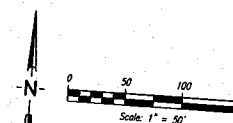


PHASE 2A
A PORTION OF GRANITE HIGHLANDS-PHASE 3 (311-252)
AND A PORTION OF THE SW 1/4 AND SE 1/4 OF THE SW 1/4,
AND THE SW 1/4 OF THE SE 1/4 OF SECTION 6, TOWNSHIP 1
NORTH, RANGE 4 EAST OF THE WILLAMETTE MERIDIAN
CITY OF WASHOUGAL
CLARK COUNTY, WASHINGTON
FEBRUARY, 2006



- DENOTES SET 1/2" x 24" FROM ROD WITH YELLOW PLASTIC CAP STAMPED "LCS 224048"
- + DENOTES APPROXIMATE LOCATION OF BRASS NAIL IN CURB OR PROTECTING RIDGE OF SIDE LOT LINES
- DENOTES FOUND 5/8" FROM NAIL STAMPED "TOSTER LBS 21825" AS SET IN THE PLAT OF ORANGE HILLS-PLAINS-PLATE 3 (211-252). THE COMPUTED DISTANCE IS ACTUAL LOCATION IS NOTED.
- DENOTES FOUND MONUMENTATION AS NOTED.

YPC YELLOW PLASTIC CAP
 R/W RIGHT OF WAY
 (N) NAIL IN CURB
 L.C.R. LAND CORNER RECORD
 A.F.F. AUDITOR'S FILE NUMBER
 R.C. RECORD OF SURVEY
 P.U.E. PUBLIC UTILITY EASEMENT



NOTES:
DUE TO VARYING SLOPE PERCENTAGES, A GEOTECHNICAL REPORT SHALL
BE SUBMITTED FOR EACH LOT.

BUILDING SETBACKS FOR GRANITE HIGHLANDS PHASE 5A ARE AS FOLLOWS:

FRONT YARD (FROM BACK OF SIDEWALK):	
RESIDENCE	7 FEET
PORCH	3 FEET
GARAGE	10 FEET
SIDEYARD:	4 FEET
STREET SIDE YARD:	7 FEET
REAR YARD SETBACK: REFER TO TABLE 18.38-1 OF THE WASHINGTON MUNICIPAL CODE.	

CURVE	LOT/TRACT	DELTA	RADIUS	LENGTH
C22	44	15°23'48"	202.50'	55.76'
C23	45	14°31'58"	202.50'	52.83'
C24	46	0°14'39"	276.00'	10.81'
C25	47	0°27'07"	276.00'	11.01'
C26	47	0°15'32"	277.50'	15.38'
C27	48	10°00'19"	272.50'	38.73'
C28	48	9°00'00"	200.00'	31.42'
C29	49	0°33'36"	276.00'	10.83'
C30	50	33°49'06"	276.00'	162.91'
C31	52	04°22'34"	127.50'	8.74'
C32	10	0°57'11"	162.50'	22.58'
C33	31	21°58'34"	162.50'	83.13'

MacKay & Sposito, Inc.

ENGINEERS SURVEYORS PLANNERS

1226 SE TECH CENTER DRIVE, SUITE 140 VANCOUVER, WA 98083
(360) 665-3411 (509) 200-6726 FTLD FAX (360) 666-0633

CALC. BY: bjm
CHECKED BY: N.J.B.
DRAWN BY: bjm
DWG. NAME: 14148P72
JOB NO.: 14148
SHEET 2 OF 2

12
4129371 PLAT B:311 P:349

RecFee - \$103.00 Pages: 12 - FIRST AMERICAN TITLE
Clark County, WA 2/24/06 11:26 AM



BK 311
P 349

PLAT DEDICATION

File No.: 4289-759029


We, the undersigned owners of the real estate described on the attached EXHIBIT 'A', do hereby lay out and plat the same into lots and streets as shown upon the accompanying Plat; said Plat to be known as:

Granite Highlands Phase 5A

We hereby dedicate the said streets to the public use forever, but the ownership, use and enjoyment of all lots therein are subject to the easements as shown thereon and to the attached restrictive covenants, if any, which shall run with the land and be for the mutual benefit and protection of all lots within said plat and the owners thereof.

Dated this 6th day of FEBRUARY, 2006.

Quail Construction, LLC, a Washington Limited Liability Company

By:  Jon L. Edwards mgng member

Sterling Savings Bank

By: _____

PLAT DEDICATION

File No.: 4289-759029

We, the undersigned owners of the real estate described on the attached EXHIBIT 'A', do hereby lay out and plat the same into lots and streets as shown upon the accompanying Plat; said Plat to be known as:

Granite Highlands Phase 5A

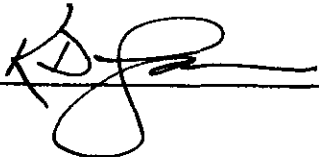
We hereby dedicate the said streets to the public use forever, but the ownership, use and enjoyment of all lots therein are subject to the easements as shown thereon and to the attached restrictive covenants, if any, which shall run with the land and be for the mutual benefit and protection of all lots within said plat and the owners thereof.

Dated this 6th day of February, 20 06.

**Quall Construction, LLC, a Washington Limited
Liability Company**

By: _____

Sterling Savings Bank

By:  _____

STATE OF WASHINGTON

SS.

COUNTY OF CLARK

On this day 6th of February, 20 06, before me, the undersigned, A Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Jon Lind to me known to be the manager of Canal Construction LLC the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said entity, for the uses and purposes therein mentioned, and on oath stated that he is/are authorized to execute the said instrument on behalf of the said entity.

WITNESS my hand and official seal hereto affixed the day and year in the certificate above written.

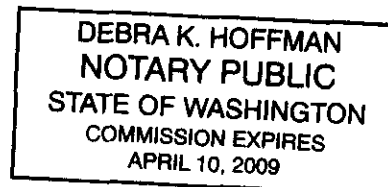
Debra K. Hoffman
Signature of Notary Public

Notary Public in and for the State of Washington,

Name Printed Debra K. Hoffman

Residing at Vancouver, Washington

My Commission Expires: April 10, 2009



Acknowledgment - Corporation - Trust or - Partnership

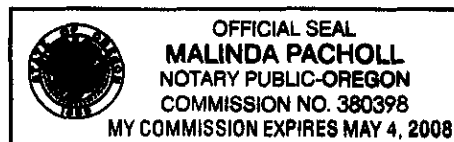
STATE OF Oregon
COUNTY OF Washington SS.

On this day 16th of February, 2006, before me, the undersigned, A Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared Kelly D. Francis to me known to be the officer of Sterling Savings Bank the entity that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of the said entity, for the uses and purposes therein mentioned, and on oath stated that Kelly D. Francis is/are authorized to execute the said instrument on behalf of the said entity.

WITNESS my hand and official seal hereto affixed the day and year in the certificate above written.

Malinda Pacholl
Signature of Notary Public

Notary Public in and for the State of Oregon
Name Printed Malinda Pacholl
Residing at Washington County
My Commission Expires: 5-4-2008



Acknowledgment - Corporation - Trust or - Partnership

www.mackaysposito.com

MacKay & Sposito, Inc.

ENGINEERS SURVEYORS PLANNERS
VANCOUVER KENNEWICK



1325 S.E. Tech Center Drive, Ste. 140, Vancouver, WA 98683 (360) 695-3411 (503) 289-6726 PTL D (360) 695-0833 FAX

PERIMETER LEGAL DESCRIPTION
PROPOSED GRANITE HIGHLANDS – PHASE 5A
CITY OF WASHOUGAL, WASHINGTON

Real property situated in the City of Washougal, Clark County, Washington, being a portion of Granite Highlands – Phase 3, according to the Plat thereof, recorded in Book 311 of Plats, at Page 252, records of said county and a portion of the Southwest and Southeast quarters of Section 6, Township 1 North, Range 4 East of the Willamette Meridian, described as follows:

Commencing at the Southwest corner of said Section 6 as shown in Book 49 of Surveys at Page 18, records of said county; thence along the South line of said Section 6 South 88° 25' 13" East 1604.97 feet to the Southerly extension of the West right of way line of N 6th Street as shown on said Plat, and the **Point of Beginning**; thence along said Southerly extension North 01° 34' 47" East 30.00 feet to the South line of said Plat; thence along said South line South 88° 25' 13" East 45.00 feet to the Southwest corner thereof and the East right of way line of said N. 6th Street; thence along the East line of said plat and said East right of way line the following courses:

North 01° 34' 47" East 21.72 feet to a point of curvature with a 207.50 foot radius curve; thence along said curve to the left, through a central angle of 16° 02' 48", an arc distance of 58.11 feet to a point of tangency; thence North 14° 28' 01" West 118.50 feet to a point of curvature with a 162.50 foot radius curve; thence along said curve to the right, through a central angle of 29° 55' 45", an arc distance of 84.88 feet;

thence North 74° 32' 16" West 45.00 feet to a point on the arc of a 207.50 foot radius curve on the West right of way line of said N 6th Street; thence from a tangent bearing of South 15° 27' 44" West, along said West right of way line, through a central angle of 29° 55' 45", an arc distance of 108.39 feet to the Southeast corner of Tract A of said Plat; thence along the South line of said Tract A North 88° 24' 35" West 104.65 feet to the Southwest corner thereof; thence along the West line of said Tract A North 01° 35' 25" East 109.60 feet; thence continuing along said West line North 36° 57' 32" East 62.50 feet

14148LD3
Rev. 9/19/05
btm

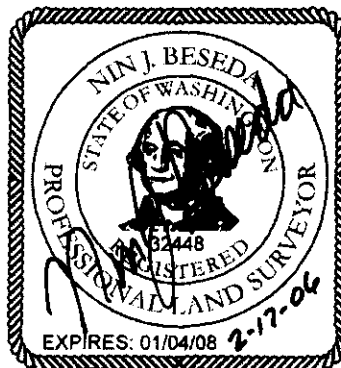
to a point on the arc of a 276.00 foot radius curve on the Southerly right of way line of Stonegate Way; thence along said Southerly right of way line the following courses:

thence from a tangent bearing of North 53° 02' 28" West, along said curve to the right, through a central angle of 08° 26' 22", an arc distance of 40.65 feet to a point of tangency; thence North 44° 36' 06" West 156.49 feet to a point of curvature with 374.00 foot radius curve; thence along said curve to the left, through a central angle of 09° 59' 58", an arc distance of 65.27 feet;

thence North 35° 23' 56" East 52.00 feet to a point on the arc of a 224.00 foot radius curve on the Northerly right of way line of said Stonegate Way; thence from a tangent bearing of South 54° 36' 03" East, along said curve to the left, through a central angle of 33° 49' 09", an arc distance of 132.22 feet to a point of tangency; thence South 88° 25' 13" East 244.72 feet; thence South 01° 34' 47" West 52.00 feet; thence South 88° 25' 13" East 605.00 feet; thence South 01° 34' 47" West 154.50 feet; thence North 88° 25' 13" West 20.89 feet; thence South 01° 34' 47" West 167.50 feet; thence South 88° 25' 13" East 160.04 feet; thence South 01° 34' 47" West 122.50 feet; thence South 88° 25' 13" East 50.69 feet; thence South 01° 34' 47" West 55.00 feet to the South line of said Section 6; thence along said South line North 88° 25' 13" West 890.65 feet to the **Point of Beginning**.

Containing 430,091 square feet or 9.87 acres.

Subject to easements and restrictions of record.



When Recorded Mail To:

Granite Highlands, LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

**THIRD SUPPLEMENTAL DECLARATION
FOR ANNEXATION
OF PHASE 5A OF GRANITE HIGHLANDS**

Recording Requested By:

Stewart Title Company

When Recorded Mail To:

Granite Highlands, LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

**THIRD SUPPLEMENTAL DECLARATION
FOR ANNEXATION
OF PHASE 5A OF GRANITE HIGHLANDS**

THIS THIRD SUPPLEMENTAL DECLARATION ("Supplemental Declaration") is made as of February 2nd, 2006, by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant"), on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant has executed that certain Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on September 17, 2002, as Auditor's File Number 3514354 in the official records of Clark County; that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on November 21, 2002, as Auditor's File Number 3544976 in the official records of Clark County; that certain Second Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on May 15, 2003, as Auditor's File Number 3638799 in the official records of Clark County; that certain Third Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on December 9, 2004, as Auditor's File Number 3918159 in the official records of Clark County; that certain Fourth Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on January 14, 2005, as Auditor's File Number 3933668 in the official records of Clark County (all of which are collectively referred to as "Declaration").

B. Declarant has caused to be recorded in the official records of Clark County, in Plat Book 311 at Page 13, the Final Plat of "Granite Highlands (Phase 1A)," creating Phase 1A,

of the development, containing sixty-five (65) subdivided lots and common area Parcels A through E.

C. Declarant has executed a Supplemental Declaration for Annexation of Phase 2 of Granite Highlands, recorded on March 9, 2004, as Auditor's File Number 3797992. Declarant has caused to be recorded on March 9, 2004, in the official records of Clark County, in Plat Book 311 at Page 151, the Final Plat of "Granite Highlands – Phase 2," creating Phase 2 of the development, containing twenty-four (24) subdivided lots and common area Parcel A.

D. Declarant has executed a Second Supplemental Declaration for Annexation for Phase 3 of Granite Highlands recorded on April 25, 2005, as Auditor's File Number 3977638. Declarant has caused to be recorded on April 14, 2005, in the official records of Clark County, in Plat Book 311 at Page 252, the Final Plat of "Granite Highlands – Phase 3," creating Phase 3 of the development, containing thirty (30) subdivided lots and Future Development Tract A and Common Area Tract B, creating Phase 3 of the development.

E. Declarant has caused to be recorded on 2 - 24, 2006, in the official records of Clark County, in Plat Book 311 at Page 349, the Final Plat of "Granite Highlands – Phase 5A," creating Phase 5A of the development, containing forty-eight (48) subdivided lots, Commonly Maintained Property Tracts A and B, and Common Area Tract C of the Development.

F. Declarant desires by recordation of this Third Supplemental Declaration to annex lots 1 through 48 and Commonly Maintained Tracts A and B, and Common Area Tract C to the Declaration, pursuant to Article 11 of the Declaration, and to subject the lots and the Common Area shown on the Plat of Granite Highlands – Phase 5A to the development plan, as part of the Granite Highlands Development.

NOW, THEREFORE, Declarant hereby declares its intention, and undertakes by this instrument, as follows:

1. The property shown as Lots 1 through 48, and Commonly Maintained Tracts A and B, and Common Area Tract C in the Final Plat of Granite Highlands – Phase 5A are hereby annexed to the Granite Highlands Development, and subjected to all terms and provisions of the Declaration, excepting as modified in this Third Supplemental Declaration.

2. Tracts A and B shall be owned by the City of Washougal, Washington. These Tracts shall be maintained as Commonly Maintained Property by the Granite Highlands Homeowners Association.

3. Common Area Tract C shall be owned and maintained by the Granite Highlands Homeowners Association.

4. The Private Stormsewer Easement across a portion of Lots 21 – 31 shall be maintained by the Owners of Lots 21-31, provided that the Granite Highlands Homeowners Association shall provide any required maintenance and repairs if the Lot Owner fails to do so.

5. The Private Storm Sewer Easement across a portion of Lots 4 -7 shall be maintained by the Owners of Lots 4-7, provided that the Granite Highlands Homeowners Association shall provide any required maintenance and repairs if the Lot Owner fails to do so.

6. All other terms and conditions of the Declaration, and amendments thereto shall remain in full force and effect as set forth therein, excepting as amended hereby.

Executed as of the date first mentioned above at Washougal, Clark County, Washington.

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By Douglas B. MacDonald
Douglas B. MacDonald, Member

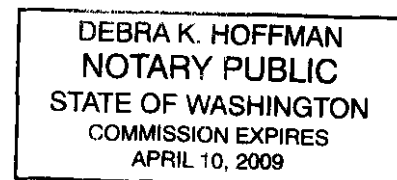
ACKNOWLEDGEMENT

STATE OF WASHINGTON)
) ss.
County of Clark)

I certify that I know or have satisfactory evidence that Douglas B. MacDonald signed this instrument, and on oath stated that he is authorized to execute the instrument and acknowledged it as the managing member of Granite Highlands, LLC, a Washington limited liability company to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated February 2, 2006

Debra K. Hoffman
Notary Public in and for the State of Washington
My commission expires: April 10, 2009



CERTIFICATE FOR PLATTING

Clark, Washington

File No.: 4289-759029

We, the undersigned, hereby certify that in connection with the recordation of the Plat and Dedication of

Granite Highlands Phase 5A

the following comprises all necessary parties signatory to the dedication:

Quail Construction, LLC, a Washington Limited Liability Company
Sterling Savings Bank

This certificate does not purport to reflect a full report on the condition of title nor the nature and extent of the interest vested in each of the parties above, and shall have no force and effect except in fulfilling the purposes for which it was request.

Dated this February 01, 2006, at 8:00 a.m.

First American Title Insurance Company

By:


Douglas R. Yager



DOUG LASHER
Clark County Treasurer

PO BOX 5000, Vancouver, Washington 98666-5000
Telephone (360) 397-2252, Fax (360) 397-6042 Web: www.clark.wa.gov/treas

Advance Taxes Collected
Plat Certification Letter

DATE: February 07, 2006

TO WHOM IT MAY CONCERN:

This is to certify that the 2006 ADVANCE Real Property tax in the amount of \$10,695.45 has been paid. We further certify that the current and all prior years taxes and all special assessments have been paid in full on the property described as follows:

Account Nbr(s)	1st Line Legal(s)
1) 130556-262	TO BE PTN GRANITE HIGHLANDS PH 5A FOR 2007
2) 130561-000	TO BE PTN GRANITE HIGHLANDS PH 5A FOR 2007

Platted As: GRANITE HIGHLAND PH 5A

Platted By: QUAIL CONSTRUCION LLC
4501 NE MINNEHAHA #200
VANCOUVER WA 98661

TR#: 55368

The original copy of the treasurer's receipt is being held by the Clark County Treasurer, until such time as the current receipt can be issued, and a refund, if any due, can be made.



3514354

Page: 1 of 68
09/17/2002 03:44P

BK 311 Pg 13

DEDICATION

ORDER NO: STG - 112504

DESCRIPTION
Attached Exhibit "A"

GRANITE HIGHLANDS PHASE 1A

We, the undersigned do hereby lay out and Plat the above described property into streets and lots, as shown on the Plat Map filed concurrently herewith, and we hereby dedicate the streets as shown on said Plat map as dedicated to City of Washougal and the public forever. However, the ownership, use and enjoyment of the Lots therein are subject to the Easements, conditions and restrictions, which shall run with the Land and be for the mutual benefit and protection of all lots within said Plat and which by reference, is made a part hereof.

DATED THIS 17TH DAY OF September, 2002

GRANITE HIGHLANDS, L.L.C.
A WASHINGTON LIMITED LIABILITY
COMPANY

FIRST INDEPENDENT BANK



3514354

Page: 2 of 58

09/17/2002 03:44P
Clark County, WA

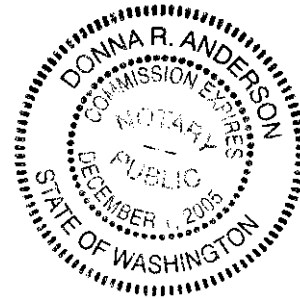
STATE OF WASHINGTON,
County of *CLARK*

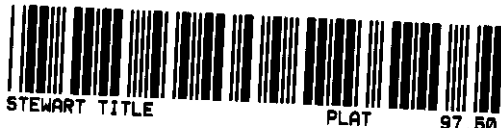
ss.

I certify that I know or have satisfactory evidence that *DOUGLAS B. MACDONALD*
signed this instrument, and on oath stated that *HE IS* authorized to execute the instrument and acknowl-
edged it as the *MAN MGR.* of *GRANITE HIGHLANDS LLC*
to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: *9-17-02*

Donna R. Anderson
Notary Public in and for the State of Washington, residing at *Carrie*
My appointment expires *12/01/05*





3514354

Page: 3 of 88
09/17/2002 03:44P
Clark County, WA

STATE OF WASHINGTON,
County of CLARK ss.

I certify that I know or have satisfactory evidence that Stephanie Koch
signed this instrument, and on oath stated that she authorized to execute the instrument and acknowl-
edged it as the Vice-President of First Independent Bank
to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: September 11, 2002.

Lucinda A. Dugan
Notary Public in and for the State of Washington, residing at VANCOUVER
My appointment expires 10-18-03



EXHIBIT "A"
Property Description for
Phase 1A
Plat of Granite Highlands – 65 Lots
A Portion of Government Lot 5
Section 6, T. 1 N., R. 4 E., W.M.

Being a portion of that certain tract of land conveyed to Douglas B. MacDonald as described in Deed Description 9409120104, Clark County Records, State of Washington, and situate within Government Lot 5 of Section 6, Township 1 North, Range 4 East, Willamette Meridian, Clark County, Washington, and being more particularly described as follows:

Beginning at the southwest corner of Section 6, Township 1 North, Range 4 East, Willamette Meridian, said corner being marked by a 3/4 inch iron pipe with a yellow, plastic cap inscribed "Olson 9025" as established in Survey Book 10, Page 96, Clark County Records, thence along the west line of said Section 6, North 00°55'39" East a distance of 735.35 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence North 17°13'30" East a distance of 296.53 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South 85°08'40" East a distance of 211.50 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South 63°01'28" East a distance of 89.22 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South 42°07'55" East a distance of 238.04 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence North 47°52'05" East a distance of 122.12 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence North 56°01'19" East a distance of 45.00 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South 33°58'41" East a distance of 23.37 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence North 55°50'25" East a distance of 189.25 feet to a 5/8" iron rod with yellow plastic cap inscribed "Kurahashi LS

**3514354**Page: 5 of 68
09/17/2002 03:44P
97.50 Clark County, WA

PLAT

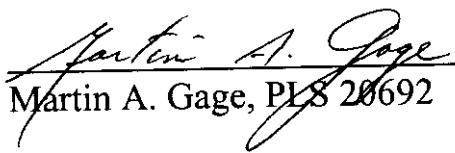
20692"; thence North $51^{\circ}57'01''$ West a distance of 91.56 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence North $33^{\circ}25'06''$ East a distance of 254.07 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $88^{\circ}26'45''$ East a distance of 10.00 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $09^{\circ}32'25''$ East a distance of 180.00 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $43^{\circ}55'04''$ East a distance of 160.14 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $28^{\circ}42'37''$ East a distance of 143.74 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $16^{\circ}48'05''$ West a distance of 125.82 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence North $69^{\circ}45'14''$ East a distance of 28.29 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692" at a point of curvature; thence along the arc of a 111.00 foot radius curve to the right, through a central angle of $22^{\circ}16'45''$ an arc distance of 43.16 feet (the long chord of which bears North $80^{\circ}53'29''$ East a distance of 42.89 feet) to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692" at a point of non-tangency; thence South $02^{\circ}01'48''$ West a distance of 195.97 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692" at a point of non-tangential curvature; thence along the arc of a 374.00 foot radius curve to the left, through a central angle of $01^{\circ}48'54''$ an arc distance of 11.85 feet (the long chord of which bears North $88^{\circ}52'39''$ West a distance of 11.85 feet) to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692" at a point of non-tangency; thence South $00^{\circ}12'54''$ West a distance of 149.48 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692" at a point of non-tangential curvature; thence along the arc of a 228.00 foot radius curve to the left, through a central angle of $42^{\circ}12'07''$ an arc distance of 167.94 feet (the long chord of which bears South $68^{\circ}58'08''$ West a distance of 164.17 feet) to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692" at a point of tangency; thence South $47^{\circ}52'05''$ West a distance of 224.05 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $37^{\circ}46'20''$ East a distance of 30.00 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $12^{\circ}08'46''$ West a distance of 57.97 feet to a $5/8''$ iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $22^{\circ}38'51''$ East a distance of 153.10 feet to a $5/8''$



iron rod with yellow plastic cap inscribed "Kurahashi LS 20692"; thence South $01^{\circ}34'47''$ West a distance of 22.23 feet to a $5/8$ " iron rod with yellow plastic cap inscribed "Kurahashi LS 20692" in the south line of Section 6; thence along the south line of Section 6, North $88^{\circ}25'13''$ West a distance of 846.66 feet to the point of beginning.

Containing an area of 22.73 acres, more or less.

Prepared by Kurahashi and Associates, Inc.


Martin A. Gage, PLS 20692

1693ph1A.leg
11/02/01 rev. 6-24-02 mdr



Recording Requested By:

Stewart Title Company



When Recorded Mail To:

Granite Highlands, LLC.
1242 State Ave., Suite I, PMB 295
Marysville, WA 98270

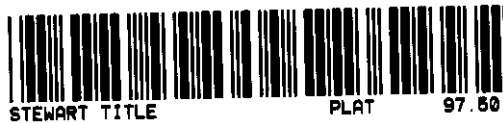
**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
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THIS DECLARATION is made on September 1, 2002, by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant"), on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant is the owner of that certain real property (the "Property") located in the Woodburn Hill Area of the City of Washougal, Clark County, Washington, consisting of approximately 112 acres described in Exhibit "A-1" attached hereto and incorporated herein by this reference.

B. Declarant is developing the Property under a common plan of development ("Development Plan") as a multi-phased residential, commercial and mixed-use planned development known as "Granite Highlands" ("the Granite Highlands Development" or "the Development"), under planning approvals granted by the City of Washougal and other governmental agencies. Pursuant to said Development Plan, Declarant intends to subdivide the Project Land into individual lots ("Lots") or parcels ("Parcels"), to accommodate construction of individual residences or commercial/mixed use buildings for sale or lease to the general public, and common area Parcels for conveyance to an association of Lot owners for the perpetual benefit of the Development and all Lot owners therein.

C. Declarant has caused to be recorded in the Official Records of Clark County, under Auditor's File No. 3514354, the Final Plat ("Phase 1A Plat") of a portion of the first phase ("Phase 1") of the Granite Highlands Development entitled "Granite Highlands (Phase 1A)", covering Lots 1 through 65 of the Development located on a portion ("Phase 1A Land") of the Property, as described in Exhibit "A-2", attached hereto and incorporated herein by this reference.

D. Declarant believes that the quality of a residential development is ultimately dependent upon its residents and their attitudes toward the community in which they live. Declarant declares that the intent of this document is to preserve the inherent natural beauty and views of Woodburn Hill, and to foster in the development Granite Highlands the blending of nature's attributes with the residents' desire for a better place to live.

F. In furtherance of this plan of development, Declarant hereby declares that excepting as expressly reserved by Declarant by written instrument recorded in the Official Records of Clark County, all Lots or Parcels included within the Phase 1A Plat, as well as within supplemental declarations hereafter so recorded with reference hereto, shall be held, improved, conveyed, hypothecated, encumbered, leased, rented, occupied and otherwise used and enjoyed in all respects subject to the covenants, conditions, restrictions, reservations, rights, easements and servitudes set forth in this Declaration or in any supplemental declaration properly recorded pursuant hereto, all of which are hereby declared and agreed to be in furtherance of a common plan of development

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established by Declarant for the purpose of enhancing and preserving the value, desirability, and attractiveness of the Property. All covenants and restrictions set forth in this Declaration and in any amendments or supplemental declarations recorded pursuant hereto shall constitute covenants running with the land and enforceable equitable servitudes upon the portions of the Property referred to therein, all binding on those portions of the Property made subject thereto for the benefit of all persons, and their respective successors and assigns, at any time acquiring any right, title, or interest in any Lot or Parcel comprising a portion of the Development.

G. The administration and enforcement of these covenants and restrictions will be the responsibility of Declarant and its successors and assigns, including the Board of Directors of the Owners' Association, duly elected by the Association's Members, as provided herein. Architectural control will be the responsibility of the Architectural Control Committee appointed initially by Declarant and subsequently by the Board of Directors of the Association, governing construction upon lots included within the Development for the benefit of all Lot Owners.

NOW, THEREFORE, Declarant does hereby declare and establish as follows:

ARTICLE 1: DEFINITIONS

"Articles"

Section 1.01. "Articles" means the Articles of Incorporation of the Granite Highlands Owners' Association, a Washington non-profit corporation, and any amendments to the Articles that are or shall be filed in the Office of the Secretary of State of the State of Washington.

"Architectural Control Committee"

Section 1.02. "Architectural Control Committee" ("ACC") means the committee appointed by Declarant or by the Board to review and approve or disapprove all proposed construction within the Development, as described in Article 6, below.

"Association"

Section 1.03. "Association" means the Granite Highlands Owners' Association, a Washington nonprofit mutual benefit corporation.

"Board"

Section 1.04. "Board" means the Board of Directors of the Association.



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"Bylaws"

Section 1.05. "Bylaws" means the Bylaws of the Association and any amendments to the Bylaws that are or shall be adopted by the Board.

"Common Area"

Section 1.06. "Common Area" means those portions ("Parcels") of the Development owned by the Association and held for the common use and enjoyment of the Owners. Common area Parcels are those designated by letter (unless another owner is indicated) on the recorded Final Plat of Phase 1A or on the recorded Final Plat of a subsequent Phase of the Development created pursuant to the annexation provisions of this Declaration. Common area Parcels may also be so designated in a written instrument recorded in the Official Records of Clark County.

"Declarant"

Section 1.07. "Declarant" means GRANITE HIGHLANDS, LLC, a Washington limited liability company (herein "Declarant") and its successors and assigns.

"Declaration"

Section 1.08. "Declaration" means this Declaration and any amendments or supplemental declarations properly made thereto.

"Development"

Section 1.09. "Development" means the Granite Highlands development, developed on the Property under the common plan of development ("Development Plan"), as amended from time to time, including any additional real property annexed thereto pursuant to this Declaration, together with all improvements created under said Development Plan.

"Development Plan"

Section 1.10. "Development Plan" means the common plan of development as a multi-phased residential, commercial and mixed-use planned development known as "Granite Highlands", as amended from time to time, under approvals granted by the City of Washougal and other governmental agencies.

"Exclusive Use Common Area"

Section 1.11. "Exclusive Common Area" means those portions of the common area reserved for the exclusive use of one or more of the individual Lots pursuant to Section 2.05 of this Declaration.

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"Governing Instruments"

Section 1.12. "Governing Instruments" means this Declaration, the Articles and Bylaws of the Association, and the Rules and Regulations of the Association, as the same may be amended from time to time.

"Lot"

Section 1.13. "Lot" means an individual plot of land in the Development which is created by a recorded Final Plat, and designated by an individual number.

"Manager"

Section 1.14. "Manager" means any person or entity appointed by the Board to manage the Development.

"Member"

Section 1.15. "Member" means every person or entity entitled to membership in the Association as provided in this Declaration.

"Mortgage" and "First Mortgage"

Section 1.16. "Mortgage" means a mortgage, deed of trust, installment land contract or contract for deed, or other financing instrument commonly used in the State of Washington, encumbering a Lot or other portion of the Development. "First Mortgage" means a mortgage that has priority over all other mortgages encumbering the same Lot or other portion of the Development.

"Mortgagee", "Institutional Mortgagee", and "First Mortgagee"

Section 1.17. "Mortgagee" means a Person to whom a Mortgage is made or payable, and includes the beneficiary of a deed of trust, contract vendor or other payee of the financing instrument, or assignee thereof, and any guarantor or insurer of a mortgage. "Institutional Mortgagee" means a Mortgagee that is a financial intermediary or depository, such as a bank, savings and loan, or mortgage company, that is chartered under federal or state law and that lends money on the security of real property or invests in such loans or financing instruments, or any insurance company or governmental agency or instrumentality, including the Federal National Mortgage Association (F.NMA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Government National Mortgage Association (GNMA), or other secondary market investor. "First Mortgagee" means a Mortgagee that has priority over all other mortgages or holders of mortgages encumbering the same Lot or other portion of the Development. The term "Beneficiary" or "Contract Vendor" shall be synonymous with the term "Mortgagee."

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"Mortgagor"

Section 1.18. "Mortgagor" means a Person who mortgages his, her, or its property (*i.e.* the maker of a mortgage) to another (*i.e.* the "mortgagee"), and shall include the trustor under a deed of trust or contract vendee. The term "Trustor" shall be synonymous with the term "Mortgagor or "Contract Vendee".

"Owner"

Section 1.19. "Owner" means the holder or holders of record (including Declarant) of fee title to a Lot, or the lessee under a land lease with right of possession of the Lot. In matters involving the exercise of the rights or compliance with the duties of an owner as a member of the Association, the term "Owner" shall be synonymous and is used interchangeably with the term "Member". The term "Owner" shall not include any persons or entities who hold an interest in a Lot merely as security for performance of an obligation.

"Person"

Section 1.20. "Person" means a natural individual, corporation, partnership, limited liability company, estate, trust or other entity having the legal right to hold title to real property.

"Phase"

Section 1.21. The term "Phase" in reference to the Development means a group of Lots created in a portion or sub-area of the Development by recordation of a separate Final Plat. Phases may be divided into sub-phases by sequential recordation of a Final Plat covering less than all of the Lots in such Phase.

"Plat"

Section 1.22. "Plat" means a map recorded in the Official Records of Clark County effecting subdivision of a portion of the property into individual Lots. The term "Final Plat" refers to the Plat in its final form as recorded. The term "Plat" may refer to either the Final Plat of Phase 1A described in Exhibit "A-2, or to any subdivision map subsequently recorded in conjunction with the annexation of additional portions of the Development.

"Property"

Section 1.23. "Property" means the real property described in Exhibit "A-1", and referred to in the Recitals as "the Property".

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"Rules and Regulations"

Section 1.24. "Rules and Regulations" means the body of Rules and Regulations adopted by the Association pursuant to Section 3.06(b) for the regulation of use of the Common Area and the conduct of all activities and proceedings of the Association, consistent with this Declaration, and the Articles and Bylaws of the Association.

Use Restrictions

Section 1.25. "Use Restrictions" means the body of substantive restrictions and limitations on the use of Lots in the Development, and substantive design standards and criteria for construction and maintenance of improvements on a Lot. The Use Restrictions are attached to this Declaration as Exhibit "B" and are made a part hereof.

ARTICLE 2: THE PROPERTY

Property Subject to Declaration

Section 2.01. It is Declarant's intention that upon completion of the Development, all of the Property, as described herein, shall be included in the Development and shall be subject to this Declaration. Completion of the Development shall be effected by recordation of a Final Plat for each successive Phase, and annexation of such Phase into the Development by a supplemental declaration subjecting such Phase to the binding effect of the terms and provisions of this Declaration. Declarant has caused the Phase 1A Plat to be so recorded, covering Lots 1 through 65 of the Development as described in Exhibit "A-2" hereto; provided, however, that only Lots 1 through 64 as shown in Exhibit A-2 shall be subject to this Declaration, and Lot 65 shall be exempted therefrom.

Annexation of Additional Property

Section 2.02. Additional property may be annexed to the Development under the terms and conditions set forth in Article 11 of this Declaration.

Title to Common Areas

Section 2.03. Upon the close of escrow of the first sale of a Lot in the Development, Declarant or its successors or assigns shall convey to the Association fee title to of the Parcels designated as Common Area in the Phase 1A Final Plat (Exhibit A-2 hereto), free of all liens and encumbrances excepting current real property taxes, this Declaration, and any other covenants, conditions, and restrictions, and reservations and easements of record.

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Use and Enjoyment of Common Area

Section 2.04. The following provisions govern the use and enjoyment of the Common Area:

(a) Subject to the provisions of this Declaration, there is an easement for ingress, egress, and support through the Common Area appurtenant to each Lot. These easements shall pass with title to any Lot, whether or not separately described in the deed or other conveyance instrument for such Lot.

(b) The Owners' easements over, and rights of use and enjoyment of, the Common Area shall be subject to the restrictions set forth in the Governing Instruments, including without limitation the following:

(1) The right of the Association to adopt and enforce Rules and Regulations for the use of the Common Area by all Persons.

(2) The right of the Association to reasonably limit use of the Common Areas by guests, tenants or other Persons deriving rights from any Owner,

(3) The right of the Association to assign or otherwise control the use of any parking spaces within the Common Area.

(4) The right of the Association to suspend the right of any Owner, and the Persons deriving rights from any Owner, to use and enjoy the Common Area for any period during which the Owner is delinquent in the payment of any assessment.

(5) The right of the Association to cause the construction of additional improvements in the Common Area, or to cause the alteration or removal of existing improvements in the Common Area.

(6) The right of the Association to grant, consent to, or join in the grant or conveyance of easements, licenses, or rights-of-way in, on, or over the Common Area.

(7) The right of each Owner or group of Owners to the exclusive use of any Exclusive Use Common Area appurtenant to such Owner or Owners' Lot(s).

(8) The rights of Declarant as described in this Declaration.

(9) The right of the Association to reasonably restrict access to roofs, maintenance facilities or areas, landscaped areas, and similar areas of the Development.



STEWART TITLE



PLAT

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(10) The right of the Architectural Control Committee to approve any proposed construction on or alteration or modification to the Common Area or any Lot.

(c) Declarant hereby reserves easements for common driveway purposes, for drainage and encroachment purposes, for utilities and services, and for ingress to and egress from the Common Area. These easements may be used to install and complete improvements on the Common Area and to perform any repair work, and for entry onto adjacent property in connection with the development of additional phases of the overall Development. Easements for entry onto adjacent property in connection with development of additional phases shall remain in effect for a reasonable period not to exceed three (3) years from the date of closing of the last Lot in the prior Phase of the Development.

(d) The Association may grant to third parties easements in, on and over the Common Area for the purpose of constructing, installing, or maintaining necessary utilities and services, and each Owner, in accepting his or her deed to the Lot, expressly consents to these easements. However, no such easement can be granted if it would unreasonably interfere with any Owner's use, occupancy or enjoyment of his or her Lot or any of any Exclusive Use Common Area appurtenant to such Lot.

(e) A Class A Owner who has sold his or her Lot to a contract purchaser or who has leased or rented the Lot shall be entitled to delegate his or her rights to use and enjoy the Common Area to any contract purchaser, tenant, or subtenant who resides in the Owner's Lot, subject to reasonable regulation by the Board. If the Owner makes such a delegation of rights, the Owner and the Owner's family, guests, employees, and invitees shall not be entitled to the use and enjoyment of the Common Area for so long as the delegation remains effective.

(f) Each Owner shall be liable to the Association for any damage to the Common Area or to Association-owned property caused by of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any improvement by the Owner or the Owner's family, guests, tenants, contract purchasers, lessees, tenants, or invitees. In the case of joint ownership of a Lot, the liability of the co-owners shall be joint and several, unless the co-owners and the Association have agreed in writing to an alternative allocation of liability.

Exclusive Use Common Areas

Section 2.05. An Owner or group of Owners who have been allocated an Exclusive Use Common Area appurtenant to such Owner's or Owners' Lot or Lots shall have the exclusive right of use and enjoyment of such Exclusive Use Common Area. Subject to reasonable regulation by the Board, such rights allocated to an Owner or group of Owners shall extend to any contract purchaser, tenant, subtenant, guest or invitee of such Owner or Owners who are present under authorization of such Owner or Owners. All rights in such Exclusive Use Common Areas shall be for the exclusive use

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and enjoyment of the Owner or group of Owners of the Lot(s) to which they are allocated, shall be appurtenant to such Lot(s), and may not be transferred independently of transfer of the interest of an Owner in his or her Lot.

Maintenance by Owners

Section 2.06. Each Owner shall maintain his or her Lot and the improvements located on it in a clean, sanitary, and attractive condition. This duty to maintain includes a responsibility to repair any damage to the improvements located on the Owner's Lot. In addition, each Owner shall, at his or her expense, maintain those portions of any heating and cooling equipment and all plumbing, electrical, and gas lines, communications facilities or apparatus, and other equipment that are located within or that exclusively serve his or her Lot. In cases where action by an Owner might impair the integrity or proper operation of any utility service, communications facility or equipment, mechanical system or structural member serving another Owner or Owners, such Owner shall not take such action without the prior written approval of the Architectural Control Committee, as provided in Article 6 of this Declaration. Each Owner or group of Owners shall also, at his, her or their expense, keep in a clean and orderly condition any Exclusive Use Common Area appurtenant to the Owner's or group of Owners' Lot(s). In the event of failure by any Owner or group of Owners to do so, the Association may perform such necessary cleaning work in any Exclusive Use Common Area appurtenant to the Owner's Lot(s), and charge the Owner or group of Owners with the cost thereof, as provided in this Declaration, or the other Governing Instruments.

License for Maintenance of Certain Encroachments

Section 2.07. None of the rights and obligations of the Owners described in this Declaration or created by deed or by the Final Plat shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. A license is hereby created for the maintenance of such encroachments in favor of the encroaching Owner or Owners for the duration thereof, so long as the encroachment was not caused by the intentional or negligent conduct of the encroaching Owner or Owners.

Prohibition Against Severance of Membership from Lot

Section 2.08. Conveyance or transfer of the Owner's interest in any Lot, whether voluntary or involuntary, shall carry with it such Owner's membership in the Association appurtenant to such Lot. Owner's Membership interest in the Association, as described in Section 3.02 of this Declaration. Any conveyance or transfer that purports to sever membership in the Association from ownership of a Lot shall be ineffective for such purpose.

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ARTICLE 3: OWNERS' ASSOCIATION

Organization of the Association

Section 3.01. The Association is or shall be organized as a nonprofit, mutual benefit corporation under the laws of the State of Washington, and shall be vested with the powers and charged with the duties and obligations established by the Governing Instruments and by law, from and after the date of conveyance of the first Lot in the Development.

Membership

Section 3.02. Every Owner shall automatically become a Member of the Association upon acquisition of his or her Lot. Ownership of a Lot is the sole qualification for membership. Each Member shall have the rights, duties, privileges, and obligations set forth in the Governing Instruments. Membership shall automatically cease when the Owner no longer holds an ownership interest in a Lot. All memberships shall be appurtenant to the Lot conveyed, and cannot be transferred, assigned, conveyed, hypothecated, pledged, or alienated except as part of a transfer of the Owner's entire ownership interest, and then only to the transferee. Any transfer of the Owner's title to his or her Lot shall automatically transfer the appurtenant membership to the transferee.

Classes of Membership

Section 3.03. The Association shall have two classes of voting membership, as follows:

(a) All Owners, other than the Declarant, shall be Class A members. Class A membership entitles the holder to one vote for each Lot owned. When a Lot is owned by more than one person, only one vote may be cast for the Lot, as provided in Section 3.04(b) of this Declaration.

(b) The Declarant shall be the sole Class B Member. The Class B Member shall be entitled to three votes for each recorded Lot owned by the Developer or any successor Developer. Class B membership for each Phase shall cease and be converted to Class A membership upon the occurrence of whichever of the following is first in time:

(1) On a prescribed date to be established by the Board, which must not be later than the third (3rd) anniversary of the first conveyance of a Lot in such Phase; or

(2) On a prescribed date to be established by the Board, which must not be later than the twelfth (12th) anniversary of the first conveyance of a Lot in the Phase 1A of the Development.



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Voting Rights

Section 3.04. All voting rights of the Members shall be subject to the following restrictions, limitations, and requirements:

(a) Except as provided in this Article, on each matter submitted to a vote of the Members, each Class A Member shall be entitled to cast one vote for each Lot or multiple dwelling unit owned, and the Class B Member shall be entitled to cast three (3) votes for each Lot or multiple dwelling unit owned.

(b) Fractional votes shall not be allowed. When there is more than one record Owner of a Lot ('co-owners'), all of the co-owners shall be Members, but only one of them shall be entitled to cast the single vote attributable to the Lot co-owned by them. Co-owners shall designate in writing prior to any vote one of their number to cast the vote attributable to the Lot co-owned by them. If no such designation is made or if it is revoked, the co-owners shall decide among themselves, by majority vote, how that Lot's vote is to be cast. Unless the Board receives a written objection in advance from a co-owner, it shall be conclusively presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for the Lot on a particular matter if a majority of the co-owners present in person or by proxy cannot agree on a vote.

(c) Except as provided in Section 3.07(c) of this Declaration governing the enforcement of certain bonded obligations, and the provisions of the Bylaws governing the removal of directors, as long as two classes of voting memberships exist, any provision of this Declaration, the Articles, or the Bylaws that requires the approval of a specified percentage of the voting power of the Association (rather than simply requiring the vote or written consent of a majority of a quorum) shall require the approval of the specified percentage of the voting power of each class of membership. Except as provided in Section 3.07(c) of this Declaration and the applicable provisions of the Bylaws, when the Class B membership has terminated, any provision of this Declaration, the Articles, or the Bylaws that requires the approval of a specified percentage of the voting power of the Association shall require the vote or written consent of Members representing the specified percentage of the total voting power of the Association.

(d) The Board shall fix, in advance, a record date or dates for the purpose of determining the Owners entitled to notice of and to vote at any meeting of Members. The record date for notice of a meeting shall not be more than ninety (90) or less than ten (10) days before the date of the meeting. The record date for voting shall not be more than sixty (60) days before the date of the meeting or before the date on which the vote is to be taken or when the first written ballot is mailed or solicited. The Board may also fix, in advance, a record date for the purpose of determining the Owners entitled to exercise any rights in connection with any other action. Any such date shall not be more than 60 days prior to the action.

(e) Every Owner entitled to vote at any election of the Directors may cumulate the Owner's votes and give one candidate a number of votes equal to the

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number of Directors to be elected multiplied by the number of votes to which the Owner is entitled, or distribute the Owner's votes on the same principle among as many candidates as the Owner thinks fit. No Owner shall be entitled to cumulate votes for a candidate or candidates unless the candidate's name or candidates' names have been placed in nomination prior to voting and at least one Owner has given notice at the meeting prior to the voting of the Owner's intention to cumulate votes. If any one Owner has given this notice, all Owners may cumulate their votes for candidates in nomination.

Membership Meetings

Section 3.05. Membership meetings shall be conducted in accordance with the provisions of this Declaration and with the provisions of the Bylaws of the Association governing meetings of the Members which are not inconsistent herewith.

General Powers and Authority

Section 3.06. The Association shall have all the powers of a nonprofit mutual benefit corporation organized under the law of the State of Washington, subject to any limitations set forth in this Declaration or in the Articles and Bylaws of the Association. It may perform all acts necessary for or incidental to the performance of the obligations and duties imposed upon it by this Declaration or the other Governing Instruments. Its powers shall include, but are not limited to, the following:

(a) The Association shall have the power to establish, levy, collect, and enforce the payment of assessments against the Owners in accordance with the procedures set out in Article 4 of this Declaration.

(b) The Association shall have the power to adopt reasonable Rules and Regulations governing the use of the Common Area and its facilities, and of any other association property. These Rules and Regulations may include, but are not limited to: reasonable restrictions on use by the Owners and their family, guests, employees, tenants, and invitees; rules of conduct; and the setting of reasonable fees for the use of recreational facilities. A copy of the current Rules and Regulations, if any, shall be made available to each Owner who requests them, and shall be posted at the Association's place of business and at a conspicuous and appropriate place in the Common Area. If any provision of the Rules and Regulations conflicts with any provision of this Declaration, the Articles, or the Bylaws, the Declaration, Articles, or Bylaws shall control to the extent of the inconsistency.

(c) The Association shall have the right to institute, defend, settle, or intervene in litigation, arbitration, mediation, or administrative proceedings in its own name as a real party in interest and without joining with the Owners, in matters pertaining to the following:

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(1) Enforcement of this Declaration, the Articles, Bylaws, and Rules and Regulations, including without limitation enforcement of payment of assessments in accordance with the provisions of Article 4 of this Declaration.

(2) Damage to the Common Area;

(3) Damage to the Lots that the Association is obligated to maintain or repair; or

(4) Damage to the Lots that arises out of, or is integrally related to, damage to the Common Area or Lots that the Association is obligated to maintain or repair.

(d) In addition to the general power of enforcement described above, the Association may discipline its Owners for violation of any of the provisions of the Governing Instruments by suspending the violator's voting rights and privileges for use of the Common Area, or by imposing monetary penalties, subject to the following limitations:

(1) The accused Owner shall be given notice and an opportunity to be heard and represented by an attorney or other representative of his or her choice with regard to the alleged violation, in accordance with established principles of due process, fairness, and any applicable provisions of Washington law.

(2) Any suspension of an Owner's association privileges shall not exceed ninety (90) days for each violation.

(3) The Association may only impose a monetary penalty if the Board has duly adopted and distributed to each Owner, by personal delivery or first-class mail, a schedule of monetary penalties to be assessed for violations of the Association Rules and Regulations, which includes the penalty sought to be imposed by action of the Board in the particular instance. The amount of penalties to be imposed for any violation shall bear a reasonable relationship to the nature and severity of the violation, the damage caused, and the administrative cost in time and expense of enforcement.

(4) Except as provided in Article 4 of this Declaration relating to foreclosure for failure to pay assessments, or as a result of the judgment of a court or a decision arising out of arbitration, the Association shall in no way abridge the right of any Owner to the full use and enjoyment of his or her Lot.

(e) The Association, acting through the Board, shall have the power to delegate its authority, duties, and responsibilities to its officers, employees, committees, or agents, including a professional management agent. The term of any agreement with a manager for the Declarant for the furnishing of maintenance, repair, and related services shall not exceed one (1) year, renewable by agreement of the parties for suc-

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cessive one-year periods. Such an agreement shall be terminable by either party (1) for cause on 30 days' written notice, and (2) without cause on 90 days' written notice.

(f) The Association's agents or employees shall have the right to enter any Lot when necessary in connection with any maintenance, landscaping, or construction work for which the Association is responsible. This entry shall be made only upon advance notice to the Owner (except in the case of an emergency) and with as little inconvenience to the Owner as is practicable, and the Association shall repair any resulting damage at its own expense.

Duties of the Association

Section 3.07. In addition to the duties delegated to the Association or its agents and employees elsewhere in these Governing Instruments, the Association shall be responsible for the following:

(a) The Association, acting through the Board, shall operate and manage the Common Area, and maintain, repair, and replace its premises and improvements, or contract for the performance of that work (subject to the provisions of Article 8 of this Declaration relating to destruction of improvements, Article 9 of this Declaration pertaining to eminent domain, and Sections 2.04(f) and 2.06 of this Declaration relating to damage caused by an Owner and maintenance duties of Owners), in accordance with the following standards:

(1) The Common Area and its improvements shall be kept in a clean, sanitary, and attractive condition at all times. The Association shall be responsible for performance of necessary maintenance and repair work in, but not cleaning, the Exclusive Use Common Areas. The Association shall also have the responsibility for improving and maintaining wall and landscaping easements and median planting and landscaping strips adjoining arterial streets which provide access to other Phases of the Development. The Association shall also have the duty to acquire and maintain any furnishings and equipment for the Common Areas that it determines are necessary and proper.

(2) As a general rule, maintenance costs shall be included in the regular assessments. If work is performed by the Association on an Owner's Lot for which the Owner is responsible but has failed after written notice to perform, the expenses of that work shall be charged solely to the Owner of the Lot in the month in which the work is performed.

(3) Further, the Owner of unit in a multi-unit building shall pay the costs of any temporary relocation of any occupant of the unit occasioned by the presence of wood-destroying pests or organisms. If the Owner does not pay for the cost of such work or relocation within thirty (30) calendar days following receipt of the bill therefor, the Association shall institute appropriate collection actions and shall recover, in addition to the cost of such work or relocation, the reasonable costs of collec-



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tion, including attorneys' fees and interest from the due date until paid at the maximum legal rate.

(b) The Association shall use the maintenance fund described in Section 4.01 of this Declaration to, among other things, pay for the following:

(1) Water, sewer, garbage, electrical, telephone, gas, elevator (if applicable), and other utilities or services for the Common Areas and, to the extent not separately metered and charged, for the Lots;

(2) Insurance policies described in Article 7 of this Declaration;

(3) Services of any personnel that the Board determines are necessary or proper for the operation of the Common Areas; and

(4) Legal and accounting services necessary or proper in the operation of the Common Area or the enforcement of this Declaration.

(c) If the Association is obligee under a bond or other financial arrangement (collectively "bond") to secure the performance of Declarant as to any Common Area improvements that were not completed prior to conveyance of the first Lot in a Phase of the Development, the following procedures shall govern the initiation of legal action to enforce the bond:

(1) The Board of Directors of the Association shall consider and vote on the question of action by the Association to enforce the obligations under the bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for the improvement in the schedule appended to the bond, or thirty (30) days after the expiration of any written extension thereof granted by the Board.

(2) If the Board votes not to initiate action to enforce the obligations under the bond, or if it fails to consider and vote on the matter as required, a special meeting of the Owners of the Association shall be called for the purpose of overriding the Board's decision or for taking action on the matter, upon receipt of a petition calling for such a meeting signed by Owners representing at least five percent (5%) of the total voting power of the Association not including the Declarant. The meeting shall be held not less than thirty (30) days or more than forty-five (45) days after receipt of the petition by the Board. At the special meeting, only the Owners other than Declarant shall be allowed to vote on the matter. A vote by a majority of the voting power of the Association residing in Owners other than Declarant to take action to enforce the obligations under the bond shall be deemed to be the decision of the Association, and the Board shall implement this decision by initiating and pursuing appropriate action in the name of the Association.

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(d) The Association shall prepare a pro forma operating budget for each fiscal year, and shall distribute a copy of the budget to each Owner not less than forty-five (45) days and not more than sixty (60) days before the beginning of the fiscal year. As an alternative to the foregoing distribution of the budget, the Association may elect to do all of the following: (1) distribute a summary of the budget to each Owner; (2) make the budget available for inspection at the Association's office or other convenient location within the Development; and (3) provide copies of the budget to Owners on request and at the expense of the Association. The budget shall contain at least the following:

(1) The estimated revenue and expenses on an accrual basis;

(2) A summary or study ("summary") of the Association's reserves reviewed by the Association's accountant or professional management consultant within the previous six (6) months, which includes: (a) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component that the Association is obligated to maintain (hereafter referred to as the "major components"); (b) the current estimate, as of the end of the fiscal year for which the summary is prepared, of the amount of cash reserves necessary to repair, replace, restore, or maintain the major components; (c) the current amount, as of the end of the fiscal year for which the summary is prepared, of accumulated cash reserves actually set aside to repair, replace, restore, or maintain the major components; and (d) the percentage that the amount described in (c), above, is of the amount determined for purposes of (b), above (that is, the percentage obtained by dividing the amount described in (c), above, by the amount described in (b), above);

(3) A statement as to whether the Board has determined or anticipates that the levy of one or more special assessments will be required to repair, replace, or restore any major component or to provide adequate reserves for such work; and

(4) A general statement addressing the procedures used for the calculation and establishment of reserves to defray the future repair, replacement, or additions to the major components.

(e) Within one hundred twenty (120) days after the close of each fiscal year, the Association shall prepare and distribute to the Owners an annual report consisting of the following:

(1) A balance sheet as of the end of the fiscal year;

(2) An operating (income) statement for the fiscal year;

(3) A statement of-changes in financial position for the fiscal

year; and

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(4) For any fiscal year in which the gross income to the Association exceeds \$100,000, a copy of a review of the annual report prepared in accordance with generally accepted accounting principles by an accountant licensed by the State of Washington. If the report is not prepared by an independent accountant, it shall be accompanied by the certificate of an authorized officer of the Association that the statement was prepared without independent audit or review from the books and records of the Association.

(f) Within sixty (60) days before the beginning of each fiscal year, the Association shall prepare and distribute to the Owners a statement describing the Association's policies and practices in enforcing lien rights or other legal remedies for default in payment of assessments against Owners.

(g) The Association shall prepare a balance sheet, as of an accounting date that is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the Development, and an operating statement for the period from the date of the first closing to the foregoing accounting date. The Association shall distribute this statement to the Owners within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the number of the Lot and the name of the Owner assessed.

(h) Each year, the Association must provide the Owners with a summary of any provisions of Washington law which require that alternative dispute resolution must be pursued before a civil action may be filed in connection with any disputes relating to the enforcement of the Governing Instruments. The summary must include the following: (1) a specific reference to the pertinent provisions of Washington law, if any; and (2) a copy of the statutory provisions. This summary must be provided at the time the pro forma operating budget described in Section 3.07(d) of this Declaration is distributed.

(i) The Association shall provide any Owner with the following documents within 10 days of the mailing or delivery of a written request therefor:

- (1) A copy of the Governing Instruments;
- (2) A copy of the most recent financial statement distributed pursuant to Section 3.07(d) of this Declaration;
- (3) A written statement from an authorized representative of the Association specifying (a) the amount of any assessments levied on the Owner's Lot that are unpaid on the date of the statement; and (b) the amount of late charges, interest, and costs of collection that, as of the date of the statement, are or may be made a lien on the Owner's Lot pursuant to Section 4.09 of this Declaration.

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(j) The Association shall pay all real and personal property taxes and assessments levied against it, its personal property, the Common Area, and Exclusive Use Common Areas.

Board of Directors

Section 3.08. The affairs of the Association shall be managed and its duties and obligations performed by an elected Board of Directors, as provided in this Declaration and in the Bylaws of the Association.

Inspection of Books and Records

Section 3.09. The Members of the Association, and their professional representatives, shall have the right at reasonable times and places, as established by the Board, to inspect and copy the books and records of the Association. Such right of inspection and copying shall not extend to requests for more than three (3) inspections within any calendar month, or to any request that is made with intent to harass or inconvenience the Association or its officers or agents.

ARTICLE 4: ASSESSMENTS AND COLLECTION PROCEDURES

Covenant to Pay

Section 4.01. The Declarant covenants, and agrees, for each recorded Lot owned by it in the Development, and each Owner, by acceptance of the deed to the Owner's Lot is deemed to covenant and agree, to pay to the Association the regular and special assessments levied pursuant to the provisions of this Declaration. A regular or special assessment and any late charges, reasonable costs of collection and interest thereon in accordance with the provisions of this Article, shall be a debt of the Owner of the Lot at the time the assessment or other sums are levied. The Owner may not waive or otherwise escape liability for these assessments by non-use of the Common Area or abandonment of the Owner's Lot.

Exemptions From Assessment

Section 4.02. The obligation to pay assessments shall be subject to the following exemptions:

(a) Any Owner (including Declarant) of a Lot in the Development that does not include a structural improvement for human occupancy shall be exempted from the portion of any assessment attributable to expenses and reserves arising from the existence and use of those structural improvements. Such exempted items shall include without limitation any of the following which are applicable:

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- (1) Roof replacement;
- (2) Exterior maintenance;
- (3) Walkway and carport lighting;
- (4) Refuse disposal;
- (5) Cable television; and
- (6) Domestic water supplied to living units.

Any such exemption shall be in effect only until the occurrence of the earliest of the following events: (1) the recordation of a notice of completion of the structural improvement; (2) the occupation or use of the structural improvement; or (3) completion of all elements of the residential structures that the Association is obliged to maintain.

(b) Any Owner (including Declarant) of a Lot in the Development shall be exempted from that portion of any assessment that is for the purpose of defraying expenses and reserves directly attributable to the existence and use of a common facility that is not complete at the time the assessment commences. This exemption shall be in effect only until a notice of completion of the common facility is recorded or the common facility is placed into use, whichever occurs first.

Purpose of Assessments

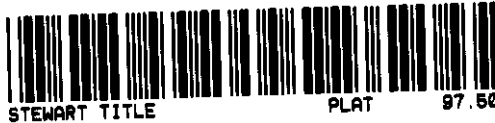
Section 4.03. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners for the improvement, operation, maintenance, preservation and replacement of the Property, and to discharge any other obligations of the Association under this Declaration. All assessment payments shall be held in an account or accounts in the name of the Association, and shall be used for the foregoing purposes.

Assessment Period

Section 4.04. The fiscal year for the Association shall be a calendar year, unless the Board decides otherwise. The regular assessment period shall commence on January 1 and terminate on December 31 of each year; provided, however, that the first regular assessment period for all Lots in a phase of the Development] shall commence on the first (1st) day of the month following the conveyance of a Lot in such phase, and shall terminate on December 31 for that assessment year.

Regular Assessments

Section 4.05. Within sixty (60) days prior to the beginning of each fiscal year of the Association, the Board shall estimate the net charges to be paid during that year, including a reasonable provision for contingencies and replacements, with adjustments made for any expected income and surplus from the prior year's fund. The estimated cash requirement shall be assessed to each Owner according to the ratio of the number of Lots owned by the Owner assessed to the total number of Lots in the Development subject to assessment. Regular assessments for fractions of any month shall be pro-



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rated. Each Owner is obligated to pay assessments to the Board in equal monthly installments on or before the first (1st) day of each month unless the Board adopts an alternative method for payment. Declarant shall pay its full pro-rated share of the regular assessments on any unsold Lots subject to regular assessments, less exemptions allowed hereunder.

Special Assessments

Section 4.06. If the Board determines that the amount to be collected from regular assessments will be inadequate to defray the common expenses for the year due to the cost of any construction, unexpected repairs or replacements of capital improvements upon the Common Area, or for any other reason, it shall make a special assessment for the additional amount needed. Special assessments shall be levied and collected in the same manner as regular assessments.

Limitations on Assessments

Section 4.07. The Board shall comply with the following requirements governing the imposition and amounts of assessments:

(a) For any fiscal year, the Board may impose a regular assessment per Lot that is not more than twenty percent (20%) greater than the regular assessment for the preceding fiscal year, provided: (1) the Board has distributed the pro forma operating budget described in Section 3.07(d) for the current fiscal year; or (2) the increase is approved by Owners constituting a majority of the votes at a meeting or in an election of the Association conducted in accordance with this Declaration and the Bylaws of the Association.

(b) The Board may impose, for any fiscal year, a regular assessment per Lot that is more than twenty percent (20) greater than the regular assessment for the preceding fiscal year, or may levy special assessments that in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, only if the increase or levy is approved by Owners constituting a majority of the Owners of the Association and casting a majority of the votes at a meeting or election of the Association conducted in accordance with this Declaration and the Bylaws of the Association.

(c) The Board may, without complying with the foregoing requirements, make an assessment increase that is necessary for an emergency situation. An emergency situation is an extraordinary expense that is:

- (1) required by a court order;

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(2) necessary to repair or maintain the Development or any part of it for which the Association is responsible when a threat to personal safety in the Development is discovered; or

(3) necessary to repair or maintain the Development or any part of it for which the Association is responsible that could not have been reasonably foreseen by the Board in preparing and distributing the pro forma operating budget pursuant to Section 3.07(d).

(d) Before the Board may impose or collect an assessment in the type of emergency situation described in (c), above, it shall pass a resolution containing written findings as to the necessity of the extraordinary expense and why the expense was not or could not have been reasonably foreseen in the budgeting process, and shall distribute the resolution to the Owners with the notice of assessment. The Board shall notify the Owners in writing of any increase in the amount of a regular or special assessment. The Board shall provide this notice by first-class mail not less than thirty (30) or more than sixty (60) days prior to the due date of the increased assessment.

Late Charges

Section 4.08. Late charges may be levied by the Association against an Owner for the delinquent payment of regular or special assessments. An assessment is delinquent 15 days after its due date. The Association may recover all of the following from the Owner as part of the cost of collection of a delinquent assessment:

(a) Reasonable costs incurred in collecting the delinquent assessment, including reasonable attorneys' fees;

(b) A late charge not exceeding ten percent (10%) of the delinquent assessment; and

(c) Interest on the foregoing sums, at the rate of twelve percent (12%) per annum, commencing thirty (30) days after the assessment becomes due.

No late charge may be imposed under subparagraph (b) above more than once for the delinquency of the same payment; however, the imposition of a late charge on any delinquent payment shall not eliminate or supersede late charges imposed on prior delinquent payments.

Enforcement of Assessments and Late Charges

Section 4.09.

(a) Before the Association can place a lien on a Lot for a past due debt for a regular or special assessment, the Association must notify the Owner by certified

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mail of the Association's fee and penalty procedures, and provide the Owner with an itemized statement of the charges owed. The statement must include:

- (1) The amount of principal and accrued interest then owed;
- (2) The amount of any late charges and the method used to calculate those charges; and
- (3) The estimated amount of any attorney's fees and other collection costs to be incurred by the Association in collection of the debt.

(b) Any partial payments made toward the debt will first be applied to the interest and late charges owed, and then to principal owed.

(c) A delinquent regular or special assessment and any related late charges, reasonable costs of collection, and interest assessed in accordance with this Declaration, shall become a lien on the Lot when a notice of delinquent assessment is duly recorded and mailed as provided in herein and in accordance with any applicable laws of the State of Washington. Any such lien may be enforced in any manner permitted by law, including judicial or non-judicial foreclosure. Any non-judicial foreclosure shall be conducted by the Association or its delegate in the manner provided by law for a trustee's sale or other non-judicial foreclosure of deeds of trust.

(d) If the sums specified in the notice of delinquent assessment are paid before the completion of any judicial or non-judicial foreclosure, the Association shall record a notice of satisfaction and release of the lien. On receipt of a written request by the Owner, the Association shall also record a notice of rescission of any declaration of default and demand for sale.

Statement Regarding Assessments

Section 4.10. The Association shall provide any Owner, upon written request, with a statement specifying: (1) the amounts of the Association's current regular and special assessments and fees; and (2) the amounts of any delinquent assessments and related late charges, interest, and enforcement costs levied against the Owner's Lot, as provided in Section 4.08 of this Declaration.

ARTICLE 5: USE RESTRICTIONS AND COVENANTS

Section 5.01. In exercising the right to occupy or use a Lot or the Common Area and its improvements, the Owner or the Owner's family, guests, agents, employees, tenants, or invitees (collectively referred to in this section as "Owner") shall be subject to the Use Restrictions set forth in Exhibit "B" attached hereto and made a part hereof.

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ARTICLE 6: ARCHITECTURAL AND DESIGN CONTROL

Architectural and Design Approval

Section 6.01. Architectural design approval shall be governed by the provisions of this Article 6 and of Article B6 in Exhibit "B" annexed hereto and made a part hereof, as follows:

(a) **Requirement of Prior Approval by ACC.** Excepting as otherwise provided in this Declaration, no house, building, garage, deck, balcony, breezeway, wall, fence, hedge, awning, canopy or other privacy barrier, antenna or tower, pool, animal enclosure, barn, storage shed, or other structure or landscaping improvement ("improvements") on any Lot shall be erected, placed or installed, altered or removed, or work thereon commenced, until complete plans and specifications of the proposed improvements, a plot plan showing design and location of buildings and landscaping and describing the type, size, shape, height and brand names (if applicable) of materials and colors of the proposed improvements, have been submitted to and approved in writing by the ACC. The requirements for such plans, specifications and plot plans shall be included in the ACC's statement of policies and procedures, referred to in subparagraph (b) below.

(b) **Review Procedure.** The ACC shall prepare and make available to all Members at the Association's place of business a statement of the ACC's design policies and standards, as well as all procedural requirements established by the ACC for review and approval of applications. It shall be the obligation of each Member to obtain and become familiar with and comply with the requirements of such statement.

(1) **Submittal By Applicants.** All plans and specifications for review and approval by the ACC must be submitted in duplicate at least twenty (20) days prior to the proposed commencement of construction of such improvements. The ACC shall review such plans and specifications in accordance with the standards and procedures adopted by the ACC (based upon those set forth in Article 5 of this Declaration and other Governing Instruments), and applied consistently throughout the Development.

(2) **ACC-Proposed Changes To Achieve Compatibility and Consistency with Design Standards.** If and to the extent ACC determines that the proposed improvements are incompatible or inconsistent with the design standards set forth in this Declaration and otherwise approved by the ACC, the ACC shall propose changes to the applicant's proposal in order to achieve reasonable compatibility and consistency, before approval will be granted by the ACC. The ACC shall notify the applicant in writing of any such proposed changes within fifteen (15) days following the date of receipt of the application.



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(3) **Denial.** If the proposal is determined by the ACC to violate the fundamental requirements, standards or purposes of the Governing Instruments, the ACC shall notify the applicant in writing that the proposal is denied, stating the basis therefor, within fifteen (15) days following receipt of the application.

(c) **Approval by ACC's Failure To Act.** Failure of the ACC to review and respond in writing to applicant's complete submittal which conforms to the requirements of subparagraph (a) above within twenty (20) days following submittal to the ACC, either approving, conditionally approving, requesting submittal of further details, revisions or modifications, suggesting proposed changes, or denying, the applicant's submittal, shall be deemed approval in writing of the applicant's proposal for purposes of this Declaration. Failure of the ACC to review and act upon an applicant's submittal of further details, revisions, modifications or agreement to the ACC's proposed changes, within ten (10) days following submittal thereof by the applicant, shall also be deemed approval in writing of the applicant's proposal for purposes of this Declaration.

(d) **Automatic Approval By Compliance with ACC-Published Standards.** To the maximum extent possible, the ACC shall adopt and publish qualitative and quantitative design standards and criteria in conformity with this Declaration, which if strictly followed by an applicant shall entitle such applicant to automatic approval for improvements other than the initial construction, or reconstruction, of a dwelling on each Lot. Applications filed with a request for automatic approval shall be deemed approved in writing by the ACC if the ACC fails to notify the applicant in writing within three (3) days following such filing that such application does not qualify for automatic approval and required review by the ACC under subparagraph (b), above, citing specific material deviations from the qualitative and quantitative design standards and criteria adopted and published by the ACC.

(e) **Inspection of Construction by ACC To Ensure Conformity With Approved Plans.** The ACC through its officers and agents shall have the authority, upon reasonable advance notice to an Owner, to enter upon a Lot for the purpose of inspecting or reinspecting improvements installed or being installed by such Owner pursuant to plan approval by the ACC, to determine conformity of such improvements with the plans and specifications approved by the ACC. In the event of deviation or non-conformity of such improvements with the approved plans, the ACC shall immediately notify the Owner in writing, specifying each item of deviation or non-conformity and what is required under the approved plans. In the event of failure by the Owner to make corrections promptly following such notification and to notify the Association of such corrections, or to obtain approval of a modification of the approved plans to permit such improvements to remain as constructed, the Board shall have authority to take legal action against the Owner to abate such improvements at the Owner's expense. Declarant, the ACC, or any agent or officer thereof, acting in good faith under the authorization of this subparagraph, shall not be deemed guilty of, or become liable for, any manner of trespass or unlawful entry in the pursuit of his, her or its duties as authorized hereunder.

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Architectural Control Committee

Section 6.02. The Architectural Control Committee ("ACC") shall consist of not less than three (3) and not more than five (5) members, as determined by the Board, and selected as follows:

(a) The Declarant shall appoint all of the original members and a majority of replacement members until the tenth (10th) anniversary of the recordation of this Declaration; provided, however, that from and after the third (3^d) anniversary of the recordation of this Declaration, at least one (1) member (two (2) members if the ACC shall consist of five (5) members), shall be a Lot Owner other than Declarant (or Declarant's officers, staff, employees or agents), who shall be appointed by the Board. From and after the tenth (10th) anniversary of the recordation of this Declaration, all members of the ACC shall be Lot Owners appointed by the Board.

(b) Members appointed to the ACC by the Declarant need not be Lot Owners. Members appointed to the ACC by the Board shall be Lot Owners.

(c) The term of the initial appointees shall be two (2) years. Thereafter, appointees shall serve two (2) year terms, provided that the Board may prescribe a shorter initial term for one or more appointees in order to achieve staggered terms of ACC members. Notwithstanding the foregoing, all members of the ACC shall serve at the will of the party or entity that appointed them, and may be removed by the appointing party at any time, with or without cause.

(d) The ACC shall meet regularly at intervals of no less than monthly, and shall hold special meetings as often as necessary to carry out the obligations imposed upon it under the Governing Instruments, as directed by the Board.

Review By Board of Directors

Section 6.03. All decisions of the ACC are subject to review by the Board of Directors, either on appeal by the applicant or on its own motion. The ACC shall take reasonable action to monitor compliance with its decisions and rulings, and shall notify the Board of all violations of this Article and of any noncompliance with its decisions or rulings or with the plans and specifications submitted to and approved by it. Upon such notification, the Board shall take appropriate enforcement action in accordance with the provisions of the Governing Instruments.

ARTICLE 7: INSURANCE

Fire and Casualty Insurance

Section 7.01. The Association shall obtain and maintain a policy or policies of fire and casualty insurance with an extended coverage endorsement for the full insurable replacement value of the improvements in the Common Area and Exclusive Common Area. The Association may maintain blanket liability and casualty insurance policy with an appropriate coverage amount. This insurance shall be maintained for the bene



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fit of the Association, the Owners, and their Mortgagees, as their interests may appear, subject, however, to any loss payment requirements set forth in this Declaration.

General Liability and Individual Liability Insurance

Section 7.02. The Association shall obtain and maintain one or more policies of insurance that must include coverage for: (1) general liability of the Association; and (2) individual liability of Officers, Directors and agents of the Association for negligent acts or omissions in that capacity. The amounts of coverage shall be determined by the Board, but shall not be less than \$3,000,000 covering all claims for death, personal injury, and property damage arising out of a single occurrence, and \$5,000,000 for all claims for multiple occurrences within the period of the policy, unless the Board determines that the cost of such coverage is prohibitive based upon the number of Lots then included in the Development. The limits and coverage shall be reviewed at least annually by the Board and adjusted as appropriate in accordance with movements in a general cost of living index maintained for the local area by the U. S. Department of Labor, Bureau of Labor Statistics, and in accordance with other conditions prevailing at the time of review.

Other Association Insurance

Section 7.03. The Association shall purchase and maintain workers' compensation insurance to the extent necessary to comply with any applicable laws. The Association also shall purchase and maintain fidelity bond coverage that names the Association as an obligee, for any person or entity handling funds of the Association, whether or not such persons or entities are compensated for their services. This coverage shall be in an amount that is at least equal to the estimated maximum of funds, including reserve funds, that may be in the custody of the Association at any given time during the term of each bond. However, the aggregate amount of these bonds must not be less than one hundred fifty percent (150%) of each year's estimated annual operating expenses and reserves. The Association also may purchase and maintain a blanket policy of flood insurance, and demolition insurance in an amount that is sufficient to cover any loss that occurs following the total or partial destruction of the Development and a decision not to rebuild.

Trustee for Policies

Section 7.04. The Association, acting through its Board, is hereby appointed and shall be deemed trustee of the interests of all named insureds under all insurance policies purchased and maintained by the Association. All insurance proceeds under any such policies may be paid to the Board as trustee. The Board shall use the proceeds for any of the purposes specified in Article 8 of this Declaration. The Board also is authorized to negotiate loss settlements with the insurance carriers, to compromise and settle any claim or enforce any claim by any lawful action, and to execute loss claim forms and release forms in connection with such settlements.



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Individual Insurance

Section 7.05. Each Owner shall provide fire and casualty insurance for the improvements on his or her Lot. An Owner may separately insure his or her personal property, and may obtain and maintain personal liability and property damage liability insurance for his or her Lot, provided that the insurance contains a waiver of subrogation rights by the carrier as to the other Owners, the Association, Declarant, and the institutional First Mortgagees of the Owner's Lot.

Insurance Premiums

Section 7.06. Insurance premiums for any insurance coverage obtained by the Association shall be included in the regular assessments. That portion of the regular assessments necessary for the required insurance premiums shall be used solely for the payment of the premiums when due.

ARTICLE 8: DAMAGE OR DESTRUCTION

Duty to Restore and Replace

Section 8.01. If any of the improvements in the Common Area or Exclusive Common Area are destroyed or damaged, the Association shall make determinations regarding restoration and replacement of the improvements using the proceeds of insurance maintained pursuant to Article 7 of this Declaration, in accordance with the provisions of this Article.

Proceeds Justifying Automatic Restoration and Repair

Section 8.02. If the proceeds of any insurance maintained pursuant to Article 7 of this Declaration for reconstruction or repair of the Property are equal to at least sixty (60) percent of the estimated cost of restoration and repair, the Board shall proceed with the restoration or repair work in accordance with the provisions of Section 8.04, below, using the insurance proceeds for that purpose, and levying a special assessment to provide the necessary additional funds, unless the Owners by the vote or written consent of not less than fifty-one percent (51%) of the total voting power of each class of Owners vote against such restoration or repair within thirty (30) days of the damage or destruction, by written instrument delivered to the Board or at a special meeting of the Association called for that purpose.

Proceeds Insufficient; Approval by Owners of Special Assessment

Section 8.03. If the proceeds of any insurance maintained pursuant to Article 7 of this Declaration for reconstruction or repair of the Property are less than sixty percent (60%) of the estimated cost of restoration and repair, the necessary restoration and repair work must be authorized by the vote or written consent of Owners representing at least fifty-one percent (51%) of the total voting power of each class of Owners and beneficiaries of at least fifty-one percent (51%) of the First Mortgagees on Lots in the Development. This authorization must be given within sixty (60) days of the damage or

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destruction and must authorize the Board to levy a special assessment to provide the necessary funds over and above the amount of any insurance proceeds available for the work.

Ordering Reconstruction or Repair

Section 8.04.

(a) **Board Action.** If reconstruction or repair work shall be authorized as provided above, the Board shall take the following steps:

(1) Obtain firm bids (including the obligation to obtain a performance bond) from three or more responsible contractors to rebuild the Development in accordance with its original plans and specifications, as they may be modified by action of the Board.

(2) Accept the lowest bid that conforms to the requirements of this Article, and, upon acceptance, let the contract to the successful bidder. The Board shall use and the insurance proceeds for such reconstruction or repair work, and shall distribute such proceeds together with any supplemental funds approved pursuant to this Article to the contractor as work progresses properly under the contract.

(3) Levy a special assessment to make up any deficiency between the total insurance proceeds and any reserve funds available for such purpose and the contract price for the restoration or repair work. The proceeds of such insurance, reserves and special assessment, whether or not subject to liens of mortgagees, shall be used solely for such restoration and repair work. The special assessment shall be apportioned to each Lot in accordance with the formula applied for regular assessments. If any Owner fails to pay the special assessment within fifteen (15) days after it is levied, the Board shall take action to enforce payment of the assessment in the manner described in Section 4.09 of this Declaration.

(4) If required by law or deemed appropriate by the Board, record a declaration in the Official Records of Clark County within thirty (30) days from the date of the damage or destruction, stating that damage has occurred, describing it, identifying the improvement suffering the damage, the name of any insurer against whom claim is made, and the name of any insurance trustee, stating (if applicable) that the consent described in Section 8.03 has been obtained, and reciting that the certificate is recorded pursuant to this paragraph.

(b) **Failure of Board To Act.** If the Board fails take action as set forth above within ninety (90) days after the casualty occurs, any Owner may call a special meeting of the Association to consider taking such action without approval of the Board. At the meeting, Owners representing at least fifty-one percent (51%) of the total voting power of Lot Owners other than Declarant may elect to accept a proper bid as described above, or reject all of the bids, or Owners representing at least fifty-one percent (51%) of the total voting power may elect to reject all bids requiring amounts exceeding the available insurance proceeds by more than \$10,000. Failure to reject all bids shall

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authorize acceptance of the lowest unrejected bid within \$10,000 of the estimated cost of repairs. Failure to call the special meeting or to repair the casualty damage within twelve (12) months from the date the damage occurred shall be deemed for all purposes to be a decision not to perform the repair or restoration work.

Election Not to Rebuild

Section 8.05. In the event a Lot within the Development shall be developed as a condominium, stock cooperative or other similar common-interest ownership regime ("condominium development") having individual units ("Units") and Unit owners ("Unit Owners") who share a common area within such Lot, and such condominium development shall not have its own association of owners performing similar functions performed by the Association for Lot Owners under this Declaration, the Association shall have the power and authority to perform such functions on behalf of and for the benefit of the unit owners within such condominium development in accordance with the provisions of this Article in the event of damage or destruction of the building or other common area within such condominium development. In the event of an election by the Unit Owners, or by the Association in the absence of such election by the Unit Owners not to reconstruct or repair such condominium development following damage or destruction thereof, the Board, as soon as reasonably possible and as agent for the Unit Owners, shall execute and record a certificate with respect to such condominium development stating that the Unit Owners therein shall not rebuild. The Board shall be empowered to sell the entire condominium on terms acceptable to the Board and to fifty-one percent (51%) of the Unit Owners evidenced by written authorization or by a vote of the Unit Owners at a meeting called for such purpose pursuant to notice as required under this Article. The net proceeds of any insurance paid to the Association shall then be distributed to the Unit Owners and their respective Mortgagees proportionately according to the respective fair market values of the Units at the time of the damage or destruction as determined by independent appraisal. That appraisal shall be performed by an independent appraiser who shall be selected by the Association and who shall be a member of, and apply the standards of, a nationally recognized organization or society of appraisers. All insurance proceeds available for reconstruction or repair shall be distributed to the Unit Owners according to the relative fair market value of their respective Units determined by appraisal as set forth above.

Minor Restoration and Repair Work

Section 8.06. The Association shall order restoration or repair work without complying with the foregoing provisions of this Article whenever the estimated cost of the reconstruction or repair work does not exceed the amount of available insurance proceeds by \$10,000.

ARTICLE 9: EMINENT DOMAIN

Sale to Condemning Authority

Section 9.01. If a governmental or quasi-governmental agency ("condemning authority") proposes to condemn all or a portion of the Common Area, the Association

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may sell all or any portion of the Common Area to the condemning authority with the advance written consent of fifty-one percent (51%) of the Owners and fifty-one percent (51%) of all First Mortgagees. Any such sale shall be made by the Association in the capacity of attorney-in-fact for the Owners, acting under an irrevocable power of attorney which each Owner grants to the Association by accepting a deed to a Lot. The sales price shall be any amount deemed reasonable by the Board.

Distribution of Sales Proceeds

Section 9.02. The proceeds of a sale conducted pursuant to Section 9.01 may be retained by the Association or be distributed to the Owners and their Mortgagees, as their interests may appear, on an equitable basis, as determined by the Board.

Taking and Condemnation Awards

Section 9.03. In the event of a taking by a condemning authority of all or any portion of the Common Areas, the condemnation award shall be distributed to all Owners and their respective Mortgagees on an equitable basis, in accordance with the court judgment specifying the manner of distribution. In all other cases, the proceeds shall be distributed among the Owners and their respective Mortgagees, as their interests may appear, on an equitable basis as determined by the Board.

ARTICLE 10: RIGHTS OF MORTGAGEES

Warranty

Section 10.01. Declarant hereby warrants that Mortgagees of Lots in the Development shall be entitled to the rights and guarantees set forth in this Article. No amendment of this Article shall affect the rights of the holder of any First Mortgage recorded prior to the recordation of the amendment who does not join in the execution of the amendment.

Subordination

Section 10.02. Notwithstanding any other provision of this Declaration, liens created under Section 4.09 of this Declaration upon any Lot shall be subject and subordinate to, and shall not affect the rights of the holder of, the indebtedness secured by any recorded First Mortgage upon such an interest made in good faith and for value, provided that upon the transfer of any Lot following a foreclosure or exercise of a power of sale the new Owner shall be subject to and liable for assessments that become due after such transfer as provided in this Declaration. Such a transfer shall extinguish the lien of assessments that were due and payable prior to the transfer of the Lot following such foreclosure.

Inapplicability of Right of First Refusal

Section 10.03. Should any of the Association's Governing Instruments provide for a "right of first refusal," this right shall not impair the rights of a First Mortgagee to:

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- (a) Foreclose or take title to a Lot pursuant to the remedies provided in the Mortgage;
- (b) Accept a deed or assignment in lieu of foreclosure in the event of default by a Mortgagor; or
- (c) Interfere with a subsequent sale or lease of a Lot so acquired by the Mortgagee.

Notice Of Default

Section 10.04. A First Mortgagee, upon request, shall be entitled to written notification from the Association of any default in the performance by the Mortgagor of any obligation under the Association's Governing Instruments that is not cured within sixty (60) days from the date due.

Unpaid Assessments

Section 10.05. Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the Mortgage, or foreclosure of the Mortgage, shall not be liable for the Lot's unpaid assessments that accrue prior to the acquisition of title to the Lot by the Mortgagee.

Mortgagee Approval of Material Amendments

Section 10.06.

(a) **Prior Approval By Mortgagees.** Notwithstanding Article 12 of this Declaration, any amendments to this Declaration of provisions governing any of the following matters shall require the prior written approval of at least fifty-one (51) percent of the First Mortgagees and at least fifty-one (51) percent of the total voting power of the Owners:

- (1) Voting;
- (2) Rights to use the Common Area;
- (3) Reserves and responsibility for maintenance, repair, and replacement of the Common Area;
- (4) Boundaries of any Lot;
- (5) Owners' interests in the Common Area;
- (6) Convertibility of Lots into Common Area or Common Area into Lots;
- (7) Leasing of Lots;

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(8) Establishment of self-management by the Association, when professional management has been previously required by any First Mortgagee or any insurer or governmental guarantor of a First Mortgage;

(9) Annexation, addition, or withdrawal of real property to or from the Development, except as provided herein;

(10) Assessments, assessment liens, or the subordination of such liens;

(11) Casualty and liability insurance or fidelity bonds; or

(12) Any provisions expressly relating to First Mortgagees or insurers or governmental guarantors of First Mortgages.

(b) **Failure of Mortgagee To Act.** Notwithstanding the foregoing, any First Mortgagee who receives a written request from the Board to approve a proposed amendment or amendments requiring consent under this Section who does not deliver a negative response to the Board within thirty (30) days of the receipt of the request shall be deemed to have approved the proposed amendment or amendments. Such deemed approval by such First Mortgagee shall be established by resolution of the Board and evidenced by a certificate executed by the Secretary of the Association and recorded in the Official Records of Clark County.

Mortgagee Approval of Other Actions

Section 10.07. Unless at least fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned), or fifty-one percent (51%) of the Lot Owners other than Declarant, have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission, seek to abandon or terminate the Development;

(b) Change the pro-rata interest or obligations of any individual Lot for either of the following purposes, unless the change is due to an annexation pursuant to Article 11 of this Declaration:

(1) Levying assessments or charges, or allocating distributions of casualty insurance proceeds or condemnation awards; or

(2) Determining the pro-rata share of ownership of the Common Area and the improvements thereon.

(c) By act or omission, seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area unless due to an annexation pursuant to Article 11 of this Declaration (the granting of easements for public utilities or for other public

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purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause);

(d) Use insurance proceeds for losses to any Development property (whether to Lots or to the Common Area) for other than the repair, replacement, or reconstruction of that property, except as provided herein or by law in case of substantial loss or destruction.

Liens

Section 10.08. All taxes, assessments, and charges that may become liens prior to a First Mortgage under local law, shall relate only to individual Lots and not to the Development, or any individual Phase thereof, as a whole.

Priority

Section 10.09. No provision of the Governing Instruments shall give any Owner, or any other party, priority over any rights of the First Mortgagee of a Lot pursuant to its Mortgage, in the case of a distribution to the Lot Owner of insurance proceeds or condemnation awards for losses to, or a taking of, all or a portion of such Lot or Common Area.

Reserve Fund

Section 10.10. The Association's budget and periodic assessments levied pursuant thereto shall provide for an adequate reserve funds for maintenance, repairs, and replacement of those common elements that must be replaced on a periodic basis. Such reserves shall be funded by the regular assessments rather than by special assessments.

Management

Section 10.11. Any agreement for professional management of the Development shall not exceed three (3) years and shall provide that either party may terminate the agreement, with or without cause and without the imposition of a termination fee, on ninety (90) days written notice.

Right to Inspect Books and Records

Section 10.12. All First Mortgagees, upon written request, shall have the right to: (1) examine the books and records of the Association at its office or place of business during normal business hours; and (2) require the copies of any financial data furnished to the Owners by the Association.

Payments by Mortgagees

Section 10.13. First Mortgagees may, jointly or severally, pay taxes or other charges that are in default and that may or have become a charge against the Common

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Area, and may pay any overdue premiums on insurance policies, or secure new insurance coverage upon the lapse of a policy, for the Common Area, and First Mortgagees making these payments shall be entitled to immediate reimbursement from the Association.

Right to Furnish Mortgage Information

Section 10.14. Each Owner hereby authorizes the First Mortgagee of a First Mortgage on the Owner's Lot to furnish information to the Board concerning the status of the First Mortgage and the loan that it secures.

ARTICLE 11: ANNEXATION OF ADDITIONAL PROPERTY

Additions by Declarant

Section 11.01. Declarant shall have the right, without the consent of any Owner or Mortgagee or any other person, to add (annex) all or any portion of the real property described in Exhibit A-1 hereto to the Development pursuant to the Development Plan referred to herein, at any time prior to the twelfth (12th) anniversary of the recordation of this Declaration. Exercise of this right shall be made by the recordation of a supplemental declaration ("Supplemental Declaration") describing the real property to be annexed, and stating that the property described therein is being annexed to the Development pursuant to Article 11 of this Declaration. The Supplemental Declaration may also set forth any additional covenants, conditions, restrictions, reservations, and easements that Declarant deems appropriate for that phase of the Development.

Other Additions

Section 11.02. In addition to real property annexed by the Declarant, any other real property may be annexed to the Development and brought within the general plan and scheme of this Declaration by approval by vote or written consent of at least fifty-one percent (51%) of the then total voting power of the Association at any time. Such annexation shall be effected by recordation in the Official Records of Clark County of a Supplemental Declaration approved by the Board and executed by the Secretary of the Association, describing the real property to be annexed, and stating that the property described therein is being annexed to the Development pursuant to Article 11 of this Declaration. The Supplemental Declaration may also set forth any additional covenants, conditions, restrictions, reservations, and easements that Declarant deems appropriate for that phase of the Development.

Rights and Obligations of Owners of Annexed Property

Section 11.03. Upon the recordation of a Supplemental Declaration as provided above, the real property described therein shall be part of the Development and subject to the provisions of this Declaration in the same manner as if it were originally covered by this Declaration. Thereafter, the rights, powers, and responsibilities of Owners of Lots within the annexed property shall be the same as if the annexed property were originally covered by this Declaration; provided, however, that their voting rights shall not



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commence until the date of commencement of regular assessments against their Lots. The commencement of assessments on the annexed real property shall be governed by Section 4.07 of this Declaration.

Reciprocal Easements

Section 11.04. Declarant hereby reserves, for the benefit of and appurtenant to the Lots located in any phase of development annexed to the first phase of this Development and their respective Owners, reciprocal easements to use the Common Area (other than any buildings or Exclusive Use Common Areas) in the first phase pursuant to and in the manner set forth in this Declaration. Declarant hereby grants, for the benefit of and appurtenant to the Lots in the first phase of this Development and their Owners, a nonexclusive easement to use the Common Area (other than any buildings or Exclusive Use Common Areas) in each phase of development annexed to the first phase, pursuant to and in the manner set forth in this Declaration. These reciprocal easements shall be effective as to any annexed real property upon the close of escrow for the sale of the first Lot in the annexed property.

ARTICLE 12: AMENDMENTS

Amendment or Revocation Before Close of First Sale

Section 12.01. At any time before the close of escrow of the first sale of a Lot to a purchaser other than Declarant, Declarant and any Mortgagee of record may, by executing an appropriate instrument, amend or revoke this Declaration. Further, before the close of escrow of the first sale of a Lot in any subsequent phase of the Project to a purchaser other than Declarant, the Declarant, by following the above procedure, may amend or revoke any Supplemental Declaration recorded pursuant to Article 11 of this Declaration for that subsequent phase. The executed instrument shall be acknowledged and recorded in the Official Records of Clark County.

Amendments by Owners After Close of First Sale

Section 12.02.

(a) At any time after the close of escrow of the first sale of a Lot to a purchaser other than Declarant, this Declaration may be amended by the vote or written consent of Owners representing not less than fifty-one percent (51%) of the voting power of each class of Owners of the Association. If only one class of membership exists at the time an amendment is proposed, then it must be approved by not less than fifty-one percent (51%) of the voting power of the Association, which shall include at least a majority of the votes residing in Owners other than Declarant.

(b) Notwithstanding any contrary provision in this Section, the percentage of the voting power necessary to amend a specific clause or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause or provision.

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(c) An amendment becomes effective after: (1) the approval of the required percentage of Owners has been given; (2) that fact has been certified in a writing executed and acknowledged by the Secretary of the Association; and (3) that writing has been recorded in the Official Records of Clark County.

Amendments Pursuant to Court Order

Section 12.03. If this Declaration requires a proposed amendment to be approved by the affirmative vote of a specified percentage (exceeding fifty percent (50%) of the votes in the Association or of Owners having a specified percentage (exceeding 50 percent) of the votes in more than one class (a "super-majority"), and more than fifty percent (50%) but less than the required super-majority of the votes approve the amendment, the Association or any Owner may petition the Superior Court of the State of Washington in and for Clark County for an order confirming approval of such amendment. If such an order is issued, the amendment shall be acknowledged by the Secretary of the Association and the Association shall cause such amendment together with the Court's order to be recorded in the Official Records of Clark County. Upon recordation, the amended provision or provisions of this Declaration shall have the same force and effect as if the amendment were adopted in compliance with every requirement imposed by this Declaration and the other governing documents. Within a reasonable time after recordation, the Association shall mail a copy of the amendment and a statement regarding the amendment to each Owner.

ARTICLE 13: GENERAL PROVISIONS

Term

Section 13.01. This Declaration shall continue in effect for a term of sixty-five (65) years from the date of recordation. Thereafter, it shall be automatically extended for successive periods of ten (10) years, until the membership of the Association takes action by a majority of the voting power of the Association as provided herein to terminate it.

Nonwaiver of Remedies

Section 13.02. Each remedy provided for in this Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy, or exercise of another remedy, shall not be construed as a waiver of any remedy.

Attorneys' Fees

Section 13.03. In any action to enforce this Declaration, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs.

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT**

Severability

Section 13.04. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of another provision.

Binding Effect

Section 13.05. This Declaration, as well as any amendment thereto and any valid action or directive made pursuant thereto, shall be binding on the Declarant and the Owners and their heirs, grantees, tenants, successors, and assigns.

Interpretation

Section 13.06. The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development, management and operation of the Development as a planned development. Failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce that provision or any other provision of this Declaration at any other time.

Limitation of Liability

Section 13.07. The liability of any Owner for performance of any of the provisions of this Declaration shall terminate upon sale, transfer, assignment, or other divestment of the owner's entire interest in his or her Lot with respect to obligations arising from and after the date of such divestment.

Fair Housing

Section 13.08. Neither Declarant nor any Owner shall, either directly or indirectly, forbid or deny the conveyance, encumbrance, renting, leasing, or occupancy of the Owner's Lot to any person on the basis of considerations of race, color, sex, religion, ancestry, or national origin, or on the basis of any other consideration which is prohibited under federal or state law.

Number and Headings

Section 13.09. As used in this Declaration, the singular shall include the plural, unless the context requires the contrary. Headings of the various provisions of this Declaration are included for convenience of reference only. They are not part of the substantive meaning of this Declaration or any of its provisions, and shall not affect the interpretation of this Declaration or any provision.

Executed on the date first mentioned above at Washougal, Clark County, Washington.

[signatures on following page]




3514354

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT**

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By 
Douglas B. MacDonald, Managing Member

Acknowledgment



3514354

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STATE OF WASHINGTON,

ss.

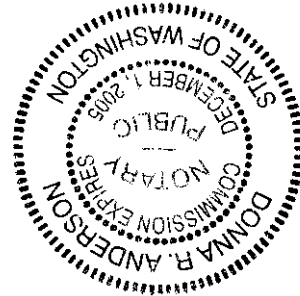
County of CLARK

I certify that I know or have satisfactory evidence that DOUGLAS B. MacDONALD signed this instrument, and on oath stated that HE IS authorized to execute the instrument and acknowledged it as the MAN, MGR. of GRANITE HIGHLANDS LLC to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated:

9-17-02

Donna R. Anderson
Notary Public in and for the State of Washington, residing at Carver
My appointment expires 12/01/05



**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
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EXHIBIT "B"

ARTICLE B5: USE RESTRICTIONS AND COVENANTS

General Restrictions on Use

Section B-5.01. In exercising the right to occupy or use a Lot or the Common Area and its improvements, the Owner or the Owner's family, guests, agents, employees, tenants, or invitees (collectively referred to in this section as "Owner") SHALL NOT DO, CAUSE OR ALLOW any of the following actions without the prior written approval of the ACC in accordance with standards adopted and applied by the ACC throughout the Development:

(a) **Further Subdivision:** The Owner shall not further subdivide a Lot or exceed the maximum Lot building area prescribed by local ordinance.

(b) **Unauthorized Occupancy:** The Owner shall not occupy or use a Lot, or permit all or any part of a Lot to be occupied or used, for any purpose other than as authorized by the Development Plan, unless the ACC shall, authorize an incidental use of such Lot not inconsistent with the use authorized by the Development Plan. (Nothing in this Declaration shall prevent an Owner from leasing or renting out his or her Lot, for periods of not less than ninety (90) days to any tenant occupant, subject to the Governing Instruments).

(c) **Obstruct Common Area:** The Owner shall not permit anything to obstruct the Common Area or store anything in the Common Area.

(d) **Increase Insurance Rate:** The Owner shall not perform any act or keep anything on or in any Lot or Common Areas that would: (1) increase the rate of insurance on the Common Area, without the Board's prior written consent; (2) result in the cancellation of insurance on any Lot or Common Area; or (3) violate any law, including without limitation applicable nuisance laws.

(e) **Hazardous Materials:** The Owner shall not store gasoline, kerosene, cleaning solvents, or other flammable liquids, compressed gases, explosive devices or hazardous materials of any nature or description on any Lot; provided, however, that reasonable amounts not to exceed ten (10) gallons of gasoline or other motor vehicle fuel, five (5) gallons of propane or compressed gas, or five (5) gallons of kerosene or cleaning solvents may be placed in metal containers and stored on a Lot so long as done in a safe manner and in compliance with all applicable health and safety laws.



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(f) **Signs:** The Owner shall not display any sign from any Lot or the Common Area without the prior written consent of the ACC, except: (1) one (1) sign no larger than six inches (6") by twenty-four inches (24") displaying occupants name and/or address; (2) a conventional real estate sign no larger than eighteen inches (18") by thirty inches (30") advertising the property for sale, lease, or exchange; and (3) up to six (6) "Open House" signs no larger than twenty-four inches (24") by thirty-six (36") inches, announcing an "Open House" on days when the property is being shown. Such "Open House" signs must be removed at dusk or when the home is not being shown. The above sign prohibitions shall not apply to any property identification signs identifying the entrance of a Lot if required by the City of Washougal Fire Department.

(g) **Animals.** The Owner shall not raise, breed, or keep on any Lot animals, livestock or poultry of any kind; except that up to three (3) dogs, three (3) cats, fish, non-predatory birds, and other common domestic pets may be kept on a Lot if reasonably controlled so as not to become an annoyance or nuisance to other Owners. All domestic pets shall be kept in accordance with the Association's Rules and Regulations, and may not be kept, bred, or maintained for commercial purposes. Dogs must be confined on a leash or in an enclosure or yard area and supervised by a responsible person when outside the Owner's dwelling. Owners shall be responsible to prevent their pets from soiling any portion of the street or Common Areas, and shall promptly clean up any litter or droppings left by their pets.

(h) **Offensive Activities.** The Owner shall not engage in any illegal, disruptive, noxious or offensive activity, commit any nuisance or disturbance on any Lot or in any other part of the Development, or otherwise interfere with the safety, well being or quiet enjoyment of their property or Common Areas by other Lot Owners. Without limiting the generality of the foregoing, the Owner shall not discharge any firearms, illegal fireworks, rockets, weapons, projectiles, or military or quasi-military ordnance, devices or materials within the Development, or allow the release or discharge of any foul or noxious gases, chemicals or substances. This prohibition shall extend to and include activities of all types and devices of all sizes, types and technologies, whether activated by gunpowder or other explosive or combustible material, or by compressed gas, or by spring or tension mechanism, including without limitation "B-B" guns, pellet guns, crossbows, slingshots and other projectile-launching devices, regardless of the method of actuation. The Owner shall not play or operate sound or other entertainment systems at a volume level sufficiently high to cause annoyance or nuisance to neighboring Owners. All holiday or seasonal decorations and displays shall be removed within thirty (30) days after the end of the holiday or season.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT

(i) **Alterations To Improvements.** The Owner shall not make substantial alterations or modifications (not including repainting) to the exterior of improvements located on a Lot.

(j) **Solar Energy Systems.** The Owner shall not install a solar or photovoltaic energy system that may be considered unsightly or conspicuous from adjoining Lots or streets.

(k) **Antennas, Telecommunications Facilities; Utilities.** The Owner shall not install or maintain exterior antennas, satellite dishes larger than eighteen inches (18") in diameter, or other signal receiving or sending equipment on the roof of any dwelling (including garages), that may be considered unsightly or conspicuous from adjoining Lots or streets.

(l) **Alterations To Common Area.** The Owner shall not alter, construct, or remove anything on or from the Common Area.

(m) **Vehicles.** The Owner shall not park or store any automobile, truck, trailer, RV, motor home, boat or other water craft, or other vehicle on a Lot, or in the Common Areas (including any Exclusive Use Common Area) within view of the street or of any other Lot, except in a space approved for such purpose by the Board or the Governing Instruments; or park or store any disabled vehicle in on any Lot or Common Area (including any Exclusive Common Area). Vehicles may be parked in open view temporarily (in no case in excess of 24 hours) on a Lot for the purpose of loading or unloading or performing a service call.

(n) **Garbage and Refuse.** The Owner shall not allow the excessive accumulation of garbage, trash, rubbish, refuse, waste or debris on any Lot or in the Common Areas. All such materials shall be placed in closed or covered containers approved for use by a refuse collection service serving the Development, or by the ACC.

(o) **Individual Water Supply.** The Owner shall not drill or install a well, water tank or other individual water supply system.

(p) **Maintenance of Lots.** The Owner shall not fail to maintain any Lot which is vacant or under construction activity, free of debris, weeds and grass, or allow vegetation of a height of more than six (6) inches, or fail during construction activity to maintain, at the Owner's expense, adequate erosion control to prevent runoff onto adjoining streets, Lots or Common Areas. Each Lot Owner shall be responsible for keeping roadways, adjoining Lots and Common Areas clean and free of debris (and roadways free of mud) arising from construction or other activities on his or her Lot.



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(q) **Construction Time Frame.** The Owner shall not fail to pursue construction or reconstruction activity on a Lot diligently and continuously from the time of commencement to the time of completion, or fail to complete any such construction or reconstruction activity within eight (8) months from the commencement thereof, excepting for causes beyond the control of the Lot Owner, such as strikes or acts of God. Reconstruction activity shall be commenced within four (4) months following any damage or destruction of the dwelling or other buildings on the Owner's Lot.

(r) **Permanent Drainage.** The Owner shall not fail to provide adequate grading, drainage, and retaining walls to prevent runoff onto adjoining streets, Lots or Common Areas other than into a drainage system installed by Declarant or approved by the Association.

Design And Appearance Standards

Section B-5.02. No house, building, garage, deck, balcony, breezeway, awning, canopy, wall, fence, hedge or other privacy barrier, tower, pool, animal enclosure, barn, storage shed, or other structure or landscaping improvement on any Lot shall be erected, placed or installed, or work thereon commenced, until the construction plans and specifications, plot plan, and a plan showing the nature, shape, height, materials and colors together with detailed plans showing the proposed location of the same on the particular building site, have been submitted to and approved in writing by the ACC. All plans and specifications for approval by the Architectural Control Committee must be submitted in writing at least fifteen (15) working days prior to the proposed commencement of construction of such improvements. The ACC shall review such plans and specifications in accordance with standards consistent with those set forth in the Governing Instruments, and adopted by the ACC and applied consistently throughout the Development. The following standards shall be used by the ACC as a basis for establishment of the design and appearance standards for the Development:

(a) **Landscaping.** Front yard landscaping shall be completed prior to occupancy and must include an automatic irrigation system. Rear yard landscaping shall be completed within six (6) months following commencement of occupancy. A significant portion of the landscape plan shall consist of lawn, grasses and flower beds. The landscaping shall be designed to present a neat and pleasing appearance to surrounding property. Trees and vegetation shall be designed, installed and maintained so as to preserve and not obstruct or impinge upon views from adjacent and neighboring - by Lots. No existing tree over four inches in diameter, major shrub, large rock or other prominent vegetation or natural feature shall be removed from a Lot without the express written consent of the ACC. Surplus landscaping materials, debris, refuse or dirt shall not be dumped onto any adjacent lots and streets.

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(b) **Lot Access; Setbacks.** Access to the following Lots shall be exclusively from the Parcels indicated herein, as follows:

- (1) **Lots 1 through 11:** from Parcel "C";
- (2) **Lots 55 through 58:** from Parcel "D";
- (3) **Lots 59 through 64:** from Parcel "E".

Building setbacks shall be the following distances from the property line (unless another point of measurement is indicated in the Final Plat): front yard, twenty (20) feet; rear yard, fifteen (15) feet; and side yard, five (5) feet, except that the rear-yard building setback for Lots 1 through 11 and 55 through 58 shall be ten (10) feet behind the Landscape and Wall Easement shown in the Final Plat; the rear-yard setback for Lots 59 through 64 shall be twenty (20) feet; and the front-yard setback for Lots 59 through 64 shall be fifteen (15) feet. The front yard shall be the yard area closest to, and the rear yard shall be the yard area farthest from, the adjoining street from which access to the Lot is permitted. All easements shown on the Final Plat shall be strictly observed; provided, however, that if the rear yard of any Lot faces an arterial street which provides access to other Phases of the Development, the ACC may require special treatments of buildings and other improvements facing such arterial street, for aesthetic purposes.

(c) **Height Restrictions.** No part of any dwelling, building or structure on a Lot shall exceed the maximum building height prescribed for such Lot in the schedule entitled "Granite Highlands – Maximum Building Heights" attached to this Declaration as Exhibit "B-1" and made a part hereof. The maximum building height for buildings on each Lot shall be measured as the vertical distance between the curb elevation at the street from which access to such Lot is taken (at the center point of the Lot frontage on such street) to the uppermost point of any building or structure on such Lot.

(d) **Roofs.** All roofing materials shall be approved by the ACC as to quality, appearance and style. For preservation of neighboring views, the roof pitch for any structure should be no greater than 8/12 for single-story structures and 6/12 for multi-story structures. Roofs of less than 4/12 pitch will not be allowed unless an integral feature of a widely established and recognized architectural style (such as a flat roof for the "Southwestern" style of home design), and unanimously approved by the ACC.

(e) **Building Size.** Minimum building sizes for Lots in Phase 1-A shall be as follows:



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(1) **Lots 59 through 64:** 1,600 square feet for single-story dwellings and 1,800 square feet for multi-level dwellings.

(2) **Lots 1 through 22 and 55 through 58:** 1,800 square feet for single-story dwellings, and 2,000 square feet for multi-level dwellings; and

(3) **Lots 23 through 54:** 2,000 square feet for single-story dwellings, and 2,400 square feet for multi-level dwellings.

Minimum building size shall be measured and calculated as the minimum floor area of the enclosed interior, heated living space shown in the approved building plans for the Lot, and shall not include garages, decks, balconies, patios, breezeways or other open-air spaces, or accessory buildings (such as sunrooms).

(f) **Preservation of Natural Site Features and Neighboring Views.**

The location (placement) and design of structures and landscaping on each Lot must give consideration to the goal of preservation of natural site features of that Lot, as well as preservation of the scenic views of neighboring Lots. The maximum height of landscaping plants and vegetation on any Lot shall in no case exceed the maximum building height prescribed for such Lot, and may be further restricted by the ACC where proposed landscaping vegetation may cause future interruption or impairment of the views of neighboring Lots due to the potential growth of such vegetation.

(g) **Fences and Walls.** All fences, walls, gates, hedges and other privacy barriers, must be approved in writing by ACC as to design, materials, colors and other aesthetic considerations prior to commencement of construction. The following standards shall be used by the ACC as a basis for establishment of the design and appearance standards for such improvements in the Development:

(1) **Height.** The maximum height of fences, walls, gates, hedges and other privacy barriers constructed in any setback area on a Lot shall be six (6) feet above the finished lot grade where located, except that the maximum height of such improvements shall be four (4) feet where located between the "building setback line" and any street fronting such Lot. No rear fence, wall gate, hedge or other privacy barrier may be constructed on Lots 1 through 11 or 55 through 58, as such improvements on those Lots will be constructed and maintained by the Association. The maximum height of such rear-yard improvements on Lots 59 through 64 shall be four (4) feet.

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(2) **Materials.**

(a) **Fences.** Fences shall be made of wood, wrought iron vinyl or other generally accepted fencing material, which lends itself to an aesthetically pleasing design. Gates shall employ materials and design which are matching or complementary to the fence to which attached. Wood fences shall be stained or painted to match or complement the color of the dwelling. Pillars, pilasters or columns used as part of the fence shall be finished with brick, stone or other trim materials to match or complement trim or veneer materials used on the dwelling. Chain link (cyclone) and barbed wire or electrified (or other potentially hazardous) fences are prohibited, except that chain link (cyclone) fencing may be used: (1) as necessary for security purposes during the period of construction, reconstruction or remodeling of a dwelling; or (2) as a containment area for a pet, if located in the interior area of the (and not on the lot boundary) and fully screened from view of adjacent properties and streets.

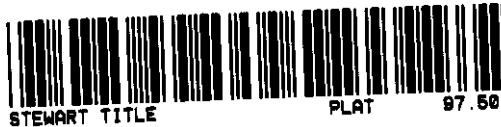
(b) **Walls.** Walls shall be constructed of natural or manufactured stone or rock, brick, finished masonry block, or wood-frame finished with a plaster or stucco surface coating, and shall be placed on a foundation and finished with suitable top trim. Gates shall employ materials and design which is complementary to the wall to which attached. Painted, plastered or stuccoed walls shall use colors and trims and other materials that are matching or complementary to the dwelling.

(3) **Continuing Maintenance.** All fences, walls, gates, hedges and other privacy barriers, and all landscaping on a Lot shall be maintained by the Owner in good condition, appearance and repair at all times.

(h) **Chimneys.** All "zero-clearance" fireplaces must be enclosed in a wood chase. Fireplaces and chimneys in the front or on the access street side of a home must be brick or stone. If chimneys extend above the overhang of the house, chimney must be brick or stone. All chimneys should incorporate a flue shroud and a spark arrester. A metal chimney top must be of such a color as to blend aesthetically with the residence, and is subject in all cases to approval by the ACC.

(i) **Exposed Metal.** Any exposed metals such as roofing, flue pipes, fireplace chimneys and caps, plumbing stacks, flashings, spark arresters, *etc.*, must be painted a color that will blend aesthetically with the dwelling. Selection of color or colors shall in all cases be subject to approval by the ACC.

(j) **Hillside Construction.** The underside and cavity areas of all hillside structures, including decks, balconies and porches, shall be covered or screened so as not to be exposed to view from Lots, Common Areas or streets below the level of



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such structure. Screening or siding materials must extend to within eight (8) inches of the finished grade of the Lot, Foundation, skirt or stem walls higher than four (4) feet from finished Lot grade to the finished floor level shall have foundation landscaping to reduce the scale and mass of such wall. All screening materials and designs shall be approved by the ACC in writing prior to commencement of installation. On Lots 1 through 11, 55 through 58, and 59 through 64, all decks, balconies and porches visible from Stonegate Drive shall be designed as an integral part of the structure of the building, and not as an external "add-on" improvement.

(k) **Draperies and Window Coverings.** All draperies and window coverings visible from outside the home should be of materials and colors which harmonize with the surroundings and design and color of the exterior structure. No bright colors or metallic or mirrored surfaces should be visible from the exterior of the structure. Consideration should be given to the aesthetic view from neighboring homes.

(l) **Gutters and Down Spouts.** All gutters and down-spouts shall be designed as a continuous architectural feature, consistent with the building design. Exposed gutters and down spouts shall be colored to blend with the surface to which they are attached.

(m) **Heating and Cooling Systems.** All exterior parts of heating, cooling and ventilating ("VAC.") systems must be screened from view from neighboring Lots and Common Area, and, where needed, must be insulated or sound-proofed to reduce operating noise to levels acceptable by industry standards so as not to cause a disturbance or annoyance to adjoining Lot Owners. No exterior parts may be located within the building set back areas.

(n) **Skylights and Solar Devices.** All glass, plastic, metal or transparent or translucent materials used in skylights or solar devices shall be treated to eliminate reflective glare. Flat skylights are preferred over domes. All solar or photovoltaic heating or energy systems must be constructed, where possible, so as not to be visible from a street adjoining the Lot, and shall in all cases be approved in writing by the ACC as to design, materials and overall appearance.

(o) **Exterior Materials and Colors.** All materials and colors used on exterior surfaces of buildings, walls or other structures shall present an appearance that is harmonious and consistent with all improvements on the Lot, in order to achieve reasonable uniformity of design. Exterior colors must harmonize with the surrounding landscape themes. All such exterior materials, colors and treatments are subject to prior approval in writing by the ACC.



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(p) **Exterior Siding and Trim.** Exterior siding should be lap cedar, Hardie Plank or Board, or other manufactured wood or cementitious product or decorative siding as approved by the ACC. No grooved plywood sheet siding (such as T-111) will be permitted. A minimum of seventy-five (75) square feet of brick, rock, cultured stone or other non-wood trim is required on the front face of each dwelling. On Lots 1 through 11 and 55 through 64, the ACC shall apply this requirement to the rear face of the dwelling facing Stonegate Drive, and may relax this requirement for the fronts of such dwellings facing the access street. Textured masonry block should be natural dark earth tones and not exceed four (4) inches in height. All homes shall be insulated wall construction of a thickness of no less than four and one-half (4½) inches.

(q) **Roof Materials.** All roof materials shall have a minimum rating of thirty (30) years. Wood shakes (treated with fire retardant) and shingles can be used, if qualified under Clark County building codes and fire department standards. Preferred roofing materials include: slate, clay or concrete tile, metal shake or architectural composition shingles. Ribbed metal roofing shall be permitted only with unanimous approval by the ACC. All roofing materials and colors shall be approved by the ACC in writing prior to commencement of installation.

(r) **Deck and Patio Covers.** All covers and shelters for decks and patios must be of a design and quality that is complementary to the dwelling, and shall be constructed of materials compatible to the dwelling. All such improvements must be approved by the ACC in writing prior to commencement of installation.

(s) **Windows.** Windows shall be of a design, color and material complementary to the exterior of the dwelling.

(t) **Garages.** Each dwelling shall include a covered and enclosed garage accommodating at least two (2) cars, which must be connected to the main dwelling structure by at least a breezeway, and must be of similar or compatible design, materials and appearance as the dwelling. Car ports in addition to the enclosed garage will be permitted only upon prior written approval by ACC.

(u) **Driveways.** Driveways must be hard-surfaced with concrete, masonry pavers, or other durable, hard-surface, non-reflective material. Asphaltic concrete (A/C) may be used if the ACC determines the use of other alternate materials is impractical or excessively costly and that the use of A/C paving will not create a highly conspicuous or unsightly driveway.

(v) **Hot Tubs and Pools.** Exterior hot tubs, saunas and swimming pools must be within fenced yards or enclosures and screened from neighboring views.

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All such improvements must be approved by the ACC in writing prior to commencement of installation. Above-ground swimming pools will be permitted only with unanimous approval by the ACC.

(w) **Accessory or Construction Buildings.** Portable or temporary buildings such as tool, equipment or garden sheds, dog houses, etc. which are not permanently installed on a Lot are prohibited without consent of the ACC. Any temporary job-site building or tool enclosure for use during construction on a Lot must be approved in advance by the Declarant, and must be removed within thirty (30) days following completion or cessation of construction. In any case the maximum allowable time for a temporary building for use during construction is one hundred eighty (180) days without the written consent of Declarant.

(x) **Clotheslines.** All clotheslines shall be screened from public or neighboring view.

ACC Discretion

Section B-5.03. The ACC, by a majority vote of its members, shall have discretion to grant relief to an Owner in any individual case by relaxation of any one or more of the above specific standards if the ACC makes substantially the following findings in such case:

(a) that strict enforcement of the standard or standards proposed to be relaxed in such case will be unduly harsh or will impose an undue or unreasonable expense, inconvenience or hardship on the Lot Owner, based on the particular characteristics of the Lot and the proposed action;

(b) that the degree and extent of the proposed relaxation is reasonable under the circumstances and not extreme or excessive;

(c) that the goals and purposes of the above standards as a whole, as well as reasonable resultant architectural quality in the particular case, can be achieved by application of alternative measures to mitigate the effect of the proposed relaxation; and

(d) that proposed relaxation of the specific standard(s) in such case will not unduly adversely affect neighboring Lot Owners or the Development as a whole, or constitute an undue, unreasonable or unfair preference over other Lot Owners who have complied with the above standards.

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Owner's Liability for Violation

Section B-5.04. Each Owner shall be liable to the Association for any damage to the Common Area or other Association property, or any liability of or cost to the Association that is sustained by reason of the violation of the Governing Instruments or by the careless, negligent, wanton or willful misconduct of that Owner or his or her family, guests, employees, tenants, or invitees. Each Owner, by accepting his or her deed, agrees to provide insurance to the extent required by Section 7.05 of this Declaration.

Exemption

Section B-5.05. Declarant shall be exempt from the restrictions of this Article 5 to the extent necessary to complete any construction work, sales activities, or additions to or affecting the Development or any Phase thereof. This exemption includes, but is not limited to, maintaining Lots as model homes, placing advertising signs on Development property, and generally using Lots and the Common Area to carry on construction or sales activities.

Equitable Servitudes

Section B-5.06. The covenants and restrictions set forth in this Declaration shall constitute covenants running with the land as enforceable equitable servitudes and shall inure to the benefit of and bind all Owners of Lots in the Development. These servitudes may be enforced by the Association, or by any member by taking legal action on behalf of the Association if the Board of Directors of the Association fails to meet and take action to consider such matter within ninety (90) following written notice from any member of an alleged violation of this Declaration.

ARTICLE B-6: ARCHITECTURAL AND DESIGN CONTROL

Architectural and Design Approval

Section B-6.01. Architectural design approval shall be governed by the provisions of this Article 6 and of Article B6 in Exhibit "B" annexed hereto and made a part hereof, as follows:

(a) **Requirement of Prior Approval by ACC.** Excepting as otherwise provided in this Declaration, no house, building, garage, deck, balcony, breezeway, wall, fence, hedge, awning, canopy or other privacy barrier, antenna or tower, pool, animal enclosure, barn, storage shed, or other structure or landscaping improvement

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("improvements") on any Lot shall be erected, placed or installed, altered or removed, or work thereon commenced, until complete plans and specifications of the proposed improvements, a plot plan showing design and location of buildings and landscaping and describing the type, size, shape, height and brand names (if applicable) of materials and colors of the proposed improvements, have been submitted to and approved in writing by the ACC. The requirements for such plans, specifications and plot plans shall be included in the ACC's statement of policies and procedures, referred to in subparagraph (b) below.

(b) **Review Procedure.** The ACC shall prepare and make available to all Members at the Association's place of business a statement of the ACC's design policies and standards, as well as all procedural requirements established by the ACC for review and approval of applications. It shall be the obligation of each Member to obtain and become familiar with and comply with the requirements of such statement.

(1) **Submittal By Applicants.** All plans and specifications for review and approval by the ACC must be submitted in duplicate at least twenty (20) days prior to the proposed commencement of construction of such improvements. The ACC shall review such plans and specifications in accordance with the standards and procedures adopted by the ACC (based upon those set forth in Article 5 of this Declaration and other Governing Instruments), and applied consistently throughout the Development.

(2) **ACC-Proposed Changes To Achieve Compatibility and Consistency with Design Standards.** If and to the extent ACC determines that the proposed improvements are incompatible or inconsistent with the design standards set forth in this Declaration and otherwise approved by the ACC, the ACC shall propose changes to the applicant's proposal in order to achieve reasonable compatibility and consistency, before approval will be granted by the ACC. The ACC shall notify the applicant in writing of any such proposed changes within fifteen (15) days following the date of receipt of the application.

(3) **Denial.** If the proposal is determined by the ACC to violate the fundamental requirements, standards or purposes of the Governing Instruments, the ACC shall notify the applicant in writing that the proposal is denied, stating the basis therefor, within fifteen (15) days following receipt of the application.

(c) **Approval by ACC's Failure To Act.** Failure of the ACC to review and respond in writing to applicant's complete submittal which conforms to the requirements of subparagraph (a) above within twenty (20) days following submittal to the ACC, either approving, conditionally approving, requesting submittal of further details,

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revisions or modifications, suggesting proposed changes, or denying, the applicant's submittal, shall be deemed approval in writing of the applicant's proposal for purposes of this Declaration. Failure of the ACC to review and act upon an applicant's submittal of further details, revisions, modifications or agreement to the ACC's proposed changes, within ten (10) days following submittal thereof by the applicant, shall also be deemed approval in writing of the applicant's proposal for purposes of this Declaration.

(d) **Automatic Approval By Compliance with ACC-Published Standards.** To the maximum extent possible, the ACC shall adopt and publish qualitative and quantitative design standards and criteria in conformity with this Declaration, which if strictly followed by an applicant shall entitle such applicant to automatic approval for improvements other than the initial construction, or reconstruction, of a dwelling on each Lot. Applications filed with a request for automatic approval shall be deemed approved in writing by the ACC if the ACC fails to notify the applicant in writing within three (3) days following such filing that such application does not qualify for automatic approval and required review by the ACC under subparagraph (b), above, citing specific material deviations from the qualitative and quantitative design standards and criteria adopted and published by the ACC.

(e) **Inspection of Construction by ACC To Ensure Conformity With Approved Plans.** The ACC through its officers and agents shall have the authority, upon reasonable advance notice to an Owner, to enter upon a Lot for the purpose of inspecting or reinspecting improvements installed or being installed by such Owner pursuant to plan approval by the ACC, to determine conformity of such improvements with the plans and specifications approved by the ACC. In the event of deviation or non-conformity of such improvements with the approved plans, the ACC shall immediately notify the Owner in writing, specifying each item of deviation or non-conformity and what is required under the approved plans. In the event of failure by the Owner to make corrections promptly following such notification and to notify the Association of such corrections, or to obtain approval of a modification of the approved plans to permit such improvements to remain as constructed, the Board shall have authority to take legal action against the Owner to abate such improvements at the Owner's expense. Declarant, the ACC, or any agent or officer thereof, acting in good faith under the authorization of this subparagraph, shall not be deemed guilty of, or become liable for, any manner of trespass or unlawful entry in the pursuit of his, her or its duties as authorized hereunder.

Architectural Control Committee

Section B-6.02. The Architectural Control Committee ("ACC") shall consist of not less than three (3) and not more than five (5) members, as determined by the Board, and selected as follows:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT

(a) The Declarant shall appoint all of the original members and a majority of replacement members until the tenth (10th) anniversary of the recordation of this Declaration; provided, however, that from and after the third (3rd) anniversary of the recordation of this Declaration, at least one (1) member (two (2) members if the ACC shall consist of five (5) members), shall be a Lot Owner other than Declarant (or Declarant's officers, staff, employees or agents), who shall be appointed by the Board. From and after the tenth (10th) anniversary of the recordation of this Declaration, all members of the ACC shall be Lot Owners appointed by the Board.

(b) Members appointed to the ACC by the Declarant need not be Lot Owners. Members appointed to the ACC by the Board shall be Lot Owners.

(c) The term of the initial appointees shall be two (2) years. Thereafter, appointees shall serve two (2) year terms, provided that the Board may specify a shorter initial term for one or more appointees in order to achieve staggered terms of ACC members. Notwithstanding the foregoing, all members of the ACC shall serve at the will of the party or entity that appointed them, and may be removed by the appointing party at any time, with or without cause.

(d) The ACC shall meet regularly at intervals of no less than monthly, and shall hold special meetings as often as necessary to carry out the obligations imposed upon it under the Governing Instruments, as directed by the Board.

Review By Board of Directors

Section B-6.03. All decisions of the ACC are subject to review by the Board of Directors, either on appeal by the applicant or on its own motion. The ACC shall take reasonable action to monitor compliance with its decisions and rulings, and shall notify the Board of all violations of this Article and of any noncompliance with its decisions or rulings or with the plans and specifications submitted to and approved by it. Upon such notification, the Board shall take appropriate enforcement action in accordance with the provisions of the Governing Instruments.



EXHIBIT A-1

Government Lot 5, the Southeast quarter of the Southwest quarter and the Southwest quarter of the Southeast quarter of Section 6, Township 1 North, Range 4 East of the Willamette Meridian, Clark County, Washington.

EXCEPT County Roads.

KURAHASHI
AN ASSOCIATES, INC.
2500 S.W. JAY ST. SUITE 200
PORTLAND, OREGON 97201
(503) 464-1842
FAX 1987

A.F.# _____ **DATE** _____

NOTES

SURVEY NOTES:
BASIS OF BEARING FOR THIS PLAY IS THE WEST LINE OF FEDERAL ROAD, 200' SOUTH OF THE PLAY.

EQUIPMENT USED WAS A TOPCON CTS-211D THEODOLITE AND ELECTRONIC DATA COLLECTION. THE TRAVELER CLOSURE EXCEEDED THE REQUIREMENTS OF WAC 332-130-090

LAND SURVEYOR'S CERTIFICATION

OF A SURVEY MADE ON THE GROUND TO THE NORMAL STANDARD OF CARE OF PROFESSIONAL LAND SURVEYORS

IMAGINING AN ONLINE COMMUNITY: FIND THAT THIS PLAT-
AS SHOWN, IS A TRUE RETURN FROM THE FIELD AND
THAT THE ONLINE ACTION IS CONNECT.



SEE SHEET 2 OF 2 FOR EASEMENT DESCRIPTION & DIMENSIONS.

[illegible]

SHEET 1 of 2

GRAPHIC SCALE

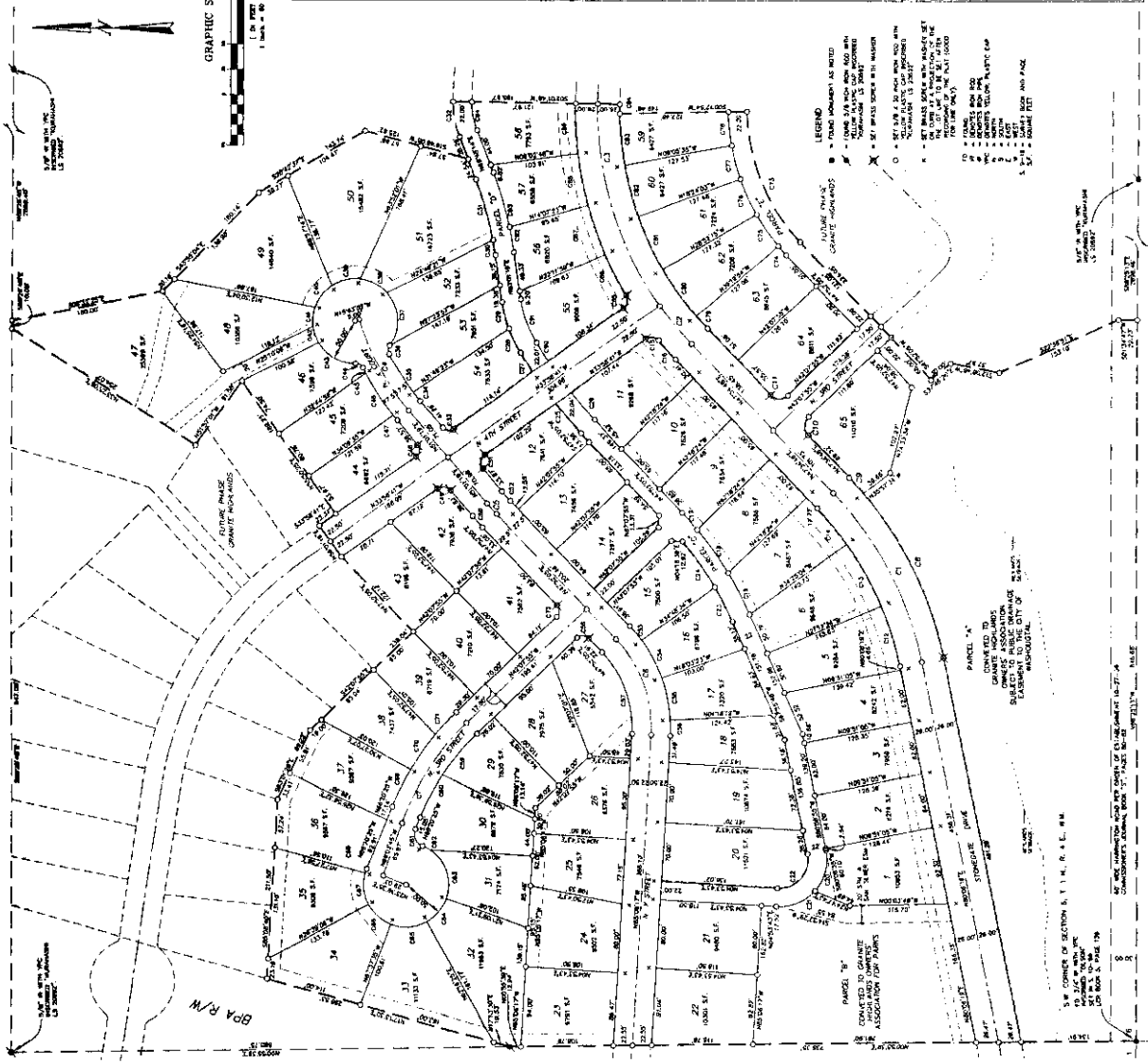


EXHIBIT "B-1"

GRANITE HIGHLANDS - MAXIMUM BUILDING HEIGHTS

NOTE:

Max. Bldg. Heights are measured from the top of curb, at the center point of each lot, on the "Access Road" side of the lot, (as specified herein) to the highest point of the roof of each residence placed thereon.

All lots must be accessed from "Access Road" shown below

Lot Number	Max Bldg Height (Ft)	Access Road	House Type	Lot Number	Max Bldg Height (Ft)	Access Road	House Type
1	+18	Parcel "C"	2	36	+30	N. "3rd" Street	1,2 or 3
2	+18	Parcel "C"	2	37	+30	N. "3rd" Street	1,2 or 3
3	+18	Parcel "C"	2	38	+30	N. "3rd" Street	1,2 or 3
4	+18	Parcel "C"	2	39	+25	N. "3rd" Street	1,2 or 3
5	+18	Parcel "C"	2	40	+24	N. "3rd" Street	1,2 or 3
6	+18	Parcel "C"	2	41	+28	N. "X" Street	2 or 3
7	+18	Parcel "C"	2	42	+18	N. "4th" Street	2
8	+18	Parcel "C"	2	43	+18	N. "4th" Street	2
9	+18	Parcel "C"	2	44	+31.5	N. "X" Street	1,2 or 3
10	+18	Parcel "C"	2	45	+31.5	N. "X" Street	1,2 or 3
11	+18	Parcel "C"	2	46	+36.5	N. "X" Street	1,2 or 3
12	+18	N. "X" Street	2	47	None	N. "X" Street	1,2 or 3
13	+18	N. "X" Street	2	48	None	N. "X" Street	1,2 or 3
14	+18	N. "X" Street	2	49	None	N. "X" Street	1,2 or 3
15	+18	N. "X" Street	2	50	None	N. "X" Street	1,2 or 3
16	+18	N. "X" Street	2	51	+18	N. "X" Street	2
17	+18	N. "X" Street	2	52	+18	N. "X" Street	2
18	+18	N. "X" Street	2	53	+18	N. "X" Street	2
19	+18	N. "X" Street	2	54	+18	N. "X" Street	2
20	+18	N. "X" Street	2	55	+18	Parcel "D"	2
21	+20	N. "X" Street	1, 2 or 5	56	+18	Parcel "D"	2
22	+20	N. "X" Street	1, 2 or 5	57	+18	Parcel "D"	2
23	+30	N. "X" Street	1,2 or 3	58	+18	Parcel "D"	2
24	+30	N. "X" Street	1,2 or 3	59	+28	Parcel "E"	1,2 or 3
25	+30	N. "X" Street	1,2 or 3	60	+28	Parcel "E"	1,2 or 3
26	+20	N. "X" Street	1 or 5	61	+28	Parcel "E"	1,2 or 3
27	+20	N. "X" Street	1 or 5	62	+28	Parcel "E"	1,2 or 3
28	+18	N. "3rd" Street	2	63	+28	Parcel "E"	1,2 or 3
29	+18	N. "3rd" Street	2	64	+28	Parcel "E"	1,2 or 3
30	+20	N. "3rd" Street	2	65	+30	N. "3rd" Street	3 or 4
31	+20	N. "3rd" Street	2				
32	+20	N. "3rd" Street	2				
33	+20	N. "3rd" Street	2				
34	+30	N. "3rd" Street	1,2 or 3				
35	+30	N. "3rd" Street	1,2 or 3				

Definition of "House Types":

- Type 1 = Rambler = (One Story with no second level up or down)
- Type 2 = Daylight Rambler = (One Story with lower level)
- Type 3 = Two Story = (Two Stories with no lower level)
- Type 4 = Two Story/Basement = (Two Story with lower level)
- Type 5 = Rambler with subterranean basement

Certificate for Platting

ORDER NO: STG - 112504

GRANITE HIGHLANDS PHASE 1A

This is to certify that in connection with the recordation of the Plat and Dedication of the property described in Exhibit "A"; The following list comprises all necessary parties signatory thereto;

GRANITE HIGHLANDS, L.L.C., A WASHINGTON LIMITED LIABILITY COMPANY
FIRST INDEPENDENT BANK

This certificate does not purport to reflect a full report on conditions of title, nor nature and extent of interest vested in each of the parties enumerated above, and shall have no force and effect, except in fulfilling the purposes for which it was requested.

DATED THIS 10th DAY OF September, 2002

STEWART TITLE GUARANTY

Brett Snyder
Title Officer



**DOUG LASHER
CLARK COUNTY TREASURER**

CourtHouse P.O. Box 5000 Vancouver, Washington 98666-5000 Telephone 360-397-2252

PLAT CERTIFICATION LETTER

Date: September 17, 2002

TO WHOM IT MAY CONCERN:

This is to certify that the **2003** advance Real property tax in the amount of **\$12,665.14** has been paid. We also certify the current year and that all prior years taxes and all special assessments are paid in full on the property described as follows:

ACCOUNT NO(S):# **130556-000**

LEGAL(S): TO BE GRANITE HIGHLANDS PH 1A 2004

PLATTED AS : GRANITE HIGHLANDS

PLATTED BY: **MACDONALD PROPERTIES, INC
1242 STATE AVE. STE.I PMB 295
MARYSVILLE, WA 98270**

PAID BY: **MACDONALD PROPERTIES, INC**

TR# 61120
Doug Lasher
Clark County Treasurer
BY: *[Signature]*
DEPUTY

The original copy of the treasurer's receipt is being held by the Clark County Treasurer, until such time as the current receipt can be issued, and a refund, if any due; can be made. This certification is not valid for 2004 taxes. If this Plat is not recorded with Clark County Auditor by May 31st 2003, the 2004 Advance Taxes must be paid in order to record this Plat.



STEWART TITLE

CCR

23.00

3544976

Page: 1 of 5

11/21/2002 10:24A

Clark County, WA

After Recording Mail to:

GRANITE HIGHLANDS LLC
 1242 STATE AVE, Suite I, PMB 295
 Marysville, WA 98270

ST- M-309

Document Title(s) (or transaction contained therein):

1. FIRST AMENDMENT TO COVENANTS, CONDITIONS AND RESTRICTIONS
- 2.
- 3.
- 4.

Reference Number(s) of Documents assigned or released:

(Additional Reference #'s on page ___ of document(s))

Grantor(s) (Last name first, then first name and initials):

1. GRANITE HIGHLANDS, L.L.C.
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Grantees(s) (Last name first, then first name and initials):

1. GRANITE HIGHLANDS PHASE 1A
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Legal Description (abbreviated: i.e. lot, block, plat or section, township, range):

LOTS 1 THROUGH 65, TRACTS A, B, C, D, E, GRANITE HIGHLANDS 1A,
 310/13

Additional legal description is on page ___ of document

Assessor's Property Tax Parcel/Account Number: 130556-002 THROUGH 130556-140

Assessor Tax # not yet assigned

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

Recording Requested By:

Stewart Title Company

When Recorded Mail To:

Granite Highlands, LLC.
1242 State Ave., Suite I, PMB 295
Marysville, WA 98270

**FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT**

THIS FIRST AMENDMENT is made on November 14, 2002, by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant") to the Declaration hereinafter described and referred to, on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant is the Declarant under that certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT ("Declaration") recorded on September 17, 2002 as Auditor's File No. 3514354 in the Official Records of Clark County;

B. Declarant considers it desirable and proper, and in the best interests of the Granite Highlands Development, as defined in said Declaration and which was made subject to said Declaration, to amend said Declaration as hereinafter set forth, as allowed under Section 12.01 of said Declaration.

NOW, THEREFORE, Declarant does hereby amend said Declaration as follows:

1. Subparagraph (b) of Section B-5.02 is hereby amended by addition of the following provision at the end thereof:

"Front and/or rear building setbacks, or both, may be reduced by five (5) feet in any case where the Lot possesses any of the following characteristics:

- (a) A "reverse taper", whereby the width of the Lot at the front lot line is greater than the width at the rear lot line;
- (b) A side lot boundary having a length of less than one hundred


twenty (120) feet;

- (c) A gross area of less than 7,500 square feet;
- (d) Any other characteristic or condition which imposes constraints on such Lot resulting that result in an apparent increase in construction cost on such Lot by more than ten percent (10%) over lots not having such characteristic or condition.

All other terms and conditions of said Declaration shall remain in full force and effect as set forth therein, excepting as amended hereby.

Executed on the date first mentioned above at Washougal, Clark County, Washington.

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By 
Douglas B. MacDonald, Managing Member

Acknowledgment



3544976

Page: 4 of 5

11/21/2002 10:24A

STEWART TITLE

CCR

23.00

Clark County, WA

STATE OF WASHINGTON,

County of Clark

ss.

I certify that I know or have satisfactory evidence that Douglas B. MacDonald

signed this instrument, and on oath stated that he is authorized to execute the instrument and acknowledged it as the Managing Member of Granite Highlands LLC, a WA Limited Liability
to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Company

Dated: 11/15/02

Debra D. Hodgson

Notary Public in and for the State of Washington, residing at

Vancouver

My appointment expires 1/31/06

DEBRA D. HODGSON
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
JANUARY 31, 2006

CONSENT BY MORTGAGEE

Consent is hereby given to the within and foregoing First Amendment to Declaration of Covenants, Conditions and Restrictions for Granite Highlands, a Planned Development, by the undersigned mortgagee of record.

Dated: November 19, 2002.

FIRST INDEPENDENT BANK

By Stephanie Koch

Acknowledgment

STATE OF WASHINGTON)
)SS
COUNTY OF CLARK)

On this 19th day of November, 2002, before me, the undersigned Notary Public, personally appeared Stephanie Koch and personally known to me or proved to me on the basis of satisfactory evidence to be the Vice President, authorized agent for the Mortgagee, duly authorized by the Mortgagee through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that she is authorized to execute this instrument.

BY: Stephanie Koch

Residing at VANCOUVER

Notary Public, in and for the State of Wash. My commission expires 10-18-03



STEWART TITLE

CCR

26.00

3638799

Page: 1 of 8
05/15/2003 10:51A
Clark County, WA

After Recording Mail to:

GRANITE HIGHLANDS L.L.C.
1242 STATE AVE, SUITE I
PMB 295
MARYSVILLE, WA 98270

Document Title(s) (or transaction contained therein):

ST M368

1. SECOND AMENDMENT TO COVENANTS CONDITIONS AND RESTRICTIONS
- 2.
- 3.
- 4.

Reference Number(s) of Documents assigned or released:

3514354, 3544976

(Additional Reference #'s on page ___ of document(s))

Grantor(s) (Last name first, then first name and initials):

1. GRANITE HIGHLANDS L.L.C.
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Grantees(s) (Last name first, then first name and initials):

1. GRANITE HIGHLANDS PHASE 1A
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Legal Description (abbreviated: i.e. lot, block, plat or section, township, range):

LOTS 1 Through 65, TRACTS A, B, C, D, E, Granite Highlands
PHASE 1A, 310/13

Additional legal description is on page ___ of document

Assessor's Property Tax Parcel/Account Number: 130556-002 THROUGH 130556-140

Assessor Tax # not yet assigned

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

cover 3/19/97

**3638799**Page: 2 of 8
05/15/2003 10:51A
Clark County, WA

STEWART TITLE

CCR

28.00

Recording Requested By:

Stewart Title Company

When Recorded Mail To:Granite Highlands, LLC.
1242 State Ave., Suite I, PMB 295
Marysville, WA 98270

**SECOND AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT**

THIS SECOND AMENDMENT is made on May 8, 2003 by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant") to the Declaration hereinafter described and referred to, on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant is the Declarant under that certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT ("Declaration") recorded on September 17, 2002 as Auditor's File No. 3514354 in the Official Records of Clark County, as amended by that certain FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT ("First Amendment") recorded on November 21, 2002 as Auditor's File No. 3544976 in the Official Records of Clark County;

B. Declarant considers it desirable and proper, and in the best interests of the Granite Highlands Development, as defined in said Declaration and which was made subject to said Declaration, to further amend said Declaration as hereinafter set forth, as allowed under Section 12.01 of said Declaration.

NOW, THEREFORE, Declarant does hereby amend said Declaration as follows:

1. Exhibit B-1 of the Declaration is hereby amended in its entirety by addition of a new Exhibit B-1, as attached hereto and made a part hereof.

2. All other terms and conditions of said Declaration shall remain in full force and effect as set forth therein, excepting as amended hereby.

Executed on the date first mentioned above at Washougal, Clark County, Washington.

[signature(s) on following page(s)]



3638799

Page: 3 of 8
05/15/2003 10:51A
Clark County, WA

STEWART TITLE

CCR

26.00

Clark County, WA

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By

Douglas B. MacDonald, Managing Member

Acknowledgment

STATE OF WASHINGTON,
County of Clark ss.

I certify that I know or have satisfactory evidence that Douglas B. MacDonald
signed this instrument, and on oath stated that he is authorized to execute the instrument and acknowl-
edged it as the managing member of Granite Highland S LLC
to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: 5/8/03

Debra D. Hodgson
Notary Public in and for the State of Washington, residing at Vancouver
My appointment expires 1/31/06

DEBRA D. HODGSON
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
JANUARY 31, 2006

CONSENT BY MORTGAGEE

Consent is hereby given to the within and foregoing Second Amendment to Declaration of Covenants, Conditions and Restrictions for Granite Highlands, a Planned Development, by the undersigned mortgagee of record.

Dated: May 12, 2003.

FIRST INDEPENDENT BANK

By Stephan Kech

Acknowledgment

LENDER ACKNOWLEDGMENT

STATE OF Washington

) ss

COUNTY OF CLARK

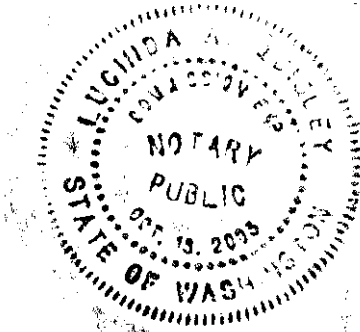
On this 12th day of MAY, 2003, before me, the undersigned Notary Public, personally appeared Stephanie Koch, and personally known to me or proved to me on the Due President, authorized agent for the Lender that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of the said Lender, duly authorized by the Lender through its board of directors or other wise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and that the seal affixed is the corporate seal of said Lender.

Given under my hand and official seal this 12th day of MAY, 2003.

By Lucinda A. Gough

Residing at VANCOUVER

Notary Public in and for the State of WASH. My commission expires 10-18-03



**EXHIBIT B-1 (Amended 05/03)**
GRANITE HIGHLANDS – MAXIMUM BUILDING HEIGHTS

The following maximum height limits shall apply to each lot in Phase 1A. Heights are measured from the top of curb at the center point of each lot at the "Access Road" end of the lot (as specified herein) along a horizontal plane running the length of the lot, to the highest point of the roof of the house structure. An additional ten percent (10%) may be added to the height limit on any lot where the highest "transverse" ridge line of the house i.e. the ridge line running widthwise across the lot, has a length of no more than twenty percent (20%) of the width of the lot at the location of that ridge line. In no event shall the length of the transverse ridge line of any house be more than fifty percent (50%) of the width of its lot at the ridge line location if the adjoining house on either side also has a transverse ridge line whose length exceeds fifty percent (50%) of the width of its lot. The ACC may grant relief from height limits under Section B-5.03, where deemed appropriate. House types described below are suggested for each lot, but only the height limit stated for each house is mandatory.

Lot #	Max Bldg Ht (ft)	Access Road	Sugg House Type	Lot #	Max Bldg Ht (ft)	Access Road	Sugg House Type
1	25'	Parcel "C"	2	34	35'	N. "3rd" Street	3
2	25'	Parcel "C"	2	35	35'	N. "3rd" Street	3
3	25'	Parcel "C"	2	36	35'	N. "3rd" Street	3
4	25'	Parcel "C"	2	37	35'	N. "3rd" Street	3
5	25'	Parcel "C"	2	38	35'	N. "3rd" Street	3
6	25'	Parcel "C"	2	39	35'	N. "3rd" Street	3
7	25'	Parcel "C"	2	40	35'	N. "3rd" Street	3
8	25'	Parcel "C"	2	41	27'	N. "3rd" Street	2
9	25'	Parcel "C"	2	42	27'	N. "4th" Street	2
10	25'	Parcel "C"	2	43	27'	N. "4th" Street	2
11	25'	Parcel "C"	2	44	27'	N. "4th" Street	2
12	25'	N. "X" Street	2	45	35'	N. "X" Street	3
13	25'	N. "X" Street	2	46	35'	N. "X" Street	3
14	25'	N. "X" Street	2	47	none	N. "X" Street	4
15	25'	N. "X" Street	2	48	none	N. "X" Street	4
16	25'	N. "X" Street	2	49	none	N. "X" Street	4
17	25'	N. "X" Street	2	50	none	N. "X" Street	4
18	25'	N. "X" Street	2	51	35'	N. "X" Street	4
19	25'	N. "X" Street	2	52	35'	N. "X" Street	4
20	25'	N. "X" Street	2	53	27'	N. "X" Street	2
21	25'	N. "X" Street	2	54	27'	N. "X" Street	2
22	25'	N. "X" Street	2	55	27'	Parcel "D"	2
23	35'	N. "X" Street	3	56	35'	Parcel "D"	4
24	35'	N. "X" Street	3	57	35'	Parcel "D"	4
25	35'	N. "X" Street	3	58	35'	Parcel "D"	4
26	35'	N. "X" Street	3	59	30'	Parcel "E"	3
27	25'	N. "X" Street	2	60	30'	Parcel "E"	3
28	25'	N. "3rd" Street	2	61	30'	Parcel "E"	3
29	35'	N. "3rd" Street	4	62	30'	Parcel "E"	3
30	35'	N. "3rd" Street	4	63	30'	Parcel "E"	3
31	35'	N. "3rd" Street	4	64	30'	Parcel "E"	3
32	35'	N. "3rd" Street	4	65	35'	N. "3rd"/Pcl "E"	3, 4 or 5
33	35'	N. "3rd" Street	4				

Exhibit B-1 (continued)



3638799

Page: 8 of 8

05/15/2003 10:51A

STEWART TITLE

CCR

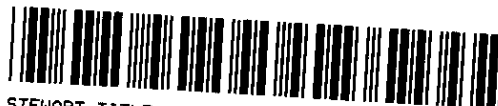
26.00

Clark County, WA

Exhibit B-1 (continued)

Schedule of "House Types":

- Type 1 =** Rambler (one story with no second level up or down)
- Type 2 =** Daylight rambler (one story with lower level walk-out basement)
- Type 3 =** Two story (with no lower level)
- Type 4 =** Two story (with lower level walk-out basement)
- Type 5 =** Rambler (with subterranean basement)



STEWART TITLE

CCR

25.00

3797965

Page: 1 of 7

03/09/2004 10:25A
Clark County, WA

After Recording Mail to:

Document Title(s) (or transaction contained therein):

1. THIRD AMENDMENT TO DECLARATION OF COVENANTS,
2. CONDITIONS AND RESTRICTIONS
- 3.
- 4.

Reference Number(s) of Documents assigned or released: 3514354

(Additional Reference #'s on page ___ of document(s))

Grantor(s) (Last name first, then first name and initials):

1. GRANITE HIGHLANDS LLC
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Grantees(s) (Last name first, then first name and initials):

1. GRANITE HIGHLANDS PHASE 1A REVISION
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Legal Description (abbreviated: i.e. lot, block, plat or section, township, range):

SECTION 6, TOWNSHIP 1 NORTH, RANGE 4
EAST

Additional legal description is on page ___ of document

Assessor's Property Tax Parcel/Account Number:

130556-088

___ Assessor Tax # not yet assigned

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

Recording Requested By:

Stewart Title Company

When Recorded Mail To:

Granite Highlands, LLC.
6925 Sunnyside Blvd.
Marysville, WA 98270

**THIRD AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR GRANITE HIGHLANDS PHASE 1A, A PLANNED DEVELOPMENT**

THIS THIRD AMENDMENT is made on March 5, 2004, by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant") to the Declaration hereinafter described and referred to, on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant is the Declarant under that certain "DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT" ("Declaration"), which was recorded on September 17, 2002 as Auditor's File No. 3514354 in the Official Records of Clark County;

B. Declarant has also caused to be recorded that certain "FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT" ("First Amendment"), which was recorded on November 21, 2002 as Auditor's File No. 3514976 in the Official Records of Clark County;

C. Declarant has also caused to be recorded that certain "SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT" ("Second Amendment"), which was recorded on May 5, 2003 as Auditor's File No. 3638799 in the Official Records of Clark County;

D. Declarant has further caused to be recorded that certain re-plat of certain lots contained in the final plat of Granite Highlands (Phase 1A) which was recorded in Book 11, Page 13, Official Records of Clark County, said replat being designated "GRANITE HIGHLANDS (PHASE 1A - REVISIONS TO LOTS 44 THROUGH 54)" (hereinafter "Phase 1A Revisions"), which was recorded on March 5, 2004 in Book 311, Page 150, said Official Records;

E. Declarant considers it desirable and proper, and in the best interests of the Granite Highlands Development, as defined in said Declaration and which was made subject to said Declaration, to amend said Declaration as hereinafter set forth, as

allowed under Section 12.01 of said Declaration, to reflect recordation of said Phase 1A Revisions, and to subject the lots and common area shown in said Phase 1A Revisions to the Development Plan, as part of the Granite Highlands Development", including specific covenants, conditions and restrictions set forth herein and applicable exclusively to the lots in said Phase 1A Revisions.

NOW, THEREFORE, Declarant does hereby amend said Declaration as follows:

1. The property shown as Lots 1 through 9 and common area Parcel A in the Phase 1A Revisions is hereby revised and replatted as part of the Granite Highlands Development, and subjected to all terms and provisions of the Declaration, and amendments thereto, excepting as modified in this Third Amendment.

2. Said Lots 1 through 9 are also hereby subjected to the maximum building height limitations set forth in Exhibit A, entitled "Granite Highlands Phase 1A Revisions - Maximum Building Heights", which is attached hereto and incorporated herein by this reference; and the maximum building height limits set forth in the Second Amendment are hereby modified for those lots which are now replatted as Lots 1 through 9 under said Phase 1A Revisions.

3. Access to each lot shall be from the public street adjoining the front of said lot, excepting that access to Lots 6 and 7 shall be from Parcel D, as shown in the Phase 1A Revision plat. Building setbacks shall be as set forth in the Declaration, excepting that such setbacks may be relaxed by the ACC as necessary or appropriate to accommodate slope conditions, and size and shape of characteristics, of the lot in question; provided, however, that modified setbacks shall in all cases conform to minimum requirements of the City of Washougal enforced with respect to the lot.

4. All other terms and conditions of the Declaration, and amendments thereto shall remain in full force and effect as set forth therein, excepting as amended hereby.

Executed as of the date first mentioned above at Washougal, Clark County, Washington.

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By 
Dougal C. MacDonald, Member

Acknowledgment



3797965

Page: 4 of 7

03/09/2004 10:25A

STEWART TITLE

CCR

25.00

Clark County, WA

STATE OF WASHINGTON,

County of Clark

ss.

I certify that I know or have satisfactory evidence that

Douglas B. MacDonald

signed this instrument, and on oath stated that he is authorized to execute the instrument and acknowledged it as the ~~managing member~~ of Granite Highlands LLC a Wa. Limited Liability Co. to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated:

3/8/04

Debra D. Hodgson

Notary Public in and for the State of Washington, residing at

Vancouver

My appointment expires

1/31/06

DEBRA D. HODGSON
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
JANUARY 31, 2006



3797965

Page: 5 of 7

03/09/2004 10:25A
Clark County, WA

STEWART TITLE

CCR

25.00

STATE OF WASHINGTON,
County of

ss.

I certify that I know or have satisfactory evidence that

Stephanie Koch

signed this instrument, and on oath stated that *she* is authorized to execute the instrument and acknowledged it as the *vice president of First Independent Bank* to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: *March 5, 2004*

Heather Lombato

Notary Public in and for the State of Washington, residing at

My appointment expires *6/24/06*





3797965

Page: 6 of 7

03/09/2004 10:25A

STEWART TITLE

CCR

25.00

Clark County, WA

CONSENT BY MORTGAGEE

Consent is hereby given to recordation of this THIRD AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR GRANITE HIGHLANDS PHASE 1A, A PLANNED DEVELOPMENT, by the undersigned mortgagee of record.

Dated: March 5, 2004.

FIRST INDEPENDENT BANK

By Stephan Kool

Acknowledgment



**EXHIBIT A
GRANITE HIGHLANDS PHASE 1A REVISION – MAXIMUM BUILDING HEIGHTS
March, 2004)**

The following maximum height limits shall apply to each lot in Phase 1A Revisions of the Granite Highlands Development. Heights are measured from the top of curb at the center point of each lot at the "Access Road" end of the lot (as specified herein) along a horizontal plane running the length of the lot, to the highest point of the roof of the house structure. An additional ten percent (10%) may be added to the height limit indicated below for any lot where the highest "transverse" ridge line of the roof i.e. the ridge line running widthwise across the lot, has a length of no more than twenty percent (20%) of the width of the lot at the location of that ridge line.

For Lots 1 through 4 and 8 through 9, the length of the highest transverse ridge line shall not exceed thirty percent (30%) of the width of the lot at the location of the transverse ridge line. The ACC may grant relief from height limits under Section B-5.03 of the Declaration, provided that in granting such relief, the ACC shall ensure that the relief granted shall not cause undue impairment of or adverse effect upon the views of adjacent lots. House types described below are suggested for each lot, but only the height limit stated for each house, and maximum length of transverse ridgelines, are mandatory.

Lot #	Max Bldg Ht (ft)	Access Road	Sugg House Type	Lot #	Max Bldg Ht (ft)	Access Road	Sugg House Type
1	25'	N. "X" or N. 4th St	2,3				
2	35'	North "X" Street	3,4				
3	35'	North "X" Street	3,4				
4	35'	North "X" Street	3,4				
5	35'	North "X" Street	2				
6	25'	N. 4th St, Pcl "E"	2				
7	25'	N. 4th St, Pcl "E"	2				
8	25'	North "X" Street	2				
9	25'	North "X" Street	2				

Schedule of "House Types":

- Type 1 =** Rambler (one story with no second level up or down)
- Type 2 =** Daylight rambler (one story with lower level walk-out basement)
- Type 3 =** Two story (with no lower level)
- Type 4 =** Two story (over garage/walk-out basement)
- Type 5 =** Rambler (with subterranean basement)

Exhibit A



3918159

Page: 1 of 3

12/09/2004 10:31A

STEWART TITLE

AMD

21.00 Clark County, WA

RETURN ADDRESS:

Granite Highlands LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

Document Title(s): M-548

THIRD AMENDMENT TO COVENANTS, CONDITIONS AND RESTRICTIONS

Reference Number(s) of related documents: 3514354, 3544976, 3638799

Additional Reference #'s on page _____

Grantor(s) (Last, First and Middle Initial)

Granite Highlands LLC

Additional grantors on page _____

Grantee(s): (Last, First and Middle Initial)

• Granite Highlands Phase 1A • Granite Highlands Phase 2
• Granite Highlands Phase 1A Replat of Lots 44-54

Additional grantees on page _____

Legal Description: (abbreviated form: i.e. lot, block, plat or section, township, range, quarter/quarter)

• Lots 1 Through 43 and 55 Through 65, Tracts A, B, C, D, E, Granite Highlands
Phase 1A, 310/13 • Lots 1 Through 9, Granite Highlands Phase 1A
Replat of Lots 44-54, 311/150,
Lots 1 Through 24 and Tract A, Granite Highlands Phase 2, 311/151

Additional Legal is on page _____

Assessor's Property Tax Parcel / Account Number:

130556-002 Through 130556-086, 130556-110 Through 130556-140,
130556-194 Through 130556-208,
130556-142 Through 130556-190

Additional parcel #'s on page _____

The Auditor/Record will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

Recording Requested By:

Stewart Title Company

When Recorded Mail To:

Granite Highlands, LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

**THIRD AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT**

The undersigned Secretary of Granite Highlands Owners Association ("Association") certifies that the following amendment to the Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on September 17, 2002, as Auditor's File No. 3514354 in the official records of Clark County, Washington, as amended by that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development recorded on November 21, 2002, as Auditor's File No. 3544976 in the official records of Clark County, Washington, and further amended by that certain Second Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development recorded on May 15, 2003, as Auditor's File No. 3638799 (collectively "Declaration") was adopted by more than fifty-one percent (51%) of the voting power of each class of owners of the Association in accordance with the provisions of Section 12.02(a) of the Declaration at a special meeting of the Association held on October 13, 2004, at Washougal, Washington:

1. Section 1.26 is added to read as follows:

"Commonly Maintained Property.

Section 1.26 "Commonly Maintained Property" means property within the Development that is designated on the recorded final plat of any phase of the Development as: (i) "Storm Sewer P.U.E.", (ii) "Private planting and landscape easement," or (iii) "To be maintained by the Granite Highlands Owners Association"



3918159

Page: 3 of 3

12/09/2004 10:31A

21.00 Clark County, WA

2. The first sentence of Section 3.07(a) is amended to read as follows:

“(a) The Association, acting through the Board, shall operate and manage the Common Area, and maintain, repair, and replace improvements in the Common Area and Commonly Maintained Property, or contract for the performance of that work (subject to the provisions of Article 8 of this Declaration relating to destruction of improvements, Article 9 of this Declaration pertaining to eminent domain, and Sections 2.04(f) and 2.06 of this Declaration relating to damage caused by an Owner and maintenance duties of Owners), in accordance with the following standards: . . .”

3. The following sentence is added to Section 3.07(a)(1):


“The Association shall also have the duty to repair any damage to the Commonly Maintained Property.”

4. Section 2.09 is added to read as follows:

"Association's Easements

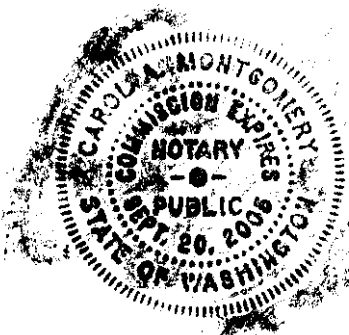
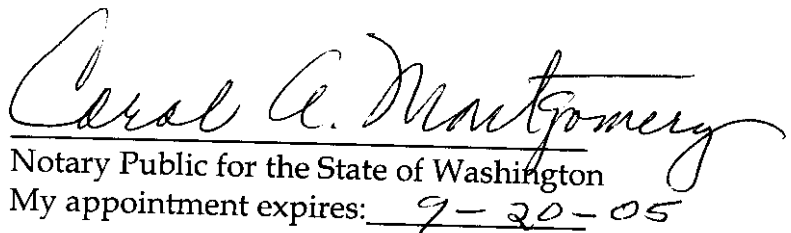
Section 2.09. Declarant grants to the Association and its duly authorized agents and representatives such easements over the lots and Common Area as are necessary to perform the duties and obligations of the Association, as set forth in this Declaration, the Bylaws, and the Articles, as the same may be amended."

Dated this 12 day of October, 2004.


Woody MacLeod, Secretary/Treasurer

State of Washington)
) ss
County of Clark)

This instrument was acknowledged before me on 22nd day of October, 2004, by Woody MacLeod as Secretary/Treasurer of the Granite Highlands Owners Association.





3933668

Page: 1 of 3
01/14/2005 04:00P
Clark County, WA

STEWART TITLE

AMD

21.00

RETURN ADDRESS:

Granite Highlands LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

Document Title(s): M-558

FOURTH AMENDMENT TO COVENANTS, CONDITIONS and RESTRICTIONS

Reference Number(s) of related documents: 3514354, 3544976, 3638799,
3918159

Additional Reference #'s on page _____

Grantor(s) (Last, First and Middle Initial)

GRANITE HIGHLANDS LLC

Additional grantors on page _____

Grantee(s): (Last, First and Middle Initial)

• GRANITE HIGHLANDS PHASE 1A • GRANITE HIGHLANDS PHASE 2
• GRANITE HIGHLANDS PHASE 1A REPIAT OF LOTS 44-54

Additional grantees on page _____

Legal Description: (abbreviated form: i.e. lot, block, plat or section, township, range, quarter/quarter)

• LOTS 1 Through 43 and 55 Through 65, TRACTS A, B, C, D, E, GRANITE HIGHLANDS
PHASE 1A, 310/13 • LOTS 1 Through 9, GRANITE HIGHLANDS PHASE 1A
REPIAT OF LOTS 44-54, 311/150,
LOTS 1 Through 24 and TRACT A, GRANITE HIGHLANDS PHASE 2, 311/151

Additional Legal is on page _____

Assessor's Property Tax Parcel / Account Number:

130556-002 Through 130556-086, 130556-110 Through 130556-140,
130556-194 Through 130556-208,
130556-142 Through 130556-190

Additional parcel #'s on page _____

The Auditor/Record will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.



STEWART TITLE

AMD

21.00

3933668
Page: 2 of 3
01/14/2005 04:00P
Clark County, WA

Recording Requested By:

Stewart Title Company

When Recorded Mail To:

Granite Highlands, LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

**FOURTH AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR GRANITE HIGHLANDS, A PLANNED DEVELOPMENT**

The undersigned Secretary of Granite Highlands Owners Association ("Association") certifies that the following amendment to the Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on September 17, 2002, as Auditor's File No. 3514354 in the official records of Clark County, Washington, as amended by that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development recorded on November 21, 2002, as Auditor's File No. 3544976 in the official records of Clark County, Washington, and further amended by that certain Second Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development recorded on May 15, 2003, as Auditor's File No. 3638799, and further amended by that certain Third Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development recorded on December 9, 2004 as Auditor's File No. 3918159 (collectively "Declaration") was adopted by more than fifty-one percent (51%) of the voting power of each class of owners of the Association in accordance with the provisions of Section 12.02(a) of the Declaration at a special meeting of the Association held on December 9, 2004, at Washougal, Washington:

1. The following sentence shall be added to Section 4.04:



3933668

Page: 3 of 3
01/14/2005 04:00P
Clark County, WA

STEWART TITLE

AMD

21.00

"Provided further that the first regular assessment period for all lots in Phases 1, 1A, and 2 of the Development shall commence on January 1, 2005."

Dated this 16th day of December, 2004.

Woody MacLeod, Secretary/Treasurer

State of Washington)

County of Snohomish) ss
~~Clark~~

This instrument was acknowledged before me on 17th day of December, 2004, by Woody MacLeod as Secretary/Treasurer of the Granite Highlands Owners Association.

Notary Public for the State of Washington

My appointment expires: 9-20-05



STEWART TITLE

DEC

26.00

3797992

Page: 1 of 8

03/09/2004 10:41A

Clark County, WA

After Recording Mail to:

Document Title(s) (or transaction contained therein):

1. Supplemental Declaration For Annexation of Phase
2. 2 of Granite Highlands
- 3.
- 4.

Reference Number(s) of Documents assigned or released:

3514354

(Additional Reference #'s on page ___ of document(s))

Grantor(s) (Last name first, then first name and initials):

1. Granite Highlands LLC
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Grantees(s) (Last name first, then first name and initials):

1. Granite Highlands Phase 2
- 2.
- 3.
- 4.
5. Additional names on page ___ of document

Legal Description (abbreviated: i.e. lot, block, plat or section, township, range):

Section 6, Township 1 North, Range
4 East

Additional legal description is on page ___ of document

Assessor's Property Tax Parcel/Account Number:

130557-000

Assessor Tax # not yet assigned

The Auditor/Recorder will rely on the information provided on the form. The staff will not read the document to verify the accuracy or completeness of the indexing information provided herein.

cover 3/19/97

Recording Requested By:

Stewart Title Company

When Recorded Mail To:

Granite Highlands, LLC.
6925 Sunnyside Blvd.
Marysville, WA 98270

**SUPPLEMENTAL DECLARATION
FOR ANNEXATION
OF PHASE 2 OF GRANITE HIGHLANDS**

THIS SUPPLEMENTAL DECLARATION ("Supplemental Declaration") is made as of March 5, 2004 by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant"), on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant has caused to be recorded in the Official Records of Clark County, in Plat Book 311 at Page 13 the Final Plat of "Granite Highlands (Phase 1A)" (hereinafter "Phase 1A Plat"), creating Phase 1A, containing 65 subdivided lots and common area Parcels A through E, as the first phase of a multi-phased residential, commercial and mixed-use planned development known as "Granite Highlands" ("the Granite Highlands Development" or "the Development").

B. Declarant has also caused to be recorded in the Official Records of Clark County on September 17, 2002 as Auditor's File No. 3514354, that certain "Declaration of Covenants, Conditions and Restrictions for Granite Highlands, a Planned Development" ("Declaration"), establishing in furtherance of the common plan of development thereof, defined as the "Development Plan" under Section 1.10 of the Declaration, a system of covenants, conditions, restrictions, reservations, rights, easements and servitudes.

C. Declarant has further caused to be recorded on March ⁹~~5~~, 2004 in the Official Records of Clark County, in Plat Book 311 at Page 161, the Final Plat of "Granite Highlands – Phase 2" (hereinafter "Phase 2 Plat"), creating Phase 2 of the Development, containing 24 subdivided lots and common area Parcel A, as the second phase of the Development.

**3797992**

Page: 3 of 8

03/09/2004 10:41A

STEWART TITLE

DEC

26.00

Clark County, WA

D. Declarant desires by recordation of this Supplemental Declaration to annex Lots 1 through 24 and common area Parcel F to the Declaration, pursuant to Article 11 "Annexation of Additional Property, Section 11.01 "Additions by Declarant", to subject the lots and common area shown in the Phase 2 Plat to the Development Plan, as part of the Granite Highlands Development", including specific covenants, conditions and restrictions set forth herein and applicable exclusively to the lots in said Phase 2 Plat.

NOW, THEREFORE, Declarant hereby declares its intention, and undertakes by this instrument, as follows:

1. The property shown as Lots 1 through 24, and common area Parcel A in the Phase 2 Plat are hereby annexed to the Granite Highlands Development, and subjected to all terms and provisions of the Declaration, and amendments thereto, excepting as modified in this Supplemental Declaration.

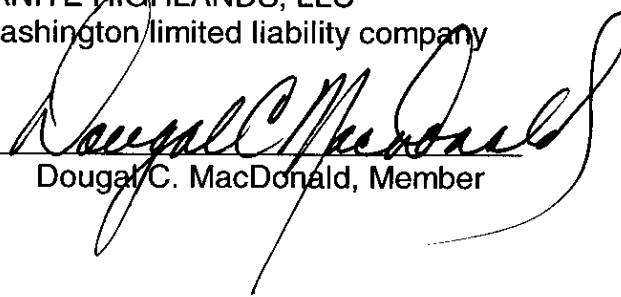
2. Said Lots 1 through 24 are also hereby subjected to the maximum building height limitations set forth in Exhibit A, entitled "Granite Highlands Phase 2 - Maximum Building Heights", which is attached hereto and incorporated herein by this reference.

3. Access to each lot shall be from the public street adjoining the front of said lot. Building setbacks shall be as set forth in the Declaration, excepting that such setbacks may be relaxed by the ACC as necessary or appropriate to accommodate slope conditions, and size and shape of characteristics, of the lot in question; provided, however, that modified setbacks shall in all cases conform to minimum requirements of the City of Washougal enforced with respect to the lot.

4. All other terms and conditions of the Declaration, and amendments thereto shall remain in full force and effect as set forth therein, excepting as amended hereby.

Executed as of the date first mentioned above at Washougal, Clark County, Washington.

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By 
Douglas C. MacDonald, Member



3797992

Page: 4 of 8

03/09/2004 10:41A
Clark County, WA

STEWART TITLE

DEC

26.00

Acknowledgment



3797992

Page: 5 of 8

03/09/2004 10:41A

STEWART TITLE

DEC

26.00

Clark County, WA

STATE OF WASHINGTON,

County of Clark

ss.

I certify that I know or have satisfactory evidence that Douglas B. MacDonald

signed this instrument, and on oath stated that he is authorized to execute the instrument and acknowledged it as the managing member of Granite Highlands LLC, a WA Limited Liability Co. to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated:

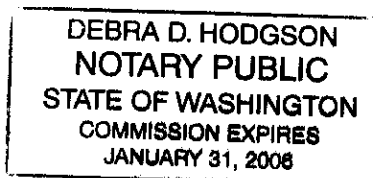
3/8/04

Debra D. Hodgson

Notary Public in and for the State of Washington, residing at Vancouver

My appointment expires

1/31/06





3797992

Page: 6 of 8

03/09/2004 10:41A

STEWART TITLE

DEC

26.00

Clark County, WA

STATE OF WASHINGTON,
County of

ss.

I certify that I know or have satisfactory evidence that Stephanie Koch

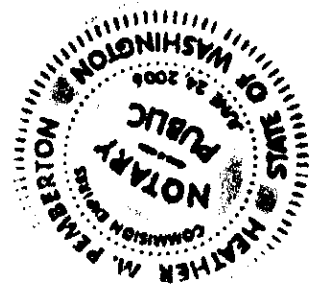
signed this instrument, and on oath stated that she is authorized to execute the instrument and acknowledged it as the Vice President of First Independent Bank
to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated: March 5, 2004

Martha Pemberton

Notary Public in and for the State of Washington, residing at

My appointment expires 6/24/06





3797992

Page: 7 of 8

03/09/2004 10:41A
Clark County, WA

STEWART TITLE

DEC

26.00

CONSENT BY MORTGAGEE

Consent is hereby given to recordation of this SUPPLEMENTAL DECLARATION, by the undersigned mortgagee of record.

Dated: March 5, 2004.

FIRST INDEPENDENT BANK

By Stephan Koc

Acknowledgment



3797992

Page: 8 of 8

03/09/2004 10:41A
Clark County, WA

STEWART TITLE

DEC

26.00

EXHIBIT A
GRANITE HIGHLANDS PHASE 2 – MAXIMUM BUILDING HEIGHTS
March, 2004)

The following maximum height limits shall apply to each lot in Phase 2 of the Granite Highlands Development. Heights are measured from the top of curb at the center point of each lot at the "Access Road" end of the lot (as specified herein) along a horizontal plane running the length of the lot, to the highest point of the roof of the house structure. An additional ten percent (10%) may be added to the height limit indicated below for any lot where the highest "transverse" ridge line of the roof *i.e.* the ridge line running widthwise across the lot, has a length of no more than twenty percent (20%) of the width of the lot at the location of that ridge line. For Lots 1 through 7 and 19 through 24, the length of the highest transverse ridge line shall not exceed thirty percent (30%) of the width of the lot at the location of the transverse ridge line. The ACC may grant relief from height limits under Section B-5.03 of the Declaration, provided that in granting such relief, the ACC shall ensure that the relief granted shall not cause undue impairment of or adverse effect upon the views of adjacent lots. House types described below are suggested for each lot, but only the height limit stated for each house and maximum length of transverse ridgelines are mandatory.

Lot #	Max Bldg Ht (ft)	Access Road	Sugg House Type	Lot #	Max Bldg Ht (ft)	Access Road	Sugg House Type
1	25'	North 4th Street	2	13	none	North "Y" Street	1,3,4,5
2	25'	North 4th Street	2	14	none	North "Y" Street	1,3,4,5
3	25'	North 4th Street	2	15	none	North "Y" Street	1,3,4,5
4	25'	North 4th Street	2	16	none	North "Y" Street	1,3,4,5
5	25'	North 4th Street	2	17	25'	North "Y" Street	2
6	25'	North 4th Street	2	18	25'	North "Y" Street	2
7	25'	North 4th Street	2	19	25'	North "Y" Street	2
8	none	North 4th Street	1,3,4,5	20	25'	North "Y" Street	2
9	none	North 4th Street	1,3,4,5	21	25'	North "Y" Street	2
10	none	North 4th Street	1,3,4,5	22	25'	North "Y" Street	2
11	none	North 4th Street	1,3,4,5	23	25'	North "Y" Street	2
12	none	North "Y" Street	1,3,4,5	24	35'	North 4th Street	2,3,4

Schedule of "House Types":

- Type 1 =** Rambler (one story with no second level up or down)
- Type 2 =** Daylight rambler (one story with lower level walk-out basement)
- Type 3 =** Two story (with no lower level)
- Type 4 =** Two story (over garage/walk-out basement)
- Type 5 =** Rambler (with subterranean basement)

Recording Requested By:

Cascade Title Company

When Recorded Mail To:

Granite Highlands, LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

**SECOND SUPPLEMENTAL DECLARATION
FOR ANNEXATION
OF PHASE 3 OF GRANITE HIGHLANDS**

THIS SUPPLEMENTAL DECLARATION ("Supplemental Declaration") is made as of January _____, 2005, by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant"), on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant has executed that certain Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on September 17, 2002, as Auditor's File Number 3514354 in the official records of Clark County; that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on November 21, 2002, as Auditor's File Number 3544976 in the official records of Clark County; that certain Second Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on May 15, 2003, as Auditor's File Number 3638799 in the official records of Clark County; that certain Third Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on December 9, 2004, as Auditor's File Number 3918159 in the official records of Clark County; that certain Fourth Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on January ____, 2005, as Auditor's File Number _____ in the official records of Clark County (all of which are collectively referred to as "Declaration").

B. Declarant has caused to be recorded in the official records of Clark County, in Plat Book 311 at Page 13, the Final Plat of "Granite Highlands (Phase 1A)," creating Phase 1A,

of the development, containing sixty-five (65) subdivided lots and common area Parcels A through E.

C. Declarant has executed a Supplemental Declaration for Annexation of Phase 2 of Granite Highlands, recorded on March 9, 2004, as Auditor's File Number 3797992. Declarant has caused to be recorded on March 9, 2004, in the official records of Clark County, in Plat Book 311 at Page 151, the Final Plat of "Granite Highlands - Phase 2," creating Phase 2 of the development, containing twenty-four (24) subdivided lots and common area Parcel A.

D. Declarant has caused to be recorded on January ____, 2005, in the official records of Clark County, in Plat Book ____ at Page ____, the Final Plat of "Granite Highlands - Phase 3," creating Phase 3 of the development, containing thirty (30) subdivided lots and Future Development Tract A and Common Area Tract B, creating Phase 3 of the development.

E. Declarant desires by recordation of this Second Supplemental Declaration to annex lots 1 through 30 and Future Development Tract A and Common Area Tract B to the Declaration, pursuant to Article 11 of the Declaration, and to subject the lots and the Common Area shown on the Plat of Granite Highlands - Phase 3 to the development plan, as part of the Granite Highlands Development.

NOW, THEREFORE, Declarant hereby declares its intention, and undertakes by this instrument, as follows:

1. The property shown as Lots 1 through 30, and Future Development Tract A and Common Area Tract B in the Final Plat of Granite Highlands - Phase 3 are hereby annexed to the Granite Highlands Development, and subjected to all terms and provisions of the Declaration, excepting as modified in this Second Supplemental Declaration.

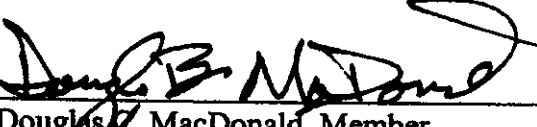
2. Common Area Tract B shall be owned and maintained by the Granite Highlands Homeowners Association.

3. Future Development Tract A shall be owned by Declarant, Granite Highlands, LLC, and is reserved for future development as residential lots.

4. All other terms and conditions of the Declaration, and amendments thereto shall remain in full force and effect as set forth therein, excepting as amended hereby.

Executed as of the date first mentioned above at Washougal, Clark County, Washington.

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By 
Douglas B. MacDonald, Member
B.


Douglas B. MacDonald member

ACKNOWLEDGEMENT

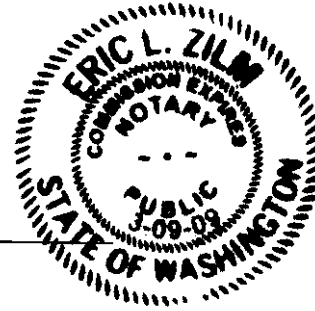
STATE OF WASHINGTON)
County of Clark) ss.
)

I certify that I know or have satisfactory evidence that Douglas B. MacDonald signed this instrument, and on oath that he is authorized to execute the instrument and acknowledged it as the managing member of Granite Highlands, LLC, a Washington limited liability company to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated 4/22/05

[Signature]

Notary Public in and for the State of Washington
My commission expires: 3/9/09



CONSENT OF MORTGAGEE

Consent is hereby given to recordation of this SECOND SUPPLEMENTAL DECLARATION, by the undersigned mortgagee of record.

Dated April 25, 2005

BAY BANK

By [Signature] SR. Vice Pres

ACKNOWLEDGEMENT

STATE OF WASHINGTON)
County of Clark) ss.
)

I certify that I know or have satisfactory evidence that Wayne Keffer signed this instrument, and on oath stated that he is authorized to execute the instrument and acknowledge it as the Senior Vice President to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated 4/25/05

[Signature]
Notary Public in and for the State of Washington
My commission expires: August 31, 2008

NOTARY PUBLIC
D'SHAY DOLL
STATE OF WASHINGTON
My Commission Expires Aug. 31, 2008

90 4164929 DEC 3

RecFee - \$34.00 Pages: 3 - FIRST AMERICAN TITLE
Clark County, WA 5/10/06 3:11 PM

Recording Requested By:

Stewart Title Company

When Recorded Mail To:

Granite Highlands, LLC
6925 Sunnyside Boulevard
Marysville, WA 98270-7538

**THIRD SUPPLEMENTAL DECLARATION
FOR ANNEXATION
OF PHASE 5A OF GRANITE HIGHLANDS**

750159

THIS THIRD SUPPLEMENTAL DECLARATION ("Supplemental Declaration") is made as of February 24, 2006, by GRANITE HIGHLANDS, LLC, a Washington limited liability company (hereinafter "Declarant"), on the premises and for the purposes hereinafter set forth:

RECITALS

A. Declarant has executed that certain Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on September 17, 2002, as Auditor's File Number 3514354 in the official records of Clark County; that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on November 21, 2002, as Auditor's File Number 3544976 in the official records of Clark County; that certain Second Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on May 15, 2003, as Auditor's File Number 3638799 in the official records of Clark County; that certain Third Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on December 9, 2004, as Auditor's File Number 3918159 in the official records of Clark County; that certain Fourth Amendment to Declaration of Covenants, Conditions, and Restrictions for Granite Highlands, a Planned Development, recorded on January 14, 2005, as Auditor's File Number 3933668 in the official records of Clark County (all of which are collectively referred to as "Declaration").

B. Declarant has caused to be recorded in the official records of Clark County, in Plat Book 311 at Page 13, the Final Plat of "Granite Highlands (Phase 1A)," creating Phase 1A,

of the development, containing sixty-five (65) subdivided lots and common area Parcels A through E.

C. Declarant has executed a Supplemental Declaration for Annexation of Phase 2 of Granite Highlands, recorded on March 9, 2004, as Auditor's File Number 3797992. Declarant has caused to be recorded on March 9, 2004, in the official records of Clark County, in Plat Book 311 at Page 151, the Final Plat of "Granite Highlands – Phase 2," creating Phase 2 of the development, containing twenty-four (24) subdivided lots and common area Parcel A.

D. Declarant has executed a Second Supplemental Declaration for Annexation for Phase 3 of Granite Highlands recorded on April 25, 2005, as Auditor's File Number 3977638. Declarant has caused to be recorded on April 14, 2005, in the official records of Clark County, in Plat Book 311 at Page 252, the Final Plat of "Granite Highlands – Phase 3," creating Phase 3 of the development, containing thirty (30) subdivided lots and Future Development Tract A and Common Area Tract B, creating Phase 3 of the development.

E. Declarant has caused to be recorded on _____, 2006, in the official records of Clark County, in Plat Book _____ at Page _____, the Final Plat of "Granite Highlands – Phase 5A," creating Phase 5A of the development, containing forty-eight (48) subdivided lots, Commonly Maintained Property Tracts A and B, and Common Area Tract C of the Development.

F. Declarant desires by recordation of this Third Supplemental Declaration to annex lots 1 through 48 and Commonly Maintained Tracts A and B, and Common Area Tract C to the Declaration, pursuant to Article 11 of the Declaration, and to subject the lots and the Common Area shown on the Plat of Granite Highlands – Phase 5A to the development plan, as part of the Granite Highlands Development.

NOW, THEREFORE, Declarant hereby declares its intention, and undertakes by this instrument, as follows:

1. The property shown as Lots 1 through 48, and Commonly Maintained Tracts A and B, and Common Area Tract C in the Final Plat of Granite Highlands – Phase 5A are hereby annexed to the Granite Highlands Development, and subjected to all terms and provisions of the Declaration, excepting as modified in this Third Supplemental Declaration.

2. Tracts A and B shall be owned by the City of Washougal, Washington. These Tracts shall be maintained as Commonly Maintained Property by the Granite Highlands Homeowners Association.

3. Common Area Tract C shall be owned and maintained by the Granite Highlands Homeowners Association.

4. The Private Stormsewer Easement across a portion of Lots 21 – 31 shall be maintained by the Owners of Lots 21-31, provided that the Granite Highlands Homeowners Association shall provide any required maintenance and repairs if the Lot Owner fails to do so.

5. The Private Storm Sewer Easement across a portion of Lots 4 -7 shall be maintained by the Owners of Lots 4-7, provided that the Granite Highlands Homeowners Association shall provide any required maintenance and repairs if the Lot Owner fails to do so.

6. All other terms and conditions of the Declaration, and amendments thereto shall remain in full force and effect as set forth therein, excepting as amended hereby.

Executed as of the date first mentioned above at Washougal, Clark County, Washington.

GRANITE HIGHLANDS, LLC
a Washington limited liability company

By *Douglas C. MacDonald* *Attorney in Fact for Granite Highlands LLC (DB MacDonald)*
Douglas C. MacDonald, Member

ACKNOWLEDGEMENT

STATE OF WASHINGTON)
) ss.
County of Clark)

I certify that I know or have satisfactory evidence that Douglas B. MacDonald signed this instrument, and on oath stated that he is authorized to execute the instrument and acknowledged it as the managing member of Granite Highlands, LLC, a Washington limited liability company to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

Dated *April 20, 2006*

Debra K. Hoffman
Notary Public in and for the State of Washington
My commission expires: *April 10, 2009*

