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Declaration Date: 4-08-93

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

This Declaration is made by Hanson Harbor, Inc. ("HH") on the date set forth as the Declaration Date.

1. Background.

1.1 HH is proposing to record a plat for the subdivision of certain property described in Section 2 of this Declaration. That real property is described as the HH #3 Property; the proposed plat is referred to as Hanson Harbor #3.

1.2 Hanson Harbor Subdivision I was recorded on October 9, 1967, under Fee No. 314455, in Vol. A of Plats, page 234, records of Lincoln County, Washington (Hanson Harbor #1). Hanson Harbor Subdivision II was recorded on December 9, 1974, under Fee No. 334003, in Vol. A of Plats, records of Lincoln County, Washington (Hanson Harbor #2). All subdivided lots in Hanson Harbor #1 and Hanson Harbor #2 have been sold and all activities to promote or dispose of lots in either such subdivision have ended.

1.3 HH desires to subject the HH #3 Property to the covenants, conditions, restrictions, limitations and agreements set forth in this Declaration for the benefit of HH, each Lot, and each present and future owner of a Lot.

1.4 The covenants, conditions, restrictions, limitations and agreements in this Declaration are, among other things, intended to (a) provide for the harmonious use, development and improvement of the Lots and (b) preserve the values of each Lot and of the HH #3 Property as a whole.

1.5 Definitions. Capitalized terms used in this Declaration shall have the meaning assigned to that term in the following subparagraphs or in a provisions cross-referenced in such subparagraph.

1.5.1 Committee. Defined in paragraph 3.1

1.5.2 Declaration. This document and its exhibits and any amendments or modifications made from time to time in the manner described in this document.

FILED FOR RECORD April 8
1993, at 12:17 o'clock P M,
request of Shelly Johnston
SHELLY JOHNSTON
Lincoln county Auditor
By [Signature]

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1.5.3 Governmental Requirements. Any and all building, zoning, subdivision, environmental, land use, occupancy, health or other applicable laws, ordinances, regulations, decrees, rulings, or requirements of any federal, state, county or local governmental body, agency, court, tribunal or organization with jurisdiction over the Lot or the subject matter in connection with which this term is used.

1.5.4 HH. Hanson Harbor, Inc. and its successors and assigns.

1.5.5 HH #3 Property. Defined in paragraph 2.1 and legally described on Exhibit A.

1.5.6 Hanson Harbor #2. Defined in paragraph 1.2.

1.5.7 Hanson Harbor #3. Defined in paragraph 1.1.

1.5.8 Lot. A subdivided lot or tract included in Hanson Harbor #3 and a part of the HH #3 Property.

2. Property Subjected to Declaration.

2.1 HH declares that the real property legally described on Exhibit A ("HH #3 Property") is and shall be held, transferred, sold, conveyed, leased, encumbered and occupied subject to the covenants, conditions, restrictions, limitations and agreements in this Declaration.

3. Architectural Control.

3.1 Requirement. An Architectural Control Committee (the "Committee") is established by HH to perform the functions described in this section of this Declaration. The Committee shall consist of three members.

3.2 HH appoints Duane Childers, Roy Irwin and Philip Krause as the current members of the Committee. If there is a vacancy in the Committee, arising other than by removal by action of owners of the Lots, that vacancy, in the discretion of the Committee, may be filled by the remaining members of the Committee. At any time after the date of this Declaration, one or more members of the Committee may be removed and new members appointed to the Committee in accordance with the following provisions of this paragraph. Such removal may occur by action of persons owning a majority of the Lots, but shall be subject to the last two sentences of this paragraph. In the case one or more owners of the Committee are removed by action of the owners or in the case of any vacancy on the Committee which is not filled by their remaining members of the Committee, the vacancy or vacancies shall be filled, subject to the last two sentences of this

paragraph, by action of persons owning a majority of the Lots. So long as HH owns ten or more Lots, it shall be entitled to select two members of the Committee and its selectees shall not be removed without HH's approval. So long as HH owns at least three but less than ten Lots, it shall be entitled to select one member of the Committee and its selectee shall not be removed without HH's approval.

3.3 Function of Committee. Except for improvements constructed by HH as part of the development of Hanson Harbor #3, no building, structure or other improvement may be constructed or installed on a Lot until the plans and specifications, in such form and detail as the Committee considers necessary or appropriate, shall have been submitted to and approved in writing by the Committee. The Committee's decision shall be reached in good faith. The decision of the Committee and the reasons for that decision shall be delivered to the applicant in writing.

3.4 Content of Plans and Specifications. The Lot owner shall deliver three copies of plans and specifications to the Committee, c/o Frank W. Hanson Insurance Agency, 6 S.W. Main Street, Wilbur, Washington 99185. These drawings and specifications must be prepared to scale by a design professional and must be related to the Lot on which such improvements will be constructed. The submittals shall at the minimum include the items described in the following subparagraphs.

3.4.1 A dimensioned site plan shall be provided showing the location on the Lot of the dwelling house, the appurtenant structures and other material improvements proposed for the Lot. Either this drawing or other drawings shall show existing and finished grade lines at such locations relative to the dwelling house and the improvements so as to enable the Committee to determine the compliance of the proposal with this Declaration.

3.4.2 A dimensioned floor plan for the dwelling house and all appurtenant structures shall be delivered.

3.4.3 Dimensioned, exterior elevations of the dwelling house and all appurtenant buildings shall also be included in the submittal. The exterior elevations shall clearly show the exterior siding and roofing materials and the finished colors, textures and shapes proposed. A dimension showing the highest point of the dwelling house and the elevation of all ridge lines both in relation to existing and finished grade lines at the foundations of the dwelling house shall be provided in sufficient detail to enable the Committee to determine compliance of the proposal with this Declaration.

3.5 Basis of Decision. The Committee's decision on the applicants' plans and specifications shall be based, among other things on (a) their adequacy in defining and depicting the dwelling house and related improvements to be constructed; (b) the relation of finished grades and elevations to those which exist on surrounding lots and roadways; (c) their compliance with Governmental Requirements; (d) their conformity to both the specific provisions and the general intent of this Declaration; (e) the potential of the dwelling house and other structures to unreasonably impair the views enjoyed by or from other Lots, (f) the general conformity and harmony of the exterior design to those structures and improvements constructed on or in the vicinity of Hanson Harbor #3 and to the natural surroundings, and (g) any and all other facts, including aesthetic considerations, which in the opinion of the Committee, affect the suitability of the proposed building, structure or improvement to the surroundings.

3.6 Inaction. If the Committee fails to act on the plans and specifications (by approval, rejection, conditional approval or a demand to correct deficiencies or inadequacies in the plans and specifications) within thirty (30) days after their delivery, the plans and specifications shall be considered approved by the Committee. The applicant shall have the burden of establishing the date of delivery of the plans and specifications and the adequacy of the submission if the applicant contends the plans and specifications were approved by Committee inaction. Neither affirmative approval nor approval through inaction shall waive, or relieve the applicant from complying with, the specific restrictions and requirements of this Declaration.

3.7 Exculpation. No member of the Committee, the person or persons selecting the Committee members or HH shall be liable in damages or otherwise to the applicant, to any owner of a Lot or to any other person by reason of a mistake of judgment, negligence or nonfeasance arising out of or in connection with the submission of plans and specifications and any decision of the Committee concerning them. No owner of a Lot shall bring any action for damages against the persons named in the first sentence arising out of any act or failure to act by the Committee.

3.8 Expenses of Review. As of the Declaration Date, no fee is required to be paid to the Committee when the plans and specifications are delivered for Committee review. However, if the submitted plans and specifications require, in the opinion of the Committee, review or analysis by a professional in order that the Committee perform its function, the Committee as a condition to its further processing of the application, may require the applicant to pay the Committee's reasonable expenses in obtaining professional review, guidance or analysis. A failure of the applicant to timely pay such expenses shall either excuse the Committee from reaching a decision within the specified thirty-day period or extend the time in which the Committee must reach a decision to a period of thirty (30) days after the expense payment is made. The Committee may in

the future from time to time establish an architectural review fee by recording notice of the establishment of such fee against the HH #3 Property and such fee shall then prevail from the date of its establishment for all plans and specification submittals made after that date.

3.9 Excavation. No excavation shall be made except in connection with the construction of improvements approved by the Committee. When construction of such authorized improvements is completed, the site shall be backfilled and graded to the approved contours. The exposed soil shall be landscaped or seeded to the condition shown in the approved plans and specifications or if such was not shown in the plans and specifications to a neat and presentable condition.

3.10 Completion Deadline. Construction of the approved improvements, once begun, must be diligently pursued to completion. The approved improvements must in all cases be completed as to all exterior surfaces and installations (including painting or staining, if appropriate) within six (6) months from the start of construction.

4. Promises Concerning Use and Occupancy.

4.1 Subject to the authorization appearing later in this paragraph, no mobile home, trailer, recreational vehicle or temporary building or structure of any kind shall be installed, used or occupied on any Lot at any time for residential or other purposes. A mobile home, trailer or recreational vehicle may be installed, used or occupied on a Lot only under the following conditions: (a) it must be used or occupied only as a place of temporary residence or construction support and shall be removed as soon as practicable after the substantial completion of construction or installation of the permanent dwelling house, (b) it shall not be allowed to remain on a Lot for a period beyond six months from the start of construction or installation or such longer period, not to exceed eight (8) months from the start of construction or installation, as is authorized in writing by the Committee.

4.2 Lots may be used solely for single-family, residential purposes. Only one single-family dwelling shall be permitted on a Lot. Structures which under applicable Governmental Requirements are considered appurtenant and ancillary to a single-family dwelling shall be allowed if built simultaneously with or after the dwelling house; i.e., no storage building, shed, garage or similar structure shall be constructed or installed more than thirty (30) days in advance of the date dwelling house construction or installation commences on the Lot. The term "single-family" is used to distinguish permitted residential development from duplex, apartment or other multi-family construction; it is not intended to prevent use and occupancy of an appropriately constructed dwelling house on a shared basis by the owners or their guests so long as the other provisions of this Declaration are not violated. No part of a Lot, any dwelling house or other

improvement constructed on a Lot shall ever be occupied or used for retail, manufacturing or any commercial purpose or enterprise. The use and operation of a Lot as a hotel, inn, "bed and breakfast" or for frequent, repetitive rentals of two weeks or less in duration is prohibited by this paragraph.

4.3 The owner and occupant of each Lot shall have the duty and responsibility to (a) keep the Lot and any improvements constructed on it, in a well-maintained, safe, clean and attractive conditions; (b) comply with all Governmental Requirements applicable to the Lot and its use and occupancy; (c) keep the Lot free of trash, refuse, debris, waste, pollutants or contaminants except for trash and refuse keep in reasonable quantities in metal or plastic containers with tight-fitting lids which are emptied at regular intervals.

4.4 Each owner of a Lot shall cause all sources of sewage and similar wastes on the Lot to be connected to a system complying with Governmental Requirement for the disposal of sewage (whether a septic tank and drain field or other approved system) and shall keep that system well-maintained and in good operating condition.

4.5 No exterior surface of any building or other structure shall be constructed or surfaced with any reflective material so as to produce objectionable glare. Roofing materials shall be non-combustible.

4.6 Building Height Restrictions and Limitations. No dwelling house shall (a) exceed two stores in height, excluding the basement; (b) exceed a height greater than twenty-four (24) feet from the grade of the Lot as it existed prior to construction measured at or along the line of the foundation wall or slab constructed at the location on the Lot where existing grade was highest prior to construction; or (c) have a ridge line or other features which are of such a height, bulk or location that such ridge line or features will unreasonably impair the views enjoyed by or from other Lots. When framing is completed, no further construction may occur until one or more members of the Committee has verified that the building or structure complies with height restrictions established by this Declaration and the Committee for the Lot. The Committee may require verification, at applicant's cost, by a professional engineer, land surveyor or other qualified professional that such height restrictions have not been exceeded.

4.7 Parking and Exterior Storage. Parking of vehicles of all kinds, whether self-propelled or not, and exterior storage of materials shall be accommodated entirely on the Lot in areas developed for that purpose. Parking or storage on or along the roadways and on Lots owned by others is prohibited, unless, in the case of storage or parking on another's Lot, the permission of the Lot owner is obtained. Inoperable motor vehicles may not be kept or stored for a period in

excess of 14 days nor may any such inoperable vehicles be overhauled, repaired or otherwise worked on for any period in excess of 14 days or may such overhaul or other repair or reconstruction work occur frequently.

4.8 Size Requirements and Limitations. A dwelling house constructed on a Lot shall have a fully enclosed living area of not less than 1,000 square feet. In computing such minimum living area requirement, a garage, a carport, overhangs, unenclosed decks or porches and auxiliary buildings shall be excluded even if attached to the dwelling house. No garage, shed or other auxiliary building shall have ground coverage in excess of 650 square feet.

4.9 Height of Trees. No tree, shrub or other planting shall unreasonably impair the views enjoyed by or from other Lots, whether such impairment exists by reason of height, bulk, location or density of such plantings. All trees, shrubs and other plantings shall at all times be trimmed and thinned or, if necessary, removed so the preceding sentence is not violated.

4.10 Animals. No livestock, animals, poultry or fowl shall be kept or bred on any Lot. Animals generally recognized as household pets may be kept, but not bred, on a Lot so long as paragraph 4.11 is not violated.

4.11 Nuisance. Nothing shall be done, permitted or allowed to exist or remain on a Lot which may be or become a nuisance or annoyance to persons lawfully residing on, occupying or using a Lot, any lot in Hanson Harbor #1 or #2, or properties owned by HH in the vicinity of the Lot. Each Lot owner shall insure that motorized vehicles are not (a) operated through, over and across any other Lot, any lot in Hanson Harbor #1 or #2 or any other land adjacent or near to the HH #3 Property which is not owned by such Lot owner and which is not a public roadway; or (b) operated on public roadways, common areas (including pedestrian ingress and egress ways) or public lands which are near to or in the vicinity of the HH #3 Property, Hanson Harbor #1 or #2 such that such operation is contrary to Governmental Requirements or is an annoyance or nuisance to owners of Lots, the owners of lots in Hanson Harbor #1 or #2, or HH.

4.12 Petroleum and Similar Products. No oil, gasoline, petroleum products, solvents or similar liquids shall be kept or stored on a Lot other than in quantities consistent with single-family residential uses.

4.13 Fire Hazard. Each Lot owner acknowledges and recognizes that at certain times of the year the HH #3 Property, Hanson Harbor #1 and #2 and surrounding public and private property can experience dry conditions which give rise to a fire hazard. Therefore, no Lot owner at

such times shall build open fires or do, permit or allow anything which will create an unreasonable fire hazard.

5. General Provisions.

5.1 Run with the Land. The covenants, restrictions, limitations, conditions and agreements contained in this Declaration are intended to establish restrictions and limitations on all Lots, shall run with the land included in the HH #3 Property and shall be binding upon all Lot owners and all persons claiming by, through or under them. The acceptance of any deed, contract or other document of conveyance or transfer to a Lot shall constitute the agreement on the part of any such grantee, for himself, his heirs, devisees, personal representatives, successors and assigns, to all such covenants, restrictions, limitations, conditions and agreements. These covenants, restrictions, limitations, conditions and agreements shall inure to the benefit of each Lot owner, the heirs, devisees, personal representative, successors and assigns of each Lot owner and to the other persons who are designated as beneficiaries of any provision of this Declaration, including the heirs, successors and assigns of any such beneficiary.

5.2 Duration. Subject to the provisions for amendment, termination or repeal, this Declaration shall remain in full force and effect for a term beginning on the date it is recorded and continuing through December 31, 2012 and shall thereafter automatically be renewed for periods of ten years each unless an election is affirmatively made to not renew in accordance with this paragraph. This Declaration may not be terminated or repealed before December 31, 2012, however, it may be amended, modified or supplemented before that date as provided for in paragraph 5.3. The owners of ninety percent (90%) or more of the Lots may elect at any time (a) not to extend or renew this Declaration beyond the next expiration date (including December 31, 2012) or (b) terminate this Declaration on any effective date on or after December 31, 2012, provided however that, so long as HH owns five or more Lots, such action shall require its approval. Such action shall be effective (a) as of the applicable expiration date if notice of non-renewal bearing the necessary signatures of Lot owners and approval of HH is recorded prior to the expiration date and (b) on the date of recording of a notice of termination if a termination notice is recorded bearing the necessary signatures of Lot owners and approval of HH.

5.3 Amendment. This Declaration may be amended, modified or supplemented at any time by approval of owners of seventy-five percent (75%), or more, of the Lots, but so long as HH owns five or more Lots, no such amendment, modification or supplementation shall occur without its approval. Amendments or modifications that are substantially a termination or a repeal of Declaration may not be accomplished under this paragraph, but shall be subject to the provisions of

paragraph 5.2. Such amendment, modification or supplementation of this Declaration may be recorded against and with respect to the HH #3 Property in its entirety, including any Lot whose owner did not support the amendment, modification or supplementation and shall be effective from and after the date of its recording.

5.4 Enforcement. Enforcement of the covenants, restrictions, limitations, conditions and agreements contained in this Declaration may be by any one or more Lot owners, by the owner of any lot in Hanson Harbor Subdivision #1 and #2, or by HH and its successors in ownership. Such enforcement action may be to restrain a violation, to compel compliance or to recover damages.

5.5 Attorneys Fees. In the event of legal action brought to enforce or interpret this Declaration the prevailing party shall be entitled to its expenses of investigation, enforcement and interpretative action, including reasonable attorneys fees incurred at the investigative, trial or appellate level.

5.6 Severability. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses or phrases of this Declaration shall continue in full force and effect and shall not be affected.

5.7 Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part of it.

5.8 Counterparts. This Declaration may be executed in counterparts, each of which shall be considered an original and all of which together shall constitute one document.

DATED: 4-08, 1993.

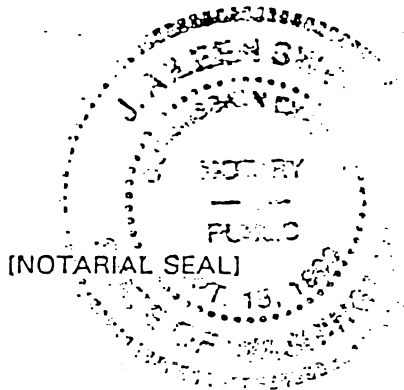
HANSON HARBOR, INC.

By: Geraldine M. Hanson
Name: GERALDINE M. HANSON
Title: VICE PRESIDENT

STATE OF WASHINGTON)
) ss.
COUNTY OF LINCOLN)

On this 8 day of April, 1993, before me, a Notary Public in and for the State of Washington, personally appeared Heraldine M. Hanson the Vice President of Hanson Harbor, Inc., the Washington corporation that executed the within and foregoing instrument, and acknowledged 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 said instrument.

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



J. Alice Sweet
NOTARY PUBLIC in and for the
State of Washington
residing at Harrington

My appointment expires: Sept 15, 1993