

WHEN RECORDED RETURN TO:
Lakeridge Development, Inc.
P.O. Box 146
Renton, WA 98057

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR KARA ALSO KNOWN AS KARA ON THE BLUFF

THIS DECLARATION is made on this 2nd day of July, 1998, by the undersigned ("Declarant") who is the owner of certain real property situated in the State of Washington, lots 1 through 37 inclusive and tracts A and B, Plat of Kara, according to Plats thereof recorded in Volume 184 of Plats, pages 6 and 7, records of King County.

DESCRIPTION OF DECLARATION

Declarant desires to develop Kara also known as Kara on the Bluff as a residential community. Declarant also desires to provide for the maintenance of landscaping, fencing, and related items, and to provide for the preservation of the natural values in Kara also known as Kara on the Bluff.

This Declaration establishes a plan for the private ownership of lots and the buildings constructed thereon, for the dedication of certain areas to municipal corporations, and for the beneficial maintenance through a nonprofit corporation of all the remaining land and related easements, hereafter defined and referred to as the "Common Areas." The nonprofit corporation is the KARA ON THE BLUFF HOMEOWNERS ASSOCIATION ("Association"), to which shall be delegated and assigned the duties and powers of maintaining and administering the Common Areas, administering and enforcing these covenants, conditions, and restrictions, and collecting and disbursing the assessments and charges hereinafter created.

NOW, THEREFORE, Declarant hereby covenants, agrees, and declares that all of Kara also known as Kara on the Bluff, as defined herein and described in Exhibit A hereto, and the buildings and structures hereafter constructed thereon are, and will be, held, sold, and conveyed

of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of Kara also known as Kara on the Bluff for the benefit of the Owners thereof, 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 Kara also known as Kara on the Bluff or any part thereof, and shall inure to the benefit of the Owners thereof and to the benefit of the Association and are intended to be and shall in all respects be regarded as covenants running with the land.

ARTICLE 1 - DEFINITIONS

Section 1.1 - Architectural Control Committee

"Architectural Control Committee" shall mean and refer to the duly appointed Committee of the Association as further described in Section 2.7 and as sometimes referred to herein as the "Committee."

Section 1.2 - Association

"Association" shall mean and refer to the Kara also known as Kara on the Bluff Homeowners Association, a Washington nonprofit corporation, its successors and assigns.

Section 1.3 - Association Action

"Association Action" (ACE) shall mean and refer to a written corporate action of the Association in the form of either a bylaw or resolution duly passed by either the Board or the Owners.

Section 1.4 - Board

"Board" shall mean and refer to the board of directors of the Association.

Section 1.5 - Building Setback Line

"Building Setback Line" shall mean and refer to the various lines designated as "BSBL" on the face of the final plat, short plat, or other analogous recorded plan or map, beyond which no structures, filling, grading or other obstructions are permitted as set forth in Section 5.2 hereof.

Section 1.6 - Common Areas

"Common Areas" shall mean and refer to all easements, and Tracts and any improvements thereto that are owned or maintained by the Association, for the benefit of the Lot Owners, and subjected to this Declaration by an appropriate recording. Tracts reserved for access to a particular Lot or Lots and not owned by the Association shall not be considered part of the Common Areas. The Common Areas in Kara also known as Kara on the Bluff are listed in Exhibit B which is attached hereto and incorporated herein by this reference. The Declarant may add to the Common Areas during the Development Period by recording an amendment to this Declaration or by recording a Supplementary Declaration.

Section 1.7 - Declarant

"Declarant" shall mean and refer to LAKERIDGE DEVELOPMENT, INC., a Washington

corporation, its successors and assigns if such successors or assigns should acquire all or substantially all of the then undeveloped portions of Kara also known as Kara on the Bluff from. Declarant for the purpose of development (excluding Participating Builders).

Section 1.8 - Declaration

"Declaration" shall mean and refer to this instrument, as the same may be supplemented or amended from time to time.

Section 1.9 - Development Period

"Development Period" shall mean and refer to that period of time beginning on the date of this Declaration and ending whenever any of the following first occurs:

- (i) 4 years from the date hereof; or
- (ii) upon receipt of written notice from Declarant to the Association in which Declarant elects to terminate the Development Period.

Section 1.10 - Governing Documents

"Governing Documents" shall mean and refer to this Declaration, Supplementary Declarations, and the Articles of Incorporation, Bylaws of the Association, rules and regulations, and rules and procedures of the Architectural Control Committee as any of the foregoing may be amended from time to time.

Section 1.11 - Kara also known as Kara on the Bluff

"Kara also known as Kara on the Bluff" shall mean and refer to that certain real property known as "The Recorded Plat of Kara also known as Kara on the Bluff" which is legally described on Exhibit A attached hereto, and such additions thereto as may hereafter be brought within the terms and conditions hereof by an appropriate recording.

Section 1.12 - Lot

"Lot" shall mean and refer to any legally segmented and alienable portion of Kara also known as Kara on the Bluff created through subdivision or any other legal process for dividing land and subjected to this Declaration by an appropriate recording, with the exception of dedicated rights of way and Tracts designated as Common Areas or reserved for access to a particular Lot or Lots.

Section 1.13 - Mortgage

"Mortgage" shall mean and refer to any recorded mortgage or deed of trust encumbering one or more of the Lots. "First Mortgage" shall mean and refer to a Mortgage with priority over other Mortgages. "Mortgagee" shall mean and refer to the holder or beneficiary of any Mortgage and shall not be limited to Institutional Mortgagees. As used herein, the term "Institutional Mortgagee" or "Institutional Holder" shall include banks, trust companies, insurance companies, mortgage companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, Federal National Mortgage Association

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Federal Home Loan Mortgage Corporation, all corporations, and any agency or department of the United States Government or of any state or municipal government.

Section 1.14 - Native Growth Protection Easement

"Native Growth Protection Easement" shall mean and refer to an area in a Lot or Tract so designated on the final plat, short plat, or other analogous recorded plan or map, in which the removal of trees and significant natural ground cover, as well as the conduct of other activities, are restricted pursuant to the provisions of Article 5 herein.

Section 1.15 - Owner

"Owner" shall mean and refer to the record owner (whether one or more persons or entities) of a fee interest in any Lot, including the Declarant and Participating Builders but excluding Mortgagees or other persons or entities having such interest merely as security for the performance of any obligation.

Section 1.16 - Participating Builder

"Participating Builder" shall mean and refer to a person or entity that acquires a portion of Kara also known as Kara on the Bluff for the purpose of improving such portion for resale to individual Owners or for self occupation.

Section 1.17 - Phase

"Phase" shall mean and refer to any portion of Kara also known as Kara on the Bluff that is made subject to this Declaration from time to time by Declarant by an appropriate recording.

Section 1.18 - Single Family

"Single Family" shall mean and refer to a single housekeeping unit that includes not more than 4 adults who are legally unrelated.

Section 1.19 - Supplementary Declaration

"Supplementary Declaration" shall mean and refer to any recorded declaration of covenants, conditions, restrictions and easements which extends the provisions of this Declaration to a Phase.

Section 1.20 - Tract

"Tract" shall mean and refer to any legally segmented and alienable portion of Kara also known as Kara on the Bluff created through subdivision or any other legal process for dividing land and subjected to this Declaration by an appropriate recording, with the exception of Lots and dedicated rights of way.

ARTICLE 2 - KARA ON THE BLUFF HOMEOWNERS ASSOCIATION

Section 2.1 - Description of Association

The Association is a nonprofit corporation vested with the powers prescribed by law and set

forth in the Governing Documents, as they organized and existing under the Laws of the State of Washington charged with the duties and may be amended from time to time; provided, however, that no Governing Documents other than this Declaration shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 2.2 - Association Board

During the Development Period the Declarant shall manage the Association and shall have all the powers of the Board set forth herein. The Declarant may, from time to time, select a temporary board of not fewer than 3 persons who need not be Owners to manage the Association during the Development Period. The temporary board shall have the full authority to manage the Association under the Governing Documents and shall be subject to all provisions of the Governing Documents; provided that, after selecting a temporary board, Declarant may at any time terminate the temporary board and reassume its management authority under this Section 2.2 or select a new temporary board. Upon termination of the Development Period, the terms of the temporary Board selected by the Declarant, if any, shall terminate and the Board shall manage the Association as provided herein. The Board shall be elected from among the Owners, as provided in the Bylaws of the Association. The Board shall elect officers of the Association from among the Board members, which shall include a president who shall preside over meetings of the Board and meetings of the Association.

Section 2.3 - Votes Appurtenant to Lots

Every Owner shall be a member of the Association and shall be entitled to cast one vote in the Association for each Lot owned. A vote shall be appurtenant to and held and owned in the same manner as the beneficial fee interest in the Lot to which it relates. A vote shall not be separated from ownership of the Lot to which it relates; provided, however, that when more than one entity holds the beneficial fee interest in any Lot, the vote therefor shall be cast as the Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot; and if the several Owners of a Lot are unable to agree as to the casting of their vote, such vote shall not be counted. If a Lot is further subdivided as provided in Section 5.1 hereof, the Owner of each additional Lot created shall be entitled to one vote in the Association for each Lot owned.

Section 2.4 - Initial Number of Votes; Additional Phases

From the commencement of the existence of the Association,, there shall be a total of 37 outstanding votes in the Association. During the Development Period, the Declarant shall be entitled to cast 37 votes, less one vote for each Lot then owned by an Owner other than Declarant. Upon the addition of additional Phases to Kara also known as Kara on the Bluff during the Development Period as provided in Section 9.1 hereof, the number of votes in the Association shall be adjusted to reflect the increased number of Lots, and Declarant shall be entitled to cast all such votes, less one for each such Lot owned by an Owner other than the Declarant.

Section 2.5 - Owner's Compliance with Governing Documents

By acceptance of a deed to a Lot, (recording of a real estate contract conveying title to a Lot), or any other means of acquisition of an ownership interest, the Owner thereof covenants and agrees, on behalf of himself and his heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents and all rules and regulations duly promulgated pursuant to Association Action.

Section 2.6 - Rules and Regulations

The Board on behalf of the Association shall have the power to adopt, modify, and amend rules and regulations governing the use of Kara also known as Kara on the Bluff, provided that such rules and regulations shall not be inconsistent with this Declaration. The rules and regulations shall apply uniformly to all Owners, except as specifically provided herein. The Board shall have the power to enforce the rules and regulations on behalf of the Association and may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use the Common Areas or portions thereof. Any such rules and regulations shall become effective 30 days after promulgation and shall be mailed to all Owners prior to their effective date. A copy of the rules and regulations then in force shall be retained by the secretary of the Association. The Declarant on behalf of the Board may adopt the initial rules and regulations.

Section 2.7 - Architectural Control Committee

During the Development Period, the Declarant or a Representative appointed by the Declarant shall act as the Architectural Control Committee. After termination of the Development Period, the Board shall appoint members to the Architectural Control Committee. One member of the Committee shall be appointed for a term of one (1) year, one member shall be appointed for a term of two (2) years, and the third member shall be appointed for a term of three (3) years. Thereafter, members of the Committee shall be appointed for three-year terms.

Section 2.7.1 - Jurisdiction and Purpose

The Committee shall review proposed plans and specifications for construction of all residences and other structures within Kara also known as Kara on the Bluff, and including any additions, exterior alterations, landscaping, clearing, painting and excavation. The Owner shall submit architectural and landscaping plans and specifications to the Committee for its review, together with a site plan for the Lot, including location and type of fencing.

Section 2.7.2 - Approval Procedures

An application for approval must be submitted in writing by the Owner to the Committee at the registered office of the Association. The Committee shall review the application in accordance with the provisions of this Section 2.7 as soon as possible after a complete application has been filed. The decision of a majority of the members of the Committee shall be the decision of the Committee. One copy of approved plans will remain in the Committee's files. All disapproved plans will be returned to the Owner.

Section 2.7.3 - Failure of Committee to Take Action

Except as provided in Section 2.7.5 below, in the event that the Committee fails to respond to an Owner's complete and properly submitted application within twenty (20) days after the Committee has notified the Owner that the application is complete, formal written approval will not be required, and the provisions for approval shall be deemed to have been fully complied with, provided that the minimum requirements as set forth herein have been met.

Section 2.7.4 - Committee's Obligation

The Committee, in its deliberations and in the discharge of its obligations hereunder, shall act objectively and fairly in making decisions concerning various plans, specifications, plot plans and landscape plans submitted to it by various Owners for consideration in accordance with the provisions of this Declaration. Further, the determinations of the Committee as to noncompliance shall be in writing, signed by the Committee, and shall set forth in reasonable detail the reason for noncompliance. The Committee may approve, approve with conditions, or disapprove an application or any part thereof. In all cases, the ultimate responsibility for satisfying all local building codes and governmental requirements rests with the Owner. The Committee shall be held harmless from building requirements not complied with.

Section 2.7.5 - Exemptions and Variances from Committee Requirements

The Committee may, upon application, grant exemptions and variances from the rules and procedures of the Committee and the requirements of this Declaration when the party requesting such exemption or variance establishes to the satisfaction of the Committee that the improvement or other matters which are desired by the applicant are aesthetically as appealing, suited to climatic conditions, and compatible with the overall character of the development as are similar improvements or matters which conform to the requirements of this Declaration. Requests for an exemption or variance shall be submitted in writing to the Committee and shall contain such information as the Committee shall from time to time require. The Committee shall consider applications for exemption or variance and shall render its decisions within thirty (30) days after notice to the Owner of proper submission. The failure of the Committee to approve an application for an exemption or variance shall constitute disapproval of such application.

Section 2.7.6 - Failure of Owner to Comply

Failure of the Owner to comply with the rules and procedures of the Committee or the final application as approved by the Committee shall, at the election of the Association's Board exercised after thirty (30) days written notice to such Owner, constitute a violation of this Declaration. In that event, the Board shall be empowered to assess a penalty commensurate with the violation which shall constitute a lien against such Lot, enforceable as provided herein and/or pursue any other remedy at law including, but not limited to an action for specific performance.

ARTICLE 3 - ASSOCIATION BUDGET, ASSESSMENTS, AND LIENS

Section 3.1 - Owner's Covenants to Pay Assessments

By acquisition of any ownership interest in a Lot, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to pay the Association, in advance, all general and specific assessments levied as provided herein.

Section 3.2 - Association Budget

The Association shall prepare, or cause the preparation of, an operating budget for the Association at least annually, in accordance with generally accepted accounting principles. The operating budget shall set forth all sums required by the Association, as estimated by the Association, to meet its annual costs and expenses, including but not limited to all management and administration costs, operating and maintenance expenses of the Common Areas, and services furnished to or in connection with the Common Areas, including the amount of all taxes and assessments levied against, and the cost of liability and other insurance on, the Common Areas, and including charges for any services furnished by or to the Association; the cost of utilities and other services; and the cost of funding all reserves established by the Association. The funds required to meet the Association's annual expenses shall be raised from a general assessment against each Owner as provided hereafter. The Association may revise the operating budget after its preparation at any time and from time to time, as it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Association.

Section 3.3 - Levy of General Assessment

In order to meet the costs and expenses projected in its operating budget, the Association shall by Association Action determine and levy in advance on every Owner a general assessment. The amount of each Owner's general assessment shall be the amount of the Association's operating budget divided by the sum of the number of Lots. The Association shall make reasonable efforts to determine the amount of the general assessment payable by each Owner for an assessment period at least 30 days in advance of the beginning of such period and shall at that time prepare a roster of the Owners and the general assessment allocated to each, which shall be open to inspection by any Owner upon reasonable notice to the Association. Notice of the general assessment shall thereupon be sent to each Owner; provided, however, that notification to an Owner of the amount of an assessment shall not be necessary to the validity thereof. The omission by the Association, before the expiration of any assessment period, to fix the amount of the general assessment hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release by any Owner from the obligation to pay the general assessment, or any installment thereof, for that or any subsequent assessment period, but the general assessment fixed for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Association of the operating budget during the assessment period for which such budget was prepared, the Association shall, if necessary, revise the general assessment levied against the Owners and give notice to each Owner.

Section 3.4 - Payment of General Assessment

Upon Association Action, installments of general assessments may be collected on a monthly, quarterly, semiannual, or annual basis. Any Owner may prepay one or more installments on any

assessment levied by the Association without penalty

Section 3.5 - Nondiscriminatory Assessment

Except as provided Section 5.15 hereof, no assessment shall be made at any time which may unreasonably discriminate against any particular Owner or group of Owners in favor of other Owners. However, a special assessment may be made against a particular Owner by a two-thirds majority vote of the Board if, after notice from the Association of failure to maintain such Lot in a condition comparable to the other Lots has been given, the Association elects to expend funds to bring such Owner's Lot up to such comparable standard.

Section 3.6 - Commencement of Assessments

Liability of an Owner for assessments shall commence on the first day following the date upon which any instrument of transfer to such Owner becomes operative (such as the date of a deed or the date of a recorded real estate contract for the sale of any Lot. The Declarant, its successors and assigns shall be liable for any assessments with respect to any Lots it owns at the commencement of any assessment period. The due dates of any special assessment payments shall be fixed by the Association Action authorizing such special assessment.

Section 3.7 - Certificates of Assessment Payment

Upon request, the Board shall furnish written certificates certifying the extent to which assessment payments on a specified Lot are paid and current to the date stated therein. A reasonable charge may be made by the Association for the issuance of such certificate.

Section 3.8 - Special Assessments

In addition to the general assessments authorized by this Article, the Association may, by Association Action, levy a special assessment or assessments at any time, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a capital improvement located upon or forming a part of the Common Areas, including necessary fixtures and personal property related thereto, or for such other purpose as the Association may consider appropriate; provided, however, that any such special assessment in excess of \$750 per Lot must have the prior favorable vote of two-thirds of the Owners.

Section 3.9 - Effect of Nonpayment of Assessment

If any assessment payment is not made in full within 30 days after it was first due and payable, the unpaid amounts shall constitute a lien against the Lot assessed and shall bear interest from such due date at a rate set by the Board in its rules and regulations which shall not exceed the highest rate then permitted by law. By acceptance of a deed to a Lot, recording of a real estate contract therefor, or any other means of acquisition of an ownership interest, and whether or not it shall be so expressed in any such deed or other instrument, each Owner shall be deemed to grant thereby to the Association, its agents and employees, and to Declarant during the Development Period, the right and power to bring all actions against such Owner personally for the collection of such assessments as a debt, and to enforce the liens created by this Declaration

in favor of the Association by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this Declaration shall be for the benefit of the Association, and the Association shall have the power to bid at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot foreclosed against.

Section 3.10 - Lien to Secure Payment of Assessments

Declarant hereby creates in the Association perpetually the power to create a lien in favor of the Association against each Lot, to secure to the Association the payment to it of all assessments, interest, costs, and attorneys' fees; and Declarant hereby subjects all Lots perpetually to such power of the Association. Such lien shall arise in accordance with the terms of this Declaration without the necessity of any further action by the Association, and any such lien when created, shall be a security interest in the nature of a mortgage in favor of the Association. Such lien shall become a continuing lien in the amount stated in the assessment from the time of the assessment, but expiring pro rata as the assessment payments are made, and shall also be the personal obligation of the person or entity who is the Owner of the Lot at the time of the assessment. The personal obligation to pay a prior assessment shall not pass to successors in interest unless expressly assumed by them; provided, however, that in the case of a sale or contract for the sale of any Lot which is charged with the payment of an assessment, the person or entity who is the Owner immediately prior to the date of such sale shall be personally liable for the amounts of the monthly installments due prior to said date, and the new Owner shall be personally liable for monthly installments becoming due on or after such date. The foregoing limitation on the duration of the personal obligation of an Owner to pay assessments shall not, however, affect the validity or duration of the continuing lien for unpaid assessments against the respective Lot.

Section 3.11 - Suspension for Nonpayment of Assessment

If an Owner shall be in arrears in the payment of any assessment due, or shall otherwise be in default of the performance of any terms of the Governing Documents of the Association for a period of 30 days, said Owner's voting rights shall without the necessity of any further action by the Association, be suspended (except as against foreclosing secured parties) and shall remain suspended until all payments, including interest thereon, are brought current and any other default is remedied. No Owner is relieved of liability for assessments by nonuse of the Common Areas or by abandonment of a Lot.

Section 3.12 - Reserves for Replacement

As a common expense, the Association shall establish and maintain a reserve fund for replacement of the Common Areas and any improvements thereon. Such fund shall be deposited with a banking institution. The reserve fund shall be expended only for the purpose of effecting the replacement of the Common Areas and any improvements and community facilities thereon, major repairs to any sidewalks, parking areas, or pathways developed as a part of Kara also known as Kara on the Bluff, equipment replacement, and for operating contingencies of a nonrecurring nature. The Association may establish such other reserves for such other purposes as it may from time to time consider to be necessary or appropriate. The proportional interest of

any Owner in any such reserves shall be considered an appurtenance of his Lot and shall not be separately withdrawn, assigned, or transferred from the Lot to which it appertains.

Section 3.13 - Certain Areas Exempt

The Tracts and all portions of Kara also known as Kara on the Bluff dedicated to and accepted by the City of Renton or other public authority shall be exempt from assessments by the Association.

ARTICLE 4 - SUBORDINATION OF LIENS

Section 4.1 - Intent of Provisions

The provisions of this Article 4 apply for the benefit of each Mortgagee who lends money for purposes of construction or to secure the payment of the purchase price of a Lot.

Section 4.2 - Mortgagee's Nonliability

The holder of a Mortgage shall not, by reason of its security interest only, be liable for the payment of any assessment or charge, nor for the observance or performance of any covenant or restriction, excepting only those enforceable by equitable relief and not requiring the payment of money, and except as hereafter provided.

Section 4.3 - Mortgagee's Rights During Foreclosure

During foreclosure of a Mortgage, including any period of redemption, the holder of the Mortgage may exercise any or all of the rights and privileges of the Owner of the encumbered Lot, including but not limited to the right to vote in the Association to the exclusion of the Owner's exercise of such rights and privileges.

Section 4.4 - Mortgagee as Owner

At such time as a Mortgagee shall become the record Owner of the Lot previously encumbered by the Mortgage, the Mortgagee shall be subject to all of the terms and conditions of this Declaration, including the obligation to pay for all assessments and charges in the same manner as any Owner.

Section 4.5 - Mortgagee's Title Free and Clear of Liens

A Mortgagee or other secured party acquiring title to a Lot through foreclosure, deed in lieu of foreclosure, or equivalent method, shall acquire title to the encumbered Lot free and clear of any lien authorized by or arising out of the provisions of this Declaration, insofar as such lien secures the payment of any assessment due but unpaid before the final conclusion of any such proceeding, including the expiration date of any period of redemption. The Association may treat any unpaid assessments against a Lot foreclosed against as an expense of the Association pursuant to Section 3.2.

Section 4.6 - Survival of Assessment Obligation

After the foreclosure of a security interest in a Lot, any unpaid assessments shall continue to exist and remain as a personal obligation of the Owner against whom the same was levied, and the Association shall use reasonable efforts to collect the same from such Owner.

Section 4.7 - Subordination of Assessment Liens

The liens for assessments provided for in this Declaration shall be subordinate to the lien of any first Mortgage or other security interest placed upon a Lot as a construction loan security interest or as a purchase price security interest, and the Association will, upon demand, execute a written subordination document to confirm such priority. The sale or transfer of any Lot or of any interest therein shall not affect the liens provided for in this Declaration except as otherwise specifically provided for herein, and in the case of a transfer of a Lot for purposes of realizing a security interest, liens shall arise against the Lot for any assessment payments coming due after the date of completion of foreclosure.

ARTICLE 5 - USE COVENANTS, CONDITIONS, AND RESTRICTIONS

Section 5.1 - Authorized Uses

Lots in Kara also known as Kara on the Bluff shall be used solely for residential purposes and related facilities normally incidental to a residential community. During the Development Period, no Lot shall be further subdivided without Declarant's prior written approval. Thereafter, no Lot shall be further subdivided, except as permitted in this Declaration and any Supplemental Declaration, without prior approval conferred by Association Action.

Section 5.2 - Approval of Building or Clearing Plans Required

No building, fence, deck, patio, wall, kennel, or other structure shall be commenced, erected, or maintained upon a Lot or any other portion of Kara also known as Kara on the Bluff, nor shall any exterior additional to or change or alteration therein be made, nor shall a Lot be cleared or excavated for use, nor shall any tree of 12 inches or more in diameter on any Lot, measured one foot above ground level, be cut, until after the details and written plans and specifications showing the nature, kind, shape, height, materials, colors, and location of the same shall have been submitted to and approved in writing by the Architectural Control Committee. Any structure so approved must be completed as to external appearance, including finished staining, within nine (9) months after the date construction is commenced unless the Committee elects to grant an extension. Although the Committee shall have full authority to approve or disapprove of any specific proposal, the following restrictions shall apply to Kara also known as Kara on the Bluff in general:

Section 5.2.1 - Building Setbacks

No structures, filling, grading or obstruction, shall be permitted beyond the Building Setback Line, or within any drainage easement area as shown on the face of the final plat or within any Native Growth Protection Easement unless otherwise approved by the Committee and by the City of Kent.

Section 5.2.2 - Building Materials

Each home constructed on a lot shall be built of new materials except, with the approval of the Committee, decorative items such as used brick, weathered planking or other natural materials. All visible masonry shall be stone, brick or stucco. Cultured stone and synthetic stucco are permissible. All composition roofs in each Division of Kara shall be of the same manufacturer, color and model. The grade of roof material may vary with approval of the Committee. Vinyl windows, oriented strand board and other synthetic siding materials may be used with approval of the Committee. Types and colors of exterior paints and stain must be submitted to the Committee for approval.

Section 5.2.3 - Landscaping and Fencing

Front yards shall be fully landscaped within nine (9) months after the date construction of the home commences unless extended by the Committee. Side yards and rear yards shall be landscaped or left in their natural state. No trees outside the building footprint which are greater than twelve (12) inches in diameter when measured one foot above ground shall be cut without the approval of the Committee. No fence erected within Kara also known as Kara on the Bluff shall be over six (6) feet in height. No barbed wire, chain link or corrugated fiberglass fences shall be erected on any Lot. All fences, open and solid, are to meet the standards set by the Committee and must be approved by the Committee prior to construction.

Section 5.2.4 - Floor Area

Only one Single Family home not to exceed two (2) stories in height plus basement and a private garage shall be permitted on each Lot. If a home is built on a Lot, it must include a garage for not less than two (2) cars which is fully enclosed; the garage may be attached or detached (no carports). The foregoing provisions shall not exclude construction of a private greenhouse, storage unit, private swimming pool or a shelter or porch for the protection of such swimming pool, or for the storage of a boat and/or camping trailer kept for personal use, provided the location of such structures is in conformity with the applicable municipal regulations, is compatible in design and decoration with the residence constructed on such Lot and has been approved by the Architectural Control Committee. The minimum allowable square footage of any residence within Kara also known as Kara on the Bluff shall be as follows: Rambler homes shall include no less than 1,600 square feet of living space. Two story homes shall include no less than 2,000 square feet of living space. "Living space" shall not include porches, decks, balconies, garages, or outbuildings. The Architectural Control Committee may accept variances from the floor area requirements of this Subsection.

Section 5.2.5 - Contractor

No home may be constructed on any Lot by other than a contractor licensed as a general contractor under the statutes of the State of Washington without the prior approval of the Architectural Control committee.

Section 5.2.6 - Driveways

All driveways and parking areas shall be paved with concrete, exposed aggregate concrete, or other material approved by the Architectural Control Committee.

Section 5.2.7 - Street Lights

Street lights will be installed by the Developer. The expense for the operation of such street lights shall become the sole expense of the Association.

Section 5.3 - Leasing Restrictions

No Lot may be leased or rented by any party for a period of fewer than 30 days, nor shall less than the whole of any Lot be leased or rented. Each lease or rental agreement shall be in writing and shall by its terms provide that it is subject in all respects to the provisions of the Governing Documents. Any failure by a lessee to comply with the terms of the Governing Documents shall be a default under the lease, whether or not it is so expressed therein. Other than the foregoing, there is no restriction on the right of any Owner to lease his Lot.

Section 5.4 - Animals

No animals, livestock, or poultry of any kind shall be raised, bred, or kept on Lots less than one acre in size; provided, however, that dogs, cats, or other conventional small household pets may be kept if they are not kept, bred, or maintained for any commercial purposes. No domestic pet may be kept if it is a source of annoyance or a nuisance. The Association shall have the authority to determine whether a particular pet is a nuisance or a source of annoyance, and such determination shall be final and conclusive. Pets shall be attended at all times and shall be registered, licensed, and inoculated from time to time as required by law. When not confined to the Owner's Lot, pets within Kara also known as Kara on the Bluff must be leashed and accompanied by a person responsible for cleaning up any animal waste.

Section 5.5 - Commercial Uses

No commercial enterprise, including itinerant vendors, shall be permitted on any Lot; provided, however, that the Association may permit specified home occupations to be conducted if such occupation will not, in the reasonable judgment of the Association, cause traffic congestion or other disruption of the Kara also known as Kara on the Bluff community; and provided further that no signs or advertising devices of any character shall be permitted.

Section 5.6 - Vehicle Storage

No storage of goods, vehicles, boats, trailers, trucks, campers, recreational vehicles or other equipment or device shall be permitted in open view from any Lot, except this shall not exclude temporary (less than 48 hours) parking of vehicles on the designated driveway areas adjacent to garages on the Lots. Upon 48 hours notice to the owner of an improperly parked or stored vehicle, boat, or other equipment, the Association has authority to have removed at the Owner's expense any such items visible from the street that are parked on any Lot or within the public right-of-way for more than 24 hours.

Section 5.7 - Garbage

No garbage, refuse, or rubbish shall be deposited or left in Kara also known as Kara on the Bluff, unless placed in a suitable covered container. Trash and garbage containers shall not be permitted to remain in public view except on days of trash collection. No incinerator shall be kept or maintained, and no burning of any trash, refuse, or scrap of any kind shall be permitted.

Section 5.8 - Utilities Underground

Except for hoses and the like which are reasonably necessary in connection with normal lawn maintenance, no water pipe, sewer pipe, gas pipe, drainage pipe, telephone, power, or television cable, or similar transmission line shall be installed or maintained above the surface of the ground.

Section 5.9 - Mining Prohibited

No portion of Kara also known as Kara on the Bluff shall be used for the purpose of boring, mining, quarrying, or exploring for or removing oil or other hydrocarbons, minerals, gravel, or earth.

Section 5.10 - Signs

Except for entrance, street, directional, traffic control, and safety signs, and such promotional signs as may be maintained by Declarant and participating Builders, or agents or contractors thereof, or the Association, no signs or advertising devices of any character shall be posted or displayed in Kara also known as Kara on the Bluff; provided, however, that one temporary real estate sign not exceeding 10 square feet in area may be erected upon any Lot or attached to any residence placed upon the market for sale or lease. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Lot or residence. Political signs shall be allowed provided they are removed immediately after the election for which they were intended.

Section 5.11 - No Obstruction of Easements

No structure, planting, or other material shall be placed or permitted to remain upon Kara also known as Kara on the Bluff which may damage or interfere with any easement or the installation or maintenance of utilities, or which may unreasonably change, obstruct, or retard direction or flow of any drainage channels. No decorative planting, structure or fence may be maintained within an easement area unless specifically approved by the Architectural Control Committee.

Section 5.12 - Antennae

No external short-wave or citizens' band antennae, freestanding antenna towers, TV antennae or satellite reception dishes of any kind shall be permitted in Kara also known as Kara on the Bluff. The only exception to this rule is for satellite dishes 18" or less in diameter. Placement of such satellite dishes must be approved by the Association.

Section 5.13 - Owners' Maintenance Responsibilities

The maintenance, upkeep, and repair of individual Lots and homes shall be the sole responsibility of the individual Owners thereof, and in no way shall it be the responsibility of the Association, its agents, officers or directors. Owners shall maintain their Lots and homes in good

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repair and in a clean, sightly, and sanitary condition at all times. Without limitation as to the foregoing, each Owner shall be obligated to keep his Lot and home in a clean, sightly and sanitary condition and maintain the landscaping on his Lot in a healthy and attractive state and in a manner comparable to that on the other Lots in Kara also known as Kara on the Bluff. No storage of firewood shall be permitted in front yards. After thirty (30) days' written notice to an Owner from the Association of such Owner's failure to so maintain his home or Lot, and after approval of a two-thirds majority vote by the Board or other Association committee to which such oversight responsibility shall have been delegated, the Association shall have the right, through its agents and employees, to enter upon any Lot which has been found to violate the foregoing standards in order to restore the home or Lot to such standards. The cost of such work shall be a special assessment on such Owner and his Lot only.

Section 5.14 - Nuisances Prohibited

No noxious or offensive activity shall be conducted in any portion of Kara also known as Kara on the Bluff, nor shall anything be done or maintained therein in derogation or violation of the laws of the State of Washington, King County, or any other applicable governmental entity. Nothing shall be done or maintained on any portion of Kara also known as Kara on the Bluff which may be or become an annoyance or nuisance to the neighborhood or detract from the value of the Kara also known as Kara on the Bluff community. The Association shall determine by Association Action whether any given use of a Lot or living unit unreasonably interferes with the rights of the other Owners to the use and enjoyment of their respective Lots and Living Units, or of the Common Areas, and such determination shall be final and conclusive.

Section 5.15 - Relief from Certain provisions

In cases where an Owner has made a factual showing that strict application of the provisions of Sections 5.4, 5.5, 5.6, 5.10, and 5.12 only of this Article (regulating animals, commercial uses, vehicle storage, signs and antennae, respectively) would work a severe hardship upon him, the Board by Association Action may grant the Owner relief from any of such provisions; provided, however, that such relief shall be limited by its scope or by conditions to only that necessary to relieve the hardship; and provided further, that no such relief shall be granted if the condition thereby created would in the reasonable judgment of the Board violate the provisions of Section 5.14 of this Article. The decision of the Board in granting or denying such relief shall be final and conclusive.

ARTICLE 6 - COMMON AREAS

Section 6.1 - Maintenance of Common Areas

The Association shall maintain, repair, replace, improve, and otherwise manage all of the Common Areas so as to keep them in good repair and condition and shall conduct such additional maintenance, repair, replacement, construction, or reconstruction as may be determined pursuant to Association Action to promote the recreation, health, safety, and welfare of the Owners. Any action necessary or appropriate to the maintenance and upkeep of the Common Areas and improvements thereon.

ARTICLE 7 - INSURANCE: CASUALTY LOSSES; CONDEMNATION

Section 7.1 - Insurance Coverage

The Association shall obtain and maintain at all times as an Association expense a policy or policies and bonds written by companies licensed to do business in Washington required to provide:

Section 7.1.1 - General comprehensive liability insurance

General comprehensive liability insurance insuring the Association, the Owners, and Declarant against any liability to the public or to the Owners and their guests, invitees, licensees, or tenants, incident to the ownership or use of the Common Areas.

Section 7.1.2 - Other Insurance

Such other insurance as the Association deems advisable.

ARTICLE 8 - ENFORCEMENT

Section 8.1 - Right to Enforce

The Association, Declarant, or any Owner, shall have the right to enforce, by any appropriate proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure or forbearance by any person or entity so entitled to enforce the provisions of this Declaration to pursue enforcement shall in no event be deemed a waiver of the right to do so thereafter.

Section 8.2 - Remedies Cumulative

Remedies provided by this Declaration are in addition to, cumulative with, and are not in lieu of, other remedies provided by law. There shall be, and there is hereby created, a conclusive presumption that any breach or attempted breach of the covenants, conditions, and restrictions herein cannot be adequately remedied by an action at law or exclusively by recovery of damages.

Section 8.3 - Covenants Running with the Land

The covenants, conditions, restrictions, liens, easements, enjoyment rights, and other provisions contained herein are intended to and shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing, or otherwise occupying any portion of Kara also known as Kara on the Bluff, their heirs, executors, administrators, successors, grantees, and assigns. All instruments granting or conveying any interest in any Lot shall be subject to this Declaration.

ARTICLE 9 - AMENDMENT AND REVOCATION

Section 9.1 - Amendment by Declarant or Association

Declarant may, on its sole signature, during the Development Period, amend this Declaration and record one or more Supplementary Declarations to extend the provisions of this Declaration to

additional Phases which consist of adjacent real property owned by Declarant, its successors or assigns. Upon the recording of a Supplementary Declaration, the Governing Documents shall immediately become applicable to the real property described therein. This Declaration may also be amended at any time by an instrument executed by the Association for and on behalf of the Owners, provided, however, that such amendments shall have received the prior approval of a vote of the Owners having 60 percent of the total outstanding votes in the Association; and provided, further, that no such amendment shall be valid during the Development Period without the prior written consent of the Declarant. Notwithstanding any of the foregoing, the prior written approval of 51 percent of all Mortgagees who have requested from the Association notification of amendments shall be required for any material amendment to the Declaration or the Association's Bylaws of any of the following: voting rights; assessments, assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity bonds; responsibility for maintenance and repair; reallocation of interest in the Common Areas, or rights to their use; convertibility of Lots into Common Areas or of Common Areas into Lots; leasing of Lots other than as set forth herein; imposition of any restrictions on the right of an Owner to sell or transfer his Lot; a decision by the Association to establish self-management when professional management had been required previously by an eligible Mortgagee; any action to terminate the legal status of the Kara also known as Kara on the Bluff Homeowners Association after substantial destruction or condemnation occurs; or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of First Mortgages.

Section 9.2 - Effective Date

Amendments shall take effect only upon recording with the King County Department of Records and Elections or any successor recording office.

ARTICLE 10 - GENERAL PROVISIONS

Section 10.1 - Taxes

Each Owner shall pay without abatement, deduction, or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against his Lot, or personal property located on or in the Lot.

Section 10.2 - Transfer of Certain Utilities

Declarant, during the Development Period, and the Association after the Development Period, may transfer and convey any sewer, water, storm drainage, or other general utilities in Kara also known as Kara on the Bluff to a public body for ownership and maintenance, together with any necessary easements relating thereto, and each Lot shall become burdened and benefited thereby.

Section 10.3 - Non-Waiver

No waiver of any breach of this Declaration shall constitute a waiver of any other breach, whether of the same or any other covenant, condition, or restriction.

Section 10.4 - Attorneys' Fees

In the event of a suit or action to enforce any provision of this Declaration or to collect any money due hereunder or to foreclose a lien, the unsuccessful party in such suit or action shall pay to the prevailing party all costs and expenses, including title reports, and all attorney's fees that the prevailing party has incurred in connection with the suit or action, in such amounts as the court may deem to be reasonable therein, and also including all costs, expenses, and attorneys' fees incurred in connection with any appeal from the decision of a trial court or any intermediate appellate court.

Section 10.5 - No Abandonment of Obligation

No Owner, through his non-use of any Common Area, or by abandonment of his Lot, may avoid or diminish the burdens or obligations imposed by this Declaration.

Section 10.6 - Interpretation

The captions of the various articles, sections and paragraphs of this Declaration are for convenience of use and reference only and do not define, limit, augment, or describe the scope, content or intent of this Declaration or any parts of this Declaration.

Section 10.7 - Severability

Invalidation of any one of these covenants, conditions, restrictions, easements, or provisions by judgment or court order shall in no way affect any other of the same, all of which shall remain in full force and effect.

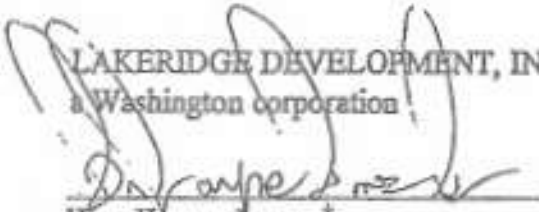
Section 10.8 - Notices

All notices, demands, or other communications ("Notices") permitted or required to be given by this Declaration shall be in writing and, if mailed postage prepaid by certified or registered mail, return receipt requested, shall be deemed given three days after the date of mailing thereof, or on the date of actual receipt, if sooner; otherwise, Notices shall be deemed given on the date of actual receipt. Notice to any Owner may be given at any Lot owned by such Owner; provided, however, that an Owner may from time to time by Notice to the Association designate such other place or places or individuals for the receipt of future Notices. If there is more than one Owner of a Lot, Notice to any one such Owner shall be sufficient. The address of Declarant and of the Association shall be given to each Owner at or before the time he becomes an Owner. If the address of Declarant or the Association shall be changed, Notice shall be given to all Owners.

Section 10.9 - Applicable Law

This Declaration shall be construed in all respects under the laws of the State of Washington.

In witness whereof, the undersigned declarant has executed this declaration the day and year first above written.



LAKERIDGE DEVELOPMENT, INC.
a Washington corporation
Wm. Wayne Jones, Jr.
Its President



STATE OF WASHINGTON)
COUNTY OF KING)

On this 2nd day of July, 1998 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Wm. Wayne Jones, Jr., to me known to be President of Lakeridge Development, Inc., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS MY HAND AND OFFICIAL SEAL hereto affixed the day and year first above written.


NOTARY PUBLIC in and for the
State of Washington, residing _____
at Seattle
My commission expires 10-21-01

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AFTER RECORDING RETURN TO:

LAKERIDGE DEVELOPMENT, INC.
P.O. Box 146
Renton, WA 98057-0146

FILED BY PNWT
W 5773-12

29/21

Document Title: DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
AND EASEMENTS FOR KAR ALSO KNOWN AS KARA ON THE BLUFF

Reference #: N/A

Grantor: LAKERIDGE DEVELOPMENT, INC.

Grantee/Assignee/Beneficiary: N/A

Legal Description: LOTS 1 THROUGH 37 INCLUSIVE AND TRACTS A AND B, PLAT
OF KARA, ACCORDING TO PLATS THEREOF RECORDED IN VOLUME 184 OF PLATS,
PAGES 6 AND 7, RECORDS OF KING COUNTY.

Assessor's Tax Parcel ID#:

| | | | |
|---------------------|---------------------|---------------------|----------------------|
| Lot 1: 379140 0010 | Lot 11: 379140 0110 | Lot 21: 379140 0210 | Lot 31: 379140 0310 |
| Lot 2: 379140 0020 | Lot 12: 379140 0120 | Lot 22: 379140 0220 | Lot 32: 379140 0320 |
| Lot 3: 379140 0030 | Lot 13: 379140 0130 | Lot 23: 379140 0230 | Lot 33: 379140 0330 |
| Lot 4: 379140 0040 | Lot 14: 379140 0140 | Lot 24: 379140 0240 | Lot 34: 379140 0340 |
| Lot 5: 379140 0050 | Lot 15: 379140 0150 | Lot 25: 379140 0250 | Lot 35: 379140 0350 |
| Lot 6: 379140 0060 | Lot 16: 379140 0160 | Lot 26: 379140 0260 | Lot 36: 379140 0360 |
| Lot 7: 379140 0070 | Lot 17: 379140 0170 | Lot 27: 379140 0270 | Lot 37: 379140 0370 |
| Lot 8: 379140 0080 | Lot 18: 379140 0180 | Lot 28: 379140 0280 | Tract A: 379140 0380 |
| Lot 9: 379140 0090 | Lot 19: 379140 0190 | Lot 29: 379140 0290 | Tract B: 370140 0390 |
| Lot 10: 379140 0100 | Lot 20: 379140 0200 | Lot 30: 379140 0300 | |

EXCISE TAX NOT REQUIRED
King Co. Records Division

By David L. Clark Deputy

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980723-1334 02/24/05 PM 11:55 COUNTY RECORDS 021 LLO 36.00

AFTER RECORDING RETURN TO:
 Lakeridge Development, Inc.
 P. O. Box 146
 Renton, Washington 98057-0146

FILED BY PNWT
 W6803-12

EXHIBIT B

8/1

At the time of the recording of The Declaration of Covenants, Conditions, Restrictions and Easements for Kara Also Known as Kara on the Bluff under recording number 9807231334, the "Common Areas" for the Plat of Kara also known as Kara on the Bluff are as follows: the perimeter landscaping along 100th Avenue S.E. and S.E. 22nd Street and along the detention pond; the street lights and the park area. The maintenance of the "Common Areas" will become the sole responsibility of the "Association" and will include maintenance, water and electricity associated with the "Common Areas".

LAKERIDGE DEVELOPMENT, INC.
 a Washington corporation
Wm. Wayne Jones, Jr.
 Wm. Wayne Jones, Jr., its President

8/26/98

STATE OF WASHINGTON)
 COUNTY OF KING)

On this 26th day of August, 1998, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Wm. Wayne Jones, Jr., to me known to be President of Lakeridge Development, Inc., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS MY HAND AND OFFICIAL SEAL, herein affixed the day and year first above written.

Jacqueline Fessler
 NOTARY PUBLIC in and for the
 State of Washington, residing
 at Kent, Washington
 My commission expires 10-26-01

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