties with the exception of the Common Area.

Section 8. "Declarant" shall mean and refer to Tom Parmenter and North Creek Heights Associates, and its successors and assigns if such successors and assigns should acquire more than one undeveloped lot from the Declarant for the purpose of development.

Section 9. "Declaration" shall mean and refer to Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of King County Recorder, State of Washington.

Section 10. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 11. "ACC" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 12. "Board" shall mean the Board of Directors of the Association.

ARTICLE II

Property Rights

Section 1. Owners Right of Enjoyment. Every Owner shall have a right of enjoyment in and to the Common Open Space, facilities and maintenance thereof which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- A. The right of the Association to charge reasonable fees for the maintenance of the common Open space or facilities located thereon situated within the plat;
- B. The right of the Association to suspend the voting rights and the right to use of any common facilities by an Owner for any period during which any dues or assessments against his Lot remain unpaid after the thirty (30) day grace period; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.
- C. The right of the Association to dedicate or transfer all or any part of the Common Open Space and/or facilities to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by Members or required by law.

Section 2. Delegation of Use. Any Owner may delegate in accordance with the Bylaws of the Association his right to the enjoyment of the Common Open Space and facilities to the members of his family, his tenants or contract purchasers who reside on a Lot.

ARTICLE III

Membership and Voting Rights

Section 1. Every Owner of a Lot shall be a Member of the Association subject to the terms of this Declaration. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall be subject to the terms and provisions of the Articles of Incorporation and Bylaws of the Association to the extent the provisions thereof are not in conflict with this Declaration. Membership shall be appurtenant to and shall not be separated from the ownership of any Lot.

Section 2. The Association shall have three classes of voting membership:

Class A. Class A Members shall be all Owners of single-family Lots (Lots 1 through 63) with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in a Lot all such persons shall be Members. The vote for such Lot shall be exercised as the Owners determine but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. Class B Members shall be the owners of Lot 1 Division One and shall be entitled to 114 votes.

Class C. Class C Members shall be the Declarant and shall be entitled to three (3) votes for each Class A Lot owned. Class C shall be entitled to 114 votes for Lot 1 Division One. The Class C Membership shall cease and be converted to Class A and/or Class B Membership on the happening of the following events, whichever occurs earlier:

- a. When the total votes outstanding in the Class A and B Memberships equal the total votes outstanding in the Class C Membership, or
- b. On January 1, 1995.

Section 3. Classification of the Board. There shall be two classes or directors, Class A Directors and Class B Directors. The number of directors shall be as provided, in the Articles and Bylaws, but there shall be at all times at least one more Class B Director than Class A Director. Class A Directors shall be elected by Class A Members and Class B Directors shall be elected by Class B Members. The Class C Members shall be entitled to vote both as Class A and as Class B Members in the election of Directors.

ARTICLE IV

Covenant for Maintenance Dues and Assessments

Section 1. Creation of Lien and Personal Obligation of Assessments and Dues. The Declarant for each Lot owned by it hereby covenants and agrees to pay, and each Owner of any Lot by acceptance of a deed or other conveyance creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant, and agrees to pay to the Association: (1) annual maintenance and operation dues (charges payable monthly); and (2) special assessments for emergency improvements and capital improvements, such assessments to be fixed, established and collected as hereinafter provided and as provided in the Articles of Incorporation and Bylaws of the Association. The annual dues and special assessments together with interest, costs and reasonable attorney's fees shall be a personal obligation of the person who was the Owner of such Lot at the time the assessment fell due. Delinquent assessments together with interest, costs and reasonable attorney's fees shall be a lien upon the Lot if the Association files a claim of lien with the King County Recording Office. The priority of such lien shall be based on the date the claim of lien is filed; provided that all such liens are subordinate to FHA or VA mortgages.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the capital improvement and/or maintenance of the Common Open Space and facilities, depending upon the stated purpose for which said assessment is levied.

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Section 3.

- A. Dues. The Association shall have the power and authority to levy operating and maintenance dues on its Members. Prior to the commencement of each fiscal year, the Board shall estimate the costs and expenses to be incurred by the Association during each fiscal year in performing its function under this Declaration (including a reasonable provision for contingencies). A pro forma operating statement (budget) for such fiscal year shall be prepared and distributed not less than sixty (60) days before the beginning of such year. The budget shall also show the anticipated balance (exclusive of any reserves) in the operating fund at the start of such fiscal year which is attributable to operation and maintenance dues for the prior fiscal year which shall be subtracted from the gross operating expenses shown. The net estimated operating revenue so determined shall be assessed to each Owner in the ratio that the number of votes to which each Owner is entitled under Article III hereof bears the total number of entitled votes in the Properties to which the respective assessments apply. In the event the board determines that the estimate of costs and expenses for the current year is, or will become, not sufficient to meet all expenses for any reason, it shall then immediately determine the approximate amount of such shortfall and issue a supplemental estimate of the costs and expenses and determine the revised amount of the operating and maintenance dues payable by each Member, and the date or dates due.
- B. Until January 1 of the year following the conveyance of the first Lot to an Owner, the maximum monthly dues shall be \$ 18.00 per entitled vote for each Lot owned by Class A and Class B Members (as provided in Article III).
1. From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner the maximum annual dues may be increased each year not more than twenty percent (20%) above the maximum assessment for the previous year unless such increase is approved by a vote of two-thirds (2/3) of each class of Members.
 2. The Board may fix the annual dues at an amount not in excess of the maximum.

Section 4. Special Assessment of Emergency Improvements and Capital Improvements. In addition to the annual dues authorized above, the Association with the approval of fifty-one percent (51%) of each class of Members may levy in any year a special assessment applicable to that year only for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of an emergency improvement and a capital improvement upon the common Open Space or facilities, when such improvements are deemed necessary by the Board. All amounts collected as emergency improvements and capital improvements assessments may only be used for emergency improvements and capital improvements and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Said funds shall not be commingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Members.

Section 5. Appeals Board. An appeals board and appeal process shall be established by the Board to mediate and review any appeal regarding disputes arising on any matter relating to the relationship between an Owner and the board of an Owner and the ACC. If such Owner and the Board or ACC cannot reach an agreement by negotiation within thirty (30) days, then the matter shall be referred to the Appeals Board, who shall be designated as follows: The Owner shall choose one Member, provided, that such Owner shall not himself be eligible to serve on the Board; the Board of Directors or ACC shall choose one Member, and the two so chosen shall choose a third.

The decision of the Appeals Board shall be final upon the parties and upon all members of the Association as to the particular issue under appeal, with the losing party bearing the responsibility for whatever, if any, costs were incurred by virtue of the appeal. Nothing contained in this section shall permit enforcement of any decision which is contrary to law or to any prior contractual relation.

Section 6. Rate of Assessment and Reserve Fund. Both annual dues and special assessments shall be fixed at equal rates for each vote to which the assessment or dues apply, and shall be paid on a monthly basis. The Association shall establish and maintain an adequate reserve fund for capital improvement and emergency repair of Common Open Space.

Section 7. Date of Commencement of Dues; Due Dates. The first annual dues shall be adjusted according to the number of months remaining in the calendar year and shall become payable on the first day of the month following the closing of the purchase transaction. Written notice of the annual dues and special assessments shall be sent to every Owner subject thereto. The Association shall upon demand and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the annual dues on a specified Lot have been paid. A properly executed certificate of the Association as to the status of annual dues on a Lot is binding upon the Association as of the date of its issuance.

Section 8. No Offset. All assessments shall be payable in the amount specified by the assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Declaration.

Section 9. Exempt Property. The following property subject to this Declaration shall be exempt from the due and assessment created herein:

- A. All Common Open Space
- B. All Properties dedicated to and accepted by, or otherwise acquired by, a public authority.

ARTICLE V

Nonpayment of Assessments

Section 1. Delinquency. Any assessment provided for in this Declaration which is not paid when due shall be delinquent on said due date (the "delinquency date"). If any such Assessment is not paid within thirty (30) days after the delinquency date, a late charge of Twenty Dollars (\$20.00) shall be levied and the Assessment shall bear interest from the delinquency date at the rate of ten percent (10%) per annum. The Association may, at its option, and without waiving the right to foreclose its lien against the Lot, bring an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set forth in Section 2 of this Article, to foreclose the lien against the Lot. If action is commenced, there shall be added to the amount of such Assessment the late charge, interest, the costs of preparing and filing the complaint in such action, and attorneys' fees incurred in connection with the commencement of such action; and in the event a judgement is obtained, such judgement shall include said late charge, interest and a reasonable attorney's fee, together with the costs of action.

Each Member vests in the Association or its assigns the right and power to bring all actions at law or lien foreclosure against such Member or other Members for the collection of such delinquent Assessments.

Section 2. Notice of Lien. No action shall be brought to foreclose said Assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of said Lot, and a copy thereof is recorded by the Association in the office of the County Recorder in which County the properties are located; said notice of claim of lien must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed [which shall include interest on the unpaid Assessment at the rate of ten percent (10%) per annum, a late charge of Ten Dollars (\$10.00), plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by said lien], and the name and address of the claimant.

Section 3. Foreclosure Sale. Said Assessment lien may be enforced by sale by the Association, its attorney or any other person authorized to make the sale after failure of the Owner to make the payments specified in the notice of claim of lien within said thirty (30) day period. Any such sale provided for above may be conducted in accordance with the statutes in effect from time to time applicable to the exercise of powers of sale in mortgages or deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agents, shall have the power to bid on the Lot, using Association funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage and convey the same.

Section 4. Curing of Default. Upon the timely payment, or other satisfaction, of (i) all delinquent Assessments specified in the notice of claim of lien, (ii) all other Assessments which have become due and payable with respect to the Lot as to which such notice of claim of lien was recorded, and (iii) interest, late charges and attorneys' fees pursuant to this Declaration and the notice of claim of lien which have accrued, officers of the Association or any other persons designated by the Board are hereby authorized to file or record, as the case may be, an appropriate release of such notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Twenty Five Dollars (\$25.00) to cover the costs of preparing and filing or recording such release.

Section 5. Cumulative Remedies. The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid Assessments, as above provided.

ARTICLE VI

Exterior Maintenance

Section 1. Owner's Obligation. Each Owner shall be obligated to provide exterior maintenance of his own Lot and improvements. All buildings and other structures shall be maintained in good condition and kept properly painted or stained. All landscaping shall be regularly cultivated and maintained.

Section 2.

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- A. Association May Perform. Upon giving notice as herein specified, and if Owner fails to perform necessary repairs or maintenance, the Association may provide upon any Lot requiring same, when necessary in the opinion of the Board to preserve the beauty, quality and value of the neighborhood, maintenance including paint, roof repair and replacement, gutters, downspouts, exterior building surfaces, completion of buildings or landscaping as provided in this Article, and yard cleanup and/or maintenance (all of which is referred to in this section as "Maintenance").
 - B. Notice of Hearing. When in the opinion of the board certain Maintenance needs to be performed on any Lot or Lots, the Board shall notify the Owner by certified mail specifying in said notice exactly what needs to be repaired or maintained. The Owner shall then have thirty (30) days from receipt of such notice to perform the necessary Maintenance or to make written demand for a hearing before the Board.
 - C. Hearing. If a hearing is demanded, the board shall set a date therefor and give the Owner at least ten (10) days notice thereof. The hearing shall be informal and rules of evidence shall not apply. The Board shall render its decision in writing. the Owner may, within twenty (20) days of service of him of such a decision, submit the matter to the Appeals Board.
 - D. Assessment of Costs. The cost of such exterior Maintenance actually performed shall be added to and become a part of the assessment to which the Lot is subject.
 - E. Access at Reasonable Hours. For the purpose of performing the maintenance authorized by this Section, the Association through its duly authorized agents or employees, shall have the right, after reasonable notice to the Owner, to enter upon any Lot or the exterior improvements at reasonable hours on any day except Saturday or Sunday and such entry shall not be deemed a trespass.

ARTICLE VII

Architectural Control

Section 1. Appointment of Architectural Control Committee. The Declarant shall initially appoint an Architectural Control Committee which shall consist of not less than three (3) persons, who need not be Members. The Declarant shall retain the right to appoint, augment or replace members of the ACC until eight (8) years after the date of the recording of this Declaration or until ninety percent (90%) of the Lots to be owned by Class A Members have been conveyed by the Declarant, whichever shall first occur; provided that Declarant may, at its sole option, transfer this right to the Board by written notice thereof prior to the end of such period. Eight (8) years after the earlier to occur of the date of the recording of this Declaration, or when ninety percent (90%) of the Lots to be owned by Class A Members have been conveyed by the Declarant, the right to appoint, augment or replace members of the ACC shall automatically be transferred to the Board. This right shall be exercised solely by the members of the Board who are elected by the Class A Members.

Section 2. Dwelling Size Minimum Valuation. The total floor area of single family homes, exclusive of one-story open porches and garages, shall not be less than 2,000 square feet. The minimum floor area for each apartment unit shall not be less than 500 square feet. The minimum valuation of single family homes shall not be less than \$200,000 at time of recordation of plat as determined by appraisal for construction lending. Single family detached homes shall have as a minimum a double car garage and no more than a 3 car garage without written consent of the ACC.

Section 3. General Provisions.

- (a) The ACC may establish reasonable procedural rules and may assess a fee not to exceed Fifty Dollars (\$50.00) per submission of plans in connection with review of plans and specifications, including, without limitation, the number of sets of plans to be submitted. However, the ACC may delegate its plan review responsibilities to one or more members of the ACC. Upon such delegation, the approval or disapproval of plans and specifications by such persons shall be equivalent to approval or disapproval by the entire ACC. Unless any such rules regarding submission of plans are complied with, such plans and specifications shall be deemed not submitted.
- (b) The address of the ACC shall be the principal office of the Association as designated by the Board pursuant to the Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Standards, if any, shall be kept.
- (c) The establishment of the ACC and the systems herein for architectural approval shall not be construed as changing any rights or restrictions upon Owners to maintain, repair, alter or modify, or otherwise have control over the Lots as may otherwise be specified in this Declaration, in the bylaws or in the Association Rules.

Section 4. Approval and Conformity of Plans. The Board shall, from time to time, adopt and promulgate architectural standards to be administered through the ACC. The architectural standards shall include, among other things, those restrictions and limitations upon the Owners set forth below:

- (a) If the architectural standards so provide, no building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall there be any addition to or change in the exterior of any dwelling, structure or other improvement, unless plans and specifications therefor have been submitted to and approved by the ACC. Fences must be constructed to standards as set forth in Exhibit A - Fence Detail.
- (b) Time limitations for completion of any architectural improvements for which approval is required pursuant to the architectural standards; and
- (c) The conformity of completed architectural improvements to plans and specifications approved by the ACC and to the architectural standards; provided, however, unless notice of noncompletion or nonconformance identifying the violating Lot and its Owner and specifying the reason for the notice, executed by the ACC, shall be filed of record in the Office of the County Recorder of King County, Washington, and given to such Owner within thirty (30) days of the expiration of the time limitation described in subsection (a) above or unless legal proceedings shall have been instituted to enforce compliance or completion within said thirty (30) day period, the completed architectural improvements shall be deemed to be in compliance with plans and specifications approved by the ACC and in compliance with the architectural standards of the Association.

In addition, the architectural standards may include such other limitations and restriction as the Board in its reasonable discretion shall adopt, including, without limitation, the regulation of the following: construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, structure, wall or fence, including, without limitation, the nature, kind, shape, height, materials, exterior color and surface and location of such dwelling or structure.

Plans and specifications are not approved for engineering design, and by approving such plans and specifications neither the ACC, the members thereof, the Association, the Members, the Board nor Declarant assumes liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications. In the event the ACC fails to approve or disapprove such plans and specifications within thirty (30) days after the same have been duly submitted in accordance with any rules regarding such submission adopted by the ACC, such plans and specifications will be deemed approved.

Section 5. Appeal. In the event plans and specifications submitted to the ACC are disapproved thereby, the party or parties making such submission may appeal in writing to the Board. The written request must be received by the Board not more than thirty (30) days following the final decision of the ACC. The Board shall submit such request to the ACC for review, whose written recommendations will be submitted to the Board. Within forty five (45) days following receipt of the request for appeal, the Board shall render its written decision. The failure of the Board to render a decision within said forty five (45) day period shall be deemed a decision in favor of the appellant.

Section 6. Nonapplicability to Declarant. The provisions of this Article shall not apply to any Lot owned by Declarant prior to its first conveyance to a member of the public, nor shall the provisions of this Article apply to Common Open Space prior to conveyance to the Association.

Section 7. Nonapplicability to Apartment Area Ownership. The provisions of this Article shall not apply to Lot 1 Division One.

ARTICLE VIII

Use Restrictions

Section 1. Enjoyment of Property. The Owners shall use their respective properties to their own enjoyment in such a manner so as not to offend or detract from other Owners' enjoyment of their own respective properties. All Owners shall use their property solely and exclusively for private family residences.

Section 2. Derogation of Law. No Owner shall carry on any activity of any nature whatsoever on his property that is in derogation or in violation of the laws and statutes of the State of Washington, King County, City of Bothell, or other applicable government body.

Section 3. Pets. Owners shall observe and obey all laws applicable to residents of City of Bothell and King County pertaining to care, control, husbandry of animals and pets. A limit of 2 dogs is allowed per Lot. In no event shall any pet be allowed to run free away from its Owner's Lot without a leash, or so as to create a nuisance. No horses or other livestock shall be allowed on any lot or common open space within the plat of North Creek Heights except for in those areas specifically designated as "Horse Trails".

Section 4. Commercial Activity. There shall be no commercial activity by the members of this Association within the Properties of this Association except for the construction and sale of single-family homes and the construction, sale or rent of apartment buildings and related activity.

Section 5. Temporary Structures. No structure of a temporary character, such as trailer or shack or other out building shall be used on any Lot at any time as a residence.

Section 6. Nuisances. No noxious or offensive activity shall be carried on upon any Properties nor shall anything be done thereon which may become a nuisance as such as defined by the laws of the State of Washington.

Section 7. Inoperable Automobiles. Inoperable cars or other unsightly vehicles shall not be stored on any Lot in view of the roads or the homes of other lot owners.

Section 8. Firearms and Related Activity. No firearm, cross bow, bow and arrow, or air gun, including without limitation, BB type or pellet guns, whether for purposes of hunting or target practice, shall be used within the North Creek Heights community.

Section 9. Garbage and Refuse Disposal Containers. All garbage or trash containers must be stored where they are not visible from outside the premises. No trash, garbage, ashes, yard rakings or other materials resulting from landscaping activity, or other refuse, shall be thrown, dumped or allowed to accumulate on any Lot, building site, street, driveway, Common Open Space or Limited Common Open Space.

Section 10. Building Type and Completion. When construction on any single family unit has begun, it must be pursued to completion with diligence and completed within eight (8) months from the issuance of the building permit. When construction on any apartment units has begun, it must be pursued to completion with diligence and completed within twelve (12) months from the issuance of the building permit. These terms may be waived and extended for a reasonable time by the Board or the ACC. No building shall be erected, placed or permitted to remain on Lots 1 through 63 other than one single-family dwelling. Temporary "Model Homes", real estate sales offices will be considered a residential use until all houses have been built and sold on all subject Lots.

- (a) All roofing material shall be cedar shake or ceramic tile. Any other materials used to be pre-approved by ACC prior to installation.
- (b) All siding material shall be wood siding, (no T-1-11 type material) stained with those colors commonly known as earth tones or traditional Cape Cod colors. Any other color shall be used only with the approval of the ACC.
- (c) All front entry walls and porches to be of exposed aggregate concrete or wood porches with exposed surfaces of cedar or redwood.
- (d) Fences are to be constructed as per Exhibit A and are to be left unfinished or clear sealed.
- (e) All driveways and parking areas shall be constructed of exposed aggregate concrete.
- (f) Mail box standards as well as the mail boxes shall be initially installed by the developer, on single-family lots only, so as to provide uniformity and consistency of color and workmanship. Any replacement boxes are to be the same type, size and color of initial boxes at a cost paid by the homeowner.

(g) All exposed fireplaces shall be of brick or the same as the interior.

(h) A minimum of 35% of the front exterior of the house must be a veneer of brick (including garage front elevation).

Section 11. Landscaping Completion. All yard landscaping shall be completed and in place within two (2) months of completion of building construction. All apartment building landscaping shall be completed and in place within four (4) months of completion of building construction. The Board may grant an additional two (2) month extension for good cause shown.

Section 12. Clothes Drying Area. No portion of any lot shall be used as a drying or hanging area for laundry of any kind where it can be viewed from any street or adjacent home.

Section 13. Recreational Vehicles. No trailers, mobile homes, motor homes, trailered or non-trailered boats or recreational vehicles of any size or type shall be allowed to be stored on the Properties or any lot, street or common area (except in a private garage) unless expressly authorized by Association action.

Section 14. Antennae. As cable television service is available to the North Creek Heights community, no aerial, antennae or satellite dish, shall be placed or erected upon any Lot or affixed in any manner to the exterior of any building or structure.

Section 15. Sanitary Sewer and Water. No individual sewage disposal system shall be permitted on any lot. No individual water supply system shall be permitted on any lot.

Section 16. Signs. No sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sale period. No signage will be allowed on lots prior to framing stage of construction with exception of a lot number identification. Sign shall be no larger than one (1) square foot.

Section 17. 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, mineral 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.

ARTICLE IX

Common Area and Facilities

Section 1. Maintenance. The Association shall have full responsibility for maintenance and repair of the common Open Space and facilities as defined in Article I, Section 3 hereof.

Section 2. Government Access. Declarant hereby grants to the Police Department of Bothell, Fire Department of Bothell, and other government agents and officials with jurisdiction over the Properties the nonexclusive right to enter upon the Common Area and the Limited Common Area for the purpose of carrying out their official duties.

Section 3. Conveyance of Common Area. The Association may not convey any portion of the Common Open Space to any other individual or entity without the assent of the City of Bothell and (by vote or written consent) of fifty one percent (51%) of each Class of Members. Grant of an easement of any kind shall not be considered a conveyance for purposes of this paragraph.

ARTICLE X

Easements

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat/planned unit development and over the rear five feet, the front seven feet and the side two and one-half feet of each lot. Within these easements, no structure, planting, 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 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 of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

Except for the installation of required pedestrian-equestrian trails, those areas designated as "greenbelt: or "Native Growth Protection Easement" (twenty feet in width along the south property line and twenty feet in width along the west property line) on the final plat map of North Creek Heights shall be maintained, to the extent possible, in a natural state. Within the boundaries of the native growth protection easements no tree or significant ground cover shall be cut, removed or destroyed. Trees and significant ground cover within the native growth protection easements may be cut, destroyed or removed when such an action is necessary to remove a present danger to life or property. Dead, dying or diseased trees and ground cover, or trees and ground cover which present a fire hazard, may also be removed. Approval of the City of Bothell and ACC shall be obtained for such removal except in cases of imminent danger.

Circulation and parking easements are reserved as shown on the recorded plat for the benefit of the owners and occupants thereof of Lot 1, Division 1.

An easement is hereby reserved for and granted to the City of Bothell under and upon the easements shown on the plat and described thereon as "sewer easement" and "water easement" to install, maintain, replace, repair and operate sewer mains and water mains and other appurtenances for this subdivision and other property together with the right to enter upon said easements at all times for the purposes stated. Structures shall not be constructed upon any area reserved for these easements.

All building "set-back" easements shall be in accordance with those of the City of Bothell.

ARTICLE XI

Rights of Lenders

Section 1. Notices. Any owner who encumbers his Lot shall furnish to the Association the name and address of the Lender and the Association shall maintain such information in a suitable ledger. The Association shall report to such Lender any unpaid assessments due from the Owner of such Lot at the same time as the Association makes demands of the Owner thereof for the payment of such assessment. Each Lender shall also be entitled to written notification from the Association of any other default of its Owner in the performance of such Owners obligations under the terms and provisions of this Declaration which shall not have been cured within thirty (30) days after written notice to such Owner by the Association specifying such default and written notification of substantial damage to or destruction of any part of the Common Area of Facilities.

Section 2. Lender's Consent Requirement. Unless at least seventy five percent (75%) of the Lenders (based upon one vote for each loan) of the Lots have given their prior written approval the Association shall not be entitled to:

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- A. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any of the common Area, unless required by law to do so. The granting of easements for public utilities or for other public purposes consistent with the intended use by the Owner shall not be deemed a transfer within the meaning of this clause.
 - B. Change the method of determining the obligations, assessments, dues or other charges, which may be levied against an Owner;
 - C. By act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or exterior maintenance of buildings the maintenance of fences and driveways, or the upkeep of lawn and plantings in the Properties;
 - D. Fail to maintain fire and extended coverage on insurable Common Area on a current replacement basis in an amount not less than One Hundred percent (100%) of the insurable value (based on current replacement cost);
 - E. Use hazard insurance proceeds for losses to any Common Area for other than the repair replacement or reconstruction of such improvements.

Section 3. Delinquent Assessments. A Lender may, but shall not be required to, pay any delinquent assessments due from his borrower and the amount of such payment shall be added to the secured indebtedness.

Section 4. Overdue Common Area Debts. The Lenders may jointly or singularly pay property taxes and other charges which are in default and which have or may become a lien upon the Common Area. They may also pay overdue premiums on the fire and extended coverage insurance policies covering the Common Area, or secure fire and extended coverage insurance upon the Association's failure to obtain such insurance or continue it in effect. The Lenders making such payment shall be entitled to an immediate reimbursement from the Association.

ARTICLE XII

Administration and Enforcement of These Covenants.

Section 1. The Association may at all reasonable times enter upon any Lot for the purpose of performing its function under this Declaration. The Board of Directors may adopt and publish reasonable rules and regulations governing the use of the Common Area and interpreting this Declaration and to establish penalties for the violation thereof.

Section 2. The Association or any Owner shall have the right to enforce by proceeding at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The violators shall be responsible for all costs incurred in enforcing this Declaration including reasonable attorney's fees. The Association may add any such cost due it to the current or next annual assessment of the offending Owners.

Section 3. The Association, its Board of Directors, and any agents or employees shall not be liable to any person for acts and omissions done in good faith in the interpretation, administration and enforcement of this Declaration.

Section 4. As long as there is a Class C membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

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ARTICLE XIII

Insurance

The Association shall obtain and maintain at all times as a common expense insurance including a casualty insurance policy or policies affording fire and extending coverage for and in an amount consistent with the full replacement cost of all structures within the common area to the greatest extent possible, and a liability insurance policy or policies in amounts not less than \$500,000 for injury, including death, to a single person, \$1,000,000 per injury or injuries including death, arising out of a single occurrence, and \$50,000 property damage, covering the Association, the Board, officers and all agents and employees of the Association, and all owners and other persons entitled to occupy the common area. All such insurance shall be written in the name of the Association as trustee for each of the owners. It shall be the duty of the Board annually to conduct an insurance review to determine if the policy in force is adequate to meet the needs of the Association and to satisfy the requirements of this Section. Such insurance shall run to the benefit of the Association, the respective unit owners, and their respective mortgages, as their interests may appear.

- A. The Board shall utilize every reasonable effort to secure a policy covering physical damage that will provide the following:

1. That the insurer waives its rights of subrogation of any claims against directors, officers, the managing agent, the individual owners, and their respective household member.
2. That the policy cannot be cancelled, invalidated, or suspended on account of the conduct of any director, officer, or employee of the Association or the managing agent without a prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.
3. That any "no other insurance" clause contained in this policy shall expressly exclude individual lot Owner's policies from its operation.
4. That the policy may not be cancelled or substantially modified without at least thirty (30) days' prior notice in writing to the Board of Directors.
5. An agreed value or amount endorsement and waiver of coinsurance.
6. That the deductible amount per occurrence shall not exceed One Thousand Dollars (\$1,000.00).

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- B. In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual unit owners or their mortgages.
- C. All public liability and officers' and directors' liability insurance shall contain a cross liability endorsement.
- D. In addition to the insurance required herein above, the Board shall obtain as a common expense:
 1. Workmen's Compensation Insurance if and to the extent necessary to meet the requirements of law.
 2. Fidelity bonds covering officers, directors, employees, and other persons who handle or are responsible for handling Association funds. Such bonds shall be in an amount equal to at least one hundred fifty percent (150%) of three months operating expense, and shall contain waivers of any defense based upon the exclusion of persons serving without compensation.
 3. Such other insurance as the Board of Directors may determine to be necessary including officers' and directors' liability insurance.
- E. Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that he shall carry an individual homeowner's policy. Each individual Owner further covenants and agrees that in the event of a partial loss or damage or destruction resulting in less than total destruction, the individual unit Owner shall proceed promptly to repair or reconstruct the damaged structure in a manner consistent with the original construction. In the event that the structure is totally destroyed and the individual Owner determines not to rebuild or to reconstruct, the individual Owner shall clear the Lot of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction.

ARTICLE XIV

Amendment

The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended until termination by an instrument which has received the signatures for at least seventy five percent (75%) of the votes eligible to be cast. This Declaration may be amended during the initial twenty (20) year period by an instrument which has received the signatures for at least ninety percent (90%) of the votes eligible to be cast. This Declaration may be amended any time thereafter by an instrument which as received the signatures for at least seventy five percent (75%) of the votes eligible to be cast. this Declaration may be amended during the Development Period by an instrument signed by both Declarant and the Owner of at least fifty one percent (51%) of the Lots including Declarant's. The provisions expressly referring to Declarant may not be amended without Declarant's approval. Any amendment which would affect a public easement or utility or change any provision relating to special assessments for emergency improvements or capital improvements shall require the prior approval of the City of Bothell. All such amendatory instruments must be recorded with King County Department of Records.

ARTICLE XV

Indemnification

The Association shall indemnify every officer, director and any member of any committee authorized to act on behalf of the Association by the Board or by this Declaration against any and all expenses, including counsel fees, reasonably incurred by, or imposed upon, any officer, director or committee member in connection with any action, suit, or other proceeding including settlement of any suit or proceeding if approved by the then board, to which he or she may be a party by reason of being or having been an officer, director or committee member. The officers, directors and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers, directors and committee members shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers, directors and committee members may also be members of the Association) and the Association shall indemnify and forever hold each officer, director and committee member free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director or committee member, or former officer, director or committee member, may be entitled. the Association shall, as a common expense, maintain adequate general liability and officers', directors' and committee members' liability insurance to fund this obligation.

IN WITNESS WHEREOF, the undersigned being the Declarant herein has hereunto set its hand and seal this 8th day of September, 1989.

DECLARANT:

By: [Signature]
Its: owner

By: [Signature]
Its: Representative

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STATE OF WASHINGTON

COUNTY OF

)
) ss
)

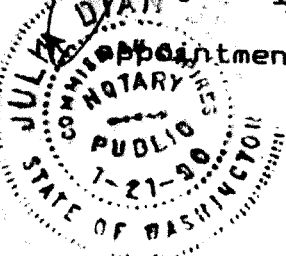
On this 8th day of September, 1989, before me, the undersigned a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Tom Hummer and Peter M. Orser of North Creek Heights Assoc., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they authorized to execute said instrument, and that the seal affixed if any, is the corporate seal of said corporation.

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

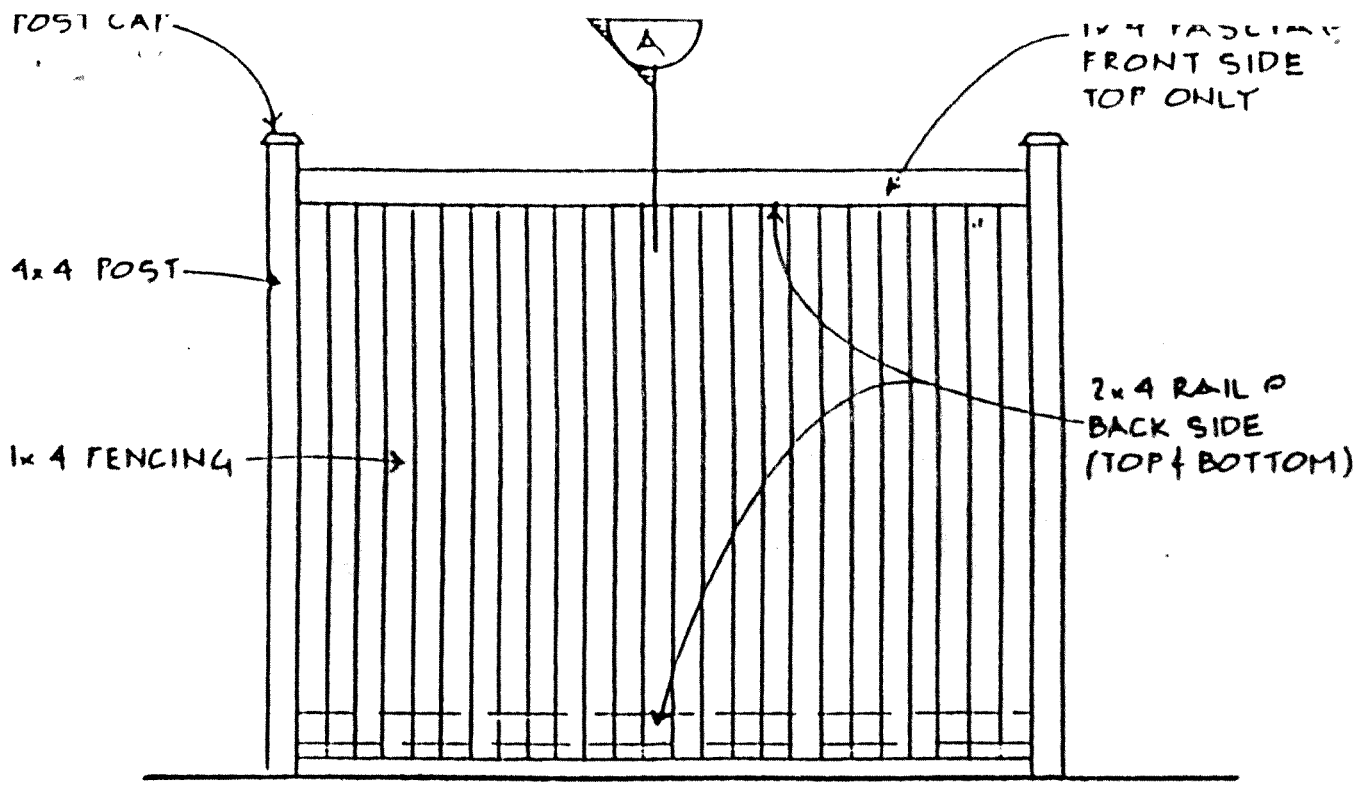
Julius Berg

NOTARY PUBLIC for the State of Washington
residing at Bothell

My appointment expires 1-21-90

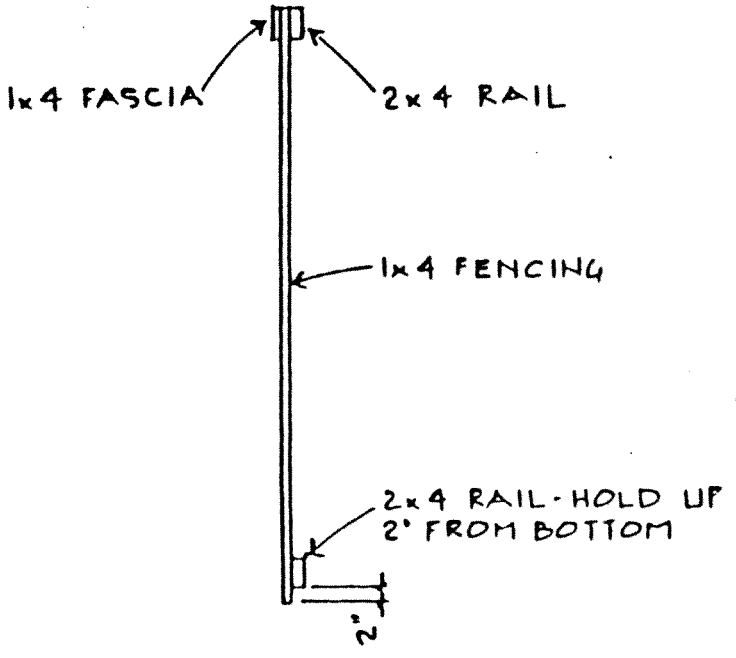


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FRONT ELEVATION

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SECTION A-A

CEDAR FENCE DETAIL

1/2" = 1'-0"

~~EXHIBIT "C"~~
EXHIBIT "A"