

**RESTATED DECLARATION OF PROTECTIVE
COVENANTS, RESTRICTIONS, EASEMENTS
AND
AGREEMENTS FOR THE PLAT OF VINLAND
CREST**

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**RESTATED DECLARATION OF PROTECTIVE COVENANTS,
RESTRICTIONS, EASEMENTS AND AGREEMENTS FOR THE PLAT OF
VINLAND CREST**

THIS RESTATED DECLARATION of Protective Covenants, Restrictions, Easements and Agreements (hereafter "the Restated Declaration" or "Declaration") is made and entered into on September 26, 1996 by STAFFORD CONSTRUCTION, INC., a Washington corporation (hereafter referred to as "Declarant"). This Restated Declaration restates, supersedes and amends the Declaration of Protective Covenants, Restrictions, Easements and Agreements for the Plat of VINLAND CREST DIVISION 2, Kitsap County Auditor's Recording No. 960416322 ("Original Declaration") and extends this Restated Declaration to the other phases and divisions of VINLAND CREST.

WHEREAS, Declarant is the Developer of, and Owner of more than seventy percent (70%) of, all real property located within the plat of VINLAND CREST DIVISION 2, which plat has been recorded with Kitsap County Department of Records and Elections, under Volume 29 of Plats, Pages 86-91, and is subject to the Covenants contained in the Original Declaration.

WHEREAS, Declarant owns adjacent real property known as the plat of VINLAND CREST PHASE 1, which plat has been recorded in Kitsap County Dept. of Records and Elections under Volume 28 of Plats, pages 198 - 203 (93Phase 194) and additional adjacent real property which will be known as VINLAND CREST Phase 3.

WHEREAS, VINLAND CREST PHASE 1 is subject to the Declaration of Protective Covenants, Restrictions, Easements and Agreements for the Plat of VINLAND CREST PHASE 1, Kitsap County Auditor's Recording No. 9412190070.

WHEREAS, Declarant desires that VINLAND CREST PHASE 1, VINLAND CREST DIVISION 2, and all subsequent phases or divisions of VINLAND CREST (collectively "VINLAND CREST") legally described on Exhibit A be subject to the same Declaration and be governed by the same homeowners association so all the common areas, access roads and other amenities will be available to all the owners in VINLAND CREST and will be uniformly administered.

NOW THEREFORE, the Declarant hereby declares that all property within VINLAND CREST shall be held, sold and conveyed subject to the covenants, conditions and restrictions stated below in this Restated Declaration, 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 property, and shall inure to the benefit of each Owner thereof. (The property within VINLAND CREST PHASE 1 shall become subject to this Restated Declaration effective on the date of an appropriate recording as defined in paragraph 3.2 below).

ARTICLE I - DEFINITIONS

Section 1.1 "Association" shall mean VINLAND CREST Homeowners' Association, its successors and assigns.

Section 1.2 "Common Areas" shall mean all real property designated as Common Areas or Open Space on all the Plats of VINLAND CREST, including, but not limited to, the Plat of VINLAND CREST PHASE 1 (Tracts D, E, F, G and H), VINLAND CREST DIVISION 2 (Tracts MM, NN, and OO), and any other subsequent phases or divisions of VINLAND CREST. By the terms of each Plat, the Open Space is owned in undivided ownership by all Owners within VINLAND CREST and the Open Space is designated for the common use and enjoyment of the Owners, their tenants, invitees, and guests. The Declarant may add to the Common Areas and Open Spaces during the Development Period by recording an amendment to this Declaration.

Section 1.3 "Lot" shall mean any area of real property within VINLAND CREST PHASE 1, VINLAND CREST DIVISION 2 and other phases or divisions of VINLAND CREST subject to this Restated Declaration which is designated as a residential lot by any appropriate means of governmental approval recorded or approved by Declarant, with the exception of the Open Space, Common Areas and property dedicated to any governmental entity, but together with all appurtenances, improvements, and residences now or hereafter built or placed on the Lot.

Section 1.4 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, but excluding those having such interest merely as security for the performance of an obligation. Purchasers and their assignees under recorded real estate contracts shall be deemed Owners as against their respective sellers or assigns. An Owner shall include any person who holds record title to a Lot in joint ownership with any other person or holds an undivided fee interest in any Lot.

Section 1.5 "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing at ground level on any part of a Lot, Common Area, or street neighboring that on which such object exists.

Section 1.6 "Development Period" shall end whenever any of the following first occurs: (1) five (5) years from the date of recording the Restated Declaration; or (2) upon transmittal of written notice from Declarant to the Owners that Declarant elects to terminate the Development Period.

Section 1.7 "Property" shall mean all real property legally described on the attached Exhibit A, except the real property within VINLAND CREST PHASE 1, shall not be included in the definition until an Amended Declaration is recorded as described in paragraph 3.2 herein. The real property in VINLAND CREST PHASE 1 shall become Property under this definition without further action effective upon recordation of an Amended Declaration.

ARTICLE II - RESCISSION AND RESTATEMENT

Section 1. Rescission of Original Declaration: The Declaration of Protective Covenants, Restrictions, Easements and Agreements for the Plat of VINLAND CREST DIVISION 2, Kitsap County Auditor's Recording No. 9604160322 ("Original Declaration"), is hereby rescinded, and shall be null and void.

Section 2. Restatement of Declaration: The Original Declaration is hereby restated and amended in accordance with the terms of this Restated Declaration.

Section 3. Additional Property Subject to Restated Declaration:

3.1 Property Owned by Declarant: The Declarant may, from time to time during the Development Period without Association action, subject additional adjacent real property owned by Declarant, its successors and assigns to this Restated Declaration by recording another Plat in VINLAND CREST (an "appropriate recording")

3.2 Property Not Owned by Declarant: The Owners of VINLAND CREST PHASE 1 may subject VINLAND CREST PHASE 1 to this Restated Declaration by Amending the Declaration of Protective Covenants, Restrictions, Easements and Agreements recorded under Kitsap County Auditor's Recording No. "12190070 and recording the Amended Declaration. (This shall be deemed an "appropriate recording" for purposes of this Restated Declaration) . Upon an appropriate recording, all the terms of this Restated Declaration

shall encumber all Phase 1 real property and all the Owners and Lots in Phase 1 shall be automatically subject to this Restated Declaration without any further action.

ARTICLE III - HOMEOWNERS' ASSOCIATION

Section 1. Establishment: There is hereby created an association to be called "VINLAND CREST Homeowners' Association" (referred to hereinafter as the "Association")

Section 2. Form of Association: The Association shall be a nonprofit corporation formed and operated pursuant to Title 24, Revised Code of Washington.

Section 3. Membership Qualification: Each Owner of a Lot in VINLAND CREST DIVISION 2 (including Declarant) and all Owners of a Lot in VINLAND CREST PHASE 1 and Owners in all subsequent phases or divisions made subject to this Restated Declaration shall be a member of the Association and shall be entitled to one membership for each Lot so owned; provided, that if a Lot has been sold on contract, the contract purchaser shall exercise the rights of the Owner for purposes of the Association, this Restated Declaration and the Bylaws, except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Lot shall be the sole qualification for membership in the Association.

Section 4. Voting: The Association shall have two classes of voting membership:

4.1 Class A: Class A members shall be all Owners except the Declarant. Class A members shall be entitled to one vote for each Lot owned. The Owners of Lots in VINLAND CREST PHASE 1 shall become Class A members upon the date of an appropriate recording.

4.2 Class B: Class B member shall be the Declarant which shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of the first of the following events:

4.2.1 when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

4.2.2 the date when Declarant's management powers terminate, as provided for in the Articles of Incorporation. In determining whether any given proposition shall have been approved by the membership, the total number of Class A and Class

B votes shall be combined and the appropriate percentage applied against that combined number.

Section 5. Bylaws of Association:

5.1 Adoption of Bylaws: Bylaws for the administration of the Association and Property, and to further the intent of this Declaration, shall be adopted by the Owners at a regular or special meeting. Notice of the time, place and purpose of such meeting shall be delivered to each Owner at least ten (10) days prior to such meeting. Amendments to the Bylaws may be adopted by the Owners at a regular or special meeting similarly called. However, Declarant may adopt initial Bylaws.

5.2 Bylaws Provisions: The Bylaws shall be deemed to contain provisions identical to those provided in this Declaration, and may contain supplementary, not inconsistent, provisions regarding the operation of the development and administration of the Property. The Bylaws shall establish such provisions for quorum, ordering of meetings, and details regarding the giving of notice as may be required for proper administration of the Association and the Property.

Section 6. Administration of the Development: The Owners covenant and agree that the administration of the development shall be in accordance with the provisions of this Declaration and the Bylaws of the Association which are made a part hereof.

6.1 Management by Declarant: The Property shall be managed by the Declarant until the earlier of: (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or (b) the end of the Development Period.

Section 7. Management by Elected Board of Directors: At the expiration of Declarant's management authority under Section 6.1, administrative power and authority shall vest in a Board of Directors elected from among the Lot Owners. The number of directors shall be specified in the Bylaws and shall be sufficient to adequately handle the affairs of the Association. The Board may delegate all or any portion of its administrative duties to a manager, managing agent or officer of the Association or as otherwise may be provided in the Bylaws. All Board offices shall be open for election at an organizational meeting. The Board shall elect from among its members, a president who shall preside over meetings of the Board and the meetings of the Association.

Section 8. Authority and Duties of the Board: On behalf of and acting for the Association, the Board (or the Declarant or Declarant's managing agent), for the benefit of the project and

the Owners, shall enforce the provisions of this Declaration and the Bylaws, shall have all powers and authority permitted to the Board under this Declaration, including but not limited to the following:

8.1 Assessments: Establish and collect regular assessments (and to the extent necessary and permitted hereunder, special assessments) to defray expenses attributable to carrying out its duties hereunder and maintain an adequate reserve fund for the maintenance, repair and replacement of the Common Areas, repair and maintenance of the landscaped entrance, entrance island, or any facility which must be maintained, repaired or replaced on a periodic basis, which reserve shall be funded by the above assessments.

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

8.3 Utilities: Obtain water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service, including utility easements, as required for the Common Area.

8.4 Insurance: Obtain and pay for policies of insurance or bonds providing Common Area casualty and liability coverage, and for fidelity of Association officers and other employees.

8.5 Maintenance and Repair of Common Areas: Pay for the costs of maintenance and repair of all Common Areas, irrigation water and repair of the irrigation system for the landscaping, replacement of the landscaping and repair of all landscaping and gardening work for the Common Area and improvements located thereon so as to keep the Property in a good, clean, attractive, sanitary and safe condition and in full compliance with applicable governmental laws, rules and regulations and the provisions of this Declaration. The foregoing shall include: the cost of repairing and replacing of any equipment or furnishings for the Common Area as the Board shall determine are necessary and proper.

8.6 Enforce Declaration: Enforce the applicable provisions of the Declaration for the management and control of the Property.

8.7 Contracts: Contract for materials and/or services to carry out its responsibilities provided herein.

8.8 Financial Statements: Prepare or cause to be prepared at least annually (or more frequently if desired by the Board), a balance sheet and an operating (income/expense) statement for the Association, copies of which shall be distributed to each of the Owners within thirty (30) days after the accounting date. The operations statement shall include a schedule of assessments received and receivable¹ identified by the number of the Lot and the name of the Owner so assessed. The Board may require that an external audit be prepared annually by an independent public accountant within ninety (90) days following the end of each fiscal year.

8.9 Payment for Materials, Services, Etc. : Pay for any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to secure by law, or which in its opinion shall be necessary or proper for the operation of the Common Area or for the enforcement of this Declaration; provided that if for any reason such materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are provided for particular Lots or their Owners, the cost thereof shall be specially charged to the owner of such Lots.

8.10 Non-Profit: Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

8.11 Exclusive Right to Contract: The Board shall have the exclusive right to contract for all goods and services, payment of which is to be made from the maintenance fund. The Board may delegate such powers subject to the terms hereof.

8.12 Emergency Entry: The Board and its agents or employees may enter any Lot when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible or in the event of emergencies. Such entry shall be made with as little inconvenience to the Owners as practical, and any damage caused thereby shall be repaired by the Board out of the common expense fund if the entry was due to an emergency or for the purpose of maintenance or repairs to Common Areas. If the emergency repairs or maintenance were necessitated by or for the Lot entered or its Owners or requested by its Owners, the costs thereof shall be specially charged to such Lot.

8.13 Attorney-in-Fact: Each Owner, by the mere act of becoming an Owner or Contract purchaser of a Lot, shall irrevocably appoint the Association as his attorney-in-fact, with

full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Property, to deal with the Property upon damage or destruction, and to secure insurance proceeds.

8.14 **Borrowing of Funds:** In the discharge of its duties and the exercise of its powers but subject to the limitations set forth herein, the Board may borrow funds on behalf of the Association and to secure the repayment thereof encumber, subject to the limitations set forth in this Declaration, the Common Areas and facilities and Association's funds.

8.15 **Additional Powers of Association:** In addition to the duties and powers of the Association, as specified herein, and elsewhere in this Declaration, but subject to the provisions of this Declaration, the Association, acting through its Board, shall have the power to do all other things which may be deemed reasonably necessary to carry out its duties and the purposes of this Declaration including, but not limited to, capital improvements, obtaining of appropriate insurance and bonds, and the adoption of additional bylaws and rules and regulations governing the Association and Owners. In the event of conflict between this Declaration and any such additional Bylaws or rules and regulations, the provisions of the Articles of Incorporation shall prevail.

Section 9. Board Organization and Operation:

9.1 **Election of Board of Directors, Cumulative Voting Feature and Term of Office:** The members of the first Board elected by the Owners shall serve at least a one (1) year term of office; provided, the voting procedures shall assure that the expiration dates for the term of the initial Board members shall be staggered.

9.2 **Vacancies:** Vacancies in the Board caused by any reason other than removal of a Board member by a vote of the Association shall be filled by vote of the majority of the remaining Board members, even though they may constitute less than a quorum. Each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Association.

9.3 **Removal of Board Members:** Any one (1) or more Board members may be removed with or without cause by a majority of the Lot Owners, at any regular meeting or special meeting called for that purpose. A Successor may then and there be elected to fill the vacancy thus created. Any Board member whose removal has been so proposed by the Owners shall be given an opportunity to be heard at the meeting. Notwithstanding the above, until the

organizational meeting, only Declarant shall have the right to remove a Board member.

9.4 Organizational Meeting: The first meeting of a newly elected Board shall be held immediately following the organizational meeting of the Association. No notice shall be necessary to the newly elected Board members in order legally to constitute such meeting.

9.5 Regular Meetings: Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board members. At least three (3) such meetings shall be held during each fiscal year, one (1) of which shall be held immediately following the annual meeting of Owners. Notice of regular meetings of the Board shall be given to each Board member, personally or by mail, telephone or telegraph, at least ten (10) days prior to the day named for such meeting.

9.6 Special Meetings: Special meetings of the Board may be called by the President on ten (10) days notice to each board member, given personally, by mail, telephone or telegraph. Said notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the president or Secretary in like manner and on like notice on the written request of at least two (2) Board members.

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

Section 10. Common Expenses and Assessments:

10.1 Creation of the Lien and Personal Obligation of Assessments: The Declarant, for each Lot owned within the Property, 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 capital improvements, reconstruction or other special purposes. Such assessments shall be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's 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 attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless the lien for such delinquent assessments had been properly recorded prior to title transfer or unless expressly assumed by them. Provided, however, that in the case of a sale of any Lot which is charged with the payment of an assessment or assessments payable in installments, the person or entity who is the Owner immediately prior to the date of any such sale shall be personally liable only for the amount of the installments due prior to said date. The new Owner shall be personally liable for installments which become due on and after said date.

10.2 Purpose of Assessments: The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the members thereof, their guests and invitees, and shall be used to improve, protect, operate and maintain the Project, the Common Areas, Landscaping of the entry and the perimeter, landscaping islands, and to provide for performance of the duties of the Board.

10.3 Estimated Expenses: Within sixty (60) days prior to the beginning of each calendar year or such other fiscal year as the Board may adopt, the Board shall: (a) estimate the Annual Assessments and Special Assessments for particular Lots to be paid during such year; (b) make provisions for creating, funding and maintaining reasonable reserves for contingencies and operations, for maintenance, repair, replacement, and acquisition of Common Areas and Facilities; and (c) take into account any expected income and any surplus available from the prior year's operating fund.

10.4 Annual Assessments:

10.4.1 Maximum Annual Assessment: Until January 1 of the year immediately following the conveyance of the first Lot to an owner or until the commencement of the next fiscal year as Declarant may determine, the maximum Annual Assessment shall be Three Hundred Dollars (\$300.00) per lot.

10.4.2 Increases in Annual Assessments:

10.4.2(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner or the commencement of the next fiscal year, the maximum Annual Assessment may not, without a vote of the membership as provided below, be increased above the maximum Annual Assessment for the previous year by more than the percentage increase in the

Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, for the Seattle Metropolitan area, of which the base year is 1985.

10.4.2(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner or the commencement of the next fiscal year, the maximum Annual Assessment may be increased above the amount provided in Subparagraph (a) above by a vote of seventy per cent (70%) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

10.4.2(c) The Board of Directors may fix the Annual Assessment at an amount not in excess of the maximum.

10.5 Special Assessments for Capital Improvements: In addition to the Annual Assessments authorized above, the Association may levy, in any assessment year, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, acquisition or replacement of a capital improvement upon a Common Area, including fixtures and personal property related thereto, provided that any such assessment shall not be valued in excess of Five Thousand Dollars (\$5,000) except upon a majority vote of the Owners, or valued in excess of Twenty-Five Thousand Dollars (\$25,000) except upon a seventy percent (70%) affirmative vote of the Owners, with such vote being cast in person or by proxy at a meeting called for such purpose, or if no such meeting is held, the written consent of all of the Owners.

10.6 Exception to Maximum Assessment Limitation: The limitations on maximum Annual Assessments under 10.4 and 10.5 shall not apply with respect to a Special Assessment against a member imposed by the Board to reimburse the Association for costs incurred in bringing the Owner or the Home and/or Lot into compliance with the provisions of this Declaration.

10.7 Uniform Rate of Assessment: Both Annual and Special Assessments must be fixed at a uniform rate for all Lots, except for Special Assessments against an Owner imposed by the Board to reimburse the Association for costs incurred in bringing the Owner or his Home and/or Lot into compliance with the provisions of this Declaration.

10.8 Due Dates for Annual Assessments: The Annual Assessments provided for herein shall commence as to all Lots on the first day of the month following either the date on which the first Lot is conveyed by Declarant or the date of the conveyance of the Common Area to the Association, whichever date last occurs. The first Annual Assessment shall be adjusted according to the number of months remaining in the calendar year. Written

notice of the Annual Assessment shall be sent to every Owner subject thereto.

10.9 Payment of Owners: Each Owner shall be obligated to pay its share of common expenses and special charges made pursuant to this Article to the treasurer for the Association, Annual Assessments shall be paid in full on or before the annual due date established by the Board. Special Assessments shall be payable annually, or in equal monthly installments on or before the first day of each month during each year, or in such other reasonable manner as the Board shall designate. Assessments for each Lot Owner shall begin on the date said Owner closes the transaction in which he acquires right, title or interest in the Lot. Assessments for the initial month shall be prorated if closing occurs on other than the first of the month. Any assessment or charge which remains unpaid for at least thirty (30) days shall bear interest at the rate of twelve percent (12%) from due date until paid. In addition, the Board may impose a late charge in an amount not exceeding twenty-five percent (25%) of any unpaid assessment or charge which has remained delinquent for more than fifteen (15) days.

10.10 Lien Indebtedness: In the event any Annual or Special Assessment attributable to a particular Lot remains delinquent for more than thirty (30) days, the Board may, upon fifteen (15) days written notice to the owner of such Lot, accelerate and demand immediate payment of all, or any portion of the assessments and charges which the Board reasonably determines will become due during the next succeeding twelve (12) months with respect to such Lot. Each Annual or Special Assessment shall be the personal debt and obligation of the Owner of Lots for which the same are assessed or charged as of the time the assessment or charge is made and shall be collectible as such, The amount of any assessment upon any Lot and the Owner or Purchaser of any Lot, plus interest at the rate of twelve percent (12%) per annum, and costs, including reasonable attorney's fees, shall be a lien upon such Lot and the Buildings situated thereon upon the recording of a Notice of Assessment with Kitsap County. The lien for payment of such assessments and charges shall have priority over all other liens and encumbrances, recorded or unrecorded. Suit to recover a money judgment for unpaid assessments or charges shall be maintainable without foreclosure or waiver of the lien securing the same.

10.11 Notice of Creation of Assessment Lien: The Notice of Assessment shall not be filed of record unless and until the Board or a person designated by it, shall have delivered to the defaulting Owner, not less than fifteen (15) days prior to the recitation of such Notice of Assessment, a written Notice of Default and a demand to cure same within said fifteen (15) day period.

10.12 Subordination of the Lien or 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 mortgage foreclosure or any proceeding in lien thereof, shall extinguish the lien of such assessments as to payments which 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.

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

10.14 Homestead Waiver: Each Owner hereby waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law in effect at the time any installment of maintenance charges becomes delinquent or any lien is imposed pursuant to the terms hereof.

10.15 Curing of Default: The Board shall file and record a satisfaction and release of the lien created by a Notice of Assessment filed and recorded in accordance with this Article upon timely payment or other satisfaction of all delinquent assessments set forth in the Notice, and all other assessments which have become due and payable following the date of such recitation with respect to the Lot as to which such Notice of Assessment was filed and recorded, together with all costs, late charges and interest which have accrued thereon. A fee of Fifteen Dollars (\$15.00) covering the cost of preparation and recitation shall be paid to the Association prior to such action. The satisfaction of the lien created by the Notice of Assessment shall be executed by any Director of the Association or by any authorized representative of the Board. "Costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recitation of the Notice of Assessment and in efforts to collect the delinquent assessments secured by the lien and a reasonable sum for attorney fees.

10.16 Rights of Board - Waiver of Owners: Each Owner hereby vests in and delegates to the Board or its duly authorized representatives, the right and power to bring all actions at law, including lien foreclosures whether judicially or by power of

sale or otherwise, against any Owner(s) for the collection of delinquent assessments in accordance herewith. Each Owner hereby expressly waives any objection to the enforcement, in accordance with this Declaration, of the obligation to pay assessments as set forth herein.

10.17 Continuing Liability for Assessments: No Owner may exempt himself from liability for his Annual or Special Assessments by abandonment of his Lot or the use of any of the Common Area.

10.18 Exempt Property: The following property subject to this Declaration shall be exempt from the assessments created herein:

- (a) All properties dedicated to and accepted by a local public authority;
- (b) All Common Properties; and
- (c) All properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Washington. However, the land or improvements devoted to dwelling use shall not be exempt from said assessments.

ARTICLE IV - EASEMENTS, RESTRICTIONS AND RIGHTS OF ENJOYMENT IN COMMON AREAS

Section 1. Easements of Enjoyment: Subject to the restrictions set forth herein, every Owner, for the benefit of their respective Lot, shall have a non-exclusive right and easement of enjoyment in and to the Common Areas of the Property, which easements shall be appurtenant to and shall pass with the title to every Lot associated with the Property and all subsequent phases. Any Owner may delegate the right of use and enjoyment to the easements created herein to the members of his family, his tenants, contract purchasers, invitees and guests.

Section 2. Restrictions on Use of Common Areas: The Common Areas shall remain in existing natural vegetation, except any portions utilized for detention ponds or utility easements, including installation and maintenance, to protect the Common Areas, and except with regard to detention ponds and utility easements, the following restrictions apply to activities within the Common Areas: (1) there shall be no removal of natural vegetation, specifically including trees, except in emergency or dangerous situations (2) there shall be no fires permitted in the Common Areas, except by governmental authorities, (3) there shall be no buildings or whatsoever placed or constructed within the Common Areas without the prior written consent of ninety Percent (90%) of the Lot owners, (4) there shall be no motor vehicles allowed into Common Areas; and (5) the Common Areas shall not be used for dumping of grass, rocks, dirt

and/or other material. These restrictions are intended to protect the Common Areas and ensure that these areas will serve as a natural, aesthetically pleasing, passive buffer between lots and other adjacent developments, for the mutual benefit of all Owners.

ARTICLE V - GENERAL COVENANTS, CONDITIONS AND RESTRICTIONS

Section 1. Covenants, Conditions and Restrictions Applicable to Lots: The following covenants, conditions and restrictions shall apply to all Lots.

1.1. Single Family Residences. All Lots shall be used only for the construction and occupancy of single family dwellings and typical residential activities incidental thereto. No dwelling shall be erected which has a fully enclosed floor area (exclusive of a porch, patio, garage, or other accessory building) of less than 1,700 square feet.

1.2 Prefabricated Buildings. No prefabricated buildings or structures of any nature whatsoever specifically including mobile homes, permanent or temporary, shall be moved, placed, constructed, assembled or otherwise maintained on any Lot.

1.3 Animals. No animal, bird, fowl, poultry or livestock, other than a reasonable number of generally recognized house or yard pets (91Pets94), shall be maintained on any Lot and then only if they are kept thereon solely as domestic pets and not for commercial purposes. No Pets shall be allowed to make an unreasonable amount of noise or to become a nuisance. Each Owner shall be responsible for the removal and disposal of all solid animal waste of his Pet from any Lot or the Common Areas.

1.4 Temporary Occupancy and Temporary Buildings. No trailer, recreational vehicle, boat, basement of any incomplete building, shed, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during construction of improvements on any Lot shall be removed immediately after the completion of construction.

1.5 Nuisances; Construction Activities: Hazardous Activities; Lighting. No rubbish or other debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Common Areas, and no odors or loud noises shall be permitted to arise or emit from any Lot so as to render any such property or portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the Occupants of such property. No other nuisance or unsafe or hazardous activity shall be permitted to

exist or operate upon any Lot so as to be offensive or detrimental to any other Lot or to its Owner or occupants. Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise be prohibited by this Declaration. No firearms shall be discharged within the Property and no explosives of any kind shall be discharged or stored upon any of the Lots or permitted within the Property. No open fires shall be lighted or permitted on the Lots, except in a contained outdoor fireplace or barbecue unit while attended. Artificial outdoor lighting shall be arranged so that the light is shaded or otherwise directed away from adjoining properties and so that no more than one foot candle of illumination leaves the property boundaries.

1.6 Repair of Structure. No structure on any Lot shall be permitted to fall into disrepair and each such structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any structure is damaged or destroyed, then such structure shall be immediately repaired and rebuilt or shall be demolished and the debris removed immediately.

1.7 Antennas. No antenna¹ satellite dish or other device for the transmission or reception of television or radio (including ham radio) signals or any other similar device shall be erected, used or maintained outdoors on any Lot unless approved by the Architectural Control Committee.

1.8 Trash Containers and Collection. No trash or other debris shall be placed or kept on any Lot, except in standard covered sanitary containers. In no event shall such containers be visible from neighboring property unless they are being made available for collection and then only for a period of time not exceeding fifteen (15) hours, which is deemed to be a reasonable time to effect collection. No outdoor incinerators shall be kept or maintained on any Lot.

1.9 Trucks, Trailers, Recreational Vehicles, Campers and Boats. No motor vehicles classed by manufacturer rating as exceeding one ton, recreational vehicle, mobile home, travel trailer, tent trailer, utility trailer, camper shell, detached camper, boat, boat trailer, or other similar equipment or vehicles may be constructed, reconstructed or repaired on any Lot, Common Area, or street within the Property, unless said boat, trailer, or R V. is enclosed or screened by a 6' enclosure. Such screening and/or fencing must be approved by the Architectural Control Committee. Notwithstanding the foregoing, any of the above described vehicles may be stored in a garage, providing said vehicles are not visible from neighboring property or Common Areas. This subsection shall not apply to cleaning,

loading or unloading and short term parking which shall be permitted for a cumulative period not to exceed seventy-two (72) hours in any calendar month.

1.10. Motor Vehicles. No automobile, motorcycle, motorbike, or other motor vehicle shall be constructed, reconstructed, repaired or rebuilt upon any Lot, Common Areas or street within the Property and no inoperable or unlicensed vehicle may be stored or parked so as to be visible from neighboring property, Common Areas or streets provided, however, that this Subsection shall not apply to emergency vehicle repairs which (i) require less than twenty-four (24) hours to complete; and (ii) vehicles parked in garages which are not visible from neighboring property, Common Areas, or streets.

1.11 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any lot except such machinery or equipment as is usual and customary in connection with the construction (during residential construction only) of a building, appurtenant structure, or improvements on a Lot.

1.12 Unnatural Drainage. Under no circumstances shall any Owner, or their tenants, guests or other occupants, be permitted to deliberately alter the topographic conditions of the Lot in any way that would adversely affect or obstruct the approved and constructed storm drainage system and surface flows. All roof and yard drains must be directed so as to not adversely affect adjacent properties.

1.13 Fences. No fences, wall, hedge or mass planting, other than a foundation planting, shall be permitted to extend nearer to ally street of private road than the setback line of the existing home; provided, however, that nothing shall prevent the erection of a necessary retaining wall. Proviciep further, that no fence, wall, hedge, or mass planting shall at any time extend higher than six (6) feet above the ground, except for necessary retaining walls or rookeries which will conform to the Kitsap County building codes. No wire fences shall be used for fencing any lot unless approved by the Architectural Control Committee. The finished side of all fences shall face the exterior of the lot.

1.14 Landscaping. Within one hundred eighty (180) days after the issuance of an occupancy permit for a residential structure, the Owner shall substantially or complete all landscaping of the Lot. Landscaping shall emphasize plantings and other features which will complement and enhance the native, existing character of VINLAND CREST. Each Owner shall ensure that the landscaping on their Lot is maintained to provide a neat and attractive appearance.

1.15 Easements. Within the final Plat(s) for the Property, easements are established for installation and maintenance of utilities and drainage. Within these easements, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and/or maintenance of such utilities, or which may change the direction or flow of water through a drainage channel in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements.

1.16 Signs. No signs whatsoever which are visible from neighboring property shall be erected or maintained on any Lot or Common Area except:

1.16.1 Signs required by legal proceedings, and then the sign shall not exceed 18" X 24", unless mandated by Court or Washington law;

1.16.2 One 'For Sale' or 'For Rent' sign not exceeding six (6) square feet in area, which shall be removed promptly upon sale or rental of the residence; and

1.16.3 Promotional and sales signs of the original builder and listing realty agency associated with the initial sale of a residence within VINIJAND CREST.

1.16.4 93 "Temporary Signs" for political advertising, yard sales, garage sales, etc. which shall not exceed four (4) square feet in size, nor be in place for longer than sixty (60) days.

1.17 Storm Drainage. Upon completion of the storm drainage facilities, the Declarant will be required to post a two-year maintenance bond for the facility. The developer will be responsible for providing regular and adequate maintenance records. At the end of this time, the county will inspect the system and, when the facility is acceptable and eighty percent (80%) of the residences in that phase have been completed, the County will take over the maintenance and operation of the system. A permanent storm drainage easement is granted to Kitsap County for the purpose of operations and maintenance of the Storm drainage facilities over and across Tracts "A" through "J" of VINLAND CREST PHASE 1, and over Tracts AA, BB, CC, DD, EE, LL, MM, NN AND 00 of VINLAND CREST DIVISION 2 and the other divisions of VINLAND CREST as shown on the Plat Map. Beginning approximately January 1, 1995, the Kitsap County Engineer may request reasonable maintenance fees for storm water drainage and drainage detention system, which improvements are located within the right-of-ways and utility easements for the Property. The

monthly charge per each Lot shall be Three Dollars and Seventy-Five Cents (\$3.75) per Lot. However, the Board of Commissioners may alter these charges upon request by the Kitsap County Engineer. These charges shall be made only with proper written notice or by public notice as may be outlined in a certain Kitsap County storm water ordinance as adopted and approved by the Kitsap County Board of Commissioners.

1.18 Road Maintenance. Ammended June 19, 1999. Road maintenance of all private roads within Vinland Crest is done by the homewoners' association as a whole.

THEREFORE, IT IS AGREED BETWEEN THE OWNERS OF THE TRACTS AS FOLLOWS:

1. Common Use. It is agreed that each of the Owners of the tract is entitled to unrestricted use of the Street(s) in that tract, in common with the other owners in the tract, for foot and vehicular ingress and egress by themselves and their invitees; and for all utilities now or in the future serving the property.

2. Maintenance and Repairs-Generally. The Owners in the tract agree to share as below in all costs and expenses of maintaining and repairing the Street(s) in a condition at least equal to its present condition.

3. Maintenance and Repairs. The need for maintenance and repairs shall be as agreed to by two-thirds (2/3) of the Owners in the tract. Upon deciding that maintenance or repairs are necessary, the Owners in the tract shall contract for the same.

4. Dues/Payment. The Owners in the tract shall, from time to time, estimate the costs of maintenance and repairs that they believe will be necessary in the future, and the costs thereof. The estimated cost shall be divided equally between all of the Owners, as determined by the Owners in the tract, pay their equal shares.

5. Failure to Pay. In the event that an Owner shall fail to pay any of the above amounts, when due, the remaining Owners in the tract shall thereupon have a lien, as described below, for the unpaid amount.

6. Lien. The lien referred to above shall be calculated and perfected as follows. The remaining Owners in the tract shall be entitled to the actual amount unpaid plus interest thereon at the highest legal rate in effect at the time said payment was due. A notice of lien signed by the Owner(s) in the tract shall be recorded in the County in which the property is located. Said notice of lien shall include at least a description of the defaulting Owner's property; a reference by recording number to this Agreement; the amount due including interest and the name of the Owners due.

ARTICLE VI - CONSTRUCTION AND ARCHITECTURAL CONTROL

Section 1. Establishment. The Architectural Control Committee is composed of:

Rob Purser Stafford Construction, Inc. 16016 118th Place
N.E. Bothell, WA 98011

Scott Loidhammer Stafford Construction, Inc.
P.O. Box 705 Silverdale, WA 98383
Darrell Erwin Stafford Construction, Inc. 16016 118th Place N.E.
Bothell, WA 98011

A majority of the committee may designate a representative to act for it. In the event of death or resignation of any member of the committee, the remaining members shall have full authority to designate a successor. Neither the members of the committee, nor its designated representative shall be entitled to any compensation for services performed pursuant to the covenant. After the declarant has deeded out the last lot, the then record owners of a majority of the lots shall have the power through a duly recorded written instrument to change the membership of the committee or to withdraw from the committee or to restore to it any of its powers and duties. In any event the term of office of the above designated Architectural Control Committee shall terminate automatically upon the sale or conveyance of the last lot owned by declarant in this subdivision.

Section 2. Structures. No building, fence¹ hedge, wall or other Structure shall be erected, placed or altered on any lot or building site within the Property until the building plans, specifications, and plot plan are submitted by the owner or his representative to the Architectural Control Committee and is approved.

Section 3. Land Clearing. No native trees or significant ground cover, which are located outside of the approved building site, shall be cut, removed, or destroyed without the approval of the Architectural Control Committee. The applicant, other than declarant shall submit a brief statement of the reasons supporting his request to cut, remove, or destroy such trees or ground cover.

Section 4. Exterior Finish. The exterior of all structures shall be designed, built and maintained in such a manner to blend with the natural surroundings and existing structures within VINLAND CREST. Siding shall be a solid wood product or approved wood byproduct. No plywood siding shall be used except for detail work and only when compatible with surrounding structures. All exterior paint colors shall be consistent with surrounding structures. No primary, reflective or fluorescent colors shall be utilized in any way on any structure. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and accessory buildings, if allowed, shall be designed, built and maintained to be compatible with the exterior of the structures they adjoin. All structures shall be completed as to

exterior appearances, including finish painting within nine (9) months from the start date of construction, such shall be defined for purposes hereof as the date the foundation is poured, except in the event of acts of God beyond the control of the builder.

Section 5. Criteria. The Architectural Control Committee shall consider the following criteria in approving or rejecting the plans submitted to it:

5.1 The harmony of the external design, color, and appearance of the proposal in relation to the surrounding neighborhood.

5.2 The location of the proposal on the lot in regard to slopes, soil conditions, existing trees and vegetation, roads and services, and existing buildings.

5.3 The compliance of the proposal with the Covenants contained in this Declaration.

Section 6. Procedure. The Architectural Control Committee shall approve or reject the plans submitted to it within thirty (30) days from the date of the submission of the plans to the Chairman of the Committee unless the person submitting the plans consents to an extension of the time for a decision. If the committee does not issue a decision within thirty (30) days from the date of the submission of the plans for the proposal, the plans shall be deemed to be approved. The committee shall have the right to reject, for any reason whatsoever, any proposal which it decides is not suitable or desirable. The committee's decision shall be in writing and if a proposal is not approved, the committee shall have the right to approve a proposal subject to compliance with conditions established by the committee.

Section 7. No Liability. The members of the Architectural Control Committee shall have no personal liability for any action by or decision of the committee. By acceptance of a deed to any property within the Property, the owner of that property agrees and covenants not to maintain any action against any member of the Architectural Control Committee which seeks to hold that member personally or individually liable for damages relating to or caused by any action of or decision by the Committee.

Section 8. Design Review Committee. Upon the termination of the Architectural Control Committee, the property owners of record within the Property shall have the right to appoint a Design Review Committee to fulfill the continuing obligations imposed upon the Architectural Control Committee by the terms of this Declaration. The design Review Committee shall be composed of three members who shall be owners of property within or residents of VINLAND CREST. The Design Review Committee shall

have all the powers and authority granted to the Architectural Control Committee under the terms of this Declaration, and any reference to the Architectural Control Committee in this Declaration shall also refer to the Design Review Committee unless otherwise clearly stated or unless clearly indicated by the context of the reference.

ARTICLE VII - TERM; AMENDMENTS; TERMINATION

Section 1. Term: Method of Termination. This Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect for a term of twenty-five (25) years from the date this Declaration is recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by ninety percent (90%) of the Lot Owners. If the necessary votes are obtained, then a Certificate of Termination shall be recorded in the Kitsap County Records. Thereupon, this Declaration shall have no further force and effect.

Section 2. Amendments. This declaration may be amended by obtaining approval of seventy percent (70%) of the total Lot owners. Any amendment to this Declaration shall be recorded with the Kitsap County Auditor as a Certificate of Amendment.

ARTICLE VIII - MISCELLANEOUS

Section 1. Severability. Any determination by any Court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforcement of any of the other provisions hereof.

Section 2. Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the Rule Against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest.

Section 3. References to the Covenants in Deeds. Deeds to and instruments affecting any Lot or any part of VINLAND CREST may condition the covenants herein set forth by reference to this Declaration, but regardless of whether any Such reference is made in any deed of instrument, each and all of the covenants shall be binding upon the grantee-owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 4. Gender and Number. Whenever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine gender; words in the singular shall include the plural and words in the plural shall include the singular.

Section 5. Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

Section 6. Notices. Notice of any meeting, action or proposed action to be given to any Owner shall be deemed satisfied if notice of such action or meeting is given in person or by regular mail, postage paid, not less than three (3) days prior to the date such notice is effective. IN WITNESS WHEREOF, the undersigned have hereunder affixed their signatures.

STAFFORD CONSTRUCTION INC.
A Washington Corporation

Darrell Erwin, President

U.S. BANK

[Bank Officer)

**A.F..*: 9610010223 REEL
0929 FR 0720**

