

When Recorded Return to:

Grand – Glacier LLC
Attn: Ms. Claudia Nelson
1775 – 12th Avenue N.W., Ste 101
Issaquah, WA 98027



**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR ISSAQUAH HIGHLANDS RESIDENTIAL PROPERTY
(Crofton Neighborhood)**

Grantor(s):	1) <u>GRAND — GLACIER LLC</u>
Grantee(s):	1) <u>ISSAQUAH HIGHLANDS PLAT</u> 2) <u>THE PUBLIC</u>
Legal Description (abbreviated):	<u>PLAT OF DIV. 29, 30, 40, 48 & 52, ISSAQUAH HIGHLANDS, VOL. 203 OF PLATS, PP. 24-37 INCLUSIVE, IN KING COUNTY, WASHINGTON.</u>
<input checked="" type="checkbox"/> Complete legal on <u>EXHIBIT A.</u>	
Assessor's Tax Parcel Identification No(s):	<u>363000-0010 through 363000-0180 363010-0010 through 363010-0100 363005-0010 through 363005-0190 363006-0010 through 363006-0300 363007-0010 through 363007-0280</u>
Reference Nos. of Documents Released or Assigned:	<u>9704281806 9712121469 9812142680 19990812000176 19991011000727 20001113000116 20011119002073 20011128000870 20020118001735 20021120001899 20021120001920 20021204000138 20030515002494 20030625003047</u>

THIS SUPPLEMENTAL DECLARATION is dated for reference purposes April 21, 2005, with regard to certain property within the Issaquah Highlands Residential Properties referred to herein as the Crofton Neighborhood. This Supplemental Declaration is made pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Issaquah Highlands Residential Properties, dated April 28, 1997 and

recorded under King County Recording No. 9704281806, and as subsequently amended (as so amended, the "Residential Declaration").

RECITALS

A. Pursuant to the terms of Section 9.3 of the Residential Declaration, Declarant may, with the consent of the Owner thereof, impose additional covenants and easements on any portion of the property submitted to the Residential Declaration. The Supplemental Declaration may include covenants obligating the Issaquah Highlands Community Association ("Residential Association") to maintain and insure certain property subject to the Supplemental Declaration as well as authorizing the Residential Association to recover its costs through Neighborhood Assessments.

B. The property described on **EXHIBIT A** of this Supplemental Declaration (the "Crofton Neighborhood") is a portion of the property currently subject to the Residential Declaration, as described on Exhibit A thereof.

C. Crofton Issaquah II LLC, a Delaware limited liability company, is the owner and developer ("Builder") of the Crofton Neighborhood and desires Declarant to impose upon the Crofton Neighborhood additional covenants and easements as set forth herein.

NOW, THEREFORE, pursuant to the powers retained by Declarant under the Residential Declaration, Declarant hereby subjects the real property described on **EXHIBIT A** hereof to the provisions of this Supplemental Declaration, which shall apply to such property in addition to the provisions of the Residential Declaration. Such property shall be sold, transferred, used, conveyed, occupied, and mortgaged or otherwise encumbered pursuant to the provisions of this Supplemental Declaration and the Residential Declaration, both of which shall run with the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors, successors-in-title, and assigns. The provisions of this Supplemental Declaration shall be binding upon the Issaquah Highlands Community Association in accordance with the terms of the Residential Declaration.

ARTICLE 1. GOVERNING DOCUMENTS

1.1. Definitions. The definitions set forth in Article II of the Residential Declaration are incorporated herein by reference.

1.2. Conflicts. In the event of a conflict between this Supplemental Declaration and the Residential Declaration, the provisions of Section 20.3 of the Residential Declaration shall govern such conflict.

ARTICLE 2.
NEIGHBORHOOD AND UNIT DESIGNATIONS

2.1. Neighborhood. Pursuant to Section 6.4(a) and Section 9.1(a) of the Residential Declaration, that portion of the Issaquah Highlands Residential Property more particularly described on the attached **EXHIBIT A** is hereby designated as the Crofton Neighborhood.

2.2. Unit Descriptions. Within the Crofton Neighborhood, each Unit shall be designated as a (i) Carriage House Unit, (ii) Camp Cottage Unit, (iii) Rowhouse Unit, (iv) Townhouse Unit, (v) Hillside Cottage Unit, (vi) Garden Cottage Unit or (vii) Bungalow Unit. The applicable designation shall be as set forth on the attached **EXHIBIT B** to this Supplemental Declaration and shall be for the purpose of calculating the portion of any Neighborhood Assessment applicable to such Unit which varies in proportion to the benefit received in accordance with Section 8.2 of the Residential Declaration.

ARTICLE 3.
ADDITIONAL COVENANTS APPLICABLE TO
CROFTON NEIGHBORHOOD

3.1. Maintenance Responsibilities. Pursuant to the authority granted in Section 5.2 and Section 7.2(b) of the Residential Declaration, the Residential Association shall be responsible for performing, or causing to be performed, on behalf of the Owners of the Crofton Neighborhood, the following:

(a) maintenance, including, mowing, fertilizing, watering, pruning, and replacing of, and controlling disease and insects on, as needed, all lawns and landscaping installed as part of the initial construction of the Crofton Neighborhood, and replacements thereof;

(b) except with regard to the Garden Cottage, Bungalow and Camp Cottage Units, the following maintenance of improvements erected or installed by a Builder as part of the original construction of the Crofton Neighborhood, and replacements thereof:

(i) the exterior façade of the improvements;

(ii) painting (including staining) of all exterior painted portions of the improvements, including any garage, garage door, exterior doors, shutters, facia on the improvements, and any fence erected by Builder along the Crofton Neighborhood boundaries, or replacements thereof ("Boundary Fences");

(iii) caulking of the exterior portions of all windows and doors;

(iv) repair and/or replacement, as necessary, of the roofs (including shingles and roof decking) of the improvements, including the roofs of any porches built as part of the original construction of the improvements or replacements thereof; and

(v) cleaning, repair and replacement of gutters and downspouts;

(c) except with regard to the Garden Cottage, Bungalow and Camp Cottage Units, repair and replacement, as necessary, of any front porch, patio or deck installed as part of the original construction of the Crofton Neighborhood;

(d) repair and replacement, as necessary, of any Boundary Fences;

(e) operation, maintenance, repair and replacement, as necessary, of any irrigation equipment (including, without limitation, any sprinklers, pumps, wells, water lines and time clocks, wherever located) serving the Crofton Neighborhood and property adjacent to the Crofton Neighborhood for which the Owners of the Crofton Neighborhood would otherwise be responsible pursuant to the second paragraph of Section 5.2 of the Residential Declaration, except that the Residential Association shall have no responsibility for any sprinklers or other irrigation equipment not installed as part of Builder's initial construction of the Crofton Neighborhood; and

(f) except with regard to the Garden Cottage, Bungalow and Camp Cottage Units, termite treatment of all exterior walls and foundations of the improvements; provided, however, that the Residential Association shall not be liable if such treatment proves to be ineffective.

The Residential Association shall not be responsible for any maintenance or repairs to any chimney, fireplace, window or door, including garage doors (other than painting as provided above), anything contained within any dwelling or garage, or any landscaping, improvements or modifications added or made to any Unit within the Crofton Neighborhood after the conveyance of the Unit to the first Owner following completion of the initial improvements thereon.

Maintenance of all other portions of the Crofton Neighborhood, including any landscaping or improvements installed by the Owners or occupants of any Unit within the Crofton Neighborhood, shall be the responsibility of the respective Owners, as provided in Section 5.2 of the Residential Declaration.

All maintenance within the Crofton Neighborhood shall be performed in a manner and on a schedule consistent with the Community-Wide Standard.

Notwithstanding the above, the Residential Association's responsibilities under this Section 3.1 shall not commence with respect to a particular Unit within the

Crofton Neighborhood until the requirements of Section 3.2 below have been satisfied, and then subject to satisfaction of the Builder's warranty obligations.

3.2. Completion; Warranty. Notwithstanding anything to the contrary in any contract or agreement between the Builder and any third party for purchase of a Unit in the Crofton Neighborhood, Builder shall not convey any such Unit until:

- (a) completion of construction of the dwelling and all related improvements within the Unit;
- (b) issuance of a certificate or other approval of occupancy for such dwelling and related improvements by the City of Issaquah; and
- (c) issuance of a limited warranty by the Builder for the benefit of the Owner of the Unit and the Residential Association warranting the improvements which are to be the Residential Association's maintenance responsibility under Section 3.1 to be free from defects in materials and/or workmanship for a period of one year from the date of conveyance by the Builder or such period as may be provided by any applicable manufacturer's warranty, whichever is longer. Such limited warranty shall provide that if the Builder receives written notice of covered defects within the applicable warranty period, the Builder shall promptly take such action as is necessary to cure the defect, including repairing or replacing any defective components, if necessary.

3.3. Garbage Disposal. For all Units within Divisions 48 and 52 of Issaquah Highlands (as more particularly described on **EXHIBIT A**), the Residential Association shall contract for garbage disposal and recycling services. Collection points for such services shall be as established on the applicable plat for such Divisions of the Crofton Neighborhood or as otherwise reasonably established by the Residential Association within any tract or easement area available for that purpose.

All other Units in the Crofton Neighborhood shall have individual garbage disposal and recycling services which shall be billed directly to the Owner of each Unit by the garbage disposal company.

3.4. Insurance for Crofton Neighborhood Units.

3.4.1 Property Coverage. Unless otherwise determined by resolution of the Board and with at least 30 days' prior written notice to each Owner, the Residential Association shall obtain as a Common Expense a blanket insurance policy providing property insurance coverage for all (i) non-condominium Carriage House, (ii) Rowhouse, (iii) Townhouse and (iv) Hillside Cottage Units within the Crofton Neighborhood (exclusive of improvements made by Owners). The Residential Association shall not maintain such insurance for the Garden Cottage, Bungalow or Camp Cottage Units unless the Owner of any such Unit shall petition the Board, and the Board agrees, to maintain such insurance. For the Carriage House Units which are subject to a condominium

declaration, the condominium association shall obtain the property insurance for such Units. The Owners shall be relieved of their individual insurance responsibility under the Residential Declaration to the extent such responsibility is undertaken by the Residential Association. If the Residential Association discontinues such insurance as provided herein, each Owner shall immediately obtain in his or her own name and at his or her own expense the insurance coverage for such Owner's Unit required pursuant to the Residential Declaration.

3.4.2 Liability Coverage. Every Owner shall be obligated to obtain and maintain at all times insurance covering consequential damages to any other Unit or the Common Area due to occurrences originating within the Owner's Unit caused by the negligence of the Owner, the failure of the Owner to maintain the Unit, and any other casualty within the Unit which causes damage to the Units or the Common Area, to the extent such coverage is not provided by policies maintained by the Residential Association or to the extent insurable losses may result in the Owner's liability for payment of deductibles under the Residential Association's policies. Such insurance policy or policies shall name the Residential Association as an additional insured.

3.4.3 Evidence of Coverage. Each Owner of a Unit within the Crofton Neighborhood shall submit to the Residential Association, with the first payment of the annual Base Assessment for such Unit and within 10 days of any written request from the Board of Directors, a certificate or certificates evidencing that all insurance coverage which the Owner is obligated to provide under the Residential Declaration and this Supplemental Declaration is in effect. In addition, if the Board so requests, each Owner shall file with the Residential Association a copy of the individual policy or policies covering his or her Unit. Each Owner shall promptly notify the Board in writing in the event such policy on the Owner's Unit is canceled.

3.4.4 Failure to Maintain Insurance. In the event that an Owner fails to obtain or maintain any insurance that the Owner is required to obtain under the Residential Declaration or hereunder, the Residential Association may, but shall not be obligated to, obtain such insurance on behalf of the Owner and assess the costs thereof to the Owner and the Owner's Unit as a Specific Assessment.

3.5. Casualty Losses. Regardless of whether the insurance on a Unit within the Crofton Neighborhood is obtained by the Residential Association or the Owners, in the event of a casualty loss, the Residential Association shall be entitled to file a claim against such insurance for the cost of any repair or reconstruction to the Units and improvements thereon which is the Residential Association's responsibility, and the Owner shall pay the amount of any deductible and shall be responsible for any deficiency in the insurance proceeds. The Residential Association shall be entitled to adjust with the insurance provider the amount of any proceeds payable to the Residential Association and the Owner thereunder, based upon the amount necessary to enable the Owner and the

Residential Association each to repair and replace those portions of the Unit and improvements thereon which are their respective responsibilities.

If an Owner is required to maintain property insurance on his or her Unit within the Crofton Neighborhood and such insurance is insufficient, the Residential Association shall be relieved of its obligations to maintain, repair and replace damaged or destroyed portions of such Owner's Unit, to the extent of such insufficiency. Alternatively, the Residential Association may perform required repairs, whether the responsibility of the Residential Association or the Owner, and assess all costs to the Owner and the Owner's Unit as a Specific Assessment pursuant to Section 8.5 of the Residential Declaration.

3.6. Costs. Notwithstanding any contrary provision in the Residential Declaration, the cost of all maintenance, repairs and replacements performed by the Residential Association hereunder, replacement reserves, the cost of water and electricity used in connection with the Residential Association's landscaping obligations hereunder, and the cost of any insurance provided by the Residential Association for Units within the Crofton Neighborhood pursuant to Section 3.4, shall be allocated among all of the Crofton Neighborhood Units as a Neighborhood Assessment pursuant to Sections 5.3 and 8.2 of the Residential Declaration.

The Board may establish different levels of assessment within the Crofton Neighborhood to account for differences in expenses associated with exterior maintenance, insurance or replacement reserves for dwellings of different types or sizes, as the Board may reasonably determine. Without limitation, unless otherwise established by petition of the Owners thereof, (i) Garden Cottage, Bungalow and Camp Cottage Units shall not be provided with, nor assessed for, exterior maintenance of the Units and (ii) Carriage House Units which are subject to a condominium declaration shall not be provided with, nor assessed for, property insurance for such Units.

ARTICLE 4. ADDITIONAL EASEMENT APPLICABLE TO CROFTON NEIGHBORHOOD

4.1. Maintenance Easement. The Residential Association shall have a perpetual, non-exclusive easement over the Crofton Neighborhood for the purpose of performing its maintenance responsibilities hereunder and under the Residential Declaration, which easement may be exercised by the Residential Association, its officers, directors, employees, agents and contractors, and entry upon any Unit in the Crofton Neighborhood for such purpose shall not be deemed a trespass.

4.2. Cross-Drainage Easement. Each Unit in the Crofton Neighborhood shall be burdened with a perpetual, non-exclusive easement over that portion of the Unit which is not improved with structures, for the purpose of drainage of stormwater runoff from any portion of the Properties; provided, no Person shall alter the natural drainage of

stormwater from any Unit in the Crofton Neighborhood once construction of initial improvements has been completed so as to unreasonably increase the drainage of stormwater onto adjacent portions of the Properties without the consent of Owner(s) of affected property, the Board, and the Declarant as long as it owns any property subject to the Residential Declaration.

4.3. Easements for Maintenance of Adjoining Structures. There shall be and is hereby imposed on each Unit an easement for reasonable ingress and egress by or on behalf of the Owner of any adjoining Unit for the purpose of repair, maintenance or replacement of improvements on, to or in connection with such adjoining Owner's Unit.

4.4. Other Easements. This Supplemental Declaration, and the easement rights provided herein, shall not limit the easement rights otherwise reserved to Declarant or granted to the Residential Association or any other Person under the Residential Declaration as applied to the Crofton Neighborhood.

ARTICLE 5. PARTY WALLS

5.1. Party Walls. Foundations, floors, beams, walls and other structural members of improvements that are built as part of the original construction, and are placed upon or straddle the dividing line between adjacent Units and actually support or protect adjacent improvements shall be regarded and treated as party walls. This Article shall govern the maintenance and all other obligations of Owners with respect to party walls except for select Carriage House Units that are subject to a condominium declaration which shall instead be governed by their condominium declaration with regard to party walls.

5.1.1 Cost of Repair. The cost of the repair and maintenance of a party wall shall be borne by the Owners sharing the party wall. If the need for any maintenance or repair work is caused through the willful or negligent act of an Owner or the Owner's family, guests or invitees, the cost of such maintenance or repairs shall be borne by that Owner alone.

5.1.2 Repair; Alternative. Each Owner of a Unit with a party wall shall have the right, at the Owner's sole expense, to drill or cut into or otherwise gain access to, the interior of the party wall for the purpose of maintaining, repairing or restoring it and, upon the prior written consent of the Owner of the adjoining Unit, for the purpose of remodeling or altering the Unit or for other services or amenities subject to an obligation to restore the party wall to the same condition it was in immediately before such act, and to indemnify the Owner of the Unit adjoining the party wall for any damages caused thereby.

5.1.3 Consent of Adjoining Owner. Interior decoration excepted, no Owner of a Unit with a party wall may make any changes to or alterations of the party wall without the prior written consent of the Owner of the Unit adjoining the party wall.

5.2. Encroachments. Appurtenant to each Unit with a party wall located thereon shall be an easement over the adjoining Unit sharing the party wall for the purpose of accommodating any encroachment by buildings or structures on the Unit due to engineering errors, errors in original construction, or the settling or shifting of such buildings or structures. If any structure is partially or totally destroyed and then repaired and rebuilt substantially in accordance with the original plans and specifications, there shall also be appurtenant to the Unit an easement to accommodate minor encroachments by the successor structure from similar causes.

5.3. Default. If the Owner (the "Defaulting Owner") of a Unit fails to perform its obligations under this Article including, without limitation, the obligation to pay that Defaulting Owner's share of maintenance, repair or restoration of a party wall, the Owner of the adjoining Unit may perform such action or make such payment. The Defaulting Owner shall promptly reimburse the Owner for all costs and expenses (including attorneys' fees and costs) incurred with interest thereon at twelve percent (12%) per annum until paid and any amounts not so paid shall become a lien on the Unit of the Defaulting Owner in accordance with the provisions of Chapter 60.04 RCW.

ARTICLE 6. CONDOMINIUMS

6.1. Units Subject to Condominium Declarations. Within the Crofton Neighborhood, certain Carriage House Units will be subject to a condominium declaration by which such Units are created, together with this Supplemental Declaration and the Residential Declaration. By acquiring any such Unit, the Owner thereof, as a member of its respective condominium association, agrees certain maintenance obligations described herein which would otherwise be performed by such condominium association shall instead be performed by the Residential Association as provided in this Supplemental Declaration.

ARTICLE 7. AMENDMENT

7.1. By Declarant. Until conveyance of the first Unit within Crofton Neighborhood to a Person other than a Builder, Declarant may, subject to the approval rights of Builder, unilaterally amend this Supplemental Declaration for any purpose. Thereafter, Declarant may unilaterally amend this Supplemental Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units;

(c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

7.2. By Owners. Except as otherwise specifically provided above, this Supplemental Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of 75% of the Crofton Neighborhood and, so long as Builder owns any Unit in the Crofton Neighborhood, the consent of Builder. In addition, the consent of the Board of Directors of the Residential Association shall be required.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

7.3. Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of Declarant without Declarant's written consent (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Supplemental Declaration, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within one year of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplemental Declaration.

IN WITNESS WHEREOF, the Declarant has executed this Supplemental Declaration on the day and year first written above.

DECLARANT:

GRAND-GLACIER LLC,
a Washington limited liability company

By: Port Blakely Communities, Inc.,
a Washington corporation
Its Manager

By Judd Kirk
Judd Kirk
Its President

ACKNOWLEDGED AND APPROVED by the
Owner of the Property described herein:

CROFTON ISSAQUAH II LLC,
a Delaware limited liability company

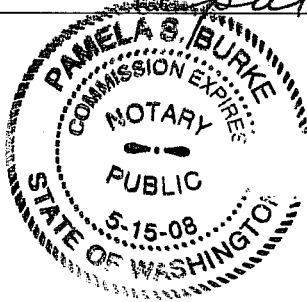
By: The Dwelling Company, L.L.C.,
a Washington limited liability company
Its Managing Member

By Robert W. Baldwin
Robert W. Baldwin
Its Manager

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me Judd Kirk, to me known to be the President for Port Blakely Communities, Inc. a Washington corporation, Manager of GRAND-GLACIER LLC, the Washington limited liability company that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 25th day of April, 2005.



Pamela S. Burke
Printed Name Pamela S. Burke
NOTARY PUBLIC in and for the State of Washington,
residing at Belleve, WA
My Commission Expires 5-15-08

STATE OF WASHINGTON }
COUNTY OF KING } ss.

On this day personally appeared before me Robert W. Baldwin, to me known to be the Manager of The Dwelling Company, L.L.C., a Washington limited liability company and the Managing Member of CROFTON ISSAQUAH II LLC, the Delaware limited liability company that executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 22nd day of April, 2005.



Kandis R Paden
Printed Name Kandis R Paden
NOTARY PUBLIC in and for the State of Washington,
residing at Port Orchard
My Commission Expires 6-9-2007

EXHIBIT A

CROFTON LEGAL DESCRIPTION

FINAL PLAT OF DIV. 29, 30, 40, 48 & 52, ISSAQUAH HIGHLANDS,
ACCORDING TO PLAT RECORDED IN VOLUME 203 OF PLATS,
AT PAGES 24 THROUGH 37 INCLUSIVE,
IN KING COUNTY, WASHINGTON.