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Document Title: Declaration of Covenants, Conditions, Restrictions and Reservations for Aspen Grove Estates

Reference Number(s) of Document assigned or released: n/a

Grantor(s) (Last name first, then first name and initials): Impola Homes, Inc

Grantee(s) (Last name first, then first name and initials): Public

Legal Description
(abbreviated: i.e., lot, block, plat or section, township, range):
Additional legal on page 2 of document(s)

Lots 1-26, Aspen Grove Estates, Volume 206, pages 20-22

Assessor's Property Tax Parcel/Account Number(s):

- | | |
|---------------|---------------|
| 0293 720 0010 | 0293 720 0140 |
| 0293 720 0020 | 0293 720 0150 |
| 0293 720 0030 | 0293 720 0160 |
| 0293 720 0040 | 0293 720 0170 |
| 0293 720 0050 | 0293 720 0180 |
| 0293 720 0060 | 0293 720 0190 |
| 0293 720 0070 | 0293 720 0200 |
| 0293 720 0080 | 0293 720 0210 |
| 0293 720 0090 | 0293 720 0220 |
| 0293 720 0100 | 0293 720 0230 |
| 0293 720 0110 | 0293 720 0240 |
| 0293 720 0120 | 0293 720 0250 |
| 0293 720 0130 | 0293 720 0260 |

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**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND RESERVATIONS
FOR ASPEN GROVE ESTATES**

This declaration, made on the date hereinafter set forth by Impola Homes, Inc., a Washington Corporation d/b/a Cornerstone Homes, hereinafter referred to as "Declarant"

WITNESSETH

WHEREAS, Declarant is the owner in fee of ASPEN GROVE ESTATES, a subdivision located in the City of Kenmore, King County, Washington, as recorded herewith which is legally described herein on the attached Exhibit A

AND WHEREAS, Declarant will convey said properties, subject to certain protective covenants, conditions, restrictions, reservations, liens and charges as hereinafter set forth;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above, shall be held, sold, conveyed, encumbered, leased, rented, used, occupied and improved subject to the following easements, restrictions, covenants, conditions, rights, rights-of-way, liens, charges and equitable servitudes, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property.

Unless otherwise amended or modified as provided herein below, the easements, covenants, restrictions and conditions set forth in this instrument shall run with the real property and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof

**ARTICLE 1
INTERPRETATION**

- 1 1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Project.
- 1 2 Covenant Running with Land Unless otherwise amended as provided hereinbelow, it is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns, all subsequent owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns

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1.3 Declarant is Original Owner Declarant is the original Owner of all Lots and Property and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Lots are filed of record

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

1.5 Definitions

1.5.1 "Allocated Interests" means the undivided interest in the Common Areas, the Common Area Liability, and votes in the Association allocated to each Lot as more specifically provided in Article 3.

1.5.2 "Board of Directors" or "Board" shall mean the body, regardless of name, with primary authority to manage the affairs of the association.

1.5.3 "Common Areas" shall mean all property maintained, repaired or administered by the Association (including the improvements thereof) for the common use and enjoyment of the Owners and shall include all of the property described in Exhibit A and shown on the recorded Plat Map of ASPEN GROVE ESTATES, less each of the Lots shown on said Plat Map, less any streets or other areas designated or dedicated to public use, less Tract B which has been granted, dedicated and conveyed, together with all maintenance obligations, to the City of Kenmore. The Common Areas designated as Tracts A, and C, as described below, are shown in further detail on the recorded Plat Map referenced hereinbelow.

1.5.4 "Common Expense" shall expenditures made by or financial liabilities of the Association, together with any allocations to reserves, in its exercise of any of the powers provided for in the governing documents and as provided by RCW 64.38 et. seq

1.5.5 "Common Expense Liability" means the liability for Common Expenses allocated to each lot

1.5.6 "Declarant" shall mean the undersigned (being the Sole Owner of the real property described in said Exhibit A hereof) and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant Upon such assignment, said assignee shall retain and be entitled to any and all rights, powers and reservations held by the original Declarant and shall be subject to any and all duties, obligations and

responsibilities of the original Declarant. Any such reference made in this Declaration to "Declarant" shall hereinafter also mean the Declarant's assignee as referred to under this section.

1.5.7. "General Plan" as approved by the City of Kenmore shall mean the preliminary plat of ASPEN GROVE ESTATES as approved by the City of Kenmore, and the final plats for the property contained therein (a) the approximate size and location of common properties, (b) the general nature of common facilities and improvements.

1.5.8. "Governing Documents" shall mean the Articles of Incorporation of ASPEN GROVE ESTATES Homeowners' Association, Bylaws of ASPEN GROVE ESTATES Homeowners' Association, the plat of ASPEN GROVE ESTATES, this Declaration of Covenants, Conditions, Restrictions and Reservations of ASPEN GROVE ESTATES, rules and regulations of ASPEN GROVE ESTATES Homeowners' Association, or other written instrument by which the association has the authority to exercise any of the powers provided for in said instruments and/or by statute or to manage, maintain or otherwise affect the property under its jurisdiction and written authority.

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

1.5.10. "Homeowners' Association" or "Association" shall mean ASPEN GROVE ESTATES Homeowners' Association, a corporation, unincorporated association, or other legal entity, each member of which is an owner of residential real property located within the association's jurisdiction, as described in the governing documents, and by virtue of membership or ownership of property is obligated to pay insurance premiums, maintenance and repair costs, or for improvements of the common areas.

1.5.11. "Lot" shall mean and refer to any plot of land shown upon and described in the recorded Plat Map or Maps of the properties. "Lot" shall not include any land shown on the Plat Map dedicated to the public or to a government entity, but shall include its undivided allocated interest in the Common Areas as provided in Article 3 herein and shall include its undivided interest, if any, in any private road as may be provided on the face of the plat.

1.5.12. "Member" shall mean and refer to every person or entity who holds membership in the Association.

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

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

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

1.5.16 "Person" shall include natural persons, partnerships, corporations, associations and personal representatives

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

1.5.18 "Plat Map" shall mean the Plat Map recorded simultaneously with this Declaration recorded with the King County Recorder, State of Washington, under File No. 20020410003259, which said Plat Map depicts the layout of the Lots on the Property.

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

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

ARTICLE 2 ADDITIONAL PROPERTIES

Not applicable.

ARTICLE 3
ALLOCATED INTERESTS

The Allocated Interests in each Lot, that is, the undivided interest in the Common Areas, the Common Expense Liability and the Votes of the Association allocated to each lot, created by the plat of ASPEN GROVE ESTATES shall be the percentage or fractional interest of each lot (the numerator 1) over the total number of lots created by this plat (the denominator equal to the total number of lots), provided that the total equal 100% or 1. Upon the recording of this plat of 26 lots, the allocated interest in each Lot shall be an undivided 1/26th each. The Allocated Interest appertaining to each lot cannot be changed except as may be provided in this Declaration. The Allocated Interest and the title to the respective lots shall not be separated or separately conveyed and each undivided interest shall be deemed to be conveyed with its respective lot even though the description in the instrument of conveyance or encumbrance may refer only to the title to the lot. Except where permitted by law and if approved by the local governmental authority approving the plat, the Common Areas are not subject to partition, and any purported conveyance, encumbrance, judicial or non-judicial sale, or other voluntary or involuntary transfer of an Allocated Interest made without the lot to which that interest is allocated is void.

ARTICLE 4
HOMEOWNERS' ASSOCIATION

4.1 Name The name of the Homeowners' Association shall be the "ASPEN GROVE ESTATES HOMEOWNERS' ASSOCIATION".

4.2 Organization of Homeowners' Association The Association shall be organized as a nonprofit corporation under the laws of the State of Washington, provided, that from and after the formation of such nonprofit corporation, the rights and duties of the Owners and of such corporation shall continue to be governed by the provisions of this Declaration.

4.2.1 Articles and Bylaws Before the transition date Articles of Incorporation and Bylaws will be adopted to supplement this Declaration and to provide for the administration of the Association and the property and for other purposes not inconsistent with this Declaration.

4.2.2 Membership Unless otherwise modified by declaration amendment under Article 14 hereunder, the membership of the Association at all times shall consist exclusively of the owners of all real property over which the association has jurisdiction. Each fee Owner (including Declarant) shall be entitled to one membership for each Lot owned, provided that if a Lot has been sold on contract, the contract purchaser shall exercise the rights of the Owner for the purposes of the Association, this Declaration, and the Bylaws, except as

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hereinafter limited, and shall be the voting representative, unless otherwise specified. Ownership of a Lot shall be the sole qualification for membership in the Association.

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

4.3 Powers of Homeowners' Association Except as provided otherwise in this Declaration, the Association shall have all powers and authority permitted to the Association under this Declaration, including but not limited to

- (a) Adopt and amend Bylaws, rules, and regulations;
- (b) Adopt and amend budgets for revenues, expenditures, and reserves; and impose and collect assessments for common expenses from Lot Owners;
- (c) Hire and discharge or contract with legal and accounting services, managing agents, and other employees, agents, and independent contractors necessary or proper in the operation of the Association's affairs, administration of the Association and its Common Areas, or enforcement of this Declaration, Bylaws and Rules and Regulations;
- (d) Make other contracts and incur liabilities including the authority to borrow money for the purpose of improving the Common Areas and facilities (subject to Section 5.4.15) and, in aid thereof, convey a security interest in said Common Areas, and the rights of such security holder in said properties shall be subordinate to the rights of the homeowners hereunder;
- (e) Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Lot Owners on matters affecting the Homeowners' Association, but not on behalf of Lot Owners involved in disputes that are not the responsibility of the Association;
- (f) Maintain, repair, replace, and modify the Common Areas and facilities;
- (g) Regulate the use of all Common Areas and facilities, including, the authority to establish guest limitations and the authority to suspend voting rights and the right to use of the recreational facilities by a member for any period during such times any assessment against the owner of a Lot remains unpaid, and for a

period not to exceed 180 days for an infraction of its published rules and regulations,

(h) Cause additional improvements to be made as a part of the Common Areas,

(i) Impose and collect charges for late payments of assessments and, after notice and an opportunity to be heard by the board of directors or by the representative designated by the board of directors and in accordance with the procedures as may be provided in the bylaws or rules and regulations adopted by the board of directors, levy reasonable fines in accordance with a previously established schedule adopted by the board of directors and furnished to the owners for violation of the declaration, bylaws, rules and regulations of the Association;

(j) Impose and collect any payments, fees, or charges for the use, operation of the Common Areas and/or recreational facilities located thereon,

(k) Impose and collect reasonable charges for the preparation and recording of amendments to the Declaration;

(l) Acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property;

(m) Grant easements, leases, licenses, and concessions through or over the common areas and petition for or consent to the vacation of streets and alleys,

(n) Exercise any other powers conferred by this Declaration, Articles of Incorporation or Bylaws;

(o) Exercise all other powers that may be exercised in this state by the same type of corporation as the Association, and

(p) Exercise any other powers necessary and proper for the governance and operation of the Association.

4 4 Voting

4.4.1 Number of Votes The total voting power of all Lot owners shall be 100%, with each member allocated one vote for each lot owned whether improved or not. A person (including Declarant) who owns more than one Lot shall have the number of votes appertaining to each Lot owned.

4.4.2 Voting Owner There shall be one voting representative of each Lot. Declarant shall be considered an "Owner" and "Member" as that term is used herein and shall be the voting representative with respect to any Lot or Lots

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owned by Declarant. The voting representative shall be designated by the Owner or owners of each Lot by written notice to the Association and need not be an Owner. The designation shall be revocable at any time by actual notice to the Association of death or judicially declared incompetence of any party with an Ownership interest in the Lot. This power of designation and revocation may be exercised by the guardian or personal representative of an estate. Where no designation is made or where a designation has been made but is revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners.

4.4.3 Joint-Owner Disputes. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. In the event that Joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event that more than one vote is cast for a particular Lot, none of said votes shall be counted, and said votes shall be deemed void.

4.4.4 Votes Pledged to Mortgagees. In the event that the record Owner or Owners have pledged their vote regarding special matters to a Mortgagee under a duly recorded Mortgage or to a vendor under a duly recorded real estate contract only the vote of such Mortgagee or vendor will be recognized in regard to the special matters upon which the vote is so pledged, if a copy of the instrument with this pledge has been filed with the Association. Amendments to this subsection shall be effective only upon the written consent of all the voting Owners and their respective Mortgagees and vendors, if any.

4.5 Meetings, Audits, Notices of Meetings, Quorum

4.5.1 Annual Meetings and Audits. At least once each year during the first fiscal quarter thereof, there shall be an Annual Meeting of the members of the Association at such date, time and place as may be designated by the President, for the transaction of such business as may come before the meeting. Written notice of the time and location of such meeting shall be hand delivered or mailed by the secretary to each member of record by prepaid first class mail at least fourteen (14) days prior to said meeting. The notice shall specify the time, date and place of the meeting and the business to be placed on the agenda by the Board of Directors for vote by the members, including the general nature of any proposed amendment to the declaration, bylaws, articles of incorporation, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director. At least annually, the Association shall prepare, or cause to be prepared, a financial statement of the Association. The financial statements of the Association with annual Assessments of fifty thousand dollars or more shall be audited at least annually by an independent certified public accountant, but the audit may be waived if sixty-seven (67%) percent of the votes cast by owners, in person or proxy, at a

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meeting of the association at which a quorum is present, vote each year to waive the audit.

4.5.2 Financial and Other Records. The Association or its managing agent shall keep financial and other records sufficiently detailed to enable the association to fully declare to each owner the true statement of its financial status. All financial and other records of the association, including but not limited to checks, bank records, and invoices, in whatever form they are kept, are the property of the association. Each association managing agent shall turn over all original books and records to the association immediately upon termination of the management relationship with the association, or upon such other demand as is made by the Board of Directors. An Association managing agent is entitled to keep copies of association records.

4.5.3 Inspection of Association Documents, Books and Records All records which the managing agent has turned over to the Association shall be made reasonably available for the examination and copying by the managing agent. All records of the association, including the names and addresses of owners and other occupants of the lots, shall be available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents on reasonable advance notice during normal working hours at the offices of the association or its managing agent. The association shall not release the unlisted telephone number of any owner. The association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the association in providing access to records.

4.5.4 Special Meetings. Special meetings of the Lot Owners may be called at any time by the President of the Association, or a majority of the Board of Directors, or by Lot Owners having at least ten percent (10%) of the total votes in the Association

Not less than fourteen (14) days in advance of any meeting, the Secretary shall cause notice to be hand delivered or sent prepaid by first class United States mail to the mailing address of each Lot Owner. The notice shall specify the time, date and place of the meeting and the business to be placed on the agenda by the board or directors for vote by the owners, including the general nature of any proposed amendment to the declaration, bylaws, articles of incorporation, and budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

4.5.5 Quorum Requirements for Association Meeting At all meetings of the Association, thirty-four percent (34%) of the Owners, present in person or by proxy, at the beginning of the meeting, shall constitute a quorum, except in connection with amendment or repeal of this Declaration. If the required quorum is not present, another meeting may be called subject to the requirement of written notice sent to all members at least fourteen (14) days in advance of such meeting,

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and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time but may not transact any other business. An adjournment for lack of a quorum shall be to a date not more than thirty (30) days from the original meeting date.

4.6 Bylaws of Association.

4.6.1 Adoption of Bylaws. Bylaws for the administration of the Association and for other purposes not inconsistent with the intent of this Declaration shall be adopted by the Association upon concurrence of those voting Owners holding a majority of the voting power at a regular or special meeting. Notice of the time, place, and purpose of such meeting shall be delivered to each Lot Owner at least fourteen (14) days prior to such meeting. Amendments to the Bylaws may be adopted by a two-thirds (2/3) vote at a regular or special meeting similarly called. Declarant may adopt the initial Bylaws.

4.6.2 Bylaws Provisions. The Bylaws shall provide for:

- (a) The number, qualifications, powers and duties, terms of office, and manner of electing and removing the Board of Directors and officers and filling vacancies;
- (b) Election by the Board of Directors of the officers of the Association as the Bylaws specify;
- (c) Which, if any, of its powers the Board of Directors or officers may delegate to other persons or to a managing agent;
- (d) Which of its officers may prepare, execute, certify and record amendments to the Declaration on behalf of the Association;
- (e) The method of amending the bylaws; and
- (f) The Bylaws may provide for any other matters the Association deems necessary and appropriate for the operation and administration of the Project, not inconsistent with the Declaration and the Act.

ARTICLE 5
MANAGEMENT OF PROJECT

5.1 Management by Declarant. Declarant shall, subject to provisions of this Article, have the full power and authority to exercise all the rights, duties, and functions of the Board of Directors and the officers of the Association, including but not limited to the adoption of Bylaws and rules and regulations, contracting for the

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purchase of goods and services, buying insurance, and collecting and expanding all assessments and other Association funds

5.1.1 Declarant Control Until Transition Date During the period of management by Declarant under Article 4, Declarant may at such times as it deems appropriate establish a three (3) person Board of Directors, and Declarant, or a managing agent selected by Declarant shall have the right to appoint and remove without cause officers and members of the Board and/or veto or approve a proposed action of the Board or Association, which right is herein referred to as "Declarant Control" However, a Declarant's failure to veto or approve such proposed action in writing within thirty (30) days after receipt of written notice of the proposed action shall be deemed approval by the Declarant The period of Declarant Control shall terminate as of the Transition Date provided in Section 5.1.2 below provided that if the Declarant elects to voluntarily surrender said rights the Declarant shall record an amendment to the Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove officers and members of the Board or veto or approve proposed actions of the Board or Association.

5.1.2 Transition Date The "Transition Date" shall be the date control of the Project passes from Declarant to the Association The Transition Date will be either (1) the date on which the Declarant records an Amendment to the Declaration pursuant to which the Declarant voluntarily surrenders the right to further appoint and remove Officers and Members of the Board of Directors, or (2) the 60th day after title to 100% of the Lots in the Project with fully constructed dwellings thereon have been transferred to Lot Owners other than the Declarant or Builder, or (3) five years after the recording of this Declaration, whichever occurs first

5.2 Transfer of Association Control Within sixty (60) days after the Transition Date, the Declarant shall deliver to the Association all property of the Lot Owners and of the Association held or controlled by the Declarant Upon the transfer of control to the Lot Owners, the records of the Association shall be audited as of the date of transfer by an independent certified public accountant in accordance with generally accepted auditing standards unless the Lot Owners, other than the Declarant, by two-thirds vote elect to waive the audit. The cost of the audit shall be a common expense

5.3 Election of Board of Directors by Lot Owners Within thirty (30) days after the Transition Date, the Lot Owners shall elect a Board of Directors of at least five (5) persons who must be Lot Owners The Board of Directors shall elect the Officers. Such members of the Board of Directors and Officers shall elect a President from among its members, who shall preside over meetings of the Board and meetings of the Association

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5.4

Authority of the Board of Directors and Limitations. Except as provided in the Associations governing documents or this Article, the Board of Directors shall act in all instances on behalf of the Association. In the performance of their duties, the officers and members of the Board of Directors shall exercise the degree of care and loyalty required of an officer or director of a corporation organized under Chapter 24.03 RCW. The Board of Directors shall not act on behalf of the Association to amend the articles of incorporation, to take any action that requires the vote or approval of the owners, to terminate the Association, to elect members of the Board of Directors, or to determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors. The Board of Directors, for the benefit of the Project and the Owners, shall enforce the provisions of this Declaration and the Bylaws and shall have all powers and authority permitted to the Board under the Declaration, Articles of Incorporation and Bylaws including, but not limited to, the following

5.4.1 Assessments. Establish and collect regular assessments (and to the extent necessary and permitted hereunder, special assessment) to defray expenses attributable to carrying out its duties hereunder and maintain an adequate reserve fund for the maintenance, repair and replacement of those portions of the Common Areas or facilities which must be maintained, repaired or replaced on a periodic basis and adequate reserve funds for hazard insurance for Common Area facilities as provided hereunder, which said reserves shall be funded by the above assessments

5.4.2 Service. Obtain the services of persons or firms as required to properly manage the affairs of the development to the extent deemed advisable by the Board including legal and accounting services, property management services as well as such other personnel the Board shall determine are necessary or proper for the operation of the Common Areas, whether such personnel as the Board shall determine are necessary or proper for the operation of the Common Areas, and whether such personnel are employed directly by the Board or are furnished by the manager or management firm or agent

5.4.3 Utilities. Obtain water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service, including utility easements, as required for the Common Areas; and, if the entity providing the utility service requires that the Association rather than individual Lot Owners pay for such service, the utility service for Lots may be paid as a common expense. The Board may, by reasonable formula, allocate a portion of such expense to each Lot involved as a portion of its common expense

5.4.4 Insurance. Obtain and pay for policies of insurance or bonds providing coverage for fire and other hazard, liability for personal injury and property damage on certain Common Area property, and for fidelity of Association officers and other employees, the requirements of which are more fully set forth hereinafter and in the Bylaws

5.4.5 Maintenance, Repair and/or Replacement of Common area Landscaping and Fences Maintain all Common Landscaping, maintain, repair and/or replace all Common Area fences and preserve and maintain all Common Areas in the natural setting and in close conformity to its original condition

5.4.6 Maintenance, Repair and Replacement of Common Area Recreational Facilities. Maintain, repair and/or replace all common area recreational facilities in close conformity to its original condition

5.4.7 Governmentally Required Maintenance, etc., Any insurance, maintenance, repair, replacement, alteration or other work, or the monitoring of such work, which is required by any governmental entity (including without limitation, federal, state or local government, public or private utility provider, local improvement district or other governmental or quasi-governmental entity or agency), and regardless of whether such requirement is now or hereafter established, and whether imposed in connection with a building permit or other governmental approval or requirement, and whether involving land within public right of ways or subject to ownership or exclusive use of one owner, shall be the sole and exclusive responsibility of the Association (not the Declarant) and any cost incurred in connection therewith shall be a Common Expense. In furtherance of the generality of the foregoing, and not by way of limitation, such work shall include maintenance of any grass lined swales and proper disposal of clippings; maintenance of wetland plantings; replacement of wetland and landscape plantings that die during any period of required maintenance period; maintenance of public and private storm sewer and retention systems. Declarant shall have the right but not the obligation, to perform such work if and Association fails to do so. The Association shall promptly upon demand reimburse Declarant for any costs directly or indirectly incurred by Declarant as a result of Declarant performing, or the Association's failure to perform such work (including any work or expense necessary to obtain a release or avoid a forfeiture of, any cash deposit or other bond made by Declarant.

5.4.8 Lien/Encumbrance The Board may pay any amount necessary to discharge any lien or encumbrance levied against the entire property or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the property or against the Common Areas, rather than merely against the interest therein, or against particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Lots responsible to the extent of their responsibility

5.4.9 Enforce Declaration Enforce the applicable provisions of the Declaration for the management and control of the Project.

5.4.10 Contracts Contract for materials and/or services to carry out its responsibilities provided herein

5.4.11 Financial Statements. Prepare or cause to be prepared, a balance sheet and an operating (income) statement for the Association, copies of which shall be distributed to each of the Owners as follows: (1) closest in time to six (6) months from the date of closing of the first sale of a Lot in the Project which shall be distributed within thirty (30) days of the accounting date, and (2) an operating statement for the period from the date of the first closing to the said accounting date, which shall be distributed within thirty (30) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable, identified by the number of the Lot and the name of the Owner so assessed, (3) a balance sheet as of the last day of the Association's fiscal year and an operating statement for said fiscal year, which shall be distributed within ninety (90) days after the close of the fiscal year. The Board may require that an external audit be prepared annually by an independent public accountant within ninety (90) days following the end of each fiscal year.

5.4.12 Miscellaneous Pay for any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are provided for Lots or their Owners, the costs thereof shall be specially charged to the Owner of such Lots.

5.4.13 Limitation. The Board's powers hereinabove enumerated shall be limited in that the Board shall have no authority to acquire and pay for out of the maintenance fund capital additions and improvements (other than for purposes of restoring, repairing or replacing portions of the Common Areas) having a total cost in excess of Five Thousand Dollars (\$5,000 00), without first obtaining the affirmative vote of the Owners holding a majority of the voting power present or represented at a meeting, called for the purpose, or if no such meeting is held, the written consent of voting Owners having a majority of the voting power, provided that any expenditure or contract for each capital additions or improvements in excess of Twenty-five Thousand Dollars (\$25,000 00) must be approved by Owners having not less than seventy-five percent (75%) of the voting power.

5.4.14 Nonprofit Nothing herein contained shall be construed to give the Board Authority to conduct an active business for profit on behalf of all of the Owners or any of them

5.4.15 Exclusive Right To Contract The Board shall the exclusive right to contract for all goods and services, payment of which is to be made from the maintenance fund. The Association may not, however, be bound directly or indirectly to any contracts or leases without a right of termination exercisable without cause and without penalty upon not more than ninety (90) days notice to

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the other party to the contract. The Board may delegate such powers subject to the terms hereof.

5.4.16 Acquisition of Property. The Board may, from common funds of the Associations, acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise, and the beneficial interest in such Property shall be owned by the Association and such Property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the common fund of the Association as the Board may direct. The Board shall not however, in any case acquire by lease or purchase real or personal property valued in excess of Five Thousand Dollars (\$5,000.00) except upon a majority vote of the Owners, or valued in excess of Twenty-five Thousand Dollars (\$25,000.00) except upon a seventy-five percent (75%) affirmative vote of the Owners, in the manner specified in Subsection 5.4.15.

5.4.17 Entry. Board and its agents or employees, may enter any Lot for improvements located thereon when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board out of the common expense fund if the entry was due to an emergency or for the purpose of maintenance or repairs to Common Areas where the repairs were undertaken by or under the direction or authority of the board. If the emergency or maintenance was caused or necessitated by the Owner of the Lot entered, the costs shall be specially charged to the Lot entered.

5.4.18 Attorney-in-Fact. Each Owner, by the mere act of becoming an Owner or contract purchaser of a Lot, shall irrevocably appoint the Association as his attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duty to maintain, repair and improve the Property to deal with the Property upon damage or destruction, and to secure insurance proceeds.

5.4.19 Borrowing of Funds. In the discharge of its duties and the exercise of its powers as set forth in Article 5, but subject to the limitations set forth herein, the Board may borrow funds on behalf of the Association for the purpose of improving the Common Areas and facilities (Subject to Section 5.4.15) and, to secure the repayment thereof, encumber the Common Areas and facilities and Association's funds, except that the rights of such security holder shall be subordinate to the rights of the homeowners hereunder.

5.4.20 Additional Powers of Association. In addition to the duties and powers of the Association, as specified herein, and elsewhere in this Declaration, the Association, acting through its Board, shall have the power to do all other

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things which may be deemed reasonable necessary to carry out its duties and the purposes of the Declaration including, but not limited to, capital improvements, obtaining of appropriate insurance and bonds, and the adoption of additional Bylaws and rules and regulations governing the Association and Owners. In the event of conflict between the Declaration and any such additional Bylaws or rules and regulations, the provisions of this Declaration shall prevail.

5.5 Board Organization and Operation

5.5.1 Number, Election and Term of Office The business and affairs of the Association shall be managed by a Board of Directors which shall consist of not less than three (3) nor more than seven (7) members. At the inception of the Association, the Board shall consist of three (3) members named in the Articles of Incorporation, and thereafter the number of Directors may be changed by amendment of the Bylaws. The five (5) members of the first Board elected entirely by the Owners as provided in Section 5.3 (other than by an election held when Declarant still owned all of the Lots) shall serve terms of office as follows: one (1) director shall serve for a term of one year, two (2) directors shall serve for a term of two years and the remaining two (2) directors shall serve for a term of three years. At each annual meeting after the first initial owner elected Board is established, the Association members shall elect to a three-year term one new director for each director whose term shall have expired that year.

5.5.2 Vacancies Vacancies for the unexpired portion of the term of a member of the Board caused by any reason other than the removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum, and each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Association.

5.5.3 Organizational Meeting The first meeting of a newly elected Board shall be held immediately following the annual meeting and no notice shall be necessary to the newly elected Board Members in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.5.4 Regular Meeting. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board members, but at least two (2) such meetings shall be held during each fiscal year and one (1) such meeting shall be held immediately following the annual meeting of Owners. Notice of regular meetings of the Board shall be given to each Board member, personally, or by mail, telephone, facsimile or telegraph, at least three (3) days prior to the day named for such meeting.

5.5.5 Special Meetings Special meetings of the Board may be called by the President on three (3) days notice to each Board member, given personally, or by mail, telephone, facsimile or telegraph, which notice shall state the time, place

(as hereinabove provided), and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Board members.

5 5 6 Open/Closed Meeting Except as provided in this subsection, all meetings of the Board of Directors shall be open for observation by all owners of record and their authorized agents. Upon the affirmative vote in open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation matters involving possible violations of the governing documents of the association, and matters involving the possible liability of an owner to the Association. The motion shall state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session shall be included in the minutes. The Board of Directors shall restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion, or other action adopted, passed, or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or such other action which is reasonably identified. The requirements of this subsection shall not require the disclosure of information in violation of law or which is not otherwise exempt from disclosure.

5.5.7 Waiver of Notice. Before, at or after any meeting of the Board, any Board member may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Board members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5 5 8 Quorum At all meetings of the Board, a majority thereof shall constitute a quorum for the transaction of business. The acts of the majority of the Board members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. An adjournment for lack of a quorum shall be to a date not more than thirty (30) days from the original meeting date. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5 5 9 Fidelity Bonds The Board may require any officer or employee of the Association handling or responsible for Association funds to furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

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5.5.10 Annual Report After the close of the fiscal year, the Board shall submit to the members of the Association, a report as to the condition of the Association and its property, and shall also submit an account of the financial transactions of the past year

ARTICLE 6
BUDGET, ASSESSMENT AND COMMON EXPENSES

6 1 Annual Budget Within thirty (30) days prior to the beginning of each calendar year, the Board of Directors shall propose for adoption by the Association a budget for the Project, including common expenses and any special charges for particular Lots to be paid during such year. Such budget shall make provision for creating, funding, and maintaining reasonable reserves for contingencies and operations, for the creation, repair, maintenance, replacement, and acquisition of any Common Area park and recreational facilities and/or drainage facilities, to pay for common lighting, to pay for any required improvement and maintenance of the streets and dedicated right-of-way areas, for employing policemen and watchmen, to pay for hazard and liability insurance for Common Areas and facilities, (taking into account any expected income and any surplus funds available from the prior year), and any other reasonable and necessary expense which, in the opinion of the Board, is desirable to keep the property neat and in good order, for the general benefit to the owners or occupants of the land in ASPEN GROVE ESTATES. Within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the association, the Board shall set a date for a meeting of the owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing the Summary. Unless at that meeting the owners of a majority of the votes in the association are allocated reject the budget in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the owners shall be continued until such time as the owners ratify a subsequent budget proposed by the Board of Directors

6 2 Maintenance and Operations Charges/Payment by Lot Owners Except as provided hereinbelow for undeveloped Lots owned by Declarant (or Declarant's successors and assigns as defined in Section 1 5 6 above), and unless otherwise modified by declaration Amendment under Article 14 hereinbelow, each lot Owner, by acceptance of a deed thereof, whether or not expressly contained in said deed, is deemed to covenant and agree to pay all monthly, quarterly or annual assessments or charges and special assessments for capital improvements, properly established and determined by the Board on behalf of the Association pursuant to its budget and this Article to the Treasurer of the Association. At the discretion of the Board, the maintenance and operations charge may be aggregated and billed annually for any portions of a year. Commencing 30 days following the recording of the final plat of ASPEN GROVE ESTATES, the maximum annual assessment on all lots (except as provided hereinbelow for undeveloped lots

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owned by Declarant) shall be \$300 00 per lot. On the same day of each year thereafter, each owner of property in ASPEN GROVE ESTATES, other than the Declarant, shall pay to the Association, in advance, the maintenance and operations charges against this property, and such payments shall be used by the Association as set forth in this Declaration. In the event an owner acquires title to property in ASPEN GROVE ESTATES after the annual due date, then such owner shall be given a pro-rata credit for the annual maintenance and operations charge from the due date to the date on which the owner acquires title, or becomes a contract purchaser. The annual charge may be increased or decreased from year to year by the Board as the needs of the property, in its judgment, may require, but in no event shall the increase in any year exceed twenty-five percent (25%) of the prior year's assessment. Any unpaid assessment or charge shall bear interest at the lesser of the rate of twelve percent (12%) per annum or the maximum rate allowed by law from due date until paid. In addition, the Association may impose a late charge in an amount established by the Association for delinquent assessments but not exceeding twenty-five percent (25%) of the unpaid assessment or charge, which amount has been determined to be a reasonable estimate of the loss and damages to the Association as a result of delinquent payments as the same and not accurately ascertainable. At any time Declarant owns an undeveloped lot in ASPEN GROVE ESTATES (i.e., until said Lot is transferred or conveyed to a third party), Declarant shall not be required to pay annual maintenance and operations charges established hereunder for said undeveloped lots.

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6 3 Special Assessments for Capital Improvements In addition to the annual assessments authorized above, the Association may levy in any assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members who are voting in the person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting for the purpose of the meeting.

6 4 Date of Commencement of Annual Assessments Due Dates The annual assessments provided for herein shall commence as to all Lots 30 days following the recording of the final plat of ASPEN GROVE ESTATES. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment. The Association shall upon demand at any time furnish a certificate in writing signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made by the Board for issuance of these certificates. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

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- 6.5 Exempt Property The following property subject to this Declaration shall be exempt from the assessments created herein (a) all properties dedicated to and accepted by a local public authority, and (b) any undeveloped Lots owned by Declarant as provided above
- 6.6 Purpose All funds collected hereunder shall be expended for the purpose of promoting the recreation, health, safety and welfare of the residents in the properties and in particular for the improvement, care and maintenance of the properties, services and facilities to this purpose and related to the use and enjoyment of the Common Areas and facilities and of the homes situated on the properties
- 6.7 Basis of Assessment Except as provided by this and other sections of this Declaration, all assessments for common expenses shall be assessed to Lots and the Lot Owner's equally, and may be collected on a monthly, quarterly or annual basis.
- 6.8 Omission of Assessment The omissions by the Association before the expiration of any year to adopt the budget for assessments and charges hereunder for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration or a release of the Lot Owners from the obligation to pay the assessments and charges, or any installments thereof, for that or any subsequent year, but the assessments and charges called for the preceding year shall continue until a new budget is adopted
- 6.9 Books and Records The Association shall keep records sufficiently detailed to enable the Association to comply with relevant provisions of this Declaration. All financial and other records shall be made reasonably available for examination by any Lot Owner and the Owner's authorized agent in accordance with Section 4.5.3.
- 6.10 Lien Indebtedness. In the event any assessment or special charge attributable to a particular Lot remains delinquent for more than thirty (30) days, the Association may, upon fifteen (15) days' written notice to the Owner of such Lot, accelerate any assessments and special charges which the Association reasonably determines will become due during the next succeeding twelve (12) months with respect to such Lot, including, but not limited to the following year's annual assessment. Each assessment and each special charge shall be joint and several personal debts and obligations of the Lot Owner or Lot Owners and contract purchasers of the Lot to which the same are assessed or charged as of the time the assessment or charge is due and shall be collectible at the time the assessment is due, plus interest at the lesser of the rate twelve percent (12%) per annum or the maximum rate allowed by law, plus late charges and costs of collection, including reasonable attorney fees. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage, mortgages or deed of trust, and the

Association will, upon demand, execute a written subordination in accordance with this paragraph. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, or trust deed or sale under deed of trust, shall extinguish the lien of such assessments as to payments thereof which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. Each such assessment, together with interest, late charges, costs and reasonable attorney's fees shall also be the personal obligation of the person who was an Owner of such property at the time the assessment fell due. The personal obligation shall not pass to his successors in title unless expressly assumed by them.

6.11 Certificate of Assessment A certificate executed and acknowledged by the Treasurer or the President of the Association, or an authorized agent thereof if neither the Treasurer nor the President is available, stating the indebtedness for assessments and charges or lack thereof secured by the assessment lien upon any lot shall be conclusive upon the Association and Lot Owners as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any Lot Owner or any encumbrance of a Lot within fifteen (15) days after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any encumbrance holding a lien on a Lot may pay any unpaid assessments or charges with respect to such Lot and, upon such payment, such encumbrance shall have a lien on such Lot for the amounts paid, of the same rank as the lien of his encumbrance.

6.12 Foreclosure of Assessment Lien: Attorney Fees and Costs The Association may initiate action to foreclose the lien of any assessment. In any action to foreclose a lien against any Lot for nonpayment of delinquent assessments or charges, any judgment rendered against the Owners of such Lot in favor of the Association shall include a reasonable sum for attorney fees and all costs and expenses reasonably incurred in preparation for or prosecution of said action, in addition to taxable costs permitted by law.

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

ARTICLE 7 ARCHITECTURAL CONTROL

7.1 Construction and Exterior Alteration or Repair

7.1.1 Before any building and structures are erected, placed or altered upon any lot, notice of intent to build or locate such building or structures shall be

filed with the Architectural Control Committee (ACC). All buildings and structures (including, without limitations, concrete or masonry walls, rockeries, fences, swimming pools, if any, or other structures) to be constructed within the property, and all exterior alterations and repairs (including, but not limited to, reroofing or repainting) of any buildings or structures on the Property and visible from any public street, or other Lot must be approved by an ACC composed of three (3) or more Lot Owners designated from time to time in writing by the Board, provided, that so long as Declarant owns any Lots within the Project, Declarant at its option may exercise all of the rights and powers of the ACC under Article 7 including without limitation the appointment of members of the ACC. References in this Article 7 to the ACC shall be deemed to include the ACC, or the Declarant, as circumstances may dictate. Complete plans and specifications of all such proposed buildings, structures, and exterior alterations and repairs together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the ACC, shall be submitted to the ACC before construction, alteration or repair is started. Construction, alteration or repair shall not be started until written approval thereof is given by the ACC. Any exterior modifications in accordance with plans and specifications developed by the Declarant will be deemed approved exterior modifications.

7.1.2 Within five (5) days from receipt of such notice, the ACC will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the external design with proposed or existing structures on neighborhood residential Lots or building sites, and as to location of the building with respect to topography, finish grade elevation and building setback restrictions.

7.1.3 In the event the ACC fails to approve or disapprove such design and location within fifteen (15) days after said plans and specifications have been submitted to it, such approval will not be required.

7.1.4 All plans and specifications for approval by the ACC must be submitted in duplicate, at least fifteen (15) days prior to the proposed construction or exterior alteration or repair starting date. The maximum height of any building shall be established by the ACC as part of the plan approval and shall be given in writing together with the approval.

7.1.5 The ACC may require that said plans or specifications shall be prepared by an architect or a competent house-designer, approved by the ACC. One complete set of said plans and specifications shall in each case be delivered to and permanently left with the ACC. All buildings or structures shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the ACC. The ACC shall have the right to refuse to approve any design, plan or color for such improvements, construction, or exterior alteration or repair visible from a public street, Common

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Area or other Lot which is not suitable or desirable, in the ACC's reasonable opinion, aesthetic or otherwise

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

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

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

7.1.9 Notwithstanding any provision contained in this Article, under no circumstance shall the ACC approve any action to construct, alter, restore or repair any structure, improvement, landscaped or native growth vegetation area, etc, which would be contrary to any condition of approval of the Plat of ASPEN GROVE ESTATES

7.1.10 Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions on this Section 7 as to any Lot owned by the Declarant

7.2 Minimum Requirements Without limiting the foregoing or any other authority designated in this Declaration to the ACC under Articles 7, 8 or otherwise, the ACC and all lot owners shall adhere to the following minimum standards

7.2.1 Zoning Regulations Zoning regulations, building regulations, environmental regulations, and other similar governmental regulations applicable to the Properties subject to this Declaration shall be observed. In the event of any

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conflict between any provision of such governmental regulations and restrictions of this Declaration, the more restrictive provisions shall apply

7.2.2 Building Setback Requirements All building and other Lot improvements shall comply with all applicable governmental requirements, including without limitation minimum setback requirements

7.2.3 Driveway Standards All driveways shall be constructed of concrete or a material approved by ACC

7.2.4 Roofing All dwelling roofing material shall be of a consistent color, and shall be at a minimum a 25 year composition type material

7.2.6 Exterior Color All dwelling exterior colors shall be controlled through architectural approval by the ACC

7.2.7 Siding All dwelling siding material shall be a horizontal lap siding, or vertical channel siding of vinyl or wood. Brick or Stucco may be used at the discretion of the builder. No T-111, vertical L.P. panels or similar siding shall be allowed.

7.2.8 Square Footages Not applicable

7.2.9 Front Yard Landscaping All front yards of each dwelling unit shall be landscaped, including sodding of planter strips and planting of a minimum of one street tree adjacent to the street frontage of each lot. Such street trees shall be of the same species and caliper as the existing planted street trees

7.2.10 Fences No fence or wall shall be permitted between the front portion of the house and the roadway right-of-way, except that decorative fences having a height not exceeding three feet may be constructed in said areas. All fences in the front and/or back yard shall be of a wood material. The decision of the ACC shall be final and binding upon all parties.

7.2.11 Excavations. Except with the permission of the ACC, or except as may be necessary in connection with the construction of any approved improvement, no excavation shall be made nor shall any dirt be removed from or added to any lot herein

7.2.12 Time Limit for Completion of Construction Any dwelling or structure erected or placed on a Lot in the subdivision shall be completed as to external appearance, including finish painting and front yard landscaping, within twelve (12) months from the date of the start of construction.

7.3 Sales Facilities of Declarant. Notwithstanding any provision in this Declaration to the contrary, Declarant (its agents, employees and contractors) shall be permitted

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to maintain during the period of sale of Lots and/or Homes upon such portion of the Property (Other than Lots sold by Declarant) as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Lots and Homes, including but not limited to, a business office, storage areas, signs, model units, sales office, construction office, and parking areas for all prospective tenants or purchasers of Declarant.

ARTICLE 8
USE AND MAINTENANCE OBLIGATIONS

- 8 1 Maintenance of Lots. Each Owner, at said Owner's sole cost and expense, shall promptly and continuously maintain, repair, and restore said Owner's Lot (including the yard and landscaping) and Home and other Improvements located thereon, and also such other areas as may be required pursuant to the provisions of this Declaration, in a good, clean, attractive, safe and sanitary condition and in full compliance with all applicable governmental laws, rules and regulations and the provisions of this Declaration.
- 8 2 Residential Use. All Lots and Improvements located thereon shall be used, improved, and devoted exclusively to residential use. No building shall be erected, placed or permitted to remain on any Lot other than one detached single-family dwelling with a minimum double attached garage nor shall any other use, building or structure be allowed, subject to Articles 7 and 8 herein, unless previously approved by the ACC
- 8 3 n/a
- 8 4 Restrictions on Further Subdivision. No Lot or portion of a Lot in this plat shall be divided and sold or resold, or ownership changed or transferred whereby the ownership of any portion of this plat shall be less than the area required for the use district in which located; provided, the foregoing shall not prohibit deeds of corrections, deeds, to resolve boundary disputes and similar corrective instruments. Lots may be joined and joined Lots may subsequently be subdivided only into the Lots originally joined
- 8.5 Rental Lots. With respect to the leasing, renting, or creation of any kind of tenancy of a Lot and improvements thereon by its Owners, such Owners shall be prohibited from leasing or renting less than the entire Lot or improvements thereon, or (with the exception of a lender in possession of a Lot and improvements thereon following a default in a first mortgage, a foreclosure proceeding or any deed of trust sale or other arrangement in lieu of a foreclosure) for a term of less than thirty (30) days, and all leasing or rental agreements shall be in writing and be subject to the Declaration and Bylaws (with a default of the

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tenant in complying with the Declaration and Bylaws constituting a default under the lease or rental agreement).

8.6 Business Use. No business of any kind shall be conducted on any Lot with the exception of (a) the business of Declarant in developing and selling all of the Lots and (b) such home occupation which may be permitted by the appropriate local government and which is not otherwise in violation of the provisions of this Declaration

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

8.8 Lot Size No residential structure shall be erected or placed on any Lot which has an area of less than that required by the governmental entity having appropriate jurisdiction over the Project

8.9 Garages Every Home must have a double attached garage. All vehicles must be stored in garages or for not more than 14 days in a driveway.

8.10 Mobile or Manufactured Housing. There shall be no mobile or manufactured housing.

8.11 Parking. No vehicles of any kind shall be parked on the Common Areas of the plat, nor upon any area shown as a roadway or easement on the Plat Map. Owners and their guests shall park within the Owner's garage or upon the driveway area within the lot.

Unless housed within a garage or substantially screened from view from the street or from the ground level of adjacent Lots in a manner reasonably approved by the ACC, in writing, no inoperable or unsightly cars or trucks, recreational vehicles, house trailers, mobile homes, boats, commercial vehicles (except pickup trucks of one ton or less), construction or like equipment, or trailers (utility, boat, camping, horse, or otherwise), shall be allowed to be parked or stored on any Lot for a period in excess of 14 days. No goods, equipment or vehicle (including buses, trailers, recreational vehicles, etc.) shall be dismantled or repaired outside any building or residential lot. The Association may require removal of any inoperative or unsightly vehicle, and any other equipment or item not stored in accordance with this provision

8.12 Utilities. All utilities shall be installed underground. No fuel tank shall be maintained above ground unless properly screened in a manner acceptable to the ACC. Unless otherwise approved by the Association, the cost of restoration of any front yard landscaped area(s) disturbed by private utility work shall be borne

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solely by the lot owner(s) so benefited by the utility work. In the event the lot owner(s) does not restore the front yard landscaping within a reasonable time, upon due notice to the non-complying lot owner(s), the Association shall have the authority to complete the restoration on behalf of the lot owner(s) and to specially assess them for the cost.

8.13 Antenna No visible radio or television antenna, satellite dish or other similar type of exterior equipment shall be allowed on any Lot except a satellite dish antenna twenty-four (24) inches in diameter or less, unless approved by the ACC. The locations of any such dish shall be subject to the rules and regulations of the Board.

8.14 Garbage and Refuse. No garbage, refuse, rubbish, cuttings, debris, inoperable vehicles, equipment or waste of any kind shall be deposited on or left upon any Lot unless placed in an attractive container suitably located and screened from the view of any other Lot Owner. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No building material of any kind shall be placed or stored on any property within the development until the Lot Owner is ready to commence construction, and then such materials shall be placed within the boundary lines of the Lot upon which it is intended. Garbage cans may only be placed in public view on the day of garbage pickup. The proper removal and disposal of all such materials shall be the sole responsibility of the individual Lot Owners. Upon notice and an opportunity to be heard, the Association, acting by and through the Board, shall have the authority to assess any Lot Owner responsible for disposing of such waste materials upon the Common Areas with said assessment equal to the costs of clean up, restoration, repair and replacement of any and all damaged or affect Common Areas or facilities.

8.15 Games and Play Structures No platform, dog house, playhouse or structure of a similar kind or nature shall be constructed on any part of a Lot located in front of the rear line of the residence constructed thereon, and any such structure must have prior approval of the ACC. Basketball hoops shall not be allowed on the lots or common areas. No portable basketball hoops shall be used, stored or located on any lot or common area or upon the public streets adjacent thereto.

8.16 Construction of Significant Recreation Facilities The construction of any significant recreational facilities on any Lot including, but not limited to, such items as swimming pools, tennis, badminton or pickle ball courts shall require the approval of the ACC and shall be subject to the requirements adopted by the ACC.

8.17 Livestock and Poultry No animals, livestock, poultry or reptiles of any kind shall be raised, bred or kept on the Property, except that dogs and cats, and other indoor household pets may be kept provided that they are not kept, bred, or

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maintained for any commercial purpose. No individual Lot owner shall keep more than two dogs.

- 8.18 Signs. No signs of any kind, nor for any uses shall be erected, painted, or displayed on any building site in this subdivision whatsoever, except public notice by a political division of the State or County or as required by law, one professional sign of not more than one square foot, any builder or the builder's agent may erect and display signs during the period the builder is building and selling property in the subdivision, and any Lot Owner or the Lot Owner's agent wishing to sell that Owner's Lot may place a sign not larger than five square feet on the property itself.
- 8.19 Temporary Structures. No trailer, basement, tent, shack, garage, barn or other outbuildings or any structure of a temporary character erected or placed on the Property shall at any time be used as a residence, even temporarily. No building or structure shall be moved on to the Property from any land outside the development. A trailer may be placed and occupied by the designated subdivision sales agent with the prior written approval of the ACC. A construction shack may be used by an Owner's construction contractor during the construction period.
- 8.20 Use During Construction. Except with the approval of the ACC, no person shall reside upon the premises of any Lot until such time as the improvements to be erected thereon accordance with the plans and specifications by the ACC have been completed. Completion shall be considered receipt of a final inspection of the dwelling unit by Building Department having jurisdiction over the Project.
- 8.21 Nuisances. No noxious or undesirable thing, or noxious or undesirable use shall be permitted or maintained upon any Lot or upon any other portion of the Property. If the Board of Directors determines that a thing or use is undesirable or noxious, that determination shall be conclusive.
- 8.22 Clothes Lines, Other Structures. No clothes lines or other structures of a similar nature shall be visible from front street.
- 8.23 Sensitive Areas. All Sensitive Areas and/or tracts as shown on the final plat, or any plat for subsequent divisions thereof, are to be left permanently undisturbed in a substantially natural state. No clearing, grading, filling, building construction or placement, or road construction of any kind shall occur, except removal of hazardous trees. The following activities as set forth in King County Chapter 21A.24 are allowed when approved by the City of Kenmore:
- (a) Crossing for underground utility lines and drainage discharge swales which utilize the shortest alignment possible and for which no alignment that would avoid such a crossing is feasible,

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(b) Fences, only if the critical area and its buffer are not detrimentally affected, and

(c) Other uses and development activity as allowed by Chapter 21A 24

8 24 Tree Removal After construction is completed and landscaped installed, the removal of trees on individual lots shall be limited to the area in which the buildings, patios and driveways are to be constructed. Any other removal of trees must first have the approval of the ACC. Under the provisions of approval for the plat trees are to be maintained by the individual lot owners along the roadways. The Association shall ensure compliance by the lot owners with the requirements for trees contained in the plat approval.

8 25 Invalidation Not Affecting Remaining Provisions Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

ARTICLE 9
LIMITATION OF LIABILITY

9 1 Liability for Utility Failure, Etc. Except to the extent covered by insurance obtained by the Association, neither the Association nor members of the Board of Directors, or Officers (or the Declarant or Declarant's managing agent, exercising the powers of the Board) shall be liable for any failure of any utility or other service to be obtained and paid for by the Association, or for injury or damage to person or property caused by the elements or resulting from electricity, water, rain, dust, mud, or sand which may lead or flow from outside or from any parts of the building or from any of its pipes, drains, conduits, appliances, or equipment or from any other place or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance, or order of a governmental authority. No diminution or abatement of common expense assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

9 2 No Personal Liability Except as provided by Chapter 64 38 RCW, so long as a member of the Board of Directors, Association Officer, Declarant, or Declarant's agent, exercising the powers of the Board of Directors, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, then no such person shall be personally liable to any Owner or to any other party, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such person, provided, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance obtained by the Association.

9.3

Indemnification of Board Member and Officers Subject to this Declaration and Chapter 64 38 RCW, each Board Member, Association officer, Declarant, or Declarant's managing agent, exercising the powers of the Board of Directors, shall be indemnified by the Association against all expenses and liabilities, including attorney fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party or in which he may become involved by reason of holding or having held such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful misconduct or bad faith in the performance of his duties, provided, that in the event of a settlement, the indemnification shall apply only when the Association approved such settlement and reimbursement as being for the best interests of the Association

ARTICLE 10
MORTGAGEE PROTECTION

10.1 Priority of Mortgages. Notwithstanding all other provisions hereof, the liens created under this Declaration upon any Lot for Assessments shall be subject to (a) liens and encumbrances recorded before the recording of the Declaration (b) a mortgage on the Lot recorded before the date on which the assessment sought to be enforced became delinquent; and (c) liens for Real Property taxes and other government assessments or charges against the Lot. All taxes, assessments and charges which may become liens shall relate only to the individual and not the Project as a whole. Where such Mortgagee of the Lot or other purchaser of a Lot, obtains possession of a Lot as a result of mortgage foreclosure or deed in lieu thereof, such possessor and its successors and assigns shall not be liable for the share of the Common Expenses or assessments by the Association chargeable to such Lot which become due prior to such possession but will be liable for the Common Expenses and assessments accruing after such possession. Such unpaid share of the Common Expenses or assessments shall be deemed to be Common Expenses collectable from all including such possessor, its successor, or assigns. For the purpose of this section, the terms "mortgages" and "mortgagees" shall not mean real estate contract or the vendor or the designee of a vendor of a real estate contract

ARTICLE 11
COMPLIANCE WITH DECLARATION

11.1 Enforcement

11.1.1 Compliance of Owner Unless otherwise modified by Declaration Amendment under Article 14 hereinbelow, each Owner shall comply strictly with the provisions of this Declaration. Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable

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by an aggrieved Owner on his own or the Association against the party (including an Owner) failing to comply

11.1.2 Compliance of Lessee Each Owner who shall rent or lease his Lot shall insure that the lease or rental agreement will be in writing and subject to the terms of this Declaration. Said agreement shall further provide that failure of any lessee to comply with the provisions of said document shall be a default under the lease

11.1.3 Attorney's Fees In any action to enforce the provisions of this Declaration, the prevailing party in such legal action shall be entitled to an awarded for reasonable attorney's fees and all costs and expenses reasonably incurred in preparation for or prosecution of said action, in addition to taxable costs permitted by law.

11.2 No Waiver of Strict Performance The failure of the Association or any Owner in any one or more instances to insist upon or enforce the strict performance of any of the terms, covenants, conditions, or restrictions of this Declaration shall not be construed as a waiver or relinquishment for the failure of such term, covenant, condition, or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. No waiver of any provision hereof shall be deemed to have been made expressed in writing and signed by the parties affected by such waiver

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

ARTICLE 12 EASEMENTS

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

12.2 Project Entry Signs On each Lot adjacent to a roadway entrance to the project, and on such portion of said lot as described by Declarant, the Declarant may at

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any time erect such project entry and identification signs (and landscaping, fencing, and improvements relating thereto) as Declarant deems necessary and appropriate

- 12.3 Right of Entry. Each Owner hereby grants the duly authorized agent, officer, employee or subcontractor of the Association or the Declarant the right, during daylight hours, to enter upon any Lot to perform any and all of the maintenance, repair and construction duties enumerated in this Declaration

ARTICLE 13
TERM OF DECLARATION

- 13.1 Duration of Covenants. The covenants herein shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date this Declaration is recorded, after which time the covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument executed in accordance with Section 13.2 below shall be recorded, abandoning or terminating this Declaration

- 13.2 Abandonment of Subdivision Status The Owners shall not, without the prior written approval of one hundred percent (100%) of the Lot Owners of record and without the prior written approval of the governmental entity having jurisdiction over the Project and without prior written approval of one hundred percent (100%) of all first Mortgagees (based upon one vote for each first Mortgage owned), seek by act or omission to abandon or terminate the subdivision status of the Project as approved by the governmental entity having appropriate jurisdiction over the project

ARTICLE 14
AMENDMENT OF DECLARATION, PLAT MAP

- 14.1 Declaration Amendment Amendments to the Declaration shall be made by an Instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Amendments may be adopted if signed by at least seventy-five percent (75%) of the total voting power of all Lot Owners. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any and all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself
- 14.2 Plat Map Except as otherwise provided herein, the Plat Map may be amended by revised versions or revised portions thereof referred to and described as to

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effect in an amendment to the Declaration adopted as provided for in Section 14 1
Copies of any such proposed amendment to the Plat Map shall be made available
for the examination of every Owner. Such amendment to the Plat Map shall be
effective, once properly adopted, upon having received any governmental
approval required by law and recordation in the appropriate city or county office
in conjunction with the Declaration amendment

14 3 Amendments to Conform to Construction. Declarant, upon Declarant's sole
signature, and as an attorney-in-fact for all Lot Owners with an irrevocable power
coupled with an interest, may at any time, until all Lots have been sold by
Declarant, file an amendment to the Declaration and to the Plat Map for correction
purposes and to conform data depicted therein to improvements as actually
constructed and to establish, vacate and relocate utility easements and access road
easements.

14 4 Declarant Amendments During Declarant Control Period. At any time during the
Declarant Control Period and provided that Declarant is still the owner of record
of Seventy-Five percent (75%) of the Lots created herein and subject to this
Declaration, the Declarant, upon Declarant's sole signature, as the attorney-in-fact
for all Lot Owners with an irrevocable power coupled with an interest, may at any
time, file an amendment to this Declaration and to the Plat Map, substantive in
nature, for the purpose of providing for and maintaining the overall harmony,
integrity and quality of the project as a whole

14 5 Amendments to Conform to Lending Institution Guidelines. So long as Declarant
continues to own one or more Lots, Declarant, on his signature alone, and as an
attorney-in-fact for all Lot Owners with an irrevocable power coupled with an
interest, may file such amendments to the Declaration and Plat Map as are
necessary to meet the then requirements of Federal National Mortgage
Association, Veterans Administration, Federal Home Loan Mortgage Corporation,
or other agencies, institutions or lenders financing and/or title insuring the
purchase of a Lot from the Declarant.

ARTICLE 15
MISCELLANEOUS

15 1 Notices. Any written notice, or other document as required by this Declaration,
may be delivered personally or by mail. If by mail, such notice, unless expressly
provided for herein to the contrary with regard to the type of notice being given,
shall be deemed to have been delivered and received forty-eight (48) hours after a
copy thereof has been deposited in the United States mail, postage prepaid,
addressed as follows

(a) If to an Owner, other than Declarant, to the registered address of
such Owner, as filed in writing with the Board pursuant to the requirements of the
Bylaws.

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(b) If to Declarant, whether in its capacity as an Owner, or in any other capacity, the address which Declarant shall have advised the Owners in writing.

15.2 Successor and Assigns This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, subleases and assignees of the Owners

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

15.4 Mortgagee's Acceptance

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

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

15.5 Arbitration All claims, disputes, and other matters in question which are not resolved by Lot Owners arising out of, or related to, this Declaration, the Association Bylaws or any house rules and/or regulations shall be decided by arbitration in accordance with the rules of the American Arbitration Association then obtaining unless the Lot Owners mutually agree otherwise. Notice of the demand for arbitration shall be delivered personally or by mail to all other Lot Owners and the American Arbitration Association.

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

15.7 Effective Date The Declaration shall take effect upon recording

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DATED this 10th day of December, 2002

DECLARANT(S)

Impola Homes, Inc, a Washington Corporation

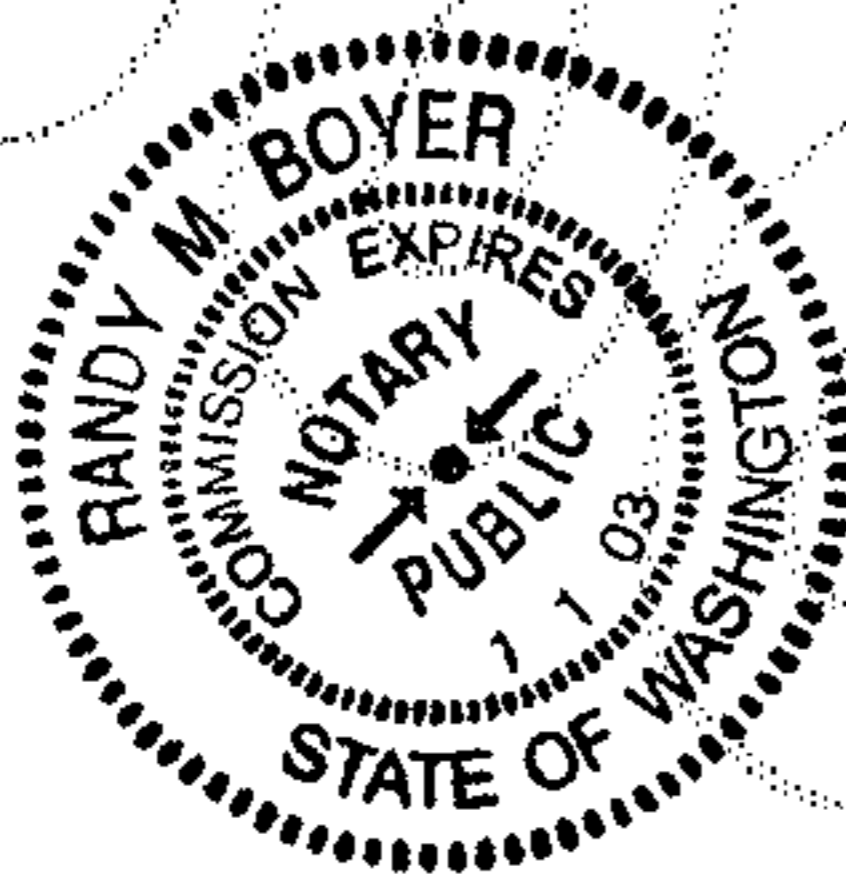
By: [Signature]
Michael Impola, President

STATE OF WASHINGTON)
)ss
COUNTY OF SNOHOMISH)

I certify that I know or have satisfactory evidence that Michael Impola as President of Impola Homes, Inc, a Washington Corporation and on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Impola Homes, Inc to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument

Dated this 10th day of December, 2002

[Signature]
Print Name Randy M Boyer
NOTARY PUBLIC in and for the
State of Washington, residing
in Edmonds
My appointment expires: 1-1-03



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Exhibit A

Lot 1, Block 1, Alderwood Manor No 14 according to Plat thereof recorded in Volume 26 of Plats, Page 4, Records of King County, Washington

Also described as the Plat of Aspen Grove Estates, according to Plat thereof recorded in Volume 206 of Plats, pages 20, 21, and 22, records of King County, Washington, including Lots 1 through 26 of said plat and all common area tracts

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