

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS, ASSESSMENTS,
CHARGES, SERVITUDES, LIENS, RESERVATIONS AND EASEMENTS
FOR TIMBERTON VILLAGE**

Supplemental Declaration of CC&R's for Timberton Village

Table of Contents

Article 1. Definitions.....	2
Article 2. Subject Property	6
Article 3. Easements and Rights of Enjoyment	8
Article 4. Use Restrictions	10
Article 5. Organization of Homeowners Association	12
Article 6. Memberships and Voting	17
Article 7. Assessments and Creation of Lien.....	19
Article 8. Enforcement of Payment of Dues and of Lien.....	22
Article 9. Use of Funds; Borrowing Power.....	23
Article 10. Maintenance of Common Areas	24
Article 11. Association Authority.....	25
Article 12. Insurance.....	26
Article 13. Easements.....	27
Article 14. First Mortgages.....	28
Article 15. Condemnation.....	29
Article 16. Term and Amendment of This Document	30
Article 17. Miscellaneous.....	32

383712

RECORDED IN
VOLUME PAGE 99
OF OFFICIAL RECORDS
REQUEST OF
RAK Dev. Company
1995 AUG -7 AM 11:11

JONNA D. ELDRIDGE
JEFFERSON COUNTY AUDITOR
DEPUTY

SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, ASSESSMENTS, CHARGES, SERVITUDES, LIENS, RESERVATIONS AND EASEMENTS FOR TIMBERTON VILLAGE

THIS SUPPLEMENTAL DECLARATION of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements (hereafter referred to as "the Supplemental Declaration") is made this 7TH day of July, 1995, by **RAK Development Company**, dba Costa Pacific Homes, an Oregon Corporation (hereafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the Developer and Owner of certain real property located in Jefferson County, Washington, commonly known as the subdivision of "Timberton Village" (hereafter referred to as "Timberton Village"), which is legally described in Exhibit A; and

WHEREAS, Declarant desires to develop the aforesaid property into a planned residential community for the benefit of the residents therein; and

WHEREAS, Declarant desires to form a non-profit corporation for the management, maintenance, social, physical, aesthetic and recreational purposes of benefiting Timberton Village Owners, Residents and Occupants, which non-profit corporation shall be known as the "Timberton Village Homeowners Association," and which may (1) acquire, operate, manage and maintain Timberton Village Limited Common Areas declared to be maintained by the Timberton Village Homeowners Association in this Supplemental Declaration; (2) establish, levy, collect and disburse any assessments and other charges imposed hereunder; and (3) as the agent and representative of the Members, administer and enforce all provisions hereof; and

WHEREAS, Declarant therefore wishes to subject all of the property legally described in Exhibit A to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements (collectively referred to as "Covenants") hereinafter set forth; and

WHEREAS, in order to cause the Covenants to run with the Timberton Village property, and to be binding upon the Owners, Residents and Occupants thereof from and after the date of recordation of this Supplemental Declaration, Declarant hereby

makes all conveyances of Timberton Village property so provided therein, subject to the Covenants herein set forth; and by accepting deeds, easements or other grants or conveyances to any portion of Timberton Village, the Owners, Residents and other transferees for themselves and their heirs, executors and administrators, trustees, personal representatives, successors and assigns, agree that they shall be personally bound by all of the Covenants (including but not limited to the obligation to pay assessments) hereinafter set forth.

NOW, THEREFORE, DECLARANT hereby declares, covenants and agrees as follows:

ARTICLE 1

DEFINITIONS

The following words, phrases or terms used in this Declaration shall have the following meanings:

Section 1.1. "Annual Assessment" shall mean the charge levied and assessed each year against each Lot pursuant to Article 7 hereof.

Section 1.2. "Articles" shall mean the Articles of Incorporation of the Timberton Village Homeowners Association as the same may from time-to-time be amended or supplemented.

Section 1.3. "Assessable Property" shall mean any Lot, except such part or parts thereof as may from time-to-time constitute Exempt Property.

Section 1.4. "Assessment" shall mean an Annual Assessment or Special Assessment as provided in Article 7.

Section 1.5. "Assessment Lien" shall mean the lien created and imposed by Article 7.

Section 1.6. "Board" shall mean the Board of Directors of the Timberton Village Homeowners Association.

Section 1.7. "Bylaws" shall mean the Bylaws of the Timberton Village Homeowners Association as the same may from time-to-time be amended or supplemented.

Section 1.8. "Common Area(s)" shall mean all Common Area as defined in the South Bay Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements.

Section 1.9. "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.

Section 1.10. "Declarant" shall mean RAK Development Company, an Oregon corporation, dba Costa Pacific, successors and assigns, but only if such successors or assigns should acquire all or substantially all of the then-developed portions of Timberton Village from Declarant. For purposes of this Supplemental Declaration, and except where all or substantially all of the then-developed portions of Timberton Village are involved, no individual, corporation, trust, partnership or other entity who or which has purchased a Lot or Lots within Timberton Village from Declarant, or whose title to such Lot is derived from a person who has purchased such property from Declarant, shall be deemed a successor or assign of Declarant.

Section 1.11. "Developer" shall mean and refer to RAK Development Company, an Oregon corporation, and its successors and assigns as set forth in subparagraph 1.10.

Section 1.12. "Development Period" shall mean that period commencing with the recording of this Supplemental Declaration and terminating upon the first to occur of (i) seven (7) years from such commencement date; (ii) the termination of Class B Membership; or (iii) written notice from Declarant to the Timberton Village Homeowners Association of termination of the Development Period.

Section 1.13. "Dwelling Unit" shall mean any building or portion of a building situated upon a Lot designed and intended for use and occupancy as a residence by a single family.

Section 1.14. "Exempt Property" shall mean the following portions of Timberton Village:

- (a) All land and improvements owned by or dedicated to and accepted by the United States, the State of Washington or Jefferson County, or any political subdivision thereof, for as long as any such governmental entity is the owner thereof or for so long as said dedication remains effective;
- (b) All Common Areas and Timberton Village Limited Common Areas; and

- (c) All land within Timberton Village which the Declarant, by this Supplemental Declaration or other recorded instrument, makes available for use by Members of the Master Association and/or Members of the Timberton Village Homeowners Association and evidences its intent to convey to either of the two associations at a later date.

Section 1.15. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust, or other security instrument on Lots in Timberton Village recorded in the office of the Auditor of Jefferson County, Washington, having priority of record over all other recorded liens except those governmental liens made superior by statute. "First Mortgagee" shall mean and refer to any person or entity named as a Mortgagee or Beneficiary under any First Mortgage or any successor to the interest of any such First Mortgage.

Section 1.16. "Governing Documents" shall mean the Articles and Bylaws of the Timberton Village Homeowners Association; the Master Declaration; this Supplemental Declaration; and any applicable Master Association or Timberton Village Rules or Design Standards, as from time-to-time amended.

Section 1.17. "Government Mortgage Agency" shall mean the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or the Federal National Mortgage Association or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase mortgage loans.

Section 1.18. "Limited Common Area" shall mean that portion of the subdivision of Timberton Village designated on a recorded subdivision plat as Limited Common Area or Open Space and shall be reserved for the use of the Owners, Residents, Occupants, Members and guests of the Timberton Village Homeowners Association.

Section 1.19. "Lot" shall mean any area of real property within Timberton Village designated as a residential Lot, specifically excluding Limited Common Areas and Common Areas.

Section 1.20. "Master Association" shall mean the Washington non-profit corporation organized to administer and enforce the covenants and to exercise all rights, powers and duties set forth in the Master Declaration, its successors and assigns.

Section 1.21. "Master Declaration" shall mean the South Bay Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements, as may be amended from time-to-time.

Section 1.22. "Member" shall mean any person holding a Membership in the Timberton Village Homeowners Association pursuant to this Declaration and without exception shall mean and refer to each Owner, including the Declarant, of a Lot in Timberton Village that is subject to assessment. Membership in the Timberton Village Homeowners Association shall be appurtenant to, and may not be separated from, ownership of a Lot within Timberton Village.

Section 1.23. "Membership" shall mean a Membership in the Timberton Village Homeowners Association and the rights granted to the Owners and Declarant pursuant hereto to participate in the Timberton Village Homeowners Association.

Section 1.24. "Occupant" shall mean any person, other than an Owner, in rightful possession of a Lot within Timberton Village.

Section 1.25. "Open Spaces" shall mean and refer to those areas designated on the recorded Timberton Village plat as open spaces or common areas and, except for any common associated with the Master Association, shall be deemed to be Limited Common Areas as defined herein.

Section 1.26. "Owner" shall mean the record owner of a fee simple interest in any Lot, but excluding others who hold such title merely as security. Purchasers and their assignees under recorded real estate contracts shall be deemed Owners as against their respective sellers or assignors. An Owner shall include any person who holds record title to a Lot in joint ownership with any other person or holds an undivided fee interest in any Lot.

Section 1.27. "Resident" shall mean:

- (a) An Owner actually residing on a Lot;
- (b) Each Purchaser under a real estate contract covering any Lot actually residing on the Lot;
- (c) Members of the immediate family of each Owner and of each Purchaser actually living in the same household in Timberton Village with such Owner or Purchaser; and

(d) Tenants/Renters.

Section 1.28. "Single Family" shall mean a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than four (4) persons not all so related, who maintain a common household in a Dwelling Unit.

Section 1.29. "Special Assessment" shall mean any assessment levied and assessed pursuant to the Special Assessment provisions of Article 7.

Section 1.30. "Subdivision Plat" shall mean the recorded plat of Timberton Village.

Section 1.31. "Supplemental Declaration" shall mean this recorded Supplemental Declaration.

Section 1.32. "Timberton Village" shall mean the subdivision known as Timberton Village, legally described in Exhibit A.

Section 1.33. "Timberton Village Homeowners Association" shall mean the Timberton Village Homeowners Association, a Washington non-profit corporation organized, or to be organized, by Declarant to administer and enforce this Supplemental Declaration and to exercise all rights, powers and duties set forth in this Supplemental Declaration, its successors and assigns.

Section 1.34. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing at ground level on any part of a Lot, Common Area or Limited Common Area neighboring that on which such object exists.

ARTICLE 2

PROPERTY SUBJECT TO TIMBERTON VILLAGE SUPPLEMENTAL DECLARATION

Section 2.1. General Declaration Creating Timberton Village. Declarant intends to develop Timberton Village into various Lots. All Lots within Timberton Village are hereby declared to be expressly subject to the Master Declaration recorded previously by Pope Resources, A Delaware Limited Partnership, which Master Declaration is incorporated herein by this reference and made a part hereof as though fully set forth

herein. All of the real property within Timberton Village is and shall be held, conveyed, encumbered, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to the Master Declaration and this Supplemental Declaration, as either are amended from time-to-time; provided, however, exempt properties shall only be subject to those portions of the Master Declaration and this Supplemental Declaration relating to easements and restrictions imposed concerning placement of utilities and the use and maintenance of such properties.

The Master Declaration and this Supplemental Declaration are declared to be in furtherance of a general plan for the overall improvement of the various development components of South Bay and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of South Bay and every portion thereof. The Master Declaration and this Supplemental Declaration, as either may be hereafter modified or amended, shall run with the Timberton Village property described in Exhibit A and shall be binding upon and inure to the benefit of Declarant, the Timberton Village Homeowners Association, and all Owners, Residents and Occupants, their successors and assigns, in Timberton Village. Nothing in this Declaration shall be construed to prevent Declarant from dedicating or conveying portions of Timberton Village including, but not limited to, Limited Common Areas, streets, roadways and easements to any governmental entity.

Section 2.2. Timberton Village Homeowners Association Bound. Upon issuance of a Certificate of Incorporation by the State of Washington, the Covenants contained in the Master Declaration and Supplemental Declaration, as may be hereafter modified or amended, shall be binding upon and shall benefit the Timberton Village Homeowners Association.

Section 2.3. Development In Phases. Declarant intends to develop Timberton Village in two phases. Initially, phase I will be included in Timberton Village. If, and when, phase II is incorporated into Timberton Village, then Declarant shall execute and record an amendment to this Supplemental Declaration stating that phase II (including the additional dwelling units, buildings and other improvements thereon) is included within Timberton Village. If phase II is included, and subjected to this Supplemental Declaration, as amended, then both phases combined shall be included within Timberton Village. Owners in both phases will utilize and share the common areas and facilities in both phases, together with the overall expense of the entire Timberton Village.

Section 2.4. Easements And Restrictions For The Benefit Of Additional Phases. There is hereby reserved to the Declarant, its employees, agents, representatives and assigns, an easement for access, construction, placement, maintenance and improvement of utilities and drainage over, under and across any portion of Timberton Village, as described in Exhibit A, which is subject to this Supplemental Declaration, as amended, together with easements in roadways and utility lines specified or established within Timberton Village, along with the right to connect thereto for the purpose of completing phase II. The Declarant shall bear the cost of tie-ins to said utilities, drainage and roads, and will not connect in any manner that impairs or significantly reduces the quality of the existing services to any properties in phase I.

Section 2.5. Phased Amendment. It is specifically covenanted and agreed that Declarant, upon Declarant's sole signature, may file an amendment to this Supplemental Declaration, as provided herein, for the purpose of including phase II into Timberton Village. Such amendment will not require the consent of any other owner other than the Declarant. The amended Supplemental Declaration shall declare the number of dwelling units in phase II and shall declare that phase II is subject to all provisions of the Governing Documents. Upon recording the amended Supplemental Declaration, the dwelling units and common areas of phase II being added shall be integrated into and combined with all other completed phases.

Section 2.6. Superseded Declaration. With the exception of the Master Declaration and the Declaration of Annexation, this Supplemental Declaration supersedes and is made in full substitution for any prior covenants, conditions or restrictions which may have been imposed on the real property described herein by Declarant or any of its predecessors in interest.

ARTICLE 3

EASEMENTS AND RIGHTS OF ENJOYMENT IN TIMBERTON VILLAGE LIMITED COMMON AREAS

Section 3.1. Easements of Enjoyment. Every Owner, Resident, Occupant and Member of the Timberton Village Homeowners Association shall have a non-exclusive right and easement of enjoyment in and to the Timberton Village Limited Common Area, which easement shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

3.1.1 The right of the Timberton Village Homeowners Association to suspend the voting rights and right to use of the Timberton Village Limited Common Areas by any Member (i) for any period during which any Assessment against such Owner's Lot remains delinquent; (ii) for a period not to exceed sixty (60) days for any infraction of this Supplemental Declaration or Timberton Village Rules; and (iii) for successive sixty (60) day periods if any such infraction is not corrected during any prior sixty (60) day suspension period;

3.1.2 The right of the Timberton Village Homeowners Association to dedicate, grant or transfer such permits, licenses and easements for utilities, roads and/or other purposes consistent with the intended uses of the Timberton Village Limited Common Areas or as otherwise provided in this Supplemental Declaration, and reasonably necessary or desirable for the proper use, maintenance or operation of any portion of Timberton Village, and which do not have any substantial adverse effect on the enjoyment of the Timberton Village Limited Common Areas by the Members;

3.1.3 The right of the Timberton Village Homeowners Association to regulate the use of the Timberton Village Limited Common Areas through the Timberton Village Rules and to prohibit access to those areas, such as drainage areas, not intended for use by Members. The Timberton Village Rules are intended to enhance the preservation of the Timberton Village Limited Common Areas for the safety and convenience of the users thereof and shall serve to promote the best interests of the Owners, Residents and Occupants of Timberton Village;

3.1.4 The right of the Timberton Village Homeowners Association to prescribe which Members are permitted to use the Timberton Village Limited Common Areas and to determine who may be classified as guests and to close or limit the use of the Timberton Village Limited Common Areas, or portions thereof, while maintaining and repairing the same;

3.1.5 The right of the Declarant, its successors or assigns, reserved hereby, to non-exclusive use of all Timberton Village Limited Common Areas for display, sales, promotional, and other purposes deemed useful by Declarant and its agents and representatives in advertising or promoting Timberton Village. This right shall permit Declarant to allow unlimited use by guests and prospective customers of all Timberton Village Limited Common Areas and shall terminate when the last Lot in Timberton Village has been sold by Declarant, its successors or assigns.

3.1.6 The right of the Timberton Village Homeowners Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Timberton Village Limited Common Areas, and with written consent of two-thirds (2/3) of the votes of each class of Membership in the Timberton Village Homeowners Association, to mortgage said Timberton Village Limited Common Areas as security for any such loan.

Section 3.2. Timberton Village Limited Common Areas. The Timberton Village Limited Common Areas are hereby declared to be for the exclusive use and enjoyment of the Owners, Residents and Occupants of Timberton Village, subject to the Master Declaration and this Supplemental Declaration, and the rights of the Timberton Village Homeowners Association as set forth in Paragraph 3.1 hereof.

Section 3.3. Delegation of Use By Owners. Any Owner may delegate, in accordance with the Governing Documents, his right of enjoyment to the Timberton Village Limited Common Areas to members of his family and his tenants, provided, however, if any Owner delegates such right of enjoyment to tenants, neither the Owner nor his family shall be entitled to use such areas by reason of ownership of that Lot during the period of delegation. Guests of an Owner may use such facilities only in accordance with the Governing Documents, which may limit the number of guests who may use such areas. The Board may also the promulgate rules and regulations limiting the use of Timberton Village Limited Common Areas by co-owners with respect to any Lot in co-ownership.

ARTICLE 4

SINGLE FAMILY RESIDENTIAL USE AND MISCELLANEOUS USE RESTRICTIONS IN TIMBERTON VILLAGE

Section 4.1. Single Family Residences. Timberton Village is hereby declared to be Single Family Land Use. All Lots within Timberton Village shall be used only for the construction and occupancy of single family dwellings and typical residential activities incidental thereto. No professional, commercial or industrial operations, of any kind, shall be conducted in or upon any Lot except such temporary uses as shall be permitted by Declarant while the development is being constructed and Lots are being sold by Declarant. Use of all Lots shall be in accordance with, and subject to, the limitations and rules as established by the Board directly, or through the Managing Agent, if any.

Section 4.2. Tenants. The entire Dwelling Unit on a Lot may be let to a single family tenant from time-to-time by the Owner, providing such tenancy shall not be less than one (1) consecutive week to the same tenant. All leases and rental agreements for individual Dwelling Units shall be in writing and specifically shall be subject to each and every requirement, covenant, condition and restriction of the Master Declaration, Supplemental Declaration and Governing Documents.

Section 4.3. Master Declaration Land Use Covenants. Notwithstanding anything to the contrary herein, all Lots are subject to all provisions of the Master Declaration, including those provisions relating to Land Use set forth in Article 4 thereof.

Section 4.4. Right of Entry. During reasonable hours and upon reasonable notice to the Owner, Resident or Occupant of a Lot, any Member of the Board of the Timberton Village Homeowners Association or Declarant, or any authorized representative of either of them, shall have the right to enter upon and inspect any Lot, and the improvements thereon, except for the interior portions of any Dwelling Unit, for the purpose of ascertaining compliance with the Master Declaration or this Supplemental Declaration.

Section 4.5. Prefabricated Buildings. No prefabricated, modular or manufactured building or structure of any nature whatsoever, permanent or temporary, shall be moved or placed or assembled or otherwise maintained on any Lot.

Section 4.6. Removal of Weeds And Debris. Each Lot Owner irrevocably grants to the Timberton Village Homeowners Association the right at its option to remove any weeds or debris from Lots in the subdivision; provided, however, that the Association shall provide the Lot Owner with three (3) days advance notice sent to the address of the Lot.

Section 4.7. Unnatural Drainage. Under no circumstances shall any Owner, Resident or Occupant of any Lot be permitted to deliberately alter the topographic conditions of the Lot in any way that would adversely affect the approved and constructed storm drainage system.

Section 4.8. Animals. In addition to the provisions contained within Paragraph 4.2.2 of the Master Declaration, no pets (as defined in Paragraph 4.2.2) shall be housed or confined outdoors. No structure for the care, housing or confinement of any Pet shall be erected or maintained on any Lot within Timberton Village.

Section 4.9. Sewer Connection. Each Lot shall be connected to sewer. There shall be no on-site septic systems within Timberton Village.

Section 4.10. Pesticides And Herbicides. Pesticides and herbicides will only be applied by applicators licensed by the Washington State Department of Agriculture consistent with the requirements of RCW 17.21 and RCW 15.58. Herbicides, pesticides, and fungicides with the shortest hydrolysis, half-life will be used. A two week half-life is desirable. Pesticides appearing on the U.S. Environmental Protection Agency's "Priority List of Leaching Pesticides" will not be used. Herbicides, pesticides, and fertilizers will be applied during the dry, summer season rather than winter runoff periods.

Section 4.11. Landscaping. Whenever possible, native shrubs and plants will be utilized for landscaping and planting on those portions of the development not used for residential use.

Section 4.12. Declarant's Exemption. Nothing contained in this Supplemental Declaration shall be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, of any buildings, utilities, structures, improvements or signs necessary or convenient to the development or sale of property within Timberton Village.

Section 4.13. Disputes. The Timberton Village Homeowners Association shall have jurisdiction over activities permitted on Timberton Village Limited Common Areas. All disputes, complaints or matters of change in existing or future use restriction shall be submitted to the Board for determination, unless otherwise provided in the Master Declaration to be within the authority of the Architectural Review Committee. The decision of the Board or Architectural Review Committee shall be final.

ARTICLE 5

ORGANIZATION OF THE TIMBERTON VILLAGE HOMEOWNERS ASSOCIATION

Section 5.1. Formation of The Timberton Village Homeowners Association. The Timberton Village Homeowners Association shall be charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents. Neither the Articles nor Bylaws of the Timberton Village Homeowners Association shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with the Master Declaration or this Supplemental Declaration.

Section 5.2. Board of Directors And Officers. The affairs of the Timberton Village Homeowners Association shall be conducted by the Board and such Officers as the Board may elect or appoint in accordance with the Timberton Village Homeowners Association's Articles of Incorporation and Bylaws as the same may be amended from time-to-time. The Board shall be composed of at least three (3) and no more than nine (9) members. The initial Board shall be composed of three (3) members. The Timberton Village Homeowners Association, through the Board, unless specifically provided otherwise, shall have the right and duty to enforce this Supplemental Declaration, and the proper and efficient management, maintenance and operation of the Timberton Village Limited Common Areas, including:

5.2.1 Maintaining and landscaping, if applicable, the Timberton Village Limited Common Areas, and any improvements located thereon, and any other properties controlled by the Timberton Village Homeowners Association, including private roads or streets, if any;

5.2.2 Maintaining the storm water and drainage control systems, including, but not limited to, catch basins, piping, conveyance facilities, retainage and detainage ponds and oil separators, serving Timberton Village;

5.2.3 Operating, maintaining (including insuring, at the discretion of the Board) and rebuilding, if necessary, signs, monuments, walls, fences, gazebos, barbecue other improvements originally constructed by Declarant or the Timberton Village Homeowners Association on Timberton Village Limited Common Areas and/or easements granted to the Timberton Village Homeowners Association, if any;

5.2.4 Paying real estate taxes, assessments and other charges on Timberton Village Limited Common Areas;

5.2.5 Insuring all improvements which the Timberton Village Homeowners Association is obligated to maintain against damage by casualty as the Board deems appropriate;

5.2.6 Hiring, firing, supervising and paying employees and independent contractors to carry out the obligations of the Timberton Village Homeowners Association as set forth herein;

5.2.7 Maintaining liability insurance to protect the Timberton Village Homeowners Association and the Board from any liability caused by occurrences or happenings on or about the Timberton Village Limited Common Areas;

5.2.8 Maintaining workmen's compensation insurance for the employees of the Timberton Village Homeowners Association, if any;

5.2.9 Purchasing all goods, supplies, labor and services reasonably necessary for the performance of the obligations set forth herein;

5.2.10 Establishing and maintaining such cash reserves, if any, as the Timberton Village Homeowners Association may, in its sole and absolute discretion, deem reasonably necessary for the maintenance and repair of the Timberton Village Limited Common Areas, including, but not limited to, establishment and maintenance of an asset replacement fund;

5.2.11 Payment for all utility services of the Timberton Village Homeowners Association;

5.2.12 Entering into such agreements and taking such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth in this Supplemental Declaration and the Articles of Incorporation and Bylaws of the Timberton Village Homeowners Association, including, but not limited to, the operation and maintenance of the Timberton Village Limited Common Areas; and

5.2.13 Such other matters and powers as are provided under (1) the Articles of Incorporation and Bylaws; and (2) Washington State law, as may be amended from time-to-time, for a non-profit corporation.

Section 5.3. The Timberton Village Rules. The Board shall be empowered to adopt, amend, or repeal such Timberton Village Rules as it deems reasonable and appropriate, which shall be binding upon all persons and entities subject to this Timberton Supplemental Declaration, whether Members of the Village Homeowners Association or not; provided, however, that the Timberton Village Rules shall not discriminate among Members and shall not be inconsistent with the other Governing Documents. The Timberton Village Rules may also include the establishment of a system of fines and penalties for enforcement of such Rules. The Timberton Village Rules may be established, modified or amended at any special or regular meeting of the Board.

The Timberton Village Rules are deemed incorporated herein by this reference and shall have the same force and effect as if they were set forth in and were part of this Supplemental

Declaration and shall be binding on all persons or entities having any interest in, or making any use of, any part of the Timberton Village Limited Common Areas, whether or not Members of the Timberton Village Homeowners Association and whether or not copies of the Timberton Village Rules are actually received by such persons or entities. The Timberton Village Rules, as adopted, amended, modified or repealed shall be available for review at the principal office of the Timberton Village Homeowners Association, or such other location within South Bay as designated by the Board, to each person or entity reasonably entitled thereto. In the event of any conflict between any provisions of the Timberton Village Rules and any provisions of the Master Declaration or this Supplemental Declaration, the provisions of the Timberton Village Rules shall be deemed to be superseded by the provisions of the Master Declaration and this Supplemental Declaration to the extent of any such conflict. Any monetary penalties or fines imposed by the Timberton Village Rules shall be treated as an assessment which may become a lien against the Members' Lot and enforceable by a sale thereof.

Section 5.4. Non-Liability of Officials And Indemnification. To the fullest extent permitted by Washington State law, Declarant, and every Director, Officer, Committee Member, Manager(s), or other employees of the Timberton Village Homeowners Association and of the Declarant, shall not be personally liable hereunder to any Member, or to any other person or entity, including the Timberton Village Homeowners Association, for any damage, loss or prejudice suffered claimed on account of any act, omission, error, or negligence and shall be indemnified and defended by the Timberton Village Homeowners Association; provided, however, the provisions set forth in this Section 5.4 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

Section 5.5. Managing Agent. The Timberton Village Homeowners Association, through the Board, is authorized to employ a managing agent or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Timberton Village Homeowners Association. The Timberton Village Homeowners Association, through its Board, is also expressly authorized to enter into one or more management agreements with third parties in order to facilitate efficient operations and to carry out its obligations. It shall be the primary purpose of such management agreement(s) to provide for the administration, management, repair and maintenance of the Timberton Village Limited Common Areas and Lots to the extent provided herein, and to assess,

collect and apply the Assessments, and to enforce this Supplemental Declaration.

The terms of the management agreement shall be as determined by the Board to be in the best interest of the Timberton Village Homeowners Association, and shall be subject to the Governing Documents. Any management agreement shall not exceed a term of one (1) year unless the terms thereof have been approved by a majority vote of the Timberton Village Homeowners Association, but may be renewed by agreement of the parties for successive one (1) year periods and shall provide for termination by either party with or without cause and without payment of a termination fee upon ninety (90) days' written notice; provided, however, that the Timberton Village Homeowners Association may terminate the agreement for cause immediately upon thirty (30) days' written notice, and provided further, that in the event of misconduct, the Timberton Village Homeowners Association may terminate the agreement immediately with no notice whatsoever.

The Timberton Village Homeowners Association is expressly authorized to contract with Declarant, or an affiliate, representative or company involving some or all of the same individuals as Declarant, in order to provide management and/or maintenance services or to perform any other duties of the Timberton Village Homeowners Association or the Board. Each Owner, Resident and Occupant shall be bound by the terms and conditions of all management agreements entered into. A copy of all management agreements shall be available to each Owner upon request at the Timberton Village Homeowners Association office, or such other location within South Bay as designated by the Board.

Section 5.6. Records And Accounting. The Timberton Village Homeowners Association shall keep, or cause to be kept, true and correct books and records in accordance with generally accepted accounting principles. Financial statements for the Timberton Village Homeowners Association shall be regularly prepared and available at the Timberton Village Homeowners Association Office, or such other location within South Bay as designated by the Board, to all members as follows:

5.6.1 A pro forma operating statement (budget for each fiscal year shall be available for distribution not less than sixty (60) days before the beginning of the fiscal year);

5.6.2 An annual report shall be available for distribution within one hundred twenty (120) days after the close of the fiscal year consisting of a balance sheet as of the

end of the fiscal year, an operating (income) statement for the fiscal year, and a statement of changes in financial position for the fiscal year.

5.6.3 The annual report need not be prepared by an independent accountant, but it shall be accompanied by the certificate of an authorized Officer of the Timberton Village Homeowners Association that the statements were prepared without audit from the books and records of the Timberton Village Homeowners Association.

Section 5.7. Inspection of Books And Records. The Membership register, books of account and minutes of meetings of the Members, of the Board, and of Committees of the Board, shall be made available for inspection and copying by any Member at any reasonable time, at the office of the Timberton Village Homeowners Association, or at such other place within South Bay as the Board shall prescribe. The Board may establish reasonable rules with respect to: (1) Notice to be given to the custodian of the records by the Member desiring to make the inspection; (2) hours and days of the week when such an inspection may be made; and (3) payment of the cost of reproducing copies of documents requested by a Member. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Timberton Village Homeowners Association and the physical properties owned or controlled by the Timberton Village Homeowners Association.

ARTICLE 6

MEMBERSHIPS AND VOTING

Section 6.1. Lot Owners. Every Owner of a Lot, including Declarant, shall be a Member of the Timberton Village Homeowners Association. Membership shall be appurtenant to and may not be separated from ownership of the Lot to which the Membership is attributable. There shall be only one Membership for each Lot, which Membership shall be shared by all Owners of an interest therein.

Section 6.2. Declarant. Declarant shall be a Member of the Timberton Village Homeowners Association for so long as it holds a Class B Membership pursuant hereto or owns any property in Timberton Village.

Section 6.3. Voting. The Timberton Village Homeowners Association shall have two (2) classes of voting memberships:

Class A. Class A Memberships shall be all Memberships, except the Class B Membership held by Declarant, and each Owner shall be entitled to one vote for each Lot owned, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Declaration in accordance with the provisions hereof.

Class B. Class B Memberships shall be held by the Declarant and the Class B Membership shall be entitled to three (3) votes for each Lot owned by Declarant. The Class B Membership shall cease and be converted to Class A Memberships on the happening of the first of the following events:

(a) When the total votes outstanding in Class A Membership equal the total votes outstanding in the Class B Membership;

(b) When the Declarant voluntarily terminates the Class B Membership by written notice to the Timberton Village Homeowners Association, at which time Declarant will receive Class A Membership for each Lot owned within Timberton Village;

or

(c) At the end of the Development Period.

Section 6.4. Right To Vote. The right to vote in Timberton Village Homeowners Association matters shall be subject to the following conditions:

6.4.1 No change in a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change. The vote for each Membership must be cast as a unit; fractional votes shall not be allowed. If a Membership is owned by more than one person or entity and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all Owners of the Membership unless objection thereto is made at the time the vote is cast.

6.4.2 Any mortgagee who acquires title to a Lot pursuant to a judgment or foreclosure or a trustee sale shall automatically become entitled to exercise all voting rights which the Owner of said Lot would otherwise have had.

6.4.3 If any lender to whom Declarant has assigned, or hereafter assigns, as security, all or substantially all of its rights under this Supplemental Declaration succeeds to the interests of the Declarant by virtue of said assignment, the

absolute voting rights of the Declarant as provided herein shall not be terminated thereby, and such lender shall hold the Declarant's Memberships and voting rights on the same terms as they were held by Declarant.

Section 6.5. Transfer of Membership. The rights and obligations of Membership in the Timberton Village Homeowners Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon conveyance of an Owner's Lot by deed, intestate succession, testamentary disposition, foreclosure of a Mortgage or Deed of Trust, or other legal process pursuant to the laws of the State of Washington or the United States.

ARTICLE 7

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

Section 7.1. Assessments. The Declarant, for each Lot hereinafter established within Timberton Village, hereby covenants and agrees, and each Owner by acceptance of a deed therefor (whether or not it shall be so expressed in such deed) is deemed to covenant and agree to pay to the Timberton Village Homeowners Association the following assessments established hereunder: (i) annual assessments; and (ii) special assessments for capital improvements or other extraordinary expenses or costs.

Section 7.2. Purpose of Assessments. The assessments levied by the Timberton Village Homeowners Association shall be used exclusively to promote the health, safety and welfare of those residing in Timberton Village and for the improvement and maintenance of the Timberton Village Limited Common Areas and improvements located thereon.

Section 7.3. Maximum Annual Assessment. Effective the date this Declaration is recorded, the Maximum Annual Assessment for the initial year shall be \$360 per Lot; provided, however, that no Lot shall be assessed an annual or special assessment until sold from Declarant to a third party. Annual and/or special assessments shall be prorated for that portion of the year for which the Lot is properly being assessed. The annual assessment shall be paid periodically on a monthly, quarterly or annual basis at the discretion of the Board of Directors. The following shall apply with regard to increases in assessments:

7.3.1 From and after the one (1) year anniversary of recording this Declaration, and continuing through the fifth (5th) anniversary of recording this Declaration, the Maximum Annual Assessment may be increased each year by the Board

without a vote of the Membership by a maximum of twenty percent (20%) over the previous year's annual assessment;

7.3.2 Thereafter, the Maximum Annual Assessment may be increased by the Board without a vote of the Membership by a maximum amount equal to the greater of either (1) five percent (5%) over the previous year's annual assessment, or (2) the percentage increase in the Consumer Price Index, Seattle/Everett Metropolitan Area (or such other closest geographic area available), published by the Department of Labor, Washington, D.C., or successor governmental agency, between the first day of the previous full assessment year and the first day of the current full assessment year.

7.3.3 The Board of Directors of the Timberton Village Homeowners Association may fix the annual assessment at an amount not in excess of the maximum set forth above; provided, however, that the annual assessment may be fixed at an amount greater than the Maximum Annual Assessment provided for herein only by a two-third (2/3) vote of the members of each class, who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 7.4. Special Assessments. In addition to the annual assessments authorized above, the Timberton Village Homeowners Association may, in any assessment year, levy a special assessment only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, replacement or modification within the Timberton Village Limited Common Areas, or for the purpose of defraying other extraordinary expenses; provided, that in any assessment year, the Board may not, without the vote or written assent of a majority of each class of Membership, levy special assessments which in the aggregate exceed five percent (5%) of the budgeted gross expenses of the Timberton Village Homeowners Association for that assessment year. The provisions of this subsection are not intended to preclude or limit the assessment, collection or use of annual assessments for the aforesaid purposes.

Section 7.5. Notice And Quorum. Written notice of any meeting called for the purpose of taking any action under Sections 7.3 or 7.4 of this Article shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At any such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes (exclusive of suspended voting rights) of each class of Membership shall constitute a quorum.

Section 7.6. Uniform Rate Of Assessment. The amount of any annual or special assessment shall be fixed at a uniform rate per Lot within Timberton Village.

Section 7.7. Commencement of Assessments. The annual assessments provided for herein shall commence as of the date of the sale of a Lot from Declarant to a third party and shall be prorated for the remaining portion of the assessment period. The Board of Directors shall attempt to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Lot owner subject thereto. The due dates shall be established by the Board of Directors. The Timberton Village Homeowners Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate as to the status of assessments on a Lot is binding upon the Timberton Village Homeowners Association as of the date of its issuance.

Section 7.8. Delinquent Assessments. Any assessment not paid within thirty (30) days after the due date shall bear interest at the lesser of (1) twelve percent (12%) per annum; or (2) the highest rate permitted by Washington law, from the due date. The prevailing party in any litigation shall be entitled to recover reasonable attorneys' fees and costs. No Owner may waive or otherwise escape personal liability for the assessments provided for herein by non-use of the amenities, transfer or abandonment of his Lot.

Section 7.9. Lien Rights. The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the Lot and shall constitute a continuing servitude and lien with power of sale upon the Lot against which such assessment is made. The costs and expenses for filing any notice of lien shall be added to the Assessment for the Lot against which it is filed and collected as part and parcel thereof. Each such annual and special assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of the Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

Section 7.10. Declarant Subsidy. Declarant shall subsidize the financial operations of the Timberton Village Homeowners Association in the event all assessments and every other revenue source (income) received by the Timberton Village Homeowners Association fails to equal or exceed the actual expenses incurred during the fiscal year. Declarant shall have no obligation for any such short fall resulting from the levying of any assessment in an amount less than the Maximum Annual Assessment, unless the same has been previously approved in

writing by Declarant. The subsidy contemplated herein shall terminate at such time as the Class B Membership of Declarant is converted to Class A Membership.

ARTICLE 8

ENFORCEMENT OF PAYMENT OF ANNUAL AND SPECIAL ASSESSMENTS AND OF ASSESSMENT LIEN

Section 8.1. Timberton Village Homeowners Association As Enforcing Body. The Timberton Village Homeowners Association shall have the right to enforce the provisions of this Supplemental Declaration. However, if the Timberton Village Homeowners Association shall fail or refuse to enforce this Supplemental Declaration or any provision hereof for any unreasonable period of time, after written request to do so, then any Member may enforce them on behalf of the Timberton Village Homeowners Association, but not at the expense of the Timberton Village Homeowners Association, by any appropriate actions, whether in law or in equity.

Section 8.2. Timberton Village Homeowners Association's Remedies To Enforce Payment of Annual And Special Assessments. The Timberton Village Homeowners Association may enforce payment of any delinquent Annual or Special Assessments, together with all collection costs and attorneys' fees, by taking either or both of the following actions, concurrently or separately:

8.2.1 Bring an action at law and recover judgment against the Member personally obligated to pay the Annual or Special Assessments; and

8.2.2 Foreclose the Assessment Lien against the Lot in accordance with the then prevailing Washington law relating to the foreclosure of real estate mortgages (including the right to recover any deficiency).

Section 8.3. Subordination Of Assessment Lien To First Mortgage; Priority Lien. The Assessment Lien provided for herein shall be subordinate to any First Mortgage lien and any liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot, except for any lien arising from the Master Declaration in favor of the Master Association. Sale or transfer of any Lot shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a First Mortgage or pursuant to any judicial sale or proceeding, the purchaser at the mortgage foreclosure, deed of trust or judicial sale, shall take the Lot free of the

Assessment Lien. However, such purchaser shall take subject to all Annual and Special Assessments, and the Assessment Lien thereof, accruing subsequent to the date of issuance of the sheriff's or trustee's deed.

Section 8.4. Suspension of Membership. In addition to the remedies set forth herein, and not to the exclusion or prejudice thereof, the Board may also suspend a Member from the Timberton Village Homeowners Association and the privileges of Membership, including use of Timberton Village Limited Common Areas for non-payment of Annual and/or Special Assessments; providing, however, that a Member may not be denied access along any private roadways, which are Limited Common Areas.

ARTICLE 9

USE OF FUNDS; BORROWING POWER

Section 9.1. Purposes For Which Timberton Village Homeowners Association Funds May Be Used. The Timberton Village Homeowners Association shall apply all funds collected and received by it for the common good and benefit of the Members by devoting said funds, among other things, to the construction, alteration, maintenance, provision and operation of Timberton Village Limited Common Areas, which may be necessary, desirable or beneficial. The following are some, but not all, of the areas in which the Timberton Village Homeowners Association may seek to provide for such common benefit: Social interaction among Members, maintenance, operation, repair and improvement of Timberton Village Limited Common Areas, liability insurance, communications, transportation, health, utilities, public services, safety, security and indemnification of Directors, Officers, employees and representatives of the Timberton Village Homeowners Association as provided for herein.

Section 9.2. Borrowing Power. The Timberton Village Homeowners Association may borrow money in such amounts, at such rates, upon such terms and security, and for such period of time as it determines is necessary or appropriate.

Section 9.3. Timberton Village Homeowners Association's Rights In Spending Funds From Year to Year. The Timberton Village Homeowners Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of annual or special assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Timberton Village Homeowners Association shall not be obligated to reduce the amount of the annual assessment in the succeeding year if a surplus exists from a prior year and the Timberton Village Homeowners Association may carry forward from year to

year such surplus as the Board in its discretion may determine to be desirable.

ARTICLE 10

MAINTENANCE

Section 10.1. Timberton Village Limited Common Areas. The Timberton Village Homeowners Association shall maintain or provide for the maintenance of the Timberton Village Limited Common Areas including the following:

- A. All Timberton Village Limited Common Areas, together with signs, monuments, gazebos, barbecue areas and other improvements thereon; and
- B. All storm water conveyance systems and management facilities. The following shall govern all maintenance of said systems and facilities: (A) Material collected during maintenance of oil/water separators shall be disposed of by a licensed contractor and in accordance with the standards of the Jefferson County Hazardous Waste Management Plan at a site approved by appropriate state and local agencies; (B) All on-going maintenance procedures utilized by the Timberton Village Homeowners Association relating to storm water conveyance systems and management facilities shall first be approved by Jefferson County Public Works Department, who shall have the right to oversee all aspects of said on-going maintenance; and

Section 10.2. Assessment of Certain Costs of Repair of Timberton Village Limited Common Areas. In the event that the need for maintenance or repair is caused through the willful or negligent act or omission of the Owner, Resident or Occupant, their guests or invitee, the cost of such maintenance or repair may, in the discretion of the Board, be charged directly to the Owner of the Lot and shall be payable in accordance with the time period established by the Board. A lien shall secure repayment and be enforceable in the same manner as other assessments provided herein. In addition, damage caused by fire, storm, flood, earthquake, riot, vandalism or other abnormal wear from use and the elements shall be the responsibility of each Owner and not included in the maintenance provided by the Timberton Village Homeowners Association.

Section 10.3. Improper Maintenance And Use Of Lots. In the event any portion of any Lot is used or maintained so as to present a public or private nuisance, or as to substantially

detract from the appearance or quality of the surrounding Lots, or in the event any portion of a Lot is being used in a manner which violates the Master Declaration or this Supplemental Declaration applicable thereto, or in the event the Owner of any Lot is failing to perform any of its obligations under the Master Declaration or this Supplemental Declaration, the Board may by resolution make a finding to such effect, specifying the particular conditions which exist, and giving notice to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may take such action at said Owner's cost, which costs and expenses shall be immediately charged to the Owner and shall be payable in accordance with the time period set by the Board. A lien shall secure repayment and be enforceable in the same manner as other Assessments provided for herein.

ARTICLE 11

AUTHORITY OF TIMBERTON VILLAGE HOMEOWNERS ASSOCIATION

Section 11.1. Timberton Village Homeowners Association's Rights And Powers As Set Forth In Articles And Bylaws. In addition to the rights and powers of the Timberton Village Homeowners Association set forth in this Supplemental Declaration, it shall have such rights and powers as are set forth in its Articles of Incorporation and Bylaws. Upon incorporation of the Timberton Village Homeowners Association, a copy of the Articles and Bylaws shall be available for inspection and copying at the office of the Timberton Village Homeowners Association, or such other location as designated by the Board within South Bay, during reasonable business hours.

Section 11.2. Contracts With Others For Performance Of Timberton Village Homeowners Association's Duties. Subject to the restrictions and limitations contained herein, the Timberton Village Homeowners Association may enter into contracts and transactions with others, including Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more Directors or Officers of the Timberton Village Homeowners Association or Members of any Committee is employed by or otherwise connected with Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other Directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable.

ARTICLE 12

INSURANCE

Section 12.1. Insurance On Timberton Village Limited Common Areas And Limited Common Areas. The Timberton Village Homeowners Association shall maintain insurance covering all insurable improvements located or constructed upon Timberton Village Limited Common Areas and Limited Common Areas. The Timberton Village Homeowners Association may maintain the following types of insurance, to the extent that such insurance is reasonably available, considering the cost and risk coverage provided by such insurance:

12.1.1 Property Insurance. A policy of property insurance covering all insurable improvements located on Timberton Village Limited Common Areas with a "Replacement Cost Endorsement." Such insurance shall afford protection against loss or damage by fire and other perils normally covered by the standard extended coverage endorsement and such other risks customarily covered with respect to projects similar in construction, location, and use, including all perils normally covered by the standard all risk endorsement, where such is available.

12.1.2 Liability Insurance. A comprehensive policy of public liability insurance covering all of the Timberton Village Limited Common Areas in an amount not less than One Million Dollars (\$1,000,000.00) covering bodily injury, including death of persons, personal injury, and property damage liability arising out of a single occurrence, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

12.1.3 Cancellation. The optional insurance provided for in Sections 12.1.1 and 12.1.2 may not be canceled or substantially diminished or reduced in coverage without at least thirty (30) days' prior written notice to the Timberton Village Homeowners Association and Declarant during the Development Period.

Section 12.2. Damage To Timberton Village Limited Common Areas. In the event of damage to or destruction of all or a portion of the Timberton Village Limited Common Areas due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be paid by the Timberton Village Homeowners Association for such reconstruction and repair. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and reconstruct the damage or destruction, the Timberton Village Homeowners Association shall present to the Members a notice of

Special Assessment for approval by the Membership in accordance with the Special Assessment provisions herein. If such Special Assessment is not approved, the insurance proceeds may, after first being used to clean and landscape damaged areas, be applied in accordance with the wishes of the Membership upon the approval of Members and Eligible First Mortgagees as set forth in Article 14 hereof, except that the proceeds shall not be distributed to the Owners, unless made jointly payable to Owners and the First Mortgagees, if any, of their respective Lots.

Section 12.3. Other Insurance To Be Maintained By Owners. Insurance coverage on the furnishings and other items of personal property belonging to an Owner, public liability insurance coverage upon each Lot, and homeowners and hazard insurance coverage on the residence and other improvements constructed on Lots shall be the responsibility of the Owner thereof.

Section 12.4. Annual Review of Insurance Policies. All insurance policies carried by the Timberton Village Homeowners Association shall be reviewed annually by the Board to ascertain that the coverage provided by such policies is reasonably adequate in view of expected and likely risks insured by the Timberton Village Homeowners Association.

ARTICLE 13

EASEMENTS

Section 13.1. Maintenance Easement. An easement is reserved and granted to the Timberton Village Homeowners Association, its Officers, Directors, agents, employees, and assigns, upon, across, over, in, and under Timberton Village Limited Common Areas and Lots to enable the Timberton Village Homeowners Association to perform the duties and functions which it is obligated or permitted to perform pursuant to this Supplemental Declaration.

Section 13.2. Future Utility Easements. Commencing at the termination of the Development Period, the Timberton Village Homeowners Association shall have the right to grant easements, licenses and permits upon, across, over and under the Timberton Village Limited Common Areas for drainage and for the installation, replacement, repair and maintenance of utilities, including, but not limited to, water, sewer, gas, telephone, electricity and cable television systems; providing said easements, licenses and permits shall be (1) consistent with the intended use of said properties; (2) reasonably necessary or desirable for the proper use, maintenance and operation of said properties; and (3) substantially without adverse effect on the enjoyment of said properties by the Members.

Section 13.3. Rights of Declarant Incident To Construction. An easement is reserved by and granted to Declarant, its successors and assigns, for access, ingress, and egress over, in, upon, under, and across the Timberton Village Limited Common Areas, including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's activities in Timberton Village; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner to that Owner's Lot. The easement created pursuant to this Section shall automatically cease upon the sale of the last lot in Timberton Village by Declarant.

Section 13.4. Maintenance Of Improvements And Easements. An easement is reserved and granted in favor of Declarant, the Timberton Village Homeowners Association, their successors, assigns, employees and agents, upon, over and across each Lot adjacent to any boundaries of the Timberton Village Limited Common Areas for reasonable ingress, egress, installation, replacement, maintenance, and repair of any improvement which Declarant may construct or cause to be constructed on or near any such property.

Section 13.5. Easements Deemed Created. All conveyances of Lots hereafter made, whether by the Declarant, or otherwise, shall be construed to grant and reserve the easements contained in this Article 13, even though no specific reference to such easements or to this Article 13 appears in the instrument of such conveyance.

ARTICLE 14

FIRST MORTGAGEES

Section 14.1. Member And First Mortgagee Approval. Subject to all provisions of this Supplemental Declaration, the Timberton Village Homeowners Association shall not, unless it has obtained the prior written consent of at least sixty-seven percent (67%) of the votes of each class of Membership, and fifty-one percent (51%) of the votes of the Eligible First Mortgagees (based upon one vote for each First Mortgage owned), amend any material provisions of this Supplemental Declaration which govern any of the following: (a) Voting; (b) assessments, assessment liens, or subordination of such liens; (c) reserves for maintenance or repair of Timberton Village Limited Common Areas; (d) insurance; (e) rights to use of the Timberton Village Limited Common Areas; (f) responsibility for maintenance and repair of any portion of Timberton Village; and (g) any provisions which are for the express benefit of First Mortgagees or Governmental Mortgage Agencies.

14.1.1 An amendment to this Supplemental Declaration shall not be considered material if it is for the purpose of correcting technical errors or for clarification.

14.1.2 "Eligible First Mortgagees" as set forth in this Section are those First Mortgagees who have requested the Timberton Village Homeowners Association to notify them of any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

Section 14.2. Notice Of Action. Upon written request to the Timberton Village Homeowners Association, identifying the name and address of the First Mortgagee and the address of the property which is subject to such first Mortgage, each such First Mortgagee shall be entitled to timely written notice of:

14.2.1 Any condemnation loss or casualty loss which affects a material portion of Timberton Village;

14.2.2 Any delinquency in the payment of assessments or charges owed to the Timberton Village Homeowners Association by the owner of the Lot subject to a First Mortgage held by such First Mortgagee, or any default by such Owner in any obligation under this Supplemental Declaration, and the Board has actual knowledge of such default, when such delinquency and/or default remains uncured for a period of sixty (60) days; and

14.2.3 Any proposed action which would require the consent of a specified percentage of First Mortgagee as provided in this Article 14.

ARTICLE 15

CONDEMNATION

Section 15.1. Actions And Awards. In the event proceedings are initiated by any governmental entity seeking to take eminent domain of the Timberton Village Limited Common Areas, or any part thereof, or any interest therein, with a value as reasonably determined by the Timberton Village Homeowners Association in excess of Ten Thousand and No/100 Dollars (\$10,000.00), the Timberton Village Homeowners Association shall give prompt notice thereof to all Members. The Timberton Village Homeowners Association shall have full power and authority to defend in said proceedings, and to represent the Owners in any negotiations, settlements and agreements with a condemning authority for acquisition of the Timberton Village Limited Common Areas, or any part thereof, but the Timberton Village Homeowners Association shall not enter into any such proceedings, settlements or agreements pursuant to which all or any portion or interest in said properties, or improvements located thereon, are

relinquished, without giving all Members at least thirty (30) days prior written notice thereof. In the event following such proceedings, there is such a taking in condemnation or by eminent domain of a part or all of said properties, the award made for such taking shall be applied by the Timberton Village Homeowners Association to such repair and restoration or the Timberton Village Limited Common Areas, or improvements thereon, as the Board, in its discretion, shall determine. If the full amount of such award is not so expended, the Timberton Village Homeowners Association shall disburse the net proceeds of such award to the Lot Owners. Each Lot will receive one (1) equal share, provided that the Timberton Village Homeowners Association shall first pay out of the share of each Owner the amount of any unpaid assessments or assessment liens or charges on his Lot. No provision of this Supplemental Declaration shall be deemed to give an Owner or any other party priority over the rights of a First Mortgagee in the case of a distribution to any Owner of insurance proceeds or condemnation awards for losses to or taking of Lots, Timberton Village Limited Common Areas, or any combination thereof.

ARTICLE 16

TERM; AMENDMENTS; TERMINATION

Section 16.1. Term; Method of Termination. This Supplemental Declaration shall be effective upon the date of recordation hereof and, as amended from time-to-time, shall continue in full force and effect for a term of twenty-five (25) years from the date this Supplemental Declaration is recorded. From and after said date, this Supplemental Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Supplemental Declaration by the then Members casting ninety percent (90%) of the total votes at an election held for such purpose. No vote to terminate this Supplemental Declaration shall be effective unless and until the written consent to such termination has been obtained within a period from six (6) months prior to such vote to six (6) months after such vote from all Eligible First Mortgagees. If the necessary votes and consents are obtained, the Board shall record a Certificate of Termination in the Jefferson County records. Thereupon this Declaration shall have no further force and effect.

Section 16.2. Amendments.

16.2.1 As long as there is a Class B Membership, this Declaration may be amended by obtaining approval of fifty-one percent (51%) or more of each class of Membership, provided that there shall also be full compliance with all other provisions

herein. However, notwithstanding anything to the contrary in this Supplemental Declaration, as long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration ("FHA") if there is an FHA insured mortgage on any Lot and Veterans Administration ("VA") if there is a VA guaranteed mortgage on any Lot; Dedication of Timberton Village Limited Common Areas and amendment of this Supplemental Declaration.

16.2.2 When there is no longer a Class B Membership, this Supplemental Declaration may be amended by obtaining approval of sixty-seven percent (67%) of the total voting power of the Timberton Village Homeowners Association, provided that there shall also be full compliance with all other provisions hereof.

16.2.3 Any amendment to this Supplemental Declaration shall be recorded with the Jefferson County Auditor as a Certificate of Amendment, duly signed and acknowledged by the President of the Timberton Village Homeowners Association. Certificate of Amendment shall set forth in full the amendment adopted, and except as provided in Section 16.3 below, shall certify that at an election duly called and held pursuant to the provisions of the Articles and Bylaws, the Members casting the required percentages of the total voting power of the Timberton Village Homeowners Association voted affirmatively for the adoption of the amendment. Notwithstanding the foregoing provisions, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

Section 16.3. Right of Amendment To Correct Clerical or If Requested By Governmental Mortgage Agency Or Federally Chartered Lending Institutions. Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend all or any an extent as part of this Supplemental Declaration to such necessary to correct any clerical issue or with such language as may be requested by Governmental Mortgage Agencies and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Supplemental Declaration, or by any federally chartered lending institution as a condition precedent to lending funds on the security of any Lot(s). Any such amendment shall be effected by the recordation, by Declarant, of a Certificate of Amendment fully signed by the authorized agents or officers of Declarant, as applicable, with their signatures acknowledged, specifying the Governmental Mortgage Agency, the federal, state or local governmental agency or the federally chartered lending

institution requesting the amendment and setting forth the amendatory language requested by such agency or institution.

ARTICLE 17

MISCELLANEOUS

Section 17.1. Interpretation of The Covenants. Except for judicial construction, the Timberton Village Homeowners Association, through its Board, shall have the exclusive right to construe and interpret the provisions of this Supplemental Declaration. In the absence of any adjudication to the contrary, the Timberton Village Homeowners Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by the covenants and provisions hereof.

Section 17.2. Severability. Any determination by any court of competent jurisdiction that any provision of this Supplemental Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 17.3. Rule Against Perpetuities. If any interest purported to be created by this Supplemental Declaration is challenged under the Rule Against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest.

Section 17.4. References To The Covenants In Deeds. Deeds to and instruments affecting any Lot in Timberton Village may contain the covenants herein set forth by reference to this Supplemental Declaration; but regardless of whether any such reference is made in any deed or instrument, each and all of the covenants shall be binding upon the grantee-owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 17.5. Successors And Assigns of Declarant. Any reference in this Supplemental Declaration to Declarant shall include any successors or assigns of Declarant's rights and powers hereunder.

Section 17.6. Gender And Number. Wherever the context of this Supplemental Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

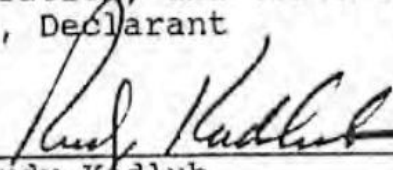
Section 17.7. Captions And Titles. All captions, titles and headings of the Articles and Sections in this Supplemental Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

Section 17.8. Notices. Unless otherwise required by the Governing Documents, notice of any meeting, action or proposed action by the Timberton Village Homeowners Association, Board or any Committee to be given to any Owner shall be deemed satisfied if notice of such action or meeting is given in person or by regular mail, postage paid, not less than three (3) days prior to the date such notice is effective. Each Owner shall register his mailing address with the Timberton Village Homeowners Association for the purposes of such notice. All notices, demands, or other notices intended to be served upon the Board or the Timberton Village Homeowners Association shall be sent by certified mail, postage prepaid, to the business office of the Timberton Village Homeowners Association. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice required in any other manner.

IN WITNESS WHEREOF, RAK Development Company, an Oregon corporation, dba Costa Pacific Homes, has hereunto caused its authorized officials to execute this Declaration as of the day and year first above-written.

RAK DEVELOPMENT COMPANY, an Oregon corporation, dba Costa Pacific Homes, Declarant

By: _____


Rudy Kadlub
President

STATE OF OREGON)
)
County of Wash.)

On this 7 day of July, 1995, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared RUDY KADLUB, to me known to be the President of RAK Development Company, an Oregon corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

WITNESS MY HAND AND OFFICIAL seal hereto affixed the day and year first above written.



Marcee Kilpatrick

Notary Public, in and for the
State of Oregon, residing
at Beaverton
My commission expires: 12/20/98