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INSURANCE COMPANY

10635 N. E. 8th STREET

BELLEVUE WASHINGTON 98004

DECLARATION OF CONDITIONS COVENANTS & RESTRICTIONS FOR VUEMONT VISTA DIVISION
No. 1, Phase 1, King County, Washington

ARCO DEVELOPMENTS LTD., a British Columbia Corporation (hereinafter called "Arco")owner of the following described real property' (hereinafter called the "subdivi-sion") situated In the County of King. State of Washington, hereby grants, dedicates, makes subjects, declares and establishes as part of a general plan of development that the following described property is and shall continue to be subject to the following conditions, covenants and restrictions, which are hereby made appurtenant to and shall run with the property and each of the individual building sites situated thereon:

Lots 1 thru 42, both inclusive and Lots 73 thru 99, both inclusive, of Vuemont Vista Division No. 1, as per plat recorded in Volume 121 of Plats, on pages 52 thru 55, records of King County, State of Washington.

1. Residential Sites No portion of any lot in the subdivision shall be owned, used or occupied except as a part of a single residential site. A residential site shall consist of (a) one or more full lots, (b) one or more full lots and portions of a contiguous lot or lots, or (c) contiguous parts of lots which shall form one plot of land for use as a site for a residence, provided that each residential site shall extend from the fronting street to the existing rear property line of the component lots and shall have front and rear dimensions neither of which are less than those of the smallest component lot shown on the plat of the subdivision as of the date of this declaration. A component lot shall be deemed to be a lot any portion of which it, included in a residential site.

2. Occupancy and Use. No residential site in the subdivision shall be used or occupied by anyone other than the owner, purchaser or lessee thereof and his Immediate family and the bona fide domestic servants of such owner, purchaser or lessee domiciled upon the premises where they are employed, nor shall any residential site be used or occupied for any purpose other than as a single family residence. The conduct or carrying on of any manufacturing, trade, business, commerce. Industry, profession or other occupation upon any residential site or any part

thereof or in any building or other structure erected thereon shall constitute a breach of this restriction.

3 Building Plans. For the purpose of further insuring the development of the subdivision as a residential area of high standard, Arco reserves the right to control the buildings and structures placed on each residential site. The owner or occupant of each residential site by acceptance of title thereto or by taking possession thereof, covenants, and agrees that no building, wall, fence, swimming pool, or other structure shall be placed upon such site unless and until the plans and specifications therefore and the plot plan have been submitted to and approved in writing by Arco or its successor. Each plan shall be submitted with a plan review fee of \$200.00 and shall show the following: residential site dimensions, location of all structures to be or already constructed on the site, elevations of the basement and other floors in relation to the top of the curb elevations; the elevation of the highest ridge line in relation to the top of the curb elevations and the top of existing grade elevations; and sewer and other utility connections. Each such building, well, fence, swimming pool or other structure shall be placed on a residential site only in accordance with the plans and specifications and plot plan so approved. Disapproval of plans and specifications may be based upon any grounds, including purely esthetic grounds, which in the sole discretion of Arco or its successor shall be sufficient. No alteration of the exterior appearance, including color of any buildings or structures shall be made without prior approval from Arco or its successor. All buildings and other structures, except swimming pools and fences, must be designed by a registered architect, a professional building designer, or by another qualified person or firm who is approved in writing by Arco or its successor. If Arco or its successor fails to approve or disapprove the plans and specifications submitted by the owner of a residential site within the subdivision within thirty (30) days after written request therefore, then such approval shall not be required; provided, however, that irrespective of such approval or lack of it, no building, wall, fence, swimming pool or other structure shall be erected or be allowed to remain on any residential site which violates any of the covenants and restrictions contained in this Declaration. Any proposed changes or additions to and approved set of architectural plans, site plan, or landscaping plans must be submitted to Arco or its successor with an additional application fee of Fifty Dollars (\$50.00).

4. Home Owners' Association. At such time as Arco deems appropriate, in its sole discretion, but no later than the time when ninety eight percent (98%) of the residential sites have been sold and the sales closed in all phases of the proposed 175 lot development, Arco shall have the right to transfer and assign its right, duties and discretion hereunder to a non profit corporation organized by Arco under the provisions of Chapter 24.03 of the Revised Code of Washington which will have members who are the owners of residential sites in the subdivision. The non profit corporation so organized and constituted shall succeed to all powers and provisions reserved, granted and established on behalf of Arco by this Declaration and shall act in the place of Arco with respect thereto.

5. Single Family Residences Exclusively. All buildings allowed or erected on any residential site in the subdivision shall be for single family residences exclusively, all for the use and occupancy of one immediate family and attendant bona fide domestic servants only, except that one other detached auxiliary building may be erected on each residential site occupied by a single family dwelling house. All garages, carports, storage areas, tool cabins, garden houses, etc., (other than one auxiliary building) must be constructed in such a manner so as to constitute the appearance of one continuous, connected, contiguous and architecturally compatible single structure. Any auxiliary building must be so designed and constructed as to be architecturally compatible in appearance and quality of construction with the main building. Each single-family dwelling house shall have a fully enclosed finished living area which occupies not less than 1,800 square feet; provided that in computing such minimum area none of the area of any attached garage or carport shall be included. No auxiliary building shall have a ground coverage in excess of 750 square feet.

The maximum ridge heights of certain residential sites are further restricted as follows:

Lot 73: The maximum ridge height measured at the common curb corner of Lots 73 and 74 shall be as follows:

13'0" above the top of the curb between 20' 33' back from front property line.

12'0" above the top of the curb measured between 33' 50' back from the front property line.

11'0" above the top of the curb measured between 51' 70' back from front property line.

10'0" above the top of the curb measured between 71' 90' back from the front property line.

Lot 74: The maximum ridge height measured at the common curb corner of Lots 74 and 75 shall be as follows:

13'0" above the top of the curb between 20' 33' back from front property line.

12'0" above the top of the curb measured between 33' 50' back from the front property line.

11'0" above the top of the curb measured between 51' 70' back from front property line.

10'0" above the top of the curb measured between 71' 90' back from the front property line.

Lot 75: The maximum ridge height measured at the common curb corner of Lots 75 and 76 shall be as follows:

13'0" above the top of the curb between 20' 33' back from front property line.

12'0" above the top of the curb measured between 33' 50' back from the front property line.

11'0" above the top of the curb measured between 51' 70' back from front property line.

10'0" above the top of the curb measured between 71' 90' back from the front property line.

Lot 76: The maximum ridge height measured at the common curb corner of Lots 76 and 77 shall be as follows:

13'0" above the top of the curb between 20' 33' back from front property line.

12'0" above the top of the curb measured between 33' 50' back from the front property line.

11'0" above the top of the curb measured between 51' 70' back from front property line.

10'0" above the top of the curb measured between 71' 100' back from the front property line.

Lot 77: The maximum ridge height measured at the common curb corner of Lots 77 and 78 shall be as follows:

13'0" above the top of the curb between 20' 33' back from front property line.

12'0" above the top of the curb measured between 33' 50' back from the front property line.

11'0" above the top of the curb measured between 51' 70' back from front property line.

10'0" above the top of the curb measured between 71' 100' back from the front property line.

Lot 78: The maximum ridge height measured at the common curb corner of Lots 78 and 79 shall be as follows:

13'0" above the top of the curb between 20' 33' back from front property line.

12'0" above the top of the curb measured between 33' 50' back from the front property line.

11'0" above the top of the curb measured between 51' 70' back from front property line.

10'0" above the top of the curb measured between 71' 100' back from the front property line.

Arco, or its successor may alter these ridge heights if, in their solo discretion, such alteration does not adversely affect the architectural harmony of the plat. Such restrictions are not based upon view impairment or preservation, but are grounded upon consideration of aesthetic architectural harmony.

All construction of properly authorized improvements on any residential site which shall have been commenced shall be diligently pursued to completion in a manner and at a rate reasonably consistent with building standards prevailing in the subdivision with respect to high quality construction of a similar type, and in no event shall the period of construction of any improvement exceed nine (9) months from the date of commencement of foundation construction to completion as to external appearance, including finished painting and installation of the approved front yard landscaping in accordance with the plan provided for in paragraph nine (9) hereafter.

No structure or vehicle other than a completed permanent dwelling house as contemplated by these restrictions and limitations shall be used on any residential site at any time as a residence either permanently or temporarily, except that a completed permanent auxiliary building containing living quarters may be used as auxiliary living quarters. No auxiliary building shall be deemed completed as long as the dwelling house is incomplete.

6. Setback Line. The rear yard setback line shall be a minimum of 5 feet. The side yard setback line shall at a minimum of 5 feet with the exception of corner sites as outlined below. The front yard setback will be 25 feet on all residential sites except sites 73 through 78, in which the front yard setback will be 20 feet. Corner residential sites with frontage on two or more streets shall be required to observe the 25 foot building setback on that side of the site on which the front of the dwelling house is constructed, with the exception of site 73, which will remain at 20 feet as recited above. The minimum side yard setback on corner residential sites with frontage on two or more streets shall be 10 feet. Certain rear yard setbacks are further restricted as noted below:

Lots 73 75: The rear yard set back line for any home and/or garage on said lots shall be not more than 90' from the front property line.

Lot 76-78: The rear yard set back line for any home and/or garage on said lot shall be not more than 100' from the front property line.

Unless otherwise approved in writing by Arco or its successor, no fence, wall, hedge, or mass planting, other than low ground plantings shall be permitted to extend nearer to any street than the minimum setback line, except that nothing shall prevent the erection of a necessary retaining wall. On any individual site no fence, wall, hedge, or mass planting shall at any time, where permitted, extend higher than six (6) feet above surface grade. Further, on any individual site, no individual tree or shrub other than those trees and shrubs existing at the time this DECLARATION OF CONDITIONS< COVENANTS< and RESTRICTIONS is recorded, shall be planted and allowed to grow to a height at which the tree(s) or shrub(s) interferes with the enjoyment, exposure, or the view of the Cascade Mountains or Lake Sammamish of adjoining or facing properties. Whether or not the plantings will interfere with the enjoyment, exposure or the view of the Cascade Mountains or Lake Sammamish of adjoining or facing properties shall be determined by Arco or its successor, in its sole discretion.

7. Aerials. No exterior television or radio receiving or transmitting antenna, disks, or aerials of any type shall be erected or placed on any residential site.

8. Surface Grade. The surface grade or elevation of the various residential sites in the subdivision as physically established by Arco in connection with the clearing of the land and preparation of the residential sites in the subdivision shall not be substantially altered or changed in any manner which would affect the relationship of a residential site with other residential sites adjoining or which would result in obstructing the view from any other residential site in the subdivision or which would otherwise produce an effect out of harmony with the general development of the immediate area in which such residential site is located.

Whether or not any such alteration or change in the elevation or grade of any residential site would produce the effect above prohibited shall be determined by Arco or its successor, in its sole discretion.

9. Landscaping and Maintenance of Plants and Lawns. The owner or occupant of each residential site shall maintain their hedges, plants, shrubs, trees and lawns in a neat and trim condition at all times. The owner or occupant of each residential site by acceptance of title thereto or by taking possession thereof, covenants and agrees to submit a plan of a front yard landscape design to Arco or its successor at the time building plans are submitted as outlined in paragraph 3 above. For the purpose of this paragraph "Front Yard" is the minimum setback outlined in paragraph 6, above.

10. Garbage Disposal, Clotheslines and Mail Boxes. The owners of the residential sites in the subdivision will provide sanitary disposal for all garbage and rubbish. Such disposal shall be handled so that no garbage can, or other receptacle, will be visible from any place outside the residential site. No owner or occupant of any residential site shall place or permit clotheslines thereon which are visible from any place outside the premises. Mail boxes shall be located only in those areas specifically designated for that purpose and Arco shall be responsible for installing the mail box for that residential site.

11. Nuisances. Nothing shall be done or maintained on any residential site which may be or become an annoyance or nuisance to the neighborhood. No livestock, animals, poultry, or fowl shall be kept on any residential site other than animals or birds of the type and species generally recognized as common household pets in the Greater Seattle area, such as dogs, cats, canaries and parakeets, and which are kept on the residential site solely as household pets, provided that they are not kept, bred, or maintained for any commercial purposes and are kept in accordance with any laws, ordinances, regulations or other restrictions of any governmental agency having jurisdiction. No such household pet which is or becomes an annoyance or nuisance to the neighborhood shall thereafter be kept on any residential site.

No trash, refuse pile, vehicles, underbrush, weeds, compost pile or other unsightly growth or object shall be allowed to grow, accumulate or remain on any residential site, including failure to maintain landscaping, so as to be a detriment to the subdivision or a fire hazard prior to, during, or after completion of construction of a permanent dwelling house. In the event any such condition shall exist upon any residential site for five (5) days after notice, Arco or its successor may enter upon the residential site and remove or abate the condition at the expense of the owner, who on demand shall reimburse Arco or its successor for the cost thereof, and such entry and removal shall not be deemed a trespass.

The public streets fronting on any residential site or common areas shall not be used for the overnight parking of any type of vehicle except a private family automobile. No boat, snowmobile motorcycle, trailer, automobile, truck, recreational vehicle, or any other vehicle, or any part thereof, not in actual current use for the purpose intended, shall be stored or permitted to remain on any residential site unless stored in a garage or other fully screened space. No goods, equipment, vehicles (including, but not limited to busses, trucks, or trailers), or materials or supplies used in connection with any trade, service, or business shall be kept, stored or located upon any residential site.

12. Common Areas. All areas in Vuemont Vista Division No.1 which are not residential sites or streets are hereby designated "common areas" for the purposes of this Declaration. The owners of residential sites in the subdivision shall be financially responsible for the cost of maintaining the common areas in the manner legally required by King County pursuant to a native growth protection easement of record, to be found on the recorded plat, which maintenance shall be provided by and through Arco or its successor non-profit corporation. Maintenance of the common areas shall include, but is not limited to, removal of diseased or dangerous planting and trees and removing, topping, limbing and trimming of trees for the purpose of maintaining a view of the Cascade Mountains, Lake Sammamish and downtown Bellevue, which are rights reserved hereunder to the owners of residential sites, Arco and its successor.

13. Signs and Permanent subdivision Entrance Markers and Landscaping. No signs whatsoever, other than conventional signs of no more than two square feet indicating the name of the occupant and address of the premises and one conventional sign of not more than five square feet advertising the property for sale or rent shall be placed on any residential site in the subdivision where the sign is visible outside of such building site; except for signs used by Arco or an Arco approved builder, or their agents, to advertise the availability of the property for sale during the sales and construction period up to such time as one hundred percent (100%) of the residential sites have been sold and the sale closed in all phase's of the proposed 175 lot development.

There shall be located on the northwest corner of Lot 1, Block 2, and on the southwest corner of Lot 1, Block 3, of Eastmont Home Tracts and on the southwest corner of Lot 23 of Vuemont Vista Division No. 1, and on the southeast corner of Lot 99 of Vuemont Vista Division No. 1, permanent easements for the placement and maintenance of permanent subdivision entrance markers and landscaping for the subdivision. In addition, in the median divider running the length of Southeast 46th Street there shall be entranceway landscaping installed and maintained. The owners of residential sites in the subdivision shall be financially responsible on a prorata share basis with the proposed 175 Lot Sky Mountain subdivision and the 15 lots that comprise Blocks 1 and 2 of Eastmont Home Tracts, for the cost of the care, maintenance, and preservation of the permanent subdivision entrance markers and landscaping in a manner consistent with the character and quality of the subdivision.

14. Assessments. Arco hereby reserves to itself and to its successor the right to impose and collect, reasonable annual assessments upon each residential site in the subdivision to provide necessary funds to pay for taxes and insurance, the cost of electricity required for street and entrance lighting and for the reasonable maintenance of such street and entrance lighting until such time as the operations at such lighting are taken over or otherwise assumed by King County or other municipal authority, and for the care, maintenance and preservation of the common areas and the permanent subdivision entrance markers and landscaping. The proceeds of such assessments shall be used for the purposes herein provided and the proper costs of assessment and collection thereof, and no part thereof shall be used for initial installation of such facilities or for any other purpose. The assessments herein provided for shall be equally divided, assessed and collected against the various residential lots in the subdivision, and without reference to the value of the respective lots. Each such assessment shall be a lien upon the lot or site upon which the same is assessed superior to all other liens created or suffered by the grantee of such lot or site, his heirs, devisees, personal representatives or assigns, except as otherwise provided with respect to mortgages and deeds of trust, and the owner of such lot or site at the time the assessment is made by accepting such lot or building site subject to these restrictions agrees that he shall be personally liable for the payment thereof. The proceeds of such assessments shall be collected and used only for the purposes herein provided.

Nothing herein contained shall impair or defeat the lien of any mortgage or deed of trust now or hereafter recorded covering any lot or lots together with improvements and additions thereon in the subdivisions, but title to any property in this subdivision obtained through a sale and satisfaction of any mortgage or deed or trust shall be held subject to all of the provisions herein.

15. Duration of Restrictions. The conditions, covenants, and restrictions contained herein shall constitute a servitude upon all building sites in the subdivision and shall run with the land and be binding upon all such grantees of building sites in the subdivision and all persons claiming by, through, or under them. The acceptance of any conveyance of a building site in the subdivision by any grantee shall constitute an agreement on the part of such grantee for himself, his heirs,

devises, personal representatives, and assigns to all conditions, covenants and restrictions contained herein. These conditions, covenants and restrictions shall remain in full force and effect until January 1, 1992, at which time they shall automatically extend for successive periods of 10 years each unless by written agreement of the then owners of a majority of the building sites in the subdivision it is agreed to terminate or change them in whole or in part. Any such termination or change so agreed to shall become effective upon the recording of such agreement, duly signed and acknowledged by the necessary parties as above provided, in the office of the Recorder of King County, Washington.

16. Remedies for Violation. In the event of the violation or breach or attempted violation or breach of any of these conditions, covenants or restrictions, by any person or party claiming by, through or under Arco, or by the virtue of any judicial proceedings, Arco, its successor, the owner of any residential site in the subdivision, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel compliance with the terms hereof or to prevent such violation or breach.

17. Non Waiver. The failure to enforce any condition, covenant or restriction contained herein, however long continued, shall not be deemed a waiver of the right to do so thereafter, either as to the breach or violation involved or as to any similar breach or violation occurring prior or subsequent thereto, and no such failure shall bar or affect the enforcement of any such condition, covenant or restriction as to any such breach or violation thereof.

18. Invalidation. The invalidation by any court of any condition, covenant or restriction contained herein shall in no way affect any of the other provisions hereof and the same shall remain in full force and effect.

19. Construction and Sales Offices. Construction offices in a temporary structure and residential sales offices of a temporary or permanent nature may be established and maintained on residential sites in the subdivision is subject to Arco sole discretion for the purpose of constructing and marketing residential lots and houses. Said offices shall be removed upon request by Arco but no later than at such time as ninety eight percent (98%) of the residential sites have been sold and the sales closed in all phases of the proposed 175 lot development.

An office to house security personnel for the subdivision may also be established and maintained until ninety eight percent (98%) of the sites have been sold and the sales closed in all divisions of the proposed 175 lot development.

20. Litigation. In the event of litigation involving enforcement or interpretation of this Declaration, or any part thereof, the successful party, who shall be so determined by the Court, shall be entitled to recover from the other party reasonable costs, expenses and attorneys fees which award shall be included in any judgment arising out of such litigation.