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ALSTON COURTNAGE MACAULAY & PROCTOR  
1000 2nd Avenue, Suite 3900  
Seattle, Washington 98104  
Attn: Constance L. Proctor, Esq.

*Filed by Stewart Title*

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AMENDED AND RESTATED  
DECLARATION OF COVENANTS  
FOR  
THE LAKES AT KENT

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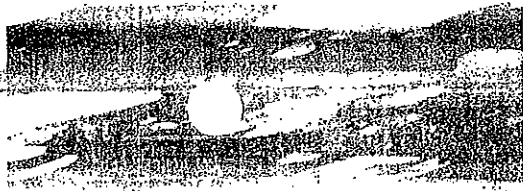
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AMENDED AND RESTATED  
DECLARATION OF COVENANTS  
FOR  
THE LAKES AT KENT

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS ("Declaration") is made this 27th day of August, 1993, by the undersigned Owners of the real property described in Exhibit A, which real property includes a portion of the Entire Eventual Development encompassed within the plat of The Lakes at Kent Division No. 1 as recorded at Volume 136 of Plats, Pages 41 to 45 and which is attached and incorporated by reference. This Declaration amends, supersedes and restates in its entirety that certain Declaration of Covenants recorded under King County Recording No. 8702041181, as modified by Notice of First Amendment to Declaration of Covenants for The Lakes at Kent recorded under King County Recording No. 8903311239 and by the Declaration of Covenants and Easements for The Lakes Short Plat, Division No. 2, recorded under King County Recording No. 8706041594, that certain Agreement Concerning Assessments, recorded under King County Recording No. 8712311322 and that certain Agreement Concerning Undeveloped Property, recorded under King County Recording No. 8903311240 (collectively "Declaration") and imposes upon the Properties' (as defined in Article 1) mutually beneficial restrictions under a general plan of improvement for the benefit of the Owners of each portion of the Properties, and establishes a flexible and reasonable procedure for the overall administration, maintenance and preservation of the Properties.

The undersigned Owners hereby declare that all of the property described in Exhibit A shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration. This Declaration shall be binding on and shall inure to the benefit of all parties having any right, title, or interest in the Properties or any part thereof, their heirs, successors, successors-in-title, and assigns.

ARTICLE 1  
DEFINITIONS

The terms used in this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 "Area of Common Responsibility": the Common Area, together with those areas, if any, which by the terms of this

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Declaration, any Supplemental Declaration or other applicable covenants, or by contract become the responsibility of the Organization.

1.2 "Articles of Incorporation" or "Articles": the Restated Articles of Incorporation of The Lakes at Kent Community Organization, as filed with the Washington Secretary of State.

1.3 "Base Assessment": assessments levied on all Units subject to assessment under Section 10 hereof to fund Common Expenses for the general benefit of all Units, as more particularly described in Sections 10.1 and 10.2 hereof.

1.4 "Board of Directors" or "Board": the body responsible for administration of the Organization, selected as provided in the By-Laws and generally serving the same role as the board of directors under Washington corporate law.

1.5 "Builder": any Person which purchases (a) one or more Units for the purpose of constructing Units and other improvements for later sale to consumers, or (b) parcels of land within the Properties for further subdivision, development, and/or resale in the ordinary course of such Person's business.

1.6 "Business" and "Trade": shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full or part-time, (b) such activity is intended to or does generate a profit, or (c) a license is required.

1.7 "By-Laws": the amended and restated By-Laws of The Lakes at Kent Community Organization incorporated herein by reference.

1.8 "Common Area": all real and personal property which the Organization owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. Common Areas shall include lakes, private roads, storm drain systems and those recreational areas conveyed to the Organization. The term shall not include the Exclusive Common Area, as defined below.

1.9 "Common Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Organization for the benefit of all Units, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to this Declaration, the By-Laws, and the Articles of Incorporation. Common Expenses shall not include any expenses incurred by any

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Owner or Builder for initial development, construction, installation of infrastructure, capital improvements, or other original construction costs.

1.10 "Community-Wide Standard": the standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors.

1.11 "Developer Owner": an Owner of a portion of the Properties not yet developed or an Owner of any portion of the Properties under development for later sale, to consumers or Builders.

1.12 "Exclusive Common Area": a portion of a Village, not including the Common Area, intended for the exclusive use or primary benefit of the Owners within a Village, as more particularly described in Article 2.

1.13 "Lakes": any parcel of land within the Properties which is owned by the Organization, its successors, successors-in-title, or assigns, and on which is constructed and operated one or more artificial lake systems with appurtenant drains, culverts, pumps, wells and other mechanical systems for the operation of the Lakes, and all related and supporting facilities and improvements maintained or operated in connection with such Lakes.

1.14 "Master Plan": the Master Plan Condition as recorded under King County Recording No. 8111020546 as now or hereafter amended.

1.15 "Member": a Person entitled to membership in the Organization, as provided in Section 3.2.

1.16 "Mortgage": a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

1.17 "Mortgagee": a beneficiary or holder of a Mortgage.

1.18 "Mortgagor": any Person who gives a Mortgage.

1.19 "Organization": The Lakes at Kent Community Organization, a Washington nonprofit corporation, its successors and assigns.

1.20 "Owner": one or more Persons who hold the record title to any unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, then upon recording of such contract, the purchaser (rather than the fee

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owner) will be considered the Owner, if the contract specifically so provides.

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

1.22 "Private Amenities": certain real property and any improvements and facilities thereon or located adjacent to, in the vicinity of, or within the Properties, which are privately owned and operated by Persons other than the Organization for recreational and related purposes, on a club membership basis, use fee basis, or otherwise.

1.23 "Properties": the real property described in Exhibit A, together with such additional property as is subjected to this Declaration in accordance with Article 9.

1.24 "Special Assessment": assessments levied in accordance with Section 10.4 of this Declaration.

1.25 "Specific Assessment": assessments levied in accordance with Section 10.6 of this Declaration.

1.26 "Supplemental Declaration": an amendment or supplement to this Declaration filed pursuant to Article 9 which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

1.27 "Unit": a portion of the Properties, whether improved or unimproved, which may be independently owned, conveyed or leased and which is intended for use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. The term shall include, by way of illustration but not limitation, condominium units, townhouse units, cluster homes, patio or zero lot line homes, and single-family detached houses on separately platted lots, apartment units as well as vacant land intended for development as such, but shall not include Common Areas, Exclusive Common Areas, common property of any Village Association, or property dedicated to the public. In the case of a condominium building, an apartment building or other structure containing multiple dwellings, each residential dwelling shall be deemed to be a separate Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to contain the number of Units designated for residential use for such parcel on the site plan approved by the City of Kent from time to time, until such time as a subdivision plat or condominium plat is

filed of record on all or a portion of the parcel. Thereafter, the portion encompassed by such plat shall constitute a separate Unit or Units as determined above and the number of Units on the remaining land, if any, shall continue to be determined in accordance with this paragraph.

1.28 "Village": two or more Units which share interests other than those common to all Units, as more particularly described in Section 3.4. By way of illustration, and not limitation, a condominium, townhome development, apartment development, cluster home development, or single-family detached housing development might each be designated as separate Villages, or a Village may be comprised of more than one housing type with other features in common. In addition, each parcel of land intended for development as any of the above shall constitute a Village, subject to division into more than one Village upon development.

Where the context permits or requires, the term "village" shall also refer to the Village Committee, if any, established in accordance with the By-Laws, or the Village Association established to act on behalf of the Owners of Units within the Village. Village boundaries may be established and modified as provided in Section 3.4.

As of the date of recordation of this Declaration, the following Villages have been established: Island Park at the Lakes Apartments, Waterford Apartments, Hampton Bay Apartments, and Bridgewater I, II, III and IV condominiums, and University Savings Bank Property (all Property described in Exhibit A owned by University Savings Bank).

1.29 "Village Assessments": assessments levied by a Village against the Units in a particular Village or Villages to fund Village Expenses.

1.30 "Village Association": any condominium association or other owners association having concurrent jurisdiction over any Village.

1.31 "Village Expenses": the actual and estimated expenses incurred or anticipated to be incurred by the Organization for the benefit of the Owners and occupants of Units within a particular Village or Villages, which shall not include costs to maintain Exclusive Common Areas.

1.32 "Voting Member": the representative(s) selected by the board of each Village Association or, if there is no Village Association, the representatives selected by the Members within each Village as provided in Section 3.4(b) to be responsible for

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casting votes attributable to Units in the Village on matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). The term "Voting Member" shall include alternate Voting Members acting in the absence of the Voting Member and any Owners authorized to personally cast the votes for their respective Units pursuant to Section 3:4.

**ARTICLE 2**  
**PROPERTY RIGHTS**

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

(a) This Declaration, the By-Laws and any other applicable covenants;

(b) Any restrictions or limitations contained in any deed conveying such property to the Organization;

(c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area, including rules restricting use of recreational facilities within the Common Area to occupants of Units and their guests and rules limiting the number of guests who may use the Common Area;

(d) The right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation; of the Declaration, any applicable Supplemental Declaration, the By-Laws, or rules of the Organization after notice and a hearing pursuant to the By-Laws;

(e) The right of the Organization, acting through the Board, to dedicate or transfer all or any part of the Common Area pursuant to Section 4.8; provided, however, that at no time shall the Organization have the right or power to transfer any portion or all of the Lakes; and

(f) The right of the Organization, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Section 13.2.

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Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, subject to reasonable Board regulation.

2.2 Exclusive Common Area. Certain portions of a Village, which shall not include any portion of any current or future part of the Common Area, may be designated by the Owners of Units in such Village as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners, occupants and invitees of Units within a particular Village or Villages. By way of illustration and not limitation, Exclusive Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs. All costs associated with maintenance, repair, replacement, and insurance of Exclusive Common Areas shall be assessed as a Village Assessment against the Owners of Units in those Villages to which the Exclusive Common Area is assigned. This Declaration may never be amended so as to permit or cause any portion of the Common Area to become Exclusive Common Area.

2.3 Private Amenities. Access to and use of the Private Amenities is strictly subject to the rules and procedures of the respective Owners of the Private Amenities, and no Person gains any right to enter or to use those facilities by virtue of membership in the Organization or ownership or occupancy of a Unit.

All Persons, including all Owners, are hereby advised that no representations or warranties, either written or oral, have been or are made by any Owner or any other Person with regard to the nature or size of improvements to, or the continuing ownership or operation of the Private Amenities. No purported representation or warranty, written or oral, in conflict with this Section shall be effective without an amendment to this Declaration executed or joined into by the Owner(s) of the Private Amenity(ies) which are the subject thereof.

The ownership or operational duties of and as to the Private Amenities may change at any time and from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations by an independent entity, (b) conversion of the membership structure to an "equity" club or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Private Amenity, or (c) the conveyance of a Private Amenity to one or more affiliates, shareholders, employees, or independent contractors of the Owner or Developer/Owner. No consent of the Organization, any Village Association, or any Owner shall be required to effectuate such a transfer or conversion.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be

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determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

**ARTICLE 3**  
**ORGANIZATION FUNCTION, MEMBERSHIP AND VOTING RIGHTS**

**3.1 Function of Organization.** The Organization is the entity responsible for management, maintenance, operation and control of the Common Area within the Properties. The Organization is the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Properties as adopted by the Board. The Organization shall perform its functions in accordance with this Declaration, the By-Laws the Articles and Washington law.

**3.2 Membership.** Every Owner is a Member of the Organization. There is only one membership per Unit constructed or which may be constructed on the Properties, and the total number of Units shall not exceed 2,915 attached and detached residential Units as set forth in the Master Plan. When construction of Units is completed as to all portions of the Properties which may be subject to the Declaration, the total maximum number of memberships in the Organization shall be the total maximum number of memberships allocated based on one membership per Unit. If a Unit is owned by more than one Person, all co-Owners share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 3.3 and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights and privileges of an Owner who is a natural person may be exercised by the Member or the Member's spouse. The membership rights of an Owner which is a corporation, partnership or other legal entity may be exercised by any officer, director, partner, or trustee, or by any other individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Organization. The individual or joint holders of (a) the fee title to each Unit or to an apartment complex in which a Unit is located (except for any fee owner subject to clause (b) immediately following) and (b) the vendee's interest under a recorded contract for purchase and sale of the Unit or apartment complex in which a Unit is located and which specifically provides that such vendee shall be considered to be the Owner shall hold the memberships in the Organization allocated to that Unit unless the Unit has been subjected to condominium ownership under the provisions of RCW 64.32 - Horizontal Property Regimes Act, or RCW 64.34 - The Washington Condominium Act, as amended, or under similar subsequent

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legislation creating condominium ownership. If any Unit is a part of a condominium ownership, then the memberships which would otherwise be held by the fee title holders or vendees of the condominium apartments or condominium units, shall be held as common property of the condominium owners' association and the rights and privileges of membership shall be exercised by the officers of the association of condominium owners for such association. Such memberships shall be appurtenant to and not severable from such fee ownership, vendee's interest or common property of a condominium and the memberships appurtenant to fee title or vendee's interests or to common condominium property shall transfer with such interests without further action on the part of the Community Organization or its several members. Memberships shall stand in the name or names of the persons or parties who have such interests from time to time as they may appear in the public record.

3.3 Voting. The Organization shall have one class of membership. Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 3.2; there shall be only one vote per Unit.

(a) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, the vote for each Unit owned shall be exercised by the Voting Member representing the Village of which the Unit is a part, as provided in Section 3.4(b). The Voting Member may cast all such votes as it, in its discretion, deems appropriate.

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

3.4 Villages and Voting Members.

(a) Villages. Every Unit shall be located within a Village. In the discretion of the Owner(s) and Developer Owner(s) of each Village, the Units within a particular Village may be subject to additional covenants (provided that such covenants are not inconsistent with this Declaration) and/or the Unit Owners may all be members of a Village organization in addition to being members of the Organization. However, a Village Association shall not be required except in the case of a condominium or as otherwise required by law. The Owners of Units within any Village which does not have a Village Association may elect a Village Committee to represent the interests of such Owners.

The Owner(s) of a majority of the total number of Units within any Village may at any time petition the Board of Directors to divide the property comprising the Village into two or more Villages. Such petition shall be in writing and shall include a plat of survey of the entire parcel which indicates the boundaries of the proposed Village(s) or otherwise identifies the Units to be included within the proposed Village(s). Such petition shall be granted upon the filing of all required documents with the Board unless the Board of Directors denies such application in writing within 30 days of receipt. The Board may deny an application only upon determination that there is no reasonable basis for distinguishing between the areas proposed to be divided into separate Villages. All applications and copies of any denials shall be filed with the books and records of the Organization and shall be maintained as long as this Declaration is in effect.

(b) Voting Members. The board of each Village Association or, if there is no Village Association, the Members within each Village, shall elect one Voting Member for the Village. On all Organization matters requiring a membership vote, each such Voting Member shall be entitled to cast that number of votes attributable to Units in the Village, except as otherwise specified in this Declaration or the By-Laws. The board of each Village Association or the Members within each Village, as the case may be, shall also elect one or more alternate Voting Members to be responsible for casting such votes in the absence of a Voting Member.

The Voting Member(s) and alternate Voting Member(s) from each Village shall be elected on an annual basis, either by written ballot or at a meeting of the Members within such Village, as the Board determines; provided, upon written petition of Members holding at least 10% of the votes attributable to Units within any such Village, the election for such Village shall be held at a meeting. The presence, in person or by proxy, of Members representing at least 30% of the total votes attributable to Units in the Village shall constitute a quorum at any such Village meeting.

The Board shall call for the first election of the Voting Member(s) and alternate Voting Member(s) from any new Village not later than one year after the first conveyance of a Unit in the Village to a Person other than a Builder or Developer Owner. Subsequent elections shall be held on or before January 30th each year. The Developer Owner shall be the voting Member of undeveloped Units provided the Property on which such Units are expected to be developed has been made subject to this Declaration, and shall be entitled the number of votes equal to the number of Units authorized and approved for the undeveloped Property. Each Member shall be entitled to cast one equal vote for each Unit which

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it owns in the Village. The candidate for each position who receives the greatest number of votes shall be elected to serve until a successor is elected. Any Owner of a Unit in the Village may submit nominations for election or declare himself a candidate in accordance with procedures which the Board shall establish.

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Members in the Village which such Voting Member represents.

Until such time as a Voting Member for a Village has been duly appointed or elected, the Owners within such Village may personally cast the votes attributable to their respective Units on any issue requiring a vote of the Voting Members under this Declaration, the By-Laws, or the Articles.

**ARTICLE 4**  
**RIGHTS AND OBLIGATIONS OF THE ORGANIZATION**

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4.1 Common Area. The Organization, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon (including, without limitation, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, consistent with this Declaration and the Community-Wide Standard and maintain, replace and irrigate all landscaping located in the medians of all public roads and along all sidewalk easements located within the Properties, subject to the rights and any obligations of the City of Kent as set forth in Section 15.2 below. As part of such obligation, the Organization shall manage the Lakes to the standards as described in Exhibit B attached hereto ("Lake Management Standards") and in accordance with the rules ("Lake Rules") set forth in Exhibit C attached hereto.

4.2 Personal Property and Real Property for Common Use. The Organization may acquire, hold, and dispose of tangible and intangible personal property and real property. The Developer Owner(s) may convey to the Organization improved or unimproved real estate located within the Properties described in Exhibit A, personal property and leasehold and other property interests for use as or in Common Areas provided that at the time of such conveyance the improvements shall be substantially complete, and there shall be provided to the organization a one-year warranty on the improvements. If any new Lakes are included with the real property conveyed they shall meet the well construction requirements, design levels and permeability levels approved by the Organization as described on Exhibit D attached hereto ("Permeability Standards"). Such property shall be accepted by the

Organization and thereafter shall be maintained as Common Area by the Organization at its expense for the benefit of its Members, subject to any restrictions set forth in the deed.

4.3 Rules. The Organization, through its Board, may make and enforce reasonable rules ("Rules") governing the use of the Common Area, in addition to, further defining or limiting, and, where specifically authorized hereunder, creating exceptions to those covenants and restrictions set forth in this Declaration. Such Rules shall be binding upon all Owners, occupants, invitees, and licensees until and unless repealed or modified in a regular or special meeting by the vote of Voting Members representing two-thirds (2/3) of the total votes in the Organization.

4.4 Enforcement. The Organization may impose sanctions for violations of this Declaration, the By-Laws, or Rules in accordance with procedures set forth in the By-Laws, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Area. In addition, the Organization may exercise self-help as allowed by applicable laws to cure violations, and may suspend any services it provides to the Unit of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Organization. The Board may seek relief in any court for any such violations or to abate nuisances.

The Organization, by contract or other agreement, may but shall not be required to enforce county and city ordinances, if applicable, and permit King County to enforce applicable ordinances on the Properties for the benefit of the Organization and its Members.

4.5 Implied Rights; Board Authority. The Organization may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws, Articles, or by law, all rights and powers of the Organization may be exercised by the Board without a vote of the membership.

4.6 Governmental Interests. So long as any of the Properties described on Exhibit A, are undeveloped the Developer Owner or authorized Builder may designate sites within such portion of the Properties for fire, police, utility facilities, public schools and parks, and other public facilities consistent with the Master Plan. No commercial use shall be allowed within the Properties.

4.7 Indemnification. The Organization shall indemnify every officer, director, and committee member of an Organization

committee against all expenses, including counsel fees, reasonably incurred 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 and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Organization (except to the extent that such officers or directors may also be Members of the Organization). The Organization shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Organization shall, as a Common Expense, maintain adequate general liability and officers, and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

4.8 Dedication of Common Area. The Organization may dedicate such portions of the Common Areas which are designated for use as public streets to the City of Kent, or to King County, Washington, or to any other local, state, or federal governmental entity, subject to such approval as may be required by Section 13.2 of this Declaration.

4.9 Security. The Organization may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ORGANIZATION NOR ANY BUILDER OR DEVELOPER OWNER SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, NOR SHALL ANY OF THEM BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR OF INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. NO REPRESENTATION OR WARRANTY IS MADE THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM OR OTHER SECURITY SYSTEM CAN NOT BE COMPROMISED OR CIRCUMVENTED, NOR THAT ANY SUCH SYSTEMS OR SECURITY MEASURES SHALL BE UNDERTAKEN OR IF UNDERTAKEN WILL IN ALL CASES PREVENT LOSS OR PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER ACKNOWLEDGES, UNDERSTANDS AND COVENANTS TO INFORM ITS TENANTS THAT THE ORGANIZATION, ITS BOARD OF DIRECTORS AND COMMITTEES, DEVELOPER OWNERS, AND ANY SUCCESSORS THERETO ARE NOT INSURERS AND THAT EACH PERSON USING THE PROPERTIES ASSUMES ALL RISKS FOR LOSS OR

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DAMAGE TO PERSONS, TO PROPERTY, TO UNITS AND TO THE CONTENTS OF UNITS RESULTING FROM ACTS OF GOD OR THIRD PARTIES.

4.10 Rights to Storm Water Runoff and Water Conservation and Reclamation Programs. The Organization or its designee may establish programs for reclamation of storm water runoff and wastewater for appropriate uses within the Properties and may require Owners and occupants of Units to participate in such programs to the extent reasonably practical.

4.11 Public Gardens and Environmental Programs. The Board may establish gardens within the Common Area or designate spaces within the Common Area for the establishment of gardens to promote public awareness of and participation in conservation, management and enhancement of native vegetation, soils and geology and may establish programs to promote an understanding of the natural landscape and environment.

**ARTICLE 5  
MAINTENANCE**

5.1 Organization's Responsibility. The Organization shall at its cost operate, maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to:

(a) all landscaping and other flora (including maintenance, repair and irrigation thereof), parks, signage, structures, and improvements, including any private streets and roads, bike and pedestrian pathways/trails, storm drainage systems and recreational areas situated upon the Common Area;

(b) landscaping (including irrigation thereof), sidewalks, street lights and signage within public rights-of-way within or abutting the Properties, and landscaping and other flora (including irrigation thereof) within any public utility easements and conservation easements within the Properties (subject to the terms of any easement agreement relating thereto);

(c) the Lakes system together with all drains, wells, pumps and other appurtenances to the system as may be required by the City of Kent, including without limitation the installation and construction of any facilities for treatment of water in or discharged from or into the Lakes system, as such facilities are required by any governmental agency having jurisdiction, correction of any deficiency or defect in the design of the Lakes system, and its appurtenances by installation or construction of corrective measures, regardless of whether the City of Kent or its successors may have assumed the operation of the part of the lake system involved.

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(d) such portions of any additional property included within any Area of Common Responsibility as may be required by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Organization.

There are hereby reserved to the Organization easements over the Properties as necessary to enable the Organization to fulfill such responsibilities. The Organization shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for reasonable periods as necessary to perform required maintenance or repairs.

The Organization may maintain other property which it does not own, including, without limitation, publicly owned property and any public park areas adjacent to or meeting the Properties and along the Green River, including the historical Neely Residence and the public grounds adjacent thereto, conservation easements held by nonprofit entities, and other property dedicated to public use, if the Board determines that such maintenance is necessary or desirable to maintain the Community-wide Standard.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Units in the manner of and as a part of the Base Assessment, without prejudice to the right of the Organization to seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with the owner(s) thereof.

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5.2 Standard of Performance. Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as such other duties, as the Board may reasonably determine necessary or appropriate. All maintenance shall be performed in a manner consistent with this Declaration, the Community-wide Standard and all applicable covenants.

Notwithstanding anything to the contrary contained herein, the Organization, and/or an Owner and/or a Village Association shall not be liable for property damage or personal injury occurring on, or arising out of the condition of, property which it does not own unless and only to the extent that it has been negligent in the performance of its maintenance responsibilities.

### 5.3 Party Walls and Similar Structures.

(a) General Rules of Law to Apply. Each wall, fence, driveway or similar structure built as a part of the original construction on the Units which serves and/or separates any

...joining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply hereto.

(b) Sharing of Repair and Maintenance. All Owners whose Units are served by the party structure shall share the cost of reasonable repair and maintenance of such structure equally.

(c) Damage and Destruction. If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner whose Units are served by the structure may restore it. Owners of any other Units served by the structure shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other Owners under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right to Contribution Runs With Land. The right of an Owner to contribution from any other Owner under this Section shall be appurtenant to and run with the land and shall pass to such Owner's successors-in-title.

**ARTICLE 6  
INSURANCE AND CASUALTY LOSSES**

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6.1 Organization Insurance. The Organization, acting through its Board or its duly authorized agent, shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Area and on other portions of the Area of Common Responsibility to the extent that it has assumed responsibility for maintenance, repair and/or replacement in the event of a loss. The organization shall have the authority to and interest in insuring any privately or publicly owned property for which the Organization has maintenance or repair responsibility. Such property shall include, by way of illustration and not limitation, any insurable improvements on or related to the Lakes, parks, rights-of-way, medians, easements, and walkways which the Organization is obligated to maintain. If blanket "all-risk" coverage is not generally available at reasonable cost, then the Organization shall obtain fire and extended coverage, including coverage for vandalism and malicious mischief. The face amount of the policy shall be sufficient to cover the full replacement cost of the insured property.

The Organization shall have no insurance responsibility for any part of any Private Amenity property.

The Organization also shall obtain a public liability policy on the Area of Common Responsibility, insuring the Organization and its Members for damage or injury caused by the negligence of the Organization or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the public liability policy shall have at least a \$1,000,000.00 combined single limit as respects bodily injury and property damage and at least a \$3,000,000.00 limit per occurrence and in the aggregate.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses and shall be included in the Base Assessment.

The policies may contain a reasonable deductible which shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the required coverage. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Village Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the By-Laws, that the loss is the result of the negligence or willful conduct of one or more owners or occupants, then the Board may specifically assess the full amount of such deductible against the Unit of such Owner or occupant, pursuant to Section 10.7.

All insurance coverage obtained by the Organization shall:

(a) be written with a company authorized to do business in Washington which holds a Best's rating of A or better and is assigned a financial size category of IX or larger as established by A.M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available;

(b) vest in the Board exclusive authority on behalf of all Owners to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss;

(c) not be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees; and

(d) have an inflation guard endorsement, if reasonably available. If the policy contains a co-insurance clause, it shall also have an agreed amount endorsement. The Organization shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with single and

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multifamily residential construction in the King County, Washington area.

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

(a) waive subrogation as to any claims against the Organization's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

(b) waive the insurer's rights to repair and reconstruct instead of paying cash;

(c) preclude cancellation, invalidation, suspension, or nonrenewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Organization to cure the defect or violation and allowance of a reasonable time to cure;

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

(e) require at least 30 days' prior written notice to the Organization of any cancellation, substantial modification, or nonrenewal.

The Organization shall also obtain, as a Common Expense, worker's compensation insurance and employer's liability insurance, if and to the extent required by law, directors' and officers' liability coverage, if reasonably available, and flood insurance, if advisable.

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The Organization also shall require or obtain, as a Common Expense, a fidelity bond or bonds, if generally available at reasonable cost, covering all persons responsible for handling Organization funds. The Board shall determine the amount of fidelity coverage in its best business judgment but, if reasonably available, shall secure coverage equal to not less than one-sixth of the annual Base Assessments on all Units plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least 30 days' prior written notice to the Organization of any cancellation, substantial modification or nonrenewal.

#### 6.2 Damage and Destruction.

(a) Immediately after damage or destruction to all or any part of the Properties covered by insurance written in the name of the Organization, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and



detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

(b) Any damage to or destruction of the Common Area shall be repaired or reconstructed unless the Voting Members representing at least 75% of the total votes in the Organization, if any, decide within 60 days after the loss not to repair or reconstruct.

Any damage to or destruction of the common property of any Village Association shall be repaired or reconstructed unless the Unit Owners representing at least 75% of the total vote of the Village Association decide within 60 days after the damage or destruction not to repair or reconstruct under a different provision within the documentation applicable to such Village.

If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Organization within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days unless otherwise provided in the applicable Village documents.

(c) If determined in the manner described above that the damage or destruction to the Common Area or to the common property of any Village Association shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and maintained by the Organization or the Village Association, as applicable, in a neat and attractive, landscaped condition consistent with the Community-wide Standard.

6.3 Disbursement of Proceeds. Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Organization or the Village Organization, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

6.4 Repair and Reconstruction. Subject to Section 6.2(b) above, if insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors shall, without a vote of the Voting Members, levy Special Assessments against those Unit Owners responsible for the premiums for the applicable insurance coverage under Section 6.1.

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**ARTICLE 7**  
**NO PARTITION**

Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. No Person shall seek any judicial partition unless the Properties or such portion thereof have been removed from the provisions of this Declaration. This Article shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

**ARTICLE 8**  
**CONDEMNATION**

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Members representing at least 67% of the total votes in the Organization by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice. The award made for such taking shall be payable to the Organization as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, the Organization shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Declarant, Voting Members representing at least 75% of the total votes in the Organization shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of sections 6.4 and 6.5 regarding funds for the repair of damage or destruction shall apply.

If the taking does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if not funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Organization and used for such purposes as the Board shall determine.

**ARTICLE 9**  
**ANNEXATION AND WITHDRAWAL OF PROPERTY**

9.1 Additional Covenants and Easements. The Developer Owners of any undeveloped portion of the Properties may unilaterally subject any portion of the property submitted to this Declaration initially or by supplemental instrument to additional covenants and

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assessments. Such additional covenants and easements shall be set forth in a written instrument filed of record.

**ARTICLE 10**  
**ASSESSMENTS**

10.1 Creation of Assessments. The Organization is hereby authorized to levy assessments against each Unit for Organization expenses as the Board may specifically authorize from time to time. There shall be three types of assessments for Organization expenses: (a) Base Assessments to fund Common Expenses for the general benefit of all Units; and (b) Special Assessments as described in Section 10.4; and (c) Specific Assessments as described in Section 10.5. Each existing Owner and each new Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties is deemed to covenant and agree to pay these assessments.

All assessments, together with interest from the due date of such assessment at a rate determined by the Board (not to exceed the highest rate allowed by Washington law), late charges, costs, and reasonable attorney's fees, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 10.8. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose, and if any Unit is owned by more than one Person, such obligation shall be joint and several. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage, no purchaser of the Unit from such Mortgagee or any subsequent purchaser or transferee, and no purchaser of the Unit at any foreclosure sale under such Mortgage or any subsequent purchaser or transferee, shall be liable for unpaid assessments which accrued prior to such Mortgagee's acquisition of title or prior to such foreclosure sale.

Assessments shall be paid monthly in advance on the first day of each month and in such manner as the Board may establish. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

The Organization shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an officer of the Organization setting forth whether such

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assessment has been paid. Such certificate shall be conclusive evidence of payment. The Organization may require the advance payment of a reasonable processing fee for the issuance of such certificate.

No Owner may exempt himself from liability for assessments, by nonuse of Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Organization or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

10.2 Computation of Base Assessment. At least 90 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses during the coming year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 10.4.

The Base Assessment shall be levied equally against all Units and shall be set at a level which is reasonably expected to produce total income for the Organization equal to the total budgeted Common Expenses, including reserves. In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Organization.

The Board shall send a copy of the budget and notice of the amount of the Base Assessment for the following year to each Owner at least 60 days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting duly called of the Voting Members by Voting Members representing at least 50% of the total votes in the Organization and 75% of the total number of Voting Members. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Voting Members as provided for special meetings in the By-Laws, which petition must be presented to the Board within 10 days after delivery of the notice of assessments.

If the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

10.3 Reserve Budget and Capital Contribution. The Board shall annually prepare reserve budgets which take into account the number and nature of replaceable assets, the expected life of each asset,

and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Organization, as shown on the budget, with respect both to amount and timing by annual Base Assessments over the budget period.

10.4 Special Assessments. In addition to other authorized assessments, the Organization may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessment shall be levied against the entire membership, if such Special Assessment is for Common Expenses. The Board shall send notice of each Special Assessment to each Owner, at least sixty (60) days prior to the date it is to become effective. Such Special Assessment shall become effective unless disapproved at a meeting duly called of the Voting Members (if a Common Expense) or Owners representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment. There shall be no obligation to call a meeting for the purpose of considering the budget except on petition of the Voting Members as provided for special meetings in the By-Laws, which petition must be presented to the Board within 10 days after delivery of the notice of assessments. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

10.5 Specific Assessments. The Board shall have the power to levy Specific Assessments against a particular Unit or Units constituting less than all Units within the Properties or within a Village, as follows:

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(a) to cover costs incurred in bringing the Unit into compliance with the terms of this Declaration, any applicable Supplemental Declaration, the By-Laws or rules, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their licensees, invitees, lessees or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing before levying in Specific Assessment under this subsection (a).

The Organization may also levy a Specific Assessment against any Village to reimburse the Organization for costs incurred in bringing the Village into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the By-Laws, and rules, provided the Board gives the Voting Member from such Village prior written notice and an opportunity to be heard before levying any such assessment.

10.6 Date of Commencement of Assessments. The obligation to pay assessments shall commence as to each Unit on the date this

Declaration is recorded. Initially, assessments shall be levied on the Units as shown in Exhibit E.

10.7 Lien for Assessments. In order to provide for the proper operation of the Organization, the performance of its obligations of maintenance herein contained and the maintenance and improvement of any property which the Organization acquires for the benefit of Owners of Units:

(a) With respect to the Properties or portions of the Properties not subjected to condominium ownership, each Owner of any portion of a Unit, their heirs, successors and assigns shall and do, by the act of accepting a deed or entering into a contract of sale as vendee, jointly and severally agree that they and each of them shall accept and hold membership in the Organization and shall pay to the Organization the assessments, dues and charges levied according to this Declaration, the Articles of Incorporation and Bylaws of the Organization against the holders of memberships in the Organization; and

(b) With respect to Properties or portions of Properties which have been subjected to condominium ownership each person or party who acquires an interest in such Properties or portions of a Property including the interest in the condominium, their heirs, successors and assigns, shall and do, by the act of accepting such interest, jointly and severally agree that the association of apartment or unit owners of the condominium shall hold the appurtenant memberships in the Organization as common property and that the assessments, dues and charges levied according to this Declaration, the Articles of Incorporation and Bylaws of the Organization against such memberships shall be paid as a common maintenance expense of the condominium.

In the event that any such assessments, dues or charges remain unpaid to the Organization for a period of sixty days after the due date, then the Organization may place a written notice of public record in King County, Washington, that the Organization claims a lien against the Properties or Units or portions thereof to which the memberships are appurtenant for the amount of delinquent assessments, dues and charges together with interest at the rate of twelve percent or the maximum rate permitted under Washington law, if less, per annum from the date due until paid, and attorney's fees as herein provided. From and after recording such notice, and not prior to such recording, the Properties or Units or portions thereof to which the memberships are appurtenant shall be subject to a lien to the Organization as security for all unpaid assessments, dues and charges in the amount designated therein with interest and attorneys' fees, together with all future unpaid dues and charges accrued until the lien arising because of the notice is released by the Organization. The enforcement of the

lien claimed against any property which is subject to condominium ownership shall be only against the interest of the apartment or unit owners in proportion to their respective interests in the common areas and facilities. All assessments authorized in this Article shall continue to constitute a lien against the Properties or Units against which they are levied until paid. The lien shall also secure payment of interest, late charges (subject to the limitations of Washington law), and costs of collection (including attorneys fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, including any municipal liens imposed by the City of Kent pursuant to its combined sewerage system enacted pursuant to RCW 35.67.331 relating to water sewerage, garbage and drainage facilities, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value, whether made or recorded before or after the date of recordation of this Declaration. The Organization may enforce such lien, when delinquent, by suit, judgment, and foreclosure.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A Mortgagee or other purchaser of a Unit who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from owners of all Units subject to assessment under Section 10.1, including such acquirer, its successors and assigns.

Notwithstanding any provision of this Section appearing to the contrary, if the lien shall attach to a Unit or portion thereof subject to condominium ownership, then the lien may be discharged by each condominium apartment or condominium unit owner from such owner's apartment or unit in the condominium by the payment of the amount secured by the lien multiplied by the percentage of interest of the apartment or unit in the appurtenant common areas and facilities.

10.8 Failure to Assess. Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Village Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is

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made, at which time the Organization may retroactively assess any shortfalls in collections.

10.9 Exempt Property. The following property shall be exempt from payment of Base Assessments, Village Assessments, and Special Assessments:

- (a) all' Common Area;
- (b) any property dedicated to and accepted by any governmental authority or public utility;
- (c) any property held by a conservation trust or similar nonprofit entity as a conservation easement, except to the extent that any such easement lies within the boundaries of a Unit which is subject to assessment under Section 10.8 (in which case the Unit shall not be exempted from assessment); and
- (d) any property owned by a Village Association for the common use and enjoyment of its members, or owned by the members of a Village Association as tenants-in-common.

**ARTICLE 11**  
**USE GUIDELINES AND RESTRICTIONS**

11.1 Plan of Development; Applicability; Effect. The Lakes at Kent has been created as a residential and recreational development and, in furtherance of the Owners' interests, there has been established a general plan of development for The Lakes at Kent as a master planned community. The Properties are subject to land development, architectural, and design guidelines, if any, as set forth in the Master Plan. The Properties are subject to guidelines and restrictions governing land use, individual conduct, and use of or actions upon the Properties as provided in this Article 11. This Declaration and resolutions the Board or the Voting Members may adopt establish affirmative and negative covenants, easements, and restrictions (the "Use Guidelines and Restrictions").

All provisions of this Declaration and of any Organization Rules shall also apply to all occupants, tenants, guests and invitees of any Unit. Any lease on any Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of this Declaration, the By-Laws, and the Rules of the Organization.

The general plan of development is promulgated in order to protect all Owners' quality of life and collective interests: the aesthetics and environment within the Properties, and the vitality of and sense of community within The Lakes at Kent are subject to

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the Board's and the Voting Members' ability to respond to changes in circumstances, conditions, needs, and desires within the master-planned community.

Use Guidelines and Restrictions set forth in Section 11.6 contain general provisions applicable to all of the Properties, as well as specific provisions which may vary within the Properties depending upon the location, characteristics, and intended use. Based upon these Use Guidelines and Restrictions, the Board has adopted the Rules.

**11.2 Board Power.** Subject to the terms of this Article 11 and to its duty of care and undivided loyalty to the Organization and its Members, the Board shall implement and manage the Use Guidelines and Restrictions through Rules which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions. Prior to any such action, the Board shall conspicuously publish notice of the proposal at least five business days prior to the Board meeting at which such action is to be considered. Voting Members shall have a reasonable opportunity to be heard at a Board meeting prior to action being taken.

The Board shall send a copy of any proposed new rule or amendment to each Owner at least 30 days prior to its effective date. The rule shall become effective unless disapproved at a meeting by Voting Members representing at least two-thirds (2/3) of the total votes. The Board shall have no obligation to call a meeting of the Voting Members to consider disapproval except upon petition of the Voting Members as required for special meetings of the By-Laws.

The Board shall have all powers necessary and proper, subject to its exercise of sound business judgment and reasonableness, to effect the powers contained in this Section 11.2, subject to any limitations thereon set forth in this Declaration.

The Board shall provide, without cost, a copy of the Use Guidelines and Restrictions and Rules then in effect to any requesting Member or Mortgagee.

**11.3 Members' Power.** The Voting Members, at a meeting duly called for such purpose as provided in the By-Laws, may adopt, repeal, modify, limit, and expand Use Guidelines and Restrictions and implementing Rules by a vote of two-thirds (2/3) of the total votes.

**11.4 Owners' Acknowledgment.** All Owners are subject to the Use Guidelines and Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board and/or the Voting Members may add, delete,

modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Sections 11.2, 11.3, and 17.2.

Each Owner by acceptance of a deed or contract of sale acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the Use Guidelines and Restrictions and rules may change from time to time.

11.5 Rights of Owners. Except as may be specifically set forth in Section 11.6, neither the Board nor the Voting Members may adopt any rule in violation of the following provisions:

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

(b) Speech. The rights of Owners and occupants to display political signs and symbols in or on their Units of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods shall not be abridged, except that the Organization may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

(c) Religious and Holiday Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations in their Units of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods shall not be abridged, except that the Organization may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

(d) Household Composition. No rule shall interfere with the freedom of occupants of Units to determine the composition of their households.

(e) Activities Within Unit. No rule shall interfere with the activities carried on within the confines of Units, except that the Organization may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Organization or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the Unit, that block the views from other Units, or that create an unreasonable source of annoyance.

(f) Pets. Unless the keeping of pets in any Village is prohibited by its applicable covenants, no rule prohibiting the

Keeping of ordinary household pets shall be adopted thereafter over the objection of any affected Owner expressed in writing to the Organization. The Organization may adopt reasonable regulations designed to minimize damage and disturbance to other Owners and occupants, including regulations requiring damage deposits, waste removal, leash controls, noise controls, occupancy limits based on size and facilities of the Unit and fair share use of the Common Area. Nothing in this provision shall prevent the Organization from requiring removal of any animal that presents an actual threat to the health or safety of residents or from requiring abatement of any nuisance or unreasonable source of annoyance.

(g) Allocation of Burdens and Benefits. Except as permitted by Section 2.2, the initial allocation of financial burdens and rights to use Common Areas among the various Units shall not be changed to the detriment of any Owner over that Owner's objection expressed in writing to the Organization. Nothing in this provision shall prevent the Organization from adopting generally applicable rules for use of Common Areas, or from denying use privileges to those who abuse the Common Area, violate rules or this Declaration, or fail to pay assessments. This provision does not affect the right to increase the amount of assessments as provided in Article 10.

(h) Alienation. No rule shall prohibit transfer of any Unit, or require consent of the Organization or Board for transfer of any Unit. The Organization shall not impose any fee on transfer of any Unit.

(i) Reasonable Rights to Develop. No rule or action by the Organization or Board shall unreasonably impede an Owner's or Developer Owner's right to develop undeveloped property in accordance with the Master Plan.

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

#### 11.6 Initial Use Guidelines and Restrictions.

(a) General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Organization or any Owner, or business offices for the Owner of any development within The Lakes at Ker\* or the Organization consistent with this Declaration and any Supplemental Declaration). Any Supplemental Declaration or additional covenants imposed on the property within any Village may impose stricter standards than

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those contained in this Article and the Organization shall have standing and the power to enforce such standards.

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

(i) Parking of commercial vehicles, recreational vehicles, mobile homes, boats or other watercraft, or other oversized vehicles, stored vehicles or inoperable vehicles in places other than enclosed garages or areas designated by owners of apartment complexes or by condominium owners' associations or Village organizations on their respective Property;

(ii) Capturing, trapping or killing of wildlife within the Properties, except in circumstances posing an imminent threat to the safety of persons using the Properties, and raising, breeding or keeping of animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit. However, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet;

(iii) Activities which materially disturb or destroy the vegetation, wildlife or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(iv) Obstruction or rechanneling of drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that the Owner of any undeveloped portion of the Properties shall have such right during the development of such Properties subject to the obligation to minimize runoff into the Lakes, and the Organization shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(v) Subdivision of a Unit into two or more Units after a subdivision plat including such Unit has been approved and filed with the appropriate governmental authority, or changing the boundary lines of any Unit, except that the Owners and Builders on

undeveloped Property, shall be permitted to subdivide or change the boundary lines of Units which they own;

(vi) Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years;

(viii) Use of any trails maintained by the Organization for purposes other than walking and non-motorized bicycling; and

(ix) Any business, or trade, or similar activity (other than operation of an apartment complex on portions of the Properties built for such purpose), except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the activity conforms to all zoning requirements for the Properties; (c) the activity does not involve frequent regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (d) the activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. This subsection (b) (ix) shall not apply to any activity conducted by the Owner of any currently undeveloped Property or a Builder with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties.

(x) Any construction, erection, or placement of ornamentation or other objects or equipment, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except as specifically permitted by Section 11.5(c).

ARTICLE 12  
EASEMENTS

12.1 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an

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... easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, Unit occupant, or the Organization.

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12.2 Easements for Utilities, Etc. There are hereby reserved unto the Organization, and the Owner of any property not currently developed, and the designees of each (which may include, without limitation, King County, Washington and any utility) access and maintenance easements upon, across, over, and under the Common Area of all of the Properties to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, trails, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity, and for the purpose of installing any of the foregoing on property which any of the foregoing own or within easements designated for such purposes on recorded plats of the Properties. This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing structure, including without limitation, a dwelling, on a Unit, or over or under any of the currently existing Lakes and any damage to a Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

There is specifically granted to the local water supplier, electric company, and natural gas supplier easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the dwelling on any Unit, nor shall any utilities be installed or relocated on the Properties, except as approved by the Board and the Owner thereof.

12.3 Easements for Collection of Storm Water Runoff and Flood Water. The Organization for itself, and its successors, assigns, and designees shall have the nonexclusive right and easement, but not the obligation, to enter upon any conservation easement located within the Area of Common Responsibility to construct, maintain, and repair any structure designed to divert, collect or retain water and remove trash and other debris. The Organization, and its designees shall have an access easement over and across any of the Properties abutting or containing any portion of any conservation

easement to the extent reasonably necessary to exercise their rights under this Section.

12.4 Easements to Serve Additional Property. There is hereby reserved for the Organization and the Developer Owners for themselves and their duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the undeveloped property. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of Units and related facilities and improvements, roads and for connecting and installing utilities on such property. Each such Developer Owner agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Each Developer Owner further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not here subject to this Declaration, the Developer Owners, their successors or assigns shall enter into a reasonable agreement with the Organization to share the cost of maintenance of any access roadway serving such property.

12.5 Easements for Cross-Drainage. Every Unit and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any Unit so as to materially increase the drainage of storm water onto adjacent portions of the Properties without the consent of the Owner of the affected property.

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12.6 Right of Entry. The Organization shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article 5 hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, By-Laws, and Rules, which right may be exercised by any member of the Board, the Organization, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Organization to enter upon any Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

**ARTICLE 13**  
**MORTGAGEE PROTECTION PROVISIONS**

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration, any Supplemental Declaration and to the By-Laws, notwithstanding any other provisions contained herein or therein.

**13.1 Notices of Action.** An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Organization (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder:

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Declaration, any Supplemental Declaration or By-Laws relating to such Unit or the Owner or Occupant which is not cured within 60 days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon request from the Organization of any default in the performance by an Owner of a Unit of any obligation under the Declaration, any Supplemental Declaration or By-Laws which is not cured within 60 days;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Organization; or

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

**13.2 Special FHLMC/FNMA Provisions.** So long as required by the Federal Home Loan Mortgage Corporation, or the Federal National Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first Mortgagees or Voting Members representing at least 67% of the total Organization votes entitled to be cast consent, the Organization shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Organization

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owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

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

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Area (The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

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

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

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First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Organization policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Organization.

13.3 Other Provisions for First Mortgagees. To the extent possible under Washington law:

(a) Any restoration or repair of the Properties after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Organization after substantial destruction or a substantial taking in condemnation

shall require the approval of the Eligible Holders of first Mortgages on Units to which at least 51% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

13.4 Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Organization made as a result of destruction, damage, or condemnation pursuant to Section 13.3(a) and (b), or to the addition of land in accordance with Article IX:

(a) The consent of Voting Members representing at least 67% of the votes, and the approval of the Eligible Holders of first Mortgages on Units to which at least 67% of the votes of Units subject to a Mortgage appertain, shall be required to terminate the Organization.

(b) The consent of Voting Members representing at least 67% of the votes, and the approval of Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to a Mortgage appertain, shall be required materially to amend any provisions of the Declaration, By-laws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

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- (i) voting;
  - (ii) assessments, assessment liens, or subordination of such liens;
  - (iii) reserves for maintenance, repair, and replacement of the Common Area;
  - (iv) insurance or fidelity bonds;
  - (v) rights to use the Common Area;
  - (vi) responsibility for maintenance and repair of the Properties;
  - (vii) expansion or contraction of the Properties or the addition, annexation, or withdrawal of Properties to or from the Organization;
  - (viii) boundaries of any Unit;
  - (ix) leasing of Units (but not leasing of Units in apartment complexes, which shall be within the sole discretion of the fee owners of such apartment complexes);

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

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

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

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

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

13.7 Amendment by Board. Should the Veterans Administration, Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of its respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may record an amendment to this Article to reflect such changes.

13.8 Applicability of Article 13. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or Washington law for any of the acts set out in this Article.

13.9 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Organization does not receive a written response from the Mortgagee within thirty days of the date of the Organization's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

**ARTICLE 14**  
**DEVELOPER OWNER OF UNDEVELOPED PROPERTIES**

Any or all of the special rights and obligations of the Developer Owner of any undeveloped Properties set forth in this

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Declaration or the By-Laws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the By-Laws. No such transfer shall be effective unless it is in a written instrument signed by such Owner and duly recorded in the land records of King County, Washington.

So long as construction and initial sales of Units shall continue, the Developer Owner of undeveloped Properties and Builders authorized by them may maintain and carry on upon portions of the Common Area such facilities and activities as may be reasonably required, convenient, or incidental to the construction or sale of such Units, including, but not limited to, business offices, signs, model units, and sales offices. The Owner and authorized Builders shall have easements for access to and use of such facilities, provided that such easements shall be limited to the extent reasonably possible so as not to interfere with the use and enjoyment of the Common Area by Owners, occupants and their invitees.

This Article may not be amended without the written consent of the Owners of undeveloped Properties. The rights contained in this Article shall terminate upon the earlier of (a) 40 years from the date this Declaration is recorded, or (b) upon recording by the Owners of the undeveloped Properties a written statement that all sales activity has ceased.

**ARTICLE 15**  
**THE LAKES**

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15.1 Rights of the City of Kent. In order to assure the proper operation and maintenance of the Lakes system and irrigation of median and sidewalk landscaping, the City of Kent shall have the right as provided below, but not the obligation, to maintain and operate all or any part of the Lakes system as elsewhere herein provided for and to irrigate median and sidewalk landscaping, if the Organization shall fail to operate and maintain the Lakes system or irrigate such landscaping and such failure continues for more than 10 days after written notice of the failure is mailed to or served upon the registered agent for the Organization. However, no notice shall be required in the event that the City of Kent shall determine that an emergency situation exists in which damage to person or property may result if the situation is not remedied prior to the time required for notice. If the City of Kent shall exercise its rights under this paragraph, the Organization shall on demand reimburse the City of Kent for all reasonable and necessary expenses incurred incident thereto, including all legal costs and attorneys' fees and reasonable administrative costs, and the City of Kent shall have the right and is hereby given the power and

authority acting in the name of the Organization to exercise and enforce on behalf of the Organization at its cost its rights to assess dues and charges for such costs and to enforce its lien right for such assessments, dues and charges as herein provided. This paragraph may not be amended without the consent of the City of Kent. If a Developer Owner or the Organization fails or refuses to perform any Lakes system maintenance or repairs as requested in writing by the City of Kent, the City, including any agents and officers and employees, are authorized to enter the property owned by either or both the Developer Owner and the Organization and undertake to the City's satisfaction any and all needed maintenance and repairs to the Lakes system, including drains, wells, pumps, and other appurtenances, subject further to the right of the City of Kent to impose materialmans and/or laborers liens and foreclose upon any and all properties owned by Developer Owner or the Organization, and/or at the City's option impose charges upon such properties through billed combined sewerage system utility fees and charge to any and all properties which the City of Kent determines to be benefitted in accordance with the ordinances of the City of Kent. The City of Kent shall also be permitted to collect the costs of administration and enforcement through the foregoing lien attachment and collection process as is permitted under RCW Chapter 35.67. All current and future Developer Owners and the Organization agree to defend, indemnify and hold harmless the City of Kent for any and all third-party claims, demands, actions, injuries, losses, damages, costs of liabilities of any kind or amount whatsoever, whether known or unknown, foreseen or unforeseen, fixed or contingent, liquidated or unliquidated, arising by reason of any actual or alleged defect in design of the Lake system; provided that indemnification shall not apply to final judgments against the City of Kent arising out of actual determination by a finder of fact that monetary damages suffered by a third party were actually and approximately caused by the intentional tortious acts of the City of Kent, its officers, officials or agents, or by the negligence solely or on the part of the City of Kent, its employees, officials or agents.

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15.2 Expansion/Control of Lake System/The Lakes. Each Builder, Developer Owner and other Owner may cause the property upon which future Lakes may now or hereafter be located to be conveyed from time to time to the Organization. If not conveyed, such property shall be subject to the maintenance and permeability standards set forth in Exhibits B and D hereof and shall have separate outflow pipes. If conveyed, such property as is identified in the conveyance as a part of the Lakes system, and all existing property which is a part of the Lakes system, shall be subject to the following covenants which shall be binding upon and inure to the benefit of the owners of real property which may now or hereafter be subjected to this instrument.

(a) The property so conveyed and identified shall be used for no other purpose than to maintain, replace, reconstruct and operate a Lakes system for the benefit of the real properties now and hereafter made subject to this Declaration.

(b) The property now or hereafter so conveyed and identified shall be subject to the rights of the City of Kent to own, operate, control and maintain the outlet structure of the Lakes system into the Green River, the right of the City of Kent to regulate the water level in the Lakes system, the right to control the operation of all facilities which regulate the flow of water into and out of the Lakes system, including the pumps, wells, fountains, dams, channels, pipes, and outfall system, and thereof to control the level of the lake which may include the right to make sudden changes in the level of the lake, and the right of the City of Kent to use any of the property of the Organization for access and to exercise these rights. The rights referred to are established by these covenants, as evidenced on the face of the plat, for the deposit, transportation, storage and outletting of surface and storm water into, through and out of the Lakes system. Additional rights and obligations relating to the ownership, operation, control and maintenance of the Lakes system may be established by agreements between the Organization and the City of Kent, as required by the City of Kent. The Organization shall have the right to make such additional agreements and to establish the rights and obligations thereunder as covenants to run with those portions of the Properties which are now or hereafter conveyed to the Organization and otherwise constitute a part of the Lakes system.

(c) Surface and storm water which may accumulate on all or any part of the real property which is now or hereafter made subject to this Declaration or which is owned by a Builder or Developer Owner and which is in the process of development, any surface or storm water which may accumulate on any and all properties now or hereafter transferred by such Builder or Developer Owner incident to development to the City of Kent, including rights of way and easements, and any surface or storm water which may now or hereafter be accumulated on or in any public street or public storm water drainage system may be discharged into the Lakes system; subject to the limitation contained in Section 11.6(b)(iv) above.

(d) The City of Kent shall not be under any obligation to maintain the quality of the water now or hereafter introduced into or retained in the Lakes system; provided that nothing shall relieve or discharge the City of Kent from or on account of any liability because of the intentional or negligent discharge of any toxic waste into the Lakes system by any of its agents or employees acting within the scope of their authority or employment. Each

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Builder and Developer Owner and the Organization agree to defend, indemnify, and hold harmless the City of Kent from any and all third-party claims, demands, actions, injuries, losses, damages, costs or liabilities of any kind or amount whatsoever, whether known or unknown, foreseen or unforeseen, fixed or contingent, liquidated or unliquidated, arising by reason of the discharge of any toxic waste, hazardous waste, or other contaminant into the lake system by reason of any proven act or omission of such Builder or Developer Owner or the Organization; provided that this indemnification shall not apply to final judgments against the City of Kent arising out of actual determination by a finder of fact that monetary damages suffered by a third party were actually and proximately caused by the intentional tortious acts of the City of Kent, its officers, officials, or agents, or by the negligence solely on the part of the City of Kent, its employees, officials, or agents.

(e) The owners of real property subjected to this Declaration, and their respective tenants, guests and invitees may use the surface of the Lakes and the surrounding banks now or hereafter conveyed to and owned by the Organization for recreational purposes. Such use shall be subject to such rules and regulations, including without limitation the Lake Rules, as may be adopted from time to time by the directors of the Organization as such directors deem appropriate in their discretion for the protection of the Lakes system and appurtenances and the safety and welfare of the persons entitled to such use. Any person or party entitled to use the lake system for recreational purposes shall comply with the rules and regulations so adopted. If any such person or party shall fail to comply with such rules and regulations, then in addition to any other right or remedy which may exist for such failure, the Organization may terminate such person's or persons' right to use of the lake system for recreational purposes by appropriate action.

#### ARTICLE 16

#### DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

16.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes. The Organization, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Properties, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the By-Laws, the Organization Rules, or the Articles of Incorporation (collectively "Claim"), except for those Claims authorized in

Section 16.2, shall be subject to the procedures set forth in Section 16.3.

16.2 Exempt Claims. The following Claims ("Exempt Claims") shall be exempt from the provisions of Section 17.3:

(a) any suit by the Organization against any Bound Party to enforce the provisions of Article X;

(b) any suit by the Organization to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Organization's ability to enforce the provisions of Article XI and Article XII; and.

(c) any suit between Owners seeking redress on the basis of a Claim which would constitute a cause of action under the law of the State of Washington in the absence of a claim based on the Declaration, By-Laws, Articles or rules of the Organization, if the amount in controversy exceeds \$5,000.00.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 16.3, but there shall be no obligation to do so.

16.3 Mandatory Procedures for All Other Claims. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than a Claim exempted from this provision by Section 16.2, shall not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of such Claim until it has complied with the following procedures:

(a) Notice. The Claimant shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

1. The nature of the Claim, including date, time, location, persons involved, Respondent's role in the Claim and the provisions of this Declaration, the By-Laws, the Rules, the Articles of Incorporation or other authority out of which the Claim arises;

2. The basis of the Claim (i.e., the provision of the Declaration, By-Laws, Rules or Articles triggered by the Claim);

3. What Claimant wants Respondent to do or not do to resolve the Claim; and

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4. That Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

1. Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

2. Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community.

(c) Mediation.

1. If the Parties do not resolve the Claim through negotiation within 90 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 45 additional days within which to submit the Claim to mediation under the auspices of the American Arbitration Association, or such other independent agency providing similar services upon which the Parties may mutually agree.

2. If Claimant does not submit the Claim to mediation within 45 days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

(d) Final and Binding Arbitration.

1. If the Parties do not resolve the Claim through mediation, the Claimant shall have 45 days following termination (as determined by the mediator) of mediation proceedings ("Termination of Mediation") to submit the Claim to arbitration in accordance with the American Arbitration Association or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

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2. This subsection (d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration law of the State of Washington. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Washington.

16.4 Allocation of Costs of Resolving Claims.

(a) Each Party shall bear all of its own costs incurred prior to and during the proceedings described in Section 16.3 (a), (b) and (c), including the fees of its attorney or other representative. Each Party shall share equally all charges rendered by the mediator(s) pursuant to Section 16.3(c).

(b) The prevailing Party shall be entitled to recover reasonable attorney's fees and costs from the other.

16.5 Enforcement of Resolution. If the Parties agree to resolve any Claim through negotiation or mediation in accordance with Section 16.3 and any Party thereafter fails to abide by the terms of such Agreement, or if the Parties agree to accept the Award following arbitration and any Party thereafter fails to comply with such Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 16.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys fees and court costs.

ARTICLE 17  
GENERAL PROVISIONS

17.1 Term. This Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Organization or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of 99 years from the date this Declaration is recorded. After such time, this Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding each extension, agreeing to amend, in whole or in part, or terminate this Declaration, in which case this Declaration shall be amended or terminated as specified therein.

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17.2 Amendment.

(a) By Owners. Unless otherwise specifically provided herein, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 75% of the total votes in the Organization. In addition, the approval requirements set forth in Article 13 hereof shall be met if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

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

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Notwithstanding the foregoing, there shall be no amendment hereof with respect to equal assessment of all Unit Owners, ownership of the Lakes by the Community Organization, the Lake Rules, the Lake Management Standards or the Permeability Standards.

17.3 Severability. Invalidation of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or applications.

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

17.5 Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Organization unless approved by a vote of at least 75% of the Voting Members. A Voting Member other than an Owner entitled to cast only the vote for its

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own Unit(s) pursuant to Section 3.4(b), shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of Owners holding 75% of the total votes attributable to Units in the Village represented by the Voting Member. This Section shall not apply, however, to (a) actions brought by the Organization to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article 10; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Organization in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision shall apply in addition to the provisions of Article 11, if applicable.

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17.6 Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Village and the Organization may, but shall not be required to, enforce the covenants, conditions, and provisions of any Village; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, by-laws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Village shall be subject and subordinate to those of the Organization. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Organization.

17.7 Compliance. Every Owner and occupant of any Unit shall comply with this Declaration, the By-Laws, and the Rules of the Organization. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, by the Organization or, in a proper case, by any aggrieved Unit Owner(s).

17.8 Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

IN WITNESS WHEREOF, the undersigned Owners have executed this Amended Restated Declaration this 17th day of SEPTEMBER, 1993.

(SIGNATURES OF OWNERS)  
UNIVERSITY SAVINGS BANK

Larry Bain EXP

Larry Bain--Executive Vice President

Kelly Moen  
Kelly Moen--Vice President

APPROVED BY:

THE CITY OF KENT

Judy Woods  
Mayor Pro Tem

THE LAKES AT KENT COMMUNITY ORGANIZATION,  
a Washington nonprofit corporation

By: Stephen M. Hlebasko  
Stephen M. Hlebasko  
Its President and  
Chairman of the Board

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STATE OF WASHINGTON

COUNTY OF KING

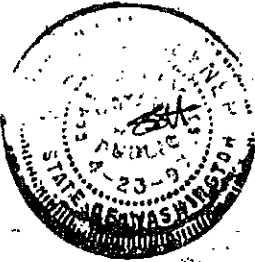
)  
) ss  
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On this 17th day of SEPTEMBER, 1993, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared LARRY L. BAIN and Kelly J. Moen to me known to be the EXECUTIVE VICE PRESIDENT and VICE PRESIDENT, respectively, of UNIVERSITY SAVINGS BANK, the association named in and which executed the foregoing instrument; and they acknowledged to me that they signed the same as the free and voluntary act and deed of said association for the uses and purposes therein mentioned.

I certify that I know or have satisfactory evidence that the people appearing before me and making this acknowledgement are the people whose true signatures appear on this document.

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

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Shari S. Steiner  
Signature  
SHARI STEINER  
Print Name

NOTARY PUBLIC in and for the State of Washington, residing at SEATTLE WA.  
My commission expires 4/23/97.

STATE OF WASHINGTON )

COUNTY OF KING )

ss.

On this 1st day of October, 1993, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Judy Woods, to me known to be the Mayor Pro Tem of THE CITY OF KENT, the municipal corporation named in and which executed the foregoing instrument; and she acknowledged to me that she signed the same as the free and voluntary act and deed of said municipal corporation for the uses and purposes therein mentioned.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgement is the person whose true signature appears on this document.

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



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Janice D. Banister  
Signature

JANICE D. BANISTER  
Print Name

NOTARY PUBLIC in and for the State of Washington, residing at West. Wa.  
My commission expires 12-19-96.

STATE OF CALIFORNIA )  
COUNTY OF SAN FRANCISCO )

SS.

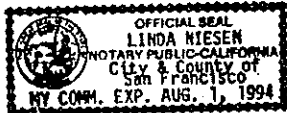
California

On this 4th day of November, 1993, before me, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Stephen M. Hiebasko, to me known to be the President and Chairman of the Board of The Lakes at Kent Community Organization, the corporation named in and which executed the foregoing instrument; and he acknowledged to me that he signed the same as the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgement is the person whose true signature appears on this document.

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

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Linda Niesen  
NOTARY PUBLIC in and for the State of CALIF., residing at San Francisco, Calif  
My commission expires: 8-1-94

STATE OF CALIFORNIA )  
COUNTY OF SAN FRANCISCO )

SS.

On this the 4th day of Nov, 1993, before me, Linda Niesen, Notary Public, personally appeared STEPHEN M. HIEBASKO, AS PRESIDENT & CHAIRMAN OF THE BOARD OF THE LAKES AT KENT COMMUNITY ORGANIZATION personally known to me for proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Linda Niesen  
Notary's Signature

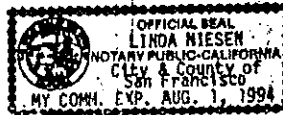




EXHIBIT A

Land Submitted to Declaration

Those portions of Sections 14 and 15, Township 22 North, Range 4 East, W.N., and of the David A. Neely Donation Land Claim No. 37, all in King County, Washington, described as follows:

BEGINNING at the south quarter corner of said Section 14; thence S 88°59'16" E, along the south line thereof, 1,317.07 feet to the southeast corner of the southwest quarter of the southeast quarter thereof; thence N 00°52'51" E, along the east line of said subdivision, 1,322.30 feet to the northeast corner thereof; thence N 89°01'49" W, along the north line of said subdivision, 881.05 feet to an intersection with a line parallel with and 436.2 feet easterly, as measured at right angles, from the north-south centerline of said Section 14; thence N 00°52'22" E, along said parallel line, 903.78 feet; thence S 89°01'31" E 881.18 feet to the east line of the northwest quarter of the southeast quarter of said Section 14; thence N 00°52'51" E, along said east line, 418.60 feet to the east-west centerline of said Section 14; thence N 89°04'22" W, along said centerline, 1,317.44 feet to the center of said Section; thence N 00°52'22" E, along the north-south centerline thereof, 587.81 feet, more or less, to the southerly right-of-way margin of S. 228th Street; thence generally westerly, along said margin and the southerly right-of-way margin of Russell Road to the south line of the north 287.83 feet, as measured at right angles, of the south one-half of said David A. Neely Donation Land Claim No. 37, said 287.83 feet being equal to 310 feet as measured along the east side of road as described in deed recorded under King County Auditor's File No. 4017151; thence leaving said southerly right-of-way margin and running N 89°13'00" W, along said south line, 152.63 feet to the easterly bank of the Green River; thence generally southerly and southeasterly, along said easterly bank to a point on the south line of said Section 14; thence leaving said easterly bank and running S 89°05'32" E, along said south line, 968.18 feet to the POINT OF BEGINNING.

EXCEPT the south 30 feet thereof as conveyed to the City of Kent for street purposes by deeds recorded April 12, 1968, under King County Auditor's File Nos. 6332263 and 6332264.

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EXHIBIT B

**LAKE MANAGEMENT AND WATER QUALITY STANDARDS**

The Lake shall be managed and maintained such that at all times the waters therein are clean, fresh and free of offensive odor. In connection therewith, the Lake shall be managed and maintained with adequate aeration, refreshment water, animal and plant life, chemical treatments and cleaning to maintain the foregoing water quality standard and to maintain the Lake at its designed level of 24 feet above mean sea level.

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EXHIBIT C

**The Lakes at Kent Community Organization  
Rules and Regulations**

1. The lakes and lake banks may be used only in such a manner as not to disturb nearby occupants. Picnicking, food preparation, consumption of alcoholic beverages and loud noise shall not be permitted at any time. The public (other than bona fide guests) shall not be permitted in the area except in the company of an owner or occupant of a unit.

2. The roads shall be used exclusively for vehicles and pedestrian traffic, and they shall remain open to the public at all times, except to the extent reasonably required by construction activities with The Lakes. No parking shall be permitted at anytime on the roads, except in the event of an emergency.

3. Swimming shall not be permitted in the lake. Boating shall be permitted as long as the boats are not powered by any type of motor, and reasonable caution is exercised in the operation of the boat. Approved safety equipment, such as life vests or jackets, shall be required by all occupants in the boat.

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EXHIBIT D

**LAKE PERMEABILITY STANDARDS**

Any Lakes which are constructed after the date hereof shall be designed and built to maintain a standard of impermeability which is not less than  $10^{-8}$  cm/sec.

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EXHIBIT E

<u>Name</u>	<u>No. of Memberships</u>
Bridgewater II	27
Bridgewater III	32
Bridgewater IV	26
Bridgewater I	31
Hampton Bay Apartments	304
Island Park Apartments	254
Waterford Apartments	344
University Savings Bank Property	<u>1,400</u>
TOTAL	2,418

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