

EXHIBIT H

FOR RECORD AT REQUEST
TRANSAMERICA TITLE
INSURANCE COMPANY
320 108th Ave. N.E.
P.O. BOX 1493
Bellevue, WA. 98009
RECEIVED

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR
MONTREUX

9106210262

91/06/21 #0262 R
RECFEE 2.00
RECD F 40.00
CAHSL ***42.00
55

AFTER RECORDING RETURN TO:

Thomas A. Code
Davis Wright Tremaine
2600 Century Square
1501 Fourth Avenue
Seattle, Washington 98101-1688

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR
MONTREUX

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1. PURPOSE AND SUBMISSION TO DECLARATION	1
1.1 The Property	1
1.2 Submission to Declaration	1
1.3 Homeowner Association	1
ARTICLE 2. DEFINITIONS	1
ARTICLE 3. DEVELOPMENT IN DIVISIONS	3
3.1 Development in Divisions	3
3.2 Additional Restrictions	3
3.3 Affordable Housing	4
ARTICLE 4. NATIVE GROWTH PROTECTION EASEMENTS	
4.1 Native Growth Protection Easements; Vegetation Retention	4
4.1.1 Establishment.	4
4.1.2 Pruning in NGPEs	4
4.1.3 Evidence of Vegetation Management Zones ...	5
4.1.4 Enforcement of NGPE Pruning Restrictions ..	5
4.1.5 Purchase and Sale Agreements	6
ARTICLE 5. USE COVENANTS, CONDITIONS AND RESTRICTIONS ON PROPERTY	6
5.1 Permitted Uses	6
5.2 Contractor and Architect; Building Plans; Setbacks; Completion of Improvements	6
5.2.1 Contractor and Architect	6
5.2.2 Building Plans	6
5.2.3 Exterior Colors and Materials	7
5.2.4 Minimum House Size	7
5.2.5 Roofs	7
5.2.6 Building Setbacks	7
5.2.6.1 Sideyard	7
5.2.6.2 Front	7
5.2.6.3 Driveway	7
5.2.6.4 Back	7
5.2.6.5 General	8

5.2.7	Completion of Improvements	8
5.2.7.1	Erosion Control Plan; Siltation Fences; Construction Access	8
5.2.8	Building Heights	9
5.3	Driveways and Drainage	9
5.4	Underground Utilities	9
5.5	Garbage and Debris	9
5.6	Animals	9
5.7	Commercial Uses	10
5.8	Prohibited Vehicles and Equipment	10
5.9	Motorcycles and ATV's	10
5.10	Signs	10
5.11	No Lot Contour Change	11
5.12	Lot Clearing Limits.	11
5.12.1	Vegetation Management Zones	11
5.12.2	Enforcement of Lot Clearing Restrictions	11
5.13	Antennae	11
5.14	Weapons	12
5.15	Maintenance and Repair of Lots	12
5.16	Sales and Construction Facilities	12
5.17	Nuisance	12
5.18	Derogation of Laws	12
5.19	Fires; Woodstoves Restriction	13
5.20	Mailboxes	13
5.21	Landscaping and Fences	13
5.22	Yard Lamps	13
5.23	Consent to Development.	14
ARTICLE 6.	COMMON AREAS AND EASEMENTS	14
6.1	Title to Common Areas	14
6.2	Lakes	14
6.2.1	Dedication to Association	14
6.2.2	Water	14
6.2.3	Waste Materials	14
6.2.4	Docks	14
6.2.5	Boats	14
6.2.6	Use of Lakes	15
6.2.7	Maintenance of Lakes	15
6.3	Drainage Easement	15
6.4	Montreux Monumentation Tracts	16
6.5	Planting Strips	16
6.6	Reservation of Easement	16
6.7	Dedicated Right of Ways and Tracts	16
6.8	Monumentation Easements	16
6.9	Sales Office Easement	17
6.10	No Easement Obstructions	17
ARTICLE 7.	UTILITIES AND DRAINAGE	17
7.1	Utility Systems; Right to Connect	17
7.2	Water and Sewer Service	17
7.3	Drainage	17

7.4	Surface Water Drainage System	17
7.5	Water Quality Monitoring	18
7.6	Maintenance of Sensitive Areas	18
ARTICLE 8.	THE ASSOCIATION	19
8.1	Membership	19
8.2	Powers	19
8.3	Voting Rights	19
8.4	Number of Votes	19
8.5	Board of Directors	20
8.6	Architectural Control Committee	20
8.6.1	Established; Required Approvals	20
8.6.2	Declarant Authority	20
8.7	Declarant Management During the Development Period	20
ARTICLE 9.	BUDGET AND ASSESSMENTS	21
9.1	Association Budget	21
9.2	Creation of Lien and Personal Obligation	21
9.3	General Assessment	22
9.4	Special Assessments for Capital Improvements	22
9.5	Special Assessments for Vegetation Management Zones	22
9.6	Special Assessments for Legal Fees and Damages ...	22
9.7	Amount of Assessment	23
9.8	Date of Commencement of Assessments; Due Dates ...	23
9.9	Effect of Non-Payment of Assessment; Remedies of the Association	23
9.10	Exempt Property	23
9.11	City May Function as Association	24
ARTICLE 10.	SUBORDINATION OF LIENS	24
10.1	Intent of Subordination Provisions	24
10.2	Mortgagee's Nonliability	24
10.3	Mortgagee's Rights During Foreclosure	24
10.4	Mortgagee as Owner	24
10.5	Mortgagee's Title Free and Clear of Liens	24
10.6	Survival of Assessment Obligation ..".....	24
10.7	Subordination of Assessment Liens	25
ARTICLE 11.	INDEMNIFICATION	25
ARTICLE 12.	INSURANCE; LOSSES; CONDEMNATION	25
12.1	Insurance Coverage	25
12.2	Casualty Losses	26
12.3	Condemnation	26
ARTICLE 13.	LIMITATION OF LIABILITY	26

ARTICLE 14. GENERAL PROVISIONS	26
14.1 Enforcement	26
14.2 Binding on Successors	27
14.3 Amendment	27
14.4 Interpretation	27
14.5 Severability	27
EXHIBIT A Legal Description of Property	
EXHIBIT B Legal Description of Multifamily Parcel	
EXHIBIT C Maximum Building Ridge Heights and Special Building Setbacks	
EXHIBIT D Vegetation Management Zone	

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR
MONTREUX**

ARTICLE 1. PURPOSE AND
SUBMISSION TO DECLARATION

1.1. The Property. GLACIER RIDGE PARTNERSHIP (LIMITED PARTNERSHIP), a Washington limited partnership (hereinafter "Glacier Ridge" or "Declarant"), is the owner of certain real property in King County, Washington, more particularly described in Exhibit A attached and incorporated herein by this reference (the "Property"). The Property covered by this Declaration includes all portions of the Plat of Montreux except for the Multifamily Parcel described in Exhibit B. The Multifamily Parcel is subject to a separate declaration of covenants, conditions and restrictions. The Multifamily Parcel and the Property covered by this Declaration are subject to a separately recorded Easement and Maintenance Agreement.

1.2 Submission to Declaration. Glacier Ridge hereby declares that the Property is and shall be held, used, transferred, sold and conveyed subject to and restricted by the restrictions, covenants, reservations, easements and conditions, referred to collectively hereafter as the "Covenants" or "Declaration," as set forth herein. The Covenants are designed to protect and enhance the value, desirability and attractiveness of the Property.

1.3 Homeowner Association. This Declaration establishes the MONTREUX HOMEOWNER ASSOCIATION, a non-profit corporation.

ARTICLE 2. DEFINITIONS

2.1 "Architectural Control Committee" or "ACC" means the committee of the Association established to review and approve plans for Improvements on Lots.

2.2 "Association" means the Montreux Homeowner Association, a Washington nonprofit corporation, its successors and assigns. The Association is composed of Lot Owners and is organized and established to preserve and maintain the Property and to promote the health, safety, and welfare of the occupants of the Property.

2.3 "Association Action" means a written corporate action of the Association in the form of either a bylaw or a resolution duly passed by either the Board or the Owners.

2.4 "Board" means the Board of Directors of the Association.

2.5 "Common Areas" means the Property, exclusive of the Lots, the Multifamily Parcel and improvements thereon and those areas dedicated in fee to King County or the City of Issaquah, including the following areas and facilities owned or managed by the Association: (a) any general landscaping areas designated by Declarant including monumentation easements on the Lots, (b) any trails or other access ways, parks or open space established on the Plat or designated by Declarant, (c) the Native Growth Protection Easements as shown on the face of the Plat, (d) any ponds, streams, storm water control facilities or improvements maintained for aesthetic or other purposes, (e) any entrance areas to the Property or portions thereof containing water features, signs, gates, pilasters or other entrance facilities, (f) any street planter islands, (g) retention ponds and vaults, lakes, or drainage easements or facilities, (h) any landscaping and drainage improvements along the Village Park Drive public right-of-way and along other roads within Montreux, including those portions which are located within the Multifamily Parcel, and (i) all easements or other areas of facilities designated by Declarant herein or in other recorded documents and those easements, areas or tracts described in or shown on the face of the Plat.

2.6 "Development Period" means that period Declarant requires to develop and market the Property and shall end at the earlier of the following: (a) the sale of substantially all Lots with completed residences thereon for those Lots sold to licensed builders and the sale of all other Lots (whether or not residences are then constructed thereon) sold to persons who are not licensed builders; (b) upon written notice by Declarant that it has elected to terminate the Development Period; or (c) expiration of ten (10) years from the date of this Declaration.

2.7 "Division" means any portion of Montreux that is segregated by Declarant's filing for recording of a final plat, short plat, binding site plan, condominium declaration, or other analogous recorded plan, map, or document that creates Lots, Living Units, or Common Area.

2.8 "Improvement" means any residence (including guest house, accessory living quarters or other dwelling unit), gazebo, garage, driveway, fence, wall, gate, patio, shed, tennis or basketball or sport court, cabana, swimming pool or other recreational facility, landscaping, utilities, and any other building, vegetation or structure of any type on any Lot.

2.9 "Living Unit" means a building or structure or any portion thereof situated in Montreux that is designed and intended for use and occupancy as a residence by a single family, and the appurtenant landscaping, fences, garages, driveways, or parking areas occupying any Lot on which a Living Unit is situated."

2.10 "Lot" means a legally segmented and alienable portion of the Property as numbered and designated on the recorded Plat. The term 'Lot*' does not include streets and other public areas and Common Areas.

2.11 "Member" means any person or entity holding membership in the Association.

2.12 "Mortgagee" means the holder or beneficiary of any mortgage or deed of trust encumbering one or more of the Lots.

2.13 "Multifamily Parcel" means the land legally described on Exhibit B and designated within the Plat for multifamily uses.

2.14 "Owner" means the record owner, whether one or more persons or entities, of a fee simple interest to any Lot or Living Unit which is a part of the Property, including contract purchasers, but excluding contract sellers and mortgagees or others having such interest merely as a security for performance of an obligation.

2.15 "Plat" means The Plat of Montreux as approved by King County under BALD File No. 1187-4 and recorded on February 26, 1991 under King County Recording No. 9102260180.

2.16 "Property" means all of that certain real property described in Exhibit A and included within the Plat, except the Property does not include the Multifamily Parcel.

2.17 "Rim Lots" means Lots 6, 7, 9-21, inclusive, and 27-29, inclusive, in Division 1 and such other Lots in Division 3 which abut vegetation management zones as may be designated by Declarant.

ARTICLE 3. DEVELOPMENT IN DIVISIONS

3.1 Development in Divisions. Declarant proposes to develop the Property in Divisions.

3.2 Additional Restrictions. Declarant may from time to time during the Development Period, including as part of recording any Division, impose or amend restrictions on all or any part of the Property owned by Declarant in addition to or modifying the restrictions contained in this Declaration, including but not limited to the designation of specific height restrictions on Improvements, the designation of specific setback requirements on Improvements, the reservation of vegetation management zones across portions of the Property, and the imposition of assessments applicable 'only to certain Owners within any Division. Such restrictions shall be set forth in documents recorded in the real property records of King County,

shall run with the land and shall be for the benefit of and enforceable by Declarant, all Owners and the Association.

3.3 Affordable Housing. An "affordable" multi-family residential complex will be developed on the Multifamily Parcel as required by the Plat and the Housing Covenant recorded under King County Recording No. 9007271793. The Plat and the King County Housing Covenant impose maximum price or rent limits upon the living units in such multi-family complex to make them affordable to families in three defined income levels of no more than 120%, 100% and 80% of the King County median income for a given family size. In 1990, 100% of the King County median income for a family of four persons was \$43,900.00. All purchase and sale agreements for Lots shall contain a provision (substantially in the form of this Section 3.3) pursuant to which buyers acknowledge and agree to the required affordable housing within the Multifamily Parcel.

ARTICLE 4. NATIVE GROWTH PROTECTION EASEMENTS

4.1 Native Growth Protection Easements; Vegetation Retention.

4.1.1 Establishment. To the extent required by Plat conditions, Declarant hereby dedicates to the public a beneficial interest in Native Growth Protection Easements ("NOPE") as shown on the face of the Plat or designated in another recorded instrument. By the terms set out on the face of the Plat, an NGPE imposes upon all present and future Owners and occupiers of land subject to the NGPE the obligation to leave trees and other vegetation undisturbed within the NGPE, except to the extent either King County prior to annexation or the City of Issaquah after annexation of the Property allows any vegetation to be pruned. These obligations are enforceable on behalf of the public by the City of Issaquah (or by King County prior to annexation of the Property into the City of Issaquah). Each Owner acknowledges that the City of Issaquah, at its option, may take title to the NGPEs.

4.1.2 Pruning in NGPEs. The applicable local government has authority to approve or prohibit pruning and/or clearing for vegetation management zones in NGPEs. The vegetation management zone pruning restrictions shall be amended to conform with any applicable vegetation management zone guidelines adopted by ordinance or administratively by the applicable local government, including any rules promulgated under the King County Sensitive Areas Ordinance No. 9614, adopted in 1990, if the applicable local government is King County, or any regulations adopted by the City of Issaquah if the applicable local government is Issaquah. Pruning of trees for vegetation management zones or solar access within an NGPE (if permitted) shall be performed annually but only by the Association, and shall be subject to approval of and permitting

by the applicable local government and compliance with the regulations of the applicable governmental authority. The Association shall have the sole authority to prune, cut or otherwise physically modify any vegetation management zone; provided however, that during the Development Period, Declarant shall have sole authority to make application for pruning and/or cutting for vegetation management zones in NGPEs. The cost of maintenance of vegetation management zones shall be assessed against Owners of Rim Lots in Divisions 1 and 3, in accordance with Section 9.5. Exhibit D attached hereto sets forth a format for the Association to seek local government approval for vegetation management zone clearing; however, clearing may be prohibited by the applicable local government. Any local governmental approval, if given, may be granted only after the applicable local government has determined that the proposed pruning or cutting will not endanger soil stability, will not defeat the intent or purposes meant to be served by the establishment of the NGPE, and will not adversely affect the tree(s) to be pruned. The applicable local government shall require that any such pruning be done in a competent and workmanlike manner, may require bonding for all work, and may require that such pruning or cutting be supervised by a landscape architect, forester, and/or geotechnical engineer and/or performed by a contractor or other suitable professional.

4.1.3 Evidence of Vegetation Management Zones. After initial completion of limbing, cutting and pruning for vegetation management zones, the Declarant or Association may stake, photograph, survey or otherwise document the vegetation management zones for the Lot(s). Each Owner shall cooperate with the Declarant or Association in preparing such documentation and Declarant hereby reserves to the Association an easement over the Lots for access at reasonable times to such locations as are necessary to prepare such documentation. Such documentation shall establish the maximum permissible vegetation management zone unless modified by the applicable local government or the ACC.

4.1.4 Enforcement of NGPE Pruning Restrictions. The Board shall enforce any pruning restrictions in Native Growth Protection Easements, including without limitation vegetation management zone pruning restrictions. The Board may impose fines of up to One Thousand Dollars (\$1,000) against an Owner for each violation of such restrictions by an Owner, anyone acting under the direction or control of an Owner, or present on the Property by permission of an Owner. Each removal or pruning of one (1) tree shall constitute a separate violation, and each violation shall be subject to a fine of up to One Thousand Dollars (\$1,000), as determined in the Board's sole discretion. In addition, the Board may charge such Owner the cost of replacing or repairing vegetation destroyed or injured by reason of such violation. Unpaid fines and charges shall be a charge and continuing lien upon the Lot or Living Unit of the Owner

against whom such fine is assessed. Fines and charges not paid within ten (10) days of assessment shall bear interest at the rate of twelve percent (12%) per annum until paid, but not exceeding the maximum rate permitted by law. The Board shall have the right to enforce nonpayment of such fines in the same manner as nonpayment of assessments as described in Section 9.9 hereof. The enforcement mechanism described herein shall also apply to violations of lot clearing restrictions described in Section 5.12.

4.1.5 Purchase and Sale Agreements. All purchase and sale agreements for Lots shall include a clause informing purchasers of the restrictions on NGPE areas and the allocation of maintenance costs to Owners of Rim Lots. All purchase and sale agreements for Lots shall also include a copy of the Homeowner's Pamphlet describing the NGPEs.

ARTICLE 5. USE COVENANTS, CONDITIONS AND RESTRICTIONS ON PROPERTY

5.1 Permitted Uses. The Property shall be used solely for the uses authorized in this Declaration and as provided in any final plat or other recorded document affecting all or a portion of the Property or as provided under the zoning or other governmental regulation affecting the Property. Each Lot shall be used only for construction and occupancy of one single family residence and related Improvements. No tent, trailer, modular or mobile home shall be used as an Owner's residence on any Lot. No Lot or Living Unit shall be further subdivided.

5.2 Contractor and Architect; Building Plans; Setbacks; Completion of Improvements.

5.2.1 Contractor and Architect. All residences and other Improvements shall be constructed by an experienced contractor licensed as a general contractor under the statutes of the State of Washington, and shall be designed by an experienced architect who is a member of the American Institute of Architects.

5.2.2 Building Plans. No Living Unit or other Improvement shall be commenced, erected, or maintained upon a Lot or any other portion of the Property, nor shall any exterior addition to or change or alteration therein or landscaping be made, until after the details and written plans and specifications showing the nature, kind, shape, height, materials, colors, and location of the same, a construction erosion control plan, a landscaping plan, and any other submittals described in the Architectural Design Guidelines, shall have been submitted to and approved in writing by the Architectural Control Committee as provided in Section 8.6. to ensure the harmony of external design and location in relation to surrounding structures, vegetation, and topography.

5.2.3 Exterior Colors and Materials. All exterior colors and materials shall be in accordance with guidelines and requirements established by the Architectural Control Committee. The colors and materials of the portion of homes which can be seen from outside the Property shall blend into the natural landscape as much as possible. In particular, bright colors, including white, are prohibited on the north sides and roofs of any homes located on the northern edge of Division 1 or on the sides and roofs of homes in other Divisions, which can be seen from areas outside the Property.

5.2.4 Minimum House Size. All residences constituting part of a Living Unit shall have a minimum floor area of 2,600 square feet, exclusive of any garage area, unless otherwise approved by the ACC.

5.2.5 Roofs. Shake roofs are acceptable, but shingle or substitute roofing materials may be approved by the Architectural Control Committee. Composition and Spanish-tile roofs are prohibited.

5.2.6 Building Setbacks.

5.2.6.1 Sideyard. For those Lots not specifically addressed in Exhibit of all Improvements, except approved fences, hedges, driveways or yard lamps shall have minimum sideyard setbacks of seven and one-half (7-1/2) feet on either side and minimum distances between Living Units of fifteen (15) feet. In addition, no walls two (2) stories or higher may be located closer than ten (10) feet to a sideyard lot line. Roof overhangs may extend a maximum of twelve (12) inches outside these setback lines, unless approved by the ACC.

5.2.6.2 Front. All Improvements shall have minimum frontyard setbacks of twenty (20) feet in accordance with applicable laws. In addition, Lots with front-entry garages which can be seen from the street shall have minimum setbacks of forty (40) feet from the driveway edge of the curb to the garage doors. Improvements on corner lots shall be setback a minimum of twenty (20) feet from both streetside lot lines.

5.2.6.3 Driveway Width. Driveway widths at the curb shall not exceed twenty (20) feet.

5.2.6.4 Back. All Improvements shall have minimum backyard setbacks in accordance with applicable laws but no less than twenty-five (25) feet from the rear lot line, although thirty (30) feet is preferable.

5.2.6.5 General. Exceptions to the standards described in this Section 5.2.6 may be made by written approval of the ACC, in the ACC's discretion. All Improvements to be constructed on a Lot shall be built in conformance with applicable building setback requirements as set forth in any or all of the following: the building or zoning codes; Plat conditions, including subsequently recorded phases; a recorded document; or through the ACC's design review of any proposed Improvement, or in the general criteria adopted by the ACC. If the ACC grants any variance from minimum setbacks, the ACC may require the installation of fences, hedges, plantings or other visual barriers along the revised setback line. Plat conditions require specific building setbacks from streams, NGPEs and tops of major slopes.

5.2.7 Completion of Improvements. Any Living Unit or other Improvement constructed or placed on any Lot hereunder shall be completed diligently and continuously, including all landscaping and all exterior finish, paint, and trim, within twelve (12) months from the commencement of construction (unless completion is delayed by acts of God or labor stoppages not attributable to the fault of the Owner and beyond said Owner's control). The Lot shall be kept clean and neat, free of tall grass and other unsightly growth, and refuse shall be disposed of frequently during the construction period. All construction sites shall be maintained in accordance with the Construction Site Maintenance Requirements adopted by Declarant or the ACC from time to time. If in the course of construction of a driveway across any planting strip or at any other time, an Owner destroys or damages any trees and/or the irrigation system within any planting strips (as described in Section 6.5), such Owner shall promptly replace such trees and repair the irrigation system in a manner and at a location approved by the ACC. No Owner shall reside on any Lot except in a Living Unit constructed thereon that shall have final inspections and approval for occupancy from the City of Issaquah or any successor governmental entity.

5.2.7.1 Erosion Control Plan; Siltation Fences; Construction Access. Prior to any construction on a Lot, the ACC shall have approved a temporary erosion control plan for such Lot. During all phases of construction, the Owner shall implement erosion control measures, including for example, siltation fences, straw or hogfuel placement, and detention ponds, consistent with the erosion control plan. Prior to construction of any residence on a Lot, the Owner shall clear and rough grade the Lot's driveway area. A quarry rock base, sufficient to withstand construction traffic during the construction period, shall be installed prior to construction activity on the residence. Construction access shall be restricted to this rock pad by placement; of a siltation fence across the front of the Lot except at this rock pad driveway. Prior to construction, each Owner of a Rim Lot, abutting a

Native Growth Protection Easement, shall fence the perimeter of its Lot at the NGPE with siltation fencing.

5.2.8 Building Heights. The maximum height of any residence shall be in conformity with all applicable building codes and regulations but no higher than those established by the Declarant for any particular Lot through recording of an Exhibit C to this Declaration (or revisions to Exhibit CM . A set of approved building plans must be on the job site at all times. At the time of 100% framing, no further construction shall occur until the builder has submitted to the Declarant or the ACC a written verification by a licensed architect, engineer or surveyor that the ridge heights of the construction meet the approved height restrictions herein.

5.3 Driveways and Drainage. Damage caused by driveway connections or other Improvements to the streets or to the adjacent curbs and sidewalks shall be repaired to the applicable local governmental standards at the expense of the Owner(s) of such connecting driveways or other Improvements.

5.4 Underground Utilities. All utility lines or wires shall be underground or in conduit attached to a building.

5.5 Garbage and Debris. All garbage, rubbish, yard and vegetation debris or other waste shall be regularly removed from each Lot or Living Unit by the Owner to a licensed public or other suitable dump site outside the Property. If not visible from any street or other Lot and if not creating any objectionable odors, natural compost or waste materials are permitted if contained in suitable covered containers which shall be secured, fastened and protected from animals. The Architectural Control Committee may specify the type and design of containers and screening for the storage or disposal of trash, garbage, or other waste. All containers shall be kept in a clean and sanitary condition, and shall be screened from view from all other Lots and all streets.

5.6 Animals. Dogs, cats and other conventional household pets may be kept on a Lot, but not for commercial breeding or other commercial purposes. No other animals, livestock or poultry shall be kept or raised on any Lot. No Living Unit shall have more than three (3) animals. Dogs shall not be allowed to run at large. Leashed animals are permitted within paths, trails, and rights-of-way, but the person accompanying the animal shall remove immediately animal waste from such areas. All animal pens and enclosures must be approved by the Architectural Control Committee prior to construction and shall be kept clean and odor free at all times. No animal may be kept if it is a nuisance. The Board shall have the final and conclusive authority to determine whether a particular animal is a nuisance. When, not confined to an Owner's Lot, animals within the Property must be accompanied by a responsible person and

shall be registered, licensed and inoculated from time to time as required by law.

5.7 Commercial Uses. No commercial use or enterprise shall be permitted on any Lot or in any Living Unit. However, the Board may permit specified home occupations to be conducted if allowed by law and if the occupation will not, in the reasonable judgment of the Board, cause traffic congestion or other adverse effects on any portion of the Property.

5.8 Prohibited Vehicles and Equipment. The storage within the Property of all or any of the following is prohibited: mobile homes, house trailers, utility trailers, campers, camp trucks, motor homes, boats, boat trailers, junk vehicles, or any other similar machinery or equipment of any kind or character. The Board in its discretion may allow for storage of boats, trailers and motor homes on a Lot in an enclosed storage facility or structure that has been approved by the ACC. However, an Owner may keep on or in a Lot or Living Unit such equipment and machinery as may be reasonable, customary, and usual in connection with the use and maintenance of any Lot or Living Unit, if such equipment and machinery when not in use is screened from view from adjacent streets, Lots, and Living Units-, in a manner and by a structure approved by the ACC or the Declarant, as applicable. The Association may keep such equipment and machinery as it may require in connection with the maintenance and operation of the Common Areas. Except for bona fide emergencies, the repair or extraordinary maintenance of automobiles or other vehicles shall not be carried out in the Property. Any automobile or other vehicle deemed to be in an inoperable condition and located on any street in excess of fourteen (14) days may be removed by action of the Board after seven (7) days' notice to remove the automobile or vehicle.

5.9 Motorcycles and ATV's. Motorcycles, motorbikes, all-terrain vehicles and other similar vehicles are prohibited on any portion of the Property, except for properly muffled street legal vehicles on roads established for general vehicular purposes.

5.10 Signs. Entrance, street, directional, traffic control and safety signs, and such promotional signs as may be maintained by Declarant or the Association, are permitted. No other signs or advertising devices of any character shall be posted or displayed anywhere on any Lot or the Property, except one temporary real estate sign, the design of which is provided by Declarant or the Association, may be erected on any Lot or Living Unit which is for sale or lease, but shall be removed promptly following the sale or lease of the Lot. Political yard signs not exceeding two (2) feet square are permitted during political campaigns, but shall be removed within five (5) days after the election.

5.11 No Lot Contour Change. The surface grade and elevation of each Lot shall not be materially altered in any manner which would affect the relationship of such Lot to or materially obstruct the view from any other Lot or adversely affect adjoining Lots or create run-off or erosion problems or produce an effect out of harmony with the general development of the Lots in the general vicinity. The Architectural Control Committee shall determine in its sole discretion whether such alteration is prohibited based on the standards set forth in this Section 5.11.

5.12 Lot Clearing Limits. Each Lot shall comply with the lot clearing restrictions applicable to the Plat, including any clearing plan or restrictions which may be imposed by the applicable local government. The Board shall enforce such clearing plan. Pruning or cutting of trees is subject to conditions described herein and in the Final Plat, and may be prohibited by the applicable local government. Prior to starting construction of a Living Unit, each Owner shall obtain approval of the ACC (or Declarant exercising the powers of the ACC under this Declaration) of a 20 scale final clearing plan showing all trees to be retained. Trees to be retained shall be physically marked in the field with a circle of pink flagging and protected from damage throughout the construction and landscaping period. Any trees an Owner is permitted to remove shall be removed only by a licensed contractor experienced in tree removal, who shall be approved by the ACC (or Declarant exercising the powers of the ACC hereunder).

5.12.1 Vegetation Management Zones. Each Rim Lot shall comply with vegetation management zone pruning restrictions applicable to the Plat, including any restrictions which may be imposed by the applicable local government and the restrictions described in Article 4. The Association shall have sole authority to prune, cut or otherwise physically modify any vegetation management zone; provided, however, that during the Development Period, Declarant shall have sole authority to prune, cut or otherwise physically modify the vegetation management zones. Pruning or cutting of trees by the Association in vegetation management zones is subject to the conditions described herein and in the Final Plat, and may be prohibited by the applicable local government. Rim Lot Owners shall be assessed the cost of maintenance of vegetation management zones, as described in Section 9.5.

5.12.2 Enforcement of Lot Clearing Restrictions. The Board shall enforce any clearing plans in accordance with the provisions of Section 4.1.4.

5.13 Antennae. Exterior antennae, satellite dishes, towers or other similar devices for radio, television or other reception are prohibited unless screened from view from all

other Lots and all streets by an ACC-approved structure or enclosure.

5.14 Weapons. No firearms of any kind or nature, including bows, slingshots, BB guns, or any other like weapon, shall be fired within the Property except by appropriate governmental officials in pursuit of their law enforcement duties.

5.15 Maintenance and Repair of Lots. Each Owner shall maintain its Lot and Improvements thereon in good order, condition and repair and a clean, attractive and sanitary condition at all times. In addition, each Owner shall plant and maintain the area between the front of such Owner's Lot and the sidewalk, or, if no sidewalk exists, the area between the front of such Owner's Lot and the curb, except the Association shall maintain the planting strips between Village Park Drive and the adjacent sidewalks. If any Owner fails to maintain its Lot and Improvements, including landscaping and the area between the Lot and sidewalk or curb, as the case may be, as required by this Declaration, then the Board may perform or cause to be performed any maintenance on that Lot which it reasonably determines is necessary. All costs performed or caused to be performed by the Board shall be a special assessment against the Owner, and a lien against the Lot, which shall have the same effect as and may be enforced in the same manner as other liens of the Association pursuant to Article 9.

5.16 Sales and Construction Facilities. Notwithstanding any other provisions of this Declaration, during the Development Period, Declarant and any licensed builders, agents or contractors designated by Declarant may maintain on any portion of the Property owned by Declarant or any licensed builder such facilities as in the sole discretion of the Declarant may be reasonably required, convenient or incidental to the construction and sale of Lots, Living Units or other Improvements thereon, including without limitation business offices, storage areas, construction yards, signs, model homes or sales offices. Further, Declarant shall have an easement for construction of a sales office on Lot 92 of Division 1 or other Lot declared by Declarant, as provided in Section 6.9.

5.17 Nuisance. No noxious or offensive activity shall be carried on upon any Lot, in any Living Unit, or on other portions of the Property, nor shall anything be done thereon which is or may become an annoyance or a nuisance. The Board shall determine whether any activity or use on any Lot or in any Living Unit unreasonably interferes with the rights of others to enjoy their respective Lots, Living Unit or Common Areas, and such Board determination shall be final and conclusive.

5.18 Derogation of Laws. No Owner shall carry on any activity of any nature whatsoever on any Lot, in any Living Unit or on the Property that is in derogation or violation of the

laws or statutes of the State of Washington or any other applicable government authority.

5.19 Fires; Woodstoves Restriction. All fires shall be subject to all applicable governmental laws, ordinances, regulations and controls, including but not limited to permits, licenses and approvals issued by the Puget Sound Air Pollution Control Agency or other appropriate governmental agencies. No outdoor fires shall be permitted, except barbecue or campfire facilities. Outdoor clearing/clean-up fires during or prior to construction are prohibited, except Declarant may use such fires if allowed by the applicable local government. There shall be a prohibition against installation and/or use of any solid fuel burning device in Living Units, other than fireplaces, until the earlier of (a) Year 2000 or (b) such time as such devices are officially recognized by United States Environmental Protection Agency or Washington State Department of Ecology or their successors as developed and refined to the point where their emissions closely approximate the current level of emissions from gaseous and liquid heating systems. Prohibited solid fuel burning devices include any devices that burn wood, coal, pellets, chips, or any other nongaseous or nonliquid fuel such as woodstoves, coalstoves, cookstoves, solid fuel space heaters, solid fuel furnaces, Russian fireplaces (Russian stoves) and pellet stoves.

5.20 Mailboxes. Mailboxes shall be clustered and shall be provided by Declarant. Each Owner shall use only the mailbox provided by Declarant for such Owner's Living Unit.

5.21 Landscaping and Fences. All landscaping shall be consistent with the guidelines and requirements adopted by the ACC. Landscaping plans for each Lot shall be approved by the ACC. No high hedges, visual barriers or fences shall be permitted in front yards. Any fences, hedges, plantings or other visual barriers in side and back yards shall be approved by the ACC. Fences shall be constructed of materials consistent with guidelines adopted by the ACC.

5.22 Yard Lamps. Yard lamps of an ACC-approved design and construction shall be provided by each Owner at the driveway entrance or pedestrian walkway entrance to such Owner's Lot. Such yard lamps shall: (a) be constructed of materials approved by the ACC which correspond to the exterior materials of the Living Unit on such Lot; and (b) provide a minimum of 150 watts of light. Such yard lamps shall include a device which automatically switches the yard lamp on at dusk and off at dawn and shall not be manually operable from the Living Unit. The ACC may specify the light fixtures to be utilized. The yard lamps shall function in lieu of conventional street lights to provide lit sidewalks and to define the edge of the streets.

5.23 Consent to Development. By reason of this Declaration, subject to Declarant's compliance with all government approvals, each Owner hereby consents and waives any objection and protest to the development of Montreux for single family and multi-family residential uses and for other permitted uses. Each Owner acknowledges and agrees that Declarant's plans for Montreux may be regularly modified and amended to obtain approvals for the development of Montreux.

ARTICLE 6. COMMON AREAS AND EASEMENTS

6.1 Title to Common Areas. Declarant shall convey to the Association from time to time during the Development Period the Common Areas designated on the Plat or identified in any document recorded by Declarant. Each Owner shall have a nonexclusive easement for the common use and enjoyment of the Common Areas, consistent with the purposes of the particular Common Area and any legal restrictions or rules and regulations of the Association. Easements to use the Common Areas shall be appurtenant to and run with each Lot and shall not be assigned or conveyed except upon transfer of title to such Lot. Upon demand by King County or Issaquah, Declarant shall dedicate to King County, the City of Issaquah or other appropriate public entity Tracts AX, AW, L, P, M, Q, A, I and B as designated on the Plat. The public may enter upon and use the Common Areas, including without limitation the trails. Each Owner hereby acknowledges that the City of Issaquah may obtain title to all or portions of the Common Areas.

6.2 Lakes.

6.2.1 Dedication to Association. Declarant does hereby grant and convey to the Association as Common Areas the lakes depicted on the Plat (the "Lakes"). Use of the Lakes shall be restricted as provided herein.

6.2.2 Water. No water is to be extracted from the Lakes for any purpose.

6.2.3 Waste Materials. No waste materials, including plant matter, are to be placed into the Lakes.

6.2.4 Docks. No docks, diving boards or platforms of any type shall be allowed in the Lakes or at the edge of the Lakes.

6.2.5 Boats. Each Owner of a Lot directly abutting the Lakes shall be entitled to use on the Lake on which said Owner's Lot abuts no more than one canoe, kayak, rowboat or sailboat (with center board up to one and one-half (1-1/2) feet deep from water level), owned by said Owner, of a maximum length of twelve (12) feet. No boats shall be powered by motors of any

kind. Boats shall be stored in an approved enclosure on the individual Owner's Lot when not in actual use.

6.2.6 Use of Lakes. The Lakes are for the visual enjoyment of all Owners. Physical use and enjoyment of the Lakes shall be limited to the abutting Lot Owners of each Lake and their guests. There are no pedestrian easements around any of the Lakes. Swimming or wading is prohibited.

6.2.7 Maintenance of Lakes. The maintenance of the Lakes shall be the duty of the Association. The Association shall fulfill all duties and pay all expenses in connection with maintenance of the Lakes and detention facilities required by the Stream Flow, Water Quality and Erosion Monitoring Program for the Plat of Grand Ridge, King County Ordinance 9057, dated September 4, 1990, and in accordance with the Water Quality Monitoring and Management Manual for the Montreux Lakes dated November 1990 prepared by Beak Consultants Incorporated, the terms of which are incorporated herein by this reference. The Board may elect to transfer the maintenance responsibility to a professional management firm. The cost for professional management/maintenance services and all other necessary costs of maintaining the Lakes shall be included in the Association's budget and shall be allocated among the Owners as provided in this Declaration. A ten (10) foot easement, measured landward from the water's edge, limited to maintenance purposes is hereby reserved along the shores of each" Lake for the benefit of the Association and the City of Issaquah. The City and/or the Association or its appointees shall have the right to go on the Lots abutting the Lakes and the easement areas as may be reasonably necessary to maintain or improve the Lakes, but no general public use is authorized. The cost of the maintenance and improvement work generally shall be a Common Area expense payable by general assessments of the Association. However, if the Board shall determine that the need for work is caused by the act or acts of any Owner (s), or if the work done is determined by the Board to be in the nature of a special or permanent benefit to any Owner (s), the Board in its sole discretion may determine the appropriate allocation for the cost of the work between the benefited Owner (s) and the Association, and the benefited Owner(s) shall be specially assessed for their allocated share of costs. The shores of the Lakes shall remain as located on the Plat.

6.3 Drainage Easement. Declarant does hereby declare, create, establish, grant and convey to the Association and the Owners therein a nonexclusive drainage easement for the purpose of providing storm water drainage for portions of the Property as set forth on the face of the Plat, or in the storm drainage plans approved as part of the final Plat. The easement is dedicated for the use and benefit of the Property, the Association and Owners of any portion of the Property. No Improvement, fill or obstruction (including fences, patios or

decks) shall be located in drainage easements unless specific written permission has been obtained by both the ACC and the applicable governmental entity. All maintenance, monitoring, repair and/or rebuilding of the drainage easement, retention and detention system, flow restrictors and related facilities shall be by the Association, unless and until said facilities are dedicated and accepted by the City of Issaquah or other governmental authority.

6.4 Montreux Monumentation Tracts. Declarant does hereby grant and convey to the Association the monumentation tracts depicted on the Plat, which shall constitute a part of the Common Areas. All maintenance and repair of the monumentation shall be by the Association. No Improvements shall be constructed and/or located within the monumentation tracts by any Owner, nor shall the monumentation tracts be used for any purpose inconsistent herewith.

6.5 Planting Strips. The Association shall maintain the planting strips along Village Park Drive including the landscaping and irrigation system, located between the street side of any sidewalks and Village Park Drive. Each Owner shall maintain the area between his/her Lot and the sidewalk or the curb, if no sidewalk exists.

6.6 Reservation of Easement. There is reserved to Declarant and to the Association, their agents and employees, an easement over each and every Lot for entry and access in a reasonable manner and at reasonable times and places for the performance generally of all their rights and duties as provided in this Declaration.

6.7 Dedicated Right of Ways and Tracts. As part of the final approval of the Plat, the Declarant is dedicating to the applicable governmental entity the rights of way for roadway purposes as depicted on the face of the Plat and any other tracts shown on the face of the Plat.

6.8 Monumentation Easements. Declarant hereby reserves to the Association easements on, under, through and over a portion of Lots 1f 58, 59 and 92 of Division 1 and in locations designated by Declarant in Divisions 2, 3 and 4 adjoining the street intersection to build, replace, modify and maintain monumentation, including lighted pilasters and landscaping. The legal descriptions of the locations of the monumentation easements shall be recorded when determined by Declarant. The Association shall have the right and authority to connect to and use the power system of the residences situated near monumentation including mailbox structures, including without limitation Lots 1, 57, 59 and 92 of Division 1 and on the other Lots subject to such easements in Divisions 2, 3 and 4 to serve the mailbox and monumentation lights. The Association dues of such Lots shall be reduced by the estimated cost of power used

by the mailbox and monumentation lights, as determined by the Association.

6.9 Sales Office Easement. Declarant hereby reserves for itself and those licensed builders designated by Declarant an easement over Lot 92 of Division 1 or other Lot declared by Declarant for purposes of construction, operation and use of a sales or information office during the Development Period. The easement reserved hereunder shall terminate upon removal of the sales or information office by Declarant.

6.10 No Easement Obstructions. No structure, planting or other material shall be placed or permitted to remain on any portion of the Property which may damage or interfere with any easement or the installation or maintenance of utilities or which may unreasonably change, obstruct or retard direction or flow of any drainage channels.

ARTICLE 7. UTILITIES AND DRAINAGE

7.1 Utility Systems; Right to Connect. Utility systems shall be underground exclusively. There is reserved to each utility district or utility company the right to connect Improvements upon all Lots with the utility service lines, for which service the Owner shall pay the then prevailing price for such connections, equipment and meters, as charged by such utility.

7.2 Water and Sewer Service. Water and sewer service shall be furnished by the City of Issaquah or its successors to all Living Units and each Owner shall pay all connection charges, equipment and meter purchase and installation charges, meter charges, and monthly charges therefor.

7.3 Drainage. Each Owner shall maintain in proper working order all roof drains and area storm drains on Improvements constructed on their Lots and shall ensure that the water from those drains flows into the storm drainage system installed to serve the Property. Each Owner shall preserve and not alter the natural and man-made drainage courses existing on their Lot at the time such Owner obtains an interest in said Lot. Each Owner is prohibited from redirecting, restricting, altering, or otherwise impairing the natural water flow in any manner without the prior written approval of the City of Issaquah and the ACC. No Lot drainage shall be directed onto, the Common Areas unless such drainage is shown on the approved road and drainage plans for Montreux.

7.4 Surface Water Drainage System. The Property contains a specially designed surface water drainage system, intended to protect the environment. It is incumbent on each Owner to help protect the water, quality of Lake Sammamish. Surface water drainage from the Property eventually flows into Lake Sammamish,

and is monitored for pollutants. Owners shall not dispose of oils, solvents, cleaners, and other polluting substances in storm drains or sewers. Owners shall not apply excessive amounts of lawn fertilizers or other chemicals to any Lot. if deemed necessary by the Association or required by the applicable local government, the Association shall have the power to impose a program requiring reduction of pollutants, including without limitation imposition of a moratorium on application of fertilizers. The Board shall have the right to impose fines of up to One Thousand Dollars (\$1,000) for each violation of any such program by an Owner, anyone acting under the direction or control of an Owner, or present on the Property by permission of an Owner. Fines not paid within ten (10) days of assessment shall bear interest at the rate of twelve percent (12%) per annum until paid, but not exceeding the maximum rate permitted by law. Unpaid fines shall be a charge and continuing lien upon the Lot or Living Unit of the Owner against whom such fine is assessed. The Board shall have the right to enforce nonpayment of such fines in the same manner as nonpayment of assessments as described in Section 9.9 hereof.

7.5 Water Quality Monitoring. The Association shall monitor the quality of water in the surface and storm water management system to help protect Lake Sammamish. A qualified contractor shall be retained by the Association to perform sampling and analysis in accordance with the requirements of King County Ordinance 9057, which is dated September 4, 1990. The cost of such contractor shall be included in the Association's annual budget. The results of the monitoring program shall be used by the Association to determine whether the amount of pollutants from various sources, including, for example, lawn fertilizers, is excessive and must be reduced.

7.6 Maintenance of sensitive Areas. The maintenance of sensitive areas located on the Common Areas of the Property shall be the duty of the Association. The Association shall fulfill all duties and pay all expenses in connection with maintenance of the sensitive areas as described in the Montreux Sensitive Areas Maintenance Manual, the terms of which are incorporated herein by this reference. The Board may elect to transfer the maintenance responsibility to a professional management firm. The cost for professional management/maintenance services and all other necessary costs of maintaining the sensitive areas shall be included in the Association's budget and shall be allocated among the Owners as part of the Common Area expense payable by general assessments. However, if the Board shall determine that the need for work is caused by the act or acts of any Owner(s), or if the work done is determined by the Board to be in the nature of a special or permanent benefit to any Owner (s), the Board in its sole discretion may determine the appropriate allocation for the cost of the work between the benefited owner(e) and the Association,

and the benefited Owner(s) shall be specially assessed for their allocated share of costs.

ARTICLE 8. THE ASSOCIATION

8.1 Membership. Each Owner shall be a member of the Association. Such membership shall be appurtenant to and held and owned in the same manner as the beneficial fee interest in the Lot to which it relates. Membership shall not be separated from ownership of the Lot to which it relates; provided, however, that any Owner may delegate his rights of membership in the Association and rights of enjoyment in the Common Areas to the members of his family and to his tenants occupying a Living Unit.

8.2 Powers. The Association's duties and powers include but are not limited to: (a) owning, maintaining and administering the Common Areas and facilities, (b) administering and enforcing the Covenants, (c) implementing certain Plat conditions, (d) and levying, collecting and disbursing the assessments and charges hereinafter created. The Association has the right to promulgate rules and regulations which may further define and limit permissible uses and activities consistent with the provisions of this Declaration. All actions of the Association requiring approval of Owners shall be by a fifty-one percent (51%) vote of those Members present in person or by proxy at the meeting. All Owners shall receive written notice of any meeting of the Association at least five (5) days in advance of any meeting.

8.3 Voting Rights. During the Development Period, Declarant shall have all voting rights. After expiration of the Development Period, every Owner shall be entitled to cast one vote in the Association for each Lot owned. The right to vote may not be severed or separated from any Lot, and any sale, transfer or conveyance of said property interest to a new Owner shall operate to transfer the appurtenant vote without the requirement of any expressed reference thereto. The presence in person or by proxy of at least twenty percent (20%) of the Owners at any meeting shall constitute a quorum. If a quorum is present, the affirmative vote of the majority of the Members at the meeting and entitled to vote shall be the act of the Members, unless the vote of a greater number of Members is required by this Declaration or by the Articles of Incorporation or Bylaws of the Association.

8.4 Number of Votes. From the commencement of the existence of the Association, there shall be a total of 248 outstanding votes in the Association, representing one vote for each of the 248 Living Units, the maximum number presently authorized for Montreux. The total number of outstanding votes shall be automatically adjusted to equal the number of Living

Units given final Plat approval. During the Development Period, the Declarant shall be entitled to cast 248 votes.

8.5 Board of Directors. A President and four (4) other individuals shall comprise a Board of Directors and shall be elected from among the Owners. The Board shall have authority to establish operating rules and procedures. A majority of the Board may designate one or more of its members as a representative to act for it. In the event of death or resignation of any Board member, the remaining Board member(s) shall have full authority to appoint a successor member or members. Members of the Board shall not be entitled to any compensation for services performed.

8.6 Architectural Control Committee.

8.6.1 Established; Required Approvals. The Board shall establish and continuously maintain an Architectural Control Committee composed of three (3) or more representatives as provided in the Bylaws of the Association. The ACC shall review the quality of workmanship and harmony of external design and shall approve or disapprove the details and written plans and specifications showing the nature, kind, shape, height, materials, colors, architectural character, and location of proposed residences and other Improvement's and exterior additions to or changes or alterations in any of the foregoing. Each Owner must submit plans as described in the Architectural Design Guidelines for Montreux, as may be adopted and modified from time to time by the ACC. Each Owner must obtain written , approval before commencement of construction of any residence, or other Improvement as described herein, and construction must strictly conform to the plans and specifications approved by the ACC. No filling, clearing or excavation of Lots or cutting of trees shall occur without the prior written approval of the applicable local government and the ACC, and the area to be filled, cleared and/or the trees to be retained shall be flagged or otherwise appropriately marked prior to any filling, clearing or cutting. The Board shall have the power to adopt from time to time and to enforce guidelines, criteria, review fees, and procedures governing the ACC and the Owners' compliance with such guidelines, criteria, and procedures. The Board shall have the power, as an alternative to establishing a separate ACC, to designate the Board to act as and exercise all rights and powers of the ACC.

8.6.2 Declarant Authority. During the Development Period, all of the functions and powers of the ACC shall be vested in the Declarant, and all Owners and builders shall submit written plans and specifications as provided above to the Declarant for its approval or disapproval.

8.7 Declarant Management During the Development Period. Notwithstanding anything to the contrary herein, during the

Development Period, Declarant at its option shall have and may exercise all of the rights and powers herein given to the Board and the Association, including all rights to manage and operate the Common Areas and all rights to create and enforce assessments and liens under this Declaration. This requirement is made in order to ensure that the Property will be adequately administered in the initial stages of development, and to ensure an orderly transition of the operation to the Association. Acceptance of an interest in a Lot is conclusive evidence of acceptance of this management and operational authority in Declarant. During the Development Period, each Owner (with the exception of Declarant) shall be required to pay assessments in accordance with this Declaration, but Declarant shall be responsible to operate, repair, and maintain the Common Areas and shall provide for payment of all necessary Common Expenses (as defined in Section 9.1) to the extent the assessments against individual Lots are insufficient to pay those Common Expenses.

ARTICLE 9. BUDGET AND ASSESSMENTS

9.1 Association Budget. The Association's fiscal year shall be the calendar year unless the Board designates another fiscal year. Within thirty (30) days prior to the beginning of each fiscal year, the Board shall adopt an Association budget for the following fiscal year, setting forth the amounts reasonably estimated for Common Expenses. "Common Expenses" mean (a) expenses of administration, maintenance, monitoring, operation, security, repair or replacement of the Common Areas or any improvements thereof, (b) premiums or deductibles for all insurance policies required or permitted by this Declaration, (c) all real property and other taxes and assessments on the Common Areas, (d) utility and service charges, (e) funding of reserves for anticipated operational shortfalls or for replacement of capital items, (f) legal fees and costs of the Association, if any, and (g) any other expenses established from time to time as reasonably necessary by the Board. The Board may revise the budget from time to time as deemed necessary or advisable to account for and defray additional costs or expenses of the Association. Upon adoption of a budget, the Board shall assess all Lots with general and/or special assessments as provided in this Declaration.

9.2 Creation of Lien and Personal Obligation. Each Owner, by acceptance of a deed for a Lot, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the Association (a) general assessments and (b) special assessments made under this Declaration. The general and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge and continuing lien upon the Lot or Living Unit against which such assessment is made and also shall be the personal obligation of the

individual who is the Owner of the Lot or Living Unit at the time the assessment came due.

9.3 General Assessment. Each Owner shall pay a general assessment based upon the Association's budget in equal quarterly installments on the first day of each quarter beginning with January 1 of each fiscal year. A portion of the general assessment may include fees or charges payable to third parties, including without limitation fees for architectural services provided to the ACC. During the Development Period, a portion of the general assessment may include fees paid to the Declarant for management services provided by the Declarant to the Association or by a professional management firm.

9.4 Special Assessments for Capital Improvements. In addition to the annual general assessments authorized in Section 9.3f the Board may levy in any fiscal year a common assessment, applicable to that year only, for the purpose of defraying in whole or in part the cost of any installation, construction, reconstruction, extraordinary repair, or replacement, of any landscaping or other capital improvements upon the Common Areas.

9.5 Special Assessments for Vegetation Management Zones. In addition to the annual general assessments and special assessments provided for herein, the Board may levy annually a special assessment against the Owners of Rim Lots in Divisions 1 and 3 (if any) for the cost of maintenance of vegetation management zones. The amount of such assessment attributable to a Lot shall be equal to the total amount of such assessment divided by the number of Rim Lots in the applicable Division.

9.6 Special Assessments for Legal Fees and Damages. In addition to the general and special assessments authorized in Sections 9.3, 9.4 and 9.5, the Board may levy from time to time a special assessment payable in a lump sum or installment basis, as the Board directs, for the purpose of defraying in whole or in part any legal fees, costs and/or damages or awards incurred in legal actions in which the Association is a party, or in which a member of either the Board or the Architectural Control Committee is named as a party (including Declarant when exercising the authority of the Board during the Development Period) as a result of a decision made or action performed while acting on behalf of the Association. The special assessment under this Section 9.6 may be made by the Board without a vote of the Association membership, unless at a meeting called by the Association at least fifty-one percent (51%) of the Association members voting in person or by proxy disapprove such special assessment; provided, however, any special assessment necessary to fulfill the indemnification obligations of Article 11 shall not be subject to disapproval.

9.7 Amount of Assessment. The amount of the general or special assessment attributable to each Lot shall be equal to the total amount of such assessment divided by the total number of Lots for which final plat approval has been recorded.

9.8 Date of Commencement of Assessments; Due Dates. The general assessments described in Section 9.3 shall commence upon the closing of each Lot sale. The first general assessment shall be prorated according to the number of months remaining in the calendar year. Upon approval of the budget, the Board shall fix the general and/or special assessments, and shall notify each Owner of its respective assessment amount (s) and due date(s). The liability of an Owner for any assessments against its Lot shall commence on the first day of the calendar month following the date upon which the Owner acquires title to the Lot. Upon request and for a reasonable charge, the Board shall furnish a signed certificate setting forth whether all assessments on a specified Lot have been paid. A properly executed certificate as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

9.9 Effect of Non-Payment of Assessment; Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall bear interest at the rate of twelve percent (12%) per annum until paid, but not exceeding the maximum rate permitted by law. Each Owner hereby expressly vests in the Association, through the Board or its agents, the right and power to bring all actions against such Owner personally for the collection of such assessments as debts and to enforce lien rights of the Association by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage of real property. Such Owner hereby expressly grants to the Association the power of sale in connection with such liens. The liens provided for herein shall be in favor and for the benefit of the Association. The Association shall have the power to bid in an interest at foreclosure sale and to acquire, hold, lease, mortgage and convey the same. The Owner is responsible for payment of all attorneys' fees and costs incurred in collecting past due assessments or enforcing the terms of assessment liens. No Owner may waive or otherwise escape liability for the assessments provided herein by nonuse of the Common Areas or abandonment of its Lot.

The Association shall have the right to suspend the voting rights of an Owner for any period during which any assessment against the Lot remains unpaid and for a period not to exceed 60 days for an infraction of the terms of either this Declaration, the Articles or the Bylaws of the Association.

9.10 Exempt Property. All Lots are/subject to the assessments provided for in this Article. All property dedicated to and "accepted by local public authority and all

Common Areas shall be exempt from the assessments provided for in this Article.

9.11 City May Function as Association. If the Association either fails to perform any of its duties, especially the maintenance of Common Areas, or dissolves, then the City of Issaquah may perform any of the Association's duties, including without limitation the assessment and collection of fees.

ARTICLE 10. SUBORDINATION OF LIENS

10.1 Intent of subordination Provisions. The provisions of this Article 10 apply for the benefit of each Mortgagee who lends money for purposes of construction or to secure the payment of the purchase price of a Lot or Living Unit.

10.2 Mortgagee's Nonliability. A Mortgagee shall not, merely by reason of its security interest, be liable for the payment of any assessment under this Declaration, nor for the observation or performance of any covenant or restriction, except those enforceable by equitable relief and not requiring the payment of money or except as hereinafter provided.

10.3 Mortgagee's Rights During Foreclosure. During the pendency of any proceeding to foreclose a mortgage, including any redemption period, the Mortgagee or receiver, if any, may exercise any and all rights and privileges of the Owner of the encumbered Lot or Living Unit, including without limitation the right to vote in the Association to the exclusion of the Owner's exercise of such rights.

10.4 Mortgagee as Owner. At such time as a Mortgagee, or any successor or assign thereof, shall become the record owner of a Lot or Living Unit, the Mortgagee or successor or assign shall be subject to all terms and conditions of this Declaration, including the obligation to pay for all assessments and charges in the same manner as any Owner.

10.5 Mortgagee's Title Free and Clear of Liens. A Mortgagee acquiring title to a Lot or Living Unit through foreclosure or deed in lieu thereof shall acquire title to the encumbered Lot free and clear of any lien arising from this Declaration to secure payment of any assessment which become due but was unpaid prior to the Mortgagee's acquiring title. The Association shall treat any such unpaid assessments against a Lot or Living Unit as a Common Expense and shall prorate such unpaid assessments among the remaining Lots and Living Units, and each remaining Lot or Living Unit shall be liable for its prorated share in the same manner as any other assessment.

10.6 Survival of Assessment Obligation. After foreclosure, any unpaid assessment shall continue to exist and remain a personal obligation of the Owner against whom the same was

assessed, and the Association shall use reasonable efforts to collect the same from such Owner.

10.7 Subordination of Assessment Liens. The liens for assessments provided in this Declaration shall be subordinate to the lien of any Mortgage placed upon a Lot or Living Unit by a Mortgagee as a construction loan, security interest, or a purchase price security interest, and the Association upon demand will execute a written subordination document to confirm the Mortgagee's priority. The sale or transfer of any Lot or Living Unit shall not affect the assessment liens provided for in this Declaration except as otherwise specifically provided herein, and in the case of a transfer of a Lot or Living Unit in foreclosure to a Mortgagee, assessment liens shall arise against the Lot or Living Unit for any assessment payments coming due after the date of completion of the foreclosure or deed in lieu thereof.

ARTICLE 11. INDEMNIFICATION

Each member of the Board and Architectural Control Committee, (and Declarant while exercising authority of the Board and Architectural Control Committee during the Development Period), and any agents thereof, shall be indemnified by the Association against all expenses and liabilities (including attorneys' fees and costs) reasonably incurred by or imposed in connection with any litigation or other proceeding by reason of such individual's holding a position or office. This indemnification shall include, but not be limited to, any litigation or other proceeding maintained on the grounds that the Declarant authorized construction of any Improvement with a height in excess of any use, height, or other condition or restriction imposed by this Declaration or any other document recorded in connection with the Property. Further, this indemnification shall apply whether or not such person holds that position at the time the expense or liability is incurred, except to the extent such expenses or liabilities are covered by insurance and except where such person is adjudged guilty of willful misfeasance in the performance of his/her duties. However, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interests of the Association.

ARTICLE 12. INSURANCE; LOSSES; CONDEMNATION

12.1 Insurance Coverage. The Board shall procure for the Association, and continuously maintain, as a Common Expense one or more policies of insurance as follows: (a) insurance against property loss or damage by fire or other hazards to the Common Areas, (b) general comprehensive liability insurance for the Association, the Owners, Declarant, and any agents, guests, invitees, licensees, or others, incident to the use and ownership of the "common Areas, (c) fidelity coverage naming the

Association to protect against dishonest acts by the Board or any officers, agents, or other persons responsible for handling Association funds, (d) worker's compensation insurance to the extent required by applicable laws, and (e) any other insurance the Board deems advisable.

12.2 Casualty Losses. In the event of substantial damage or destruction of any Common Area, the Board shall provide notice to the Owners and all applicable insurance proceeds for the damage or destruction shall be paid to the Association for repair, replacement, or other disbursement as determined by the Board.

12.3 Condemnation. In the event any part of a Common Area is sought to be acquired by eminent domain or other proceedings, the Association shall give prompt notice thereof to the Owners. All compensation, damages, or other proceeds shall be paid to the Association.

ARTICLE 13. LIMITATION OF LIABILITY

So long as a member of the Board or Architectural Control Committee, Declarant or any managing agent has acted in good faith, without willful or intentional misconduct, upon the basis of information and possessed by such persons, then that person shall not be personally liable to any Owner, the Association, or to any other person for any damage, loss, or claim on account of any act, omission, error, or negligence of such person, except this section shall not apply to the extent such acts, omissions or errors are covered by the Association's insurance. The limitation on liability contained herein shall apply to any allegation that a member of the Board or Architectural Control Committee or the Declarant approved construction of any Improvement with a height in excess of that allowed by this Declaration or any other document recorded in connection with the Property.

ARTICLE 14. GENERAL PROVISIONS

14.1 Enforcement. The Association, the Declarant, and each Owner subject to this Declaration shall have the right to enforce by any proceedings at law or in equity all rights, duties, obligations, covenants and easements now or hereafter imposed by the provisions of this Declaration, but the Declarant's right to enforce this Declaration shall terminate at such time as Declarant shall cease to be the Owner subject to these covenants. Failure by the Association or Declarant to enforce any right, duty, obligation or covenant herein contained shall in no event be deemed a waiver of the right to do so thereafter. In the event of legal action to enforce these covenants or the terms and conditions herein, the prevailing party shall be entitled to recover court/costs, reasonable attorneys' fees and any other expenses of litigation.

14.2 Binding on Successors. The Covenants shall run with the Property and apply to and bind the successors and assigns in interest and all parties having or acquiring any right, title or interest in the Property or any portion thereof.

14.3 Amendment. The covenants of this Declaration shall run with the Property. This Declaration may be amended during the Development Period by the sole signature of the Declarant. After the Development Period, this Declaration may be amended by an instrument signed by not less than a majority of the Owners of all Lots, except the prohibition on redivision of Lots and Living Units may be amended only as provided in Article 5. Any amendment must be recorded before it is effective. In no event shall any amendment after the Development Period require more onerous restrictions than those contained herein as to any existing Lot, Living Unit or Improvement unless the same be unanimously approved by the Owners.

14.4 Interpretation. Use of the singular herein shall include reference to the plural, and vice versa, and use of the masculine gender shall include reference to the feminine gender. The captions in this Declaration are inserted only as a matter of convenience and for reference, and in no way describe, define, or limit the intent of this Declaration. The captions are not to be used in interpreting this Declaration.

14.5 Severability. Invalidation of any one of the provisions herein by judgment or court order shall not in any way affect any other provision which shall remain in full force and effect.

DATED this 14, day of June, 1991.

GLACIER RIDGE PARTNERSHIP (LIMITED PARTNERSHIP), a Washington limited partnership

By WARJONE INVESTMENTS, INC.
Its General Partner

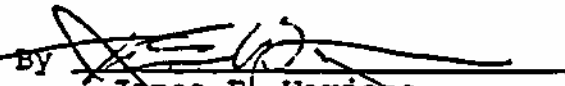
BY 
James E. Warjone
Its President

EXHIBIT A

Legal Description of Property

All lots, parcels, and tracts shown in the Plat of Montreux Division 1, as recorded at Volume 155 of Plats, pages 69-87, under Auditor's File No. 9102260180, records of King County, Washington;

EXCEPT Parcel 3 thereof.

EXHIBIT B

Legal Description of Multifamily Parcel

Parcel 3 of the Plat of Montreux Division I, as recorded at Volume 155 of Plats, pages 69-87, under Auditor's File No. 9102260180, records of King County, Washington.

EXHIBIT C

Maximum Building Ridge Heights and Special Building Setbacks

Maximum Ridge Heights

<u>Division 1, Lot No.</u>	<u>Maximum Height Allowed</u>	<u>Measured From</u>	<u>Measured At</u>
5-7, 9-18 inclusive, 20 and 21	18' to top of ridge	Top of curb on street	Centerline of Lot along street
19 and 27-29 inclusive	24' to top of ridge	Top of curb on street	Centerline of Lot along street

Special Building Setbacks

<u>Lot No.</u>	<u>Setback</u>
Division 2	All Lots in Division 2 which back to an NGPE area shall be subject to minimum backyard setback of twenty (20) feet (not twenty-five (25) feet).

EXHIBIT D

Vegetation Management Zone Guidelines

The purpose of the vegetation management zone guidelines is to permit in a reasonable manner the creation of limited views through small portions of NGPE areas to the extent pruning to create vegetation management zones is permitted by the applicable local government policies and ordinances. An applicant is not authorized to alter vegetation in sensitive areas in any way until such policies and ordinances are established by King County or the City of Issaquah, as applicable. Vegetation Management Zones are limited to only certain Rim Lots in Division 1 and Division 3.

Prior to annexation of the Plat into the City of Issaquah, vegetation management zone pruning, if any, is allowed only upon compliance with the requirements of King County's Sensitive Areas Ordinance No. 9614 and rules to be adopted pursuant to the Sensitive Areas Ordinance administratively or by ordinance by King County. After annexation into the City of Issaquah, vegetation management zone pruning, if any, will be subject to all applicable Issaquah codes, regulations and approvals. Vegetation management zone pruning may be prohibited by such rules of other regulations of the applicable local government.