

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by NU-WEST PACIFIC, INC., a Washington corporation, herein referred to as "Declarant."

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in the county of King, state of Washington, which is more particularly described as set forth on the legal description of said property attached hereto and hereby made a part hereof as "Exhibit A."

NOW, THEREFORE, Declarant hereby declares that all the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof; their heirs, successors; and assigns and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to the CANDLEWOOD RIDGE HOMEOWNERS ASSOCIATION, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot that is a part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

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Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as set forth in the legal description thereof attached hereto and hereby made a part hereof as "Exhibit B."

Section 5. "Lot" shall mean and refer to any plot of Land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to NU-WEST PACIFIC, INC. or any one successor or assignee which acquires at least 75% of the interest of NU-WEST PACIFIC, INC. in the Properties.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Development Period" shall mean that period of time from date of recording this Declaration until the date on which 70 percent of the properties now or hereafter platted on the property described in Exhibit A attached hereto have been sold by Declarant (to a person or entity other than as described in Section 6 above), or until such earlier date as may be agreed upon by the Federal Housing Authority and Declarant.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right or easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid and for a period not to exceed 30 days for any infraction of its published rules and regulations;

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(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds of each class of Members agreeing to such dedication or transfer has been recorded.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot that is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment. Each Owner shall be a member of the Association, which membership shall automatically commence with the commencement of ownership of any part of the properties described above and shall automatically terminate upon the termination of such ownership.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Declarant and shall be entitled to three votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever shall occur earlier:

(a) when the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership, or

(b) on January 1, 1985.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time the assessment fell due, regardless of whether such person continues to be an Owner.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area and, pursuant to the provisions of Article VIII hercof, of the homes situated upon the Properties.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment

shall be \$60.00 per Lot, payable quarterly in advance. The quarter shall commence January 1, April 1, July 1, and October 1. In the event a person becomes an Owner within 45 days or less remaining in the quarter in which he acquires record ownership, he shall have no liability for the assessment provided hereunder until the following quarter. Conversely, however, if there are more than 45 days remaining in the quarter, such Owner shall be obligated to pay the assessment due for that quarter.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 3 per cent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment above may be increased above 3 per cent by a vote of two-thirds of each class of Members who are voting in person or by proxy, at a meeting duly called for that purpose.

(c) The Board of Directors shall, at each annual meeting, fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for that purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 30 days, nor more than 50 days, in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast 60 per cent of all

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votes of each class of membership shall constitute a quorum. If the required quorum is not present, subsequent meetings may be called subject to the same notice requirement, and the required quorum at any subsequent meeting shall be one-half the required quorum at the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may, by vote of the Board of Directors, be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence on the first day of the month following the conveyance of the Common Area by Declarant to the Association; provided, however, that no Lot shall be subject to such assessment until after it has been conveyed by Declarant by deed, real estate contract, or deed of trust. After such conveyance of improved or unimproved Lots, assessments shall be due and payable in accordance with the provisions of Section 3 above.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within 30 days after the due date shall bear interest from the due date at the rate of 8-1/2 per cent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property in the same manner as mortgage liens against real property are foreclosed in the State of Washington. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to the foreclosure of the lien or a mortgage or deed of trust with respect thereto, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments that became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any

assessments thereafter becoming due or from the lien thereof nor shall any such sale or transfer remove from the Owner (the mortgagor or grantor under the mortgage or deed of trust being foreclosed) the personal liability of said Owner pursuant to Section 1 above.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be undertaken or commenced until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the architectural committee (the "Architectural Control Committee") composed of three or more representatives appointed by the Board as to external design, location in relation to surrounding structures and topography, quality of construction and other aesthetic and construction considerations deemed significant and reasonable by the Architectural Control Committee. In the event said Board or its designated Architectural Control Committee fails to approve or disapprove such application within 30 days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with. No action taken by the Architectural Control Committee as to any specific application shall be binding on the Committee as to any other application, and no waiver by the Committee of any restriction imposed as to any specific application hereby shall constitute a waiver as to subsequent or other applications.

The names and addresses of the persons who are to act in the capacity as members of the Architectural Control Committee until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Douglas N. Bigelow	12650 - 82nd Avenue Surrey, B.C. Canada
Charles M. Brengle	13837 N.E. 8th Street Bellevue, WA 98005
W. Bryan Shrake	Lincoln Centre Suite 101 - Building 515 116th Street N.E. Bellevue, WA 98004

ARTICLE VI

GENERAL PROVISIONS

Section 1. Restrictions. The following restrictions applicable to residential Lots shall be modified by and to the extent of:

(a) All Lots in the tract shall be known and described as "Lots" or "residential Lots," except said Common Area. No structures or building of any kind shall be erected, altered, placed or permitted to remain on any residential Lot other than one detached single-family dwelling for single-family occupancy only, not to exceed two stories in height, and a private garage having spaces for not more than three cars, one of which such spaces may be for a boat or a trailer.

(b) All buildings, or other structures placed on any Lot, and any use of a Lot shall at all times conform with applicable zoning, building and use restrictions, laws, ordinances and regulations.

(c) No residential structure shall be erected or placed on a building Lot if such Lot has an area of less than 6,400 square feet or an average width of less than 60 feet.

(d) No trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind shall be conducted or carried on upon any residential Lot or within any building located in this subdivision on a residential Lot, nor shall any goods, equipment, vehicles (including buses and trailers of any description), materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, be kept, stored, dismantled or repaired outside any building on any residential Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

(e) No trailer, basement, tent, shack, garage, barn or other outbuildings erected or placed on any residential Lot shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

(f) The finished ground floor area of the main residential structure, exclusive of one-story open porches, carports and garages, shall be not less than 1200 square feet for a one-story dwelling and not less than 800 feet for the ground floor area of a dwelling of more than one story. dk

(g) Any dwelling or structure erected or placed on any residential Lot shall be completed as to external appearance (including finished painting), within nine months from date of commencement of construction and shall be connected to a public sewer.

(h) Where public sewers are not available, all sewage disposal shall be by means of septic tanks and tile disposal fields in accordance with the regulations of the King County, Washington, Department of Public Health.

(i) No fence, wall hedge, or mass planting, other than foundation planting, shall be permitted to extend nearer to any street than the minimum setback line of the residence except that nothing shall prevent the erection of a necessary retaining wall, the top of which does not extend more than two feet above the finished grade at the back of said retaining wall; provided, however, that no fence, wall hedge or mass planting shall at any time, where permitted, extend higher than six feet above ground. Fences in side yards that abut a side street are permitted from the front yard setback to the rear of the Lot not to exceed 42 inches in height. This height shall be maintained in the front yard setback of the Lot in the rear. (Written exceptions as to fence height and location in this section may be made to the Architectural Control Committee.) Fences shall be well constructed of suitable fencing materials and shall be artistic in design and shall not detract from the appearance of the dwelling house located upon the Lot or building site or be offensive to the Owners or occupants thereof or detract from the appearance of the dwelling houses located on the adjacent lots or building sites. No radio or television antennae shall be permitted to extend more than ten feet above the roof line of any residence without the written approval of the Architectural Control Committee.

(j) No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot, except that dogs, cats or other common household pets may be kept in compliance with existing laws and regulations and provided they are not kept, bred, or maintained for any commercial purposes. The foregoing is intended also to exclude the keeping of any pets, such as cats, dogs or birds, in numbers or under conditions reasonably objectionable in the closely built-up

residential community; provided, however, that no pet permitted hereunder shall be allowed beyond the Owner's own Lot unless the same be securely fastened to a leash or other restraining device.

(k) No signs shall be erected or maintained on any Lot, except that not more than one bona fide FOR SALE or FOR RENT sign, not exceeding 18 inches in width and 24 inches in length, may be displayed on any Lot.

(l) No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, minerals excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

(m) Any electric service cable running from any residence on any Lot to the nearest junction box or secondary pedestal shall be installed, owned, operated, and maintained in good condition and in conformity with all applicable laws, ordinances and regulations by the Owner of the residence.

(n) No trailer, camper, or disabled vehicle shall be allowed to remain on any part of the Common Area for a period of time exceeding 72 consecutive hours. In the event this restriction is violated, the Association may cause the offending vehicle to be towed to the nearest public garage and the charges therefor shall be a lien against the property of the Owner in whose name the vehicle is registered or who invited the owner thereof into the area if the vehicle's registered owner is not a Member of the Association.

(o) No mechanical work shall be performed on any vehicle in or about any area open to public view; provided, however, this restriction shall not be constituted to apply to the need for emergency repairs that can be performed in a reasonable period of time.

Section 2. Mutuality. These restrictions, easements, and agreements are imposed pursuant to a general plan with reference to the Properties and all lots therein and shall constitute mutual and reciprocal equitable servitudes on each of the lots and a privity of contract between the

various Owners thereof, their respective heirs, successors, assigns, executors, administrators and marital communities, if any, and are for the benefit of the Properties and each lot or building plot or site thereof and of the present and future Owners thereof.

Section 3. Churches. These restrictions may be amended at any time by a majority vote of the then Owners of Lots to permit the construction of a church on Lots herein designated for residential use, said church structure to meet all legal requirements and conditions as herein specified, provided, that said amendment shall be in the form of a statement properly executed and acknowledged by each of the approving Owners and recorded in the office of the Director of Records and Elections of King County, Washington.

Section 4. Notices. Any demand to be made upon, or any note to be given to, the Owner or Owners of any Lot or Lots in the tract to which these restrictions relate shall be in writing. Said demand or notice may be given to such Owner or Owners either by personal delivery of such demand or notice or by sending the same by prepaid United States certified or registered mail, addressed to the record Owner or Owners of the Lot or Lots with respect to which the demand or notice relates, the same to be addressed to such Owner or Owners at the street address of the dwelling house or other structure situated upon the relevant Lot or Lots. Notice by certified or registered mail, addressed as aforesaid, shall be deemed to have been fully communicated upon the expiration of 48 hours after the time of mailing; and the name and address of the person or persons to whom such demand or notice was mailed shall be conclusive, but not the exclusive means of, proof of such fact.

Section 5. Severability. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions, which shall remain in full force and effect.

Section 6. Enforcement. The Association or any Owner shall have the right to enforce by any proceeding at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 7. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of 20 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years. This Declaration may be amended during the first 20-year period by an instrument signed by not less than 90 per cent of the Lot Owners and, thereafter, by an instrument signed by not less than 75 per cent of the Lot Owners. Any amendment must be recorded.

Section 8. Annexation.

(a) The annexation of additional properties other than Properties within the general plan of development provided for in Section 2 hereof, shall require the assent of not less than two-thirds ($2/3$) of the members of the Association, at a meeting duly called for this purpose, written notice of which meeting shall be sent to all members not less than 30 days or more than 50 days in advance of the meeting, setting forth the purpose of the meeting. At said meeting, the presence of members or of proxies entitled to cast 60 per cent of all votes shall constitute a quorum. If the required quorum is not present in person or by proxy at any meeting, subsequent meetings may be called subject to the notice requirement set forth above and the required quorum at such subsequent meetings shall be one-half ($1/2$) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than 50 days following the preceding meeting. In the event two-thirds ($2/3$) of the members are not present in person or by proxy, members not present may give their written consent to the action taken thereat. During the developmental period, annexation of additional properties under this Section 1 shall also require the prior written approval of the Declarant.

(b) If within 15 years of the date of recording of this Declaration, the Declarant or its successor or assignee should develop additional lands within the area described in Exhibit "A" attached hereto, such additional lands may be annexed to the existing property without the assent of the members of the Association: Provided, however, that the development of additional lands described in this section shall be in accordance with the general plan submitted to the Federal Housing Administration with the processing papers for Candlewood Ridge Development. Detailed plans for the development of additional lands must be submitted to the Federal Housing Administration (or such other similar Federal

Agency then having jurisdiction of such developments) prior to such development. If the Federal Housing Administration determines that such detailed plans are not in accordance with the general plan on file with it and so advises the Association and the Declarant, the development of the additional lands must 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, written notice of which shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting setting forth the purpose of the meeting. At this meeting the presence of members or of proxies entitled to cast 60 per cent of all votes shall constitute a quorum. If the required quorum is not present in person or by proxy at any meeting, subsequent meetings may be called, subject to the notice requirement set forth above, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 50 days following the preceding meeting.

Section 9. FHA/VA Approval. As long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties; dedication of Common Area; and amendment of this Declaration of Covenants, Conditions and Restrictions.

ARTICLE VII

PLAT RESTRICTIONS

No Lot or portion of a Lot in this plat shall be divided and sold or resold or ownership changed or transferred whereby the ownership of any portion of this plat shall be less than the area required by applicable zoning.

ARTICLE VIII

EXTERIOR MAINTENANCE

The Declarant, during the developmental period, and thereafter the Association shall maintain all Common Properties, entrances, and entrance planters, and all cul-de-sac planters located on streets within the Properties. Each individual Owner or contract purchaser shall be obligated to provide exterior maintenance of his own Lot and the buildings located thereon. In the event an Owner of any Lot in the Properties shall fail to maintain the premises

and the improvements situated thereon in a manner reasonably satisfactory to the Board of Directors, the Association after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain, and restore the Lot (including the cutting of grass and pruning of trees) and the exterior of the building or buildings and any other improvements erected thereon. The cost of such repair and restoration maintenance (including the cutting of grass and pruning of trees) shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE IX

EASEMENT PROVISIONS

A non-exclusive easement is hereby reserved and granted under and upon the exterior 7.5 feet of the front and 5.0 feet of rear boundary lines and under and upon the exterior 2.5 feet of side boundary lines of all Lots, in which to install, lay, construct, renew, operate and maintain underground conduit, cables and wires with necessary facilities and other equipment for the purpose of serving the subdivision and other property with electric and telephone service, together with the right to enter upon the Lots at all times for the purposes above stated. Also hereby granted is the right to use the streets for the same purpose. Provided, however, that any such installation and maintenance of utilities be accomplished as quickly as reasonably possible, and that, upon completion, the surface of the easement property be restored to its original condition.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 2nd day of FEBRUARY, 1977.

NU-WEST PACIFIC, INC.

By

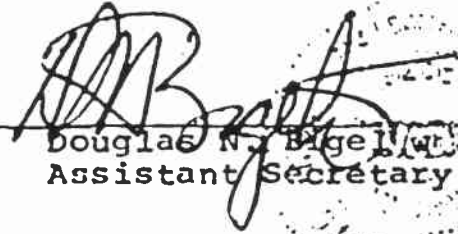

Douglas N. Bigelow
Assistant Secretary

EXHIBIT A

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Candlewood Ridge Division II as recorded in Volume 101 of Plats,
pages 93 through 96, records of King County, Washington.

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EXHIBIT B

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Tract "A" as shown on plat of Candlewood Ridge Division II as
recorded in Volume 101 of Plats, pages 93 through 96, records
of King County, Washington.

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FILED for Record at Request of

Name DEVELOPMENT COORDINATORS

Address 13837 NE 8TH

BELLEVUE, WA 98033