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DOCUMENT TITLE(S): Declaration of Protective Covenants

AUDITOR FILE NUMBER & VOL. & PG. NUMBERS OF DOCUMENT(S) BEING ASSIGNED OR RELEASED:

Additional reference numbers can be found on page _____ of document.

GRANTOR(S)

Torkild Corporation

Additional grantor(s) can be found on page _____ of document.

GRANTEE(S):

Public

Additional grantee(s) can be found on page _____ of document.

ABBREVIATED LEGAL DESCRIPTION: (Lot, block, plat name OR; qtr/qtr, section, township and range OR; unit, building and condo name.)

SE 1/4 SE 1/4 SEC 19 T12N39N
 Range 2E

See Exhibit "A" for Full Legal Description

Additional legal(s) can be found on page _____ of document.

ASSESSOR'S 16-DIGIT PARCEL NUMBER:

3902194490240000

Additional numbers can be found on page _____

The Auditor/Recorder will rely on the information provided on this form. The responsibility for the accuracy of the Indexing Information is that of the document preparer.

Declaration of Protective Covenants, Conditions, Restrictions, Easements, and Reservations

for

Woodside Villas

THIS Declaration of Protective Covenants, Conditions, Restrictions, Easements, and Reservations for Woodside Villas, ("Declaration"), is made this ____ day of _____, 2005, by the undersigned who is the owner of the Plat of Woodside Villas, which is more particularly described in Exhibit "A" attached hereto and made a part hereof by this reference.

The following attachments hereto are made a part hereof by this reference:

Exhibit "A"	Legal Description of the Woodside Villas Plat
Exhibit "B"	<i>Future Amendment</i>
Exhibit "C"	<i>Future Amendment</i>
Exhibit "D"	<i>Future Amendment</i>
Exhibit "E"	<i>Future Amendment</i>
Exhibit "F"	<i>Future Amendment</i>

NOW THEREFORE, the undersigned hereby covenants, agrees, and declares that all of the Property as defined in this Declaration, and the buildings and structures constructed thereon, are, and will be held, sold, and conveyed subject to and burdened by the following Covenants, Conditions, Restrictions, Easements, and Reservations, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Plat, and all for the benefit of the Owners thereof, their heirs, successors, grantees, and assigns. All provisions in this Declaration shall be binding upon all parties having or acquiring any right, title, or interest in the Plat or any part thereof, and shall 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

1.0 For the purpose of this Declaration, and any amendments hereto, the following terms shall have the following meanings.

1.1 "Association" shall mean the Woodside Villas Owner's Association, a Washington non-profit corporation.

1.2 "Building" shall mean the actual apartment or condominium building including the stairways, patios, & balconies but not including the area overhung by the eaves.

1.3 "Common Areas" shall mean and refer to all property within the Plat that is owned by the Association, or that is designated by Declarant for future ownership by the Association, upon recording of the final Plat or other recorded document, including without limitation the improvements thereon, with such areas specifically including the Stormwater Tracts & systems, Wetland Tracts, common mailboxes, both private streets commonly known as Sunnybrook Lane and Fallbrook Lane, utilities and utility systems located on or in the common areas and anywhere else on, in, and over the Plat.

1.4 "Declarant" shall mean TORKILD CORPORATION.

1.5 "Declaration" shall mean this binding, and enforceable document containing Covenants, Conditions, Restrictions, Easements, and Reservations, recorded to benefit the Owners of the Woodside Villas Plat.

1.6 The term "Facility" shall refer to any system related to the storm drainage and Wetpond Tracts and systems, and to any system related to the Wetland Tracts and systems, including drainage into or out of both types of systems.

1.7 "Lot" shall mean any legally segmented and alienable portion of the Plat created through the legal process for dividing land, including Lots created by Lot line adjustment, with the exception of all streets and other public areas and Common Areas.

1.8 "Owner" shall mean the fee simple title owner of record, whether one or more persons or entities, of a Lot in Woodside Villas, and shall include Real Estate Contract Vendees, Lessees under Lease-Purchase Contracts, and a condominium owners association (its aggregate owners) which owns fee title to any particular Lot.

1.9 "Plat" shall mean the recorded Plat of Woodside Villas, recorded under the Whatcom County Auditor's File Number described in Exhibit "A".

1.10 "Property" shall mean the real property described in Exhibit "A".

1.11 The term "Resident" shall refer to anyone residing on a Lot, including but not limited to, the Lot Owner or a Tenant, or the owner including their guests.

1.12 "Structure" shall mean any Building, fencing (under limited circumstances), wall, pole or antenna, driveway, walkway, patio, swimming pool and the like, or any other permanent or temporary improvement to the Property of any kind, which may hereafter be constructed within the Plat.

ARTICLE 2

Administration of Property Rights Retained by Declarant

2.1 **Declarant's Powers Until Transition Date.** Until the Transition Date, Declarant shall have the full power and authority to exercise all of the rights, duties, and functions of the Board of Directors and the Officers of the Association, including but not limited to reviewing and approving building and landscaping plans, the adoption and modification of Rules and Regulations, contracting for the purchase of goods and services, buying insurance, and collecting and expending all assessments and other Association funds. Buying insurance is hereby not deemed a duty nor obligation.

2.2 **Managing Agent.** Declarant shall have the power to contract with an experienced professional managing agent and delegate to the managing agent all of the powers and duties of the Association that the Association is authorized to delegate under this Declaration. All such management contracts made by Declarant shall be subject to the same requirements as are set forth in this Declaration for management contracts made by the Association. Any contracts made by the Declarant, or its managing agent (including managing contracts that would otherwise extend beyond the Transition Date) shall be terminated by the Association, at their discretion, after the Transition Date upon thirty (30) days notice.

2.3 **Transfer of Administration.** On the Transition Date, the authority and responsibility to administer and manage the Association, subject to this Declaration and the Bylaws of the Association, shall pass to the Association.

ARTICLE 3

Woodside Villas Owner's Association

3.1 **Form of Association.** The Woodside Villas Homeowner's Association shall be a non-profit corporation formed 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 Articles of Incorporation and Bylaws ("Governing Documents"), as they may be amended from time to time, provided that no Governing Document shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

In the event of dissolution, the assets of Woodside Villas Owner's Association shall be conveyed only to another not-for-profit entity organized in the State of Washington with its purpose being to carry out the day-to-day management of Woodside Villas, a residential multi-family community in Ferndale, Washington, consisting of Lots 1-17 inclusive, including the storm tracts and wetland tracts therein.

3.2 Association Board. Declarant shall within 90 days of execution of this Declaration, select an initial Board of not fewer than three persons who need not be owners. The initial Board shall have the full authority and all rights, responsibilities, privileges, and duties to manage the Association under the Governing Documents. The term of the initial directors of the Board shall expire at the first annual meeting of the Association following their appointment by Declarant. The Board shall elect officers of the Association from among the Board members, which shall include a president who shall preside over meetings of the Board, and meetings of the Association.

3.3 Qualifications for Membership. Upon its formation, the fee title Owner(s) of each Lot shall be entitled to own One (1) Share per Lot of The Woodside Villas Association, ("Association"), which shall be held by the Corporation. No additional Shares may be authorized or issued. Each fee owner of a Lot, including a condominium association which owns fee title to a Lot or Lots, (and including Declarant) shall be a member of the Association and shall be entitled to one Vote for each Lot owned; provided that if a Lot has been sold on Contract or as a Lease-Purchase, the Contract Purchaser and Lessee, respectively, shall exercise the rights of an Owner for purposes of the Association, this Declaration, and the Bylaws, except as hereinafter limited, and shall be the voting representative for membership in the Association.

3.4 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon transfer of title to the Lot and then only to the transferee of title to a Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner.

3.5 Number of Votes. Each Lot shall have one vote. If any person or entity, including Declarant, owns more than one Lot, he, she, or it shall have the number of votes commensurate with the each, and the number of, Lots owned.

3.6 Voting Representative. An Owner may, by written notice to the Association, designate a voting representative for the Lot. The designated voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Association from an Owner of the Lot, or by actual notice to the Association of the death or judicially declared incompetence of voting representative. If no designation has been made, or if the designation has been revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners. If a Lot is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community. Valid powers of attorney, and executors and administrators, will also have a maximum of one vote for each Lot represented.

3.7 Joint Owner Disputes. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. If joint Owners, including husband and wife, are unable to agree among themselves how their vote shall be cast, they shall lose their right to vote on the matter in question.

3.8 Pledge Votes. An Owner may, but shall not be obligated to pledge his or her vote on all issues or on certain specific issues to a mortgagee, provided, however, that if an Owner is in default, under a mortgage on his Lot for ninety (90) consecutive days or more, the Owner's mortgagee shall automatically be authorized to declare at any time thereafter that the Lot Owner has pledged his vote to the mortgagee on all issues arising after such declaration and during the continuance of the default. If the Association has been notified in writing of any such pledge mortgagee, the Association may rely without liability on said notice, and thereafter only the vote of the mortgagee will be recognized on the issues that are subject to the pledge.

3.9 Annual and Special Meetings. There shall be an annual meeting of the members of the Association in the first quarter of each fiscal year at such reasonable place and time as may be designated by written notice for the Association mailed, postage prepaid, to the Owners' designated representative no less than thirty (30) days before the meeting. The financial statement for the preceding fiscal year and the budget the Association adopted for the current fiscal year shall be presented at the annual meeting for the information of the members. Special meetings of the members of the Association may be called at any time, in the manner which requires the approval of all or some of the Owners, or for any other reasonable purpose. Any first mortgagee of a Lot may attend or designate a representative to attend the meetings of the Association.

3.10 Financial Statements and Audits. After the close of each fiscal year, the Association shall have a financial statement for that year prepared. The financial statement shall be completed in time for the Association's annual meeting and in any event, within ninety (90) days following the end of the fiscal year. The Association may elect to have the financial statement prepared in and audited form by a certified or licensed public accountant who is not a member of the Association or an Owner. First mortgagee will, upon request, be entitled to receive the annual financial statement within ninety (90) days following the end of the fiscal year. An Owner or mortgagee, at his or her expense, may at any reasonable time, conduct an audit of the books of the Association.

3.11 Books & Records. The Association shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures of the Association, in a form that complies with generally accepted accounting principals. The books and records, authorizations for payment and expenditures, and all contracts, documents, papers, and other records of the

Association shall be available for examination by the Lot Owners, mortgagees, and/or their agents or attorneys, within a reasonable time after written notice.

3.12 Lot Ownership under Condominium Control. Any Lot may have built upon it, a Structure which, combined with the Lot, may be owned by an organized condominium association, or the Structure may later be condominiumized. In such circumstance, the Owners of the individual condominium units of each Lot shall be treated as one Owner for voting, assessment, and other purposes. If such condominium owners disagree on how their vote should be cast, or if they can not agree on any other particular matter, then they shall not vote and their vote shall be waived. Each condominium association shall run separate to the Association created hereby, and such condominium association shall provide to the Woodside Villas Owner's Association, the contact information of the board members of their own condominium association.

ARTICLE 4

Powers of the Association

4.1 Authority of the Association.

4.1.1 Adoption of Rules and Regulations. The Board is empowered to adopt, amend, and revoke on behalf of the Association, detailed administrative rules and regulations necessary or convenient, from time to time, to insure compliance with the general guidelines of this Declaration, and to promote the comfortable use and enjoyment of the Property. The rules and regulations of the Association shall be binding upon all Owners, occupants, guests, and all persons claiming any interest in the Property.

4.1.2 Enforcement of Declaration. The Board (or Declarant, or Declarant's managing agent until Transition Date) shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the Bylaws, or the rules and regulations of the Association for the benefit of the Association. The failure of any Owner to comply with the provisions of this Declaration, the Governing Documents of the Association, or the rules and regulations of the Association shall give rise to a cause of action in favor of the Association (acting through the Board), or in the case of issues involving Water Park or trail network, the City of Ferndale. The prevailing party shall be entitled to a judgment for expenses reasonable incurred, court costs and reasonable attorneys fees.

4.1.3 Goods and Services. The Board shall pay for the common expenses of the Association including without limitation all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Common Areas. The goods and services include without limitation legal and accounting services, maintenance, repair, landscaping, gardening, materials, fixtures, and equipment that are in the Board's judgment

necessary to maintain the Tracts owned by the Association in at least as good condition as when initially completed unless otherwise authorized by the City of Ferndale.

4.1.4 Taxes. The Board shall pay all taxes and assessments imposed or levied on the Common Areas, if any.

4.1.5 Managing Agent. The Board may, but shall not be required, to contract with an experienced professional agent to assist the Board in the management and operation of Common Areas and those portions of the Lots for which the Association is responsible under this Declaration, and the Board may delegate such of its power and duties to the managing agent as it deems to be appropriate, except as limited herein. Only the Board can approve an annual budget or a supplemental budget, and only the Board can impose a special assessment on a Lot or authorize foreclosure of an assessment lien. Any contract with a managing agent shall have a term no longer than one year (but may be renewable by agreement of the parties for successive one year periods).

4.1.6 Protection of Common Areas. The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the Property, settle claims, or otherwise act in what it considers to be the best interest of the Property or the Association; and with regard to the Wetland Tracts and Stormwater Tracts, shall be required to take such actions as are determined by the City of Ferndale to be in the best interest of the general public.

4.2 Budget and Assessment for Common Expense.

4.2.1 Fiscal Year: Preparation of Budgets. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year. Within thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the charges (including common expenses, and any special charges for particular Lots) to be paid during such year. The Board shall make provisions for creating, funding, and maintaining reasonable reserves for contingencies and operations, as well as for repairs or replacement of Common Area facilities. The Board shall take into account any expected income and any surplus available from the prior year's operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain, from assessments, a reserve fund for repair of these Common Areas which can reasonably be expected to require repair. The Board shall calculate the contributions to such fund so that there are sufficient funds therein to repair the Common Area covered by the fund. The Declarant or initial Board may at any suitable time establish the first such estimate. If the sum estimated and budgeted at any time proves inadequate for any reason (including non-payment for any reason of

any Owner's assessment). The Board may at any time levy a further assessment, which shall be assessed to the Owners in like proportions.

4.2.2 Assessments. Each Owner, by acceptance of a Deed to a Lot, whether or not it is so expressed in the deed, is deemed to covenant and agree to pay to the Association all assessments and charges against the Lot pursuant to this Declaration. The sums required by the Association for common expenses as reflected by the annual budget and any supplemental budgets shall be assessed equally against the Lots. Additional Special Assessments may be made as the Board deems necessary or desirable.

4.2.3 Notice of Assessment. The Board shall annually notify each Lot Owner in writing of the annual assessments to be paid for his or her Lot and shall furnish copies of each budget on which the assessments are based to all Lot Owners and, if so requested, to their respective Mortgagees.

4.2.4 Payment of Assessment. The notice of assessment shall provide for the date of payment thereof which shall be on the first of a month not less than thirty (30) days following the mailing of the notice. The Board may require the annual assessments to be paid in one payment or in its discretion may provide for monthly payment of such assessment. Each annual notice shall clearly state the due date or dates and manner of payment. Any assessment not paid by the first day of the calendar month for which it is due shall be delinquent and subject to the interest and late charges provided herein.

4.2.5 Initial Assessment Pending Budget and Notice. Upon initial transfer of any Lot from Declarant to Buyer, the initial Buyer shall pay into the Association the amount of \$250.00 through escrow. In addition, a regular monthly Assessment in the amount of \$95.00, is due and payable on the first day of each month, shall be paid and collected as an Assessment for the Association. This regular monthly Assessment shall be delayed for each particular Lot until the first day of the next month following the initial transfer of such particular Lot from Declarant or one of its related entities, to a third party Buyer, and this provision shall not be changed.

4.2.6 Proceeds Belong to Association. All assessments and other receipts received by the Association shall belong to the Association.

4.2.7 Failure to Assess. Any failure by the Board or the Association to make the budget and assessments hereunder, before the expiration of the fiscal year, shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, nor a release of the Owners from the obligation to pay assessments during that or any subsequent year, and the monthly assessment amount established for the preceding fiscal year shall continue and be similarly due until a new assessment is established.

4.2.8 Certificate of Unpaid Assessments. Upon the request of any Owner or Mortgagee of a Lot, the Board will furnish a certificate in recordable form stating the amount, if any, of unpaid assessments charged to the Lot. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchasers and Mortgagees of the Lot who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

4.3 Lien and Collection Assessments.

4.3.1 Assessments are a Lien; Priority. All unpaid sums assessed by the Association for the share of the common expenses charged to any Lot, and any sums specially assessed to any Lot under the Authority of this Declaration or the Bylaws, shall constitute a lien on the Lot and on all its appurtenances, from the date the assessment becomes due until finally paid. The lien for such unpaid assessments shall be subordinate only to liens imposed by the City of Ferndale and to county real estate tax liens on the Lot.

4.3.2 Lien may be Foreclosed. The lien for delinquent assessments may be foreclosed by suit by the managing agent or by the Board, acting on behalf of the Association, in like manner as the foreclosure of a deed of trust on real property. The managing agent or the Board, acting on behalf of the Association, shall have power to bid on the Lot at the foreclosure sale, and to acquire and hold, lease, encumber, and convey same.

4.3.3 Assessments are Personal Obligations. In addition to constituting a lien on the Lot, all sums assessed by the Association chargeable to any Lot, together with interest, late charges, costs and attorney fees in the event of delinquency, shall be the joint and severable personal obligations of the Owner, and any Contract purchaser and any Purchaser under a Lease-to-Own contract, when the assessment is made, including their grantees. A lawsuit to recover personal judgment for any delinquent assessments shall be maintainable without foreclosing, or waiving the liens securing them.

4.3.4 Late Charges and Interest on Delinquent Assessments. The Board may from time to time establish late charges and rate of interest to be charged on assessments that may thereafter become delinquent. In the absence of another established non-usurious rate, delinquent assessments shall bear interest at a rate of 12% per annum, or such other maximum rate as permitted by law if this rate shall be determined to be usurious. If any portion of an assessment against a Lot is not paid when due, the managing agent of the Board may elect to declare the full outstanding assessments against the Lot to be immediately due and payable.

4.3.5 Recovery of Attorney Fees and Costs. In any action to collect delinquent assessments, the substantially prevailing party shall be entitled

to recover as part of its judgment, a reasonable sum for attorney fees, and all costs and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

4.3.6 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them and any other remedies which may be available under law, although not expressed herein, either concurrently or in any order.

4.3.7 No Avoidance of Assessment. No Owner may avoid or escape liability from assessments provided for herein by non-use of the Lot, common areas, private streets, Wetland Tracts, Stormwater Tracts, or by abandoning the Lot.

4.3.8 Security Deposit. An Owner who has repeatedly been delinquent in paying the assessments may be required by the Board, from time to time, to make and maintain a security deposit not in excess of 150% of the average annual assessment of the proceeding three (3) years. The deposit shall be held in an interest bearing separate fund, credited to such Owner, and may be resorted to at any time, when such owner is ten (10) days or more delinquent in paying any assessment.

ARTICLE 5

Limit of Liability, Indemnification, and Disclosure

Section 5.1 Limitation of Liability and Disclosure.

5.1.1 Liability for Utility Failure, Etc. To the extent that it is not covered and actually paid by insurance in effect, neither the Association, nor the Board, nor the Declarant or its agent, nor Torkild Corporation including its successors and/or assigns, nor any officers, directors, shareholders, or employees of Torkild Corporation or its successors and/or assigns, nor any Owner, shall be liable for any failure or inadequacy of any utility, system, or Tract, nor of any adverse land condition or land settlement, nor of the condition or failure of any tree, retaining wall including wetpond retaining walls if any, nor of the failure or lack of any service, nor for the inconvenience or discomfort resulting from any action(s) taken to remedy same. No diminution or abatement of common expense assessments shall be claimed or allowed for any such failure, or for such injury or damage, or for such inconvenience or discomfort.

5.1.2 Release, Hold Harmless, and Indemnification. **The Woodside Villas Plat was engineered and developed under the strict authority and supervision of various federal, state, and local jurisdictional entities, and in accordance with the standards then required, and has been fully surveyed, engineered, completed, and permitted under such supervision**

and review. Moreover much of the utilities have been engineered and installed by the utility companies themselves. Therefore, each Lot is sold by the Declarant or its assigns on an As-Is and Where-Is basis, without warranty, express or implied, including the warranty of merchantability or fitness for a particular purpose. Therefore, the Association, and each Owner, jointly and severally, acknowledges and agrees that by purchasing and/or owning, and/or renting, and or leasing, and/or having any interest in a Lot, unit, tract, or portion of the Woodside Villas Plat or the buildings therein, they and each of them, agree to be bound by and shall adhere to these CC&R's, and that they are agreeing to release, hold harmless, and indemnify Declarant (and assigns), including its and its Officers, Directors, and employees, and including its engineers, surveyors and contractors, for any liability and negligence in connection with the design, development, engineering, construction, and administration of the Woodside Villas Plat and its components, including but not limited to, roads, utilities, systems, structures including wetpond retaining walls, drainage, slopes, etc. The Association shall maintain insurance for same as provided for herein, and obtaining insurance shall not be the responsibility of Declarant.

5.1.3 No Personal Liability. So long as a Board member or Association committee member, or Association officer, or Declarant, or Declarant's managing agent has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such person, then no such person shall be personally liable to any Owner, or to any other person nor the Association for damage or injury suffered or claimed on account of any act, failure to act, omission, error, or negligence of such person, provided, that this section shall not apply where the consequences of such act, failure to act, omission, error, or negligence are covered by insurance obtained by the Board.

5.2 Indemnification. Each Board member, Association committee member, Association officer, Declarant, and Declarant's managing agent shall be indemnified by the Association against all expenses and liabilities, including attorney fees incurred or imposed in connection with any proceeding to which he may be a party or in which he may become involved by reason of holding or having held such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except to the extent such liabilities or insurance are covered by insurance, and except in such cases wherein such person is adjudged guilty of willful misfeasance in the performance of his or her duties, provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association pursuant to this clause.

5.3 Disclosure Regarding Mitigation or Impact Fees. Owners agree and acknowledge that mitigation and/or impact fees for parks, traffic, water &

sewer connection, and the like, will be charged by the City of Ferndale for each building constructed within the Woodside Villas Plat, based upon the number of units in each proposed building, or some other factor, and such fees shall be paid at the time of Building Permit issuance. Therefore, any mitigation fees imposed by the City of Ferndale shall be the Owner's own responsibility, and not the responsibility of the Declarant, nor of the Woodside Villas Owner's Association, and each Lot Owner hereby releases the Declarant and the Association for same.

ARTICLE 6

Construction, Use and Maintenance

The facilities and utilities within the Woodside Villas Plat shall be fully and proactively maintained by the Association, including regular pipe and drain flushings, water main blow-offs, clean-outs, etc., which shall occur at least once per year. Storm Drains, storm pipes, overflows, outflows, and catch basins shall be cleaned out twice per year, including at the end of October. All asphalt shall be sealed regularly by the Association, and at least once by September 2006.

6.1 Multi-Family Development. Each Owner hereby acknowledges that only multi-family buildings, including condominiums, of good construction standards and pleasing exterior appearance shall be constructed on the Lots, and in all circumstances, only that style and type of structure with all requirements as imposed by the City of Ferndale. In the event that any Lot is sold, each Lot purchaser will thereafter be the Owner, and the Owner, if intending to construct a building, shall be obligated to construct thereon a building meeting the standards of the DRC. No construction shall be commenced unless the DRC has previously approved the plans and specifications, including finish grading and landscaping. The DRC shall have no liability to any Owner or entity.

6.2 Design Review Committee. Owners may construct a residential multi-family building of their design on each Lot, subject to the approval of a Design Review Committee ("DRC") and the City of Ferndale. Declarant may appoint the initial DRC which shall include not less than two (2) persons who need not be Owners. Declarant may be a member. After the Transition date, the Association shall assume the responsibilities of the DRC, and the DRC shall then include not less than three (3) persons who need not be Owners. The Association shall then determine how DRC members are elected. The DRC may be terminated when the development is fully built out.

6.3 Architectural Control. No Structure shall be erected or constructed, nor any Structure remodeled or altered, including as to exterior materials, on any Lot unless a complete set of 2 x 3 building plans and specifications and site plans (which shall include the shape, height, materials, exterior color schemes, and location of the Structure) shall have been submitted to and approved by the DRC.

6.3.1 Approval of the DRC. The plans and specifications shall be submitted in a form satisfactory to the DRC, which may withhold its approval by reason of its reasonable dissatisfaction with the location of the Structure on the Lot, color scheme, finish, architecture, height, impact on view from another Lot or Lots, appropriateness of the proposed structure or part thereof, materials used therein or thereon, or because of its reasonable dissatisfaction with any other matter which, in the reasonable judgment of the DRC, would render the proposed Structure inharmonious with the general plan of development and/or concepts of the Property, or with the other Structures nearby. The DRC's approval of any plans and/or specifications pursuant to this Declaration shall not constitute any warranty or representation that such plans and/or specifications were examined or approved for engineering or structural integrity or sufficiency or compliance with applicable laws, and each Owner hereby releases any and all claims against the DRC, the Board, Declarant and/or managing agent based upon any issue including but not limited to engineering or structural integrity, or compliance with applicable laws. The DRC is entitled to make exceptions to the rules as it deems necessary.

6.3.2 Design Review Fee. The Design Review Committee shall not charge to Owner any fee for the costs to review Owner's plans and specifications.

6.4 Description of Utilities Available. The utilities include: Public Water, Sewer, Electricity, Natural Gas, Cable TV, and provisions for Storm Drainage. Roof Gutter drainage shall be installed by each Owner in accordance with the Plat if a hook-up has not been provided. In some cases, roof gutter drainage has been provided. Otherwise, an Owner may simply connect storm drainage into the nearest Stormwater Tract. Each owner must install at least one gas meter with service to its building at the time of construction. Regarding Power, service wire is Owner provided, installed, and maintained.

6.5 Building Specifications. In all circumstances, buildings shall be constructed in accordance with the City of Ferndale Codes and Regulations.

6.5.1 Number of Units per Building. There shall be one (1) Building per Lot (which may include two connected structures), with a minimum number of 2 dwelling units per building, and a maximum number of 4 dwelling units per Building.

6.5.2 Number of Rooms per Unit. There shall be no restriction on the number of total rooms per unit within a Building, except that each unit shall have a maximum of 3 bedrooms and a maximum of 2 and 1/2 bathrooms. No "den" or "office" can be intended or used as a bedroom.

6.5.3 Square Footage Requirements. There are no minimum square footage requirements. The maximum square footage allowed is 1,400 square feet per unit, with a footprint of 3,800 square feet maximum to

include storage or laundry room accommodations. This figure shall not include detached carports, exterior balconies, exterior patios, or exterior walkways.

6.5.4 General Configuration. There shall be no restriction on the configuration of each building, and buildings may generally conform to the following configurations at the Owner's discretion: Units side by side / Units above one another / Two story townhome style units / Other layouts / Or any combination of these, provided it received approval from the City of Ferndale. The maximum dwelling height shall be two stories, with height restrictions typically required by the Ferndale City Building Codes and standards.

6.5.5 Garages shall not be allowed. See carport provisions.

6.5.6 Orientation of Buildings. Buildings shall be oriented as the Owner may desire, but shall not have its back to its own parking areas. The side of the Building facing the parking must be architecturally and aesthetically pleasing.

6.5.7 Setbacks. Setbacks shall be that typically required by the City of Ferndale, but building construction shall be permitted anywhere within the Building Envelopes depicted on the face of the Plat, and in accordance with setbacks typically required by the City, or outside of the building envelopes if not disallowed by the City of Ferndale.

6.5.8 Improvements. At the request of the Association, an Owner may be required to construct or install certain drainage, facilities, driveway, or any other improvement that the Association may believe prudent or necessary.

6.5.9 Type of Foundation. Foundations may be raised or slab for Lots 2 through 12, and not slab for Lots 1, and 13 through 17, and the buildings on Lots 1, 13, 14, 15, 16, & 17 shall have as a minimum finished floor elevation, 46 feet, according to the Ferndale City Datum. This minimum finished floor elevation may be changed later by decision of the Declarant or the Association.

6.5.10 Lot 17. There exists under the West portion of Lot 17, a small private runoff drain, and an easement for maintenance of same. Construction on Lot 17 may occur over and on top of this small private drain pipe, provided access to the pipe is allowed at each end, and provided the City of Ferndale accepts the site plan.

6.5.11 Architecture Style. Various Architectural styles are permitted, except for contemporary style. Craftsman style is preferred.

6.5.12 Roofing. Roofs may not be flat, and shall have a minimum of 1 foot rise to every 6 foot run in pitch. Roofing shall be Composition, and shall be

one of two generally described colors:

Dark Charcoal, or
Darker Brown.

Prior to Construction, Owner will provide a color sample to the Design Review Committee to confirm color match.

6.5.13 Windows. All windows shall be white vinyl. All windows shall be externally wrapped with casing prior to the installation of siding.

6.5.14 Materials: Siding shall *not* be composed entirely of wood shake, nor shall siding be made of aluminum, or T-111. Siding may be cedar, vinyl, or hardiplank with trim pieces of shake, etc. Prior to Construction, Owner will provide a siding scheme with color samples to the Design Review Committee.

6.5.15 Lighting. Each Building shall have an operable darkness sensing light mounted on the exterior front side of the building which shall be used to better illuminate the carport and walkways in front of the building. Each building shall also have a front door light for each separate front entrance to the building's units, or if there are shared entrance foyers, there shall be at least one operable darkness sensing exterior light at each such shared front entrance. Other such exterior lighting may be provided for at the Owner's discretion provided there are no lights shining directly into any residence windows.

6.5.16 Use of Stone. Each Building must incorporate some stone or artificial stone on its front side or corners which face the parking areas. The amount and style shall be left generally up to the builder's discretion, but some stone work must be shown on the plans, and its make, type, and color identified. Such stone work is subject to review and approval by the DRC. A color sample shall be provided to the DRC upon request.

6.5.17 International Building Code. All buildings shall be built according to the Code adopted and in force in the City of Ferndale. The Whatcom County Planning and Development Services, Building Services Division, or some other proper jurisdiction, shall control fire sprinklering, if necessary.

Fire sprinklering may not be necessary depending on building design. However, all buildings shall conform to the requirements of any appropriate jurisdiction.

If sprinklering is required, an Owner shall provide either:

a) A building design meeting the code requirement of the IBC or IRC and provide a sprinkler system meeting the requirements of NFPA 13R; or

b) A building design meeting the code requirements of the IBC or IRC and provide a 2-hour firewall separating a 4 unit building into 2 units per side with a sprinkler system meeting the requirements of NFPA 13D. In this instance, the firewall will need to meet any and all code requirements to make the buildings two separate buildings; or

c) Such other design as may be required by the City of Ferndale.

6.6 Walkways. A 4' concrete walkway 4" thick is required to front each parking space assigned to a particular Lot Owner's building, as established in the Easement Delineation, with the exception that the parking spaces fronting Wetland Tract E shall not have any walkways in front of the parking spaces. Lots 3 and 12 need not construct a sidewalk for its spaces.

The DRC is entitled to make further exceptions. There is hereby established a joint and mutual easement on all Lots for pedestrian use of the sidewalks. Additionally, walkways shall extend from each building entrance and stairway.

Curbing is required pursuant to then current City landscaping requirements, and as may be necessary to better enable storm drainage flow. The City of Ferndale and the DRC is the final say on curbing. Owners shall be responsible for all interior curbing on their own Lots.

6.7 Color. All buildings shall be one of three "Olympic" brand Color Schemes:

Required Base: Stoney Creek (D13-4)
Recommended Trim: Heavy Cream (C14-2) and/or Bordeaux (C35-6) and/or White
Doors Recommended Color: Heavy Cream (C14-2) or Bordeaux (C35-6) or White
Stair Rails: Stoney Creek (D13-4) or Black or White or Natural Wood
Deck Rails: Stoney Creek (D13-4) or Black or White or Natural Wood

Or

Required Base: Toasted Almond (D13-2)
Recommended Trim: Snowbank (C40-2) and/or Coffee Bean (D16-6) and/or White
Doors Recommended Color: Snowbank (C40-2) or Coffee Bean (D16-6) or White
Stair Rails: Toasted Almond (D13-2) or Black or White or Natural Wood
Deck Rails: Toasted Almond (D13-2) or Black or White or Natural Wood

Or

Required Base: Green Tea Leaf (D67-4)
Recommended Trim: Dusty Trail (D13-3) and/or Country Beige (D18-1) and/or White
Doors Recommended Color: Dusty Trail (D13-3) or Country Beige (D18-1) or White
Stair Rails: Green Tea Leaf (D67-4) or Black or White or Natural Wood
Deck Rails: Green Tea Leaf (D67-4) or Black or White or Natural Wood

6.7.1 For Vinyl Siding:

Required Base: Tan in a shade pre-approved by the DRC

Recommended Trim: White
Doors Recommended Color: White
Stair Rails: Black or White or Natural Wood
Deck Rails: A color that exactly matches the base or Black or White or Natural Wood

The exterior doors in any building shall be the same color.
Prior to construction, Owner will provide a paint scheme to the Design Review Committee, with color samples to confirm the color match.

6.8 Building Envelopes. Building Envelopes have been set forth within each Lot of the Woodside Villas Development for the purpose of affirmatively and clearly establishing, as a part of the jurisdictionally approved and permitted Plat, the building setbacks and critical area buffers required under the regulations in effect on September 22, 2004, which was prior to the adoption of the critical Areas Ordinance. Therefore, at any time within 5 years after the recording of the Final Plat, Buildings may be constructed anywhere within the building envelopes. Owners release and hold Declarant harmless for changes should the City or any other entity further restrict or condition same.

6.9 Aesthetics

6.9.1 Vacant Lots. All vacant lots must begin construction no later than 12 months after transfer of title. Until built upon, Vacant Lots must be kept mowed, and no shrubs must be allowed to grow more than 12" high. Within 30 days after purchase, existing trees must be aesthetically cleaned, so that they do not appear "brushy" nor hazardous. Trees must be maintained aesthetically appealing. No accumulation of water on any Lot is permitted.

6.9.2 No Manufactured Homes. There shall not be permitted within the development, any manufactured homes. All structures must be site built.

6.9.3 Walkways. Walkways shall be made of broom finished Concrete in its natural color, not exposed aggregate. It shall be 4" thick, and shall be completed prior to occupancy.

6.9.4 Entrance Orientations. Entrances shall not all be oriented at the rear side of the building Lot.

6.9.5 Laundry Rooms. Laundry Rooms are permitted within each unit, or instead, a laundry room may be established for the use of one (1) entire Building, provided the laundry room is constructed as an attached part or within the overall footprint of that Building, and the laundry room is well maintained. There shall be no hanging laundry anywhere on any Lot or Common Area.

6.9.6 Storage Sheds. Storage sheds detached from the building are not permitted. A storage shed is permitted if it is attached to the building, with the same look and siding, and constructed within the footprint of the one

(1) building that it may serve. It must remain locked, and its appearance must be well maintained. Poisons are not permitted to be kept inside.

6.9.7 Utility Meters. Utility Meters and regulators shall not be placed on the side of the Building that faces the parking unless they are entirely in-ground.

6.10 Trash Containers and Locations. All trash containers shall have closing and locking lids, and no accumulation of trash shall be permitted. Trash containers shall not be kept at the front of the buildings. Trash cans shall be screened from public view. Ideally, trash containers shall be kept on one side of the building they are servicing, and screened by one (1) 4' high fence panel, or by shrubs.

6.11 Lot 16. Lot 16 shall construct, stripe and maintain an asphalt area between the parking spaces designated for Lots 16 & 17 that Lot 16 shall use for placing its trash cans on trash collection day only.

6.12 Completion of Construction. The exterior shell of any Structure erected or placed on any Lot and all landscaping approved by the DRC in connection therewith shall be completed as to external appearance before any building or unit is occupied. All construction including landscaping, shall be completed within twelve (12) months of the date of commencement of construction

6.13 Residential Use. The dwellings within the Structures are intended for, and restricted to, the social, recreational, and other reasonable activities normally incident to multiple family dwelling areas under the law of the City of Ferndale. This restriction is not intended to prevent in-house quarters for domestic help. Declarant may use Structures it owns as sales offices and models for sales of other Lots.

6.14 Maintenance of Buildings and Lots. Each Owner shall, at the Owner's sole expense, keep the interior and exterior of the building on the Owner's Lot in a clean and sanitary condition, free of rodents and pests, and in good order, condition and repair and shall do all redecorating, painting and staining at any time necessary to maintain the appearance and condition of the building at a level substantially equal to the buildings on the other Lots. Interior window coverings shall not become damaged or unsightly. Each Owner shall also, at such Owner's sole expense, keep all portions of the Owner's Lot in a clean, neat and orderly condition, including, without limitation, all driveways and landscaping, so that all portions of the Owner's Lot are at all times maintained at a level substantially equal to the areas designated on other Lots for landscaping. Burned out lights shall be replaced promptly. Lawns shall be kept healthy and mowed, and other areas shall be kept reasonably free of weeds. If an Owner has not yet constructed improvements on the Lot he or she shall not be obligated to landscape the Lot but shall not permit noxious plants, blackberry vines, or the storage or stacking of trash, brush or branches thereon. Ground cover may then not

exceed 6".

6.15 If the Board gives any Owner written notice directing the Owner to remedy a violation of this Article and the Owner fails to do so within seven (7) days after receipt of such notice, the Board and/or its agents, contractors or employees shall thereafter be entitled and is hereby declared to have an easement to go upon such Owner's Lot and do any and all things reasonably necessary to remedy such violation. The Board shall be entitled to bill such Owner for the costs and expenses incurred in doing so and such bill shall constitute an assessment against the Owner's Lot that may be enforced against the Owner and/or the Lot in accordance with the provisions of this Declaration.

6.16 Leases. No Owner or other Person shall be permitted to lease or otherwise rent a building or dwelling unit on any Lot for a term of less than thirty (30) days. No leases or rentals may be of less than an entire dwelling unit. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of this Declaration and the Bylaws and rules and regulations of the Association.

6.17 Monuments. Up to two development signs or monuments may be established by the Declarant to introduce the name of the development as Woodside Villas, and it may include the Declarant's name. It is hereby agreed that such signage or monuments can not be moved, removed or altered regardless of future decisions, votes, or amendments to these CC&R's. Declarant and TORKILD CORPORATION are granted a perpetual easement across all common areas and Lots in order to construct, maintain, replace, and repair such signage or monuments as they deem necessary or beneficial, and the placement of signage and/or monuments along with the easements to maintain same shall be perpetual and shall run with the land. Declarant has the right but not the obligation to construct, maintain, and replace the signage and/or monuments, but Declarant does not have the obligation to do same. It is the Association that shall be first charged with the maintenance of the development signage and/or monuments. In all circumstances, the name TORKILD CORPORATION shall remain a part of such signage or monument, in the same configuration and font style and size, unless Torkild Corporation gives written notice that it wishes its name changed, or stricken from the sign and/or monument, which such that case, shall be done by the Association within 30 days of the receipt of such notice. Declarant has the right to have its name removed from any signage. The name of the development shall remain Woodside Villas in perpetuity.

6.18 Landscaping.

Hydroseeding or other acceptable erosion control shall be applied by the Association, at its expense, to all soils remaining exposed as of December 1, 2005, including on Owners Lots unless those Lots are presently under construction.

6.18.1 A general Development-wide landscaping plan has been established and is attached as Exhibit "D" hereto and made a part hereof by reference.

General Definition of Acceptable Street Front Planting for Woodside Villas: Consistent with Ferndale Municipal Code, the private parking areas inside of Legoe Lane shall be screened from view with evergreen shrubs. Landscaping shall provide screening of vehicles, but shall also allow for visibility at driveways consistent with Ferndale City Standard Drawing R-19 (as of the time of Final Plat Approval), for residential streets. Landscaping in the visibility triangle shall be a species not typically exceeding 30 inches at maturity. Landscaping shall be generally compatible throughout the development.

6.18.2 Approved Minimum Landscaping. Each Owner shall, as a part of the construction on their own Lot, construct and maintain landscaping in accordance with the minimum requirements as established in the Landscaping Plan set forth herein, as may be modified from time to time by the Association. Each owner is responsible for initially installing and maintaining the landscaping according to the plan.

The Association shall, within 8 months after final Plat approval, install and maintain all remaining vegetation required by the Landscaping plan in the common areas.

6.18.3 The Declarant, or the Association's DRC has the Authority to permit landscaping in addition to that minimum landscaping requirement specified on the landscaping plan, provided, all City ordinances are followed and provided, the landscaping along Washington Ave or Legoe Lane shall not be changed without first obtaining the City's permission.

6.18.4 Additional Landscaping. No Lot shall otherwise be graded, landscaped, planted or improved unless its general landscaping plan has first been submitted to and approved by the Declarant or DRC. All grading, landscaping, planting or improvements on the surface of the Lot shall conform to such plans or to a revised plan which has been submitted to and approved by the Declarant or DRC. No tree on the Property in excess of six (6) inches in diameter may be cut without prior written approval of the DRC, or Declarant if it is done before the Transition Date, provided that notwithstanding the foregoing, no tree shall be planted or permitted to grow to such a height or density so as to impair (in the sole discretion of the Board) the view from any other Lot within the Woodside Villas development. The trees on Lot 3 may be cut in their entirety without DRC approval.

6.18.5 Completion Date. All landscaping provided for herein shall be fully completed by an Owner prior to the occupancy of any resident in the Owner's Building.

6.18.6 Landscaping Areas Maintained by the Association. Certain landscaped areas to be maintained by the Association include such areas depicted on the Woodside Villas landscaping Plan, which includes the Easterly side of Fallbrook Lane, the Stormwater Tracts, and the Wetland Tracts. The landscaping within the vegetation buffer along Legoe lane shall also be maintained by the Association. Each Owner is responsible for the initial installation of landscaping within the Legoe Ln buffer area (alongside the sidewalk) which shall be completed prior to occupancy in that Owner's building. Such areas shall be maintained by the Association in accordance with the landscaping plan as may be, from time to time, amended.

6.19 Trees.

6.19.1 Existing Trees. Where there are existing trees, Owners shall be permitted to keep and maintain such trees in addition to the landscaping plan, provided, the trees are kept safe, aesthetically cleaned, and not "brushy" or "limby".

6.19.2 New Trees. New trees shall be planted in accordance with the landscaping plan. An Owner may plant additional trees, provided no newly planted tree is permitted to grow higher than the Owner's Building roofline.

6.20 Fencing.

6.20.1 Stormwater System Fencing. Stormwater System fencing around Wetpond "A" shall consist of chain link fencing that shall be maintained by the Association and not modified by Owners. Fencing around Wetponds "B" and "C" shall consist of split rail wood fencing with a wire fencing underneath. Fencing shall be maintained by the Association and not modified by Owners, but may be more protectively modified by the Association.

6.20.2 Wetland fencing. If wetland fencing is installed, it shall consist of split rail wood fencing which all shall be maintained by the Association and not modified by Owners. Otherwise wetland protection signage shall be maintained.

6.20.3 Fencing on each Lot. There shall be no fencing whatsoever on any of the Owner's Lots, except that limited perimeter fencing consisting of 6' standard or better cedar privacy fencing may be installed only on the Lots bordering properties not included in the Woodside Villas Plat, specifically, on Lots 1-4 plus 11 & 12 plus 13-17 on the East side, on the far side of the driveway, provided there is also installed a man gate for a fire hose to access the hydrant in the complex next door to the East on Washington Street. Such fences shall be a screening divide and only installed between the Woodside Villas Development and other properties not part of the development. Lots 13 through 17 MUST install 6' high standard or better

cedar privacy fencing along the property line in the common area east of Fallbrook to screen Woodside Villas from the apartment buildings to the East. There must be a man gate of wood to allow access to the fire hydrant which is located on the property to the East by the rear building. The Owner's portion of fencing along the Owner's own property line East of Fallbrook Ln. must be installed prior to occupancy of that Owner's building.

6.20.3 Fencing on Lots 3 & 4. A 6 foot cedar privacy fence has been installed along the Northerly property line adjacent the three private lots to the North, owned by others and not associated with the Woodside Villas Plat. The fence has been offset 2' into Lots 3 & 4 along the most Westerly and Easterly of the three private lots in order to avoid cutting down certain trees. The fence has been additionally offset along the boundary of the middle of the three private lots in order to go around an existing chain link fence. Therefore, for set-back purposes, unless the City doesn't allow it, the property line for the most Westerly and Easterly of the three private lots shall still remain, and shall still be deemed to be, 2 feet to the North of that portion of the fence line which runs along the most Westerly and Easterly of the three private lots; and further, the property line shall, until determined otherwise, still remain, and shall still be deemed to be, consistent with this described line as it also runs through the middle of the three northerly private lots adjacent the Woodside Villas Plat.

6.21 Street Lighting. Woodside Villas may install street lighting that is owned, serviced, maintained, and lighted by Puget Sound Energy contract. Such contract shall be paid by the Association, and is subject to changes by PSE.

6.22 Dog Runs. There shall be no fencing or caging for dogs nor for dog runs. All dogs must be on a leash while on the Woodside Villas Plat.

6.23 Parking.

6.23.1 Number of Parking Spaces. There is platted for each Lot, an area reserved to construct and maintain a maximum of 6 parking spaces, except for Lot 17, which has area for a maximum of either 5 or 6 parking spaces, at its, or the City's discretion.

6.23.2 Parking Space Designations. Each Lot has its own permanently assigned parking spaces, as set forth in the Woodside Villas Easement Delineation attached hereto as Exhibit "C". Owner is responsible for constructing same, and for Lots 4 through 12, Owner shall construct the driveway as well, all according to the standards set forth herein.

Declarant hereby conveys and quit claims to the Association and to each Owner an easement for the construction, use, and maintenance of the particular parking spaces assigned to each Lot as identified in the Woodside Villas Easement Delineation attached hereto as Exhibit "C".

Of the parking spaces assigned to a particular Lot, each Owner must assign its own parking spaces to its own tenants. In one or more occasions, a parking space may be located within the physical boundaries of another Lot. The Easement Delineation shows the parking arrangement and easements. The spaces reserved for use by any particular Lot and its Owner, shall also be initially constructed, and thereafter maintained by that Owner. In all cases, the Owner who is entitled to use any particular parking space for his building, gets to use those parking spaces for his building exclusively, and no other Owners shall permit their tenants or guests to use parking spaces reserved for another building.

6.23.3 Parking Space Construction. Every Owner is to get their parking area plan approved by DRC prior to construction to insure conformity, and the parking plan must comply with the layout of the recorded Plat. Lot 14 & 15 shall have a gap or tube connecting the two separate parking areas so that water can drain out of each of the double-spaced parking areas. Parking spaces shall be constructed and striped before any resident is allowed occupancy.

6.23.4 Parking Space Construction Standards. Most Lots are developed and first sold without parking spaces. It is the Owner's responsibility to install such paved access and parking areas in connection with the construction of their building Structure. Such shall be completed before occupancy of the Structure is allowed.

6.23.5 Driveway and Parking Standards. All driveway areas and the parking spaces on all of the Lots, shall be constructed by Owners using a 6" gravel base, with 4" of Class B asphalt surfacing, and shall incorporate and tie into, existing storm drain systems, if any, found within the driveway and parking spaces. The grade of each driveway/parking space area shall match required grade exactly, and conform to the other driveway/parking space areas on adjacent Lots for proper storm drainage flow and aesthetics. Parking areas shall be striped with white 4" paint stripes, and not be less than 19 deep by 9 wide. Each Lot shall have 6 parking spaces, except for Lot 17, which shall have only 5 unless the City allows a fourplex to be constructed, then it shall have 6. Parking spaces shall be 19' long and 9' wide each.

6.23.6 Driveway and Parking Area Maintenance. Upon signs of excessive wear, the Association will take the steps necessary to bring the driveways up to "good" condition, including paint striping. Upon signs of excessive wear, each Owner shall take the steps necessary to bring its assigned parking spaces up to "good" condition, including paint striping, and the Association shall enforce same.

6.24 Carports. Carports may be constructed if any particular Owners feels it may be desirable, or unless the DRC, or the Association upon majority vote,

requires that all Owners construct carports, or do not construct carports. However, if any carport is constructed, it shall be constructed according to the same design as all the rest of the carports in the development, using the same material. They shall all be painted and maintained in a uniform color, matching the other carports exactly. There shall first be submitted to the DRC, a design with color confirmation for the DRC's approval. Failure to do so will result in the required removal or reconfiguration of the carport.

6.24.1 Carport Design. Carport design shall be determined by the DRC, but shall be a wood structure with asphalt shingle roofing, painted, and with a hip or gabled roof as may then be determined by the DRC. Locations to be determined by the City of Ferndale, and only 4 of the 6 parking spaces on each Lot may be covered.

6.25 No Inoperable Vehicles. No commercial trucks, campers, recreational vehicles, trailers, or boats, and no vehicles of any type which are not in operable condition, shall be parked on any portion of a Lot or in the streets adjacent to Woodside Villas.

6.26 Mailboxes. Mailboxes have not been installed. Each Owner is responsible for installing its own Cluster Box Unit Mailboxes. Cluster Box Unit Mailboxes shall be installed and maintained by Owners consistent with the City and USPS approval, and in the locations shown pre-approved by the Postmaster General on Exhibit "E".

6.27 Guest Parking. Parking for guests of Residents shall be on the streets adjacent to the Development only.

6.28 Pets. No pets shall be kept except in compliance with the laws of the City of Ferndale (as revised from time to time). Regardless of City laws no animals, livestock, or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats, or other household pets may be kept in compliance with existing laws and regulations and provided that they are not kept, bred, or maintained for any commercial purpose. The foregoing is intended also to exclude the keeping of any pets such as cats, dogs, or birds in numbers or under conditions reasonably objectionable in the closely built-up residential community. A violation of such laws or this restriction shall be a violation of these covenants and may be enforced by the Association in the same manner as any other violation. All dogs must be on leash when outdoors without exception, and shall not excessively bark.

6.29 Temporary Structures. No Structure of a temporary character, trailer, tent, shack, garage, barn, storage shed, tree house, or other outbuilding shall be installed, placed or used on any Lot for any purpose, including but not limited to, as a residence, either temporarily or permanently.

6.30 Offensive Activity. No rugs, clothing, apparel or any other article shall be hung from the exterior of any structure or on a Lot, or in the Common

Areas. No article, item, air conditioner, TV or radio antennae (except community antennae which may be approved by the Board for use by all Owners) or other device shall be attached to or be suspended from a Structure or placed on the window sill thereof. All trash shall be placed in containers which shall be kept in appropriate areas and in such manner as specifically designated or approved by the Board. No noxious or offensive activity shall be carried on in any Common Area, nor shall anything be done therein which may be or become an annoyance or nuisance, including, without limitations, with respect to noise, to other Owners or tenants.

6.31 Conveyances: Notice Required. The right of a Lot Owner to sell, transfer, or otherwise convey the Lot shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell a Lot shall deliver a written notice to the Board, at least two weeks before closing, specifying the Lot being sold, the name, address, and phone number of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest, and estimated closing date. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Lot, whether or not such information is requested.

6.32 Owner's Contact Information. Owners shall provide to the Association, and keep current, contact information including mailing address, telephone number, and any other information an Owner wishes to provide.

6.33 Leasing. Each Owner may lease, sell, or otherwise convey their building(s) or units within their building(s) as they may wish without restriction by the Association, subject to the terms and provisions of the CC&R's, and this provision may not be changed or limited.

6.34 Basketball Hoops. No basketball hoops shall be allowed to be attached to any portion of any property on the Woodside Villas Plat, and there are not allowed within the Woodside Villas Plat, any movable or portable basketball hoops.

6.35 Signage. No signs of any kind shall be displayed to the public view on or from any Lot except as provided for in this Declaration, and under the sign code of the City of Ferndale. There shall be no window stickers, foil, sheets, etc. visible from windows.

6.35.1 "For Rent" or "For Sale" signage. One Sign per Lot is allowed to be displayed at any given time inside the window of an Owner's building. "For Rent" or "For Sale" signage elsewhere on the Lot or inside the Development is prohibited. Signs posted on telephone poles or trees surrounding the Development is also prohibited. Owners are encouraged to place one sign in a window, and then advertise the Unit for rent or sale. The Association may in the future decide to construct and maintain a common covered and

enclosed "Bulletin Board" style sign upon which to post such advertisements.

6.35.2 Other Signage. All other signage is prohibited on any Lot as well as anywhere in the Development.

6.35.3 Declarant's Initial Sales Signage. Declarant reserves for itself the right to place signage in the development for the purpose of advertising for sale or rent, the Lots, and/or condominiums and/or apartments built thereon, for a period of 2 years after such construction of the Lots or buildings are completed, and or until all of Declarant's own Lots, Condominiums, or apartments are initially sold or rented, whichever is longer. This provision may not be changed by vote of the Association.

6.35.4 Signage Exception. For a period of one calendar year after Final Plat Approval, Declarant shall be able to place any signage as it deems necessary, and this provision may not be changed by vote of the Association.

6.36 Resident Relations

6.36.1 Resident's Personal Material. There shall be no visible items outside of any building except for on patios and balconies.

6.36.2 Noise & Music. There shall be no noise or music which can be heard outside of any Unit or Building.

6.36.3 Guest Parking. Parking for guests of Residents shall be on the streets adjacent to the development only.

6.36.4 Dogs. Owners shall permit residents to have pets at the Owner's discretion. There shall not be permitted any Pit Bulls, Rottweilers, Bull Dogs, or any exotic or dangerous pets.

6.37 Access to Private Roadways during Construction. Construction vehicles may have access to the private streets including the Common Areas provided, that the dust level is kept to a minimum, storm drains are protected from silt, and the Common Areas, private streets, driveways, and parking spaces are returned to the same or better condition as they were before construction.

6.38 Access to private roadways for moving trucks. Residential moving trucks may have access to the private streets provided, they are not on the private streets before 10 am, or remain later than 4 pm.

6.39 Geological Testing. Each Owner shall, prior to completing the engineering and design of the structure on their Lot, conduct a geological soils analysis by a licensed Geotechnical engineer, and implement its recommendations in the foundation and structure design. Owners hold

Declarant and TORKILD CORPORATION harmless for any and all issues whatsoever relating to earth work and earth stability, broadly interpreted.

ARTICLE 7

Common Areas, Easements

7.1 Recording of Easements and Conveyances. Declarant hereby conveys and quit claims to the Association all Common Areas and Easements shown on the Plat, and as more specifically shown on the Woodside Villas Easement Delineation, ("Delineation"), attached hereto as Exhibit "C", including any Amendments thereto, and other easements identified, reserved and created in this Declaration, and including the grant of an easement for parking spaces to each Lot as also identified in the Delineation. To the extent an area or facility is not on a Lot platted for individual sale and ownership, the Association shall own and maintain such area or facility.

7.1.2 Use by Owners. Each Owner, the Declarant, and the Association, shall have the right to use and maintain the Common Areas in common with all other Owners. The right to use the Common Areas shall be appurtenant to and pass with the ownership of each Lot and shall extend not only to each Owner, but also to his agent, servants, tenants, members of his household, invitees, and licensees. The right to use the Common Areas shall be governed by the Association, subject to the obligations to, and rights of, the City of Ferndale set forth in this instrument.

7.1.3 Location of Common Area Easements. The location of the easements deemed Common Areas include the following, as depicted on the Delineation:

A - Stormwater Tract A

B - Stormwater Tract B

C - Stormwater Tract C

D - Wetland Tract D

E - Wetland Tract E

F - Private Street (Sunnybrook Lane)

Sunnybrook Lane is a private street, however, its reasonable and typical use by the public, business entities, and by owners of other Lots within the Woodside Villas Development, shall not be restricted. Specifically, public cross-access and parking in certain spaces that are specifically reserved to other building Owners, is hereby granted and allowed.

G – Private Street (Fallbrook Lane)

Fallbrook Lane is a private street, however, its reasonable and typical use by the public, business entities, and by owners of other Lots within the Woodside Villas Development, shall not be restricted. Specifically, public cross-access and parking in certain spaces that are specifically reserved to other building Owners, is hereby granted and allowed.

H – Storm Drain Easement Area

I – Storm Drain Easement Area

J – Sanitary Sewer Easement

K – Wetpond & Wetland Access Easement Area

L – Wetland Access Easement Area

M – Sanitary Sewer, Storm Drain, & Wetland Access Easement Area

N – Storm Drain Easement Area

O – (Reserved for Future Use)

P – Driveway Easement Area

Driveway Easement Area P is made up of a series of private driveways. However, its reasonable and typical use by the public, business entities, and by owners of other Lots within the Woodside Villas Development, shall not be restricted. Specifically, public cross-access and parking in certain spaces that are specifically reserved to other building Owners, is hereby granted and allowed.

Q – Wetpond & Wetland Tract Access, Driveway Access, & Storm Drain Facilities Easement Area

R – (Reserved for Future Use)

S – (Reserved for Future Use)

T – Monument, Landscaping Easement, & Utility Easement Area

U – City of Ferndale ROW (Landscaping installed by Owner's and maintained by Owner's Association)

7.1.4 Additional Easements. In addition to the above, easements for parking, spaces are established as described herein and depicted on the Delineation.

7.1.5 Additional City Required Easement. In addition to the above described easements, the City of Ferndale requires, and therefore it is hereby granted and reserved, a Five foot (5') utility easement around the perimeter of each Lot.

7.1.6 No Physical Access by the Owners or Public of Stormwater Tracts. No Owner nor any guest or invitee, and no other person, shall access nor be permitted access into the Stormwater Tracts for any reason. Access and maintenance shall be done by authorization of the Board only, subject to any overriding federal or local regulations.

7.1.7 No Physical Access by the Owners or Public of Wetland Tracts. No Owner nor any guest or invitee, and no other person, shall access nor be permitted access into the Wetland Tracts for any reason. Access and maintenance shall be done by authorization of the Board only, subject to any overriding federal or local regulations.

7.2 Abandonment of Common Areas. Without the approval of all of the Owners, mortgagees, and the City of Ferndale, the Common Areas may not be abandoned, partitioned, subdivided, encumbered, sold, or transferred by the Association, or by any Owner or third party. The granting of easements for utilities or for other purposes consistent with the intended use of the Common Area by the Owners shall not be deemed a partition or division.

7.3 Alteration of Common Areas. Nothing shall be altered or constructed in, removed from, or deposited into any Common Area or Stormwater Tract or Wetland Tract, except upon the prior written consent of the Board. Construction of any Structures or alteration of any land in the Common Areas shall be done in compliance with all applicable governmental laws or regulations of the City of Ferndale regarding building permits.

7.4 Easements for Access, Utilities, Services, Maintenance, and Emergency Services. Declarant does hereby establish, create and reserve for the benefit of itself, the Association, all Owners, and the City of Ferndale, a Washington municipal corporation ("City"), the within described Easement Areas and tracts.

7.4.1 Association Easements. Declarant does hereby reserve to Declarant, and grants to the Association, or either of their duly authorized agents and representatives, such non-exclusive easements over and within described Easement Areas and Tracts as are necessary to perform the duties and obligations of the Association as are set forth in this Declaration or in the Bylaws, or in the Association's rules, including but not limited to :

(A) The right-of-way for ingress and egress by vehicles or on foot, in, through, over, under and across each Lot for the purpose of construction, reconstructing, repairing, and maintenance of roadways, walkways, parking areas, lawns and landscaped areas on any Lot,

(B) The right to connect with and make use of and to construct and reconstruct utility lines, wires, pipes, conduits, sewers and drainage lines which may from time to time be in or along the streets and roadways or other areas of the Property, in accordance with City of Ferndale standards and requirements, and

7.4.2 Owner's Utility Easements. Each Owner of a Lot, including Declarant, is hereby granted an easement in and through the within described Easement Areas, and in and through other Owner's Lots where such utilities exist at the time this document is recorded, to install, use, and maintain underground gas, electric, telephone, cable television, sanitary sewer, storm sewer, and other utility lines, and services including mail and delivery, connecting his or her Lot to utility lines owned by the Association, and public and/or private utility companies and/or districts; provided that:

(A) The location and any relocation of all such lines must be approved by the Board and City of Ferndale, in writing, prior to the installation and/or relocation of any such lines,

(B) Such lines shall not alter or affect improvements and/or utility lines serving other Lots, and

(C) Any damage to any such improvements or utility lines or to any landscaping or the surface area of the Common Areas caused by any Owner or its agent in installing, relocating or maintaining its utility lines shall be promptly repaired or restored by such Owner so that such surface area is restored to its previous condition.

No approval by the Board of the location of any such utility lines shall be deemed to constitute any representation regarding the adequacy of such lines or that the connection of such lines to lines owned by a public or private utility company or district has been authorized or permitted by such utility company or district.

7.4.3 Reservation of Easements. Declarant hereby reserves non-exclusive easements in, over, across and through within Easement Areas and for the benefit of Declarant and Declarant's successors and assigns.

7.4.4 Stormwater Drainage Easements. Access to the within described Easement Areas and Tracts for Stormwater Tract and system use, service, and maintenance is hereby granted to the Association and to the City of Ferndale for the benefit of the Owners and of the Association.

The Association shall maintain the Wetland Tracts and Stormwater Tracts, including its facilities, and shall provide an Annual Inspection and Certification to the City of Ferndale by a registered engineer of the adequacy of the storm water treatment and conveyance systems. Any required maintenance or repair shall be the responsibility of the

Association. If deemed necessary by the City of Ferndale, the City may conduct repairs or maintenance, the cost of which shall be borne by the Association.

Regarding the Wetland Tracts, a periodic inspection (at least once every three years), shall be performed by a qualified biological professional, and a Certification shall be provided to the City of Ferndale which states that the requirements associated with the protection of the wetland are being carried out. Should the periodic inspections noted above identify any deficiencies, the engineering or biological professional shall identify measures required to rectify the deficiency in the report to the City. Any required repair, maintenance, or restoration associated with such common areas or facilities shall be the responsibility of the Owner's Association.

7.4.5 No Physical Access by the Owners or Public of Stormwater Tracts. No Owner nor any guest or invitee, and no other person, shall access nor be permitted access into the Stormwater Tracts for any reason. Access and maintenance shall be done by authorization of the Board only, subject to any overriding federal or local regulations.

7.4.6 Wetland Easements. Access to the within described Easement Areas and tracts for Wetland Tract service and maintenance is hereby granted to the Association and to the City of Ferndale for the benefit of the Owners and of the Association.

7.4.7 No Physical Access by the Owners or Public of Wetland Tracts. No Owner nor any guest or invitee, and no other person, shall access nor be permitted access into the Wetland Tracts for any reason. Access and maintenance shall be done by authorization of the Board only, subject to any overriding federal or local regulations.

7.4.8 Map of Easements. A map of the easements established herein is called the Woodside Villas Easement Delineation, which is attached hereto as Exhibit C, and made a part hereof by this reference.

ARTICLE 8

Insurance, Damage, and Condemnation

8.1 Insurance. After the Transition Date, the Association shall purchase and maintain as a common expense, a policy, or policies and bonds which the Association deems necessary or desirable to provide casualty insurance, comprehensive liability insurance, fidelity bonds, worker's compensation insurance to the extent required by applicable laws insurance against loss of personal property of the Association by fire, theft, or other causes with such deductible provisions as the Association deems advisable; and insurance, if available, for the protection of the Association's directors, officers, and representatives from personal liability in the management of the Association's

affairs and, with regard to the Stormwater Tracts and system and the Wetland Tracts, liability insurance insuring the Association against liability arising out of its ownership, use, negligence, injury, or maintenance with terms acceptable to the Association.

8.2 Damage and Repair of Damage to Property.

8.2.1 Definitions. As used in this Section 8.2, the following terms shall have the following meanings:

8.2.1.1 "Damage" shall mean all kinds of damage, whether of slight degree or total destruction.

8.2.1.2 "Substantial Damage" shall mean damage for which the Association estimated the cost of repair would equal or exceed ten thousand dollars (\$10,000.00) calculated in 2004 dollars.

8.2.1.3 "Repair" shall mean restoring the Common Area to substantially the same condition it was in before it was damaged.

8.2.1.4 "Emergency Work" shall mean work that the Board deems necessary to avoid further damage or substantial diminution in value to the improvements and/or to protect the Owners from liability from the condition of the site.

8.2.2 Initial Association determination. In the event of damage to any part of a Common Area, the Association shall promptly, and in all events within twenty (20) days after the date of damage, employ such advice as the Association deems advisable regarding the following determinations:

8.2.2.1 The nature and extent of the damage, together with an inventory of the improvements and property directly affected thereby.

8.2.2.2 A reasonably reliable estimate of the cost to repair the damage, which estimate shall, if reasonably practicable, be based upon two or more firms' bids obtained from responsible contractors.

8.2.2.3 The expected insurance proceeds, if any, to be available from insurance covering the loss based on the amount paid or initially offered by the insurer.

8.2.2.4 The amount, if any, by which the estimated cost of repair exceeds the expected insurance proceeds and the amount of the assessments that would have to be made against each Lot if the excess cost were to be paid as a maintenance expense and specially assessed against all the Lots equally.

8.2.2.5 The Association's recommendation whether the damage should

be repaired.

8.2.3 Notice of Damage. If the Association finds that substantial damage has occurred, the Association shall promptly, and in all events within thirty (30) days after the date of such damage, provide each Owner with a written notice describing the damage and summarizing the Association's initial determinations made under Section 8.2.2

8.2.4 Execution of Repairs.

8.2.4.1 The Association shall promptly repair the damage and use the available insurance proceeds therefore, unless before the repairs are begun (other than emergency work), the Owners decide, not to make certain repairs. If the cost of repair exceeds available insurance proceeds, the Association shall impose a special assessment against all Lots equally, in an amount sufficient to pay the excess costs.

8.2.4.2 The Board shall have the authority to employ architects and engineers, advertise for bids, enter into contracts with contractors and others, and to take such other action as is reasonably necessary to effectuate the repairs. Contracts for the repair work shall be awarded when the Board, by means of insurance proceeds and sufficient assessments, has made provisions for the cost thereof. The Board may further authorize the insurance carrier to proceed with the repair work if the Board is satisfied that such work will be satisfactorily carried out, and such authorization does not contravene any insurance trust agreement or requirement of applicable law.

8.2.5 Damage Not Substantial. If the damage is not substantial, the provisions of this Section 8.2.5 shall apply.

8.2.5.1 Either the Association or the requisite number of Owners, within fifteen (15) days after the notice required under Section 8.2.3 has been given, may but shall not be required to call a special Owner's meeting in accordance with Section 3.10 to decide whether to repair the damage.

8.2.5.2 Except for emergency work, no repairs shall be commenced until after the fifteen (15) day period and until after the conclusion of the special meeting if such a meeting is called within the fifteen (15) days.

8.2.5.3 A unanimous decision of the Owners will be required to elect not to repair damages to a Common Area that are not substantial. The failure of the Board and the Owners within the fifteen (15) day period to call a special meeting shall be deemed a decision to repair the damages.

8.2.6 Substantial Damage. If the damage is substantial damage, the provisions of this Section 8.2.6 shall apply.

8.2.6.1 The Association shall promptly, and in all events within thirty (30) days after the date of damage, call a special Owners' meeting to consider repairing the damage. If the Association fails to do so within the thirty (30) days, then notwithstanding the provisions of the Bylaws, any Owner may call and conduct the meeting, (and the City of Ferndale may call a meeting or repair the damage and bill the Association after 30 days prior written notice), if the damage is to the Stormwater System or Wetland Tracts.

8.2.6.2 Except for emergency work, no repairs shall be commenced until the conclusion of the special Owner's meeting.

8.2.6.3 A concurring vote of more than two-thirds of the total voting power will be required to elect not to repair substantial damage to a Common Area. Failure of the Association, the Owners, and the First Mortgagees to conduct the special meeting provided for under Section 8.2.6.1 within ninety (90) days after the date of damage shall be deemed a unanimous decision to repair the damage.

8.2.7 Effect of Decision Not to repair. In the event of a decision under either subsections 8.2.5.3 or 8.2.6.3 not to repair the damage, the Association may nevertheless expend so much of the insurance proceeds and common funds as the Association deems reasonably necessary for emergency work (which emergency work may include but is not limited to removal of the damaged improvements and clearing, filling, and grading the land), and the remaining funds, if any, shall be distributed equally among the Owners in proportion to the number of Lots held by them.

8.3 Condemnation of Common Areas.

8.3.1 Consequences of Condemnation Notices. If any portion of the Common Areas owned by the Association is made the subject matter of condemnation or eminent domain proceedings, or is otherwise sought to be acquired by a condemning authority (referred to herein as a "taking"), written notice of the proceedings or proposed acquisition shall promptly be given each Lot Owner.

8.3.2 Proceeds. All compensation, damages, or other proceeds of the taking, the sum of which is hereafter call the "Condemnation Award", shall be payable to the Association.

8.3.3 Apportionment of the Condemnation Award. The Condemnation Award shall be apportioned among to Owners pursuant to agreement of the Owners or as determined by a court of law.

ARTICLE 9

Subordination of Liens

9.1 Intent of Provisions. The provisions of this Article 9 apply for the benefit of each mortgagee who lends money for purposes of construction or to secure the payment of the purchase of a Lot.

9.2 Mortgagee's Non-Liability. The holder of a Mortgage shall not, by reason of the security interest only, be liable for the payment of any assessment or charge, nor the observance or performance of any covenant or restriction, excepting only those enforceable by equitable relief and not requiring the payment of money, and except as hereafter provided.

9.3 Mortgagee's Rights During Foreclosure. During the pendency of any proceedings to foreclose a Deed of Trust, the Beneficiary, or the receiver, if any, may exercise any or all rights and privileges of the Owner of the encumbered Lot, including but not limited to the right to vote in the Association to the exclusion of the Owner's exercise of such rights and privileges.

9.4 Mortgagee as Owner. At such time as a mortgagee shall become the recorded Owner of the Lot previously encumbered by the Mortgage, the Mortgagee shall be subject to all terms and conditions of this Declaration, including the obligation to pay for all assessments and charges in the same manner as any Owner.

9.5 Mortgagee's Title Free and Clear of Liens. A mortgagee or other secured party acquiring title to a Lot through foreclosure, suit, deed of trust sale, 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 this Declaration, insofar as such lien secures the payment of any assessment or charge installment due but unpaid before the final conclusion of any such proceeding, including the expiration date of any period of redemption. The Association may treat any unpaid assessments against a Lot foreclosed against as a common expense, in which case it shall prorate such unpaid assessments among the remaining Lots, and each such remaining Lot shall be liable for its share of such expense in the same manner as for any other assessment.

9.6 Survival of Assessment Obligation. After the foreclosure of a security interest in a Lot, any unpaid assessments 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.

9.7 Subordination of Assessment liens. The liens for assessments provided for in this Declaration shall be subordinate to the lien of any Mortgage or other security interest placed upon a Lot as a construction loan security interest or as a purchase price security, and the Association will, upon demand, execute a written subordination document to confirm the particular superior security interest. The sale or transfer of any Lot or any interest

therein shall not affect the liens provided for in this Declaration except as otherwise specifically provided herein, and in the case of a transfer of a Lot for purposes of realizing a security interest, liens shall arise against the Lot for any assessment payments coming due after the date of completion of foreclosure (including the expiration date of any period of redemption).

ARTICLE 10

Amendment and Revocation

10.1 Amendments by an Owner. Any Lot Owner may propose amendments to this Declaration. A Majority of the members of the Association may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners of 4 or more of the Lots, then regardless of whether the Association concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of persons entitled to vote, after notice has been given to all Owners (including Mortgagees) entitled to receive notice of a meeting of the Association. The unanimous consent of all Owners shall be required for adoption of either an amendment changing the voting powers as described in this Declaration or an amendment that in any way alters or restricts Declarant's powers. All other amendments shall be adopted if approved by at least 11 votes. Once an amendment has been adopted by the Association and any necessary approval of Mortgagees has been obtained, the amendment will become effective when a certificate of the amendment, executed by two officers of the Association, has been recorded in the public records

10.2 Requirements of the City of Ferndale's Approval. In addition to the provisions of this Declaration, the prior written approval of the City of Ferndale will be required for any amendment of this Declaration or the adoption of any Bylaws or other regulations or policies which in any manner affects the Wetland Tracts or Stormwater Tracts.

ARTICLE 11

General Provisions

11.1 Notices for All Purposes.

11.1.1 Forms and Delivery of Notice. All notices given under the provisions of this Declaration or the Bylaws or rules and regulations of the

Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered on the third day of regular mail delivery after a copy has been deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Association. Notices to the Association shall be given to Declarant until the Transition Date and thereafter shall be given to the president or secretary of the Association.

11.1.2 Notice to Mortgagees. Any mortgagee of a Lot may file with the secretary of the Association a written request that it be given copies of notices. Until such time thereafter as the mortgagee withdraws the request, the Association shall send to the requesting mortgagee:

- a) A copy of all notices of meetings of the Association;
- b) All other notices sent to the Owner of the Lot covered by the Mortgagee's Mortgage;
- c) Financial statements prepared pursuant to Section 3.11;
- d) Notices of any intention of the Association to transfer any part of the Common Area or facilities.

A mortgagee shall be, upon request, entitled to notices irrespective of whether they have filed requests for notices. The provisions of this Section 11.1.2 shall prevail over any inconsistent or contrary provisions in this Declaration or in the Articles or Bylaws.

11.2 Failure to Insist on Strict Performance No Waiver. The failure of the Association in any instance to insist upon the strict compliance with this Declaration or the Bylaws or rule and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Association of payment of any assessment from an Owner, with knowledge of any breach by the Owner, shall not be a waiver by the Association of any requirement unless expressed in writing and signed by the Association. This article also extends to the Declarant, Declarant's managing agent, and the initial Board of Directors exercising the power of the Association before the Transition Date.

11.3 Duration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property and shall inure the benefit of and be enforceable by and upon the Owners, their respective legal representatives,

heirs, successors, and assigns indefinitely.

11.4 Reservation of Rights to Amend to Comply with FNMA, FHLMC, or FHA Requirements, or Other Purposes.

11.4.1 Amendment by Declarant. Declarant reserves the right to amend the Declaration as may be necessary to comply with Federal Home Loan Mortgage Corporation ("FHLMC") or Federal National Mortgage Association ("FNMA") or Federal Housing Administration ("FHA") regulations as necessary to enable the holders of First Mortgages or deeds of trust to sell First Mortgages or deeds of trust to FHLMC or FNMA if such amendment is necessary to secure funds or financing provided by, through, or in conjunction with FHLMC, FNMA or FHA.

11.4.2 Authorization to Amend. If Declarant, at its option, determines that it is necessary to amend the Declaration, the Declarant, on behalf of all Lot Owners in the Association, is hereby authorized to execute and to have recorded (or filed, in the case of Articles) said required amendment or amendments. All Lot Owners hereby grant to Declarant a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment or amendments and agree that said amendment shall be binding upon their respective Lots and upon them and their heirs, personal representatives, successors, and assigns to the same extent as if they had personally executed said amendment or amendments. All Lot Owners hereby shall be deemed coupled with an interest and this power shall be irrevocable.

11.5 Severability. The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not effect the enforceability of any other provisions, if the remainder effects the common plan.

11.6 Effective Date. This Declaration shall be effective upon recording.

11.7 Assignment by Declarant. Declarant reserves the right to assign, transfer, sell, lease, or rent all or any portion of the Property and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration.

ARTICLE 12

Transition Date

Section 12.1 Transition Date. The Transition Date will be that date in which the Declarant records a Declaration of Transition, alternatively, or in the absence of such recorded Declaration, the Transition Date shall automatically occur at such time that the Declarant sells and transfers all 17 lots.

DECLARANT:

TORKILD CORPORATION

By:

Peter A. Torkild

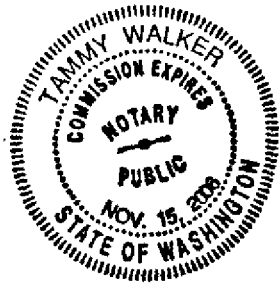
Peter A. Torkild

Dated: 10-31-05

STATE OF WASHINGTON)
COUNTY OF WHATCOM) ss.

On this day personally appeared before me Peter A. Torkild, to me known, and duly sworn, did depose and say: that he resided in Whatcom County Washington, and that he is the President of TORKILD CORPORATION, the corporation and Declarant described herein and which executed the foregoing instrument, and acknowledged to me that he signed the same as his free and voluntary act and deed.

SUBSCRIBED AND SWORN to before me this 31st day of October, 2005.



Tammy Walker
Notary Public (n) and for the State of
Washington, residing at Bellingham,
Whatcom County, Washington.

EXHIBIT A

**Legal Description
of the Woodside Villas Plat**

Lots 1-17 and Tracts A-E of the Woodside Villas Plat Recorded on October 31, 2005 under Auditor's File Number 2051006000, Records of Whatcom County.