

1

WHEN RECORDED RETURN TO:
THE BUTTES LLC
335 PARKPLACE, SUITE 110
KIRKLAND, WASHINGTON 98033



200208090773 41 pg
8-9-2002 04:18pm \$59.00
PIERCE COUNTY, WASHINGTON



CHICAGO TITLE INSURANCE COMPANY

DOCUMENT TITLE(s)

- 1 COVENANTS, CONDITIONS, RESTRICTIONS AND
- 2 EASEMENTS FOR THE BUTTES
- 3
- 4

Order Number: 004265289

CHICAGO TITLE AUG 9 2002

REFERENCE NUMBER(s) OF DOCUMENT ASSIGNED OR RELEASED:

☐ Additional reference numbers on page _____ of document

GRANTOR(s):

- 1 BUTTES LLC
- 2 OAKRIDGE HOMES II LTD
- 3

☐ Additional names on page _____ of document

GRANTEE(s):

- 1 The BUTTES P.D.D
- 2
- 3

EXCISE TAX EXEMPT DATE

Pierce County

By _____ Auth. Sig

☐ Additional names on page _____ of document

ABBREVIATED LEGAL DESCRIPTION:

Lot-Unit:	Block:	Volume:	Page:
Section:	Township:	Range:	Portion:

Plat Name:

☐ Complete legal description is on page _____ of document

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(s):

051804-4-004; -03-010; 3-007; 3-001; 2-012; 051803-3-003;
051804-3-700; 700143-001-0 thru -164-0.

Additional Tax Accounts are on page _____ of document

Note: This cover sheet is prepared to conform to the requirements of Chapter 143, Laws of 1996. Nothing on this sheet alters the names, legal description or other information in the attached document. The only purpose of this cover sheet is to assist the auditor in indexing the document in conformance with statute.

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

COVER2/RDA/0999

59

COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR

THE BUTTES

PLANNED DEVELOPMENT DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
DESCRIPTION OF DECLARATION.....	1
ARTICLE 1 DEFINITIONS	3
ARTICLE 2 DECLARANT.....	6
Section 2.1 Declarant's Reservation of Powers Pursuant to These Covenants	6
ARTICLE 3 ASSOCIATION	8
Section 3.1 Description and Nature of Association	8
Section 3.2 Association Board	8
Section 3.3 Membership.....	9
Section 3.4 Number of Votes	9
Section 3.5 Meetings of the Association.....	9
Section 3.6 Owner's Compliance with Governing Documents.....	10
Section 3.7 Bylaws, Rules and Regulations.....	10
Section 3.8 Architectural Control Committee.....	10
ARTICLE 4 ASSOCIATION BUDGET, ASSESSMENTS, AND LIENS	13
Section 4.1 Owner's Covenants to Pay Assessments	13
Section 4.2 Association Budget	13
Section 4.3 Budget Ratification.....	13
Section 4.4 Levy of Owner Assessments.....	14
Section 4.5 Payment of General Assessment.....	14
Section 4.6 Commencement and Computation of Assessments	14
Section 4.7 Certificates of Assessment Payment.....	15
Section 4.8 Special Assessments.....	15
Section 4.9 Nondiscriminatory Assessment.....	15
Section 4.10 Effect of Nonpayment of Assessments and Charges.....	15

*DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR THE BUTTES - i*

Section 4.11	Lien to Secure Payment of Assessments and Charges	15
Section 4.12	Suspension for Nonpayment of Assessments and Charges	16
Section 4.13	Reserves for Replacement	16
Section 4.14	Certain Areas Exempt	16
ARTICLE 5 SUBORDINATION OF LIENS		16
Section 5.1	Intent of Provisions	16
Section 5.2	Mortgagee's Nonliability	16
Section 5.3	Mortgagee's Rights During Foreclosure	17
Section 5.4	Mortgagee as Owner	17
Section 5.5	Mortgagee's Title Free and Clear of Liens	17
Section 5.6	Survival of Assessment and Charges Obligation	17
Section 5.7	Subordination of Assessment and Charge Liens	17
ARTICLE 6 USE COVENANTS, CONDITIONS, AND RESTRICTIONS		18
Section 6.1	Authorized Uses	18
Section 6.2	Commercial Uses Reserved By Declarant	18
Section 6.3	Approval of Building or Clearing Plans Required	18
Section 6.4	Leasing Restrictions	21
Section 6.5	Animals	21
Section 6.6	Commercial Uses	21
Section 6.7	Vehicle Storage	22
Section 6.8	Garbage	22
Section 6.9	Signs	22
Section 6.10	No Obstruction of Easements	22
Section 6.11	Antennas and Satellite Dishes	23
Section 6.12	Owners' Maintenance Responsibilities	23
Section 6.13	Weapons	23
Section 6.14	Dirt bikes and/or ATV	23
Section 6.15	Nuisances Prohibited	23
Section 6.16	General View Preservation	24
Section 6.17	Swimming Pools	24
Section 6.18	Relief from Provisions	24
Section 6.19	Emergency Access Road; Maintenance	24
Section 6.20	Sewage Disposal System	25
ARTICLE 7 COMMON AREAS AND DECLARANT'S RESERVED RIGHTS		25
Section 7.1	Title to Common Areas	25
Section 7.2	Owners' Common Rights	25
Section 7.3	Maintenance of Common Areas	26
Section 7.4	Easements for Association	26
Section 7.5	Government and Private Company Agreements	26
Section 7.6	Riparian Zone/Additional Habitat Areas	26

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR THE BUTTES - ii

Section 7.7	Non-Development of Certain Areas	26
ARTICLE 8 INSURANCE; CASUALTY LOSSES; CONDEMNATION		26
Section 8.1	Insurance Coverage	26
Section 8.2	Casualty Losses	27
Section 8.3	Condemnation	28
ARTICLE 9 ENFORCEMENT		28
Section 9.1	Right to Enforce	28
Section 9.2	Initial Enforcement Procedure	28
Section 9.3	Remedies Cumulative	29
Section 9.4	Covenants Running with the Land.....	29
ARTICLE 10 AMENDMENT AND REVOCATION		29
Section 10.1	Amendment by Declarant or Association.....	29
Section 10.2	Effective Date.....	29
ARTICLE 11 GENERAL PROVISIONS		30
Section 11.1	Taxes.....	30
Section 11.2	Transfer of Certain Utilities, Utility Repair Easement	30
Section 11.3	Non-Waiver	30
Section 11.4	Attorneys' Fees.....	30
Section 11.5	No Abandonment of Obligation.....	30
Section 11.6	Interpretation	30
Section 11.7	Severability.....	31
Section 11.8	Notices.....	31
Section 11.9	Neutral Gender	31
Section 11.10	Applicable Law	31
Section 11.11	Conflict	31

List of Exhibits

Exhibit A	Legal Description of the Buttes Planned Development District (<i>all three phases</i>)
Exhibit B	Legal Description of Phase I
Exhibit C	Legal Description of Adjacent Property

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR THE BUTTES - iii

COVENANTS, CONDITIONS,
RESTRICTIONS, AND EASEMENTS FOR

THE BUTTES

PLANNED DEVELOPMENT DISTRICT

THESE COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS (these "Covenants") are made on this 7th day of AUGUST, 2002, by The Buttes, LLC, a Washington limited liability company ("Declarant"), and Oakridge Homes II, Ltd., a Washington corporation ("Oakridge"), which are each owners of portions of certain real property situated in the State of Washington, located in Pierce County and known as a The Buttes Planned Development District, which property is more specifically described in Exhibit A attached hereto (the "Buttes Community").

DESCRIPTION OF COVENANTS

Declarant desires to develop the Buttes Community as a residential community commonly known as THE BUTTES. Declarant also desires to create common areas and facilities for the benefit of Buttes Community to provide for the preservation of the natural values in the Buttes Community. Declarant desires to subject the property described in Exhibit A to these Covenants to each of the covenants, conditions, restrictions and easements set forth herein. Oakridge owns some of the Lots within the Buttes Community, and by signature hereunder hereby consents, approves and subjects all Lots owned by Oakridge to the provisions of these Covenants. Although a signatory to these Covenants, Oakridge shall not be deemed to be a Declarant nor have any rights of the Declarant hereunder. Oakridge shall be a "Participating Builder," as that term is defined below.

These Covenants establish a plan for a residential community with private ownership of Lots and the buildings constructed thereon, for the dedication of certain areas to municipal corporations and Pierce County, and all the remaining land and related easements, hereafter defined and referred to as the Common Areas. The Buttes Community will be developed in three Phases. The authority to manage the Buttes Community, its individual Lots and Common Areas, shall reside in the Declarant, until such authority is delegated by Declarant to the Buttes Homeowners Association ("Association") as set forth in these Covenants. The Association shall be created by Declarant for the purpose of maintaining and administering the Common Areas, administering and enforcing these covenants, conditions, and restrictions, and collecting and disbursing the assessments and charges hereinafter created. During the Development Period for Phase I, the Declarant shall be the sole Member of the Association. During the Development Period

for Phase I, no Owner other than the Declarant shall be a Member of the Association or have any right respecting the governance or decision-making of the Association. Upon completion of the Development Period for Phase I, all Owners within Phase I shall immediately become Members of the Association, together with Declarant as described below.

Declarant shall also have 120 votes within the Association until recordation of the Final Plat for Phase II, at which time Declarant shall have the voting power within the Association for each Lot created in Phase II. During the Development Period for Phase II, no Owner within Phase II other than the Declarant shall be a Member of the Association or have any right respecting the governance or decision-making of the Association. Upon completion of the Development Period for Phase II, all Owners within Phase II shall immediately become Members of the Association together with the Owners from Phase I and Declarant as described below.

Declarant shall also have 70 votes within the Association until recordation of the Final Plat for Phase III, at which time Declarant shall have the voting power within the Association for each Lot created in Phase III. Declarant retains the authority and the option, until completion of the Development Period for Phase III, to transfer the interests within the Association of the Phase III Lots to the respective Owners within Phase III. Declarant may retain ownership of all or a portion of the Lots within Phase III for the uses and purposes described herein. In the event Declarant retains ownership of any Lots, Declarant shall remain a Member of the Association with voting power for each Lot owned. If upon completion of the Development Period for Phase III, Declarant decides to transfer the Phase III interests within the Association to the respective Owners, then all Owners within Phase III shall immediately become Members of the Association together with the Owners from Phases I and II. Declarant, however, unless and until it transfers the interests of the Phase III Lots within the Association to their respective Owners, shall have the sole and exclusive authority to manage and administer the portion of the Common Areas within Phase III.

In addition to and notwithstanding the foregoing, Declarant hereby reserves and shall have the right, on its sole signature and without the approval or consent of the Association or any other Owner, until completion of the Development Period for Phase III, to grant and convey easements over the Common Areas in the Buttes Community for the benefit of the Adjacent Property, and to execute such covenants or restrictions as are reasonably necessary in connection with such easements.

NOW, THEREFORE, Declarant hereby covenants, agrees, and declares that all of the Buttes Community, as defined herein and described in Exhibit A hereto, and all improvements now existing or hereafter constructed thereon are, and will be, held, sold, and conveyed subject to and burdened by the following covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Buttes Community for the benefit of the Owners thereof, their heirs, successors, grantees, and assigns. By signature hereunder, Oakridge consents, approves and subjects all Lots owned by Oakridge to the provisions of these Covenants. All provisions of these Covenants shall be binding upon all parties having or acquiring any right, title, or interest in the Buttes Community or any part thereof, shall

*COVENANTS, CONDITIONS, RESTRICTIONS,
AND EASEMENTS FOR THE BUTTES - 2*

1127916.15

inure to the benefit of the Owners thereof and to the benefit of the Association, and are intended to be and shall in all respects be regarded as covenants running with the land.

ARTICLE 1 DEFINITIONS

Section 1.1 "Adjacent Property" shall mean and refer to that certain real property legally described on Exhibit C.

Section 1.2 "Architectural Control Committee" shall mean and refer to the duly appointed committee of the Association as further described in Section 3.8 and as sometimes referred to herein as the "Committee."

Section 1.3 The term "Articles" shall mean the Articles of Incorporation of the Association as defined below.

Section 1.4 The term "assessment" shall mean and refer to Owner Assessments, special assessments, and all other monies due, owing, and collected by the Association for its operation and the maintenance of the Common Areas, as more fully described in Article 4.

Section 1.5 "Association" shall mean and refer to the Buttes Homeowners Association, a Washington nonprofit corporation, its successors and assigns.

Section 1.6 "Association Action" shall mean and refer to a written corporate action of the Association in the form of either a bylaw or resolution duly passed by either the Board or the Members.

Section 1.7 "Board" or "Board of Directors" shall mean and refer to the board of directors of the Association.

Section 1.8 "Building Setback Line" shall mean and refer to the various lines designated as "BSBL" on the face of the final plat, short plat, or other analogous recorded plan or map, or the building setback lines required by law if stricter, beyond which no structures, filling, grading or other obstructions are permitted.

Section 1.9 "Buttes Community" shall mean and refer to that certain real property which is legally described on Exhibit A attached hereto.

Section 1.10 "By-Laws" shall mean the By-Laws of the Association as they may from time to time be amended.

Section 1.11 The term "charge(s)" as used herein shall mean and refer to all Noncompliance Charges and other charges and fees levied by the Association as more fully described in Article 6.

Section 1.12 "Common Areas" shall mean and refer to all real property and easements as described in these Covenants and as shown on the Final Plat to be outside of the boundaries of a Lot.

Section 1.13 "Contract" shall mean and refer to a real estate contract as defined in R.C.W. § 61.30.010(1).

Section 1.14 "Declarant" shall mean and refer to The Buttes, LLC, a Washington limited liability company, its successors and assigns, if such successors or assigns should acquire all or substantially all of the then undeveloped portions of the Buttes Community from Declarant for the purpose of development (excluding Participating Builders).

Section 1.15 "Declaration" shall mean and refer to this instrument, as the same may be supplemented or amended from time to time.

Section 1.16 "Development Period" shall mean and refer to, with respect to each Phase (as defined below), that period of time beginning on the date of recording of these Covenants and ending whenever any of the following first occurs: (i) ten (10) years from the date hereof; (ii) one (1) year after completion of construction of all dwellings and the sale of said dwellings to the initial Owner on all Lots within the respective Phase; or (iii) upon receipt of written notice from Declarant to the Association that Declarant elects to terminate the Development Period for any Phase. *PH1 CLAYTON WT 38 6-30-05 PH 3*

PH2 PIERCE LOT ~~52 57 07~~ 97 -
Section 1.17 "Final Plat" shall mean, with respect to each Phase (as defined below), the recorded final plat map for each Phase, which thereby creates the Lots within that Phase.

Section 1.18 "Governing Documents" shall mean and refer to these Covenants, the Final Plat for each Phase, the Articles of Incorporation and Bylaws of the Association, rules and regulations of the Association, if any, the rules and procedures of the Architectural Control Committee, and other instruments to which Declarant or the Association is a party and which affect the Buttes Community, as any of the foregoing may be amended from time to time.

Section 1.19 "Lot" shall mean and refer to any legally segmented and alienable portion of Buttes Community created through subdivision or any other legal process for dividing land and subjected to these Covenants by an appropriate recording, with the exception of dedicated rights of way and/or Common Areas.

Section 1.20 "Member(s)" shall mean and refer to a member or members of the Association; which, during the respective Development Periods, shall consist of the Declarant as the sole member of the Association until the completion of the Development Period for Phase I, the Owners within Phase I and the Declarant until the completion of the Development Period for Phase II, the Owners within Phases I and II and the Declarant until the completion of the Development Period for Phase III, and upon the termination of all Development Periods, shall then consist of only the Owners.

Section 1.21 "Mortgage" shall mean and refer to any recorded mortgage or deed of trust encumbering one or more of the Lots. "First Mortgage" shall mean and refer to a Mortgage with priority over all other Mortgages. "Mortgagee" shall mean and refer to the holder or beneficiary of a Mortgage, and "First Mortgagee" shall mean and refer to the holder or beneficiary of a First Mortgage.

Section 1.22 "Noncompliance Charge(s)" shall mean and refer to those charges and fees levied by the Association against any Owner for noncompliance with any of the rules, regulations, or guidelines as more fully set forth in Article 6.

Section 1.23 "Owner" shall mean and refer to the recorded Owner (whether one or more persons or entities) of fee simple title to any Lot, including the Declarant, Contract purchasers, and Participating Builders, but excluding Mortgagees or other persons or entities having such interest merely as security for the performance of any obligation; provided that, purchasers or assignees under Contracts shall be deemed Owners as against their respective sellers or assignors.

Section 1.24 "Owner Assessment(s)" shall mean the assessment of each Lot determined necessary by the Association to manage and provide for the maintenance of Buttes Community and its Common Areas, including reserves, and, after the termination of the respective Development Periods, shall mean the Association dues assessed annually or more frequently against each Owner by the Association, as more fully described below in Article 4.

Section 1.25 "Participating Builder" shall mean and refer to a person or entity, including Oakridge, that acquires a portion of the Buttes Community for the purpose of improving such portion for immediate resale to individual Owners.

Section 1.26 "Phase" shall refer to Phase I, Phase II and Phase III as follows: (a) Phase I shall refer to the development of 160 Lots of Single Family housing on the real property described on Exhibit B attached hereto; Phase II shall refer to the contemplated development of approximately an additional 120 Lots of Single Family housing on a portion of the real property within the Buttes Community to be determined upon recording of the Final Plat for Phase II; and Phase III shall refer to the contemplated development of approximately an additional 70 Lots, the type of which is at the Declarant's sole discretion, on a portion of the real property within the Buttes Community to be determined upon recording of the Final Plat for Phase III.

Section 1.27 "Reserved Areas" shall refer to those areas within the Common Areas or any easement therein reserved by the Declarant or conveyed to a private party as described in Section 6.2.

Section 1.28 "Single Family" shall mean and refer to a single housekeeping unit which includes not more than four (4) adults who are legally unrelated.

ARTICLE 2 DECLARANT

Section 2.1 Declarant's Reservation of Powers Pursuant to These Covenants. In addition to the powers expressly granted to Declarant hereunder, Declarant has the authority under these Covenants and hereby reserves to itself the following:

2.1.1 Development Period for Phase I. During the Development Period for Phase I, Declarant shall have all of the powers and rights granted by these Covenants to the Association, for the purpose of administering and enforcing any and all provisions hereof. Without limitation, during the Development Period for Phase I, Declarant shall: (1) establish and operate the Association as a nonprofit corporation for the purposes set forth in its Articles of Incorporation and these Covenants; (2) manage the Association as its sole Member with all the rights and powers granted to the Association in the Governing Documents; and (3) exercise in Declarant's discretion those additional powers which are specifically granted to the Declarant by these Covenants, which powers include, but are not limited to, the right to dedicate, transfer and convey all or any part of the Common Areas and utilities therein to the City of Orting or Pierce County, or to a park department thereof, the right to reserve for itself or convey any part of the Common Areas for commercial purposes, the right to grant and convey easements over the Common Areas in the Buttes Community for the benefit of the Adjacent Property, and to execute such covenants or restrictions as are reasonably necessary in connection with such easements, and the right to amend any of the Governing Documents.

2.1.2 Delegation to Association. Prior to the termination of the respective Development Periods for Phase I and Phase II, the Declarant shall delegate, convey or otherwise assign to the Association the Declarant's interest in the Common Areas within that particular Phase. The conveyance of Common Areas by Declarant to the Association shall also be deemed a delegation by Declarant to the Association of all powers and obligations of the Declarant under these Covenants to manage and administer such Common Areas together with the authority to administer and enforce these Covenants, and to collect and disburse the assessments and charges hereinafter created. During the Development Period for Phase I, the time and manner of such delegation, conveyance or other assignment shall be solely within the discretion of the Declarant; provided, however, that Declarant shall complete the delegation, conveyance or other assignment of all of its interest in the Common Areas within each Phase and all of Declarant's powers and

obligations with respect to such Common Areas at the termination of the Development Period for such Phase.

2.1.3. Development Period for Phase II. Upon completion of the Development Period for Phase I and during the Development Period for Phase II, the Association shall have all powers and obligations to manage and administer the portion of the Common Areas that are located within Phase I of the Buttes Community. During the Development Period for Phase II, voting power within the Association shall be as follows:

- a. Each Owner of a Lot within Phase I shall have one vote within the Association;
- b. Declarant shall have 120 votes until recordation of the Final Plat for Phase II, at which time Declarant shall have the voting power within the Association for each Lot created in Phase II; and
- c. Declarant shall have 70 votes for its ownership of Phase III.

During the Development Period for Phase II, Declarant shall have sole authority to manage and administer the portion of the Common Areas that are located within Phase II and Phase III, including but not limited to, the right to exercise in Declarant's sole discretion those additional powers which are specifically granted to the Declarant by these Covenants, which powers include, but are not limited to, the right to dedicate, transfer and convey all or any part of the Common Areas within Phase II and Phase III and utilities therein to the City of Orting or Pierce County, or to a park department thereof, the right to reserve for itself or convey any part of the Common Areas within Phase II and Phase III for commercial purposes, the right to grant and convey easements over the Common Areas in the Buttes Community for the benefit of the Adjacent Property, and to execute such covenants or restrictions as are reasonably necessary in connection with such easements, and the right to amend any of the Governing Documents.

2.1.4. Development Period for Phase III. Upon completion of the Development Period for Phase II and during the Development Period for Phase III, the Association shall have all powers and obligations to manage and administer the portion of the Common Areas that are located within Phase I and Phase II of the Buttes Community. During the Development Period for Phase III, voting power within the Association shall be as follows:

- a. Each Owner of a Lot within Phase I and Phase II shall have one vote within the Association; and
- b. Declarant shall have 70 votes until recordation of the Final Plat for Phase III, at which time Declarant shall have the voting power within the Association for each Lot created in Phase III.

During the Development Period for Phase III, Declarant shall have sole authority to manage and administer the portion of the Common Areas that are located within Phase III, including but not limited to, the right to exercise in Declarant's discretion those additional powers which are specifically granted to the Declarant by these Covenants, which powers include, but are not limited to, the right to dedicate, transfer and convey all or any part of the Common Areas within Phase III and utilities therein to the City of Orting or Pierce County, or to a park department thereof, the right to reserve for itself or convey any part of the Common Areas within Phase III for commercial purposes, the right to dedicate further covenants affecting Phase III, including but not limited to age restrictions for residency therein, the right to grant and convey easements over the Common Areas in the Buttes Community for the benefit of the Adjacent Property, and to execute such covenants or restrictions as are reasonably necessary in connection with such easements, and the right to amend any of the Governing Documents. Upon completion of the Development Period for Phase III, each Owner of a Lot within the Buttes Community, including Declarant if an Owner, shall have one vote for each lot owned.

2.1.5. Open Space; Wetlands. Until completion of the Development Period for Phase III, Declarant shall have the power to dedicate certain of the Common Areas, whether in Phase I, Phase II or Phase III, to open space. Owners shall be provided a copy of all restrictions on use or activity of the open space or wetland areas.

ARTICLE 3 ASSOCIATION

Section 3.1 Description and Nature of Association. Declarant shall form the Association prior to the completion of the Development Period for Phase I. The Association shall be a nonprofit corporation organized and existing under the Laws of the State of Washington charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as they may be amended from time to time; provided, however, that no Governing Documents other than these Covenants shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with these Covenants. During the Development Periods for Phases II and III, membership in the Association shall be determined as provided in Article 2. The Association shall elect to have IRC § 528 apply if the Association qualifies for such status.

Section 3.2 Association Board. During the Development Period for Phase I, the Declarant, or Declarant's designee, shall be the sole director and Board member of the Association, and shall have all the powers of the Board set forth herein and in the Articles of Incorporation. Upon completion of the Development Period for Phase I, the Declarant shall select a temporary Board of Directors of the Association consisting of not fewer than three (3) persons, who need not be Owners, to manage the Association. The temporary Board shall have the full authority to manage the Association under the Governing Documents and shall be subject to all provisions of the Governing Documents. The temporary board selected by the Declarant shall serve for one (1) year, after which the Board shall be elected from among the Owners,

NOTICE TO OWNERS
for start of "1 yr" ↑

6-30-06

having votes at the time of the election. The Board shall elect officers of the Association, including a President, Secretary and Treasurer, from among the Board members, and the President shall preside over meetings of the Board and meetings of the Association.

Section 3.3 Membership. During the Development Period for Phase I, the Declarant shall be the sole Member of the Association. Upon completion of the respective Development Periods for Phase I, Phase II and Phase III, every Owner within the completed Phase, including the Declarant if an Owner, shall be a Member of the Association; provided, however, that if any Lot is held jointly by two (2) or more persons, the several Owners of such interest shall designate one of their number as the "Member." The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership in the Association shall be appurtenant to and may not be separated from fee simple title to, or a Contract purchaser's interest in, any Lot, and upon transfer of the Owner's fee simple title to, or upon the execution and delivery of documents constituting a Contract sale of, any Lot, the membership and certificate of membership in the Association shall automatically transfer to the grantee, Contract purchaser, or new Contract purchaser, as the case may be. Following the termination of the Development Periods, ownership of fee simple title to, or a Contract purchaser's interest in, any such Lot or Lots shall be the sole qualification for membership in the Association.

Section 3.4 Number of Votes. As the sole Member of the Association during the Development Period for Phase I, the Declarant shall be the only person or entity entitled to vote on Association matters. Upon completion of the Development Period for Phase I and during the respective Development Periods for Phase II and Phase III, each Member shall have one (1) vote on all matters submitted to the membership of the Association for each Lot owned by him within the Buttes Community, including the Declarant, who also shall have those votes described in Sections 2.1.3 and 2.1.4. Upon completion of the Development Period for Phase III, each Owner of a Lot shall be a Member of the Association with one vote in the Association per membership interest as defined in Section 3.3.

Section 3.5 Meetings of the Association. There shall be an annual Members' meeting for the purpose of approving the budget of the Association and any other matters arising at that time. Special Meetings of the Association may be called by the president, the Board or by written notice on behalf of Members holding, in the aggregate, at least ten percent (10%) of the membership interests in the Association, which Members shall be specified in the notice of meeting. All meetings notices shall be in writing and delivered in person or sent by first class mail to all Members not less than fourteen (14) nor more than sixty (60) days in advance of the meeting, which notice shall describe the date, time, location, and the business to be placed on the agenda by the Board for a vote by the Members, including the general nature of any amendment to the Articles, By-Laws, any budget or changes in the previously approved budget that result in a change in assessment obligation, and any proposal to remove a director. Minutes shall be kept of each meeting and shall include a record of all votes taken, and which shall be available to all Owners upon request. The presence, in person or by proxy, at the beginning of a meeting for

which notice has properly been given of Members holding, in the aggregate, at least thirty-three percent (33%) of the membership interests in the Association shall constitute a quorum for the entire meeting. Matters involving view rights or capital improvements of the Common Areas shall require an affirmative vote of Members holding, in the aggregate, at least sixty-six percent (66%) of the membership interests in the Association. Matters involving amendments to these Covenants are addressed in Article 10. Unless otherwise stated elsewhere in these Covenants or amendments thereto, all other matters shall require an affirmative vote of Members holding, in the aggregate, at least fifty-one percent (51%) of the membership interests in the Association.

Section 3.6 Owner's Compliance with Governing Documents. By acceptance of a deed to a Lot, recording of a Contract conveying possession to a Lot, or any other means of acquisition of an ownership interest in a Lot, the Owner thereof covenants and agrees, on behalf of, himself and his heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents and all rules and regulations duly promulgated pursuant to these Covenants and/or Association Action.

Section 3.7 Bylaws, Rules and Regulations. The Board, on behalf of the Association, shall have the power to adopt, modify, and amend rules and regulations governing the Buttes Community. The rules and regulations shall apply uniformly to all Owners, except as specifically provided herein. The Board shall have the power to enforce the rules and regulations on behalf of the Association and may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use the Common Areas or portions thereof and/or the assessment of fees, penalties or Noncompliance Charges which shall constitute a continuing lien as set forth in Article 4. Any such rules and regulations shall become effective thirty (30) days after promulgation and shall be mailed to all Owners prior to their effective date. A copy of the rules and regulations then in force shall be retained by the Secretary of the Association. The Declarant on behalf of the Board may adopt the initial Bylaws and rules and regulations.

Section 3.8 Architectural Control Committee. Within sixty (60) days of the recording of these Covenants, Declarant shall appoint an Architectural Control Committee (hereinafter "Committee") of not less than three (3) and not more than five (5) persons, who shall serve until the completion of the Development Period for Phase I. The members of the Committee need not be Owners. During the Development Period for Phase I, Declarant may remove, replace or appoint any member of the Committee at any time. A member of the Committee shall not be entitled to any compensation for services performed pursuant to these Covenants. After expiration of the Development Period for Phase I, the Board shall appoint members to the Committee, who need not be Members of the Association, according to procedures set forth in the By-Laws. Neither the Architectural Control Committee, any member thereof, the Association, its directors or officers, nor the Declarant shall be liable to any Owner, occupant, building or developer for any damages, loss or prejudice suffered or claimed on account of any action or failure to act by the Committee or a member thereof, provided that the member has, in accordance with the actual knowledge possessed by him, acted in good faith.

3.8.1 Jurisdiction and Purposes. The Committee shall review proposed plans and specifications for construction of all residences and other structures within the Buttes Community, including any additions, exterior alterations, landscaping, clearing, painting, private roads or driveways, fences, and excavation, except that the Committee shall have no jurisdiction or authority to restrict the type, appearance, plans, or specifications of any building or structure located or proposed to be located on any easements reserved by the Declarant or conveyed to parties other than the Association. As set forth below, an Owner shall submit architectural plans and specifications to the Committee for its review, together with a site plan for the Lot. The Committee shall have the authority to adopt and amend written guidelines to be applied in its review of plans and specifications in order to further the intents and purposes of these Covenants and any other covenants or restrictions. If such guidelines are adopted, they shall be available to all Members upon request.

3.8.2 Approval Procedures. A preliminary application for approval must be submitted in writing by the Owner to the Committee at the registered office of the Association. Within ten (10) business days following receipt of a preliminary application, the Committee shall notify the Owner in writing as to whether the application is complete and, if not, of any additional information that may be required before the Committee can review the application. The application must, in form and substance, comply with the Committee's rules and procedures. For major construction, materials required by the Committee may include, but not necessarily be limited to: (1) a plot plan indicating the location of all improvements; (2) drawings showing elevations, exterior materials and exterior color schemes of all improvements; and (3) certification of square footage contained within the structure and each floor thereof. In the case of a minor addition or remodeling, change of existing exterior color scheme or exterior material, or any other work which does not create a substantial change to existing structures or substantial addition of new structures, the Owner shall submit to the Committee such plans and specifications for the proposed work as the Committee determines to be necessary to enable it to evaluate the proposal. The Committee shall review the application as soon as possible after a complete application has been filed. The Committee shall render its decision with respect to the proposal within sixty (60) business days after it has received all required materials. The decision of a majority of the members of the Committee shall be the decision of the Committee. One copy of approved plans will remain in the Committee's files. All disapproved plans will be returned to the Owner.

3.8.3 Failure of Committee to Take Action. In the event that the Committee fails to respond to an Owner's complete and properly submitted application or request for an exemption or variance within sixty (60) days after the Committee has notified the Owner that the application or request is complete, formal written approval will not be required, and the provisions for approval shall be deemed to have been fully complied with.

3.8.4 Committee's Obligation. The Committee shall act objectively and fairly in making decisions concerning various plans, specifications, and plot plans submitted to it

by various Owners for consideration. The determinations of the Committee as to noncompliance shall be in writing, signed by the Committee, and shall set forth in reasonable detail the reason for noncompliance. The Committee may approve, approve with conditions, or disapprove an application or any part thereof, on any grounds which it considers relevant. In all cases, the ultimate responsibility for satisfying all local building codes and governmental requirements rests with the Owner. The Committee, Association, and Declarant shall be held harmless from any claims arising from building requirements not complied with. Neither the Committee nor any of its members shall be liable to the Association or to any Owner for any damage, loss or prejudice resulting from any action taken in good faith, or for failure to approve any matter submitted to the Committee.

3.8.5 Plan Review Fees. The Committee may employ engineers, architects, and other professionals to review plans and take other actions as designated by the Committee and may charge the Owner a reasonable fee to review such plans.

3.8.6 Conformity to Plans and Specifications. All work must be done in conformity with the plans and specifications actually approved by the Committee, and no changes in or deviations from the approved plans and specifications shall be made without the prior written approval of the Committee. The Committee shall review the work within 30 days of its completion. If the Committee determines that the work does not comply with the plans and specifications as approved, it shall notify the Owner within the 30 day period, and the Owner, within such time as the Committee shall specify, but not less than 30 days, shall either remove or alter the improvement or take such other steps as the Committee shall designate. If no action by the Committee is taken within 30 days of the date of completion of the improvement, the action shall conclusively be deemed to be satisfactory to the Committee.

3.8.7 Exemptions and Variances from Requirements. The Committee may, upon application, grant exemptions and variances from the rules and procedures of the Committee described herein and the requirements of Section 6.2 of these Covenants when the party requesting such exemption or variance establishes to the satisfaction of the Committee that the improvement or other matters which are desired by the applicant are compatible with the overall character of the Buttes Community. Requests for an exemption or variance shall be submitted in writing to the Committee and shall contain such information as the Committee shall from time to time require.

3.8.8 Failure of Owner to Comply. If an Owner fails to comply with the rules and procedures of the Committee or the plans and specifications as approved by the Committee, then such Owner shall be considered in violation of these Covenants. In that event, the Board shall be empowered to assess a charge against the Owner commensurate with the violation, which charge shall constitute a lien against such Lot, enforceable as provided herein and/or may pursue any other remedy at law including, but not limited to, an action for specific performance.

3.8.9 Authorized Action. The Committee may render its decisions only by written instrument setting forth the action taken by the members consenting thereto. The Committee may act without the necessity of a meeting so long as a majority of its members consent to the Committee's action.

3.8.10 Effective Period of Consent. The Committee's consent to any proposed work shall automatically be revoked one (1) year after issuance unless construction of the work has been commenced or the Owner has applied for and received an extension of time from the Committee, and shall automatically be revoked eighteen (18) months after issuance unless all work has been completed.

ARTICLE 4 ASSOCIATION BUDGET, ASSESSMENTS, AND LIENS

Section 4.1 Owner's Covenants to Pay Assessments. By acquisition of an ownership interest in a Lot, the Owner thereof covenants and agrees on behalf of himself and his heirs, successors, and assigns, to pay the Association all Owner Assessments, special assessments, and all other monies due the Association. In addition, at the closing of the transfer of a Lot by a Participating Builder to a buyer other than Declarant, a Participating Builder, or the Seller's First Mortgagee, the transferee Owner shall pay to the Declarant the amount of Five Hundred Dollars (\$500.00) as a reimbursement or contribution to the costs of construction of the entry to the development and improvements to the open space in the Common Areas. The collection and payment to Declarant of this amount shall be administered by the Association.

Section 4.2 Association Budget. The funds required to meet the Association's costs and expenses during the Development Periods shall be raised from Owner Assessments assessed against each Owner as hereafter provided. Upon completion of the Development Period for Phase I, the Association shall prepare, or cause the preparation of, an operating budget for the Association at least annually. The operating budget shall set forth all sums estimated by the Association required to meet its annual costs and expenses. The Association may revise the operating budget after its preparation as provided in Section 4.3 at any time it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Association. When prepared, the operating budget shall be delivered to each Owner, along with an invoice for such Owner's share of the Owner Assessments.

Section 4.3 Budget Ratification. Upon completion of the Development Period for Phase I, and within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days after mailing of the operating budget and invoice for each Owner's Assessment. Unless at that meeting the Owners of a majority of the votes in the Association or any larger percentage specified in the Governing Documents reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the

required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

Section 4.4 Levy of Owner Assessments. The Declarant or the Association shall have the authority to levy Owner Assessments to meet the costs and expenses of the Association in accordance with these Covenants. Notice of the Owner Assessments shall be sent to each Owner; provided, however, that notification to an Owner of the amount of the Owner Assessments shall not be necessary to the validity thereof. The omission by the Association, before the expiration of any assessment period, to fix the amount of the Owner Assessments for the next period shall not be deemed a waiver or modification of the provisions of this Article or a release by any Owner from obligation to pay the Owner Assessments, but the Owner Assessments for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Association of the operating budget during the assessment period for which such budget was prepared, the Association shall, if necessary, revise the Owner Assessments levied against the Owners and give notice to each Owner.

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

Section 4.6 Commencement and Computation of Assessments. Owner Assessments shall be calculated as follows:

4.6.1 No Lot shall be subject to assessment until closing of the sale of such Lot by Declarant to a transferee other than a Participating Builder (on its own account and not as nominee), or the completion of the Development Period for the Phase that includes the Lot, whichever shall occur first. Liability of an Owner for Owner Assessments and special assessments shall commence on the first day of the month following the date upon which any instrument of transfer to such Owner becomes operative (such as the date of a deed or the date of a recorded Contract for the sale of any Lot).

4.6.2 At closing of the sale of each Lot to a transferee other than a Participating Builder (on its own account and not as nominee), an amount equal to the prorated portion of the current or initial assessment (as determined by Declarant or Association) against that Lot for the balance of the calendar year shall be paid to the Association by the new Owner.

4.6.3 Following adoption of the initial Association budget and assessments and unless otherwise specified in these Covenants, the amount of each Owner's annual Owner Assessment shall be the amount of the Association's actual or anticipated costs and expenses, including reserves, divided by the sum of the number of Lots subject to assessment.

Section 4.7 Certificates of Assessment Payment. Upon request, the Board shall furnish written certificates certifying the extent to which assessment payments (including Owner Assessments) on a specified Lot are paid and current. A reasonable charge may be made by the Association for the issuance of such certificate.

Section 4.8 Special Assessments. In addition to the Owner Assessments authorized by this Article, the Declarant or the Association may levy a special assessment or assessments at any time, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a capital improvement located upon or forming a part of the Common Areas, including necessary fixtures and personal property related thereto, or for such other purpose as the Association may consider appropriate, subject to approval procedures provided elsewhere in these Covenants. The due dates of any special assessment payments shall be fixed by Association Action authorizing such special assessment.

Section 4.9 Nondiscriminatory Assessment. No assessment shall be made at any time which may unreasonably discriminate against any particular Owner or group of Owners in favor of other Owners. However, a special assessment may be made against a particular Owner or Owners by a two-thirds (2/3) majority vote of the Board, if, after the Association gives notice that the Owner(s) failed to comply with these Covenants, the Association elects to expend funds to bring such Lot or Owner's performance into compliance with these Covenants.

Section 4.10 Effect of Nonpayment of Assessments and Charges. If any assessment is not paid in full within sixty (60) days after it was first due and payable, the unpaid amounts shall constitute a lien against the Lot assessed and shall bear interest from such due date at a rate of two percent 2% per month, or such other rate as may be set by the Board and which shall in any event be reduced so as not to exceed the highest rate then permitted by law. By acquisition of an Ownership interest in a Lot, each Owner shall be deemed to grant to the Association the right and power to bring all actions against such Owner personally for the collection of such assessment, Noncompliance Charge, or other charge as a debt, and to enforce the liens created by these Covenants in favor of the Association by foreclosure of the continuing liens, with interest, costs, and reasonable attorneys' fees added to the amount of such assessments. The liens provided for in these Covenants shall be for the benefit of the Association, and the Association shall have the power to bid at any foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot foreclosed against.

Section 4.11 Lien to Secure Payment of Assessments and Charges. Declarant hereby creates in the Association the power to create a lien in favor of the Association against each Lot, to secure to the Association the payment to it of all assessments and other charges, together with interest, costs, and attorneys' fees; and Declarant hereby subjects all Lots perpetually to such power of the Association. Such lien shall arise in accordance with the terms of these Covenants without the necessity of any further action by the Association. Such lien shall become a continuing lien in the amount stated in the charge or assessment from the time of

the charge or assessment, but expiring pro rata as the charge or assessment payments are made, and shall also be the personal obligation of the person or entity who is the Owner of the Lot at the time of the assessment or charge. The personal obligation to pay a prior assessment or charge shall not pass to successors in interest unless expressly assumed. In the case of a sale or contract for the sale of any Lot, the Owner immediately prior to the date of such sale shall be personally liable for the amounts of the monthly installments or charges due prior to said date, and the new Owner shall be personally liable for monthly installments or charges becoming due or levied on or after such date. The foregoing limitation on the duration of the personal obligation of an Owner to pay assessments or charges shall not, however, affect the validity or duration of the continuing lien for unpaid assessments or charges against the respective Lot.

Section 4.12 Suspension for Nonpayment of Assessments and Charges. If an Owner shall be in arrears in the payment of any assessment or charge due, or shall otherwise be in default of the performance of any terms of the Governing Documents for a period of sixty (60) days, said Owner's voting rights shall be suspended (except as against foreclosing secured parties) and shall remain suspended until all payments, including interest thereon, are brought current and any other default is remedied. No Owner is relieved of liability for assessments or charges by nonuse of the Common Areas or by abandonment of a Lot.

Section 4.13 Reserves for Replacement. As a common expense, the Association shall establish and maintain a reserve fund for replacement, restoration or refurbishment of the Common Areas and any improvements thereon. The reserve fund shall be expended only for the purpose of effecting the replacement, restoration or refurbishment of the Common Areas and any improvements and community facilities thereon, and to any sidewalks, parking areas, or pathways developed as a part of the Buttes Community, equipment replacement, and for operating contingencies of a nonrecurring nature. The Association may establish such other reserves for such other purposes as it may from time to time consider to be necessary or appropriate. The proportional interest of any Owner in any such reserves shall be considered appurtenant to his Lot.

Section 4.14 Certain Areas Exempt. The Common Area and all dedicated roadways, walkways and the like, shall be exempt from assessments by the Association. All Lots and dwelling units owned by Declarant are exempt from payment of annual or special assessments until such Lots become subject to assessment as provided in Section 4.6.

ARTICLE 5 SUBORDINATION OF LIENS

Section 5.1 Intent of Provisions. The provisions of this Article 5 apply for the benefit of each Mortgagee.

Section 5.2 Mortgagee's Nonliability. A Mortgagee shall not, by reason of its security interest only, be liable for the payment of any assessment or charge, nor for the

observance or performance of any covenant or restriction, excepting those enforceable by equitable relief and not requiring the payment of money, and except as hereafter provided.

Section 5.3 Mortgagee's Rights During Foreclosure. During foreclosure of a Mortgage, including any period of redemption, a Mortgagee may upon written notice to the Board exercise any or all of the rights and privileges of the Owner of the encumbered Lot, including but not limited to the right to vote in the Association; provided, however, that the Owner's rights shall prevail so long as the Owner is contesting, by judicial action, the Mortgagee's right to foreclose the Mortgage.

Section 5.4 Mortgagee as Owner. If a Mortgagee becomes the Owner of the Lot previously encumbered by the Mortgage, the Mortgagee shall immediately be subject to all of the terms and conditions of these Covenants, including the obligation to pay for all assessments and charges.

Section 5.5 Mortgagee's Title Free and Clear of Liens. A Mortgagee of a First Mortgage acquiring title to a Lot through foreclosure, deed in lieu of foreclosure or equivalent method, shall acquire title to the encumbered Lot free and clear of any lien authorized by or arising out of the provisions of these Covenants. The Association may treat any unpaid assessments or charges against a Lot foreclosed against as an expense of the Association pursuant to Section 4.2, even though the Association may continue to seek to collect the assessment or charges from the responsible party.

Section 5.6 Survival of Assessment and Charges Obligation. After the foreclosure of a security interest in a Lot, any unpaid assessments or charges shall continue to exist and remain as a personal obligation of the Owner against whom the same was levied, and the Association shall use reasonable efforts to collect the same from such Owner.

Section 5.7 Subordination of Assessment and Charge Liens. The liens for assessments and charges provided for in these Covenants shall be subordinate to the lien of any First Mortgage, and the Association and appropriate Owner will, upon request, execute a written subordination document to confirm such priority. This provision shall not apply to any sale of all or part of any Lot where the Owner, subject to an existing lien, carries the sale contract or deed of trust, or otherwise acts as lender to a purchase of the liened Lot. The sale or transfer of any Lot or of any interest therein shall not affect the liens provided for in these Covenants except as otherwise specifically provided, and in the case of a transfer of a Lot for purposes of realizing a First Mortgage, liens shall arise against the Lot for any assessments, payments or charges coming due after the transfer.

ARTICLE 6 USE COVENANTS, CONDITIONS, AND RESTRICTIONS

Section 6.1 Authorized Uses. Except for builders' temporary sales offices, each Lot shall be used solely for one Single Family residence and related facilities normally incidental to a residential community. In the event Declarant retains ownership of Phase III upon the completion of the Development Period for Phase III, Declarant and its successors and assigns may lease the Lots within Phase III for placement of manufactured homes on such Lots. No Lot shall be further subdivided, except as permitted in these Covenants, without prior approval conferred by Association Action. For purposes of this paragraph a "residence" includes home office and telecommuting uses, but does not include commercial activity that includes manufacturing, daycare, retail sales, showroom, receiving clients and customers, or regular deliveries. Any question about the uses permitted under this Paragraph, which are not specifically reserved to the Declarant, shall be resolved by the Board in its sole discretion.

Section 6.2 Commercial Uses Reserved By Declarant. Within any part of the Common Areas or any easement therein reserved by the Declarant or conveyed to a private party (the "Reserved Areas"), the commercial uses described below are hereby expressly permitted: (a) Declarant and/or its successors and assigns may install a water tower and operate a private water company for the purpose of providing water service to the Lots and other properties; (b) Declarant and/or its successors and assigns may lease portions of the Reserved Areas to telecommunications companies for placement of telecommunications facilities, (c) Declarant and/or its successors and assigns may operate a licensed daycare facility in the Reserved Areas; and (d) Declarant and/or its successors and assigns may rent or lease to the public portions of the Reserved Areas for temporary recreational vehicle parking and water and sewer hookups. Except as expressly provided herein, the Reserved Areas are exempt from this Article 6.

Section 6.3 Approval of Building or Clearing Plans Required. No house, garage, building, fence, deck, patio, wall, kennel, dog run, or other structure shall be commenced, erected, or maintained upon a Lot, nor shall any exterior addition or alteration be made, nor shall a Lot be cleared or excavated, until after the written plans and specifications have been submitted to and approved in writing by the Architectural Control Committee. Any violation of any term, condition or provision of this Article 6 by an Owner shall subject the Owner to imposition of charges in accordance with Section 6.3.10 below. Although the Committee shall have full authority to approve or disapprove of any specific proposal, including the authority to grant exceptions to and variances from the requirements of this Article 6, the following general restrictions shall apply to Buttes Community:

6.3.1 Building Permits. No structures, filling, grading or obstruction shall be permitted beyond the Building Setback Lines, within any drainage easement area shown on the Final Plat, or within any Common Area, unless approved by the Committee and by the proper local government authority. In addition, construction of fencing shall not be permitted beyond

the Building Setback Lines unless approved by the Committee and by the proper local government authority.

6.3.2 Building Materials. All exterior materials must be in accordance with the rules or guidelines set by the Architectural Control Committee and be approved by Committee. Types and colors of exterior paint and stain, including doors, must be submitted to the Committee for approval. The exterior of all construction on any Lot shall be designed, built and maintained in such a manner as to blend in with the natural surroundings and landscaping within the Buttes Community. The use of bright stains or paint are not allowed except by written approval of the Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structure they adjoin.

6.3.3 Landscaping and Fencing. Front, side and rear yards shall be fully landscaped within six (6) months after the date of the issuance of a certificate of occupancy for the residence on the Lot. In the event of undue hardship due to weather conditions or otherwise, this provision may be extended for a reasonable length of time upon written approval by the Committee. In no event shall any fences be allowed between the front lot line and the front wall (facade) of the primary residence. Fences shall be well constructed of wood materials, shall not detract from the appearance of the home located upon the Lot, and shall not be over six (6) feet in height. All fences must be approved by the Committee prior to construction.

6.3.4 Floor Area. Only one Single Family home not to exceed two (2) stories in height plus basement and a private garage shall be permitted on each Lot. The foregoing provision shall not exclude construction of any additional structure, provided the location of such structure is in conformity with the applicable municipal regulations, is compatible in design and decoration with the residence constructed on such Lot, and has been approved by the Committee. The Committee or the Board may recommend minimum square footage requirements for homes; however, such minimum square footage requirements shall not be effective against Lots in any Phase unless approved by the Declarant during the Development Period for such Phase, or after the completion of the Development Period for that Phase, by the affirmative vote of sixty-six percent (66%) of the Owners in the respective Phase.

6.3.5 Contractor. No home may be constructed on any Lot by other than a contractor licensed as a general contractor under RCW 18.27 and who has been approved by the Committee, in its sole discretion, as a contractor with sufficient experience, longevity and financial stability to complete the construction of the proposed home in timely fashion within the standards of the area for homes of similar type, size and price.

6.3.6 Time for Completion. Construction of any building on any Lot, including painting and exterior finish, shall be completed within twelve (12) months from the beginning of construction on such Lot. In the event of undue hardship due to weather conditions or otherwise, this provision may be extended for a reasonable length of time upon written

approval from the Committee. Failure to fulfill the foregoing covenants shall result in a special assessment against such Lot in the amount of Five Hundred Dollars (\$500) for each additional month or portion thereof the covenant remains unfulfilled. The parties acknowledge and agree that the actual damages which might be incurred by the Declarant and the other Owners in the event of a breach of the foregoing covenants are difficult and impractical to determine precisely; however, the amount of damages fixed by this provision is a reasonable estimate of those actual damages.

6.3.7 Construction Debris. During construction on a Lot, the building areas shall be kept in a reasonably clean and workmanlike condition during construction. Grass thereon shall be cut and mowed at sufficient intervals to prevent creation of a nuisance or fire hazard. Street and sidewalk cleaning must be done regularly by the responsible Lot Owner to prevent dirt or other debris, and any damage to the street or sidewalk must be repaired by the responsible Lot Owner immediately. At its option, the Association may contract to have the work completed and assess the cost of such work against the responsible Lot(s), which shall be enforceable as a lien on the Lot(s).

6.3.8 Driveways. All driveways and parking areas shall be installed no later than the completion of construction on the respective Lots. Driveways and parking areas may be of concrete or exposed aggregate concrete without approval of the Architectural Control Committee. Other materials, including paver stones, may be used upon the prior approval of the Architectural Control Committee, which approval shall be issued or withheld in the sole discretion of said committee.

6.3.9 Pruning and Vegetation Removal. No tree outside the building footprint that is eight (8) inches or more in diameter when measured five (5) feet above ground shall be cut without the prior approval of the Committee. Additionally, any tree which unreasonably obstructs the view of a neighbor may only be removed or topped by first requesting permission from, and securing written approval of the Owner, or if the Owner does not agree, with the approval of the Committee after an appropriate hearing, and in either event, at the expense of the Owner requesting the removal or topping. The Committee's discretion in this regard shall be exercised with regard to both preservation of view and to retention of attractive trees and plantings. In addition, pruning of such trees by the Owners or Participating Builders shall be permitted only upon prior written approval of the Committee. All Owners and Participating Builders shall comply fully with all such rules, regulations, agreements or other binding restrictions, and shall not rely on Declarant in any way whatsoever for such compliance. All pruning must be done in a competent and workmanlike manner. Notwithstanding the foregoing, the Association may from time to time perform maintenance within any dedicated right of way or Common Area. Such maintenance may include the right to remove branches from large coniferous trees and to remove mid-story growth, subject to appropriate approval by Pierce County's Planning and Land Services Department.

6.3.10 Violations; Noncompliance Charges. If any Owner is determined by the Committee to be in violation of any term, condition or provision of this Article 6, the Committee shall notify the Owner in writing of the violation and the Owner shall have five (5) business days to correct the violation or respond in writing to the Committee. If, in the sole discretion of the Committee, the Owner does not correct the violation or does not satisfy the Committee that the violation is justified, reasonable, or that adequate steps have been made to correct the violation, the Committee has the authority to take action against the Owner and the Lot by the assessment and imposition of a charge against the Owner ("Noncompliance Charge"). The Noncompliance Charge shall constitute a continuing lien against the Lot as set forth in Article 4. The Association may also separately or contemporaneously pursue all other rights and remedies provided at law or equity for violation of any provision of these Covenants, including specific performance and/or injunctive relief. By acquisition of an Ownership interest in a Lot, each Owner expressly agrees that the Noncompliance Charges provided herein represent a reasonable mechanism and charge to assist the Association in the management of the Buttes Community and the enforcement of these Covenants.

6.3.11 Entry for Inspection. Any agent or officer of the Association, as determined by the Board or the Committee, or Declarant, may at any reasonable predetermined time upon 24 hours notice during construction or exterior remodeling, enter and inspect the structure to determine if there has been compliance with the provisions of these Covenants. Such entry or inspection shall not be deemed a trespass. There is created an easement over, upon, and across the Lots for the purpose of making and carrying out such inspections.

Section 6.4 Leasing Restrictions. The Association or the Board on behalf of the Association may promulgate reasonable leasing restrictions; provided, however, that no leasing restrictions shall apply to the Reserved Areas or to the Declarant if Declarant retains ownership of the Lots in Phase III.

Section 6.5 Animals. No animals of any kind, except for dogs, cats and other conventional household pets not kept for commercial purposes, shall be kept on any Lot. All dog runs and kennels must be screened from view from both the roadway and from adjoining properties and the design and location shall be approved by the Architectural Control Committee. All pets must be kept under the control of the Owner and cannot be out of the Owner's yard without appropriate restraint by leash. The Association may adopt rules and regulations relative to the keeping of animals on any Lot. No domestic pet may be kept if it is a source of annoyance or nuisance, nor shall they be kept in numbers or under conditions as to interfere with any Owner's use and enjoyment of his Lot. The Board shall have the authority to determine whether a particular pet is a source of annoyance or a nuisance, and such determination shall be final and conclusive.

Section 6.6 Commercial Uses. No trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot or within any building thereon, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade,

service or business be kept or stored on any Lot without prior written approval from the Committee, excepting the right of any homebuilder and the Declarant to construct residences on any Lot, to store construction equipment and materials on said Lots, and to use any single family residence as a sales office or model home.

Section 6.7 Vehicle Storage. No storage of goods, vehicles, boats, trailers, trucks, campers, recreational vehicles or other equipment shall be permitted in open view from the street or from any Lot; provided, however, that this provision shall not preclude temporary (less than seventy-two (72) hours) parking of vehicles on the designated driveway areas adjacent to garages on the Lots, and shall not prevent the parking of recreational vehicles or boats in the designated parking area for recreational vehicles. No Owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked upon any Lot or Common Area or on any street for a period in excess of forty-eight (48) hours. Upon forty-eight (48) hours' notice to the Owner of a Lot where an improperly parked or stored vehicle, boat, or other equipment is located or is adjacent to, the Association may have the item removed at the Owner's expense.

Section 6.8 Garbage. Each Lot and all improvements thereon shall be maintained free of litter, junk or unsightly containers, equipment, appliances, or other materials; provided, however, that the reasonable storage of materials and equipment on a building site during construction shall be allowed. All refuse shall be kept in sanitary containers which shall be concealed from view and regularly emptied. Garbage and rubbish shall be regularly and promptly removed, unless properly composted, and such removal shall be handled so that no garbage can or other receptacle will be visible from any place outside the Lot on which the same is located, except on days of trash collection.

Section 6.9 Signs. Except for entrance, street, directional, traffic control, and safety signs, and such promotional signs as may be maintained or approved by Declarant or the Association, no signs or advertising devices of any character shall be posted or displayed in the Buttes Community; provided, however, that one temporary real estate sign not exceeding twenty-four (24) inches in height and thirty-six (36) inches in length may be placed upon any Lot or attached to any residence placed upon the market for sale or lease. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Lot or residence. This restriction shall not prohibit the temporary placement of political signs on any Lot by the Owner thereof during any general or special election. Declarant shall have the unrestricted right to place and maintain advertising signs to promote the sale of Lots by Declarant.

Section 6.10 No Obstruction of Easements. No structure, planting, or other material shall be placed or permitted to remain upon the Buttes Community which may damage or interfere with any drainage easement or the installation or maintenance of utilities, or which may unreasonably change, obstruct, or retard direction or flow of any drainage channels. The easement area of each Lot and all improvements on each easement area shall be maintained

continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

Section 6.11 Antennas and Satellite Dishes. Exterior antennas and satellite dishes shall not be permitted on any Lot unless approved by the Architectural Control Committee, in its sole discretion.

Section 6.12 Owners' Maintenance Responsibilities. All maintenance, upkeep, and repair of individual Lots and homes shall be the sole responsibility of the individual Owners thereof. Each Owner shall be obligated to keep his Lot and home in a clean, sightly and sanitary condition and maintain the landscaping on his Lot in a healthy and attractive state and in a manner comparable to the other Lots in the Buttes Community. No storage of firewood shall be permitted in front yards. After thirty (30) days' written notice to an Owner from the Association of such Owner's failure to so maintain his home or Lot, and after approval of a two-thirds (2/3) majority vote by the Board or other Association committee to which such oversight responsibility shall have been delegated, the Association shall have the right, through its agents and employees, to enter upon any Lot to restore the home or Lot to such standards. The cost of such work shall be borne solely by the Owner of the Lot through a special assessment against such Lot.

Section 6.13 Weapons. No firearms of any kind or nature, including rifles, handguns, bows, slingshots, BB guns, slings, traps, or any other like weapon, shall be used or discharged within the Buttes Community except by authorized governmental officials. No hunting shall be permitted within the Buttes Community.

Section 6.14 Dirt bikes and/or ATV. No motor vehicles which are unlicensed or which do not meet the requirements for use on public roads (including motorcycles, dirt bikes, motor scooters, ATV's etc.), may be operated on Common Areas. Any operation of such vehicles on individual Lots shall be limited to that which does not cause a nuisance, as determined by the Board of the Association or any one or more Board members appointed by the Board for such determination.

Section 6.15 Nuisances Prohibited. No noxious or offensive activity shall be conducted in any portions of the Buttes Community, nor shall anything be done or maintained therein in derogation or violation of the laws of the State of Washington, Pierce County, or any other applicable governmental entity. Nothing shall be done or maintained on any portion of the Buttes Community which may be or become an annoyance or nuisance or detract from the value of the Buttes Community or Lots therein. The Association shall determine by Association Action whether any given use of a Lot unreasonably interferes with the rights of the other Owners to the use and enjoyment of their respective Lots, or the Common Areas, and such determination shall be final and conclusive.

Section 6.16 General View Preservation. Notwithstanding the compliance of plans with all other provisions of these Covenants, the Committee may require the placement of a house or other structure on a Lot, and its height, to be modified for the purpose of preserving light, air and view for other structures on surrounding Lots; provided, however, that such altered placement or height shall not substantially decrease the utility of the Owner's Lot which shall be determined by the Committee in its sole discretion. In addition, at the request of any Owner, the Board or Committee may require that trees or other vegetation on another Owner's Lot be pruned, trimmed, moved or removed for the purpose of preserving light, air and view on such requesting Owner's Lot; provided, however, that the expense of same shall be borne solely by the requesting Owner; provided, further, that the Board shall first determine that such pruning, trimming, moving, or removing shall not substantially decrease the aesthetic value of the Lot to the Owner whose vegetation is pruned, trimmed, moved or removed.

Section 6.17 Swimming Pools. All swimming pools and related structures shall be constructed according to plans having the prior approval of the Committee. Pools shall be set back at least ten (10) feet from property lines measured from the inner wall of the tank.

Section 6.18 Relief from Provisions. In cases where an Owner has made a factual showing that strict application of the provisions of this Article 6 would work a hardship upon him, the Board by Association Action may grant the Owner relief from any of such provisions; provided, however, that such relief shall be limited in scope or by conditions to only that necessary to relieve the hardship; and provided further, that no such relief shall be granted if the condition thereby created would, in the reasonable judgment of the Board, adversely affect the Association's right or ability to enforce any provision of these Covenants in the future. The Board's decision in granting or denying such relief shall be final and conclusive. Nothing in this Section 6.18 shall diminish the authority of the Architectural Control Committee to grant variances and exceptions for matters within the purview of Section 6.2, as more fully described in Subsection 3.8.7.

Section 6.19 Emergency Access Road; Maintenance. The location of an Emergency Access Road shall be designated as such on the Final Plat ("Emergency Access Road"). The Emergency Access Road shall not be used by Lot Owners except as access to and from the Buttes Community by Emergency Vehicles or during those periods when entrance to the Buttes Community from Orville Road is unusable. The entrance to the Buttes Community from the Emergency Access Road shall be gated except during such periods. Nothing herein restricts owners of neighboring properties from using the Emergency Access Road. Unauthorized use of the Emergency Access Road and other private roads to the south of the Buttes Community constitutes trespassing. The Association shall post notices advising Owners that said roads are private roads. Owners are advised to pay close attention and obey signs regarding trespassing on private roads. Maintenance of the Emergency Access Road, and the payment of costs and expenses for such maintenance, shall be in compliance with that certain Road Maintenance Covenant recorded under Pierce County Recording No. _____, that certain Covenant and Irrevocable Power of Attorney, recorded under Pierce County Recording

No. _____, and any other recorded covenant, easement or other instrument to which the Association or Declarant is a party. The intent of this Section 6.19 shall be to comply with Pierce County Ordinance No. 92-120 and Appendix 4, Chapter 12.52 of the Pierce County Code, as each existed on October 20, 2000, and shall be construed in accordance with such intent.

Section 6.20 Sewage Disposal System. Each Lot shall have its own septic system for sewage disposal. Portions of the septic tank and drainfields for the septic systems may, however, extend into the Common Area, including portions of the Common Area that are designated as Open Space. Maintenance, repair and replacement of the septic system on each Lot shall be the responsibility of the Lot Owner, provided that if the Board determines in its sole discretion that a Lot's septic system is not being properly maintained, it may perform such maintenance and the cost thereof shall be at the Owner's expense and may be specially assessed as provided in Section 4.8 herein. Maintenance, repair and replacement of the portions of the septic tanks and drainfields that are in the Common Areas shall be the responsibility of the Association. The Board may elect, however, by majority vote, to specially assess the costs of such maintenance against the Lots that the septic system serves. There shall be no vegetation removal in the Open Space areas except as is necessary to construct and maintain the septic systems. Individual Lot Owners are responsible for proper use of their septic system. Rules and guidelines for such use may be included in the Association's rules and regulations.

ARTICLE 7 COMMON AREAS AND DECLARANT'S RESERVED RIGHTS

Section 7.1 Title to Common Areas. Declarant may from time to time during the Development Periods convey to the Association by deed or easement Declarant's interest in the Common Areas designated on the Final Plat. Upon its creation as a Common Area, every Common Area shall be subject to an easement of common use and enjoyment in favor of the Association and Owners, their heirs, successors, and assigns, in accordance with the terms and conditions of the Governing Documents. Such easement shall be appurtenant to and shall not be separated from ownership of any Lot. No building, wall, fence, paving, landscaping or construction of any type shall be erected or maintained by any Owner of a Lot so as to trespass or encroach upon any Common Areas. Declarant reserves and shall have the right, on its sole signature and without the approval or consent of the Association or any other Owner, until completion of the Development Period for Phase III, to grant and convey easements over the Common Areas in the Buttes Community for the benefit of the Adjacent Property, and to execute such covenants or restrictions as are reasonably necessary in connection with such easements.

Section 7.2 Owners' Common Rights. Subject to the easements, encumbrances and obligations on or concerning portions of the Common Areas, all Owners shall have equal rights to use the Common Areas, unless certain Common Areas are specifically designated as limited Common Areas for the exclusive use of a particular Lot or Lots on the face of a Final Plat or in an amendment to these Covenants. All easements for ingress, egress, utilities, and use of the facilities, unless specifically limited, shall exist in favor of all Owners.

Section 7.3 Maintenance of Common Areas. The Association shall maintain, repair, replace, improve, and otherwise manage all of the Common Areas so as to keep them in good condition and shall take all such action to promote the recreation, health, safety, and welfare of the Owners. The Association is specifically granted the right to assess the Owners for such costs as provided in Article 4; further, if any work is required as the result of any negligent or intentional act or omission of any Owner, or an Owner's guests, family, or tenants, the Board in its discretion may require that the cost of such work be paid for exclusively by such Owner and that it become part of the assessment levied against such Owner's Lot(s).

Section 7.4 Easements for Association. The Association and its agents shall have an easement for access to each Lot and to the exterior of any building located thereon during reasonable hours as may be necessary for the maintenance, repair, replacement, or improvement of any Common Area; emergency repairs necessary to prevent damage to any easement areas or to another Lot or the improvements therein; and for cleaning, maintenance, repair, or restoration work which the Owner is required to do but has failed or refused to do. Except in an emergency where advance notice is not possible, these easements shall be exercised only after reasonable notice to the Lot Owner.

Section 7.5 Government and Private Company Agreements. The rights granted and the provisions contained in these Covenants and other Governing Documents are subject to and shall be construed in support of any agreement made by the Declarant or the Association with any local, county, or state governmental entity, or private company, regarding the creation, maintenance, right to use, right to use, and ownership of any Common Areas.

Section 7.6 Riparian Zone/Additional Habitat Areas. There shall be no clearing or other vegetation removal, dumping, burning, grading, filling, or construction of any kind within the Riparian Zone or Additional Habitat Areas designated on the Final Plat. Use of the Riparian Zone and Additional Habitat Areas shall be subject to recorded covenants and restrictions established for the Riparian Zone and Additional Habitat Areas.

Section 7.7 Non-Development of Certain Areas. In the event the drain fields, utilities, park and trails shown on the preliminary plat are not developed, the area designated for them shall be developed and designated as an open space tract for permanent passive open space.

ARTICLE 8 INSURANCE; CASUALTY LOSSES; CONDEMNATION

Section 8.1 Insurance Coverage. The Association shall obtain and maintain at all times a policy or policies and bonds written by companies licensed to do business in Washington to provide:

8.1.1 Insurance against loss or damage by fire and other hazards covered by the standard extended coverage endorsement in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of landscaping and improvements located in the Common Areas, with the Association named as insured as trustee for the benefit of Owners and Mortgagees as their interests appear.

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

8.1.3 Worker's compensation insurance to the extent required by applicable laws.

8.1.4 Fidelity coverage naming the Association as an obligee to protect against dishonest acts by the Board, Association officers, committees, managers, and employees of any of them, and all others who are responsible for handling Association funds, in an amount equal to three months general assessments on all Lots, including reserves.

8.1.5 Such other insurance as the Association deems advisable, including without limitation directors and officers error and omission insurance; provided that, notwithstanding any other provisions herein, the Association shall continuously maintain casualty, flood, and liability insurance, a fidelity bond, and such other insurance or bonds meeting the insurance and bond requirements for similar projects established by Federal National Mortgage Association, Governmental National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and Veterans Administration, so long as any of them is a Mortgagee or Owner, except to the extent such coverage is not available or has been waived in writing by all applicable agencies.

Section 8.2 Casualty Losses. In the event of substantial damage to or destruction of any of the Common Areas, the Association shall give prompt written notice of such damage or destruction to the Owners and to the holders of all First Mortgages. Insurance proceeds for damage or destruction to any part of the Common Areas shall be paid to the Association or its authorized representative as a trustee for the Owners, which shall segregate such proceeds from other funds of the Association and shall apply the proceeds to repair, reconstruct or rebuild the Common Area in accordance with the original plans. If the insurance proceeds are insufficient to pay for the cost to repair the Common Areas, the Board shall promptly, but in no event later than ninety (90) days after the date of damage or destruction, given notice to and conduct a special meeting of the Owners to review the proposed repairs, replacement and reconstruction, as well as the projected cost of such repairs, replacement or reconstruction. The Owners shall be deemed to have approved the proposed repairs, replacement, and reconstruction as proposed by the Board, unless the Owners decide by an affirmative vote of fifty one percent (51%) of the total votes cast (provided a quorum exists), to repair, replace, or reconstruct the premises in accordance with a plan different than that proposed by the Board. In any case, however, use of

hazard insurance proceeds for other than repair, replacement, or reconstruction of the Common Area in accordance with the original plans, shall not be permitted without the prior written approval of at least sixty seven percent (67%) of the First Mortgagees (based on one vote for each First Mortgage owned) or Owners (if there is no First Mortgage on that Lot) of the Lots.

Section 8.3 Condemnation. In the event any part of the Common Areas is made the subject matter of a condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, the Association shall give prompt notice of any such proceeding to the Owners and to the holders of all First Mortgages who have requested notification of any such proceeding. All compensation, damages, or other proceeds therefrom, shall be payable to the Association.

ARTICLE 9 ENFORCEMENT

Section 9.1 Right to Enforce. The Association, the Declarant and its successors and assigns, or any Owner, shall have the right to enforce, by any appropriate proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens, and charges now or hereafter imposed by these Covenants; provided that, in any dispute solely between Owners, or between Owners and the Association, the parties thereto must first attempt to resolve the dispute pursuant to Section 9.2 below. Failure or forbearance by any person or entity so entitled to enforce the provisions of these Covenants to pursue enforcement shall in no event be deemed a waiver of the right to do so thereafter. No action shall be brought or maintained against the Declarant for or on account of its failure to bring any action for any breach of these Covenants, or for imposing restrictions which may be unenforceable.

Section 9.2 Initial Enforcement Procedure. In any dispute solely between Owners, or between Owners and the Association, the parties thereto shall first attempt to amicably resolve the dispute through mediation/arbitration as follows: each party shall appoint one mediator/arbitrator and shall agree on a third mediator/arbitrator, all of whom shall have at least five (5) years of experience in real estate law. The mediators/arbitrators shall determine the procedures to be followed, but in any case such procedures must allow each party an opportunity to fully address the mediators/arbitrators regarding the dispute. The mediators/arbitrators shall be appointed within thirty (30) days of the Board's Notice of the dispute and a hearing shall be held within thirty (30) days thereafter. The mediators/arbitrators shall provide their conclusions in writing within ten (10) business days of the hearing. In making their determination, the mediators/arbitrators shall liberally construe these Covenants in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the properties by providing a common plan for the Buttes Community as described in these Covenants. The costs and expenses of the mediation/arbitration shall be borne equally by the parties to the mediation/arbitration, unless the mediators/arbitrators determine that such costs and expenses shall be borne by a particular party.

Section 9.3 Remedies Cumulative. Remedies provided by these Covenants are in addition to, cumulative with, and are not in lieu of other remedies proved by law. There shall be, and there is hereby created, a conclusive presumption that any breach or attempted breach of the covenants, conditions, and restrictions herein cannot be adequately remedied by an action at law or exclusively by recovery of damages.

Section 9.4 Covenants Running with the Land. The covenants, conditions, restrictions, liens, easements, enjoyment rights, and other provisions contained herein are intended to and shall run with the land and shall be binding upon all persons purchasing, leasing, subleasing, or otherwise occupying any portion of the Buttes Community, their heirs, executors, administrators, successors, grantees, and, assigns. All instruments, granting or conveying any interest in any Lot shall be subject to these Covenants.

ARTICLE 10 AMENDMENT AND REVOCATION

Section 10.1 Amendment by Declarant or Association. During the Development Period for Phase I, Declarant shall have the sole authority, on its sole signature and without the need for any action by the Association or Owners, to amend these Covenants by properly recording such amendment(s). Upon completion of the Development Period for Phase I, these Covenants may also be amended at any time by an instrument executed by the Association for and on behalf of the Owners; provided that such amendments shall have received the prior approval of Members holding, in the aggregate, at least seventy-five percent (75%) of the membership interests in the Association. Declarant reserves the sole and exclusive right to remove Phase III from the provisions of these Covenants until the completion of the Development Period for Phase III. No amendment shall be effective which materially impairs the substantial rights of an Owner unless the impacted Owner consents in writing. Any such amendment must be in writing, signed by the approving Owner(s) and recorded with the Pierce County Auditor. Notwithstanding any of the foregoing, the prior written approval of a majority of all Mortgagees who have requested from the Association notification of amendment shall be required for any material amendment to these Covenants or the Association's Bylaws of any of the following: voting rights, assessments, assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity bonds; responsibility for maintenance and repair; reallocation of interests in the Common Areas or rights to their use (except as contemplated by these Covenants); convertibility of Lots into Common Areas or of Common Areas to Lots; imposition of any restrictions on the right of an Owner to sell or transfer his Lot; any action to terminate the legal status of the Association after substantial destruction or condemnation occurs; or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of First Mortgages.

Section 10.2 Effective Date. Amendments shall take effect only upon recording with the Pierce County Auditor.

ARTICLE 11 GENERAL PROVISIONS

Section 11.1 Taxes. Each Owner shall pay without abatement, deduction or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against his Lot, or personal property located on or in the Lot. The Declarant and the Association shall likewise pay without abatement, deduction, or offset, all of the foregoing taxes, assessments, and charges levied or assessed against the Common Areas.

Section 11.2 Transfer of Certain Utilities, Utility Repair Easement. During the respective Development Periods, Declarant, and/or the Association, may transfer and convey any sewer, water, storm drainage, or other general utility improvement in the Buttes Community to any public or private body for ownership and maintenance, together with any necessary easements relating thereto, and each Lot shall become burdened and benefited thereby. After termination of the Development Period for Phase III, the Association may transfer and convey such property and easements.

Section 11.3 Non-Waiver. No waiver by the Declarant or the Association of any breach of these Covenants shall constitute a wavier of any other breach, whether of the same or any other covenant, condition, or restriction.

Section 11.4 Attorneys' Fees. In the event of a suit or action to enforce any provision of these Covenants or to collect any money due hereunder or to foreclose a lien, the unsuccessful party in such enforcement shall pay to the substantially prevailing party all costs and expenses, including title reports, and all attorneys' fees and costs that the prevailing party has incurred in connection with the suit or action, in such amounts as the court may deem to be reasonable therein, and also including all costs, expenses, and attorneys' fees incurred in connection with any appeal from the decision of a trial court or any intermediate appellate court. The venue of any action described above shall be Pierce County, Washington.

Section 11.5 No Abandonment of Obligation. No Owner, through his non-use of any Common Area, or by abandonment of his Lot, may avoid or diminish the burdens or obligations imposed by these Covenants.

Section 11.6 Interpretation. The captions of the various articles, sections and paragraphs of these Covenants are for convenience of use and reference only and do not define, limit, augment, or describe the scope, content or intent of these Covenants or any parts of these Covenants. These Covenants shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the properties by providing a common plan for the Buttes Community.

Section 11.7 Severability. Invalidation of any one of these covenants, conditions, restrictions, easements, or provisions by judgment or court order shall in no way affect any other of the same, all of which shall remain in full force and effect, and shall be read and interpreted as if such invalid clause did not exist.

Section 11.8 Notices. All notices, demands, or other communications ("Notices") permitted or required to be given by these Covenants shall be in writing and, if mailed postage prepaid by certified or registered mail, return receipt requested, shall be deemed given two (2) days after the date of mailing thereof, or on the date of actual receipt, if sooner. Notices to any Owner may be given at any Lot owned by such Owner; provided, however, that an Owner may from time to time by Notice to the Declarant during the Development Periods, or to the Association thereafter, designate such other place or individual for the receipt of future Notices. If there is more than one Owner of a Lot, Notice to any one such Owner shall be sufficient. Notices to Mortgagees shall be sent to the last address the Mortgagee has given to the Association. The Association is not required to provide notice of any matter to any Mortgagee who has not notified the Association in writing of such Mortgagee's desire to receive notice, and/or has not given the Association written notice of the Mortgagee's address for receipt of notice. The address of Declarant and of the Association shall initially be The Buttes, LLC, 335 Park Place, Suite 110, Kirkland, Washington, 98033. If the address of Declarant or the Association is changed, Notice shall be given to all Owners.

Section 11.9 Neutral Gender. Every use of a gender specific pronoun herein, unless specifically referring to a named individual, shall be interpreted as encompassing both genders.

Section 11.10 Applicable Law. These Covenants shall be construed in all respects under the laws of the State of Washington.

Section 11.11 Conflict. In the event of any conflict between the provisions of these Covenants and the provisions of the Association's Articles of Incorporation, Bylaws, or rules and regulations, the provisions of these Covenants shall be controlling.

IN WITNESS WHEREOF, the undersigned have executed these Covenants the day and year first above written.

The Buttes LLC

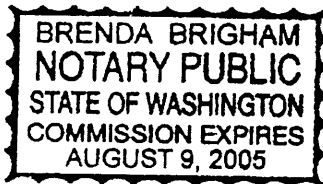


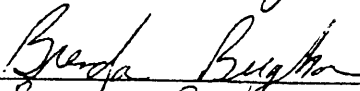
By Charles E. Martin, Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this day personally appeared before me Charles E. Martin, to me known to be the Manager of The Buttes, LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the same instrument.

GIVEN under my hand and official seal this 7 day of August, 2002.

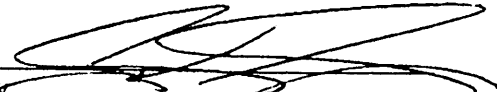




Brenda Brigham
(print notary's name)

Notary Public in and for the State of Washington,
residing at Kirkland.
My commission expires: August 9, 2005.

Oakridge Homes II, Ltd.

By 
Its pres. Servin

STATE OF WASHINGTON)
COUNTY OF ~~KING~~ PIERCE) ss.

On this day personally appeared before me Scott Servin, to me known to be the PRESIDENT of Oakridge Homes II, Ltd., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the same instrument.

GIVEN under my hand and official seal this 8th day of AUGUST, 2002

CYNTHIA L. FOLEY
STATE OF WASHINGTON
NOTARY --- PUBLIC
My Comm. Expires 11-1-03


Cynthia L. Foley
(print notary's name)
Notary Public in and for the State of Washington,
residing at University Place
My commission expires: 11-1-03

Exhibit A

Legal Description of the Buttes Planned Development District (*all three phases*)

PARCEL A:

THAT PORTION OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 3, TOWNSHIP 18 NORTH, RANGE 5 EAST, WILLAMETTE MERIDIAN, IN PIERCE COUNTY, WASHINGTON, LYING SOUTHERLY AND WESTERLY OF THE CENTER LINE OF WADE CREEK (COPLAR CREEK); AND THE SOUTHEAST QUARTER OF SECTION 4, TOWNSHIP 18 NORTH, RANGE 5 EAST, WILLAMETTE MERIDIAN, IN PIERCE COUNTY, WASHINGTON.

EXCEPT THAT PORTION THEREOF LYING NORTHERLY AND EASTERLY OF WADE CREEK (COPLAR CREEK).

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS AND UTILITIES AS GRANTED BY INSTRUMENTS RECORDED UNDER RECORDING NUMBERS 8104280244, 8104280245, 8104280246, AND 8104280247, UNDER, OVER AND ACROSS A STRIP OF LAND 60 FEET IN WIDTH, THE APPROXIMATE CENTER LINE OF WHICH, AS NOW CONSTRUCTED, IS DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTH LINE OF SECTION 9, TOWNSHIP 18 NORTH, RANGE 5 EAST OF THE WILLAMETTE MERIDIAN, WHICH POINT IS 93.79 FEET EAST OF THE NORTH QUARTER CORNER OF SAID SECTION 9;
THENCE SOUTH 22° 56' 54" WEST, 202.20 FEET;
THENCE SOUTH 17° 00' 03" WEST, 540 FEET, MORE OR LESS
THENCE SOUTH 69° 22' 03" WEST, 253.77 FEET;
THENCE NORTH 88° 17' 30" WEST, 198.49 FEET;
THENCE SOUTH 50° 55' 15" WEST, 204 FEET, MORE OR LESS, TO THE END OF CARD COUNTY ROAD, AND AS DELINEATED ON LARGE LOT DIVISION NO. 8107060137.

Exhibit B

Legal Description of Phase I

THE PLAT OF THE BUTTES, A P.D.D. – DIVISION 1, RECORDED UNDER RECORDING
NUMBER 200111165005.

Exhibit C

Legal Description of Adjacent Property

THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 18 NORTH, RANGE 5 EAST
OF THE WILLAMETTE MERIDIAN, IN PIERCE COUNTY, WASHINGTON,

EXCEPT ORTING-KAPOWSIN VALLEY COUNTY ROAD AND CARD ROAD.

AND EXCEPT FOR THE FOLLOWING DESCRIBED PROPERTY:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 4; THENCE NORTH
01°30'00" WEST, 2008.22 FEET ALONG THE WEST LINE OF THE SOUTHWEST
QUARTER OF SAID SECTION 4; THENCE LEAVING SAID WEST LINE NORTH
85°57'32" EAST PARALLEL TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER,
1,592.66 FEET; THENCE SOUTH 04°02'28" EAST, 335.17 FEET; THENCE SOUTH
15°18'56" EAST 152.95 FEET; THENCE SOUTH 00°16'14" EAST, 150.35 FEET; THENCE
SOUTH 09°41'06" EAST, 120.58 FEET TO THE TRUE POINT OF BEGINNING; THENCE
NORTH 85°57'32" EAST 160.00 FEET; THENCE SOUTH 09°41'06" EAST; 205.18 FEET;
THENCE SOUTH 85°57'32" WEST 160.00 FEET; THENCE NORTH 09°41'06" WEST,
205.18 FEET TO THE POINT OF BEGINNING.

AND EXCEPT FOR THE FOLLOWING DESCRIBED PROPERTY:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 4; THENCE NORTH
01°30'00" WEST, 2008.22 FEET ALONG THE WEST LINE OF SAID SOUTHWEST
QUARTER; THENCE LEAVING SAID WEST LINE NORTH 85°57'32" EAST PARALLEL
TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER, 1,592.66 FEET; THENCE
SOUTH 04°02'28" EAST, 335.17 FEET; THENCE SOUTH 15°18'56" EAST, 152.95 FEET;
THENCE SOUTH 00°16'14" EAST, 150.35 FEET TO THE TRUE POINT OF BEGINNING;
THENCE SOUTH 09°41'06" EAST, 120.58 FEET; THENCE NORTH 85°57'32" EAST 140.00
FEET; THENCE NORTH 09°41'06" WEST 120.58 FEET; THENCE SOUTH 85°57'32" WEST
140.00 FEET TO THE TRUE POINT OF BEGINNING.

AND EXCEPT FOR THE FOLLOWING DESCRIBED PROPERTY:

AND EXCEPT FOR THE FOLLOWING DESCRIBED PROPERTY:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 4; THENCE NORTH
01°30'00" WEST, 2008.22 FEET ALONG THE WEST LINE OF SOUTHWEST QUARTER
OF SAID SECTION 4; THENCE LEAVING SAID WEST LINE NORTH 85°57'32" EAST
PARALLEL TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER, 1,592.66 FEET;
THENCE SOUTH 04°02'28" EAST, 335.17 FEET TO THE TRUE POINT OF BEGINNING;
THENCE SOUTH 15°18'56" EAST, 152.95 FEET; THENCE NORTH 85°57'32" EAST 200.00
FEET; THENCE NORTH 15°18'56" WEST 152.95 FEET; THENCE SOUTH 85°57'32" WEST
200 FEET TO THE TRUE POINT OF BEGINNING.

Exhibit C

Legal Description of Adjacent Property (continued)

AND EXCEPT FOR THE FOLLOWING DESCRIBED PROPERTY:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 4; THENCE NORTH 01°30'00" WEST, 2008.22 FEET ALONG THE WEST LINE OF SOUTHWEST QUARTER OF SAID SECTION 4; THENCE LEAVING SAID WEST LINE NORTH 85°57'32" EAST PARALLEL TO THE SOUTH LINE OF SAID SOUTHWEST QUARTER, 1,592.66 FEET; THENCE SOUTH 04°02'28" EAST, 335.17 FEET TO THE TRUE POINT OF BEGINNING; THENCE SOUTH 15°18'56" EAST, 152.95 FEET; THENCE NORTH 85°57'32" EAST 200.00 FEET; THENCE NORTH 15°18'56" WEST 152.95 FEET; THENCE SOUTH 85°57'32" WEST 200 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 18 NORTH, RANGE 5 EAST OF THE WILLAMETTE MERIDIAN, PIERCE COUNTY, WASHINGTON, LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION;

THENCE NORTH 88°32'40" EAST (BEARING MERIDIAN FROM PIERCE COUNTY RECORD OF SURVEY 9605210537) 1323.95 FEET, MORE OR LESS, ALONG AN EXISTING BARBED WIRE FENCE TO ITS INTERSECTION WITH THE EAST LINE OF SAID SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AT A POINT APPROXIMATELY 87.50 FEET NORTH OF THE SOUTHEAST CORNER OF SAID SUBDIVISION AND THE TERMINUS OF SAID DESCRIBED LINE.

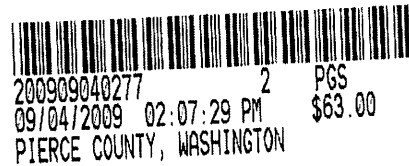
EXCEPT PIERCE COUNTY RIGHT-OF-WAY FOR ORVILLE ROAD (ORTING KAPOWSIN VALLEY CO. RD.).

PARCEL C:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 18 NORTH, RANGE 5 EAST OF THE WILLAMETTE MERIDIAN, PIERCE COUNTY, WASHINGTON, LYING WESTERLY OF LOT 1 OF TWIN CREEKS LARGE LOT DIVISION AS RECORDED IN BOOK 23 OF SURVEYS AT PAGE 4, RECORD OF SURVEY NO. 2204, RECORDS OF THE PIERCE COUNTY AUDITOR AND LYING SOUTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT THE SOUTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHWEST QUARTER; THENCE NORTH 88°32'40" EAST (BEARING MERIDIAN FROM PIERCE COUNTY RECORD OF SURVEY 9605210537) 1323.95 FEET, MORE OR LESS, ALONG AN EXISTING BARBED WIRE FENCE TO ITS INTERSECTION WITH THE WEST LINE OF SAID SOUTHEAST QUARTER OF THE NORTHWEST QUARTER AT A POINT APPROXIMATELY 87.50 FEET NORTH OF THE SOUTHWEST CORNER OF SAID SUBDIVISION AND THE POINT OF BEGINNING OF SAID DESCRIBED LINE. THENCE CONTINUING ALONG SAID FENCE NORTH 88°32'40" EAST 1252.64 FEET, MORE OR LESS, TO THE WEST LINE OF SAID LOT 1 AND THE TERMINUS OF THIS LINE DESCRIPTION.

After Recording Mail to:
Talis M. Abolins
CAMPBELL, DILLE, BARNETT,
SMITH & WILEY, P.L.L.C.
317 S. Meridian
P.O. Box 488
Puyallup, WA 98371



AMENDMENT TO COVENANTS, CONDITIONS, AND RESTRICTIONS FOR THE BUTTES

Grantor: The Buttes LLC
Grantee: The Buttes Planned Development District
Reference Numbers of Documents Amended: 200208090773, 200210111118
Legal Description (abbreviated): The Plat of The Buttes, a PDD, Division 1, recorded under Pierce County Recording No. 200111165005 (together with real property described in Covenants, Conditions, and Restrictions for The Buttes recorded under Pierce County Auditor's Recording No. 200208090773).

The undersigned, as the "Declarant" under the terms and provisions of the Covenants, Conditions, and Restrictions for The Buttes recorded under Pierce County Auditor's Recording No. 200208090773, and in accordance with Section 10.1 of said Covenants, does hereby amend and replace Section 6.7 of the Covenants, Conditions, and Restrictions with the following language:

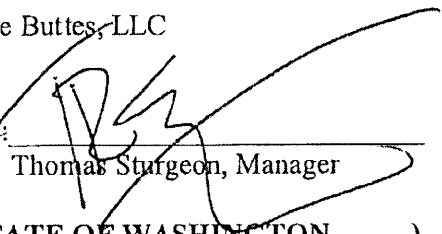
Section 6.7 Vehicle Storage and Parking. No storage of goods, vehicles, boats, trailers, trucks, campers, recreational vehicles or other equipment shall be permitted in open view from the street or from any Lot; provided, however, that this provision shall not preclude: (1) temporary (less than seventy-two (72) hours) parking of vehicles on the designated driveway areas adjacent to garages on the Lots; (2) temporary on-street parking of vehicles by guests and visitors, only; and (3) parking of recreational vehicles or boats in the designated parking area for recreational vehicles. No Owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked upon any Lot or Common Area or on any street for a period in excess of forty-eight (48) hours. Upon forty-eight (48) hours' notice to the Owner of a Lot where in improperly parked or stored vehicle, boat or other equipment is located or is adjacent to, the Association may have the item removed at the Owner's expense.

COPY

All the remaining terms and provisions of the Covenants, Conditions, and Restrictions for The Buttes recorded under Pierce County Auditor's Recording No. 200208090773 shall remain in full force and effect, except as expressly modified and amended herein.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the 14th day of August, 2009.

The Buttes, LLC

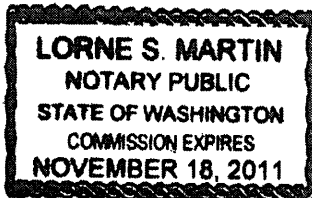
By: 

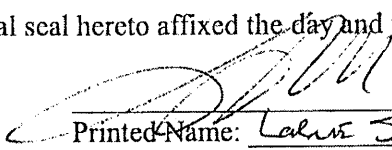
Thomas Sturgeon, Manager

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 14th day of August, 2009, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Thomas Sturgeon, to me known to be the Manager of The Buttes, LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument.

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




Printed Name: Lorne S. Martin
NOTARY PUBLIC in and for the State of
Washington, residing at Pierce County
My commission expires: November 18, 2011