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DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR CHESTNUT GLEN

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RESTATED AND AMENDED
DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR CHESTNUT GLEN

THIS RESTATED AND AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CHESTNUT GLEN (the "Declaration") is made on this ____ day of July, 1992, by Roger M. Belanich (the "Declarant"), who is the owner of real property in the State of Washington, County of Snohomish, commonly known as Chestnut Glen, the legal description of which is attached hereto and incorporated herein as Exhibit A (the 'Property').

WHEREAS, Declarant previously executed and recorded under Snohomish County Recording No. 9204220252 that certain Declaration of Covenants, Conditions and Restrictions for Chestnut Glen (the "Original Declaration") dated as of the 22 day of April 1992, with respect to the Property; and

WHEREAS, Grantor is the owner of record of all the Property desires to supplement, amend and restate the Original Declaration.

NOW, THEREFORE, Declarant makes the following declarations as to limitations, restrictions, and uses to which the lots or tracts constituting such Subdivision may be put, and specifies that such declarations shall constitute covenants to run with all the land, as provided by law, and shall be binding on all parties and all persons claiming under them, and for the benefit of and limitations on all future owners in the Chestnut Glen Plat. The purpose of this Declaration is to insure the use of the Property for attractive residential purposes only, to prevent nuisances, to prevent the impairment of the attractiveness of the Property, and to maintain the desired tone of the community, and thereby to secure to each Owner the full benefit and enjoyment of his or her home, with no greater restriction on the free and undisturbed use of his or her site than is necessary to insure the same advantages to the other Owners. This Declaration shall supersede the Original Declaration and shall be effective upon its recording, and upon the recording of this Declaration, the Original Declaration shall terminate and be of no further force and effect.

ARTICLE 1
DEFINITIONS

1.1 Association shall mean and refer to the Chestnut Glen Owners Association, A Washington non-profit corporation, its successors and assigns.

1.2 Association Action shall mean and refer to a written corporate action of the Association in the form of either a by-law or resolution duly passed by either the board of directors or members of the Association.

1.3 Committee shall mean and refer to the Architectural Control Committee, composed of:

| <u>NAME</u> | <u>ADDRESS</u> |
|-------------------|---|
| Roger M. Belanich | 22020 – 17th Avenue SE Bothell, WA 98021 |
| Jack Martin | 22020 – 17th Avenue SE Bothell, WA 98021 |

Larry Sundquist

PO Box 958, Lynnwood, WA 98046-0958
7127 – 196th St. SW, Ste. 201, Lynnwood, WA 98046

The Committee shall consist of three (3) members who shall be initially appointed by the Declarant.

1.4 Common Area shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners and shall include all Common Area described on the Plat Map.

1.5 Committee Action shall mean and refer to any action authorized and taken by a majority of Committee members. In the event of death or one or more Committee members, the Association, by election with simple majority vote, shall appoint a successor member.

1.6 Construction Period shall mean and refer to that period of time beginning on the date construction of a Dwelling is commenced upon a Lot, and which construction is to be completed within nine (9) months thereafter.

1.7 Committee Action shall mean and refer to any action authorized and taken by a majority of the Committee members. In the event of the death of one or more Committee members, the Association, by election with a simple majority vote, shall appoint a successor member to that period of time beginning on the date construction of a Dwelling is commenced upon a Lot, and which construction is to be completed within nine (9) months thereafter.

1.8 Declarant shall mean and refer to Roger M. Belanich his successors and assigns; provided however, that no successor or assign of Declarant shall have any rights or obligations of Declarant hereunder unless such rights and obligations are specifically set forth in the instrument of succession or assignment or other recorded instrument or pass by operation of law. Certain rights and obligations of Declarant, as set forth herein, shall cease upon the completion of all development of the Property.

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

1.10 Dwelling shall mean and refer to the improvement which is to be used solely as a single family residence by a respective Owner.

1.11 Governing Documents shall mean and refer to this Declaration and Supplementary Declarations, and the governing documents of the Association.

1.12 Lot shall mean and refer to any legally platted, segmented and alienable portion of the Property.

1.13 Maintenance Easement shall mean and refer to an easement that is established for the benefit of Lots 1, 2, 53, 54, 68 through 74 on the adjoining property to allow access to the lot line wall at reasonable periods during the day for normal maintenance of the dwelling.

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

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

1.16 Open Space shall mean the land designated as "Native Growth Protection Area" on the Plat which shall remain as non-developable tracts.

1.17 Owner shall mean and refer to the record owner, as shown by the Real Estate Records in the Snohomish County Division of Records and Elections, State of Washington, (whether one or more persons or entities) of a fee interest in any Lot or Dwelling, including one or more persons or entities, who acquire a Lot(s) for the purpose of improving such Lot(s) for resale to other individual Owner(s); but excluding mortgages or other persons or entities having such interest merely as security for the performance of an obligation; except a creditor, who acquires title to a Lot(s) and Dwelling thereon or any portion thereof pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, shall be considered an owner. Purchasers or assignees under recorded real estate contracts shall be deemed owners as against their respective sellers or assignors.

1.18 Participating Builder shall mean and refer to a person or entity that acquires a Lot(s) of the Subdivision for the purpose of improving such Lot(s) for resale to individual Owner(s).

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

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

1.21 Recreational Facilities shall mean the playground equipment within the Tot Lot within Tract 990 and the basketball standard adjacent to Lot 19.

1.22 Structure shall mean and refer to any dwelling, building, fence, wall, road, swimming pool, concrete or other slab or other structure which is attached to or placed on the land.

1.23 Supplementary Declarations shall mean and refer to any recorded declaration of covenants, conditions, and restrictions which extends or amends the provisions of this Declaration.

1.24 Subdivision shall mean and refer to the Property.

1.25 Two Foot Maximum Eaves Easement shall mean and refer to an easement that is established within the maintenance easement for the purpose of a roof overhang (if necessary).

1.26 Zero Lot Line shall mean and refer to Lots 1, 2, 53, 54, 68 through 72, where one side of Dwelling is placed on the property line.

ARTICLE 2 COMPLIANCE WITH GOVERNING DOCUMENTS

2.1 Owners Compliance With The Governing Documents. By acceptance of a deed to a Lot, execution of a contract therefore, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby on behalf of himself and his heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents as provided in this Declaration.

ARTICLE 3
CHESTNUT GLEN OWNERS ASSOCIATION

3.1 Description of Association. The Association is a non-profit corporation organized and existing under the laws of the State of Washington charged with the duties and vested with the powers prescribed by law and set forth in the governing documents of the Association, as they may be amended from time to time; provided, however, that no governing document other than this Declaration shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

3.2 Association Board. Declarant may, but shall not be required to, select an initial board of directors consisting of three (3) persons who initially need not be Owners. The initial board shall have the full authority and all rights, responsibilities, privileges, and duties to manage the Association under the governing documents of the association, and shall be subject to all provisions of those governing documents. The term of the initial directors of the board shall expire thirty (30) days after the sale of the last Lot at which time a special meeting shall be held to elect successors to the Board. The board shall include a president who shall preside over the meetings of the board and meetings of the Association.

3.3 Association Membership. Every person or entity who is an Owner shall be reasonable thereof be a member of the Association. Such membership shall be appurtenant to and held and owned in the same manner as the beneficial fee interest in the Lot or Dwelling to which it relates. Membership shall not be separated from Ownership of the Lot or Dwelling to which it relates; provided, however, that any Owner may delegate his rights of membership in the Association to the members of his family.

3.4 Elections at Meetings. The Association shall conduct regular and special meetings, at which the members shall be allowed to vote on matters, including but not limited to the election of the officers and directors, successor members of the Committee, establishment of rules and regulations, action to be taken when a violation of the covenants, conditions and restrictions of this Declaration occur etc. Written notification shall be given to every member at least thirty (30) days prior to any regular or special meeting, except a shorter notification shall be allowed if an emergency situation exists requiring the immediate action of the Association. All members may vote and transact business at any meeting of the Association by proxy authorized in writing. Additionally, in the discretion of the Board of Directors of the Association, the Association may send with notices of a regular or special meeting, a statement of certain motions to be introduced for vote of the members and a ballot on which each member may vote for or against such motion. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot. A quorum, for purposes of this Declaration, shall be considered to be a simple majority of members in the Association, who are allowed to vote at the meetings of the Association.

3.5 Votes Appurtenant to Lot(s) and Dwelling(s). Every Owner shall be entitled to cast one vote in the Association for each Lot or Dwelling owned. A vote shall be appurtenant to an interest held and owned in the same manner as the beneficial fee interest in the Lot or Dwelling which it relates. A vote shall not be separated from Ownership of the Lot or Dwelling; however, that when one or more entity holds the beneficial interest in any lot or dwelling, the vote therefore shall be as the Owners among themselves determine, but in no event more than one vote be cast with respect to any Lot or Dwelling; and if the several Owners of a Lot or Dwelling are unable to agree as to the casting of their vote, such vote shall not be counted. When a single entity owns more than one Lot or Dwelling, each vote may be cast separately.

3.6 Voting.

3.6.1 The Association shall have two classes of voting membership:

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.

Class B. The Class B member shall be the Declarant, which shall be entitled to seven (7) votes for each Lot owned.

3.6.2 The Class B membership shall cease and be converted to Class A membership on the happening of the first of the following events:

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

(b) the date on which Declarant may voluntarily elect to terminate all Class B member votes.

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.

3.6.3 Except as provided above, the total voting power of all Owners shall equal the total number of Lots at any given time and the total number of votes available to Owners of any one Lot shall be one vote.

3.7 Owner's Compliance With Governing Documents. By acceptance of a deed to a Lot or Dwelling, execution of a contract therefore, or any other means of acquisition of an Ownership interest, whether or not it shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to observe and comply with all terms of the governing documents of the Association, and all rules and regulations duly promulgated pursuant to Association action.

3.8 Rules and Regulations. The Association shall have the power to adopt from time to time by Association Action and to enforce rules and regulation governing the Use of the Property in addition to the use restrictions contained in the Declaration and whether or not expressly contemplated herein, provided that such rules and regulations shall not be inconsistent with this Declaration. The rules and regulations may not discriminate among Owners. The Association may prescribe penalties for the violation of such rules and regulations. Any such rules and regulations shall become effective thirty (30) days after promulgation or amendment. A Copy of the rules and regulations then in force shall be retained by the secretary of the Association and shall be available for inspection by any Owner during reasonable business hours. Such rules and regulations shall have the same force and effect as if set forth herein.

3.9 Architectural Control Committee. The Association shall establish and continuously maintain an architectural control committee (the "Committee") composed of three or more members as provided in the by-laws of the Association, to review and approve or disapprove the details and written plans and specifications showing the nature, kind, shape, height, materials, colors and location of proposed dwellings, buildings, fences, walls, or other structures, exterior additions to or changes or alterations therein, clearing or excavation of lots. The members of the Committee shall be initially appointed by the Declarant. Upon the death or resignation of a member of the Committee the Association shall appoint a successor member. The initial members appointed by the Declarant shall act as members of the committee for a term which will expire thirty (30) days after the sale of the last Lot within Chestnut Glen, a subdivision located in Bothell, Snohomish County, Washington, at which

time the newly elected Board of Directors shall establish and appoint successor committee members by a majority vote of the newly elected directors. Each committee member shall be appointed to serve until the next annual meeting at which time the newly elected Board Directors shall appoint his/her Successor and shall qualify. The Association shall have the power to adopt from time to time by Association Action and to enforce guidelines, criteria procedures governing the Architectural Control Committee a Owners' compliance with the provisions of this Declaration.

3.9.1 All buildings and structures (including, without limitation, concrete or masonry walls, rockeries, fences, swimming pools, if any, or other structures) to be constructed within the Property, and all exterior alterations and repairs (including, but not limited to, reproofing or repainting) of any buildings or structures on the Property and visible from any public street, Common Area or other Lot must be approved by the Committee. Complete plans and specifications of all such proposed buildings, structures, and exterior alterations and repairs, together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the Committee, shall be submitted to the Committee before construction, alteration or repair is started. Construction, alteration or repair shall not be started until written approval thereof is given by the Committee. Any exterior modifications in accordance with plans and specifications developed by the Declarant and filed with the Board will be deemed approved exterior modifications.

3.9.2 The Committee will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the external design with proposed or existing structures on neighborhood residential Lots or building sites, and as to location of the building with respect to topography, finish grade elevation and building setback restrictions.

3.9.3 In the event the Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, such approval will not be required.

3.9.4 All plans and specifications for approval by the Committee must be submitted in duplicate, at least thirty (30) days prior to the proposed construction or exterior alteration or repair starting date. The maximum height of any building shall be established by the Committee as part of the plan approval and shall be given in writing together with the approval.

3.9.5 The Committee may require that said plans or specifications shall be prepared by an architect or a competent house-designer, approved by the Committee. One complete set of said plans and specifications shall in each case be delivered to and permanently left with the Committee. All buildings or structures shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the Committee. The Committee shall have the right to refuse to approve any design, plan or color for such improvements, construction, or exterior alteration or repair visible from a public street, Common Area or other Lot which is not suitable or desirable, in the Committee's reasonable opinion, aesthetic or otherwise.

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

3.9.7 The Committee shall have the right to disapprove the design or installation of a swimming pool or any other recreational structure or equipment desirable, in the Committee's

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

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

3.9.9 The Committee shall have the right to specify precisely the size, color and style of mailboxes, and of the post or support on which such mailboxes are affixed, and their location within the Project.

3.9.10 Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions of Sections 3.9 and 4.3 as to any Lot owned by Declarant, whether or not any Class B membership exists and whether or not management of the Association has been relinquished by Declarant.

3.9.11 Notwithstanding any provision in this Declaration to the contrary, Declarant (its agents, employees and contractors) shall be permitted to maintain during the period of sale of Lots and/or Homes upon such portion of the Property (other than Lots sold by Declarant) as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Lots and Homes, including but not limited to, a business office, storage area, signs, model units, sales office, construction office, and parking areas for all prospective tenants or purchasers of Declarant.

3.10 Authority. On behalf of and acting for the Association, the Board, for the benefit of the Project and the Owners, shall have all powers and authority permitted to the Board under this Declaration, including but not limited to the following:

3.9.12 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 those portions of the Common Areas or facilities which must be maintained, repaired or replaced on a periodic basis, which reserve shall be funded by the above assessments.

3.9.13 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, whether such 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.

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

3.9.15 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, the requirements of which are more fully set forth hereinafter.

3.9.16 Pay for costs of painting, maintenance, repair and all landscaping and gardening work for all Common Areas, 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 maintaining the storm retention ponds or similar facility, if any; and such replacing and repairing of furnishings and equipment, if any, for the Common Area as the Board shall determine are necessary and proper.

3.9.17 To the extent deemed advisable by the Board, pay for the costs of maintaining and landscaping rights of way, traffic islands and medians, or other similar areas which are within or adjacent to the Project boundaries, and which are owned by or dedicated to a governmental entity, if said governmental entity fails to do so; provided, the Lot Owner at the Owner's expense (rather than the Association) shall maintain and landscape such areas as are adjacent to such Owner's Lot.

3.9.18 To the extent deemed advisable by the Board, pay for the cost of maintaining, repairing and replacing: perimeter and interior fences, if any; and landscaping and improvements on easements, if any, which are located on or across Lots; provided, the Board at its option may require a Lot Owner at the Owner's expense to maintain, repair and replace such fences, landscaping and improvements as are adjacent to such Owner's Lot.

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

3.9.20 Contract and pay for any materials, supplies, labor or services which the Board should determine are necessary or proper for the enforcement of this Declaration, including legal, accounting, management or other services; provided that if for any reason any materials, supplies, labor or services are provided for particular Lots or their Owners, the cost thereof shall be specifically charged to the Owner of such Lots.

3.9.21 Each Owner, by the mere act of becoming an Owner, 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.

3.9.22 In the discharge of its exercise of its powers as set forth herein, but subject to the limitations set forth herein, the Board may borrow funds on behalf of the Association.

3.9.23 When and to the extent deemed advisable by the Board, to adopt reasonable rules and regulations governing the maintenance and use of the Property and other matters of mutual concern to the Lot Owners, which rules and regulations are not inconsistent with this Declaration and the Bylaws and which treat all Owners fairly and on a non-discriminatory basis.

3.9.24 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.

ARTICLE 4
ASSOCIATION BUDGET, ASSESSMENTS AND LIENS

4.1 Owner's Covenant to Pay Assessments. By acceptance of a deed to a Lot or Dwelling, execution of a contract therefore, or any other means of acquisition of an Ownership interest, whether or not is shall be so expressed in any such deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to pay the Association, in advance, all fees, and any general and special assessments levied as provided herein.

4.2 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 in no way limited to all management and administration costs, 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, including, when appropriate, a general operating reserve. The funds required to meet the Association's annual expense; shall be raised from a general assessment against each Owner, Lot and Dwelling 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.

4.3 Architectural Control Committee Fee. In order to meet the costs and expenses of the Architectural Control Committee incurred in reviewing the details written plans and specifications submitted by each Owner, the Association shall assess and the Owner by acceptance of a deed to a Lot or Dwelling, execution of a contract therefor, or any other means of acquisition of an ownership interest in a Lot or Dwelling as provided in this Declaration, whether or not it shall be so expressed in any such deed or other instrument, covenants to pay to the Association a fee of \$250.00 per Lot, at this time the Owner submits such details, written plans or specifications to the Committee for review as required by this Declaration. The Committee shall not review any details, written plans or specifications until the Owner has tendered the entire \$250.00 fee. Refusal to review such documents for failure to pay the \$250.00 fee shall not be considered action unreasonably withheld by the Committee.

4.4 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 assessments shall be the amount of the Association's operating budget divided by the sum of the number of existing 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 kept in the office of the Association and shall be open to inspection by any Owner upon reasonable notice to the Association. Notice of the general assessment shall 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 affix the amount of the general assessment 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 of 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 the budget was prepared, the Association shall, if necessary, revise the general assessment levied against the Owners and give

notice of the same in the same manner as the initial levy of a general assessment for an assessment period.

4.5 Payment of General Assessment. Upon Association Action, installments of general assessments may be collected on a monthly, quarterly, semi-annual, or annual basis. Any Owner may prepay one or more installments on any assessment levied by the Association without premium or penalty.

4.6 Non-Discriminatory Assessment. 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, as defined in Section 4.8, may be made against a particular Owner by a two-thirds majority vote of the Board of Directors of the Association or other Association committee to which such oversight responsibility has been delegated or the general members of the Association, after notice from the Association has been given to the Owner thereof.

4.7 Certificates of Assessment Payment. Upon request, the Association shall furnish written certificates certifying the extent to which assessment payments on a specified Lot or Dwelling are paid and current to the date stated therein. Issuance of such certificate shall be conclusive evidence of payment of any assessments therein declared to have been paid. A reasonable charge may be made by the Association for the issuance of such certificate.

4.8 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 against a particular owner and existing Dwelling only, or generally to all Owners within the Subdivision, applicable to that year only, for such purpose as the Association may consider appropriate, which may include for purposes of illustration only, assessments made by the Association for the repayment of debt or expenses incurred by the Association, while enforcing this Declaration, the general upkeep, maintenance and care of the common areas and entrances identified on the recorded plat for common areas and entrances identified on the recorded plat for Chestnut Glen, including the installation, maintenance and upkeep of the entrance signs, which costs or expenses have not been included in the general assessment of the Association, the removal of trash, debris, or other unsightly nuisance upon a Lot(s), including the general maintenance of yard work and upkeep of trees and shrubbery required of each Lot Owner as required by this Declaration. Provided, however, that any such assessment must have the prior favorable vote of a two-thirds majority vote of the Board of Directors of the Association, and Association Committee to which oversight responsibility has been delegated or the general members in the Association, after notice from the Association has been given to the Owner thereof. The amount of each Owner's special assessment for any year shall be the total special assessment for such year, divided by the sum of the number of Lots or existing Dwellings; and in specific instances, such special assessment may be assessed totally against a particular Lot Owner specific Lot Owners.

4.9 Effect of Non-Payment of Assessment. If any assessment is not made in full within sixty (60) days after it was first due and payable, the unpaid amount shall constitute a lien against the Lot or Dwelling assessed and shall bear interest from such due date at a rate not to exceed the highest rate then permitted by law. By acceptance of a deed to a Lot or Dwelling, execution of a contract therefore, 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 of the Subdivision of 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 as a corporate entity, and the Association shall have the power to bid at any

lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot or Dwelling foreclosed against.

4.10 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 and Dwelling, to secure to the Association of payment to it of all assessments, interests, costs, and reasonable attorneys' fees; and Declarant hereby subjects all Lots and Dwellings perpetually to such power of the Association. Such lien shall arise in accordance with the terms of this Declaration without being a necessity of any further action by the Association if an Owner fails to pay all est, costs, and reasonable attorneys fees within sixty (60) days after the date of billing, and any such shall be a security interest in the nature of a the Association. Such lien shall become a 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 or Dwelling at the time of the assessment. The personal obligation to pay a prior assessment shall not pass to successors and interest unless expressly assumed by them; provided, however, that in the case of a sale or contract for the sale of any Lot or Dwelling 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 line for unpaid assessments against the respective Lot or Dwelling.

4.11 Suspension for Non-Payment 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 government documents of the Association for a period of thirty (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 remedies. No Owner is relieved of the liability for assessments by abandonment of a Lot or Dwelling.

4.12 General Operation Reserve. As a common expense, the Association shall establish and maintain a reserve fund with a banking institution, the accounts of which are insured by any state or by any agency of the United States of America or, in the discretion of the Association, the funds may be invested in obligations of, or fully guaranteed as a to principal by, the United States of America. The proportional interest of any Owner in any such reserves shall be considered an appurtenance of his/her Lot or Dwelling and shall not be separately withdrawn, assigned, or transferred, or otherwise separated from the Lot or Dwelling to which it appertains and shall be deemed to be transferred with such Lot or Dwelling.

ARTICLE 5 USE COVENANTS, CONDITIONS AND RESTRICTIONS

5.1 Residential Use Only. No building or structure of any kind whatsoever other than a Dwelling shall be erected on a Lot and any such Dwelling shall be used for residential purposes only. Such single family Dwelling is not to exceed two stories in height (exclusive of daylight basements and dead crawl spaces. The Declarant reserves the right to place a temporary "model home", real estate sales office on a Lot until all Dwelling have been built and all Lots sold.

5.2 Garages. No Lot in the above-described Subdivision shall have a garage constructed on such Lot for more than three (3) cars, and any such garage must be erected as part of the Dwelling on the Lot, unless written approval is obtained from the Committee.

5.3 Square Foot Restriction. No two-story dwelling shall have a first floor, exclusive of one-story porches and garages, which total square footage is less than seven hundred (700) square feet. For Rambler Style Dwellings the square footage for the first floor shall not be less than 1,250 square feet.

5.4 Setback and Height Requirements. Pursuant to a general plan for the protection and benefit all property in the Chestnut Glen Plat and of all persons who may now or hereafter become Owners of any part of the Subdivision, no Dwelling shall be otherwise constructed nearer than (15) feet to the front Lot line or nearer than (5) feet to the rear Lot line. If any Lot abuts a side street, no construction or improvement shall be nearer than 15 feet, and there shall be a minimum total side yard of 5 feet with no less than 10 feet between any two Dwellings. For this purpose fireplaces, coves, steps, open porches shall not be considered as part of a building, provided that no such fireplace, coves, steps, open porches or any portion of a Dwelling shall be allowed to encroach upon another Lot. The setback ordinances of Snohomish County as found in the Snohomish County Land Use Codes, are controlling.

5.5 Reservation of Utilities and Entrance Easements. The Declarant reserves easements, as shown on the recorded plat for Chestnut Glen for the purpose of installation and maintenance of utilities and drainage facilities. No structure, planting, or other material shall be placed or permitted to remain upon the reserved easements, which may damage or interfere with the installation or maintenance of utilities, or which may unreasonably change, obstruct or retard the direction of or flow of any drainage channels. Additionally, the Declarant reserves access easements for entryways, as shown on the recorded plat for Chestnut Glen, for the ingress and egress of traffic to and from the Subdivision, and also for the installation and maintenance of Subdivision entrance signs as shown on the recorded plat for Chestnut Glen. No structure, planting, or other material shall be placed or permitted to remain upon the reserved access and entrance sign easements.

5.6 Reservation of a Maintenance Easement. The Declarant reserves a five foot easement for maintenance of the dwelling units on adjacent property for Lots 1, 2, 53, 54, 68 through 72 where it is necessary to do maintenance on the dwelling at reasonable times of the day.

5.7 Reservation of an Eaves Easement. The Declarant reserves an eaves easement within the maintenance easement for the purpose of a two (2) foot roof overhang (if required).

5.8 Approval of Building or Clearing Plans Required. No Dwelling, residence, garage, building, fence, wall or other structure shall be constructed, commenced, erected or maintained upon a Lot, nor shall any exterior addition to or change or alteration therein be made, nor shall a Lot be cleared or excavated for use, nor shall any evergreen tree be cut, until after the details and written plans and specifications showing the nature of the construction, work, landscaping or excavation, the kind shape, height, materials to be used, colors and location of the same shall be submitted with the applicable fee to, and required to be approved in writing by the Committee, as to the harmony of external design and location in relation to surrounding structures, vegetation and topography. If the Committee fails to act on a Lot Owner's application within thirty (30) days the application shall be deemed to be approved, but the failure to act by the Committee will in no way prohibit or limit the authority of the Committee, the Association or any Lot Owner's right to enforce the covenants, conditions and restrictions of this Declaration.

5.9 Duration of Construction Period. No Dwelling, residence, building or other structure, placed or erected on any Lot in the Subdivision, shall be under construction or improvement for longer than nine (9) months unless the committee grants a written extension of time to complete such construction or improvement period.

5.10 No Subdivision of Lot(s). No Owner of any Lot(s) shall be allowed to further subdivide any Lot as shown on the Subdivision's recorded plat.

5.11 Nuisance Prohibited. No noxious or offensive activity shall be conducted on any Lot, or within or outside any Dwelling, nor shall anything be done or maintained by an Owner which is in derogation of the laws of the state of Washington, Snohomish County, City of Bothell or any, other applicable governmental entity. Nothing shall be done or maintained on any Lot or within any Dwelling which may be or may become an annoyance or nuisance to the neighborhood or other Owners with in the Subdivision or other activity which may or does detract from the value of the Subdivision. In no way shall any owner use his or her Lot in a way which unreasonably interferes with the rights of other Owners use and enjoyment of their respective Lots.

5.12 Temporary Structures Prohibited. No structure of temporary character, mobile home, house trailer, tent, shack, basement, barn or campers shall at any time be used as a residence temporarily or permanently. Additionally, no mobile home, house trailer, junk vehicles, or other similar machinery or equipment of any kind or character, shall be allowed to be stored upon any Lot. Any recreational trailers, campers, boats or boat trailers must be screened from view of the adjacent streets, Lots or Dwellings in a manner consistent with this Declaration, including but not limited to the setback and fence restrictions within this declaration. Except for the normal customary and usual upkeep of automobiles or vehicles, no extraordinary repairs of such automobiles or vehicles shall be allowed on any Lot.

5.13 Garbage. No garbage, refuse, or rubbish shall be deposited or left on any Lot, 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.

5.14 Pets or Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept; provided, however, that dogs, cats, or other conventional domestic 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 nuisance. Pets shall be attended at all times and shall be registered, licensed, and inoculated from time to time as required by law. Any fences constructed to confine such animals shall meet the requirements of sections 5.4 and 5.14 as well as any other applicable section for the erection of any fence or structure.

5.15 Prohibition Against Signs. Except for entrance, street, directional, traffic control, and safety signs, and such promotional signs as may be maintained by Declarant and "Participating Builders" as defined in Section 1.12, or agents or contractors thereof, or the Association, no signs or advertising devices of any character shall be erected, posted, or displayed upon any Lot within the Subdivision; provided, however, that one temporary real estate sign not exceeding six square feet in area may be erected upon any Lot for the sale of such Lot or Dwelling. Any such temporary real estate sign shall be removed promptly following the sale of such Lot or Dwelling.

5.16 Fences. No fence, wall, hedge or mass planting higher than three (3) feet in height shall be permitted to extend nearer to any street than the minimum setback lines as set forth in section 5.4 above, and all fencing shall be built in accordance with the materials and dimensions as required by the Committee. No fence, wall, hedge or mass planting shall at any time, where permitted, extend higher than six feet above the ground.

5.17 Water Wells and Septic Tanks. There shall be no water wells or septic tanks on Lots. Owners shall be required at all times to connect their Dwellings to the public water and sewer facilities administered by the Alderwood Water District, or its successor, and at all times to maintain such facilities in good working order and repair.

5.18 Mining and Exploration Prohibited. No portion of the Subdivision or any Lot thereof shall be used for the purpose of boring, mining, quarrying, or exploring, for or removing oil or other hydrocarbons, minerals, gravel, precious metals or earth.

5.19 Basketball Goals and Other Recreational Fixtures. Basketball goals and other recreational fixtures shall be permitted to be constructed on a Lot or affixed to any Dwelling, if it reasonably conforms to the general scheme of the Subdivision.

5.20 Access to Open Space. The declarant reserves for all property owners within Chestnut Glen access to all open space tracts (990, 993, 996, 998, 999). No structure, planting, or other material shall be placed or permitted in the Open Space Tracts. The Open Space Tracts are to be left "as is" with no cutting, removing, transplanting of any plant material, tree, shrub or ground cover.

5.21 Open Space Maintenance. It shall be the responsibility of the Chestnut Glen Owners Association to perform periodic maintenance on the Open Space Tracts. The maintenance should include but not be limited to debris pickup, fallen tree removal, and storm water system maintenance. The costs for maintenance shall be included in the Association Budget.

5.22 Recreation Facilities Construction. The declarant is responsible for the construction of all recreational facilities within the TOT Lot (990) as well as the common area basketball hoop adjacent to Lot 19. The declarant will quit claim ownership of the recreational facilities to the Chestnut Glen Owners Association within 60 days of the first constructed dwelling.

5.23 Recreational Facilities Maintenance. It shall be the responsibility of the Chestnut Glen Owners Association to perform periodic maintenance of the TOT Lot and basketball goal posts to insure proper usage and safety. The costs for maintenance shall be included within the Association budget.

5.24 Arterial Roadway. Notice is hereby given to all Owners that there does exist the potential of Snohomish County and/or the City of Bothell requiring the arterial extension of 24th Ave. S.E. to the South as an arterial connection of Maltby Road and 228th Street S.E. Such Owner hereby consents to such extensions and agrees not to protest or object to such extensions. Such extensions benefit real property owned or controlled by Declarant to the South of the Property and the provisions of this Section 5.24 may be enforced by Declarant, Snohomish County and/or the City of Bothell.

5.25 Maintenance of Lots. Each Owner, at said Owner's sole cost and expense, shall promptly and continuously maintain, repair and restore said Owner's Lot (including the yard and landscaping) and Home and other improvements located thereon, and also such other areas as may be required pursuant to Sections 3.10.6 and 3.10.7, in a good, clean, attractive, safe and sanitary condition and in full compliance with all applicable governmental laws, rules and regulations and the provisions of this Declaration and the rules and regulations of the Association.

5.25 Rental Lots.

5.25.1 With respect to the leasing, renting, or creation of any kind of tenancy of a Lot and improvements thereon by its Owners, such Owner shall be prohibited from leasing or renting less than the entire Lot or improvements thereon, or (with the exception of a lender in possession of a Lot and improvements thereon following a default in a first mortgage, a foreclosure proceeding or any deed of trust sale or other arrangement in lieu of a foreclosure) for a term of less than thirty (30) days; and all leasing or rental agreements shall be in writing and be subject to the Declaration on and Bylaws (with a default of the tenant in complying with the Declarant and Bylaws constituting a default under the lease or rental agreement).

5.25.2 If a Lot or Home is rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Lot or Home as is required to pay any amounts due the Association hereunder, plus interest and costs, if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over to the Board, and such payment will discharge the lessee's or renter's duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner, and the Lot or Home under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Lot or its Owner; nor in derogation of any rights which a mortgagee of such Lot may have with respect to such rents. Other than as stated herein there are no restrictions on the right of any Owner to lease or otherwise rent his Home.

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

5.27 Catch Basin. The cleaning of catch basins, if any, on individual Lots shall be carried out at least once prior to September 15 of each calendar year.

5.28 Driveway Standards. All driveways shall be constructed of concrete or other material approved by Committee,

5.29 Roof. The exterior of all roofs shall be composed of PABCO Composition Roofing Color Horizon or other material approved by Committee. All roofs must have a pitch of at least 4/12, unless approved by the Committee based on considerations regarding a specific Lot. Under no circumstances are flat roofs allowable.

5.30 Exterior Finish. The exterior of each residence shall be designed, built and maintained in such a manner as to blend in with the natural surroundings, existing structures and landscaping of the Project. All exterior materials and all exterior colors must be approved by the Committee in accordance with the provisions of this Article. Exterior trim, fences, doors, railing, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structures they adjoin.

5.31 Antenna. No antenna, satellite dish or other similar type of exterior equipment shall be allowed on any lot unless approved by the Committee.

5.32 Games and Play Structures. No platform, dog house, playhouse or structure of a similar kind or nature shall be constructed on any part of a Lot located in front of the rear line of the residence constructed thereon, and any such structure must have prior approval of the Committee.

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

5.34 Livestock. No animals or reptiles of any kind shall be kept on the Property, except that dogs, cats, and other indoor household pets may be kept provided that they are not kept, bred, or maintained for any commercial purpose. No individual Lot owner shall keep more than two dogs.

5.35 Landscaping. All cleared areas in front of building line to the street shall be fully landscaped within 30 days depending on weather conditions, of the time when house is ready for

occupancy. Owner shall install or have installed within 6 months of occupancy the balance of all landscaping unless a time longer is approved by the Committee. The general plan for all of such landscaping must be approved in advance by the Committee.

5.36 Clothes Lines, Other Structures. No clothes lines of other structures of a similar nature shall be visible from front street.

ARTICLE 6 ENFORCEMENT

6.1 Duration and Binding Effect. All of the covenants, conditions and restrictions set forth in this Declaration shall run with and bind the land for a period of sixty (60) years from the time of recordation of this Declaration. Every Owner by accepting a deed to a Lot(s), accepts the same subject to the covenants, conditions and restrictions, and the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to between be bound by each of the covenants, conditions, and restrictions jointly, separately and severally. The Covenants, Conditions and Restrictions shall automatically extend for successive periods of ten (10) years, unless a two-thirds majority of the then Owners within the Subdivision, the Association, its members, or its board of directors have recorded an instrument, which amends or terminates this Declaration.

6.2 Who May Enforce. The restrictions set forth in this Declaration shall operate as covenants, conditions and restrictions running with the land for the benefit of any and all persons who now may own, or who may hereafter own, a Lot(s) in Chestnut Glen and such persons are specifically given the right to enforce these restrictions through any proceedings, at law or in equity, against any person or persons violating or threatening to violate or circumvent any restriction, or covenant either to restrain violation or to recover any damages suffered by them for violations of such covenant or restriction. Additionally, the committee and the Association shall have the authority to enforce any or all of these restrictions through any proceedings, at law or in equity, against any person or persons violating, circumventing or threatening to violate such restrictions, and to restrain violation or to recover damages caused by the violations of such covenant or restrictions.

6.3 Severability. It is expressly understood and agreed that if any covenant, condition or restriction contained in this Declaration, or any portion of any such covenant, condition or restriction, is held by a court of competent jurisdiction to be unenforceable, illegal, invalid or void for any reason such judgment shall in no way affect any other covenant, condition, restriction or provision contained in this Declaration which are declared to be severable and which shall remain in full force and effect.

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

ARTICLE 7 OWNER'S PROPERTY RIGHTS

7.1 Owners' Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement, in common with all Owners, 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:

7.1.1 The right of the Association to limit access to those portions of the Common Areas, which in the opinion of the Board are dangerous.

7.1.2 The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area.

7.1.3 The right of the Association to suspend the voting rights and right to use of the Common Areas by Owner for: any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations. Until all Class B membership terminates, the Association shall be required to exercise its right to suspend the voting rights of, and the right to the use of the recreational facilities by, a member for non-payment of an assessment, upon the request of the Declarant.

7.1.4 The rights of the Association to dedicate or transfer all or any part of the Common Area, including easements across said properties, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the Owners has been recorded; provided, however, only a majority of Owners will be necessary to approve dedicating a storm retention pond or similar facility, if any, to a governmental entity which shall maintain such ponds.

7.1.5 The right of the Association to limit the number of guests of members;

7.1.6 The right of the Association, in accordance with this Declaration and its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, but the rights of such mortgagee in said property shall be subordinate to the rights of the homeowners hereunder and all Mortgagees.

7.1.7 The right of the Association to take such steps as are reasonably necessary to protect any such mortgaged property against foreclosure, including, but not limited to, the right to charge admission and other fees as a condition to continued enjoyment by the members and, if necessary, to open the enjoyment of such properties to the public, and

7.1.8 Until all Class B membership terminates, the exercise of all of the rights and powers set forth in subsections 7.1.1, 7.1.2, 7.1.3, 7.1.4, 7.1.5, 7.1.6, and 7.1.7 shall require the prior written approval of Declarant.

7.2 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, or his tenants or contract purchasers who reside on the Property, and (subject to regulation by the Association) to his temporary guests.

ARTICLE 8 LIMITATION OF LIABILITY

8.1 No Personal Liability. So long as a Board member, Association committee member, Association officer, or Declarant exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; PROVIDED, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance or bonds obtained by the Board.

8.2 Indemnification of Board Members. Each Board member or Association committee member, or Association Officer, or Declarant exercising the powers of the Board and their respective heirs and successors, shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having had such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct, or gross negligence or a knowing violation of law in the performance of his duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled; PROVIDED, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Nothing contained in this Section 8.2 shall, however, be deemed to obligate the Association to indemnify any Member or Owner of a Lot who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Lot covered thereby.

ARTICLE 9 MORTGAGE PROTECTION

9.1 Priority of Mortgages. Notwithstanding all other provisions hereof, the liens created under this Declaration upon any Lot for assessments shall be subject to tax liens on the Lot in favor of any assessing unit and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by first lien Mortgages which were made in good faith and for value upon the Lot. Where the Mortgagee of a Lot, or other purchaser of a Lot, obtains possession of a Lot as a result of Mortgage foreclosure or deed in lieu thereof, such possessor and his successors and assigns, shall not be liable for the share of any assessment by the Association chargeable to such Lot which becomes due prior to such possession, but will be liable for any assessment accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lot Owners including such possessor, his successor and assigns. For the purpose of this section, the terms "mortgage" and "mortgagee" shall not mean a real estate contract or the vendor, or the designee of a vendor thereunder, or a mortgage or deed of trust (or mortgagee or beneficiary thereunder) securing a deferred purchase price balance owed with respect to a sale by individual Lot Owner other than Declarant.

9.3 Right of Lien Holder. A breach of any of the provisions, conditions, restrictions, covenants, easements or reservations herein contained shall not affect or impair the lien or charge of any bona fide Mortgage made in good faith and for value on any Lot; provided, however, that any subsequent Owner of the Lot shall be bound by these provisions whether such Owner's title was acquired by foreclosure or trustee's sale or otherwise.

9.4 Change in Manner of Architectural Review and Maintenance Within Project: Insurance and Use of Proceeds. The Association shall not, without prior written approval of seventy-five percent (75%) of all first Mortgagees (based upon one vote for each first Mortgage owned) or Owners (other than the sponsor, developer or builder) of record by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Homes, the exterior maintenance of Homes, maintenance of walkways, fences and driveways, or the upkeep of lawns and plantings in the development, including the provisions of Articles 3 and 5 hereof.

9.5 Copies of Notices. If the first Mortgagee of any Lot has so requested the Association in writing, the Association shall give written notice to such first Mortgagee that an Owner/mortgagor of a Lot has for more than sixty (60) days failed to meet any obligation under this Declaration. Any first

Mortgagee shall, upon written request, also be entitled to receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

9.6 Furnishing of Documents. The Association shall make available to prospective purchasers, Mortgagees, insurers, and guarantors, at their request, current copies of the Declaration, Bylaws, and other rules governing the Project, and the most recent balance sheet and income/expense statement for the Association, if any has been prepared.

ARTICLE 10 AMENDMENT OF DECLARATION PLAT MAP

10.1 Declaration Amendment. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Amendments may be adopted at a meeting of the Owners if seventy-five percent (75%) of the Owners vote for such amendment or without any meeting if all owners have been duly notified and seventy-five percent (75%) of the owners consent in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Association and shall be attested by the secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. Notwithstanding the foregoing, the provisions of Section 5.24 of this Declaration are made for the benefit of Declarant and for other real property owned or controlled by Declarant in the vicinity of the Property and Section 5.24 may not be modified, altered or amended without the prior written consent of Declarant, which may be withheld in Declarant's sole and unbridled discretion. In addition to the amendments set forth in Article 11, any amendment to a provision of the Declaration establishing, providing for, governing or regulating the following shall require the consent of seventy-five percent (75%) of the Owners and seventy-five percent (75%) of the mortgages and the consent of the Declarant (so long as Declarant owns any Lots): voting, assessments, assessment liens or subordination of such liens; reserves for maintenance, repair and replacements of Common Areas; insurance or bonds; use of Common Areas; responsibility for maintenance or repairs; expansion or construction of the Project or the addition, annexation or withdrawal of property to or from the Project; boundaries of Lots; converting of Lots into Common Areas or vice versa; leasing of Lots; provisions for the benefit of the Declarant; provisions for benefit of first mortgages, or holders, insurers or guarantors of first mortgages; the interests in Common Areas; or imposition of any right of first refusal or similar restrictions on the right of an Owner to sell, transfer or otherwise convey a Lot; provided, that a mortgagee who fails to respond in writing within thirty (30) days of a written request to approve an amendment shall be deemed to have approved the request. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

10.2 Plat Map. Except as otherwise provided herein, the Plat Map may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to the Declaration adopted as provided for in Section 10.1. Copies of any such proposed amendment to the Plat Map shall be made available for the examination of every Owner. Such amendment to the Plat Map shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county office in conjunction with the Declaration amendment.

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

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

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 21st day of July, 1992.

CHESTNUT GLEN

DECLARANT:

Roger M Belanich

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

I certify that I have satisfactory evidence that the person appearing before me and making this acknowledgement is the person whose true signature appears on this document.

On this day personally appeared before me ROGER M. BELANICH, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this _____ day of _____, 2007.

Notary Public in and for the State
Of Washington, residing at _____
My commission expires: _____