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KING COUNTY, WA

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Return Address:

Novastar Development Inc.
18215 - 72nd Avenue South
Kent, WA 98032

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Document Title(s): 1. First Amendment to Declaration of Covenants, Conditions, and Restrictions	Assessor's Property Tax Parcel/Account Number: Lots 66 through 85 of the Plat of Fairway Estates at Classic Golf and Country Club under Section No. 9807205001
Reference Number(s) of Documents assigned or released if applicable: Additional reference numbers are on page 2 of document. Recording No. 9807200439	
Grantor(s) (Last name first, then first name and initials): 1. Novastar Development Inc. 2. 3.	
Grantee(s) (Last name first, then first name and initials): 1. Fairway Estates at Classic Golf and Country Club Homeowners' Association 2. 3.	
Legal Description (abbreviated: i.e. lot, block, plat or section, township, range): Additional legal is on page of document. Located in the Northeast, Northwest, Southwest, and Southeast quarters of the Northeast quarter of Section 12, Township 18 North, Range 3 East, W.M., Pierce County, Washington	
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.	

**FIRST AMENDMENT
TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

**RECORDED UNDER
PIERCE COUNTY RECORDING NO. 9807200439
IN
PIERCE COUNTY, WASHINGTON
FOR
FAIRWAY ESTATES AT CLASSIC GOLF AND COUNTRY CLUB**

This Amendment is to the Declaration of Covenants, Conditions and Restrictions recorded under Pierce County, Washington Recording No. 9807200439 (hereinafter referred to either as the "Declaration," or as the "Covenants, Conditions, and Restrictions"). This Amendment is applicable to all of the real property subject to the Declaration, commonly known as Lots 1 through 85, inclusive, of the plat of Fairway Estates at Classic Golf and Country Club, as recorded in records of Pierce County, Washington, under Recording No. 9807205001, being a part of the southeast quarter of Section 12, Township 18 North, Range 3 East, W.M., Pierce County, Washington.

WHEREAS, the undersigned, **NOVASTAR DEVELOPMENT INC.** and **APPLE HOMES, INC.**, are the owners of more than fifty-one percent (51%) of the lots within the property subject to the Declaration, as defined in this Amendment; AND

WHEREAS, the undersigned, **NOVASTAR DEVELOPMENT INC.** and **APPLE HOMES, INC.**, is also the Declarant as set forth in the original Covenants, Conditions, and Restrictions, as recorded under Pierce County Recording No. 9807200439, and hereby consents to the amendments set forth below:

NOW THEREFORE, the undersigned, **NOVASTAR DEVELOPMENT INC.** and **APPLE HOMES, INC.**, as authorized by Article 16, "General Provisions," Section 2, "Amendment," of the Declaration does hereby make the following amendments to the Covenants, Conditions, and Restrictions. The following amendments shall become and are hereby made a part of all conveyances of real property including all lots incorporated within and being subject to the Declaration. The Covenants, Conditions, and Restrictions, as amended by this First Amendment, shall by reference become a part of any such conveyances of lots subject to the Declaration, and shall apply to those conveyances as fully and with the same effect as if the Covenants, Conditions, and Restrictions as amended were set forth in the conveyance of said lots individually. Except as may be otherwise deleted or amended herein, all provisions of the original Declaration shall remain in full force and effect.

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AMENDMENTS

The Covenants, Conditions, and Restrictions recorded under Pierce County Recording No. 9807200439 are hereby amended as set forth below:

1. Article 13, Section 11, "Fence and Walls," is hereby deleted and replaced with the following new Section 11:

Fences, walls or hedge rows are only permitted on side and rear property lines, excepting that fences less than four (4) feet high, such as white "picket"-type or wrought iron fencing around front yards may be allowed upon approval of the Committee. However, no such fences, walls or hedge rows shall be allowed on any side or rear property line closer to the front property line than the adjacent residential structure, unless specifically approved by the Committee. For corner Lots, this applies to both street frontage measurements. Fences, walls and hedge rows are not permitted on front easement lines, or on side street property lines for corner Lots, except as may be otherwise approved by the Declarant as part of the subdivision improvements, unless otherwise approved by the Committee. All fences installed on any Lot shall be six (6)-foot solid cedar fencing, wrought iron, or masonry of a type and quality approved by the Committee, except that fencing in the rear yard for Lots 66 through 85 (which abut the golf course) cannot exceed three (3) feet in height. The rear yard for Lots 66 through 85 is defined as that portion of the property lines extending twenty (20) feet past the farthest rear corner of the house. No barbed wire, chain-link, or corrugated fiberglass fences shall be erected on any Lot, except that chain-link fencing for sports facility enclosures may be considered for approval by the Committee upon individual request. All fences must be approved by the Committee prior to installation. The Committee may make available a standard detail for fence construction, which must then be used by all Lot Owners, unless a specific variance from this standard is approved by the Committee in writing. The Committee shall also approve the colors for fence installations. Any fencing installed in the Plat on any Lot which does not meet the standards set forth by the Committee, shall be removed at the Owner's expense upon demand by the Committee.

2. Article 1, Section 5, "Common Maintenance Areas," is hereby deleted and replaced with the following new Section 5:

"Common Maintenance Areas" shall mean those portions of all real property or city right-of-way, including the improvements thereto, maintained by the Association for the benefit of the members of the Association. Common Maintenance Areas to be maintained by the Association at the time of recording this Declaration are described as follows:

- a. *All Common Areas as set forth in Section 4 above.*
- b. *All private roads and storm drainage facilities serving the Properties, including Tract "A" storm pond.*
- c. *All landscaping, gates, fencing, irrigation, and related improvements installed at the intersections of 209th Street East and 46th Avenue East, as well as 214th Street East and 46th Avenue East.*
- d. *Fencing along 46th Avenue East and 208th Street East, along with landscaping (if any).*
- e. *Split rail fencing along the golf course (Lots 1 through 85 only).*
- f. *Tot lot and associated improvements (Tract B).*
- g. *Such other areas as may be determined from time to time by the Association as being suitable and necessary for common maintenance by the Association.*
- h. *All private sewer mains within the plat, except for Lots 10 through 17, that are served by a public sewer main.*

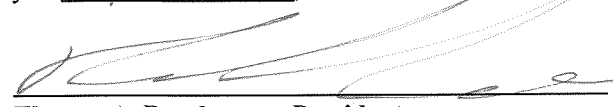
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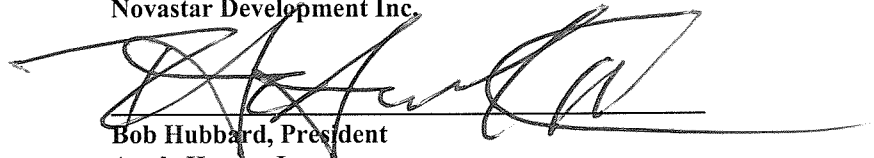
The foregoing amendments to the Declaration contained in this First Amendment shall: (1) for all purposes be and are hereby fully made a part of the original Covenants, Conditions, and Restrictions for the Fairway Estates at Classic Golf and Country Club Homeowners' Association, as recorded under Pierce County Recording No. 9807200439; and (2) shall run with the land described in said Declaration, as amended, including, but not limited to, all of the lots within the properties now or hereafter subject to the Covenants, Conditions, and Restrictions within Fairway Estates at Classic Golf and Country Club, and shall be binding on all parties who are, who shall be, or who shall become, the owner of any of said lots.

The provisions of the Declaration, as amended by this First Amendment, are for the benefit of the current and future owners of all lots within said properties. The Declaration, as amended by this First Amendment, is intended and designed for the purpose of keeping said lots desirable, uniform, and suitable in architectural design and use. All property described in the Declaration shall be held, sold, and conveyed subject to the Declaration of Covenants, Conditions, and Restrictions as recorded under Pierce County Recording No. 9807200439, as amended by this First Amendment.

IN WITNESS WHEREOF, we, the undersigned and the Declarant set forth in the Declaration, being also the owner of more than fifty-one percent (51%) of the lots subject to the Declaration, do hereby approve of this Amendment and set our hand and seal this 11th day of April, 2000.



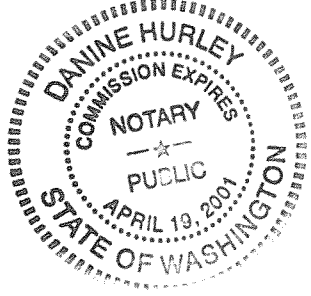
Thomas A. Barghausen, President
Novastar Development Inc.

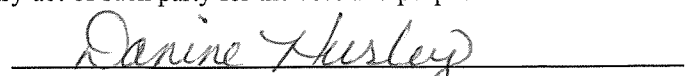


Bob Hubbard, President
Apple Homes, Inc.

State of Washington)
) ss.
County of King)

I certify that I know or have satisfactory evidence that **Thomas A. Barghausen** signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of **Novastar Development Inc.**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.




SIGNATURE OF NOTARY PUBLIC

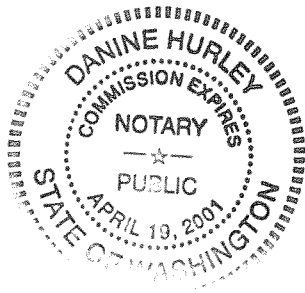
DATED: April 11, 2000

Danine Hurley
[Print Name of Notary Public]

Residing in April 19, 2001

State of Washington)
) ss.
County of King)

I certify that I know or have satisfactory evidence that **Bob Hubbard** signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of **Apple Homes, Inc.**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.



Danine Hurley

SIGNATURE OF NOTARY PUBLIC

DATED:

April 11, 2000

Danine Hurley

[Print Name of Notary Public]

Residing in

April 19, 2001

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Novastar Development, Inc.
18215 - 72nd Avenue South
Kent, Washington 98032

DECLARATION
OF
COVENANTS, CONDITIONS & RESTRICTIONS

For purposes of indexing by the Auditor as required by R.C.W. Chapter 65.04, the parties to this Declaration of Covenants, Conditions and Restrictions are CGCC ESTATES, L.L.C., a Washington limited liability company, as Grantor, and the general public as Grantee.

This Declaration of Covenants, Conditions and Restrictions is executed by CGCC ESTATES, L.L.C., a Washington limited liability company, hereinafter referred to as Owner.

Abbreviated Legal Description: Portion of NE1/4, Sec. 12, T. 18 N., R. 3E., W.M.;

(Complete Legal Description appears on page 1 of 49)

Assessor's Parcel No: 03-18-12-1-701

**DECLARATION
OF
COVENANTS, CONDITIONS
& RESTRICTIONS**

**FAIRWAY ESTATES AT CLASSIC GOLF & COUNTRY CLUB
HOMEOWNERS' ASSOCIATION**

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**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
FAIRWAY ESTATES AT CLASSIC GOLF & COUNTRY CLUB
HOMEOWNERS' ASSOCIATION**

THIS DECLARATION is made on the date hereinafter set forth by CGCC ESTATES LLC, a Washington corporation, ("Declarant"), who is the owner of certain lands situated in the state of Washington, county of Pierce, commonly known as Lots 1 through 85, inclusive, of the plat of FAIRWAY ESTATES AT CLASSIC GOLF & COUNTRY CLUB, as recorded in records of Pierce County, Washington, under A. F. No. 9807205001.

Lots 1 through 85, inclusive, and Tracts "A" and "B" of the plat of "Fairway Estates at Classic Golf and Country Club" per Map recorded July 20, 1998, under Auditor's Fee No. 9807205001, being a portion of the Northeast quarter of Section 12, Township 18 North, Range 3 East of the Willamette Meridian. Together with and subject to easements, restrictions, and reservations of record. Situate in and records of the County of Pierce, State of Washington.

In order to ensure preservation of the residential environment at Fairway Estates at Classic Golf & Country Club, Declarant agrees and covenants that all land and improvements now existing or hereafter constructed thereon will be held, sold, conveyed subject to, and burdened by the following covenants, conditions, restrictions, reservations, limitations, liens and easements, all of which are for the purposes of enhancing and protecting the value, desirability and attractiveness of such lands for the benefit of all of such lands and the Owners thereof and their heirs, successors, grantees and assigns. All provisions of this Declaration shall be binding upon all parties having or acquiring any right, title or interest in such lands or any portion thereof and shall inure to the benefit of each owner thereof and to the benefit of the Fairway Estates at Classic Golf & Country Club Homeowners' Association and shall otherwise in all respects be regarded as covenants running with the land.

ARTICLE 1 DEFINITIONS

For purposes of the Declaration and the Articles of Incorporation and the Bylaws of the Fairway Estates at Classic Golf & Country Club Homeowners' Association, certain words and phrases shall have particular meanings as follows:

Section 1 - Association

"Association" shall mean and refer to the Fairway Estates at Classic Golf & Country Club Homeowners' Association, its successors, and assigns.

Section 2 - Board

"Board" shall mean and refer to the Board of Directors of the Association, as provided for in Article 11. For purposes of exercising the powers and duties assigned in this Declaration to the Board during the Development Period, this term shall also mean the "Temporary Board" or "Declarant" as provided in Article 3, unless the language or context clearly indicates otherwise.

Section 3 - Properties

"Properties" shall mean and refer to Lots 1 through 85, inclusive, of the plat of Fairway Estates at Classic Golf & Country Club, as recorded in records of Pierce County, Washington.

Section 4 - Common Areas

"Common Areas" shall mean and refer to all of the real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the members of the Association, and such area, if any, owned as undivided interest by all Owners of the Properties. At the time of recording of this Declaration, the Common Areas are described as Tracts "A" and "B" of the plat of Fairway Estates at Classic Golf & Country Club, as recorded in records of Pierce County.

Section 5 - Common Maintenance Areas

"Common Maintenance Areas" shall mean those portions of all real property or city right-of-way, including the improvements thereto, maintained by the Association for the benefit of the members of the Association. Common Maintenance Areas to be maintained by the Association at the time of recording this Declaration are described as follows:

- a. All Common Areas as set forth in Section 4 above.
- b. All private roads and storm drainage facilities serving the Properties, including Tract "A" storm pond.
- c. All landscaping, gates, fencing, irrigation, and related improvements installed at the intersections of 209th Street East and 46th Avenue East, as well as 214th Street East and 46th Avenue East.
- d. Fencing along 46th Avenue East and 208th Street East, along with landscaping (if any).
- e. Split rail fencing along the golf course (Lots 1 through 85 only).
- f. Tot lot and associated improvements (Tract B).
- g. Such other areas as may be determined from time to time by the Association as being suitable and necessary for common maintenance by the Association.

Section 6 - Lot

"Lot" shall mean and refer to any lot shown upon any recorded subdivision map of the Properties. Common Areas and Common Maintenance Areas shall not be regarded as lots. As undeveloped property within the Association is platted in the future, each subsequently recorded building lot shall represent an independent "Lot."

Section 7 - Declarant

"Declarant" shall mean and refer to CGCC Estates LLC, a Washington State Limited Liability Company, whose managing member is Novastar Development Inc., a Colorado corporation.

Section 8 - Architectural Control Committee

"Architectural Control Committee" shall mean and refer to the duly appointed or elected committee of the Board of Directors as outlined in Article 15 of this Declaration, hereinafter referred to as the "Committee."

Section 9 - Development Period

"Development Period" shall mean and refer to that period as defined in Article 3 of this Declaration.

Section 10 - Plat

"Plat" shall mean and refer to the plat of Fairway Estates at Classic Golf & Country Club, recorded in Pierce County, Washington.

Section 11 - Residence

"Residence" shall mean and refer to buildings occupying any Lot.

Section 12 - Owner

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of (1) a fee simple title to any Lot that is a part of the Properties (but excluding those persons or entities, such as real estate contract sellers, having record title merely as security for the performance of an obligation), or (2) the Purchaser under a real estate contract prior to issuance of the fulfillment deed for the contract.

Section 13 - Native Growth Protection Easements

Not Applicable.

Section 14 - Front Property Line

"Front Property Line" shall mean and refer to the edge of the private roadway easement across the front of any Lot(s). In the case of corner Lot(s), this definition shall also apply to the side street easement line.

ARTICLE 2 PRE-EXISTING RESTRICTIONS

If the Properties covered by this Declaration are already affected by previous covenants, restrictions, conditions, and encumbrances (collectively "prior restrictions"), the Properties will continue to be subject to such prior restrictions to the extent the prior restrictions are valid and legally enforceable.

ARTICLE 3

MANAGEMENT RIGHTS OF DECLARANT DURING DEVELOPMENT PERIOD

Section 1 - Management by Declarant

Development period shall mean that period of time from the date of recording the Declaration until (1) the date five (5) years from the date of recording this Declaration or (2) the thirtieth (30) day after Declarant has transferred title to the Purchasers of Lot(s) representing 100 percent (100%) of the total voting power of all Lot Owners as then constituted (so that Declarant no longer is entitled to vote either as a Class A or Class B member of the Association pursuant to Article 10, Section 3, or (3) the date on which Declarant elects permanently to relinquish all of Declarant's authority under this Article 3 by written notice to all Owners, or (4) the date when 75 percent (75%) of the Lot(s) are sold to Purchasers of homes on said Lot(s), excluding any sales to builders for the purpose of constructing homes for resale, whichever date first occurs. Notwithstanding anything in this Declaration to the contrary, until termination of the Development period, either upon the sale of the required number of Lots, the expiration of five (5) years, or at the election of the Declarant, the Property shall be managed and the Association organized at the sole discretion of the Declarant.

Section 2 - Notice to Owners

Not less than ten (10) nor more than thirty (30) days prior to the termination of the Development Period, the Declarant shall give written notice of the termination of the Development Period to the Owner of each Lot. Said notice shall specify the date when the Development Period will terminate and shall further notify the Owners of the date, place and time when a meeting of the Association will be held. The notice shall specify that the purpose of the Association meeting is to elect new Officers and Directors of the Association. Notwithstanding any provisions of the Articles or Bylaws of the Association to the contrary, for the purpose of this meeting, the presence, either in person or by proxy, of the Owners of five (5) Lots shall constitute a quorum. The Board of Directors and Officers of the Association may be elected by a majority vote in said quorum. If a quorum shall not be present, the Development Period shall nevertheless terminate on that date specified in said notice and it shall thereafter be the responsibility of the Lot Owners to provide for the operation of the Association.

Section 3 - Temporary Board

Declarant may in Declarant's sole discretion, and at such times as the Declarant deems appropriate (including in the Articles of Incorporation of the Association, if the Declarant is the Incorporator of the Association), appoint three persons who may be Lot Owners, or are representatives of corporate entities or other entities that are Lot Owners, as a Temporary Board. This Temporary Board shall be for all purposes the Board of Directors of the Association, and shall have full authority (including the authority to adopt or amend the initial or subsequent Bylaws of the Association) and all rights,

responsibilities, privileges and duties to manage the Properties under this Declaration and shall be subject to all provisions of this Declaration, the Articles and the Bylaws. Provided that, after selecting a Temporary Board, the Declarant, in the exercise of the Declarant's sole discretion, may at any time terminate the Temporary Board and reassume the Declarant's management authority under Article 3 or select a new Temporary Board under this Article 3, Section 3. When the Declarant has appointed a Temporary Board, the Temporary Board, during the Development Period, shall have, and may fully exercise, any power or authority granted to the Permanent Board after the Development Period.

Section 4 - Managing Agent

So long as no Temporary Board is managing the Properties or until such time as the first permanent Board is elected, should Declarant choose not to appoint a Temporary Board, Declarant or a managing agent selected by the Declarant shall have the power and authority to exercise all the rights, duties and functions of the Board and generally exercise all powers necessary to carry out the provisions of this Declaration, including, but not limited to, enacting reasonable administrative rules, contracting for required services, obtaining property and liability insurance, collecting and expending all assessments and Association funds, and enforcing this Declaration (including foreclosing any liens provided for by this Declaration). Any such managing agent or the Declarant shall have the exclusive right to contract for all goods and services, payment for which is to be made from any monies collected from assessments. In the event that Association expenses exceed assessments, any monies provided by Declarant for Association expenses that would otherwise be paid for out of Association assessments shall be considered a loan to be repaid to Declarant through regular or special assessments from the Association, together with interest at 12 percent (12%) per annum.

Section 5 - Acceptance by Owners

These requirements and covenants are made to ensure that the Properties will be adequately administered in the initial stages of development and to ensure an orderly transition to Association operations. Acceptance of an interest in a Lot evidences acceptance of this management authority in Declarant.

Section 6 - Declarant Authority

Declarant shall have the management authority granted by this Article 3 notwithstanding anything in this Declaration to the contrary. Declarant, as the Incorporator of the Association, may cause the Association to be incorporated, the Temporary Board to be appointed either in the Articles of Incorporation of the Association or by separate written instrument, to terminate the Temporary Board and reassume the Declarant's management authority under this Article 3, reappoint successor Temporary Boards, or take any other action permitted by this Article 3, all without affecting the authority given the Declarant by this Article 3 to manage the Property and organize the Association at the Declarant's sole discretion.

ARTICLE 4
DEED AND DEDICATION OF COMMON AREAS

Upon recording of this Declaration, Declarant, as the Owner in fee title to all Lots 1 through 85, inclusive, of the Properties, does hereby transfer, convey and grant its undivided interest in title in and of Tracts "A" and "B" of the Plat of Fairway Estates at Classic Golf & Country Club, to the Association for the common use and enjoyment of the Association and the Owners in accordance with the terms and conditions of this Declaration reserving, however, to the Declarant for the benefit of Declarant, their successors and assigns, those certain rights of use, ingress, egress, occupation and control indicated elsewhere in this Declaration for the duration of the Development Period, at which time this reservation shall cease and then be of no further force and effect.

ARTICLE 5
DEED AND DEDICATION OF EASEMENTS

Section 1 - General Purpose Easements

Declarant hereby transfers and conveys to the Association for the common use and enjoyment of the Association and the Owners, all easements created in this Article 5, as well as through other recorded instruments, for the stated purpose, reserving, however, to Declarant for the benefit of Declarant, its successors and assigns, an equal right to utilize all easements. The Declarant's and Association's right to use such easements are subject to the right of the public to use rights-of-way which have been dedicated as public roads and are open to public access, including emergency vehicle access.

Section 2 - Easements for Drainage and Utility Purposes

Easements for installation and maintenance of utilities and drainage facilities are hereby reserved over the front ten (10) feet of each Lot subject to this Declaration, as measured inward from the private roadway easement line shown on the face of the final recorded plat map, and over a five (5)-foot wide strip along each side of interior lot lines, and over the rear five (5) feet of each Lot, as well as on other portions of certain lots which have been made of record on the face of the final Plat map or by recording of a separate instrument.

If drainage pipes or appurtenances are now, or will be, installed within any such easement, then a temporary construction access easement shall also be established with a sufficient width to allow the installation, maintenance or repair of such pipes and appurtenances, provided however, that such

the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in and/or on it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utilities company, or the Association, is responsible.

Section 3 - Reservation of Temporary Easements for Declarant

Declarant hereby reserves unto itself for the duration of the Development Period, the unrestricted right of access to and over all easements established for any purpose whatsoever within the plat of Fairway Estates at Classic Golf & Country Club, including on any of the Lot(s) therein for the purpose of constructing, reconstructing, maintaining, or otherwise performing any work deemed necessary by Declarant on utilities, drainage ways, access roads, or other improvements of any kind within said easement areas. These temporary easement rights shall be in addition to all other rights reserved for or granted to the Declarant through this Declaration.

Section 4 - Easement for Government Personnel

An easement for access by police, fire, rescue, and other government personnel is reserved across the private road and all Common Areas as necessary or appropriate for the performance of their public duties.

Section 5 - Special Drainage Easements and Restrictions

Not Applicable.

ARTICLE 6
ADMINISTRATION AND USE OF COMMON AREAS
AND COMMON MAINTENANCE AREAS

Section 1 - Owners' Easements of Enjoyment of Common Areas

Every Owner shall have a right of easement and enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with title (or, if applicable, with the equitable title held by a real estate contract Purchaser), to every Lot subject to the following provisions:

- a. The right of the Declarant or the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas, and to establish use and operation standards for all Common Areas to be binding on all Association Members along with enforcement standards.
- b. The right of the Declarant (during the Development Period) or the Association (after the Development Period) to suspend an Owner's right to vote and to use any recreational facilities for any period during which assessments against his or her Lot remain unpaid and for a period, not to exceed 60 days, for any, and each separate, infraction of its published rules and regulations;
- c. The right of the Declarant (during the Development Period) or the Association (after the Development Period) to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as the Declarant or Members, as applicable, may deem appropriate. During the Development Period, any such dedication or transfer of all or any part of the Common Areas pursuant to this Section 1 may be made by the Declarant in the Declarant's sole discretion, but must be approved by FHA/VA prior to dedication, so long as FHA/VA is providing financing in the Plat. After the Development Period, no such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer, signed by the Owners of two-thirds (2/3) of the Lots, has been recorded.

Section 2 - Insurance

Nothing shall be done or kept in any Common Areas which will increase the rate of insurance on the Common Areas or other Lots or Improvements without the prior written consent of the Board. Nothing shall be done or kept in any Common Areas which will result in the cancellation of insurance on any part of the Common Areas or which would be in violation of any laws or ordinances.

Section 3 - Alteration of Common Areas and Common Maintenance Areas

Nothing shall be altered, or constructed in, or removed from any Common Maintenance Areas except upon prior written consent of the Committee. There shall be no construction of any kind within the Common Areas except that community improvements may be constructed if two-thirds (2/3) of the members of the Association authorize (1) the construction of such improvements and (2) assessments for such improvements. Also, any such improvements would be subject to the acquisition of all required permits from governmental agencies. This Section 3 shall not limit or prohibit Declarant (and no member consent shall be necessary), during the Development Period, from constructing or altering any such improvements to any Common Areas or Common Maintenance Areas, which the Declarant in Declarant's sole discretion, deems for the benefit and enhancement of said areas and the Association in general.

Section 4 - Dumping in Common Areas and Common Maintenance Areas

No trash, construction debris or waste, plant or grass clippings or other debris of any kind, nor hazardous waste (as defined in any federal, state, or local law or regulation) shall be dumped, deposited or placed on any Common Areas, or Common Maintenance Areas. The Declarant, during the Development Period, and the Association, following expiration of the Development Period, shall be exempt from this Section 4.

Section 5 - Landscaping and Fencing

No permanent structures or landscaping of any kind, including fences, walls, or shrubs, may be built or placed within any right-of-way or easements, as delineated on the Plat, or on recorded instruments of title, except as deemed appropriate by the Committee. This prohibition shall not apply to the landscape and fence/monument sign improvements in the Common Maintenance Areas installed by Declarant, nor shall this Section 5 prohibit the Association from installing additional improvements or landscaping within the designated Common Areas or Common Maintenance Areas, nor shall this Section 5 prohibit the installation of fences by Lot Owners on property lines as may be otherwise allowed in this Declaration, nor shall this Section 5 prohibit the installation of landscaping on private lot areas encumbered by utility easements not otherwise restricted in this Declaration as to landscaping. Also, this prohibition shall not apply to landscaping of front or side yard areas of Lots extending up to the edge of the shoulder or paving in the private road easements as further set forth in Article 13, Section 12 of this Declaration.

ARTICLE 7
**MAINTENANCE OF THE COMMON AREAS AND COMMON MAINTENANCE AREAS/
DELEGATION OF MANAGEMENT**

Section 1 - Maintenance of Common Areas

Maintenance of the Common Areas and Common Maintenance Areas and all improvements thereon shall be the sole responsibility of the Association and shall include, but not be limited to, maintenance of the Common Areas and Common Maintenance Areas. All maintenance of Lots and Residences located on Properties shall be the sole obligation of the Owner, provided, however, the Association may, from time to time, provide certain common maintenance of Lots and Residences as may be determined to be in the best interests of all Owners. The Association shall maintain and regulate the use of Common Areas for the benefit of each Lot within the Plat, and shall do all things necessary to preserve and maintain the Common Areas for the purpose intended. It shall be the responsibility of the Association to maintain Tract "B" and any improvements thereon to preserve the value of said Tract "B" for the use and enjoyment of the Members of the Association in accordance with all restrictions and limitations established for said Tract "B" through this Declaration, the laws and ordinances of Pierce County, Washington, and all other applicable statutes and regulations. The Declarant, during the Development Period, and the Board following the Development Period, shall have the exclusive right to establish use and operation standards for said Common Areas to preserve the value and desirability of said Common Areas for the enjoyment of the Members of the Association.

**Section 2 - Responsibility for Maintaining Private Roadway and Drainage Improvements
and Common Maintenance Areas**

The Association is responsible for maintaining and preserving the character of areas, as defined in this Declaration as Common Maintenance Areas. Common Maintenance Areas have been set aside for private roadway and drainage improvements (Tract "A"), and for landscaping, fencing, and community identification purposes.

Maintenance shall include, but not be limited to, road surfacing, shoulders, gates, signs, storm drainage facilities, and vegetation control.

The roadway shall be maintained in a safe condition consistent with County standards for private roads. The "full" or "entire" surface of the roadway shall be maintained to allow free and reasonable passage of such vehicular traffic as may be reasonable and necessary in order that all parties may enjoy full and free use of the parcels of real property affected hereby. Where any question exists as to the standards to be applied, the Owners may obtain a recommendation from a licensed professional engineer whose written recommendations may be allowed in lieu of the standards identified above.

If the Association fails to maintain the Private Road, Pierce County has the right, after notice and an opportunity to cure, to assess the Members of the Homeowners Association the monies necessary to construct the Private Road to Pierce County standards. Upon completion of the road construction to County standards and dedication of rights-of-way, the County will accept the road into the County road system for maintenance. The Association shall be relieved of its responsibilities under this section to the extent they are assumed by Pierce County, or any other local, state or federal governmental agency or utility.

Section 3 - Repair of Common Areas and Common Maintenance Areas

Any damage to the Common Areas or Common Maintenance Areas or improvements thereon, including landscaping plantings, fences, berms, etc., by the Owners or their children shall be repaired within one (1) week by the Owners who (or whose children) caused the damages. If the damage cannot reasonably be repaired within one week, the time for the Owner to repair the Property shall be extended to the time reasonably required to repair the Property, provided that the Owner promptly begins, and diligently pursues, the repair of the damage. If such repairs are not made timely, the Association shall execute the repair and the Owner will be obligated to immediately pay the Association or its designee for the repair. If the Owner fails to promptly make payment for such repairs, the Owner will be charged interest at the rate of 12 percent (12%) per annum on the payment due, the payment due shall be a personal liability of the Owner, and the amount of the payment due shall be a lien on the Owner's Lot.

Section 4 - Management

Each Owner expressly covenants that the Board and the Declarant, during the Development Period, and the Board, after the Development Period, may delegate all or any portion of their management authority to a managing agent, manager or officer of the Association and may enter into such management contracts or other service contracts to provide for maintenance of Common Areas and Common Maintenance Areas and any portion thereof. Any management agreement or employment agreement for the maintenance or management shall be terminable by the Association without cause upon ninety (90) days' written notice thereof; the term of any such agreement shall not exceed three (3) years, renewable by agreement of the parties for successive periods of up to three (3) years each. Each Owner is bound to observe the terms and conditions of any such management agreement or employment contract, all of which shall be made available for inspection by any Owner on request. Any fees or salaries applicable to any such management, employment or service agreement shall be assessed to each Owner.

Section 5 - Native Growth Protection Easements or Tracts

Not Applicable.

ARTICLE 8 ASSESSMENTS

Section 1 - Obligation for Assessments

Each Owner of any Lot, by acceptance of a deed therefor, whether it shall be so expressed in each deed, is deemed to covenant and agree to pay to the Association (1) annual assessments or charges, (2) special assessments for capital improvements, and (3) any assessments made by Declarant pursuant to this Declaration. If the Owner fails to timely pay any assessments within thirty (30) days of the date specified by the Association or Declarant (during the Development Period), the annual and special assessments, together with any interest, costs and any reasonable attorney fees incurred to collect such assessments, shall be a lien on the land comprising the Lot, and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment, together with any interest, costs and reasonable attorney fees incurred in attempting to collect the easement, shall also be the personal obligation of the person who is the Owner of such Property at the time when the assessment fell due. The personal obligation for delinquent assessments shall continue even if the Owner subsequently transfers legal or equitable title to the Lot; however, the personal obligation for delinquent assessments shall not pass to the delinquent Owner's successors in ownership of the Lot unless expressly assumed by the successor(s). The Association shall record such liens in the Office of the Pierce County Auditor.

Section 2 - Purpose of Assessments

The assessments levied by the Association shall be used exclusively to (1) promote the recreation, health, safety and welfare of the residents of the Properties, and (2) for the improvements and maintenance of the Common Areas and Common Maintenance Areas as provided in this Declaration.

Section 3 - Annual Assessment

Commencing on the date of recording for the plat of Fairway Estates at Classic Golf & Country Club, the annual assessment shall be Two Hundred and No/100 Dollars (\$200.00) per Lot; 10 percent (10%) of which shall be allocated and paid to the Declarant for Plat management services provided by the Declarant (or by a professional management firm hired by Declarant) to the Association. Such allocation of funds to the Declarant shall cease when the Development Period expires and the Association assumes collection costs, bookkeeping, and other management responsibilities which are described with particularity in the Bylaws of the Association. The balance of the annual assessment shall be used by Declarant during the Development Period, and by the Association after the Development Period, for maintenance, repair, and other purposes permitted by this Declaration.

The annual assessment may be increased during the Development Period to reflect increased (1) maintenance costs, (2) repair costs, or (3) Plat management costs. All increases during the Development Period must directly reflect increases in the above recited costs. During the

The annual assessment may be increased during the Development Period to reflect increased (1) maintenance costs, (2) repair costs, or (3) Plat management costs. All increases during the Development Period must directly reflect increases in the above recited costs. During the Development Period, the Declarant shall have the authority to reduce the annual assessments if economic data supports such a reduction because of reduced maintenance costs or other anticipated Association expenses.

- a. After the Development Period expires, the maximum annual assessment may not be increased each year more than 10 percent (10%) above the maximum assessment for the previous year without a vote of the membership pursuant to Article 8, Section 3(b) of this Declaration.
- b. After the Development Period expires, the maximum annual assessment may be increased by more than 10 percent (10%) (over the previous years' maximum annual assessment) only if two-thirds (2/3) of the members of the Association, who are voting in person or by proxy at a meeting duly called for this purpose, consent to such an increase.
- c. After the Development Period expires, the Board of Directors shall fix the annual assessment in accord with the above-recited standards.

Section 4 - Special Assessment for Capital Improvements

In addition to the annual assessments authorized above, the Association (or during the Development Period, the Declarant) may levy, in any assessment year, a common assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas or Common Maintenance Areas not prohibited by this Declaration, including fixtures and personal property related thereto, provided that any such assessment for those capital improvements or repairs exceeding Five Thousand and No/100 Dollars (\$5,000.00), except as required to insure a constant supply of water to each Lot Owner, shall have the assent of two-thirds (2/3) of the members of the Association who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5 - Notice and Quorum for any Action Authorized Under Sections 3 and 4

Written notice of the place, day, hour and purpose of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 of this Article shall be sent to all members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first meeting called, the presence of two-thirds (2/3) of the members of the Association or of proxies entitled to cast two-thirds (2/3) percent of the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement; the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. In the event that a quorum is still not achieved at the second meeting, then the Declarant, during the Development Period, shall have the sole and exclusive authority to initiate a special

assessment and carry out capital improvements more fully described in Article 8, Section 4 herein without first obtaining the approval of the required number of members of the Association as further defined in Article 8, Sections 4 and 5 herein.

Section 6 - Uniform Rate of Assessment

Both annual and special assessments arising under Article 8, Sections 3, 4, and 11, must be fixed at a uniform rate for all Lots, provided, however, that, as stated in Article 8, Section 10, any unimproved Lot owned by the Declarant shall not be subject to any assessments or charges described in this Declaration and all or any other assessments that may be levied in the future for any purpose whatsoever. Assessments shall be collected on a monthly, bi-monthly, quarterly, or annual basis as determined by the Declarant during the Development Period, or by the Association for periods after the Development Period.

Section 7 - Date of Commencement of Annual Assessment; Due Dates

The annual assessments described in this Article shall commence upon recording of the plat of Fairway Estates at Classic Golf & Country Club, subject to the exemption set forth in Section 10. Written notice of any change to the annual assessment shall be sent to every Owner subject to such assessments. The due date shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessment on a specified Lot has been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8 - Effect of Non-Payment of Assessments; Remedies of the Association

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 12 percent (12%) per annum. Each Owner hereby expressly vests in the Declarant during the Development Period, or the Association after the Development Period, or their agents the rights and powers to bring all actions against such Owner personally for the collection of such assessments as debts and to enforce lien rights of the Association by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a mortgage of real property. Such Owner hereby expressly grants to the Declarant or to the Association, as applicable, the power of sale in connection with such liens. The liens provided for in this Section 8 shall be in favor of the Association and shall be for the benefit of the Association. The Association shall have the power to bid in an interest at foreclosure sale and to acquire, hold, lease, mortgage and convey the same. The Owner is responsible for payment of all attorney fees incurred in collecting past due assessments or enforcing the terms of assessment liens (see Article 16, Section 5). No Owner may waive or otherwise escape liability for the assessments

provided herein by non-use of the Common Areas, Common Maintenance Areas or abandonment of his Lot.

The Association shall have the right to suspend the voting rights and enjoyment of Common Areas (see Article 6, Section 1[b]) of an Owner for any period during which any assessment against the Lot remains unpaid and for a period not to exceed sixty (60) days per infraction for any infraction of the terms of either this Declaration, the Articles or the Bylaws of the Association.

Section 9 - Subordination of the Lien to Mortgage

The lien for assessments, provided for in this Article, shall be subordinate to the lien of any first mortgage or first deed of trust ("first mortgage"). Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure, or any proceeding in lieu thereof, or the first mortgage holders acceptance of a deed in lieu of foreclosure, shall extinguish the lien created pursuant to this Article as to payments which become due prior to such sale or transfer. No sale or transfer, however, shall (1) relieve such Lot Owner or Lot from liability for any assessments thereafter becoming due nor from the lien thereof, nor (2) shall relieve the delinquent Owner from personal liability for the amount of the payments which become due prior to such sale or transfer, and for costs and attorney fees.

Section 10 - Exempt Property

All property dedicated to and accepted by local public authority shall be exempt from the assessments provided for in this Article, along with all Common Areas. Lots within Fairway Estates at Classic Golf & Country Club owned by Declarant, shall be exempt from any and all assessments provided for in this Declaration, as well as from any and all assessments of any kind that may be levied in the future for any purpose whatsoever, until such time said Lots are sold (conveyed) by Declarant. This Section 10 shall apply notwithstanding any other provision to the contrary in this Declaration.

Section 11 - Management by Declarant During the Development Period

Declarant, at its option, shall have and may exercise during the Development Period, all the rights and powers herein given to the Association. Such rights and powers are reserved by the Declarant, its successors and assigns as provided in Article 3. Declarant shall have the right and option to assess Owners for actual costs of maintaining Common Areas, Common Maintenance Areas, and rights-of-way, and to assess a Plat management fee during the Development Period as set forth in Article 8, Section 3.

Section 12 - Mortgagee Protection

- a. General - The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Lots in Fairway Estates at Classic Golf & Country Club. This Article applies to both this Declaration and the Bylaws, notwithstanding any other provisions contained therein.
- b. Notices of Action - An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:
 - 1) any condemnation or casualty loss which affects a material portion of the Property or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;
 - 2) any delinquency in the payment of assessments or charges by the Owner of any Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days. Notwithstanding this provision, upon request any holder of a first Mortgage is entitled to written notice from the Association of any default in the performance by an Owner of a Lot of any obligation under the Declaration or Bylaws which is not cured within sixty (60) days;
 - 3) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or,
 - 4) any proposed action requiring the consent of a specified percentage of Eligible Holders.
- c. Special Freddie Mac Provision - If and to the extent required by the Federal Home Loan Mortgage Corporation ("Freddie Mac"), the following provisions apply in addition to and not in lieu of the foregoing. Unless agreed to by at least sixty-seven (67%) of the first Mortgagees or at least sixty-seven percent (67%) of the Members, excluding Declarant, the Association shall not:
 - 1) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);
 - 2) change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Lot;

- 3) by act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Lots or the Common Area (The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision.);
- 4) fail to maintain insurance, as required by this Declaration; or,
- 5) use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

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

d. Other Provisions for First Lien Holders - To the extent possible under Washington law:

- 1) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.
 - 2) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.
- e. No Priority - No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.
- f. Notice to Association - Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.
- g. Amendment by Board - Should the Federal National Mortgage Association ("Fannie Mae") or Freddie Mac subsequently delete any of its respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may record an amendment to this Article to reflect such changes.

- h. Failure of Mortgagee to Respond - Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE 9 MAINTENANCE OF LOTS AND COMPLIANCE WITH THIS DECLARATION

Section 1 - Exterior Maintenance by Owner

Each Lot and Residence shall be maintained by the Owner in a neat, clean and sightly condition at all times and shall be kept free of accumulations of litter, junk, containers, equipment, toys, household goods, tools, building materials, and other debris. All landscaping areas shall be regularly maintained and trimmed to present a clean, neat, and well-maintained appearance. All refuse shall be kept in sanitary containers sealed from the view of any Lot; the containers shall regularly be emptied and the contents disposed of off the Properties. No grass cuttings, leaves, limbs, branches, and other debris from vegetation shall be dumped or allowed to accumulate on any part of the Properties, except that a regularly tended compost device shall not be prohibited.

No storage of automobiles in disrepair, (automobiles that cannot be driven, or are parked for the purpose of repair or storage), snowmobiles, motorcycles, boats, trailers, campers, recreational vehicles, or other similar over-sized or recreational vehicles, shall be permitted in open view from the ground level of any Lot or right-of-way. (Automobiles in disrepair, boats, trailers, over-sized trucks, campers, and recreational vehicles shall be referred to as "Vehicles.") This provision shall exclude temporary parking (less than forty-eight [48] hours) of Vehicles on the designated driveway areas adjacent to garages on the Lots.

This section is not meant to disallow permanent (more than forty-eight [48] hours) parking or storage of Vehicles on the Lots, but if so parked or stored, such Vehicles shall be reasonably screened from view from the adjacent roadway and Lots. Screening of such Vehicles must have the approval of the Committee.

"Screening" of boat, trailers, recreational vehicles, or similar vehicles in good condition shall not be construed as a requirement for complete enclosure of such vehicles, but rather that such vehicles, if parked in the rear or side yard areas, shall be reasonably screened from ground level by natural or supplemental vegetation, and/or or a six (6)-foot, solid, cedar fence-type enclosure or permanent structure. The Committee shall have the sole authority to decide what constitutes reasonable screening.

It is not the intent of this section to require screening of all such vehicles so that they are completely hidden from view by neighboring lot owners. However, vehicles in disrepair, as defined in this section, shall be screened so that they are completely hidden, except for reasonable temporary repair requirements, as approved by the Committee. A vehicle shall be deemed to be in a state of disrepair when its presence and/or appearance offends the reasonable sensibilities of the occupants of the neighborhood and/or has had engines, doors, trunk lids, hoods, fenders, tires, wheels, windows, grills or any of them removed, or is otherwise inoperable. No repair or dismantling of any vehicle or equipment shall be permitted on any Lot except within an enclosed garage.

Upon forty-eight (48) hours notice to the Owner of an improperly parked Vehicle, the Board has the authority to have towed, at the Owner's expense, any Vehicles still visible from the right-of-way or adjacent Residences that have been parked on any Lot or within the right-of-way for more than forty-eight (48) hours.

Notwithstanding the foregoing, Owners who have visiting guests intending to stay in a camper or recreational vehicle may secure written permission from the Board for such guests to park the Vehicle upon the Lot owned by the Owner for a maximum period of one (1) week. Such a privilege shall only exist, however, after written permission has been obtained from the Board.

Section 2 - Easements for Enforcement Purposes

All Owners hereby grant to the Association and their representative, an express easement for the purposes of going upon the Lots of owners to remove Vehicles or other similar objects which are parked or stored in violation of the terms of this Declaration, or to perform any other maintenance or repair deemed necessary by the Board pursuant to this Article 9, or any other section in the Declaration.

Section 3 - Lot Maintenance by the Association

In the event that an Owner shall fail to maintain the exterior of his premises and the improvements situated thereon in a manner consistent with maintenance standards of the Association established through this Declaration, including maintenance of landscaping required in the adjacent right-of-way as set forth in Article 12, Section 12, the Board shall, upon receipt of written complaint of any Owner and the subsequent investigation which verifies that complaint, have the right through its agents and employees to enter upon the offending Owner's Lot and repair, maintain and restore the Lot and exterior of the improvements on that Lot if the Owner shall fail to respond in a manner satisfactory to the Board within forty-five (45) days after mailing of adequate notice by certified mail to the last known address of the Owner. This requirement for notification shall not be required in emergency situations. "Emergency" situations are defined as those situations where an immediate response to a violation of this Declaration is required in order to preserve the health, safety, or welfare of the Owners in the Properties. The cost of such repair, maintenance or restoration shall be assessed against the Lot, and the Board shall have the right to cause to be recorded a notice of lien for labor

and materials furnished, which lien may be enforced in the manner provided by law for enforcement of labor liens and materialman's liens. In the event that the estimated cost of such repair should exceed one-half of one 0.50 percent (0.50%) of the County Tax Assessor assessed value of the Lot and improvements on the Lot, the Board shall be required to have the assent of two-thirds (2/3) of the Members before undertaking such repairs.

Declarant, the Association, or the duly appointed agent of either may enter upon any Lot, which entry shall not be deemed a trespass, and take whatever steps are necessary to correct a violation of the provisions of this Declaration; provided, this provision shall not be construed as permission to breach the peace.

Should a Lot Owner object to the complaints of the Declarant, the Association or ACC in writing within a period of fifteen (15) days after the complaint is made and, further, should the parties not agree on property maintenance or other matters complained of, the matter shall be submitted to arbitration. The arbitration shall be binding upon the parties. If the parties cannot agree upon an arbitrator, each party shall choose one arbitrator and they, in turn, shall choose a third. The arbitration shall be conducted in accordance with the rules of arbitration under the laws of the State of Washington in existence at the time of any such arbitration.

Section 4 - Enforcement During the Development Period

During the Development Period, the Declarant may elect to exercise and perform the functions of the Board. If the Declarant elects not to perform this function, the Declarant may appoint the Temporary Board to function as provided herein.

Section 5 - Enforcement for Noncompliance With This Declaration

In the event that an Owner shall fail to comply with any section or provision of the Declaration, and any Amendments thereto, the Board may undertake to enforce compliance through the provisions of Section 3 herein, as well as Article 16, Section 4 of the Declaration, or any other authority granted to the Board through this Declaration. If such noncompliance occurs prior to occupancy of any structure on said Owner's lot, the Board shall also have the right to place a "stop work" order on said construction, which may also be enforced by the local building officials at the request of the Board. Any Owner subject to such noncompliance does hereby agree not to oppose such stop work order, with the understanding that construction may not commence until compliance with the provisions of this Declaration is assured.

ARTICLE 10 HOMEOWNERS' ASSOCIATION

Section 1 - Non-Profit Corporation

The Association shall be a non-profit corporation under the laws of the state of Washington.

Section 2 - Membership

Every person or entity (including Declarant) who is an Owner of any Lot shall become a member of the Association. Membership shall be appurtenant to the Lot and may not be separated from ownership of any Lot and shall not be assigned or conveyed in any way except upon the transfer of title to, or a real estate contract vendee's interest in, said Lot and then only to the transferee of either the title to the Lot or the vendee's interest in the Lot. All Owners shall have the rights and duties specified in this Declaration, the Articles and the Bylaws of the Association.

Section 3 - Voting Rights

The Association shall have two (2) classes of voting membership:

- a. Class "A" - Class "A" members shall be all Owners, with the exceptions of (1) the Declarant while the Declarant is a Class "B" member, and (2) the Owners of Lots described as exempt in the Declaration. Class "A" members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they by majority determine, but in no event shall more than one (1) vote be cast with respect to any Lot, nor shall any vote be divided. When more than one person holds an interest in any Lot, all such persons shall unanimously designate (in writing delivered to the secretary of the Association) one of the persons (owning an interest in the Lot) to vote (in person or by proxy) the vote for such Lot.
- b. Class "B" - Class "B" member(s) shall be the Declarant (as defined in this Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class "B" membership shall cease and be converted to Class "A" membership upon expiration of the Development Period, pursuant to Article 3, Section 1 herein, at which time the Declarant shall become a Class "A" member as to any Lots owned by the Declarant.

The voting rights of any Owner may be suspended as provided for either in this Declaration, or in the Articles, or in the Bylaws of the Association. The Declarant, during the Development Period, or the Association, after the Development period, shall have the right to suspend the voting rights of a member for (1) any period during which any assessment, or any other charge (as defined in Article

16, Section 6), against the Lot remains unpaid, and (2) for a period of not to exceed sixty (60) days each for any (and for each separate) infraction of the terms of this Declaration, the Articles or the Bylaws of the Association.

Section 4 - Meetings

A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board of Directors, or by Owners having ten percent (10%) of the votes in the Association. Not less than fourteen (14), nor more than sixty (60) days in advance of any meeting, the secretary, or other officers specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by First Class United States Mail to the mailing address of each Owner, or to any other mailing address designated in writing by the Owner. The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the Board of Directors for a vote by the Owners, including the general nature of any proposed amendment to the Articles of Incorporation, Bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

Except as provided in this section, all meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. The Board of Directors shall keep minutes of all actions taken by the Board, which shall be available to all Owners. 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 other action which is reasonably identified. The requirements of this section shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

ARTICLE 11 MANAGEMENT BY BOARD

Section 1 - Expiration of the Development Period

Upon expiration of the Declarant's management authority under Article 3, all administrative power and authority shall vest in a Board of three directors who need not be members of the Association. The Association, by amendment of the Bylaws, may increase the number of directors. All Board positions shall be open for election at the first annual meeting after termination of the Development Period under Article 3.

Section 2 - Terms

The terms which the Board members will serve are defined in the Bylaws.

Section 3 - Powers of the Board/Association

All powers of the Association, as administered by the Board, must be exercised in accordance with the specifications which are set forth in the Bylaws. The Board, for the benefit of all the Properties and the Lot Owners, shall enforce the provisions of this Declaration and the Bylaws. In addition to the duties and powers imposed by the Bylaws and any resolution of the Association that may be hereafter adopted, the Board shall have the power and be responsible for the following, in way of explanation but not limitation:

- a. Insurance - Obtain policies of insurance for Common Areas and Common Maintenance Areas. The Fairway Estates at Classic Golf & Country Club Homeowners' Association shall maintain in full force and effect, a general "all risk" liability policy in the face amount of not less than One Million and No/100 Dollars (\$1,000,000.00), naming the Association, and the Declarant, including all members of the Declarant's limited liability company, and all Lot Owners as additional insured. The requirement to name Declarant and its members as an additional insured shall cease at such time as Declarant is no longer a voting member of the Association.
- b. Legal and Accounting Services - Obtain legal and accounting services if necessary to the administration of Association affairs, administration of the Common Areas and Common Maintenance Areas, or the enforcement of this Declaration. Institute, defend, or intervene in litigation or administrative proceedings in its own name on behalf of itself of two or more Owners on matters affecting the Homeowners' Association, but not on behalf of Owner(s) involved in disputes that are not the responsibility of the Association.
- c. Maintenance - Pay from Association funds, all costs of maintaining the Common Areas and Common Maintenance Areas.

- d. Maintenance of Lots - Subject to the requirements of Article 9, Section 3, maintain any Lot if such maintenance is reasonably necessary in the judgment of the Board to (1) protect Common Maintenance Areas, or (2) to preserve the appearance and value of the Properties or Lot. The Board may authorize such maintenance activities if the Owner or Owners of the Lot have failed or refused to perform maintenance within a reasonable time after written notice of the necessity of such maintenance has been delivered by the Board to the Owner or Owners of such Lot, provided that the Board shall levy a special assessment against the Owner or Owners of such Lot and the Lot for the cost of such maintenance.
- e. Discharge of Liens - The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire Properties or any part thereof which is claimed or may, in the opinion of the Board, constitute a lien against the Properties rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such liens, they shall be jointly and severally liable for the entire cost of discharging the lien(s) and all of any costs or expenses, including reasonable attorney fees and costs of title search incurred by the Board by reason of such lien or liens. Such fees and costs shall be assessed against the Owner or Owners and the Lots responsible to the extent of their responsibility.
- f. Utilities - Pay all utility charges attributable to Common Areas and Common Maintenance Areas.
- g. Security - Pay all costs deemed appropriate by the Board to ensure adequate security for the Lots and Common Areas and Common Maintenance Areas constituting the residential community created on the Properties.
- h. Right to Contract - Have the exclusive right to contract for goods, services, maintenance, and capital improvements provided, however, that such right of contract shall be subject to the provisions of this Declaration.
- i. Improvement of Common Areas and Common Maintenance Areas - Improve the Common Areas and Common Maintenance Areas with capital improvements to such Common Areas and Common Maintenance Areas; provided that for those capital improvements exceeding Five Thousand and No/100 Dollars (\$5,000.00), the addition of such capital improvements to the Common Areas and Common Maintenance Areas must be approved by two-thirds (2/3) of the members of the Association who are voting in person or by proxy at a meeting duly called for this purpose (subject to notice and quorum requirements as set forth in Article 8, Section 5 herein).
- j. Right of Entry - Enter any Lot or Residence, when reasonably necessary, in the event of emergencies or in connection with any maintenance, landscaping or construction for which the Board is responsible. Except in cases of emergencies, the Board, its agents or employees shall attempt to give notice to the Owner or occupant of any Lot or Residence 24 hours prior to such entry. Such entry must be made with as little inconvenience to the Owners as prac-

licable, and any damage caused thereby shall be repaired by the Board, at the Association's expense, if the entry was due to an emergency (unless the emergency was caused by the Owner of the Lot entered, in which case the cost shall be specially assessed to the Lot and against the Owner of the Lot). If the repairs or maintenance activities were necessitated by the Owner's neglect of the Lot, the cost of such repair or maintenance activity shall be specially assessed to that Lot and against the Owner of that Lot. If the emergency or the need for maintenance or repair was caused by another Owner of another Lot, the cost thereof shall be specially assessed against the Owner of the other Lot and against the other Lot.

- k. Promulgation of Rules - Adopt and publish any rules and regulations governing the members and their guests and establish penalties for any infraction thereof.
- l. Declaration of Vacancies - Declare the office of a member of the Board to be vacant in the event that a member of the Board is absent from three (3) consecutive regular meetings of the Board, or from a single annual meeting in the event the Board meets annually.
- m. Employment of Manager - Employ a manager, as independent contractor, or such other employees as the Board deems necessary and describe the duties of such employees.
- n. Payment for Goods and Services - Pay for all goods and services required for the proper functioning of the Common Areas and Common Maintenance Areas.
- o. Adopt and amend budgets for revenues, expenditures, and reserves, and impose and collect assessments for common expenses from Owner(s).
- p. Bank Account/Financial Records - Open a bank account on behalf of the Association and designate the signatories required, and perform accounting functions as set forth below.
 - 1) The Association of 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. 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.
 - 2) 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.

- 3) At least annually, the Association shall prepare or cause to be prepared, a financial statement of the Association. The financial statements of Associations with annual assessments of Fifty Thousand and No/100 Dollars (\$50,000.00), or more, shall be audited at least annually, by an independent certified public accountant, but the audit may be waived if sixty-seven percent (67%) of the votes cast by Owners, in person or by proxy, at a meeting of the Association at which a quorum is present, vote each year to waive the audit.
 - 4) The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with the funds of any other association, nor with the funds of any manager of the Association, or any other persons responsible for the custody of such funds.
- q. Dedication of Real Property or Easements - Dedicate Common Areas owned by the Association, pursuant to the limitations of Article 6, Section 1(c) of the Declaration. Also, grant easements or rights of use over, under or upon any Common Areas owned by the Association to public or private agencies, or to individual members of the Association for purposes deemed reasonable or appropriate in the sole discretion of the Board, so long as such easements or rights of use do not adversely affect the use and enjoyment of the Common Areas by the Association's members, as provided for in Article 6.
 - r. Exercise of Powers, Duties and Authority - Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions by the Bylaws, Articles of Incorporation, or this Declaration. The Board shall have all powers and authority permitted to it under this Declaration and the Bylaws. However, nothing herein contained shall be construed to give the Board authority to conduct a business for profit on behalf of all the Owners or any of them.
 - s. Adopt and amend the Bylaws, rules and regulations of the Association.
 - t. Exercise any other powers conferred by the Bylaws.
 - u. Exercise all other powers that may be exercised in this State by the same type of corporation as the Association.
 - v. Exercise any other powers necessary and proper for the governance and operation of the Association.

Section 4 - Limited Authority

This Article 11 is subject to the provisions of Article 3.

ARTICLE 12 LAND USE RESTRICTIONS

Section 1 - Residential Character of Property/ Business and Commercial "Home" Use of Property

No structure or building of any kind shall be erected, altered, placed, or permitted to remain on any Lot other than as a single-family residential dwelling and appurtenant structures. No trade, craft, business or manufacturing enterprise, or business or commercial activity of any kind shall be conducted or carried out in any house, garage, or with the Property itself, unless the following conditions are met: (1) the building associated with the business or commercial use must serve as the primary residence for that building's Owner; (2) no vehicle associated with the business or commercial use shall be parked outside of an enclosed garage for more than three days; (3) the existence of operation of the business is not apparent or detectable by sight, sound, or smell, from outside the building; (4) the business activity does not involve regular visitation of the Lot by clients, customers, suppliers, or other business invitees or door-to-door solicitation of Lot Owners; and, (5) no goods, equipment, vehicles, and/or materials and supplies used in connection with any trade, service, or business shall be kept, parked, or stored outside of a building, or garage, for more than three days without being removed. Notwithstanding the foregoing, homecare for children shall be allowed as a permitted use, so long as authorized by the State of Washington; provided, however, that in no event shall a daycare be allowed.

Section 2 - Reasonable Use Restriction

No Lot shall be used in a fashion which unreasonably interferes with any other Owner's right to use and enjoy the other Owner's Lots. The Board, the Committee designated by it, or the Declarant during the Development Period, shall determine whether any given use of a Site unreasonably interferes with those rights; such determinations shall be conclusive.

Section 3 - Prohibited Activities

No noxious or offensive activity shall be conducted on any Lot, nor shall anything be done or maintained on the Properties which may become an activity or condition which unreasonably interferes with the rights this Declarant gives other Owners to use and enjoy any part of the Properties. No activity or condition shall be conducted or maintained on any part of the Properties which detracts

from the value of the Properties as a residential community. No untidy or unsightly condition shall be maintained on any Property. Untidy conditions shall include, but are not limited to, publicly visible (unscreened) storage of boats, trailers, motor homes, recreational vehicles, disabled vehicles of any kind whatsoever, and landscaping which is not properly maintained (subject to the provisions of Article 9, Section 1).

Notwithstanding anything in this Section 3 of this Article 12 to the contrary, during the Development Period the Declarant may permit trailers ("temporary trailers") to be placed upon Owner's Lots to facilitate the sale of the Lots and the construction of residences (and residence-associated improvements) upon the Lots. All such temporary trailers shall be placed only upon either (1) a Lot being sold by the Lot's Owner, or (2) the Lot upon which a residence is being constructed by the Lot's Owner. No such temporary trailers shall be placed, without Declarant's permission, on any other Lot within the Plat or the adjacent rights-of-way. The Declarant specifically, in the Declarant's sole discretion, may (i) completely deny an Owner permission to place a temporary trailer on the Owner's Lot, (ii) require any temporary trailer placed upon the Lot to be placed in such a location as to minimize view from public rights-of-way or from residences on other Lots, or (iii) impose landscaping requirements which the Declarant, in the Declarant's sole discretion, may require, to improve the appearance of the temporary trailer on the Lot.

Section 4 - Maintenance of Lots During the Construction Period

Each Lot Owner, exclusive of the Declarant shall have a responsibility to generally maintain the Lot in a neat and clean appearance after construction commences for a Residence on said Lot. After clearing of any vegetation for construction, the debris from the clearing operation shall be promptly removed from the Lot and disposed of off site in an approved location. In no case shall any vegetation cleared from one Lot be deposited on an adjacent Lot or on any Common Areas or Common Maintenance Areas.

During construction of each Residence, periodic efforts shall be made by the Owner, or the Owner's construction representatives, to pick up scrap materials and other construction debris and to periodically dispose of said materials. No dumping of any such debris or refuse shall be allowed on adjoining Lots or on any Common Areas or Common Maintenance Areas within the Plat of Fairway Estates at Classic Golf & Country Club. Upon completion of the construction on any Lot and prior to the occupancy of the structure, the Lot Owner shall be responsible for keeping the landscaping improvements and the structure itself in a clean and neat appearance. This shall include the responsibility for regular landscape maintenance, watering, trimming, and upkeep to present a finished, manicured appearance of said premises from the adjacent right-of-way. In the event that the Lot Owner, or Owner's construction representative(s), fails to meet the standards set forth in this section, the Board shall have the right to complete such clean-up activity in accordance with the provisions as set forth in Article 9.

Section 5 - Prohibited Vehicles/Structures

No mobile or "manufactured" homes, trailers, structures of a temporary character, recreational vehicle, basement, tent, shack, garage, barn, or other out buildings shall be used on any Lot at any time as a Residence, either temporarily or permanently. No vehicles parked in public rights-of-way may be used temporarily or permanently for residential purposes.

Section 6 - Mining

No oil drilling, oil development operations, oil refining, quarrying, or mining operation of any kind shall be permitted on or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavation or shafts shall be permitted on or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavation or shafts be permitted on or in any Lot. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. Oil storage for residential heating purposes is permissible if the storage tank is buried, any necessary permits are obtained, and the storage complies with all applicable environmental laws, rules, and regulations.

Section 7 - Animals

No animals (pets), except dogs, cats, caged birds, fish and tanks, and other household pets, will be permitted on Lots. Dogs shall not be allowed to run at large or to create a disturbance for other Owners in the Plat. Leashed animals are permitted within rights-of-way and private road easements when accompanied by their Owners. Efforts shall be made by the person accompanying the animal to exercise "scooping" of animal waste. All pens and enclosures must be approved by the Committee prior to construction and shall be kept clean and odor free at all times.

No animal that is, or becomes an annoyance or nuisance to the neighborhood or Lot(s) Owner shall thereafter be kept on any Lot(s).

No dog shall be kept on any Lot at any time that has ever inflicted bites on a human or domestic animal either on public or private property, or chases or approaches a person upon the streets, sidewalks or on public or private grounds in a menacing fashion or apparent attitude of attack, or any dog with a known propensity, tendency, or disposition to attack unprovoked, to cause injury, or otherwise threaten the safety of humans or domestic animals. Any dog that shows or has shown such tendencies on any occasion shall be removed from the Lot in an immediate fashion. No pets shall be allowed to roam at any time outside the Lot boundaries.

Dog kennels and or dog runs shall not be established in front yards but shall be located in the back or side yard screened from ground view of other Lots and the roadways.

If the investigation of the Board indicates that animals are kept in violation of this section, the Board will give the Owner ten (10) days' written notice of the violation. Such violation must be

remedied by the Owner within ten (10) days. Failure to comply with the written notice will result in a fine of Twenty-five and No/100 Dollars (\$25.00) per day. Any fine imposed by this section shall be the personal obligation of the fined Owner and a lien on the Lot of the fined Owner. The Association shall be entitled to attorney fees and costs for any action taken to collect such fines in accordance with the provisions of Article 16, Section 5.

Section 8 - Signs

- a. No signs, billboards, or other advertising structures or device shall be displayed to the public view on any Lot except one (1) sign not to exceed six (6) square feet in area may be placed on a Lot to offer the Property for sale or rent. The sign may also be used by a builder to advertise the Property during the construction and sale period. Political yard signs, not more than eight (8) square feet in area, of a temporary nature, will be allowed during campaign periods on Lots. Within five (5) days after the date of the election to which the sign refers, such signs must be removed from Lots. This Section 8(a) (including, but not limited to, the restrictions on the number of signs and the sign size limit) shall not apply to signs approved under Section 8(b) of this Article 12 by the Declarant during the Development Period.

Builders/contractors are allowed one (1) sign no larger than twelve (12) square feet of area per face to be placed on a Lot to offer a Lot or house for sale. However, any signs larger than six (6) square feet per face shall be subject to approval by the Declarant during the Development Period and the Association after expiration of the Development Period.

- b. The Declarant may, but is not required, to establish, for the duration of the Development Period, signage guidelines and standards for Lot identification signs, realtor identification signs, "for sale" signs, and other signage that may be placed by Owners or parties other than the Declarant on any part of the Lots within Fairway Estates at Classic Golf & Country Club, the Common Areas, Common Maintenance Areas, or public rights-of-way. The Declarant may, but is not required, to also develop an overall theme for signage within the project, including specific requirements for physical sign installations and size requirements, which theme will then become part of the established guidelines and standards for signage in Fairway Estates at Classic Golf & Country Club during the Development Period. In the event such guidelines are established, the Declarant shall make the signage guidelines and standards available upon request to Lot Owners and their representatives, including both builders and real estate agents of Lot Owners.

During the Development Period, the Declarant shall have the sole and exclusive right to approve, in the Declarant's sole discretion, any and all signage installations within any part of the real property encompassed within the Plat of Fairway Estates at Classic Golf & Country Club, including the adjacent rights-of-way. Every Owner of a Lot in Fairway Estates at Classic Golf & Country Club, and any builder or real estate agent on behalf of an Owner, shall submit any proposed signs to the Declarant for approval prior to installation of the signs.

Any signs not specifically approved by the Declarant found anywhere on Lots in Fairway Estates at Classic Golf & Country Club, the Common Areas, the Common Maintenance Areas, or on adjacent rights-of-way, may be promptly removed and disposed of by the Declarant. The absolute right of the Declarant to remove unauthorized signs from the Premises specifically includes, but is not limited to, the Declarant's right to remove any and all signs placed by real estate agencies or their representatives, including temporary reader board signs and other signage installations.

No person, including, but not limited to, the person or persons owning any interest in the signs removed, shall be entitled to compensation of any kind for sign(s) removed by Declarant pursuant to this Section.

- c. The Board may cause any sign placed on Properties, in violation of this Article 12, Section 8, to be removed and destroyed without compensation of any kind to anyone including, but not limited to, any persons having an ownership interest in the sign. This section shall not apply to signage placed by Declarant. (See Article 12, Section 8[d].)
- d. Additional signage may be installed by Declarant during the "Development Period" to promote the sale of Lots or houses, and to promote Declarant's project and company. Notwithstanding anything in this Section 8 to the contrary, signs placed by the Declarant shall not be subject to any sign restrictions, and specifically shall not be subject to the limitation set forth in this Section 8(a) on the number of signs and the size of signs. The Declarant shall not be subject to any guidelines or standards established by Declarant for other parties pursuant to this Section 8(b). The Declarant has the authority to approve larger signs by builders/contractors for the purpose of general advertising not specifically related to an individual Lot or residence. This approval shall extend to the content, size, colors, and location of such signs. In all cases, approval of such special signage shall be at the sole and exclusive discretion of the Declarant.
- e. The Declarant further reserves the option to include the identification of Novastar Development Inc. on the entry monument signage for the Properties at the time of installation of said entry monumentation. This identification may be "A Novastar Community." Once installed, the Association shall be responsible to maintain this signage and identification in good condition, along with the Plat identification signage for the duration of these Covenants, Conditions and Restrictions as provided for in Article 16, Section 1, or until such time as Novastar Development Inc. consents or elects to remove this identification. Each Owner hereby covenants that this section of the Covenants, Conditions and Restrictions shall not be amended without the express written approval of Novastar Development Inc., even after expiration of the Development Period.

Section 9 - Delegation of Use and Responsibilities

Any Owner may delegate, to members of his family or his tenants, in accordance with the Bylaws of Fairway Estates at Classic Golf & Country Club Homeowners' Association, the Owner's right of enjoyment of Common Areas and Common Maintenance Areas. In the event an Owner rents or leases his Property, a copy of this Declaration, as well as any rules and regulations that may be adopted by the Association, shall be made available by the Owner to the prospective renter at the time of commitment to the rental agreement. Each Owner shall also be responsible for informing guests and service personnel of the contents of this Declaration, as well as any rules and regulations that may be adopted by the Association as they may relate to appropriate community behavior. Each Owner personally, and the Owner's Lot, shall be responsible for any damages to any Common Areas and Common Maintenance Areas (or any other area maintained by the Association) or to any other Association property, whether real or personal, caused by an Owner's family, guest, tenant, agent, workman, contractor or other licensee or invitee. The Association shall have a lien upon the Owner's Lot for the amount of damages.

Section 10 - Garbage and Trash

No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste shall not be kept, except in sanitary containers properly screened and shielded from adjacent properties. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No trash, refuse pile, vehicles, underbrush, compost pile, or other unsightly growth or objects shall be allowed to group, accumulate or remain on any Lot so as to be unsightly, a detriment to the neighborhood, or become a fire hazard.

Section 11 - Clothing Lines

Outdoor clothing lines are prohibited within the Properties, unless otherwise approved by the Committee.

Section 12 - Fuel Tanks

No fuel tank shall be located above ground on any Lot unless screened from view in a manner satisfactory to the Architectural Control Committee.

Section 13 - Lighting

No Lot Owner shall erect or maintain outdoor lighting for sports court facilities, or for other purposes that causes unreasonable glare on to adjoining lots or streets. Outdoor lighting shall be defined as any high intensity lighting used to illuminate large areas for the purpose of outdoor

activities. Any such lights shall be properly shielded to avoid direct glare onto adjoining residences or streets, and shall also be turned off after 10:00 p.m. until 7:00 a.m., unless otherwise approved by the Committee.

This restriction on outdoor lighting shall not in any way be construed to limit the right of any Lot Owner to install exterior lighting on structures and within yard areas for security purposes, or to install specialty lighting, such as, but not limited to lighting associated with holidays, such as Christmas. The limitation on the hours of operation of high intensity lighting shall not apply to other lighting, as set forth herein. except in the event that such lighting is determined by the Committee to be a nuisance to neighboring Lot Owners, in which case, the Lot Owner with the light may be required by the Committee to install screening to reasonably protect adjacent Lot Owners from excessive glare.

ARTICLE 13 BUILDING RESTRICTIONS/REQUIREMENTS

Section 1 - Size/Height Restrictions

No Residence shall be constructed which exceeds the allowable height set forth in the Pierce County Zoning Code for this zone. No single structure shall be altered to provide residence for more than one (1) family. Rambler-type residences (residence consisting of a basement and one story, or residence consisting of a single story) shall contain at least 1,300 square feet. Multi-story residences (residence consisting of a basement and two stories, or residences consisting of two stories) shall contain at least 1,500 square feet. In computing the total square footage of a residence, the basement shall not be included, nor shall garages or enclosed decks be included.

Section 2 - Building Materials

All homes constructed on each Lot shall be built of new materials, with the exception of "decor" items such as used brick, weathered planking, and similar items. The Committee will determine whether a used material is a "decor" item. In making this determination, the Committee will consider whether the material harmonizes with the aesthetic character of the home and whether the material would add to the attractive development of the subdivision. All roofs are to be concrete shingle, tile, cedar shake, cedar shingle, or composition roofing of a color approved by the Committee, or similar material, unless otherwise approved by the Committee.

All siding and trim are to be resawn wood, stucco, drivit, "LP"-type siding, Hardie-Plank concrete, or similar material, all of a color approved by the Committee. All visible masonry shall be new or decorative brick or tile, or similar decorative masonry units, such as river rock or stone. T-111, or similar plywood-type siding is not allowed on front or side street elevations of any homes.

However, such siding will be allowed on the side and rear elevation of homes constructed on the Lots. Horizontal lap-type vinyl siding may be allowed upon approval of the color and quality by the Committee, in its sole discretion. The Committee reserves the sole and exclusive right to determine the appropriateness of vinyl siding for homes constructed on Lots in Fairway Estates at Classic Golf & Country Club.

Exterior colors must be approved by the Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters, and the exterior finish of garages and other accessory buildings shall be designed, built, and maintained to be compatible with the exterior of the structure they adjoin.

Section 3 - Building Setbacks

No structures shall be located nearer to the front or side street easement line than minimum dwelling setback lines required by relevant public zoning ordinance. For the purpose of this Covenant, eaves, steps, chimneys, and open porches shall not be considered as part of the dwelling; provided, however, that this shall not be considered to permit any portion of a dwelling on a Lot to encroach upon any required setbacks by local codes, or to encroach upon another Lot or upon any easements indicated on the face of the Plat or as otherwise recorded, or upon the Common Areas or Common Maintenance Areas. In no event shall any structures violate any provisions of any applicable building or zoning ordinance, or any specific setbacks as set forth on the recorded Plat map, or any setbacks imposed through the establishment of easements for utilities or access.

Section 4 - Driveways

All driveways shall be concrete, unless otherwise approved by the Committee.

Section 5 - Contractor

Without the prior approval of the Committee, no home may be constructed on any Lot other than by a contractor licensed as a general contractor under the statutes of the state of Washington.

Section 6 - Masonry Construction

Not Applicable.

Section 7 - Fireplace Chimneys

No metal flues nor metal chimneys will be allowed on any residences or other buildings constructed on any Lot, unless enclosed within appropriate wood or masonry materials.

Section 8 - Maximum Structure Height Limitations/View Preservation

Not Applicable.

Section 9 - Drainage Control Over Slopes

Not Applicable.

Section 10 - Garages

Each Residence shall incorporate a minimum two (2)-car garage designed and constructed as an integral part of said Residence. In special circumstances, a detached garage may be approved by the Committee.

Section 11 - Fence and Walls

Fences, walls or hedge rows are only permitted on side and rear property lines, excepting that fences less than four (4) feet high, such as white "picket"-type or wrought iron fencing around front yards may be allowed upon approval of the Committee. However, no such fences, walls or hedge rows shall be allowed on any side or rear property line closer to the front property line than the adjacent residential structure, unless specifically approved by the Committee. For corner Lots, this applies to both street frontage measurements. Fences, walls and hedge rows are not permitted on front easement lines, or on side street property lines for corner Lots, except as may be otherwise approved by the Declarant as part of the subdivision improvements, unless otherwise approved by the Committee. All fences installed on any Lot shall be six (6)-foot solid cedar fencing, wrought iron, or masonry of a type and quality approved by the Committee. No barbed wire, chain-link, or corrugated fiberglass fences shall be erected on any Lot, except that chain-link fencing for sports facility enclosures may be considered for approval by the Committee upon individual request. All fences must be approved by the Committee prior to installation. The Committee may make available a standard detail for fence construction, which must then be used by all Lot Owners, unless a specific variance from this standard is approved by the Committee in writing. The Committee shall also approve the colors for fence installations. Any fencing installed in the Plat on any Lot which does not meet the standards set forth by the Committee, shall be removed at the Owner's expense upon demand by the Committee.

Section 12 - Landscaping Standards

The entire front yard, including up to the edge of the curb in the adjacent road easement fronting any Lot within Fairway Estates at Classic Golf & Country Club shall be landscaped in accordance with

the provisions of this Section 12. At least fifty percent (50%) of this front yard area shall be grass lawn. The landscaping shall be installed within thirty (30) days of the receipt of a Certificate of Occupancy, or within eight (8) months from the date that construction is initiated, whichever date is earlier. If inclement weather conditions prevent the timely installation of said landscaping improvements, the Lot Owner must make application to the Committee for an extension of time until weather conditions sufficiently improve. For corner Lots, the "front yard" shall mean the frontage on both streets, such that both street frontages and yards must be landscaped.

"Front yard" shall be defined as the lot area extending from the front property line or easement line back to a line measured parallel with the front property or easement line which would coincide with the front wall of the main dwelling on the Lot, exclusive of any garage projections.

The front yard landscaping shall include all of the adjacent road easement along the lot frontage out to the edge of the curb in the street. Each Lot Owner shall be responsible for installing and maintaining the landscaping within this adjacent road easement.

Section 13 - Plan Checks/Construction Cleanup Fee

Each Lot Owner shall be required to clean up the Lot within ten (10) days of receiving a Certificate of Occupancy. Such Lot Owners shall, upon application to the Committee for approval of house plans, be required to pay a Two Hundred Fifty and No/100 Dollars (\$250:00) fee to the Committee to be used as follows:

- a. Fifty and No/100 Dollars (\$50.00) for house plan check as provided in Article 15, Section 9; and
- b. Two Hundred and No/100 Dollars (\$200.00) as a damage deposit to be held without interest until house construction is complete. The damage deposit will be used in the event the Owner does not comply with all construction standards, clean-up standards, and landscape installation and maintenance standards contained in Articles 12 and 13 of this Declaration (the "Completion Standards").

If the Owner does not comply with the Completion Standards, the Committee may handle the clean-up, landscape installation or maintenance, or any other actions required to bring the construction and Lot completion into compliance with this Declaration.

The cost of any actions taken by the Committee pursuant to this section shall be deducted from the Two Hundred and No/100 Dollars (\$200.00) deposit. If the cost of the actions taken by the Committee, pursuant to this section, exceeds the deposit, the additional expense shall be the personal obligation of the Owner of the Lot, a lien upon the Lot, an "other charge" for purposes of Article 16, Section 6, and shall be paid to the Association upon demand.

Notwithstanding anything in this section or the Declaration to the contrary, neither the Declarant nor the Committee shall be obligated to take any action required to clean up a Lot, nor to bring a residence, landscaping, or other improvements on a Lot into compliance with the Completion Standards nor with other requirements of this Declaration. The Declarant or the Committee may take such action as the Declarant wishes; however, any action taken by the Declarant or the Committee shall not impose any requirement on the Declarant or the Committee to initiate or complete any other actions necessary or advisable to clean up the Lot or otherwise bring the construction and landscaping into compliance with the Completed Standards and this Declaration.

Once all of the construction on a specific Lot has been completed by the Owner, including all required landscaping improvements on site and within the adjoining rights-of-way as set forth in this Declaration, the Owner may request a refund of the Two Hundred and No/100 Dollars (\$200.00) damage deposit.

Within thirty (30) days from receiving said notice, the Committee, or designated representative, shall conduct a site inspection to verify that the Owner appears to have met all Completion Standards, as defined in this section. If all Completion Standards appear to have been met, then the damage deposit shall be returned to the Owner within ninety (90) days of the original date of the Committee's receipt of the request for the refund.

Return of all or any portion of the damage deposit shall not under any circumstances constitute a representation or warranty by the Declarant or by the Committee to the Owner, other Lot Owners, the Association, or anyone else, either (1) that the Completion Standards have been met, or (2) that any other requirements of this Declaration has been complied with.

If any part of the deposit may be required to fulfill Completion Standard requirements, then (1) the damage deposit may be applied to the cost of clean-up as set forth in this section, and (2) the Committee shall give the Owner written notice specifying the reasons for the denial of the refund. This section shall also apply if the clean-up costs exceed Two Hundred and No/100 Dollars (\$200.00).

- c. During the Development Period, Declarant shall have the right to waive these fees at Declarant's sole discretion.

Section 14 - Permits

No construction or exterior addition or change or alteration of any structure may be started on any portion of the Properties without the Owner first obtaining a building permit and other necessary permits from the proper local governmental authority, and written approval of such permits from the Board, Committee, or the Declarant, as well as plan check approval as set forth in Article 15, Section 8.

Section 15 - Codes

All construction shall conform to the requirements of the State of Washington Rules and Regulations for Installing Electric Wires and Equipment, and Uniform Code (building, mechanical, plumbing), in force at the commencement of the construction, including the latest revisions thereof.

Section 16 - The Time of Completion

The exterior of any structures, including painting or other suitable finish and front yard landscaping, shall be completed within eight (8) months of the beginning of construction so as to present a finished appearance when viewed from any angle. The construction area shall be kept reasonably clean during the construction period.

Section 17 - Entry for Inspection

Any agent, officer or member of the Board, Committee, or Declarant may, at any reasonable predetermined hour upon twenty-four (24) hour notice during construction or exterior remodeling, enter and inspect the structure to determine if there has been compliance with the provisions of this Declaration. The above recited individuals shall not be deemed guilty of trespass for such entry or inspection. There is created an easement over, upon and across the residential Lots for the purpose of making and carrying out such inspections.

ARTICLE 14 UTILITIES

Section 1 - Wiring

The wiring (other than interior wiring) for buildings of any kind shall be underground.

Section 2 - Antennae

No radio or television antennae, or transmitters shall be permitted unless approved by the Committee. Any such installations shall be reasonably screened from public view as a minimum requirement for approval, but such screening shall not guarantee approval by the Committee. Any such installations shall not be approved if, in the sole discretion of the Committee, the installation(s) will detract from the appearance of the Lot or Properties.

Satellite dishes less than thirty-six (36) inches in diameter are permitted without screening, except in the front yard or where visible from the street.

Satellite dishes or parabolic reflectors exceeding thirty-six (36) inches in diameter may be allowed, but must be reasonably screened from public view. Any Lot Owner wishing to install such a reflector shall submit a plan for location and screening to the Committee for approval.

The Committee shall have the authority to require additional screening if it is determined that the installation does not meet reasonable screening requirements.

Section 3 - Utilities: Requirement for Natural Gas Connection

All structures must utilize natural gas for home heating systems, unless otherwise approved by the Declarant. A penalty of One Thousand Five Hundred and No/100 Dollars (\$1,500.00) will be assessed against any Lot Owner's Lot where natural gas is not utilized for home heating systems, unless a specific exemption in writing was first obtained by said Lot Owner from the Declarant. The One Thousand Five Hundred and No/100 Dollars (\$1,500.00) penalty shall be a lien upon the Lot or Lots upon which the residence not using natural gas is located, and shall also be the personal obligation of the Owner of the Lots. Declarant shall have the right to foreclose on said lien if payment is not made by said Lot Owner promptly, within thirty (30) days of the request for such payment by Declarant. The One Thousand Five Hundred and No/100 Dollars (\$1,500.00) to be paid, pursuant to this section, shall be paid to Declarant.

ARTICLE 15 ARCHITECTURAL CONTROL

Section 1 - Architectural Control Committee ("Committee")

So long as the Declarant is either a Class "A" or Class "B" member (voting member) of the Association, the Declarant shall act as the Architectural Control Committee ("act as the Committee") created by this Article 15 (even if the Development Period has ended) unless the Declarant elects not to act as the Committee. If the Declarant is acting as the Committee, the Declarant shall have all authority and perform all functions given to the Committee by these Declarations and applicable law; all references to "Committee" in this Article 15 shall apply to the Declarant while acting as the Committee.

If the Declarant is still a voting member of the Association but elects not to act as the Committee, then (1) if the Development Period has not ended, Declarant shall appoint a Committee to function as the Committee and (2) after the Development Period, the Board shall appoint the Committee. At such time as the Declarant is no longer a voting member of the Association, the Board shall have the

authority to appoint the Committee provided for by this Article 15. The Committee, when appointed, shall consist of not less than three (3) and not more than five (5) Members. It is not a requirement that Members of the Committee be (1) Owners or (2) Members of the Association.

If the Declarant is still a voting member of the Association, but has elected to relinquish its management authority to the Board, pursuant to Article 3, Section 1, then Declarant shall still act as the Committee, pursuant to this Section 1, until such time as Declarant elects not to act as the Committee, or until such time as the Declarant is no longer a voting member of the Association.

Section 2 - Jurisdiction and Purpose

The Committee or the Declarant as set forth herein, shall review proposed plans and specifications for Residences, accessory structures, fences, walls, appurtenant recreational facilities (e.g., hot tubs, basketball courts, tennis courts, swimming pools, and bath houses), or other exterior structures to be placed upon the Properties. No exterior addition, structural alteration, or exterior structures of any kind may be made until plans and specifications showing the nature, kind, shape, height, materials and location of the proposed structure or alteration have been submitted to and approved, in writing, by the Committee. The Committee shall also review proposals to change the exterior color of homes in the Plat . The Committee shall determine whether the exterior design and location of the proposed structure, alteration, or color change harmonizes with the (1) surrounding structures, (2) surrounding natural and built environment, and (3) aesthetic character of other homes in the Plat :

Section 3 - Membership

Except as provided in this Article 15, Section 1, the Committee shall be appointed by the Board. An election to fill either a newly created position on the Committee or a vacancy on the Committee requires the vote of the majority of the entire Board. However, the Board is not obliged to fill a vacancy on the Committee unless the membership of the Committee numbers less than three (3) persons.

Section 4 - Designation of a Representative

The Committee may unanimously designate one or more of its members or a third party to act on behalf of the Committee with respect to both ministerial matters and discretionary judgments. The decisions of such individuals are subject to review by the entire Committee at the request of any member of the Committee.

Section 5 - Donation of Time

No member of the Committee shall be entitled to any compensation for services performed on behalf of the Committee. Committee members shall have no financial liability resulting from Committee actions.

Section 6 - Address of the Committee

The address of the Committee shall be at the registered office address of the Association.

Section 7 - Voting

Committee decisions shall be determined by a majority vote of the members of the Committee.

Section 8 - Submission of Plans

All plans and specifications required to be submitted to the Committee shall be submitted by mail to the address of the Committee in duplicate. The written submission shall contain the name and address of the Owner submitting the plans and specifications, identify the Lot involved, and the following information about the proposed structures:

- a. The location of the structure upon the Lot;
- b. The elevation of the structure with reference to the existing and finished Lot grades.
- c. The general design;
- d. The interior layout;
- e. The exterior finish materials and color, including roof materials;
- f. Other information which may be required in order to determine whether the structure conforms to the standards articulated in this Declaration and the standards employed by the Committee in evaluating development proposals.
- g. A plot plan at a scale of one inch equals 20 feet (1" = 20') shall be required, which shall include topography information if the Lot has a grade difference from one side to another of more than ten (10) feet. The plan shall also include specific details of front and side yard landscaping improvements extending up to the edge of the street paving on the lot frontage, as well as the location of all existing evergreen trees as defined in Article 13, Section 12, along with a notation as to whether or not such trees are to be removed.

- h. The submittal to the Committee must be accompanied by the information summary sheet attached as Exhibit "A" to this Declaration. All information requested must be included on the summary sheet for the Committee to be able to consider the submittal complete. The time period allowed for review by the Committee as set forth in Section 12 herein shall commence once the submittal is considered complete.

Section 9 - Plan Check Fee

All individuals submitting plans to the Committee shall be obliged to pay a reasonable plan check fee to cover the administrative costs of reviewing such development proposals. It will be necessary to pay the plan check fee upon submitting plans and specifications to the Committee. A plan check fee of Fifty and No/100 Dollars (\$50.00) will be charged to review plans and specifications for Residences. A fee of Twenty-five and No/100 Dollars (\$25.00) will be charged for the review of other structures. After the Development Period, the review fees may be changed by vote of a majority of the Board, to cover reasonable review costs.

Section 10 - Evaluating Development Proposals

The Committee shall have the authority to establish aesthetic standards for evaluating development proposals. In addition to such standards, in evaluating development proposals, the Committee shall determine whether the external size, design, color, building materials, appearance, height, configuration, location on the Lot, and landscaping of the proposed Lot (the "design elements") harmonize with (1) the various features of the natural and built environment, (2) the aesthetic character of the other homes in Fairway Estates at Classic Golf & Country Club, and (3) any other factors which affect the desirability or suitability of a proposed structure or alteration (collectively the "approval factors"). The Committee shall decline to approve any design in which (1) the design elements fail to harmonize with the approval factors described in the previous sentence or which fail to meet any aesthetic standards promulgated by the Committee, (2) impacts adversely on nearby Properties and Common Areas, or (3) is of a temporary or non-permanent nature. Committee determinations may be amended by a majority vote of Committee members.

Section 11 - Exclusions

So long as the Declarant is either a Class "A" or Class "B" voting member of the Association, the Declarant shall have the right to waive the plans and specifications review for builders in Fairway Estates at Classic Golf & Country Club. Any such waiver shall not exempt said builder from any of the standards or restrictions articulated in this Declaration, and all structures and improvements shall meet all standards and restrictions contained in these Declarations, subject to any variations approved by the Committee.

Section 12 - Approval Procedures

Within fourteen (14) days after the receipt of a complete application, including all required information, and plans and specifications, the Committee shall approve or disapprove the proposed structure. The Committee may decline to approve plans and specifications which, in its opinion, do not conform to restrictions articulated in this Declaration and criteria (including those in this Article 15, Section 10) or to its aesthetic standards. The Committee shall indicate its approval or disapproval on one of the copies of the plans and specifications provided by the applicant and shall return the plans and specifications to the address shown on the plans and specifications. In the event that no disapproval of such plans and specifications is given within fourteen (14) days of submission, then the plans shall be deemed to be approved. In any event, the Association shall hold the Committee members (and the Declarant, if acting as the Committee) harmless from any actions taken (or actions not taken) relative to the approval, disapproval, or non-action on any plans submitted for review. "Non-action" on the part of the Committee shall not exempt the applicant from any of the provisions of this Declaration or the restrictions articulated herein. By purchasing a Lot in Fairway Estates at Classic Golf & Country Club, the Owners agree that, to the extent permitted by law, the Declarant shall have no liability to the Owners or the Association for any actions taken, or actions not taken, while acting as the Committee.

Section 13 - Compliance with Codes/Environmental Laws

In all cases, ultimate responsibility for satisfying all local building codes and requirements rests with the Owner and contractor employed by the Owner. The Committee has no responsibility for ensuring that plans and specifications which it reviews comply with local building codes and requirements. The Owner shall hold the Committee members (and Declarant) harmless in the event that a structure which the Committee (or Declarant) authorizes fails to comply with relevant building and zoning requirements or these covenants and restrictions contained herein. No person on the Committee or acting on behalf of the Committee, nor the Declarant acting as the Committee, or anyone acting on behalf of the Declarant, shall be held responsible for any defect in any plans or specifications which are approved by the Committee or Declarant nor shall any member of the Committee or any person acting on behalf of the Committee or Declarant be held responsible for any defect in a structure which was built pursuant to plans and specifications approved by the Committee, or by the Declarant.

Neither the Declarant, the Committee, nor any member of the Committee, nor the Association, nor anyone acting on behalf of the Committee or the Association, shall have any responsibility for compliance by Owner (or any agent, representative, guest, or invitee of Owner) with any environmental laws, regulations, or rules, including, but not limited to, those relating to hazardous waste and placement of underground oil storage tanks.

Section 14 - Variations/Final Authority of the Committee

The Committee shall have the authority to approve plans and specifications which do not conform to these restrictions in order to (1) overcome practical difficulties or (2) prevent undue hardship from being imposed on an Owner as a result of applying these restrictions, or (3) to accommodate particular aspects of an application for approval, which when taken in context with the overall proposal by a Lot Owner, does not, in the Committee's sole discretion, have a significant detrimental effect on the Plat or nearby Lots.

For purposes of approval of architectural design requirements, structure placement and all other aspects of review authority granted to the Committee and the Declarant through this Declaration, the decision of the Committee and the Declarant shall be final. The Committee shall have the sole and exclusive authority to deny approval for any construction in the Plat of Fairway Estates at Classic Golf & Country Club, so long as it is the decision of the Committee that such construction will be detrimental to the community of Fairway Estates at Classic Golf & Country Club and/or the lots immediately adjacent thereto. This shall include the right to deny proposed construction which meets the basic minimum requirements of the Declaration, but is substantially out of character or design with the theme of Fairway Estates at Classic Golf & Country Club and/or the majority of construction already approved within the development, or the construction already approved on adjacent or nearby lots.

Section 15 - Enforcement

The Association (including the Declarant on behalf of the Association), Board, or any Owner shall have the right to bring suit for judicial enforcement of a determination of the Committee, or, after the Development Period, to seek an order requiring the Committee to exercise its authority, and perform its functions, under this Article 15. In any judicial action to enforce a determination of the Committee, the losing party shall pay the prevailing party attorney fees, expert witness fees, and other costs incurred in connection with such a legal action or appeal (see Article 16, Section 5).

Enforcement by the Association may also include placement of a "stop work" order on any construction that does not comply with the provisions of this Declaration, including, but not limited to, construction that is started by any Owner without first complying with the provisions of this Article 15 for architectural review. This action may be taken by the Association as deemed necessary in accordance with the provisions of Article 9, Section 4 herein.

The authority to take action under the provisions of this section shall further extend to failure of any Owner to pay the required review fees and submit the necessary plans and specifications required by the provisions of this section to the Association, prior to commencing with any work on said Owner's Lot.

Section 16 - Committee/Declarant Liability

The Association, and all Owners, shall hold the Committee members and the Declarant, if acting as the Committee, harmless from any actions taken (or actions not taken) under any section of this Declaration, including, but not limited to, actions taken (or not taken) under Articles 12, 13 and 15 of this Declaration. By purchasing a Lot in Fairway Estates at Classic Golf & Country Club, the Owners agree that, to the extent permitted by the law, neither the Declarant (nor any officer, director, or representative of Declarant), nor the Committee (nor any member of the Committee) shall have any liability to the Owners or to the Association for any actions taken, or actions not taken, while acting as the Declarant or the Committee under this Declaration.

"Non-action" on the part of the Committee or the Declarant shall not exempt the applicant from any of the provisions of this Declaration or restrictions contained in this Declaration.

ARTICLE 16 GENERAL PROVISIONS

Section 1 - Covenants Running with the Land

The Covenants, Conditions and Restrictions articulated in this Declaration shall run with the land and bind the land for a term of thirty (30) years from the date that this Declaration is recorded. After thirty (30) years have expired, the Covenants, Conditions and Restrictions shall be automatically extended for successive periods of ten (10) years, unless amended pursuant to this Article 16, Section 2.

Section 2 - Amendment

So long as the Declarant is either a Class "A" or "B" member of the Association, this Declaration may be amended only if (1) the Declarant gives the Declarant's express written approval of the Amendment in writing, and (2) the Owners of at least 51 percent (51%) of the lots, as expressed through the voting power granted to said Owners pursuant to Article 10, Section 3 herein, including those owned by Declarant, sign an instrument (which may be executed in counterparts) approving the Amendment. In the event financing for any Lot(s) in the Properties is provided by FHA/VA, approval by FHA/VA shall be required until such time as Declarant is no longer a Class "B" Voting Member of the Association.

At such time as the Declarant is no longer a Class "A" or Class "B" voting member of the Association, this Declaration may only be amended if the Owners of at least 75 percent (75%) of the lots, pursuant to the voting power granted to said Owners pursuant to the terms of Article 10, Section 3 herein, vote to amend particular provisions of this Declaration as then in effect (including any prior

amendments). In no event shall any provisions expressly referring to the Declarant or Novastar Development Inc. be amended at any time without the express written approval of the Declarant and Novastar Development Inc., or their successors in interest (unless the Declarant and Novastar Development Inc. or their successors in interest, no longer exist). All Amendments must be filed with the office of the Pierce County Auditor.

Section 3 - Insurance on Lots

The Association shall have no obligation to obtain any insurance on the Lots or the structures located on the Lots except as expressly provided herein.

Section 4 - Enforcement

The Association (including the Declarant on behalf of the Association), the Board, or any Owner shall have the right to enforce, by any legal proceeding, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration (including, but not limited to, Article 15, Section 15).

Section 5 - Attorney Fees

In the event that it is necessary to seek the services of an attorney in order to enforce any (1) provisions of this Declaration, or (2) lien created pursuant to the authority of this Declaration, the individual against whom enforcement is sought shall be personally obligated to pay any attorney fees incurred. If the Owner fails to pay such fees within sixty (60) days, such fees shall become a lien against the Owner's Lot.

In any legal action commenced in order to enforce the provisions of this Declaration, the prevailing party shall be entitled to recover all reasonable attorney fees and expert witness fees incurred in order to enforce the provisions of this Declaration. The prevailing party shall also be entitled to recover all costs.

Section 6 - Liens for Other Charges

This section shall apply to all fees, charges, penalties, interest, costs, attorney fees and other amounts assessed against an Owner or the Owner's Lot (the "other charges") and which are not described in Article 8, Sections 3 and 4 of this Declaration (the "regular assessments"). Unless otherwise provided in this Declaration, the other charges shall be a personal obligation of the Owner, and also a lien against the Owner's Lots identical to the lien of the regular assessments. The liens upon Lots for other charges may be recorded, collected and foreclosed in the same manner as liens for regular assessments, with the costs (including reasonable attorney fees) of collection or

foreclosure, or both, to be additional "other charges" for which the Owner shall be personally liable and which shall be a lien on the Owner's Lot enforceable as provided in this section.

Section 7 - Interest

All assessments, penalties, liens, fines, and other charges (defined in Section 5 of this Article 6) shall bear interest, if not paid when due, at the rate of 12 percent (12%) per annum until paid in full. The interest shall accrue from the due date.

Section 8 - Successors and Assigns

The covenants, restrictions and conditions articulated in this Declaration shall run with the land and shall accordingly be binding on all successors and assigns.


Section 9 - Severability

The invalidity of any one or more phases, clauses, sentences, paragraphs or sections herein shall not affect the remaining portions of this Declaration or any part thereof. In the event that one or more of the phrases, clauses, sentences, paragraphs or sections contained herein should be invalid, this Declaration shall be construed as if the invalid phrase, clause, sentence paragraph or section had not been inserted.

Section 10 - Rule Against Perpetuities

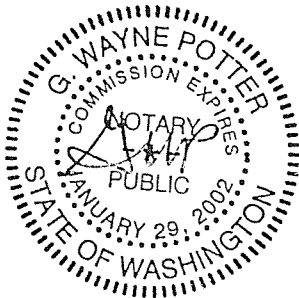
In the event that any provision or provisions of this Declaration violate the rule against perpetuities, such provision or provisions shall be construed as being void and of no effect as of twenty-one (21) years after the death of the last surviving member of the Temporary Board appointed by the Declarant in the Articles of Incorporation for the Association ("First Temporary Board") of the Association or twenty-one (21) years after the death of the last survivor of all of any of the First Temporary Board member's children and grandchildren who shall be living at the time this instrument is executed, whichever is later. All such provisions shall be given full effect until the particular provisions become void under this section.

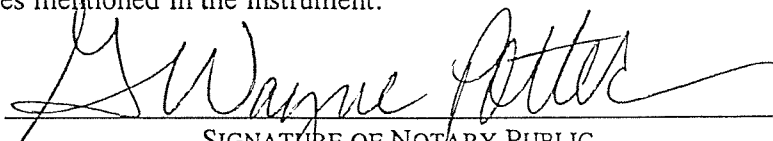
IN WITNESS WHEREOF the undersigned, being the Declarant herein, have hereunto set their hand and seal this 7th day of July, 1998.


CGCC, LLC
NOVASTAR DEVELOPMENT INC., Managing Member
Thomas A. Barghausen, President

State of Washington)
) ss.
County of King)

I certify that I know or have satisfactory evidence that Thomas A. Barghausen signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Novastar Development Inc., Managing Member, to be the free and voluntary act of such part for the uses and purposes mentioned in the instrument.




SIGNATURE OF NOTARY PUBLIC
G. WAYNE POTTER
[PRINT NAME OF NOTARY PUBLIC]

DATED: 7.7.98

**BYLAWS
OF
FAIRWAY ESTATES AT CLASSIC GOLF & COUNTRY CLUB
HOMEOWNERS' ASSOCIATION**

**ARTICLE 1
NAME AND LOCATION**

The name of the corporation is Fairway Estates at Classic Golf & Country Club Homeowners' Association, hereinafter referred to as the "Association." The principal office of the corporation shall be located at 18215 72nd Avenue South, Kent, Washington, 98032, but meetings of members and directors may be held at such places within the state of Washington, county of King, as may be designated by the Board of Directors. The Association shall be a non-profit corporation formed under the provisions of RCW 24.03.

**ARTICLE 2
DEFINITIONS**

For purposes of the Declaration and the Articles of Incorporation and the Bylaws of Fairway Estates at Classic Golf & Country Club Homeowners' Association, certain words and phrases shall have particular meanings as follows:

Section 1 - Declaration

"Declaration" shall mean and refer to the Covenants, Conditions and Restriction of the Fairway Estates at Classic Golf & Country Club Homeowners' Association ("Declaration"), as recorded in records of Pierce County, Washington, under Auditor's File No. 9807200439.

Section 2 - Association

"Association" shall mean and refer to Fairway Estates at Classic Golf & Country Club Homeowners' Association, its successors and assigns.

Section 3 - Board

"Board" shall mean and refer to the Board of Directors of the Association, as provided for in Article 4. For purposes of exercising the powers and duties assigned in the Declaration to the Board during the Development Period, this term shall also mean the "Temporary Board" or "Declarant" as provided in Article 16, unless the language or context clearly indicates otherwise.

Section 4 - Properties

"Properties" shall mean and refer to Lots 1 through 85 of the plat of Fairway Estates at Classic Golf & Country Club, as recorded in records of Pierce County, Washington.

Section 5 - Common Areas

"Common Areas" shall mean and refer to all of the real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the members of the Association, and such area owned as undivided interest by all Owners of said Lots 1 through 85, inclusive of the Properties, as more fully set forth in the Declaration.

Section 6 - Common Maintenance Areas

"Common Maintenance Areas" shall mean those portions of all real property or public right-of-way, including the improvements thereto, maintained by the Association for the benefit of the members of the Association. Common Maintenance Areas to be maintained by the Association are more fully set forth in the Declaration.

Section 7 - Lot

"Lot" shall mean and refer to, Lots 1 through 85, inclusive, of the Properties. Common Areas and Common Maintenance Areas shall not be regarded as Lots.

Section 8 - Declarant

"Declarant" shall mean and refer to CGCC Estates, L.L.C. a Washington State Limited Liability Company whose managing member is Novastar Development Inc., a Colorado Corporation.

Section 9 - Architectural Control Committee

"Architectural Control Committee" shall mean and refer to the duly appointed or elected committee of the Board of Directors as outlined in Article 15 of the Declaration, hereinafter referred to as the "Committee."

Section 10 - Development Period

"Development Period" shall mean and refer to that period as defined in Article 16 herein.

Section 11 - Plat

"Plat" shall mean and refer to the plat of Fairway Estates at Classic Golf & Country Club recorded in Pierce County, Washington.

Section 12 - Residence

"Residence" shall mean and refer to buildings occupying any Lot.

Section 13 - Owner

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of (1) a fee simple title to any Lot that is a part of the Properties (but excluding those persons or entities, such as real estate contract sellers, having record title merely as security for the performance of an obligation), or (2) the Purchaser under a real estate contract prior to issuance of the fulfillment deed for the contract.

ARTICLE 3 MEETING OF MEMBERS

Section 1 - Annual and Special Meetings

A meeting of the Association must be held at least once each year. Special meetings of the Association may be called by the president, a majority of the Board of Directors, or by Owners having ten percent (10%) of the votes in the Association. Not less than fourteen (14), nor more than sixty (60) days in

advance of any meeting, the secretary, or other officers specified in the Bylaws shall cause notice to be hand-delivered or sent prepaid by First Class United States Mail to the mailing address of each Owner, or to any other mailing address designated in writing by the Owner. The notice of any meeting shall state the time and place of the meeting and the business to be placed on the agenda by the Board of Directors for a vote by the Owners, including the general nature of any proposed amendment to the Articles of Incorporation, Bylaws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director.

Except as provided in this section, all annual and special meetings of the Board of Directors shall be open for observation by all Owners of record and their authorized agents. The Board of Directors shall keep minutes of all actions taken by the Board, which shall be available to all Owners. 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 other action which is reasonably identified. The requirements of this section shall not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

The meetings shall be held at such location selected by the Board of Directors, which is deemed by the Board to be reasonably convenient to the Properties.

Section 2 - Quorum

The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes entitled to be cast at the meeting shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without additional notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 3 - Proxies

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing signed by the Member, or his duly authorized attorney-in-fact, and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 4 - Voting

The Association shall have two (2) classes of voting membership:

Class "A" - Class "A" members shall be all Owners, with the exceptions of (1) the Declarant while the Declarant is a Class "B" member, and (2) the Owners of Lots described as exempt in the Declaration. Class "A" members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they by majority determine, but in no event shall more than one (1) vote be cast with respect to any Lot, nor shall any vote be divided. When more than one person holds an interest in any Lot, all such persons shall unanimously designate (in a writing delivered to the secretary of the Association) one of the persons (owning an interest in the Lot) to vote (in person or by proxy) the vote for such lot.

Class "B" - Class "B" member(s) shall be the Declarant (as defined in the Declaration), and shall be entitled to three (3) votes for each Lot owned. The Class "B" membership shall cease and be converted to Class "A" membership upon expiration of the Development Period. The Declarant shall become a Class "A" member as to any Lots owned by Declarant upon expiration of the Development Period.

The voting rights of any Owner may be suspended as provided for either in the Declaration, or in the Articles, or in these Bylaws of the Association.

ARTICLE 4

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1 - Number

Except as provided in Article 16, which provides for management during the Development Period, the affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2 - Term of Office

At the first meeting following the Development Period, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; at each annual meeting thereafter, the Members shall elect one (1) director for a term of three (3) years.

Section 3 - Removal

Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of the predecessor. The provisions of this Section 3 shall not apply to members of the Temporary Board during the development Period, which serve at the sole discretion of the Declarant.

Section 4 - Compensation

No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for the director's actual expenses incurred in the performance of the director's duties.

Section 5 - Action Taken Without a Meeting

Except as provided for in Section 1, the directors shall have the right to take any action in the absence of a meeting in which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 6 - Telephone Meetings

Members of the Board of Directors may participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time. Participation by such telephone or communications equipment means shall constitute presence in person at a meeting.

ARTICLE 5 NOMINATION AND ELECTION OF DIRECTORS

Section 1 - Nomination

Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2 - Election

Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provision of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The election for the Board of Directors may be conducted by mail.

ARTICLE 6 MEETING OF DIRECTORS

Section 1 - Regular Meetings

Except as provided for in Article 3, Section 1, regular meetings of the Board of Directors shall be held without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2 - Special Meetings

Except as provided for in Article 3, Section 1, special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two (2) directors, after not less than three (3) day's notice to each director. The notice may be verbal or in writing.

Section 3 - Quorum

A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board, unless the act of a greater number is required by the Declaration, Articles of Incorporation, or these Bylaws.

ARTICLE 7
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1 - Powers

The Board of Directors shall have power to:

- a. Adopt and publish rules and regulations governing the use of the Common Areas and Common Maintenance Areas, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- b. Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations;
- c. Exercise for the Association all powers, duties and authority vested in or delegated to this Association and which are not reserved to the membership by other provisions of these By-laws, the Articles of Incorporation, or the Declaration;
- d. Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from the three (3) consecutive regular meetings of the Board of Directors; and
- e. Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2 - Responsibilities

The Board of Directors shall have the power and responsibility to:

- a. Enforce the provisions of the Declaration and these By-laws;
- b. Cause to be kept a record of all the Associations' acts and corporate affairs, including, but not limited to, corporate finances;
- c. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- d. As more fully provided in the Declaration, to:
 - 1) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
 - 2) Send written notices of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

- 3) Foreclose the lien against any property for which assessments or other charges are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obliged to pay the same.
 - 4) Take such action, as the Board deems appropriate, to collect any other funds owed to the Association by Association Members or by third parties, including recording and foreclosing any liens upon Member's Lots for assessments or other charges due the Association.
- e. Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - f. Obtain policies of insurance for the Association, the Common Areas or Common Maintenance Areas.
 - g. Obtain legal and accounting services if necessary to the administration of Association affairs, administration of the Common Areas and Common Maintenance Areas, or the enforcement of the Declaration or these By-laws;
 - h. Pay, from Association funds, all costs of maintaining the Common Areas or Common Maintenance Areas;
 - i. If necessary, maintain any Lot if such maintenance is reasonably necessary in the judgment of the Board to (1) protect Common Areas and Common Maintenance Areas, or (2) to preserve the appearance and value of the Properties or Lot. The Board may authorize such maintenance activities if the Owner or Owners of the Lot have failed to or refused to perform maintenance after written notice of the necessity of such maintenance has been delivered by the Board to the Owner or Owners of such Lot, provided that the Board shall levy a special assessment against the Owner or Owners of such Lot and the Lot for the cost of such maintenance. The Owner shall be given the period of time to perform maintenance following notice from the Board as is required by the Declaration or these By-laws, or, in the absence of a provision stating a specific notice period, a reasonable time.
 - j. The Board may also pay any amount necessary to discharge any lien or encumbrance levied against the entire Properties or any part thereof which is claimed or may, in the opinion of the Board, constitute a lien against the Properties rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such liens, they shall be jointly and severally liable for the cost of discharging it and any costs or expenses, including reasonable attorneys' fees and costs of title search incurred by the Board by reason of such lien or liens. Such fees and costs shall be assessed against the Owner or Owners and the Lot responsible to the extent of their responsibility;

This section j of Article 7 shall not affect the right of any Owners, jointly and severally liable to the Association, to a right of contribution, from other Owners also jointly and severally liable under this Section j, for sums paid to the Association under this Section j.

- k. Pay all utility charges attributable to Common Areas or Common Maintenance Areas;
- l. Pay all costs deemed appropriate by the Board to ensure adequate security for the Lots and Common Areas and Common Maintenance Areas constituting the residential community created on the Properties;
- m. Have the exclusive right to contract for goods, services, maintenance, and capital improvements provided, however, that such right of contract shall be subject to Association approval;
- n. Improve the Common Areas and Common Maintenance Areas with capital improvements to such Common Areas and Common Maintenance Areas; provided that for those capital improvements exceeding Five Thousand and No/100 Dollars (\$5,000.00), the addition of such capital improvements to the Common Areas and Common Maintenance Areas must be approved by two-thirds (2/3) of the Members of the Association who are voting in person or by proxy at a meeting duly called for this purpose;
- o. Enter any Lot or Residence, when reasonably necessary, in the event of emergencies or in connection with any maintenance, landscaping or construction for which the Board is responsible. Except in cases of emergencies, the Board, its agents or employees shall attempt to give notice to the Owner or occupant of any Lot or Residence 24 hours prior to such entry. Such entry must be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board, at Association expense, if the entry was due to an emergency (unless the emergency was caused by the Owner of the Lot entered, in which case the cost shall be specially assessed to the Lot and against the Owner of that Lot). If the repairs or maintenance activities were necessitated by the Owner's neglect of the Lot, the cost of such repair or maintenance activity shall be specially assessed to that Lot and against the Owner of the Lot. If the emergency or the need for maintenance or repair was caused by another Owner of another Lot, the cost thereof shall be specially assessed against the Owner of the other Lot and against the other Lot;
- p. Adopt and publish any rules and regulations governing the Members and their guests and establish penalties for any infraction thereof;
- q. Declare the office of a member of the Board to be vacant in the event that a member of the Board is absent from three (3) consecutive regular meetings of the Board;
- r. Employ a manager, an independent contractor, or such other employees as the Board deems necessary and describe the duties of such employees;
- s. Pay for all goods and services required for the proper functioning of the Common Areas and Common Maintenance Areas;
- t. Impose annual and special assessments;
- u. Open a bank account on behalf of the Association and designate the signatories required;

- v. Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions by these By-laws, Articles of Incorporation, or the Declaration. The Board shall have all powers and authority permitted to the Board under the Declaration and these By-laws. However, nothing herein contained shall be construed to give the Board authority to conduct a business for profit on behalf of all the Owners of any of them.

Section 3 - Standard of Case

Except as provided in the Association's governing documents or this section, 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.

Section 4 - Restrictions

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 Owner(s), 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; but the Board of Directors may fill vacancies in its membership of the unexpired portion of any term.

Section 5 - Adoption of Annual Budget

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 Owner(s) to consider ratification of the budget not less than fourteen (14), nor more than sixty (60) days after mailing of the summary. Unless at that meeting the Owner(s) of a majority of the votes in the Association are allocated or any larger percentage specified in the governing documents 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 Owner(s) shall be continued until such time as the Owner(s) ratify a subsequent budget proposed by the Board of Directors.

ARTICLE 8 OFFICER AND THEIR DUTIES

Section 1 - Enumeration of Offices

The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors; a secretary and a treasurer, and such other officers as the Board may, from time to time, by resolution create.

Section 2 - Election of Officers

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3 - Term

The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4 - Special Appointments

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5 - Resignation and Removal

Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6 - Vacancies

A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaced.

Section 7 - Multiple Offices

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8 - Duties

The duties of the officers are as follows:

- a. President - The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.
- b. Vice-President - The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- c. Secretary - The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal, if any, of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.
- d. Treasurer - The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE 9 COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. During the Development Period, the Declarant, at Declarant's sole and exclusive discretion, may elect to exercise and perform the functions of the Architectural Control Committee, as more fully set forth in the Declaration.

ARTICLE 10 BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member.

ARTICLE 11 ASSESSMENTS

Section 1 - Obligation for Assessments

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, and other charges (see Section 6, Article 16, of the Declaration), which are secured by a continuing lien upon the Property against which the assessment or other charge is made. Any assessments or other charges which are not paid when due shall be delinquent. If the assessment or other charge is not paid within thirty (30) days after the due date, the assessment or other charges shall bear interest from the date of delinquency at the rate of 12 percent (12%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment or other charges.

No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas and Common Maintenance Areas or abandonment of the Owner's Lot. The personal liability of any Owner for delinquent assessments or other charges shall not pass to his or her successors in title unless expressly assumed by them. Liens for delinquent assessments and other charges shall be recorded in the office of the Pierce County Recorder.

Section 2 - Use of Assessments

The assessments levied by the Association under Article 8 the Declaration shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and for the improvements and maintenance of the Common Areas and Common Maintenance Areas (as provided in Article 7 of the Declaration).

Section 3 - Annual Assessment

The annual assessment shall be Two Hundred & no/100 Dollars (\$ 200.00) per Lot; Ten percent (10%) of which shall be allocated and paid to the Declarant for plat management services provided by Declarant.

Such allocation of funds to the Declarant shall cease when the Development Period expires and the Association assumes collection costs, bookkeeping and other management responsibilities.

The annual assessments described in this Article 11 shall commence on the date of recording of the final plat of Fairway Estates at Classic Golf & Country Club. The first annual assessment for each Lot Owner shall be adjusted according to the number of days remaining in the calendar year calculated from the date of recording of the division in which the Lot is located.

The annual assessment may be increased during the Development Period to reflect increased (1) maintenance costs, (2) repair costs, or (3) plat management costs. All increases during the Development Period must directly reflect increases in the above-recited costs.

After the Development Period expires, the maximum annual assessment may not be increased each year more than ten percent (10%) above the maximum assessment for the previous year without a vote of the membership pursuant to Section 3(e) of this Article 11 of the By-laws.

After the Development Period expires, the maximum annual assessment may be increased by more than ten percent (10%) over the previous year's maximum annual assessment only if two-thirds (2/3) of the Members of the Association, who are voting in person or by proxy at a meeting duly called for this purpose, consent to such an increase.

After the Development Period expires, the Board of Directors shall fix the annual assessment in accordance with the above-recited standards.

ARTICLE 12 CORPORATE SEAL

The Association may have a seal in circular form, having within its circumference the words: "Fairway Estates at Classic Golf & Country Club Homeowners' Association."

ARTICLE 13 AMENDMENTS

Section 1 - Class of Membership

So long as Declarant is a Class "A" or Class "B" voting member of the Association, these By-laws may not be amended without the written consent of the Declarant. In the event FHA/VA financing is provided for any Lot(s) in the Properties, then these Bylaws may not be amended without FHA/VA approval until such time as Declarant is no longer a Class "B" Voting Member of the Association.

At such time as Declarant is no longer either a Class "A" or Class "B" voting member of the Association (or, prior to such time, with the consent of the Declarant), these By-laws may be amended by a majority of the Board of Directors. The Members shall have concurrent power to amend the By-laws (subject, if applicable, to obtaining any consent of Declarant required by this Section 1 of Article 13) at a regular or special meeting of the Members, by a vote of a majority or a quorum of Members present in person or by proxy.

Section 2 - Authority

In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-laws, the Declaration shall control.

ARTICLE 14 MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of the incorporation.

ARTICLE 15 DELEGATION OF USE

Any Owner may delegate his or her right of enjoyment of Common Areas and Common Maintenance Areas to members of his or her family, or to his or her tenants. In the event an Owner rents or leases his Property, a copy of this Declaration, as well as any rules or regulations that may be adopted by the Association, shall be made available by the Owner to the prospective renter at the time of commitment to the rental agreement. Each Owner shall also be responsible for informing guests and service personnel of the contents of this Declaration, as well as any rules and regulations that may be adopted by the Association as they may relate to appropriate community behavior.

Each Owner personally, shall be responsible for any damages to any Common Areas or Common Maintenance Areas (or any other area maintained by the Association) or to any other Association property, whether real or personal, caused by an Owner's family, guest, tenant, agent, workman, contractor, or other licensee or invitee. The Association shall have a lien upon the Owner's Lot for the amount of the damages.

ARTICLE 16
MANAGEMENT RIGHTS OF DECLARANT DURING DEVELOPMENT PERIOD

Section 1 - Management by Declarant

Development period shall mean that period of time from the date of recording the Declaration until (1) the date seven (7) years from the date of recording the Declaration or (2) the thirtieth (30) day after Declarant has transferred title to the Purchasers of Lots representing 100 percent (100%) of the total voting power of all Lot Owners as then constituted (so that Declarant no longer is entitled to vote either as a Class "A" or Class "B" member of the Association pursuant to Article 10, Section 3, of the Declaration, or (3) the date on which Declarant elects permanently to relinquish all of Declarant's authority under this Article 3, or (4) the date when 75 percent (75%) of the Lot(s) are sold to Purchaser of homes on said Lot(s), excluding any sales to builders for the purpose of constructing homes for resale, by written notice to all Owners, whichever date first occurs. Notwithstanding anything in the Declaration to the contrary, until termination of the Development Period, either upon the sale of the required number of Lots, the expiration of seven (7) years, or at the election of the Declarant, the Property shall be managed and the Association organized at the sole discretion of the Declarant.

Section 2 - Notice to Owners

Not less than ten (10) nor more than thirty (30) days prior to the termination of the Development Period, the Declarant shall give written notice of the termination of the Development Period to the Owner of each Lot. Said notice shall specify the date when the Development Period will terminate and shall further notify the Owners of the date, place and time when a special meeting of the Association will be held. The notice shall specify that the purpose of the Association meeting is to elect new Officers and Directors of the Association. Notwithstanding any provisions of the Articles or these Bylaws of the Association to the contrary, for the purpose of this meeting, the presence, either in person or by proxy, of the Owners of 10 percent (10%) Lots shall constitute a quorum. The Board of Directors and Officers of the Association may be elected by a majority vote in said quorum. If a quorum shall not be present, the Development Period shall nevertheless terminate on the date specified in said notice and it shall thereafter be the responsibility of the Lot Owners to provide for the operation of the Association.

Section 3 - Temporary Board

Declarant may in Declarant's sole discretion, and at such times as the Declarant deems appropriate (including in the Articles of Incorporation of the Association, if the Declarant is the Incorporator of the Association), appoint three persons who may be Lot Owners, or may be representatives of corporate entities or other entities that are Lot Owners, as a Temporary Board. This Temporary Board shall be for all purposes the Board of Directors of the Association, and shall have full authority (including the authority to adopt or amend the Bylaws of the Association) and all rights, responsibilities, privileges and duties to manage the Properties under the Declaration and shall be subject to all provisions of the Declaration, the Articles and these Bylaws. Provided that, after selecting a Temporary Board, the Declarant, in the exercise of the Declarant's sole discretion, may at any time terminate the Temporary Board and reassume the

Declarant's management authority under this Article 16, or select a new Temporary Board under this Article 16. When the Declarant has appointed a Temporary Board, the Temporary Board, during the Development Period, shall have, and may fully exercise, any power or authority granted to the Permanent Board after the Development Period.

Section 4 - Managing Agent

So long as no Temporary Board is managing the Properties or until such time as the first permanent Board is elected, should Declarant choose not to appoint a Temporary Board, Declarant or a managing agent selected by the Declarant shall have the power and authority to exercise all the rights, duties and functions of the Board and generally exercise all powers necessary to carry out the provisions of the Declaration, including, but not limited to, enacting reasonable administrative rules, contracting for required services, obtaining property and liability insurance, collecting and expending all assessments and Association funds, and enforcing the Declaration (including foreclosing any liens provided for by the Declaration). Any such managing agent or the Declarant shall have the exclusive right to contract for all goods and services, payment for which is to be made from any monies collected from assessments. In the event that Association expenses exceed assessments, any monies provided by Declarant for Association expenses that would otherwise be paid for out of Association assessments shall be considered a loan to be repaid to Declarant through regular or special assessments from the Association, together with interest at 12 percent (12%) per annum.

Section 5 - Declarant Obligations

Notwithstanding anything in these By-laws to the contrary, Articles 3, 4, 5, 6, 7 and 8 shall not create any obligations on Declarant during any period within the Development Period in which the Declarant (1) has not appointed a Temporary Board, and (2) Declarant is managing the Property pursuant to the Provisions of the Declaration and this Article 16. Declarant, if Declarant wishes, may follow any provision of Article 3, 4, 5, 6, 7 and 8 of these Bylaws.

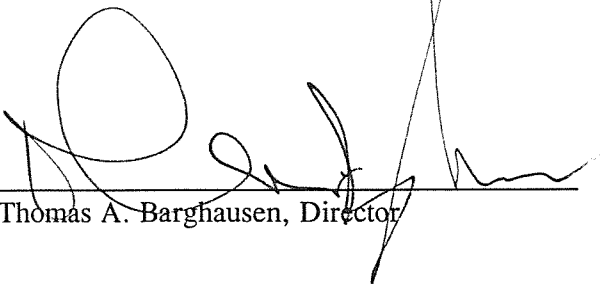

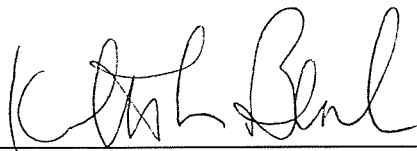
Declarant shall have the management authority granted by this Article 16, notwithstanding anything in these Bylaws to the contrary. Declarant has caused the Temporary Board to be appointed in the Articles of Incorporation of the Association. Declarant may terminate the Temporary Board and reassume the Declarant's management authority under this Article 16, reappoint and terminate successor Temporary Boards, or take any other action permitted by this Article 16, without affecting the authority given the Declarant by this Article 16 and the Declaration to manage the Property and organize the Association at the Declarant's sole discretion.

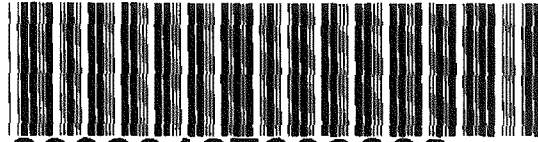
This Article 16 shall cease to be effective upon termination of the Development Period and the election of the first Board of Directors to be elected under Section 2 of this Article 16.

Section 6 - Purpose of Declaration

The requirements and covenants contained in the Declaration and contained, in part, in this Section XVI of these Bylaws, are made to ensure that the Properties will be adequately administered.

IN WITNESS WHEREOF, we, being all of the Directors of Fairway Estates at Classic Golf & Country Club Homeowners' Association, have hereunto set our hands this 20th day of July, 1998.


Thomas A. Barghausen, Director
Carol Benson, Director
Kenneth L. Blondin, Director



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NOVASTAR DEVEL AMND
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Return Address

Novastar Development Inc
18215 - 72nd Avenue South
Kent, WA 98032

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Document Title(s) 1 First Amendment to Declaration of Covenants, Conditions, and Restrictions	Assessor's Property Tax Parcel/Account Number Lots 66 through 85 of the Plat of Fairway Estates at Classic Golf and Country Club under Section No 9807205001
Reference Number(s) of Documents assigned or released if applicable Additional reference numbers are on page 2 of document Recording No 9807200439	
Grantor(s) (Last name first, then first name and initials) 1 Novastar Development Inc 2 3	
Grantee(s) (Last name first, then first name and initials) 1 Fairway Estates at Classic Golf and Country Club Homeowners' Association 2 3	
Legal Description (abbreviated i.e. lot, block, plat or section, township, range) Additional legal is on page of document Located in the Northeast, Northwest, Southwest, and Southeast quarters of the Northeast quarter of Section 12, Township 18 North, Range 3 East, W M , Pierce County, Washington	
The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein	

**FIRST AMENDMENT
TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS**

**RECORDED UNDER
PIERCE COUNTY RECORDING NO. 9807200439
IN
PIERCE COUNTY, WASHINGTON
FOR
FAIRWAY ESTATES AT CLASSIC GOLF AND COUNTRY CLUB**

This Amendment is to the Declaration of Covenants, Conditions and Restrictions recorded under Pierce County, Washington Recording No 9807200439 (hereinafter referred to either as the "Declaration," or as the "Covenants, Conditions, and Restrictions") This Amendment is applicable to all of the real property subject to the Declaration, commonly known as Lots 1 through 85, inclusive, of the plat of Fairway Estates at Classic Golf and Country Club, as recorded in records of Pierce County, Washington, under Recording No 9807205001, being a part of the southeast quarter of Section 12, Township 18 North, Range 3 East, W M , Pierce County, Washington

WHEREAS, the undersigned, **NOVASTAR DEVELOPMENT INC.** and **APPLE HOMES, INC.**, are the owners of more than fifty-one percent (51%) of the lots within the property subject to the Declaration, as defined in this Amendment, AND

WHEREAS, the undersigned, **NOVASTAR DEVELOPMENT INC.** and **APPLE HOMES, INC.**, is also the Declarant as set forth in the original Covenants, Conditions, and Restrictions, as recorded under Pierce County Recording No 9807200439, and hereby consents to the amendments set forth below

NOW THEREFORE, the undersigned, **NOVASTAR DEVELOPMENT INC.** and **APPLE HOMES, INC.**, as authorized by Article 16, "General Provisions," Section 2, "Amendment," of the Declaration does hereby make the following amendments to the Covenants, Conditions, and Restrictions The following amendments shall become and are hereby made a part of all conveyances of real property including all lots incorporated within and being subject to the Declaration The Covenants, Conditions, and Restrictions, as amended by this First Amendment, shall by reference become a part of any such conveyances of lots subject to the Declaration, and shall apply to those conveyances as fully and with the same effect as if the Covenants, Conditions, and Restrictions as amended were set forth in the conveyance of said lots individually Except as may be otherwise deleted or amended herein, all provisions of the original Declaration shall remain in full force and effect

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AMENDMENTS

The Covenants, Conditions, and Restrictions recorded under Pierce County Recording No. 9807200439 are hereby amended as set forth below.

- 1 Article 13, Section 11, "Fence and Walls," is hereby deleted and replaced with the following new Section 11

Fences, walls or hedge rows are only permitted on side and rear property lines, excepting that fences less than four (4) feet high, such as white "picket"-type or wrought iron fencing around front yards may be allowed upon approval of the Committee. However, no such fences, walls or hedge rows shall be allowed on any side or rear property line closer to the front property line than the adjacent residential structure, unless specifically approved by the Committee. For corner Lots, this applies to both street frontage measurements. Fences, walls and hedge rows are not permitted on front easement lines, or on side street property lines for corner Lots, except as may be otherwise approved by the Declarant as part of the subdivision improvements, unless otherwise approved by the Committee. All fences installed on any Lot shall be six (6)-foot solid cedar fencing, wrought iron, or masonry of a type and quality approved by the Committee, except that fencing in the rear yard for Lots 66 through 85 (which abut the golf course) cannot exceed three (3) feet in height. The rear yard for Lots 66 through 85 is defined as that portion of the property lines extending twenty (20) feet past the farthest rear corner of the house. No barbed wire, chain-link, or corrugated fiberglass fences shall be erected on any Lot, except that chain-link fencing for sports facility enclosures may be considered for approval by the Committee upon individual request. All fences must be approved by the Committee prior to installation. The Committee may make available a standard detail for fence construction, which must then be used by all Lot Owners, unless a specific variance from this standard is approved by the Committee in writing. The Committee shall also approve the colors for fence installations. Any fencing installed in the Plat on any Lot which does not meet the standards set forth by the Committee, shall be removed at the Owner's expense upon demand by the Committee.

- 2 Article 1, Section 5, "Common Maintenance Areas," is hereby deleted and replaced with the following new Section 5

"Common Maintenance Areas" shall mean those portions of all real property or city right-of-way, including the improvements thereto, maintained by the Association for the benefit of the members of the Association. Common Maintenance Areas to be maintained by the Association at the time of recording this Declaration are described as follows:

- a All Common Areas as set forth in Section 4 above*
- b All private roads and storm drainage facilities serving the Properties, including Tract "A" storm pond*
- c All landscaping, gates, fencing, irrigation, and related improvements installed at the intersections of 209th Street East and 46th Avenue East, as well as 214th Street East and 46th Avenue East*
- d Fencing along 46th Avenue East and 208th Street East, along with landscaping (if any)*
- e Split rail fencing along the golf course (Lots 1 through 85 only)*
- f Tot lot and associated improvements (Tract B)*
- g Such other areas as may be determined from time to time by the Association as being suitable and necessary for common maintenance by the Association*
- h All private sewer mains within the plat, except for Lots 10 through 17, that are served by a public sewer main.*

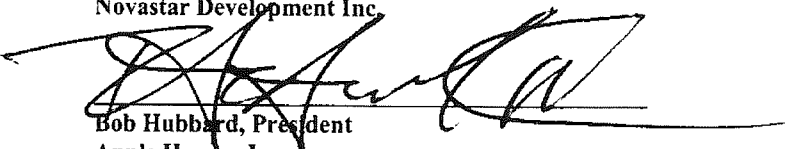
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The foregoing amendments to the Declaration contained in this First Amendment shall (1) for all purposes be and are hereby fully made a part of the original Covenants, Conditions, and Restrictions for the Fairway Estates at Classic Golf and Country Club Homeowners' Association, as recorded under Pierce County Recording No 9807200439, and (2) shall run with the land described in said Declaration, as amended, including, but not limited to, all of the lots within the properties now or hereafter subject to the Covenants, Conditions, and Restrictions within Fairway Estates at Classic Golf and Country Club, and shall be binding on all parties who are, who shall be, or who shall become, the owner of any of said lots

The provisions of the Declaration, as amended by this First Amendment, are for the benefit of the current and future owners of all lots within said properties. The Declaration, as amended by this First Amendment, is intended and designed for the purpose of keeping said lots desirable, uniform, and suitable in architectural design and use. All property described in the Declaration shall be held, sold, and conveyed subject to the Declaration of Covenants, Conditions, and Restrictions as recorded under Pierce County Recording No 9807200439, as amended by this First Amendment

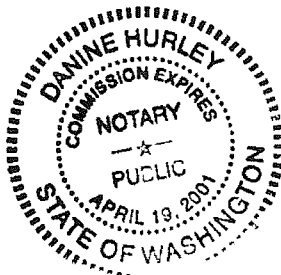
IN WITNESS WHEREOF, we, the undersigned and the Declarant set forth in the Declaration, being also the owner of more than fifty-one percent (51%) of the lots subject to the Declaration, do hereby approve of this Amendment and set our hand and seal this 11th day of April, 2000

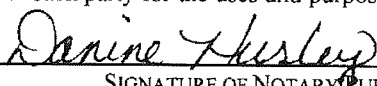

Thomas A. Barghausen, President
Novastar Development Inc.


Bob Hubbard, President
Apple Homes, Inc.

State of Washington)
) ss
County of King)

I certify that I know or have satisfactory evidence that **Thomas A. Barghausen** signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of **Novastar Development Inc.**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument




SIGNATURE OF NOTARY PUBLIC

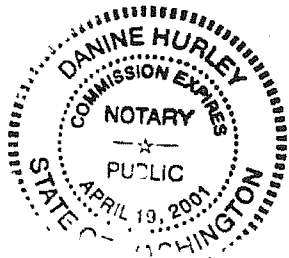
DATED April 11, 2000

Danine Hurley
[Print Name of Notary Public]

Residing in April 19, 2001

State of Washington)
) ss
County of King)

I certify that I know or have satisfactory evidence that **Bob Hubbard** signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of **Apple Homes, Inc.**, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument



Danine Hurley

SIGNATURE OF NOTARY PUBLIC

DATED

April 11, 2000

Danine Hurley

[Print Name of Notary Public]

Residing in

April 19, 2001

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