

**RESTATED AND REVISED MASTER
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF RECORD
OF KALA POINT OWNERS' ASSOCIATION
DIVISIONS 1 THROUGH 15**

RECITALS

Reference is made to that certain DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF RECORD OF KALA POINT SWIM AND RACQUET CLUB DIVISIONS 1, 2, 3 (Restated) and 4, dated the 26th day of June, 1978, (the "Declaration") wherein Kala Point Development Company, a Limited Partnership of the State of Washington, was the Declarant; a copy of the Declaration was recorded June 27, 1978, Auditor's file 250922 in Vol. 103, pp. 608 to 623 inclusive, official records of Jefferson County, State of Washington. Reference is also made to that certain Restated and Revised Master Declaration of Covenants, Conditions and Restrictions of record of Kala Point Swim and Racquet Club, Divisions 1 through 9, 11 and 12, dated September 16, 1984 (the "Master Declaration"), a copy of which was recorded September 17, 1984, Auditor's File No. 291353 in Volume 193, Pages 474 to 508, inclusive, Official records of Jefferson County, State of Washington and the Architectural Committee Agreement dated September 16, 1984 and referenced in Article VIII, Section 1. of this restated Master Declaration.

Since the original execution and recording of the Declaration, it has been revised and amended September 17, 1984, including the Compromise Agreement dated October 25, 1984, and further amended July 10, 1994. The Association has also changed its name. Therefore the Association desires to restate, amend and republish the Declaration upon "Covered Property" (as hereinafter defined). This will constitute a general scheme for the management of the Covered Property and for the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Covered Property, and enhancing the quality of life within the Project.

Accordingly, the Declaration is hereby restated and amended to read as follows:

ARTICLE I
DEFINITIONS

Unless the context clearly indicates otherwise, the following terms used in this Master Declaration shall have the following meanings:

Section 1. "Architectural Committee" shall mean and refer to the committee provided for in the Article hereof entitled 'Architectural Control'.

Section 2. "Articles and Bylaws" shall mean and refer to the Articles of Incorporation and Bylaws of the Association as the same may from time to time be duly amended.

Section 3. "Assessments" - The following meaning shall be given to the assessments hereinafter defined:

"Regular Assessments" (formerly called "Dues" under the Declaration) shall mean the amount which is to be paid by each Member to the Association for Common Expenses.

"Special Assessments" shall mean a charge against a particular Owner and his Lot, Unit, or TSU, directly attributable to the Owner, to reimburse the Association for costs incurred in bringing his Lot, Unit or TSU into compliance with the provisions of the "Project Documents" (as hereinafter defined) or to reimburse the Association for costs incurred in repairing or replacing or cleaning the Common Areas used or damaged by the Owner, his family, guests, invitees or tenants, or any other charge or fine designated as a Special Assessment in the Project Documents together with attorney's fees and other charges incurred by the Association in connection with the levying and collection of the Special Assessment against such Owner, plus interest thereon, at the lesser of (i) eighteen percent (18%) per annum, or (ii) the maximum rate permitted by law.

"Reconstruction Assessment" shall mean a charge against each Member and his Lot, Unit or TSU representing a portion of the cost to the Association for reconstruction of any portion or portions of the Common Areas pursuant to the provisions of this Master Declaration.

"Capital Improvement Assessment" shall mean a charge against each Member and his Lot, Unit or TSU representing a portion of the cost to the Association for the purchase, installation or construction of any capital

improvements on any of the Common Areas which the Association may from time to time authorize pursuant to the provisions of this Master Declaration.

"Emergency Assessments" shall mean a charge against each Member and his or her Lot, Unit or TSU, representing a portion of the cost to the Association of emergency repairs or reconstruction to the Common Areas necessitated by reason of a common disaster, Act of God, or gross necessity.

Section 4. "Association" shall mean and refer to the Kala Point Owners' Association, a Washington Corporation organized pursuant to the Washington Non-Profit Corporation Act (RCW 24.03).

Section 5. "Board" shall mean the Board of Directors of the Association.

Section 6. "Commercial Lot" shall mean Parcel D (Divisions 14 and 15) as shown on a survey of Kala Point recorded under Auditor's File No. 275 Volume 5 of Surveys, at page 75, official records of Jefferson County, Washington.

Section 7. "Common Areas" shall mean all real property owned by the Association or on which the Association holds an easement or license for the common use and enjoyment of the Owners. Common Areas shall be such as are shown on the final recorded plat of Kala Point as filed in the Official Records of Jefferson County and shall include but shall not be limited to Swimming Pools, Parks and Playgrounds, Beach Areas, Tennis Courts, Open Areas, Greenbelt, Access Roads, Streets and Alleys, and all other areas within said record plat or plats which are open to use by any member of the Association, his family, guests or tenants. All of the real property which presently constitutes the Common Areas owned in fee by the Association as of the date of this Master Declaration is more particularly described in Exhibit "A" attached hereto. Additional property may be annexed to the Common Areas as provided in Article XII of the Articles, as said Article XII may be amended from time to time.

Section 8. "Common Expenses" shall mean and refer to the actual and estimated cost or funding of:

(a) Maintenance, operation, repair and replacement of the Common Areas, and all other areas on the Covered Property which are maintained by the Association;

(b) Unpaid Regular, Special, Reconstruction, Emergency, and Capital Improvement Assessments;

(c) Maintenance by the Association of areas within the public right-of-way or private and public streets in the vicinity of the Covered Property as provided in this Master Declaration or pursuant to agreements with the County;

(d) Management and administration of the Association, including but not limited to compensation paid by the Association to managers, accountants, attorneys and employees;

(e) Utilities, trash pick-up and disposal, gardening and other services benefiting the owners and their Lots, Units or TSUs to the extent such services are paid for by the Association;

(f) Fire, casualty, liability, workman's compensation, and other insurance covering the Common Areas, the Association and its Board;

(g) Insurance to cover Director's liability, errors and omissions, and other insurance obtained by the Association;

(h) Reasonable reserves as deemed appropriate by the Board;

(i) Bonding of the members of the Board, any professional managing agent or other person handling the funds of the Association;

(j) Taxes paid by the Association;

(k) Amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Areas or portions thereof;

(l) Expenses incurred by the Architectural Committee or other committees of the Association which have been approved by the Board;

(m) Expenses incurred by the Association, the Board, or individual directors or officers of the Association in prosecuting or defending any legal proceedings brought by or against the Association, the Board, or individual directors or officers of the Association for injunction, declaratory relief, damages or other types of relief in connection with the interpretation or enforcement of the Project Documents or of the administration of the Common Areas by the Association or the Board; and

(n) Any other item or items designated by, or in accordance with other expenses incurred by the Association for any reason whatsoever in connection with the Common Areas, this Master Declaration, the Articles, Bylaws, or Rules and Regulations, or in furtherance of the purposes of the Association, or in the discharge of any obligation imposed on the Association by this Declaration, or by any court of competent jurisdiction.

Section 9. "Condominium Unit" or "Unit" shall have the same meaning as the term "Apartment", as that term is defined in Section 64.32.010 of the Revised Code of Washington, as the same may be amended or recodified from time to time.

Section 10. "County" shall mean and refer to Jefferson County, a municipal subdivision of the State of

Washington.

Section 11. "Covered Property" shall mean and refer to all platted portions of the real property described in Exhibit B. attached hereto (Divisions 1 through 9 and 11 and 12 and Kala Point Village Phases 1 through 5) and shall include the property described in Plats of Divisions 10 and 13 through 15 and Kala Point Villages Phases 6 through 10, if, as and when final and accepted Plats for such Divisions or phases are filed, together with any additions thereto as may hereafter be brought within the jurisdiction and control of the Association.

Section 12. "Declarant" or "Developer" shall mean and refer collectively to Kala Point Development Company, a Washington Limited Partnership and to New Kala Point Limited Partnership, a Washington Limited Partnership, and their respective successors and assigns to the extent such successors and assigns acquire any of the Covered Property for development purposes.

Section 13. "Dwelling" shall mean the residential dwelling unit located on any individual Lot other than the Commercial Lot, and shall mean in the case of a Condominium, all elements of a condominium unit conveyed to the Owner thereof, as the Unit is defined in the declaration recorded for said Condominium pursuant to the Horizontal Property Regimes Act as now in force or as hereafter amended or recodified.

Section 14. "Effective Date" shall mean and refer to the date that this Master Declaration is approved by the membership of the Association pursuant to Article 13 of the Declaration.

Section 15. "Exhibit" shall mean and refer to those documents so designated herein and attached hereto, and each of such Exhibits is by this reference incorporated in this Master Declaration.

Section 16. "Guest" shall mean any person in the company of a Member. Guests shall be entitled to use the Common Areas and facilities upon such basis and subject to such rules as the Board may direct. Members shall be responsible for their Guests' conduct.

Section 17. "Lot" shall mean and refer to any plot of land shown upon any recorded plat of the Covered Property, with the exception of Commercial Lot, the Common Areas and the common areas of those areas designated as Tracts or Condominium Areas.

Section 18. "Master Declaration" shall mean and refer to this document as the same may hereafter be amended from time to time.

Section 19. "Member" shall mean and refer to every Person who qualifies for membership pursuant to the Article of this Master Declaration entitled "Membership".

Section 20. "Membership Agreement" shall mean and refer to an agreement in the form attached hereto as Exhibit "C", or any other form specified from time to time by the Board.

Section 21. "Mortgage" shall mean and refer to any duly recorded Mortgage or Deed of Trust encumbering the Common Areas, a Lot, Condominium Unit, or TSU.

Section 22. "Mortgagee" shall mean and refer to the Mortgagee or beneficiary under any Mortgage. A "First Mortgagee" shall refer to a Mortgagee whose mortgage has priority over any other mortgage encumbering a specific Lot, Condominium Unit, TSU, or the Common Area.

Section 23. "Mortgagor" shall mean and refer to the Mortgagor or Grantor under any Mortgage,

Section 24. "Owner" shall mean and refer to one or more Persons who are alone or collectively the record owner of a fee simple title to a Lot, Condominium Unit, TSU, or Commercial Lot, including Declarant, or the vendee under an installment land sales contract, but excluding those having such interests merely as security for the performance of an obligation. In the event any "Owner" as defined herein leases his Lot, Unit or TSU to another Person under a recorded lease for a term of more than ten (10) years, then the tenant under said lease and not his landlord shall be considered the Owner of such Lot, Unit or TSU during the term of such lease.

Section 25. "Person" means one or more natural persons, corporations, partnerships, joint ventures, associations, estates, trusts, governments, governmental subdivisions or agencies, other legal or commercial entities, or any combination thereof.

Section 26. "Phase" shall mean and refer to the 15 Divisions of the Covered Property as shown and reflected on Exhibit "B"; the term "Phase" shall also refer to condominium developments within the Covered Property at such time as such phases are brought under the regimes of their declaration.

Section 27. "Plat" shall mean the Plats of Kala Point Divisions 1 through 9, 11 and 12 (and Divisions 10 and 13 through 15 if, as and when the same are filed of record in the official records of Jefferson County) and the plats of Kala Point Condominiums, Kala Bluff Condominium, Kala Heights Condominium, and the Kala Point Village Time Share Condominium, provided that as to plats and full ownership condominiums or time share condominiums, Phases of such condominium developments shall be deemed a part of the Plat only at such time as they are submitted to the regime of their individual Declarations.

Section 28. "Public Services" shall mean and refer to those services normally rendered for the peace, safety and protection of Members and their guests, tenants or invitees residing within the Covered Property,

including but not necessarily limited to police and fire protection, Common Area and street lighting, cleanup and sanitation.

Section 29. "Project" shall have the same meaning as Covered Property.

Section 30. "Project Documents" shall mean and refer to this Master Declaration, the Articles, Bylaws, and Rules and Regulations as each may be amended from time to time.

Section 31. "Residential Lots" shall mean and refer to all Lots other than the Commercial Lot, and shall mean and refer to all Condominium Units other than the TSUs.

Section 32. "Rules and Regulations" shall mean and refer to the Rules and Regulations adopted and promulgated from time to time by the Board, pursuant to the provisions of this Master Declaration relating to the management, operation, control and use of the Common Area.

Section 33. "Structure" shall mean and refer to anything erected, constructed, placed or installed upon (i) the Common Areas, (ii) a Lot, (iii) a condominium unit, or (iv) a TSU, and having a height of three (3) feet or more above the established ground level.

Section 34. "Time-share Owner" (TSO) means a Person who is an Owner of an undivided interest in a TSU.

Section 35. "Time-share Unit" (TSU) shall mean and refer to a condominium unit subject to a declaration for time share purposes.

Section 36. "Utilities" shall mean and refer to sewage disposal, garbage disposal, underground telephone, cable T.V., electricity service, and the furnishing of potable water for domestic and related use to Lots, Units and TSUs within the Covered Property.

Section 37. "Village" shall mean and refer to Kala Point Village, the Time-Share Condominium located within the Project.

Section 38. "Village Association" shall mean and refer to the Kala Point Village, a Washington corporation organized pursuant to the Washington Non-Profit corporation Act (RCW 24.03), its successors and assigns.

Section 39. "Village Declaration" shall mean and refer to that certain "Declaration of Condominium establishing Kala Point Village, a condominium" recorded in Volume 102, pp- 418 et. seq., bearing Auditor's File No. 250367 and recorded June 5, 1978 in the official records of Jefferson County.

ARTICLE II MEMBERSHIP

Section 1. Membership - Every owner shall be a Member of the Association, subject to the terms of this Master Declaration, the Articles, Bylaws, and Rules and Regulations. The terms and provisions set forth in this Master Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles and Bylaws and Rules and Regulations of the Association, to the extent the provisions thereof are not in conflict with this Master Declaration. Membership of owners shall be appurtenant to and may not be separated from the interest of such Owner in any Lot, Unit or TSU. ownership of a Lot, Unit or TSU shall be the sole qualification for membership; provided, however, that a member's voting rights or privileges to use the Common Areas, or both, may be regulated or suspended as provided in this Master Declaration, the Bylaws, the Articles, and the Rules and Regulations. Not more than one membership shall exist based upon the ownership of a single Lot, Unit, or TSU, and each membership shall be limited to two adults or such other limitation as the Board may specify from time to time pursuant to its Rules and Regulations.

Section 2. Membership Agreement - Each Person who becomes an Owner/Member after the Effective Date of this Master Declaration ("New Member") (other than Declarant) must execute a Membership Agreement (Exhibit C) and deliver the same to the Association prior to or concurrently with the recording of a deed conveying fee title to any Lot, Condominium Unit or TSU to such Owner, or the recording of a real estate contract conveying equitable title to such Owner, or the recording of a lease for a term of more than ten years conveying a leasehold estate to such Owner. Each Owner must notify the immediate transferee of his Lot, Condominium Unit or TSU of such transferee's obligation to so execute and deliver a membership agreement, but the failure to so notify a transferee shall not relieve such transferee of his obligations under this section. The provisions of this section shall not restrict or restrain in any way an owner's ability to transfer his Lot, Unit or TSU to a Person who refuses to execute a membership agreement, nor shall the failure to execute a membership agreement prevent any Person from being a Member or Owner under the terms of this Master Declaration, the Articles, Bylaws, or Rules and Regulations, or excuse any Member from the payment of assessments. Any New Member who has not executed and delivered a membership agreement shall automatically for a period of three (3) months or such longer period

specified in the Bylaws, but in no event to exceed one (1) year, forfeit his right to vote as a Member, and additionally forfeit his right to the use and enjoyment of the Common Areas, and, subject to the following provisions of this section, such rights shall not be restored until the expiration of such period, notwithstanding such Owner's execution and delivery of a membership agreement prior to such expiration. If such Owner has not executed and delivered a membership agreement on or before the expiration of such period, subject to the following provisions of this section, his voting privileges and rights in the Common Areas shall not be restored until such execution and delivery. However, the Board may provide that Members shall be entitled to the full privileges of membership in the Association, notwithstanding the failure to execute a membership agreement, or may further provide that upon the execution of a membership agreement, a Member's voting and other privileges shall immediately attach, notwithstanding the automatic forfeitures described above. In the event Members are entitled to a key, membership card, or other token evidencing or facilitating the right to use the Common Areas, the Board may require any New Member who has not executed a membership agreement to return the same to the Board. Nothing contained in this section shall interfere with an Owner's right to use private streets, if any, to gain ingress and egress to his Lot, Unit or TSU.

Section 3. Member's Family - The "family" of a member shall be deemed to include legal dependents living at home, provided that the Board shall have the power by appropriate Rules and Regulations to modify or change the definition of "family" for purposes of extending, restricting, limiting or otherwise controlling use of the Common Areas by non-Members.

ARTICLE III MEMBERS VOTING RIGHTS

Section 1. Voting Rights - All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles, Bylaws, and Rules and Regulations.

Section 2. Alienability of Membership - Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the conveyance or encumbrance of a Lot, Unit, or TSU, and then only to the purchaser, lessee or Mortgagee of such Lot, Unit, or TSU. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event an Owner should fail or refuse to transfer the membership registered in its name to the transferee of such Owner's interest in such Lot, Unit or TSU, the Association shall have the right to record the transfer upon the books of the Association.

Section 3. Classes of Voting Membership - The Association shall have but one class of voting membership. The Owner or Owners of each individual Lot, Condominium Unit, or TSU shall have one vote in the affairs of the Association; provided, however, that as to TSOs, there shall be but one vote for each TSU, and that vote shall be cast pursuant to the requirements and subject to the rules of the Village Declaration and the bylaws of the Village Association. With regard to platted but unsold Lots or Units the Developer-Declarant shall have one vote for each such Lot or Unit. With regard to completed but unsold TSUs, the Declarant under the Village Declaration shall have one vote for each such TSU.

Section 4. Multiple Owners - When more than one Person is the Owner of a Lot or Condominium Unit (other than a Time-Share Unit) the vote for such Lot or Unit shall be exercised as all of the Owners among themselves determine, and in no event shall more than one vote be cast with respect to any such Lot or Condominium Unit. The Association shall not be required to recognize the vote or written assent of any such Owner except the vote or written assent of the Co-Owner designated in writing and signed by all such Co-Owners and delivered to the Board.

Section 5. Approval by Members - Any provision of this Master Declaration or the Bylaws which requires the vote or written assent of a specified majority of the voting power of the Association shall be deemed satisfied by the following:

(a) the vote of the specified majority at a meeting duly called and noticed and at which a quorum is present, pursuant to the provisions of the Bylaws dealing with annual or special meetings of the Members, unless a provision of this Declaration requires a special meeting only;

(b) a writing or writings signed by the specified majority; or

(c) a combination of votes and written assents, provided that Members shall not change their vote or written assent after it is cast or delivered, and provided further that only those written assents executed within fifty (50) days before and postmarked not later than the date of the meeting may be combined with votes and written assents cast at such meeting to constitute the specified majority.

(d) In determining the Members who are entitled to vote or give their written assent pursuant to any provisions of this Master Declaration, the Association shall not be required to recognize those Members who

become Members after the Effective Date of this Master Declaration and who have not executed a membership agreement and delivered the same to the Association as of the record date fixed by the Board pursuant to the Bylaws with respect to the particular vote in question.

(e) In any matter requiring the consent of the Members, but not specifically provided for in this master Declaration or the Articles, Bylaws, or in any contract executed by the Association or its Board, and if the requisite quorum is present, either in person or by proxy, as required by the Bylaws, then a simple majority of such quorum shall suffice.

ARTICLE IV PROPERTY RIGHTS

A. COMMON AREAS

Section 1. Ownership - Title to the Common Areas shall be held and maintained in the Association, subject to the rights of the Association to dedicate certain portions thereof to the County or other governmental bodies as elsewhere provided herein.

Section 2. Easement of Enjoyment - Every Owner shall have the right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every Lot, Unit or TSU, provided that such easement of enjoyment shall be subject to all the provisions of this Master Declaration, and Bylaws and Rules and Regulations adopted pursuant thereto.

Section 3. Control of Use - The Board shall have the right and obligation to adopt Rules and Regulations controlling the use of the Common Areas by Members and their families, guests, and tenants.

Section 4. Dedication - The Association acting through its Board shall have the right to dedicate or transfer all or any part of the Common Area or of the Utilities it owns, or of the responsibility for the furnishing of Public Services, to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Board.

Section 5. Assignment of rights to use Common Areas. The Common Areas are designed and intended primarily for the use of Members and their families, provided that for each Lot, Unit or TSU only one member and his family may use the Common Areas at one time. The Board may adopt rules and regulations allowing non-Members (including guests, tenants, relatives and invitees) to use the Common Areas upon a temporary assignment of the use rights from members upon such basis and subject to such charges as the Board may from time to time deem appropriate, provided that any Rule or Regulation adopted by the Board must allow Members to temporarily assign their right to use the Common Areas to non-Members at least once per week in any given week of any given year. Any Amendment to this Section which would further restrict the frequency of temporary assignments to non-Members shall require the vote or written consent of a two-thirds (2/3rds) majority of the "Total Net Votes" (as that term is defined in the Bylaws of the Association) of the membership at a meeting duly called and noticed and at which a quorum is present.

Section 6. Obligation to Pay Assessments - The Board shall have the right to charge reasonable admission and other fees for the use of any recreational facilities situated within the Common Areas. Each Owner, by accepting a conveyance or lease to his Lot, Unit or TSU, covenants and agrees to pay promptly when due all assessments imposed by the Board. The Board shall have the right to charge higher assessments to different types of Members depending upon intensity of use and the amount of wear and tear caused by such Members, as determined by the Board, which additional assessments may include any additional management costs applicable thereto.

Section 7. Suspension of Use Privileges - No Member shall have the right to use the Common Areas unless he has first paid all assessments applicable to his Lot, Unit or TSU. The Association shall have the right to suspend a Members voting rights and rights to use the recreational facilities located on the Common Areas for any period during which any dues or assessment against such Member's Lot, Unit or TSU remains unpaid, and for a period not to exceed sixty (60) days for each infraction of its published Rules and Regulations, and for each infraction of the restrictions contained in this Master Declaration.

Section 8. Condominium Homeowners Associations - Nothing contained in this Article IV shall be construed as limiting the rights of Condominium Homeowners Associations, whether for full ownership or Time-Share use, to further limit the rights of its members to assign or transfer their rights to use their Units or TSUs, to family members, guests, tenants or invitees.

B. UNIFORM GENERAL REQUIREMENTS

The following uniform general requirements shall apply throughout all parts of the Covered Property:

Section 1. Animals - No husbandry of either animals or fowl shall be conducted or maintained within the Covered Property, provided, however, that a reasonable number of domestic pets shall be excluded from this restriction; provided, further, that the Owners of Lots 1 through 6 in Division 1 shall have the right to maintain and keep horses on their Lots. All such uses shall be subject to Rules and Regulations of the Board as the same may be adopted and amended from time to time.

Section 2. Building Plans - Plans and specifications for all Structures, Dwellings, walls and fences, or exterior additions thereto must first be submitted to the Architectural Committee of the Board for written approval as to quality of materials and workmanship, harmony and exterior design, size and elevation of Structures, Dwellings, walls and fences, and for approval as to location with respect to topography and finish grade elevation, prior to commencement of any construction, all in conformance with the Article contained in this Master Declaration entitled 'Architectural Control'.

Section 3. Easements - Easements and rights-of-way are hereby expressly reserved for the creation, construction and maintenance of utilities such as gas, water, telephone and electricity, sewers, storm drains, water wells, Cable T.V. and the like, whether publicly or privately owned or maintained, as well as for the functioning of any public or private utility utilizing such easements, or for any function deemed necessary or convenient by the Board for the Owners, health and welfare. such easements or rights-of-way shall be confined to the rear ten (10) feet of every Lot and five (5) feet along the side of every Lot, and seven (7) feet along the street upon which such Lots front, except as the location of such easements may be altered or changed by Developer under any Plat recorded subsequent to the Effective Date of this Master Declaration.

Section 4. Fences - No fence, wall or hedge shall be erected or maintained within the Covered Property which shall unreasonably restrict or block the view from any adjoining Lot, Unit or TSU, or which shall materially impair the continuity of the general landscaping plan of the Project. All plans for fencing and walls shall be submitted to the Architectural Committee for approval.

Section 5. Signs - No sign of any kind shall be exhibited in any way on or about the Covered Property without the written approval of the Architectural Committee. These restrictions shall not apply to Declarant or the Association where such signs are used as sales aid, direction, or the like in connection with the marketing and development of Declarant or community purposes of the Association.

Section 6. Trucks, Trailers, Recreational Vehicles ("RVs") and Boats - Trucks, trailers, RVs and Boats shall not be parked in the Common Areas, nor upon any streets, alleys or rights-of-way within the Covered Property in such a manner as to obstruct the free flow of traffic. The parking of trucks, trailers, RVs and boats shall be at all times subject to the control of the Board, which shall from time to time publish Rules and Regulations controlling same.

Section 7. Care and Appearance Premises - As to Lots, the Lot owners, and as to Condominiums and Time Share Condominiums, their respective Owner Associations, shall maintain the improvements located on their premises and the grounds of such premises in a neat and attractive manner, and in particular, shall keep the grass and weeds cut, shall control the growth and spread of alder trees, shall keep the shrubbery pruned, and shall promptly remove dead trees, shrubbery and plants. Such Owners and Owner Associations shall maintain the exterior of improvements on their premises in a good state of repair and condition. If neglected, the Grounds Committee of the Board shall give written notice to the Owner or Owner's Association, setting forth the corrective work required to be done. If such corrective work has not been completed by such Owner or Owner's Association to the Grounds Committee's reasonable satisfaction within thirty (30) days after notice from such committee, then the Committee shall have the right to remove any objectionable materials, plants or trees, and to submit billings to the Owners or Owner Associations for the cost and expense of such work.

Section 8. Clearcutting - No clear cutting or removal of trees shall be undertaken without the prior written consent of the Architectural Committee. Unauthorized cutting of trees shall be subject to fines and other penalties as may be set by the Board from time to time.

Section 9. View

(a) All owners shall restrict the height of improvements constructed on their properties and the height of planted trees and vegetation growing thereon to the end that the view of other owners within the Project shall be preserved to the greatest extent reasonably practicable. Limitations as to the height of improvements, Structures, Dwellings, fences, walls and vegetation are established by this Master Declaration, and the Architectural Committee shall have the responsibility of determining whether fences, walls or trees or other vegetation unreasonably interferes with the view of other Owners. In any case in which the Committee shall determine that there is such interference, it shall give notice in writing to the Owner or the Owner's Association, which shall set forth the extent to which the trees, vegetation or elevations of fences or walls shall be reduced, removed or pruned. If such work has not been completed within thirty (30) days after notice from the Committee, the Committee, the Board or the

Association may cause the work to be done at the expense of the non-complying Owner or Owner's Association, and the Board and its employees and independent contractors shall have license to enter upon any common area, Lot or Unit for the purpose of completing such work.

(b) View clearance or view enhancement implies clearing, limbing, thinning or trimming trees on affected properties. The Architectural Committee shall review and may approve any such requests for view clearing or enhancement. All costs of approved cutting, removal, cleanup of trees and shrubs that were not planted and any damages resulting therefrom shall be borne by the requesting member. The costs of cutting, removal, and cleanup of planted trees and shrubs shall be the responsibility of the owner of such planted trees and shrubs.

Section 10. Building Height and Location. In general, Dwellings will be single story, except on sites which lend themselves to daylight basements and/or will not block view from other Lots. Views from all Lots will be safeguarded to the greatest extent reasonably practicable. Building heights shall be such as are fixed by the Architectural Committee in its Architectural Standards and its specific review and evaluation of plans and specifications submitted to such Committee in accordance with the provisions of the Article entitled "Architectural Control". The orientation and location of the Dwellings and Structures shall be regulated to the end that all Dwellings and Structures are kept compatible with their natural surroundings and with each other.

Section 11. Construction Materials - New materials on all exterior surfaces shall be required unless otherwise approved by the Architectural Committee. Used brick, however, will be permitted.

Section 12. Decks - Outdoor decks and patios will be encouraged.

Section 13. Minimum dwelling size The minimum size of the interior floor space of all detached single family Dwellings (exclusive of garages, breezeways, patios and porches) shall be one thousand five hundred (1,500) square feet. **Except in the event of a catastrophic loss to a dwelling that was originally built less than the current minimum square footage that dwelling shall be rebuilt to at least its original size prior to the loss. Structures being rebuilt shall comply with current Architectural Standards and follow the established review and approval process.**¹

Section 14. Garages. For detached single family Dwellings a minimum two-car garage is required and must be attached to the principal Dwelling except as otherwise approved by the Architectural Committee. Exceptions may be granted by the Architectural Committee where there is insufficient space for a 2-car garage.

Section 15. Common Area Vegetation - View paths and shrubbery growth in the Common Areas shall be maintained by the Association. The Architectural Committee or the Grounds Committee shall review and approve all requests for clearing, tree removal or limbing in the Common Area. The Board or a duly appointed committee of the Board shall determine the party responsible for the cost of such removal, clearing, or limbing.

Section 16. Compliance with Laws - Each Owner and Member shall promptly comply with all laws, statutes, ordinances, rules and regulations of federal, state or municipal governments or authorities applicable to the use and occupancy of and construction and maintenance of any improvements located upon the Owner's Lots, Units, or TSUs.

Section 17. Mobile or trailer-like homes shall not be approved. Preconstructed homes shall not be approved unless they:

- (a) Comply with all requirements of the Architectural Standards;
- (b) Have poured-in-place concrete foundations; and
- (c) Include features such as a porch entryway, decks, patios, appropriate chimney structures and eaves which eliminate an outside appearance and configuration resembling a trailer or mobile home.

Section 18. Detached single family dwellings of substantially similar design to an existing dwelling shall not be approved unless located in a different area of Kala Point as determined by the Architectural Committee.

C. COMMERCIAL LOT RESTRICTIONS

In addition and supplemental to the Uniform General Restrictions, the following covenants, easements, reservations and requirements will apply to and govern the erection and maintenance of commercial and mixed commercial buildings, all of which are limited and restricted to the Commercial Lot.

Section 1. Approval - All structures erected must be first approved by the Architectural Committee and shall be of wood, brick, cement, block, stone masonry, or cement masonry construction, or a combination thereof, and shall include adequate toilet facilities for owners and occupants and their employees and where applicable, for the public.

Section 2- Limitations - Buildings erected on the Commercial Lot shall be limited to commercial

¹ The membership voted to amend this section of the CC&Rs on December 19, 2004. This CC&R amendment was recorded on March 29, 2005.

enterprises mutually acceptable to Developer and the County.

Section 3. Set Backs - Set backs and the location of structures shall be in accordance with regulations promulgated therefore from time to time by the County. In the absence of any such regulations, set backs and Structure location shall be fixed and determined by the Architectural Committee.

D. RESIDENTIAL LOT RESTRICTIONS

Section 1. Lot Size and Setbacks. No more than one single family Dwelling shall be constructed per Lot. Setbacks from the front property line, the rear property line and the side lot lines and the location of structures and Dwellings upon corner lots shall be in accordance with standards relating thereto as from time to time set by the Architectural Committee.

Section 2. Single Family Residential Use. All residential Lots shall be used solely for single family residential purposes. A Member's family is the same as defined in Article II Section 3. For purposes of this section, one who is renting or leasing, shall abide by the same definition as for a Member. The Member owning the property shall be responsible for any violations of the Project Documents, Rules and Regulations or Architectural Standards committed by the Member's tenant.

Section 3. Divisions - No Residential Lot shall be subdivided or time -shared, or otherwise divided in any manner without the prior written approval of the Board.

E. TIME SHARE UNIT RESTRICTIONS

Section 1. Residential or Recreational Use - All TSUs shall be used solely for residential and/or recreational time-share use, unless another use is first approved in writing by the Village Association, the Association herein and the Developer (as long as the Developer retains property within the Covered Property for development purposes).

Section 2. Change from interval on-twelfth (1/12th) time share interest. The declarant under the Village Declaration shall have the right, without the approval of the TSO's and/or the Village Association, in the development of any or all of the future proposed phases within Kala Point Village, to change the "period of use" from 1/12th to 1/6th, 1/24th, 1/48th, or back to 1/12th "periods of use", as such declarant in its sole discretion shall determine, but only at the time of the submission of the property of an incoming phase to the Horizontal Property Regimes Act under the Village Declaration. Such initial change from 1/12th "period of use", however, must first be approved by the Developer and the Board. "Period of use" shall mean and refer to the number of weeks described in the warranty Deeds granting to a TSO a period of time during which a TSO shall have the exclusive use and fee ownership of a TSU. For example, a 1/12th period of use entitles its Owner to 4 and 1/6th weeks per calendar year. Notwithstanding the foregoing, Declarant and Association have agreed that the declarant under the Village Declaration has the right, subject to all of the terms of the "Compromise Agreement" (Exhibit D) dated the 25th day of October, 1984, between Declarant, Association, the declarant under the Village Declaration, Seafirst Mortgage Corporation, a Washington corporation, Resorts West Holding Company, a Washington corporation ("RW Holding"), Resorts West Vacation Club, a Washington non-profit corporation "RW Club", and others, a Memorandum of which is being recorded concurrently herewith, to sell or lease under a 99 year lease four unsold TSU's to RW Holding, who will in turn allow members of RW Club to use said four Units upon the terms and conditions set forth in the Compromise Agreement. The four TSU's covered by the Compromise Agreement are Units 26 and 32 in Phase 4 of Kala Point Village, as shown on map recorded as Auditor's File No. 263586 in Volume 1 of Condominiums, Pages 97 to 101, inclusive, and Units 34 and 36 in Phase 5 of Kala Point Village, as shown on map recorded as Auditor's File No. 275984 in Volume 1 of Condominiums, Pages 119 to 121, all recorded in the Records of Jefferson County, Washington.

ARTICLE V DUTIES AND POWERS OF THE ASSOCIATION

Section 1. General Duties and Powers of the Association - In addition to the duties and powers enumerated in the Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Enforce the provisions of the Project Documents by appropriate means, and carry out the obligations of the Association hereunder, including without limitation, the expenditure of funds of the Association, the employment of legal counsel, the commencement of actions, the promulgation of Rules and Regulations as provided in the Bylaws, and Section 2 of this Article, which shall include the establishment of a system of fines or penalties enforceable as Special Assessments, also provided for in the Bylaws and Rules and Regulations;

- (b) Acquire, maintain, and otherwise manage all of the Common Areas and all facilities, improvements and landscaping thereon, and all personal property acquired by the Association;
- (c) Pay any real and personal property taxes and other charges assessed against the Common Areas, unless the same are separately assessed to the Owners;
- (d) Obtain, for the benefit of the Common Areas, all water, gas, and electric, refuse collection and other Public Services;
- (e) Grant easements where necessary for utilities and sewer facilities over the Common Areas to serve the Covered Property, as provided in the Article hereof entitled "Property Rights";
- (f) Contract for and maintain such policy or policies of insurance as may be required by this Master Declaration, or as the Board deems necessary or desirable in furthering the purposes of and protecting the interest of the Association, its Board and Members;
- (g) Delegate its powers to committees, officers, or employees as provided in the Project Documents, employ a manager or other Persons and contract with independent contractors or managing agents who have professional experience in the management of mixed use developments or planned unit developments to perform all or any part of the duties and responsibilities of the Association;
- (h) Establish and maintain a working capital and contingency fund in an amount to be determined by the Board;
- (i) Have the duty to maintain architectural control over the Project and appoint an Architectural Committee in connection therewith, pursuant to the Article hereof entitled "Architectural Control";
- (j) Have the power to enter upon any Lot, Unit or TSU where necessary in connection with any construction, maintenance or repair for the benefit of the Common Areas, or the Owners;
- (k) Acquire real property by lease or purchase for offices or other facilities that may be necessary or convenient for the management of the Common Areas, the administration of the affairs of the Association, or for the benefit of the Members;
- (l) Borrow money as may be needed for the administration of the Association and its functions, and to pledge assets of the Association as security for such loans;
- (m) Negotiate contracts and grant commercial concessions over portions of the Common Areas;
- (n) Negotiate and enter into contracts with Mortgagees and Mortgage insurers and guarantors as may be necessary or desirable to facilitate the availability of loans secured by Mortgages within the Covered Property.

Section 2. Rules and Regulations. The Board shall also have the power to adopt, amend and repeal such Rules and Regulations as it deems reasonable (the "Rules and Regulations"). The Rules and Regulations shall govern such matters in furtherance of the purposes of the Association, including without limitation matters involving outdoor burning, use of fireworks, firearms and explosives within the Covered Property, the use of the Common Areas, the rights of Members to assign their use rights in the Common Areas, to tenants, employees, family members, and the like; provided however, that the Rules and Regulations shall not be inconsistent with this Master Declaration, the Articles or Bylaws. A copy of the Rules and Regulations as they may be from time to time adopted, amended, or repealed, shall be delivered to each Owners in the same manner established in this Master Declaration for the delivery of notices. Upon such delivery, said Rules and Regulations shall have the same force and effect as if they were set forth in and were a part of this Master Declaration. The Rules and Regulations, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner and Mortgagee upon request.

Section 3. Pledge of Assessment Rights - The Association shall have the power to pledge its assessment powers to obtain funds to repay a debt of the Association; provided, however, any pledge for a period in excess of six months shall require the prior affirmative vote or written assent of a majority of the Members at a meeting duly called and noticed pursuant to the provisions of the Bylaws dealing with Special Meetings of Members. The Association may levy Special Assessments against the Members to obtain such funds. Upon the failure of any Member to pay said Special Assessments when due, the Association may exercise all of its rights, including, without limitation, the right to foreclose its lien, pursuant to the Article hereof entitled "Non-payment of Assessments".

ARTICLE VI COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments - The Declarant, for each Lot, Unit or TSU owned by it, hereby covenants and agrees to pay, and each Owner of any Lot, Unit or TSU by acceptance of a Deed or other conveyance creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments (formerly called "Dues" in the Declaration), Special Assessments, Capital

Improvement Assessments, and Reconstruction Assessments, such assessments to be fixed, established and collected from time to time as hereinafter provided. The Assessments, together with interest thereon, late charges, attorneys fees and court costs, and other costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the Lot, Unit or TSU against which each such assessment is made. Each such assessment, together with such interest, late charges, and costs and reasonable attorneys fees, shall also be the personal obligation of the Owner of such Lot, Unit or TSU at the time when the assessment fell due. The Board of Directors shall grant no waiver of assessments due to the merger of two or more Lots. Prior waivers shall be withdrawn for any Lot separated by change in ownership from the lot (s) with which it was merged.

Section 2. Purpose of Assessments - The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the Members, the management of the Common Areas, the payment of Common Expenses, and enhancing the quality of life within the Project including, without limitation, the improvement and maintenance of the properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Areas.

Section 3. Regular Assessments - The amount and time of payment of Regular Assessments (formerly called "Dues" under the Declaration) shall be determined by the Board pursuant to the Articles and Bylaws after giving due consideration to the current maintenance, operational, and other costs and future needs of the Association. Not later than thirty (30) days prior to the beginning of each calendar year of the Association, the Board shall estimate the total Common Expenses to be incurred for the forthcoming calendar year and adopt such estimate as its Budget. The Board shall then determine the amount of the Regular Assessments to be paid by each Member. Regular Assessments for the current calendar year shall not exceed 115% of the Regular Assessments for the calendar year next preceding the current year, unless first authorized by a majority of the Members. Written notice of the annual Regular Assessments shall be sent to each Member. Each Member shall thereafter pay to the Association his Regular Assessments in installments as established by the Board. In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall then immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the Common Expenses and determine the revised amount of Regular Assessments against each Member, and the date or dates when due; provided, that if the supplemental estimate plus the original budget adopted by the Board exceed 115% of the next preceding year's budget, then the supplemental estimate and the additional assessments payable thereunder shall require approval by a majority of the "Net Total Votes" (as defined in the Bylaws) of the Association.

Section 4. Capital Improvement Assessments - In addition to the Regular Assessments, the Association may levy in any calendar year a Capital Improvement Assessment applicable to that year only, for the purpose of defraying in whole or in part, the cost of any construction or replacement (other than due to destruction) of any described capital improvement upon the Common Areas to the extent the same are not covered by the provisions affecting Reconstruction Assessments in the Article hereof entitled "Destruction of Improvements", including the necessary fixtures and personal property related thereto. All amounts collected as Capital Improvement Assessments may only be used for Capital Improvements and shall be deposited by the Board in a separate bank account to be held in trust for such purpose. Said funds shall not be co-mingled with any other funds of the Association and shall be deemed a contribution to the capital account of the Association by the Members.

Section 5. Uniform Rate of Assessments - All assessments herein provided shall be uniform within each class of ownership, i.e., residential or commercial. Provided, whereby the nature of any business or recreational use being conducted upon the Common Areas, larger than normal intensity of use is made of any utility furnished or service rendered, or is made of any portion of the Common Areas by the Time Share Owners, the Condominium Owners or the Lot Owners, in that event, the assessment for those particular classes of property may be adjusted upwards as the Board in its discretion shall determine.

Section 6. Certificate of Payment - The Board, upon demand, shall furnish to any Member liable for assessments, a Certificate in writing, signed by an Officer or authorized agent of the Association, setting forth whether the Assessments on a specified Lot, Unit or TSU have been paid, and the amount of delinquency, if any. A reasonable charge, not to exceed Twenty Dollars (\$20.00) may be collected by the Board for the issuance of these Certificates. Such Certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Exempt Property - The following portions of the Covered Property shall be exempt from the Assessments provided for in this Article:

- (a) All properties not platted or dedicated to and accepted by a municipal corporation;
- (b) The Common Areas; and
- (c) All platted Lots, Units and TSUs held as inventory for sale to members of the public and not held for

rental and not actually used or employed for transient or full time occupancy, whether held by Developer or held by a declarant under a condominium declaration, or held by any successor in interest of said parties for development purposes.

Section 8. Special Assessments - Special Assessments shall be levied by the Board against a Lot, Unit or TSU and the Owner thereof to reimburse the Association for costs incurred in bringing an Owner and his Lot, Unit or TSU into compliance with the provisions of the Project Documents, or any other charges designated as a Special Assessment in the Project Documents, together with attorneys fees, interest, and other charges relating thereto as provided for in this Master Declaration. In the event the Association undertakes at the request of an owner to provide materials or services which benefit individual Lots, Units or TSUs, such as tree trimming, such Owners in accepting such materials or services agree that the costs thereof shall be a Special Assessment.

Section 9. No Offsets - All assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Project Documents.

Section 10. Reserves - The Regular Assessment shall include reasonable amounts as determined by the Board collected as reserves for future periodic maintenance, repair, or replacement of all or a portion of the Common Areas and the improvements located thereon.

Section 11. Non-Agricultural Land. None of the Covered Property is used principally for agricultural or farming purposes.

ARTICLE VII NON-PAYMENT OF ASSESSMENTS

Section 1. Delinquency - Any assessment provided for in this Master Declaration which is not paid when due shall be delinquent on said due date (the "Delinquency Date"). If any such assessment is not paid within thirty (30) days after the Delinquency Date, a late charge, not to exceed Ten Percent (10%) of the delinquent assessment for each month the assessment remains delinquent shall be levied by the Board, and the assessment shall bear interest from the Delinquency Date at the lesser of (i) eighteen percent (18%) per annum, or (ii) the highest rate permitted by law. The Association may, at its option, and without waiving the right to foreclose its lien against the Lot, Unit, or TSU, bring an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set for in Section 2 of this Article, to foreclose the lien against the Lot, Unit or TSU. If action is commenced, there shall be added to the amount of such assessment, the late charge, interest, the cost of preparing and filing the complaint in such action, and attorneys fees incurred in connection with such action; and in the event a judgment is obtained, such judgment shall include said late charge, interest, and a reasonable attorneys fee, together with the cost of suit therein incurred. Each Member vests in the Association or its assigns the right and power to bring all actions at law or for lien foreclosure against such Member or other Members for the collection of such delinquent assessments, and each Member agrees that venue of any such action shall be in the Superior Court of Jefferson County, Washington.

Section 2. Notice of Lien - No action shall be brought to foreclose such assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the United States Mail, Certified or Registered, Postage Prepaid, to the Owner of said Lot, Unit or TSU, and a copy thereof is recorded by the Association in the office of the Auditor in the County; said Notice of Claim of Lien must recite a good and sufficient legal description of any such Lot, Unit or TSU, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid assessment as above provided, a late charge as above specified, plus reasonable attorneys fees and expenses of collection in connection with the debt secured by said lien) and the name and address of the claimant.

Section 3. Foreclosure Sale - Said assessment lien may be enforced by sale by the Association, its attorney or any other person authorized to make the sale after failure of the owner to make the payment specified in the Notice of Claim of Lien within said thirty (30) day period. Any such sale provided for above is to be conducted in accordance with the provisions of Chapter 61.24 of the Revised Code of Washington, as said Statutes may from time to time be amended or re-codified, applicable to the exercise of powers of sale in mortgages and deeds of trust, or in any other manner permitted or provided by law. The Association, through its duly authorized agent, shall have the power to bid on the Lot, Unit or TSU, using Association funds, or funds borrowed for such purpose, at the sale, and to acquire and hold, lease, mortgage, and convey the same.

Section 4. Curing of Default - Upon the timely payment, or other satisfaction of (i) all delinquent assessments specified in the Notice of Claim of Lien, (ii) all other assessments which have become due and payable with respect to the Lot, Unit or TSU as to which such Notice of Claim of Lien was recorded, and (iii) interest, late

charges and attorneys fees pursuant to this Master Declaration and the Notice of Claim of Lien which have accrued, officers of the Association or any other persons designated by the Board are hereby authorized to file or record, as the case may be, an appropriate release of such Notice, upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifty Dollars (\$50.00) to cover the costs of preparing and filing or recording such release.

Section 5. Cumulative Remedies - The assessment lien and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all of the rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as above provided.

ARTICLE VIII ARCHITECTURAL CONTROL

Section 1. Appointment of Architectural Committee - The Architectural Committee shall be a committee working for and reporting to the Board. The Committee shall consist of at least three (3) persons, all of whom shall be Members of the Association. Until such time as all Lots within the Platted subdivisions of the Project have been sold, or the Declarant shall have requested the Association to appoint such Architectural Committee, such Committee shall be composed of Members, a majority of which shall be selected by the Declarant, and the powers of the Architectural Committee shall be controlled by the Declarant, subject to the terms of the separate agreement between Declarant and the Association dated September 16, 1984 (the "Architectural Committee Agreement", Exhibit E) as said Architectural Committee Agreement may be amended from time to time. Notwithstanding the foregoing, the Declarant and the Board shall mutually appoint at least one Member from the Association who is not connected with Declarant. Upon termination of control of the Architectural Committee by Declarant, the Architectural Committee shall be appointed by the Board, provided, however, that as long as Declarant retains some unsold inventory of Lots, Units or TSUs within the Project, then Declarant may at its election have the right to designate one member of the Architectural Committee. Members of the Architectural Committee appointed by the Board shall serve at the pleasure of the Board and may be removed and replaced with or without cause at the discretion of the Board.

Section 2. General Provisions -

(a) The Architectural Committee shall establish reasonable procedural rules and may assess a fee for submission of plans in connection with review of plans and specifications, including without limitation, the number of sets of plans to be submitted. However the Architectural Committee with the prior approval of the Board may delegate its plan review responsibilities to one or more members of such Architectural Committee. Upon such delegation, the approval or disapproval of plans and specifications by such members shall be equivalent to approval or disapproval by the entire Architectural Committee. Unless such rules regarding submission of plans are complied with, such plans and specifications shall be deemed not submitted.

(b) The address of the Architectural Committee shall be the principal office of the Association, as designated by the Board pursuant to the Bylaws. Such address shall be the place for the submittal of plans and specifications and the place where the current Architectural Standards, if any, shall be kept.

Section 3. Architectural Standards - The Board and the Architectural Committee shall, from time to time, adopt and promulgate Architectural Standards to be administered through the Architectural Committee. The Architectural Standards shall include, among other things, those restrictions and limitations upon the Owners set forth below:

(a) No building, fence, wall or other Structure shall be commenced, erected or maintained upon the Covered Property nor shall there be any addition to or change in the exterior of any Dwelling, Structure or other improvement, unless plans and specifications therefore have been submitted to and approved by the Architectural Committee.

(b) Time limitations for completion of any architectural improvements for which approval is required pursuant to the Architectural Standards; and

(c) Architectural improvements shall conform to the plans and specifications approved by the Architectural Committee and to the Architectural Standards. However, unless notice of the non-completion or non-conformance identifying the violating Lot, Unit or TSU and its Owner and specifying the reason for the notice, executed by the Architectural Committee shall be given to such owner within sixty (60) days of the expiration of the time limitation described in Subsection (b) above, and unless legal proceedings shall have been instituted to enforce compliance or completion within sixty (60) days after the last to occur of the above time period, the completed architectural improvement shall be deemed to be in compliance with the plans and specifications approved by the Architectural

Committee and in compliance with the Architectural Standards of the Association. If the architectural improvements have not been completed within the time limits established above, then the Architectural Committee with the approval of the Board of Directors may cause the work to be done at the expense of the non-complying Owner or Owners' Association in accordance with the approved plans and specifications. The Board at its option may also levy a fine for noncompliance.

Section 4. Additional Requirements - In addition, the Architectural Standards may include such other limitations and restrictions as the Board and the Architectural Committee in its reasonable discretion shall adopt, including, without limitation, the regulation of the following: construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, Structure, Dwelling, wall, fence or landscaping including without limitation, the nature, kind, shape, height, materials, exterior color and surface and location of such Dwelling or Structure.

Section 5. Non-liability - The plans and specifications are not approved for engineering design, and by approving such plans and specifications neither the Architectural Committee, the members thereof, the Association, the Members, the Board nor Declarant assumes liability or responsibility therefore, or for any defect in any structure constructed from such plans and specifications. In the event the Architectural Committee fails to approve or disapprove such plans and specifications within Thirty (30) days after the same have been duly submitted in accordance with any rules regarding such submission adopted by the Architectural Committee, such plans and specifications will be deemed approved.

Section 6. Appeal - In the event plans and specifications submitted to the Architectural Committee are disapproved or any Owner disagrees with any ruling of the Architectural Committee, the party or parties making such submission may, subject to terms and limitations of the Architectural Committee Agreement, appeal in writing to the Board. The written request must be received by the Board not more than Thirty (30) days following the final decision of the Architectural Committee. Within Forty-Five (45) days following receipt of request for appeal, the Board shall render its written decision, which written decision shall be binding upon the Architectural Committee and the Member so appealing its decision. The failure of the Board to render a decision within said Forty-Five (45) day period shall be deemed a decision in favor of the appellant.

ARTICLE IX REPAIR AND MAINTENANCE

Section 1. Repair and Maintenance by Association - Without limiting the generality of the statement of duties and powers of the Association contained in this Master Declaration, the Association shall have the duty to accomplish the following in such manner and at such time as the Board shall prescribe:

- (a) Maintain all private walkways, bicycle paths, trails or other pedestrian paths located on the Common Areas.
- (b) Maintain all private streets and adjacent landscaped areas within the Covered Property in conformance with the standard of maintenance established by the County for public streets within the County.

Section 2. Standards for Maintenance and Installation -

- (a) Maintenance of the exterior dwellings, structures, walls, fences and roofs shall be accomplished in accordance with the Architectural Standards and, if required by the Architectural Standards, only after approval of the Architectural Committee; and
- (b) All portions of a Lot which are unimproved with a Dwelling or Structure shall be maintained by the Owner thereof (including Condominium owners' associations), at all times after the original conveyance of such properties by Declarant in a neat, clean and non-hazardous condition in accordance with Rules and Regulations promulgated by the Board; provided that the foregoing shall not apply to Unit or TSU Owners, but shall apply to their condominium owners' associations.

ARTICLE X INSURANCE

Section 1. Types - The Association, to the extent available, may obtain and continue in effect in its own name the following types of insurance:

- (a) A comprehensive policy of public liability insurance covering the Common Areas with a limit of not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and

hired automobile and liability for property of others, and such other risks as shall customarily be covered with respect to similar planned unit developments in the area of the Covered Property, and shall contain a "severability of interest" endorsement or the equivalent which shall preclude the insurer from denying the claim of an Owner because of negligent acts or omissions of the Association, or other Owners;

(b) A policy of fire and casualty insurance with extended coverage for the full replacement value of the common Areas with an "agreed amount endorsement" or its equivalent and clauses waiving subrogation against Members and the Association and Persons upon the Covered Property with the permission of a Member, such insurance to afford protection against the loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and for sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, wind storm, water damage, and such other risks as shall customarily be covered with respect to similar planned unit developments in the area of the Covered Property.

(c) Fidelity coverage against dishonest acts on the part of directors, officers, employees or volunteers who handle or are responsible to handle the funds of the Association, which coverage shall contain waivers of any defense based on the exclusion of persons who serve without compensation or from any definition of "employee" or similar expression.

(d) Directors' liability coverage to cover all directors and officers of the Association for such liability limits and upon such terms as the Board may from time to time deem appropriate.

Section 2. Waiver by Members - As to each of said policies which will not be voided or impaired thereby, the members hereby waive and release all claims against the Association, the Board, the Declarant and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said Persons, but only to the extent of insurance proceeds received in compensation for such loss.

Section 3. Other Insurances: Annual Review - The Association may purchase such other insurance as it may deem necessary, including, but not limited to, plate glass insurance, Workman's Compensation, officers and directors liability, and errors and omissions. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Common Areas in light of increased construction costs, inflation, practice in the area in which the Project is located or any other factors which tend to indicate that additional insurance coverage may be required. If the Board determines that increased coverage or insurance is appropriate, it shall obtain same.

Section 4. Premiums and Proceeds - Insurance premiums for any such blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board shall be a Common Expense to be included in the Regular Assessments levied by the Association. Insurance proceeds shall be used by the Board for the repair or replacement of the property for which the insurance was carried, or otherwise disposed of as provided for in the Article hereof entitled "Destruction of Improvements". The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any Two (2) members of the Board may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on the Association and the Members.

ARTICLE XI DESTRUCTION OF IMPROVEMENTS

In the event of partial or total destruction of improvements located on the Common Areas, it shall be the duty of the Association to restore and repair the same to its former condition as promptly as practical. The proceeds of any insurance maintained pursuant hereto shall be used for such purpose. In the event the amount available from the proceeds of such insurance policies for such restoration and repair shall be at least Eighty-Five Percent (85%) of the estimated cost of restoration and repair or the cost not covered by insurance proceeds is less than the sum of Twenty-Five Dollars (\$25.00) per Lot, Unit or TSU, a Reconstruction Assessment with each Member contributing a like sum (other than TSOs which shall jointly contribute a like sum for each TSU owned) may be levied by the Association to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. In the event that the amount available from the proceeds of such insurance policy for such restoration and repair shall be less than Eighty-Five Percent (85%) of the estimated cost of restoration and repair or greater than the sum of Twenty-Five Dollars (\$25.00) per Lot, Unit or TSU, the improvements shall not be replaced or restored unless a majority of the voting power of the Association agrees in writing to such replacement or restoration or gives its affirmative vote at a meeting duly called therefor. In the event of a determination, as provided above not to replace or restore the improvements on the Common Areas, the Common Areas shall be cleared and landscaped for community park use, and the costs thereof shall be paid for with

insurance proceeds, and any deficiency may be raised by Reconstruction Assessments in an amount determined by the Board. In the event any excess insurance proceeds remain, the Board, in its sole discretion, may retain such sums in a general funds of the Association or distribute pro rata all or a portion thereof to the Members. The rights of an Owner and the Mortgagee of his Lot, Unit or TSU as to such pro rata distribution shall be governed by the provisions of the Mortgage encumbering such Lot, Unit, or TSU. All amounts collected as Reconstruction Assessments shall be used for the purpose set forth in this Article and shall be deposited by the Board in a separate bank account to be held in trust for such purposes. Such funds shall not be commingled with any other funds of the Association AND shall be deemed a contribution to the capital account of the Association by the Members.

ARTICLE XII EMINENT DOMAIN

The term "taking" as used in this Article shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened taking of all or any portion of the Common Area, the Members hereby appoint the Board and such Persons as the Board may delegate to represent all of the Members in connection with the taking. The Board shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action. Any awards received on account of the taking shall be paid to the Association. In the event of a taking of less than all of the Common Areas, the rules as to restoration and replacement apply as in the case of destruction of improvements upon the Common Areas. In the event of a total taking, the Board may in its sole discretion retain any award in the general funds of the Association or distribute pro rata all or a portion thereof to the Members. The rights of an Owner and any Mortgagee of his Lot, Unit or TSU as to such pro rata distribution shall be governed by the provisions of the Mortgage covering such Lot, Unit or TSU.

ARTICLE XIII ARCHEOLOGICAL ARTIFACTS

Section 1. Area Of Concern - The "Area of Concern" shall mean and include all lands and tidelands under the ownership, authority, direction and control of the Developer as of June 27, 1978, its heirs, successors and assigns, in Sections 26 and 27, Township 30 North, Range 1 West of the Willamette Meridian, which are 50 feet or less above the mean high tide. It shall be a violation of this Master Declaration for the Developer, the Association, its Members, their invitees, guests or agents to engage in or to permit others to engage in any construction by excavation or otherwise on any Common Area property of the Developer or of the Association denominated an Area of Concern herein, without compliance with Section 3 hereof.

Section 2. Unique Significance - The Area of Concern is of unique archeological, historical and cultural significance, and the Snohomish Tribe, the Developer, the Association and its Members and the people of the State of Washington have a particularly compelling interest in the conservation, preservation or protection of any archeological, historical or cultural resource of the Snohomish Tribe's ancestors and their history, and protection of such unique characteristics enhances the value of the common and Snohomish Tribal adjacent lands and is important in preserving the historical character of the lands for the benefit of all Owners, purchasers, adjacent land owners, the Snohomish Tribe, as the third party beneficiary, and the citizens of the State of Washington.

Section 3. Cultural Assessments, Reports and Recommendations - Prior to the construction by excavation or otherwise of any improvement to the lands in the Area of Concern, a thorough cultural resource assessment shall be performed in accordance with sound archeological practices by an archaeologist to determine the presence of archeological, historical, cultural or religious resources. Subject to any additional restrictions imposed by federal or state laws, the findings of the archaeologists report are final, and in the event of the presence of or effect upon any significant archeological, historical, cultural or religious resource, construction by excavation or otherwise, shall proceed only in accordance with the recommendations of the archaeologist. The significance of a resource shall be determined in the sole discretion of the archaeologist. A significant resource shall include village sites, grave sites, or any site which in the opinion of the archaeologist is of particular significance.

Section 4. Ownership Of Artifacts - Any object described in the following section which is uncovered or found, whether on private property or Common Areas, or any other area within said Project shall be, and by this Master Declaration is the sole and exclusive personal property of the Snohomish Tribe, and shall be held for delivery to the Snohomish Tribe at its request.

Section 5. Notice - Within a reasonable time following the discovery by accident, survey or excavation of any historic American Indian or aboriginal burial, campsite, rock shelter, storage site, dwelling, artifact or

implement of culture made of stone, bone, wood, shell or other material, such as, without limitation, projectile points, arrowheads, skeletal remains, grave goods, beads or ornaments, basketry, matting, pestles, mauls, grinding stones, knives, scrapers, awls, rock carvings and paintings, such person shall give notice of such discovery to:

Snohomish Tribe of Indians, Inc.	The Bureau of Indian Affairs
5229 South Orchard Terrace	Western Washington Agency
Seattle, Washington 98118	3006 Colby
	Everett, Washington

Section 6. Enforcement - Standing to Sue - The Snohomish Tribe, the Developer, the Association and each Member shall be, and is hereby appointed the agent for the Developer and the Association in enforcing this covenant, which agency shall be coupled with an interest and irrevocable, and, in addition, each party named is hereby granted an indirect and/or a direct cause of action in the event of any violation against such violator. The rights granted in this Article shall run with the land. All rights and duties created hereby shall be enforceable by injunction or other remedy granted by a court of competent jurisdiction.

ARTICLE XIV
SEWAGE DISPOSAL

The ultimate plan of sewage disposal for the Project may require the construction of sanitary sewage facilities, as necessary, to handle portions of the entire development. Declarant proposes to accomplish the construction of the system and the facility for this Project only where required by soil conditions or use. Individual sewage disposal systems for each Lot are the responsibility of each Lot purchaser.

ARTICLE XV
STREETS, UTILITIES & WATER SYSTEMS

Section 1. Capital Improvements - The water system will be designed, constructed and installed by Declarant. Declarant may retain the same and either provide for maintenance and operation in the furnishing of water by means of Declarant's officers, agents, employees, or licensees, or may, at Declarant's election, lease said system to the Association or provide the utility service upon such terms and conditions as may be agreed upon.

Section 2. Operation and Maintenance - Declarant shall fix a monthly service charge to be collected which shall be assessed against each and every Lot, Unit or TSU within any of the platted subdivisions for the purpose of deferring operation and maintenance costs for the water system. Such assessment shall be levied and collected against each Lot, Unit or TSU commencing on the first day of the month following date of purchase by an Owner or purchaser; provided, that at the election of the Declarant or the Association, as the case may be, the levying of the assessment may be deferred until such time as improvements are placed upon the affected Lot. Provided, further, only Lot Owners shall be required to connect to the water system at the Lot Owner's expense.

Section 3. Community Streets - The streets within the overall plan shall be private streets maintained and operated by the Association. Provided, however, that the Commission of the County shall have the right at any time after it has authorized the improvement of its connecting right of way from the North boundary of the subdivision to any connecting arterial, to require Declarant and/or the Association to dedicate that portion of Kala Point Drive within the Project, or any future divisions to the public, and Declarant and/or the Association hereby covenant and agree to execute such documents as may be necessary to convey a Sixty (60) foot right of way along Kala Point Drive to the County and carry out the purposes and intent of this provision.

Section 4. Easements - Health, Safety and Welfare Agencies - Declarant hereby grants an easement of ingress and egress over, on or upon all common areas including its private streets, paths and Common Areas to all municipal or governmental health, safety or welfare agencies and their employees, vehicles and equipment for the general health, safety and welfare of Association Members.

Section 5. Maintenance - Kala Point Drive - In addition to the reversion clause in Article XV, Section 3 above, the Association has made an agreement with Jefferson County Commissioners to continuously maintain Kala Point Drive to County road specifications. To insure this, the Association agrees to set aside a maintenance fund of no less than One Thousand Dollars (\$1000.00) per year per mile of Kala Point Drive that is platted. Current road repairs and maintenance may be deducted from this fund. The unexpended balance shall be kept in a separate account that shall revert to the County upon its exercise of its reversion rights from private to County under Article XV, Section 3 above. A report of maintenance expenditures and maintenance fund balance shall be submitted to the County Engineer by June 30th of each year.

ARTICLE XVI
CONVEYANCE OF COMMON AREAS AND IMPROVEMENTS TO ASSOCIATION

Developer has previously constructed a swimming pool, tennis courts, nature trails and private streets within the Covered Property. These facilities, as they are completed, are to be maintained and operated by the Association at its expense. Declarant agrees to convey to the Association all such facilities not previously conveyed and the land upon which same are situated, at such time as all properties within the Project have been sold to members of the public, or at such earlier date as Declarant may elect.

ARTICLE XVII
COVENANTS AND RESTRICTIONS TO RUN WITH THE LAND

All Of the covenants, restrictions, reservations and servitudes set forth in the Project Documents as the same may be amended from time to time, shall run with the land, and each grantee, by accepting a deed, a lease, or other conveyance to any portion of the covered Property accepts the same subject to such covenants, restrictions, reservations and servitudes and agrees for himself, his heirs, administrators and assigns to be bound by each such covenants, restrictions, reservations and servitudes, jointly, separately and severally.

ARTICLE XVIII
AMENDMENT

Provided a quorum of fifty percent (50%) of the "Net Total votes" (as defined in the Bylaws) is present in

person or by proxy at a duly called annual or special membership meeting this Master Declaration may be amended at any such meeting called for that purpose by the approving vote of not less than Sixty-Six and Two-Thirds Percent (66 $\frac{2}{3}$ %) of all Members voting in person or by proxy at such meeting.

ARTICLE XIX
RIGHTS OF LENDERS

Section 1. Priority Of Mortgage Lien - No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall affect, impair, defeat or render invalid the lien or charge of any Mortgage made in good faith and for value encumbering any Lot, Unit or TSU, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale or otherwise, with respect to any Lot, Unit or TSU, except as otherwise provided in this Article.

Section 2. Curing Of Defaults - A Mortgagee, or the immediate transferee of such Mortgagee, who acquires title by judicial foreclosure, deed in lieu of foreclosure or trustee's sale shall not be obligated to cure any breach of the provisions of this Master Declaration which are noncurable or of a type which is not practical or feasible to cure. The determination of the Board made in good faith as to whether a breach is noncurable or which is not feasible to cure shall be final and binding on all Mortgagees.

Section 3. Resale - It is intended that any loan to facilitate the resale of any Lot, Unit or TSU after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good faith and for value and entitled to all of the rights and protections afforded to other Mortgagees under the Project Documents.

Section 4. Relationship with Assessment Liens -

(a) The lien provided for in the Article hereof entitled "Nonpayment of Assessments" for nonpayment of assessments shall be subordinate to the lien of any Mortgage which was recorded prior to the date any such Assessment becomes due.

(b) Where any Lot, Unit or TSU is subject to a monetary lien created by any provision hereof and is also subject to the lien of a mortgage: (i) the foreclosure of any lien created by anything set forth in this Master Declaration shall not operate to affect or impair the lien of such Mortgage; and (ii) the foreclosure of the lien of said Mortgage, the acceptance of a deed in lieu of foreclosure of the Mortgage or sale under power of sale included in such Mortgage (such events being hereinafter referred to as "Events of Foreclosure") shall not operate to affect or impair the lien hereof, except that any persons who obtain an interest through any of the Events of Foreclosure, and their successors in interest, shall take title free of the lien of any such assessment hereunder or any personal obligation for said charges as shall have accrued up to the time of any of the Events of Foreclosure, but subject to the lien for any such Assessments that shall accrue subsequent to the Events of Foreclosure.

(c) Any Mortgagee who obtains title to a Lot, Unit or TSU by reason of any of the Events of Foreclosure, or any purchaser at a private or judicial foreclosure sale, shall take title to such Lot, Unit or TSU free of any lien or claim for unpaid assessments against such Lot, Unit or TSU which accrue prior to the time such Mortgagee or purchaser takes title to the Lot, Unit or TSU except for liens or claims for a share of such assessments resulting from a re-allocation of such assessments to all Lots, Units and TSUs within the Covered Property.

(d) Nothing in this section shall be construed to release any Owner from his obligation to pay for any Assessment levied pursuant to this Master Declaration.

ARTICLE XX
GENERAL PROVISIONS

Section 1. Enforcement - The Declarant, the Association, or any Owner shall have the right to enforce by proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereinafter imposed by this Master Declaration or any amendment hereto, including the right to prevent the violation of any such restrictions, conditions, covenants, or reservations and the right to recover damages or other charges for such violations; provided, however, that with respect to Assessment liens and Rules and Regulations, the Board shall have the exclusive right to the enforcement thereof. The Board or any Member shall also have the right to enforce by proceedings at law or in equity the provisions of the other Project Documents. Failure by the Association, the Declarant or any Member to enforce any covenant, condition or restriction herein contained, or the Articles and Bylaws or Rules and Regulations, in any certain instance or any particular occasion shall not be deemed a waiver of such right on any future breach of the same covenant, condition or restriction.

Section 2. Severability - Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any of the remaining provisions which shall remain in full force and effect.

Section 3. Term - The covenants, conditions and restrictions of this Master Declaration shall run with and bind the Covered Property and shall inure to the benefit of and be enforceable by the Association or any Member, their respective legal representatives, heirs, successors and assigns and continuing until the first day of January,

2000 A.D., after which time said covenants, conditions and restrictions shall be automatically extended for a successive periods of Ten (10) years, unless an instrument, signed by a majority of the then Members has been recorded at least one (1) year prior to the end of any such period or extension, agreeing to change said covenants, conditions and restrictions in whole or in part.

Section 4. Construction - The provisions of this Master Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan for the development of a residential community and residential/recreational time-share development and for the maintenance of the Covered Property. The Article and Section headings have been inserted for convenience only, and shall not be construed or referred to in resolving questions of interpretation or construction.

Section 5. Singular Includes Plural - Whenever the context of this Master Declaration requires same, the singular shall include the plural, and the masculine shall include the feminine.

Section 6. Nuisance - The result of every act or omission, whereby any provision, condition, restriction, covenant, easement or reservation contained in this Master Declaration is violated in whole or in part, is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance, either public or private, Shall be applicable against any such result and may be exercised by the Association or any Member. Such remedy shall be deemed cumulative and not exclusive.

Section 7. Attorneys' Fees - In the event any action is instituted to enforce any of the provisions contained in the Project Documents, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys' fees and costs of such suit. In the event the Association is the prevailing party in such action, the amount of such attorneys' fees and costs shall be a Special Assessment with respect to any Lot, Unit or TSU involved in the action.

Section 8. Notices - Notices to any Owner/Member shall be deemed to have been properly delivered when delivered personally or placed in the United States Mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice or if no such address shall have been furnished, then to the street address of said member's Lot, Unit or TSU. Any notice so deposited in the mail within Jefferson County, Washington, shall be deemed delivered Twenty-Four (24) hours after such deposit. In the case of Co-Owners, any such notice may be delivered or sent to any one of the Co-Owners on behalf of all Co-Owners and shall be deemed delivery on all such Co-Owners.

Section 9. Hierarchy of Project Documents - In the event of a conflict amongst any of the provisions of the Project Documents, this Master Declaration shall prevail over the Articles, Bylaws and Rules and Regulations, the Articles shall prevail over the Bylaws and Rules and Regulations, and the Bylaws shall prevail over the Rules and Regulations.

IN WITNESS WHEREOF the undersigned Declarant and Association have executed this Master Declaration this ____ day of September, 1994.

ASSOCIATION: KALA POINT OWNERS' ASSOCIATION

By _____

By _____
John C. Kuller, President:

Edward E. Zinser, Secretary

DECLARANT: KALA POINT DEVELOPMENT COMPANY, a Limited Partnership
by Kala Point Company, General Partner

By _____

William H. Lindeman, President

DECLARANT: NEW KALA POINT LTD. PARTNERSHIP
by Calabestos Management Inc. General Partner

By _____

William H. Lindeman, Vice President

STATE OF WASHINGTON)
)ss

COUNTY OF JEFFERSON)

On this day personally appeared before me John C. Kuller, known to me to be the President of the non-profit corporation that executed the foregoing instrument and Edward E. Zinser, known to me to be the Secretary of the non-profit corporation that executed the foregoing instrument, and each acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation. Given under my hand and official seal this _____ day of September, 1994.

Notary Public in and for the State of
Washington, residing at Sequim

STATE OF WASHINGTON)
)ss
COUNTY OF JEFFERSON)

On this day personally appeared before me William H. Lindeman, to me known to be the President of Kala Point Company, General Partner of Kala Point Development Company and New Kala Point Development Company, Limited Partnerships, and to me that he signed the foregoing instrument as his voluntary act and deed for the limited partnerships. Given under my hand and official seal this _____ day of September, 1994.

Notary Public in and for the State of
Washington, residing at Sequim

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify: That I am the duly elected, qualified and acting secretary of the Kala Point Owners' Association, a Washington non-profit corporation and that the above and foregoing Master Declaration comprising 34 pages, including this page, was adopted as the Restated and Revised Master Declaration of Covenants, Conditions and Restrictions of Kala Point Owners' Association, Divisions 1 through 15 of said non-profit corporation by the requisite vote of the Members of such Association pursuant to Article XVIII of the Declaration at the annual meeting of the Members, held September 16, 1984 and July 10, 1994. IN WITNESS WHEREOF I have hereunto set my hand this _____ day of September, 1994.

By: _____
Edward E. Zinser, Secretary

**Exhibit "A" to Master Declaration of the
Kala Point Owners' Association**

Parcel A:

All of Foxfield Drive, Sulgrave Place, Saddletree Drive, Alderwood Place, Kala Point Drive, Windship Drive, Trafalgar Drive and the Common Area, as shown on Kala Point Division No. 1, as per plat recorded in Volume 6 of Plats, Pages 10, 11 and 12, Records of Jefferson County, Washington.

Parcel B:

All of Trafalgar Drive, Windship Drive, Kala Point Drive and Common Area Tract "A", as shown on Kala Point Division No. 2, as per plat recorded in Volume 6 of Plats, Pages 18, 19 and 20, Records of Jefferson County, Washington.

Parcel C:

All of Pinecrest Drive, Danbury Court, Baycliff Drive, Brookhaven Place, Kala Point Drive, Creekwood Place, Baycliff Place, Nantucket Place, Corbridge Place and the Common Area, as shown on Kala Point Division No. 3, as per plat recorded in Volume 6 of Plats, Pages 23 to 26, Records of Jefferson County, Washington.

Parcel D:

All of Foxfield Drive, Kala Point Drive, Saddletree Drive, Compton Place, Dunraven Place, Trafalgar Drive, Wellington Court, Blenheim Place and Buckhorn Place, as shown on Kala Point Division No. 4, as per plat recorded in Volume 6 of Plats, Pages 29 to 32, Records of Jefferson County, Washington.

Parcel E:

All of Baycliff Drive, Pinecrest Drive, Oak Shore Drive, Oak Shore Court, Fairbreeze Drive, Sailview Drive, Common Area Tract "A", Walkway Tract "D", Walkway Tract "E", Walkway Tract "F", Walkway Tract "G", and Walkway Tract "H", as shown on Kala Point Division No. 5, as per plat recorded in Volume 6 of Plats, Pages 42 to 46, Records of Jefferson County, Washington.

Parcel F:

All of Fairbreeze Drive, Grenville Court, Pinecrest Drive, West Ridge Court, Common Area Tract "A", Walkway Tract "B", Walkway Tract "C" and Walkway Tract "D", as shown on Kala Point Division No. 6, as per plat recorded in Volume 6 of Plats, Pages 59, 60 and 61.

Parcel G:

All of Pinecrest Drive, Pinecrest Court, Oak Shore Drive, Shorecrest Place, Common Area Tract "A", and Common Area Tract "B", as shown on Kala Point Division No. 7, as per plat recorded in Volume 6 of Plats, Pages 72, 73 and 74, Records of Jefferson County, Washington.

Parcel H:

All of Kala Point Drive, Pinecrest Drive, Shorecrest Court, Fairbreeze Drive, Tract "A", Tract "B", and Tract "C", as shown on Kala Point Division No. 8, as per plat recorded in Volume 6 of Plats, Pages 85, 86 and 87, Records of Jefferson County, Washington.

Parcel I:

Tracts "A" and "B", Kala Point Drive, Cedar View Lane, Cedar View Drive and Kala Heights Drive all as shown on the Plat of Kala Point Division No. 9, as per plat recorded in Volume 6 of Plats at Pages 89 and 90, Official Records of Jefferson County, Washington.

Parcel J:

Tracts "A", and Kala Heights Drive as shown on plat of Kala Point PUD Phase A as per plat recorded in Volume 6 of Plats at pages 96-98, Official Records of Jefferson County, Washington.

Parcel K:

Tract "A", Kala Point Drive, Hemlock Court, Pinewood Court, and Park Place Court all as shown on the Plat of Kala Point Division No. 10 as per Plat recorded in Volume 6 of Plats, page 104-105, Official Records of Jefferson County, Washington.

Parcel L:

Tract "B", Division 5, Plat of Kala Point recorded in Volume 6 of Plats pages 42-46, Official Records of Jefferson County, Washington.

Tract "F" of Kala Point Survey recorded in books 5 of surveys at page 75 under Auditors file no. 275634, Official Records of Jefferson County, Washington.

Following described tidelands:

Tideland Tax "A" of Section 27, Township 30 North, Range 1 W.W.M., being more particularly described as follows: All tidelands of the second class, as conveyed by the State of Washington, in front of and abutting upon Government Lot 1 of said Section 27;

ALSO TOGETHER WITH Tideland Tax "B" of said Section 27, being more particularly described as follows: All tidelands of second class, as conveyed by the State of Washington, in front of and abutting upon Government Lot 2 of said section 27; EXCEPT county road described under Auditor's File no. 177533.

ALSO EXCEPT that portion of tidelands between mean low and extreme low tides in front of the North half of Government Lot 2.

TOGETHER WITH tidelands of second class, as conveyed by the State of Washington, situate in front of, adjacent to and abutting upon Government Lot 1, Section 26 Township 30 North, Range 1 W.W.M.; said tidelands being designated on the County Assessor's Plat and Description Book as Tideland Tax "A" in said Section 26.

TOGETHER WITH tidelands of the second class, extending to the line of mean low tide, as conveyed by the State of Washington, situate in front of, adjacent to and abutting upon Government Lot 2, Section 26, Township 30 North, Range 1 W.W.M.; said tidelands being designated on the County Assessor's Plat and Description Book as Tideland Tax "B" in said Section 26. EXCEPT county road described under Auditor's File no. 177533.

ALSO EXCEPT that portion of tidelands between mean low and extreme low tides in front of Government Lot 2 in Section 26.

ALSO that portion of the following described tidelands lying in front of, adjacent to and abutting upon Government Lot 3, Section 26 in Township 30 North, Range 1 W.W.M.:

BEGINNING at the meander corner between Section 26 and 35 in Township 30 North, Range 1 West of the Willamette Meridian, which is the initial point; thence East 267 feet to the line of low tide; thence North 31°51' East 366.3 feet; thence North 16°27' East 254.3 feet; thence North 37° West 170.26 feet; thence North 89°26' West 236.6 feet; thence North 27°5' West 1193.9 feet; thence North 62°43' West 568.2 feet; thence West 205.3 feet to the meander line; thence along the meander line by the following courses and distances: South 48°30' East 33.3 feet, South 60° East 792 feet, South 73° East 1188 feet, South 22°30' East 264 feet, South 43°30' West 429 feet to the place of beginning, containing 9.77 acres, more or less (known as Tax No. "C" of said Section 26).

Parcel M:

That portion of Government Lot 10 in the NE ¼ of Section 28, Township 30 North, Range W.W.M., described as: Beginning at the Northeast corner of said Section 28; thence South 01°25'46" West along the East line thereof 613.06 feet to a point being on the South line of Old Fort Townsend State Park and the True Point of Beginning; thence North 87°58'30" West along said South line 522.73 feet; thence South 01°25'46" West 250.01 feet; thence South 87°58'30" East 522.73 feet to the East line of said Section 28; thence North 01°25'46" East 250.01 feet to the True point of Beginning, containing 3.0 acres, more or less.

Additional property may be annexed to the Common Areas.

**Exhibit "B" to Master Declaration of the
Kala Point Owners' Association**

Parcel A:

Government Lots 1, 2, 3 and 4 of the West half of the Southeast quarter of the Northwest Quarter, and the Southwest quarter of the Northwest quarter EXCEPT the South half of the Southwest quarter of the Southwest quarter of the Northwest quarter, the South 3/4ths of the Southeast quarter of the Southeast quarter, and the North half of the Northeast quarter of the Southeast quarter of the Southeast quarter all in Section 27, Township 30 North Range 1 W. W. M.; ALSO the Southwest quarter of the Northeast quarter and the East half of the Southeast quarter of the Northwest quarter of Section 27, Township 30 North, Range 1 W. W. M., comprising of all vacated Clark's Addition to Port Townsend. TOGETHER WITH Tideland Tax "A" of said Section 27, being more particularly described as follows: All Tidelands of the second class, as conveyed by the State of Washington, in front of and abutting upon Government Lot 1 of said Section 27; ALSO, TOGETHER WITH Tideland Tax "B" of said Section 27, being more particularly described as follows: All tidelands of the second class, as conveyed by the State of Washington, in front of and abutting upon Government Lot 2 of said Section 27; EXCEPT county road described under Auditor's File No. 177533. ALSO EXCEPT that portion of tidelands between mean low and extreme low tides in front of the North half of Government Lot 2.

Parcel B:

Government Lot 1 in Section 26, Township 30 North, Range 1 W. W. M.; TOGETHER WITH tidelands of the second class, as conveyed by State of Washington, situate in front of, adjacent to and abutting upon said Government Lot 1; said tidelands being designated on the County Assessor's Plat and Description Book as Tideland Tax "A" in said Section 26; ALSO Government Lot 2 in Section 26, Township 30 North, Range 1 W. W. M.; TOGETHER WITH tidelands of the second class, extending to the line of mean low tide, as conveyed by the State of Washington, situate in front of, adjacent to and abutting on said Government Lot 2; said tidelands being designated on the County Assessor's Plat and Description Book as Tideland Tax "B" in said Section 26. EXCEPT county road described under Auditor's File No. 177533. ALSO EXCEPT that portion of tidelands between mean low and extreme low tides in front of Government Lot 2 in Section 26.

Parcel C:

Lots 1 to 5, inclusive, of Miller Tracts to Irondale, as per plat recorded in Volume 3 of Plats, on Page 1, Records of Jefferson County; said lots comprising the entire plat of said Miller Tracts to Irondale, and situate on the North half of the Northwest quarter of the Southeast quarter of the Southeast quarter of Section 27, Township 30 North, Range 1 W. W. M. EXCEPT public roads.

Parcel D:

Lots 1 to 13, inclusive, and Lots 16 to 20, inclusive, in Block 6 and all of Blocks 1 to 5, inclusive, and all of Blocks 7 to 10, inclusive of Olympic Heights Addition to Irondale, as per plat recorded in Volume 2 of Plats, Page 137, records of Jefferson County. EXCEPT county road described under Auditor's file No. 177533 and EXCEPT public streets.

Parcel E:

Government Lot 3, Section 26 in Township 30 North, Range 1 W. W. M. ALSO that portion of the following described tidelands lying in front of, adjacent to and abutting upon Government Lot 3: BEGINNING at the meander corner between Sections 26 and 35 in Township 30 North, Range 1 W. W. M., which is the initial point; thence East 267 feet to the line of low tide; thence North 31° 51' East 366.3 feet, thence North 16° 27' East 254.3 feet, thence North 37° West 170.26 feet; thence North 89° 26' West 236.6 feet; thence North 27° 5' West 1193.9 feet; thence North 62° 43' West 568.2 feet, thence West 205.3 feet to the meander line, thence along the meander line by the following courses and distances: South 48° 30' East 33.3 feet, South 60° East 792 feet, South 73° East 1188 feet., South 22° 30' East 264 feet, South 43° 30' West 429 feet to the place of beginning, containing 9.77 acres, more or less (known as Tax No. "C" of said Section 26).

Parcel F:

That portion of Government Lot 10 in the NE ¼ of Section 28, Township 30 North, Range W.W.M., described as: Beginning at the Northeast corner of said Section 28; thence South 01°25'46" West along the East line thereof 613.06 feet to a point being on the South line of Old Fort Townsend State Park and the True Point of Beginning; thence North 87°58'30" West along said South line 522.73 feet; thence South 01°25'46" West 250.01 feet; thence South 87°58'30" East 522.73 feet to the East line of said Section 28; thence North 01°25'46" East 250.01 feet to the True point of Beginning, containing 3.0 acres, more or less.

**Exhibit "C" to Master Declaration of the
Kala Point Owners' Association
Amended 1/18/2000**

IMPORTANT: THE FAILURE TO EXECUTE THIS MEMBERSHIP AGREEMENT MAY RESULT IN THE SUSPENSION OF SOME OR ALL OF YOUR RIGHTS AND PRIVILEGES AS A MEMBER OF THE KALA POINT OWNERS' ASSOCIATION

MEMBERSHIP AGREEMENT

THIS MEMBERSHIP AGREEMENT is made this _____ day of _____ 20____ by the undersigned _____ (hereinafter collectively and individually "Buyer") in favor of Kala Point Owners' Association, a Washington nonprofit corporation (hereinafter the "Association") as follows:

1. Recitals. Buyer is purchasing or has purchased a (check one) Lot _____, Condominium Unit _____ or Time Share Unit (TSU) _____ (hereafter "Residence") in the planned development known as Kala Point in Jefferson County, Washington, described as (check one) Lot No. _____, Unit No. ____ of _____ or TSU _____ and commonly known by its street address of _____.

The Residence is subject to, among other things, that certain Master Declaration of Covenants, Conditions and Restrictions recorded on September 17, 1984 in Book 193, Pages 474 to 508 Auditors File No. 291353 of Official Records of Jefferson County, Washington, and as amended and revised September 16, 1994, (hereinafter the "Master Declaration"), which Master Declaration is incorporated herein by this reference with the same force and effect as if fully set forth herein. The Master Declaration requires, among other things, that Buyer shall execute this Membership Agreement, in consideration of which Buyer shall be granted voting privileges in the Association and the right to use certain facilities owned by the Association, all as provided in the Master Declaration. Buyer acknowledges that in order to best ensure that none of Buyer's rights and privileges as a Member and an Owner are suspended, Buyer should deliver, or cause an escrow company or other agent to deliver, an executed copy of this Membership Agreement to the Association immediately upon transfer of the Residence to Buyer.

2. Membership By virtue of Buyer's ownership interest in the Residence, Buyer is a Member of the Association, subject to the limitation of two (2) adult Members, and is both a "Member" and an "Owner" as those terms are defined in the Master Declaration. As such, Buyer is subject to the Articles of Incorporation (the "Articles") and the Bylaws (the "Bylaws") of the Association and any Rules and Regulations adopted pursuant to the Master Declaration and the Bylaws. (The Master Declaration, Articles, Bylaws, Rules and Regulations of the Association are hereinafter collectively referred to as the "Project Documents".)

3. Rights and Duties. Buyer's ownership of the Residence and membership in the Association renders Buyer subject to all of the duties, obligations, restrictions and liabilities of an Owner and a Member under all of the foregoing, whether or not specifically enumerated in this Membership Agreement. Buyer hereby agrees to perform such duties and obligations, to discharge such liabilities and to be subject to such restrictions as provided in the Project Documents. Unless the Association has provided otherwise, Buyer's rights and privileges as a Member and an Owner shall be suspended unless Buyer executes this Agreement.

4. Assessments. Buyer hereby agrees to pay the Association each and every Assessment levied by the Association on Buyer and Buyer's Residence pursuant to the Master Declaration or the other Project Documents. In the event of any delinquency in the payment of any Assessment levied on Buyer, in addition to any remedy authorized by law or the Project Documents, the Association may at its option enforce any such delinquent Assessment by bringing an action at law, by foreclosing the Assessment lien provided in the Master Declaration, by judicial action or by proceeding under the power of sale provided in the Master Declaration. Any judgment rendered in any such action or the amount paid to the Association from the proceeds of such sale shall include the amount of the delinquency, interest on the unpaid Assessment, a late charge, attorneys' fees, court costs, expenses of collection and any other amounts or charges specified in the Master Declaration.

5. Designation for Vote. As provided in the Project Documents, each of the persons, limited to two (2) adults, herein referred to as a Buyer shall be an owner and a Member. However, only one (1) vote shall be cast with respect to the Residence. Only one of the person(s) signing this Membership Agreement on the appropriately indicated signature lines below is hereby designated as the person who shall deliver the vote or written assent for any matter on which the Buyer is entitled to vote under the Project Documents. Should that person be unable to

deliver the vote or written assent, then the Member shown as the alternate shall deliver the vote or written assent. In the event of dispute between the signatories of the Membership Agreement, the Association shall accept the first signature as the person who shall deliver the vote or written assent. The Association shall not be required to recognize or accept the vote or written assent of any other person herein termed a Buyer unless all of the undersigned execute and deliver to the Association a writing designating another buyer to deliver the vote or written assent attributable to the Residence. All notices of assessments, elections or other Association notices shall be sent to the first signatory at the address last provided to the Association.

6. Responsibilities Upon Transfer. Upon the transfer of Buyer's interest in the Residence, Buyer shall notify the Association in writing or shall cause the sales escrow to notify the Association in writing of the name of the person or persons to whom Buyer is transferring the Residence. Buyer shall also notify, or cause the sales escrow to notify, such transferee of such transferee's obligation to execute and deliver a Membership Agreement to the Association on or before the effective date of such transfer, Buyer is responsible for providing at least two gate cards (not gate transmitters) and two clubhouse keys to Buyer's transferee. If Buyer does not have a minimum of two gate cards and two clubhouse keys, buyer must provide payment for the equivalent of any missing card(s) and/or clubhouse key(s). Buyer shall provide, at close of escrow or at time of transfer, any key, membership card or token (e.g.; gate transmitters) evidencing or facilitating the right to use any recreational or other facility or service owned or operated by the Association.

7. Architectural Control. Buyer hereby acknowledges that the Master Declaration provides for architectural control by the Association over the Residence. As provided in the Master Declaration, the Board of Directors and the Architectural Committee of the Association may adopt Architectural Standards which may require Buyer, among other things, to submit plans and specifications for approval by said Architectural Committee prior to commencing any work of improvement on the Residence. Buyer hereby agrees to be bound by all of the provisions of the Master Declaration relating to architectural control.

8. Estoppel Certificate. Buyer acknowledges that the Master Declaration provides that Buyer or Buyer's transferor may obtain from the Association, upon payment of a reasonable charge, a written statement setting forth whether Assessments on the Residence have been paid, and the amount of delinquency, if any.

9. Amendment of Project Document; Conflicts. As used herein, Project Documents shall include any duly adopted amendments thereto, and the designation individually used for any of the documents collectively referred to herein as Project Documents shall likewise include any duly adopted amendment. Any inconsistency between any of the Project Documents and this Membership Agreement shall be resolved in favor of the Project Documents.

IN WITNESS WHEREOF, the undersigned have executed this Membership Agreement on the day and year first above written.

The person(s) signing on this line shall be designated to give the vote or written assent attributed to the Residence, as provided in Section 5 above.

Signature(s):

Address for KPOA Notices:

ALL OWNERS SHALL SIGN

**Exhibit "D" to Master Declaration of the
Kala Point Owners' Association**

COMPROMISE AGREEMENT

This Compromise Agreement ("Agreement") is made and entered into this 25th day of October, 1984, by and between Kala Point Swim & Racquet Club, a Washington nonprofit corporation ("Club"), Kala Point Development Company and New Kala Point Limited Partnership, a Washington limited partnerships (collectively "Development Company"), Kala Point Village Owners Association, a Washington nonprofit corporation ("Village Owners"), Kala Point Village Ltd., a Washington limited partnership, ("Village Ltd."), Resorts West Holding Company, a Washington corporation ("RW Holding"), Resorts West Vacation Club, a nonprofit Washington corporation, ("RW Club") Seafirst Mortgage Corporation, a Washington corporation ("Seafirst"), and Forrest Aldrich/Coldwell Banker, Inc., a Washington corporation, ("Forrest Aldrich"). All of the above are sometimes hereinafter referred to as "the Parties".

RECITALS AND DEFINITIONS

All of the above Parties have been involved either as plaintiffs or defendants in Jefferson County Superior Court action entitled Kala Point Village, Ltd., et al., vs Kala Point Swim & Racquet Club, et al., Jefferson County Case No. 84-2-00106-1. It is the Parties' desire to resolve and compromise amicably that action on the terms and conditions set forth below: "Common Areas" shall include all common areas and recreational facilities owned or to be owned by the Club, or under the control or management of the Club for the general use and enjoyment of Kala Point Owners. "Kala Point Owners" or "Owners" shall collectively refer to all owners or long term lessees of real property at Kala Point, including owners of Time Share intervals. "Long Term Lessees" shall mean Lessees of lots, units or TSU's at Kala Point who are owners of a leasehold estate in such properties for an original term of 90 years, or greater. In agreeing to settle and compromise the above referenced cause, the parties do hereby agree as follows:

Section 1: RW Club members shall be entitled to use only Units 26 and 32 in Phase 4 of Kala Point Village, as shown on the map recorded as Auditor's File No. 263586 in Volume 1 of Condominiums, Pages 97 - 101, Records of Jefferson County, Washington, and Units 34 and 36 in Phase 5 of Kala Point Village, as shown on the map recorded as Auditor's File No. 275984 in Volume 1 of Condominiums, Pages 119 - 121, records of Jefferson County, Washington. Units 26, 32, 34 and 36 are hereinafter referred to as the "Authorized Units". RW Club members who hold properly executed temporary assignments of use rights from RW Holding for time segments within the Authorized Units on which current dues has been paid shall be entitled to use the Common Areas on the same basis as other non-members who hold properly executed temporary assignments from other Owners at Kala Point. The Club shall exercise its best efforts in good faith to ensure that insofar as reasonably practicable, these non-members are entitled to the same rights of use and access to the common areas as are members.

Section 2. Time segments in the Authorized Units may be used by members of RW Club only if RW Holding pays current annual dues to the Club for each of the timeshare segments of which it is or will become an owner or long term lessee and/or any time segments in the Authorized Units actually used by RW Holding for use or occupancy by RW Club Members. Use of Authorized Units shall be confined to RW Club Members or for use by Interval International members who have obtained their right to use the Authorized Units through the Interval International Exchange Program. RW Holding shall have the same responsibility for the conduct of RW Club members while at Kala Point as shall other Kala Point Owners for their assignees of use privileges. Annual assessment of dues by the Club on Authorized Units shall be on the basis of individual 1/12th time segments without regard to multiple ownership of such time segments by RW Holding.

Section 3. Units and/or time segments owned or leased by RW Holding at Kala Point and units which continue to be held in inventory by Village Ltd., but for which annual dues have not been paid shall be excluded from the Kala Point Village in-house exchange program. No user of time-share segments for which dues have not been paid to the Club, as above, shall be entitled to use any of the Common Areas of the Club. Use of Common Areas by RW Club members shall be allowed only upon the prior execution by RW Holding of a written assignment of use privileges form approved by the Club to specifically named Vacation Club members and their families. Such assignment or transfer of right to use Common Areas shall be permitted not more than once in any given week of a four week segment (i.e. four times in any given calendar year) for each undivided 1/2th fee time-share segment owned or leased by RW Holding (i.e. 50 times in any given calendar year for each full Authorized Unit owned or leased by RW Holding).

Section 4. RW Holding and RW Club agree that they will not attempt, either directly or indirectly, without the prior written consent of the Board of Directors of the Club, to gain the right to use time-share units (or undivided interest in any time-share units) at Kala Point Village other than the Authorized Units identified in Section 1 of this Agreement.

Section 5. Use of unbuilt future time-share buildings or units at Kala Point Village by RW Club members can be permitted only with the prior written consent of (i) the Club Board of Directors, and (ii) the Development Company; provided that the approval of the Development Company shall only be required as long as that Company continues to be engaged in the primary development of Kala Point and is the holder, by virtue of its ownership of properties at Kala Point, of a minimum of 5% of the total voting power of the Club.

Section 6. This Agreement and all of the terms, covenants, and conditions herein shall be binding on each of the parties hereto, and their respective heirs, successors and assigns. In the event that any action is commenced to enforce or enjoin the breach of any of the provisions hereof, or for the declaration of any rights hereunder, the prevailing party in such action shall be entitled to recover from a nonprevailing party as a part of any judgment reasonable attorneys' fees and costs of suit. The Parties further agree that money damages may be an inadequate remedy in the event of any breach of the terms hereof, and an injured non-breaching party may be entitled to a temporary restraining order and/or preliminary or permanent injunction against any conduct which violates the terms, purpose or intent of this Agreement.

Section 7. Use of the Club Common Areas by members of RW Club is subject to the provisions of "Project Documents" (as that term is defined in the Club's Master Declaration ("Master Declaration") - Auditor's File No. 291353), recognition of which shall be made in the membership documents of RW Club. Copies of advertising and promotional literature used by RW Club promoters which mentions Kala Point shall be furnished to the Club's Board on a timely basis for a period of 24 months from the date of this Agreement.

Section 8. The Owners of the Authorized Units are subject, as are all Owners at Kala Point, to possible special assessments, as described in the Master Declaration, having to do with the misuse, comparative overuse of or damage to individual units or Common Areas and/or additional management required to manage and control same. The Club shall consult with the Owners of the Authorized Units thirty (30) days prior to taking any action to implement any such special assessments and shall make available to the Owners all financial and other information or data justifying such special assessment.

Section 9. Subsequent to the execution of this Agreement by all Parties and prior to the holding of membership meetings of the Club and Village Owners to approve this Agreement, the management of Village Ltd.; the Kala Point Village Time Share managers the RW Holding and RW Club sales and reservation personnel, the management of the Development Co., and the Club Directors and their Clubhouse Committee and Clubhouse employees shall develop and put into operation effective and cooperative operating procedures to monitor RW Club usage of the Authorized Units and RW members' usage of the common areas of the Club to insure that the spirit and language of this Agreement is upheld and complied with at all times.

Section 10. All parties shall bear their own legal expenses and costs of suit in connection with the litigation referred to on page one (1) hereof, and all Parties hereby release each other from any and all claims for damages made or asserted in that case.

Section 11. The effectiveness of this Agreement is contingent upon the satisfaction of each of the following:

(a) Execution of this Agreement by all of the Parties hereto and their counsel of record.
(b) The approval of this Agreement by a majority of the members of the Village Owners at a duly called meeting of their Association at which a quorum is present; such meeting to be held within 40 days after this Agreement is executed by all Parties.

(c) The approval of this Agreement and the "First Amendment to the Revised Master Declaration of the Kala Point Swim & Racquet Club" ("First Amendment"), a copy of which is attached hereto as Exhibit "A", by simple majority of the membership of the Club, as to this Agreement, and by a two thirds majority of the membership present, either in person or by proxy, of the First Amendment, at a duly called meeting of the Club membership at which a quorum is present, such meeting to be held within 40 days after this Agreement has been executed by all Parties.

Section 12. Within ten days after the approvals called for under subparagraphs (b) and (c) of Section 11 above have been obtained, the parties shall cause to be recorded in the in the Official Records of Jefferson County, Washington:

(a) A memorandum of this Agreement signed by all Parties (which the parties agree to sign and acknowledge) in the form attached hereto as Exhibit "B".
(b) The First Amendment.

Section 13. Within ten days after the approvals called for under subparagraphs (b) and (c) of Section 11 above have been obtained, all parties shall cause their respective counsel to file a Dismissal with Prejudice of the above described case.

Section 14. All parties agree to use their best efforts and good faith in obtaining the approvals of this Agreement by the memberships of the Club and Village Owners.

Section 15. Miscellaneous

(a) Exhibits. "Exhibit" shall mean and refer to those documents so designated herein and attached hereto, and each of such Exhibits is by this reference incorporated in this Agreement.

(b) Counterparts. This Agreement may be executed in any number of counterparts. Each such counterpart hereof shall be deemed to be an original instrument but all such counterparts together shall constitute but one Agreement.

(c) Merger. It is agreed that all understandings and agreements heretofore had between the Parties respecting this transaction are merged in this Agreement, which fully and completely expresses the agreement of the Parties, and that there are no representations, warranties or agreements except as specifically and expressly set forth herein and in the Exhibits attached hereto.

(d) Construction. As used in this Agreement, the masculine, feminine or neuter gender and the singular or plural numbers shall each be deemed to include the other whenever the context so indicates. This Agreement shall be construed as a whole and in accordance with its fair meaning, the captions being for convenience only and not intended to fully describe or define the provisions in the portions of the Agreement to which they pertain.

(e) No Waiver. The waiver by one party of the performance of any covenant, condition or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise hereunder. The waiver by either or both parties of the time for performing any act shall not constitute a waiver of the time for performing any other act or identical act required to be performed at a later time. The exercise of any remedy provided by law and the provisions of this Agreement for any remedy shall not exclude other consistent remedies unless they are expressly excluded.

(f) Amendments. No change in or addition to this Agreement or any part hereof shall be valid unless in writing and signed by or on behalf of the party charged therewith.

(g) Time of the Essence. As a moving and material inducement to each of the Parties to this Agreement to enter into the transactions contemplated by this Agreement, all of the Parties agree that time is of the essence of this Agreement,

IN WITNESS WHEREOF each of the Parties hereto have caused this Agreement to be executed this 25th day of October, 1984.

Kala Point Swim & Racquet Club
By /S/John Merry, President
By /S/Renate Wheeler, Secretary

Kala Point Development Company, a Limited Partnership and New Kala Point Limited Partnership, a Limited Partnership, By Kala Point Company, a General Partner
By /S/William H. Lindeman, President

Kala Point Village Owners Association
By /S/Illegible, Vice President
By /S/Paul Weitzel, Secretary

Resorts West Holding Company
By /S/Paul Weitzel, President
By /S/Illegible, Vice President

Seafirst Mortgage Corporation
By /S/Illegible

Forrest Aldrich/Coldwell Banker, Inc.
By /S/Forrest Aldrich

Kala Point Village, Ltd.
By /S/Paul Weitzel

Resorts West Vacation Club
By /S/Paul Weitzel, President

**Exhibit "E" to Master Declaration of the
Kala Point Owners' Association
ARCHITECTURAL COMMITTEE AGREEMENT
9/17/84**

This Architectural Committee Agreement ("Agreement") is made and entered into this 17th day of September, 1984, by and between Kala Point Development Company and New Kala Point Limited Partnership, limited partnerships (Declarant./Developer) and Kala Point Swim & Racquet Club, a Washington non-profit corporation, ("Club") regarding the Architectural Committee established by the Declaration of Covenants, Conditions and Restrictions of record of Kala Point Swim & Racquet Club ("Declaration"), recorded June 27th, 1978, Auditor's File No. 250922, Official Records of Jefferson County, Washington, as said Declaration was modified and amended by that certain "Restated and revised Master Declaration of Covenants, Condition and Restrictions of record of Kala Point Swim & Racquet Club Division 1 through 9, 11 and 12" (Master Declaration), dated the 16th day of September, 1984, and recorded as Auditor's No. 291353 on the 17th day of September, 1984, Pages 474 to 508 of Official Records of Jefferson County, Washington. This Agreement relates to the function, purpose and control of the Architectural Committee established by the Declaration and the Master Declaration. Declarant/Developer and Club hereby agree as follows:

- A. All decisions of the Architectural Committee are subject to review by the Board of the Club.
- B. All decisions of the Architectural Committee can, on request, be appealed to the Board of the Club for review. The Board, following proper review and receipt of the input from the Members of the Committee may overrule the Committee's decision, except that Declarant/Developer shall have complete authority in each of the following areas:
 1. Decisions which will affect property owned by Developer/Declarant and which properties are underdeveloped as of the date of this Agreement, which undeveloped properties are as follows.:
 - a. Kala Lagoon Residences (Division 13)
 - b. Kala Heights Townhomes (Division 12)
 - c. Division 9 Water View Lots
 - d. Kala Bluffs Project (Division 11)
 - e. The areas designated commercial on that certain survey map recorded November 23, 1981 under Auditor's File No. 275634 (Division 14 and 15)
 - f. Division 10 Lots
 - g. Lots developed but unsold per list attached hereto as Exhibit 1, and by this reference incorporated herein.
 - h. The well and pumphouse areas.
 2. Decisions pertaining to certain existing common areas owned by club or Declarant/Developer which are to be dedicated or deeded to the Club in the future as follows:
 - a. The area in front of Division 9, in Parcel C of Division 9, from Old Fort Townsend Park line to a line drawn beachward from lot line 171/172.
 - b. The area in front of the Bluffs and lagoon from approximately the line of Lot 45/46 beachward as defined on Tract B of Division 7 to the Southerly property boundary around Kuhn Spit.
 - c. The Board and the Architectural Committee agree to a continuation of the policy established by the Committee to date of maintaining the plateau area of Kala Point (that area above Baycliff Drive and Pinecrest Drive) as a wooded tree area.
 - d. Changes to the existing Architectural Standards shall be made only by mutual consent of the Board and the Architectural Committee.
 - e. Declarant/Developer agrees to consult with the Board at its regular Board meeting each month on the status of plans for the areas described in Paragraph B above.
 - f. Each of the terms, covenants and conditions of this Architectural Committee Agreement shall be binding upon each of the parties hereto and their respective heirs, successors and assigns.
 - g. It is agreed that all understandings and agreements heretofore had between the parties respecting the Architectural Committee and its control are merged in this Agreement, which fully and completely expresses the agreement of the parties, and that there are no representations, warranties or agreements except as specifically and expressly set forth herein and in the Exhibits attached hereto. No change in or addition to this Agreement or any part hereof shall be valid unless in writing and signed by Declarant/Developer and Club.

IN WITNESS WHEREOF each of the parties hereto has executed this Agreement the day and year first above

written.

KALA POINT SWIM & RACQUET CLUB

By /S/John Merry, President

KALA POINT DEVELOPMENT COMPANY AND

NEW KALA POINT LIMITED PARTNERSHIP, limited partnerships.

By: Kala Point Company, a general partner.

By /S/William H. Lindeman, President

**Exhibit E-1
of Architectural Agreement**

**Kala Point Development Company
Registered Inventory of Lots
Available for Sale 2/17/84**

Division 6	273, 296, 378, 428, 433
Division 7	354, 357, 361, 390, 391, 393, 397, 399, 403, 406, 409-412, 415, 417, 418
Division 8	300-302, 325, 329-331, 336-338, 340, 401, 402, 459, 462-464
Division 9	176, 177, 181-205

**AMENDMENT TO THE
RESTATED AND REVISED MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF RECORD
OF
KALA POINT OWNERS' ASSOCIATION
DIVISIONS 1-15**

Recitals.

Notice is hereby given that the restated and revised Master Declaration of Covenants, Conditions and Restrictions of Record of Kala Point Owners' Association Divisions 1-15, as recorded the 16th day of September, 1994, at Volume 513, Pages 299-326, records of Jefferson County, Washington, under Auditor's File No. 375358, (as heretofore further amended), are hereby (further) amended in the following particulars:

ARTICLE IV B SECTION 13. Minimum dwelling size.

The minimum size of the interior floor space of all detached single family Dwellings (exclusive of garages, breezeways, patios and porches) shall be one thousand five hundred (1,500) square feet. **Except in the event of a catastrophic loss to a dwelling that was originally built less than the current minimum square footage that dwelling shall be rebuilt to at least its original size prior to the loss. Structures being rebuilt shall comply with current Architectural Standards and follow the established review and approval process.**

(ARTICLE IV B SECTION 13 has been amended; the text shown in bold face and underlined has been added.)

In all other respects, except as hereinabove expressly amended, the aforesaid restated and revised Master Declaration of Covenants, Conditions and Restrictions of Record of Kala Point Owners' Association Divisions 1-15, including any prior amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF the undersigned Association has executed this amendment this 29th day of March 2005.

KALA POINT OWNERS' ASSOCIATION

By: /S/John Snyder
_____, President

By: /S/Barbara MacLean
_____, Secretary

**AMENDMENT TO THE
RESTATED AND REVISED MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF RECORD
OF
KALA POINT OWNERS' ASSOCIATION
DIVISIONS 1-15**

Recitals.

Notice is hereby given that the restated and revised Master Declaration of Covenants, Conditions and Restrictions of Record of Kala Point Owners' Association Divisions 1-15, as recorded the 16th day of September, 1994, at Volume 513, Pages 299-326, records of Jefferson County, Washington, under Auditor's File No. 375358, (as heretofore further amended), are hereby (further) amended in the following particulars:

ARTICLE I DEFINITIONS, SECTION 4 ASSOCIATION

Section 4. "Association" shall mean and refer to the Kala Point Owners' Association, a Washington Corporation organized pursuant to the Washington Non-Profit Corporation Act (RCW 24.03) **and the Homeowners' Associations Act (RCW 64.38) that establishes laws regarding the formation and legal administration of homeowners' associations.**

ARTICLE I DEFINITIONS, ADD SECTION 40 AND SECTION 41

Section 40. "**Member Vote**" shall mean any vote cast in person, by proxy, or vote-by-mail. **Members voting by mail are present for all purposes of quorum, count of votes, and percentages of total voting power present.**

Section 41. "**Quorum**" of members shall mean the minimum percentage of Net Total Votes (as defined in the Bylaws) required to be present at a Members' meeting either in person, by proxy, or votes cast using vote-by-mail. **The percentage varies depending upon the actions to be taken, as specified in this Master Declaration, the Articles, and the Bylaws.**

ARTICLE III MEMBERS VOTING RIGHTS, SECTION 5 APPROVAL BY MEMBERS, (e)

(e) In any matter requiring the consent of the Members, but not specifically provided for in this master Declaration or the Articles, Bylaws, or in any contract executed by the Association or its Board, and if the requisite quorum is present, ~~either in person or by proxy~~, as required by the Bylaws, then a simple majority of such quorum shall suffice.

ARTICLE IV PROPERTY RIGHTS, A COMMON AREAS, SECTION 5 ASSIGNMENT OF RIGHTS TO USE COMMON AREAS

Section 5. Assignment of rights to use Common Areas. The Common Areas are designed and intended primarily for the use of Members and their families, provided that for each Lot, Unit or TSU only one member and his family may use the Common Areas at one time. The Board may adopt rules and regulations allowing non-Members (including guests, tenants, relatives and invitees) to use the Common Areas upon a temporary assignment of the use rights from members upon such basis and subject to such charges as the Board may from time to time deem appropriate, provided that any Rule or Regulation adopted by the Board must allow Members to temporarily assign their right to use the Common Areas to non-Members at least once per week in any given week of any given year. Any Amendment to this Section which would further restrict the frequency of temporary assignments to non-Members shall require the vote or written ~~consent~~ **assent of** a two-thirds (2/3rds) majority of the "~~Total~~ **Net Total** Votes" (as that term is defined in the Bylaws of the Association) of the membership at a meeting duly called and noticed and at which a quorum is present.

ARTICLE XVIII AMENDMENT

Provided a quorum of fifty percent (50%) ~~of the "Net Total votes" (as defined in the Bylaws)~~ is present ~~in person or by proxy~~ at a duly called annual or special membership meeting this Master Declaration may be amended at any such meeting called for that purpose by the approving vote of not less than Sixty-Six and

Two-Thirds Percent (66 2/3 %) of all ~~Members voting in person or by proxy at such meeting~~ member votes or written assents.

(ARTICLE I DEFINITIONS, SECTION 4 ASSOCIATION has been amended; the text shown in the bold face and underlined has been added.

ARTICLE I DEFINITIONS. ADD SECTION 40 AND SECTION 41; the text shown in the bold face and underlined has been added.

ARTICLE III MEMBERS VOTING RIGHTS, SECTION 5 APPROVAL BY MEMBERS, (e) has been amended; the text shown in the bold face and lined through it has been deleted.

ARTICLE IV PROPERTY RIGHTS, A COMMON AREAS, SECTION 5 ASSIGNMENT OF RIGHTS TO USE COMMON AREAS has been amended; the text shown in bold face and underlined has been added and the text shown in the bold face and lined through has been deleted.

ARTICLE XVIII AMENDMENT: has been amended; the text shown in bold face and underlined has been added and the text shown in the bold face and lined through has been deleted.)

In all other respects, except as hereinabove expressly amended, the aforesaid restated and revised Master Declaration of Covenants, Conditions and Restrictions of Record of Kala Point Owners' Association Divisions 1-15, including any prior amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF the undersigned Association has executed this amendment this 27th day of Sept 2006.

KALA POINT OWNERS' ASSOCIATION

By: Carol Fischbach

/S/Carol Fischbach, President

By: Margaret Boyle

/S/Margaret Boyle, Secretary

**AMENDMENT TO THE
RESTATED AND REVISED MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF RECORD
OF
KALA POINT OWNERS' ASSOCIATION
DIVISIONS 1-15**

Recitals.

Notice is hereby given that the restated and revised Master Declaration of Covenants, Conditions and Restrictions of Record of Kala Point Owners' Association Divisions 1-15, as recorded the 16th day of September, 1994, at Volume 513, Pages 299-326, records of Jefferson County, Washington, under Auditor's File No. 375358, (as heretofore further amended), are hereby (further) amended in the following particulars:

Article I-Section 3 Assessments

Section 3. "Assessments" - The following meaning shall be given to the assessments hereinafter defined:

"Regular Assessments" (formerly called "Dues" under the Declaration) shall mean the amount which is to be paid by each Member to the Association for Common Expenses.

"Special Assessments" shall mean a charge against a particular Owner and his Lot, Unit, or TSU, directly attributable to the Owner, to reimburse the Association for costs incurred in bringing his Lot, Unit or TSU into compliance with the provisions of the "Project Documents" (as hereinafter defined) or to reimburse the Association for costs incurred in repairing or replacing or cleaning the Common Areas used or damaged by the Owner, his family, guests, invitees or tenants, or any other charge or fine designated as a Special Assessment in the Project Documents ~~together with attorney's fees and other charges incurred by the Association in connection with the levying and collection of the Special Assessment against such Owner, plus interest thereon, at the lesser of (i) eighteen percent (18%) per annum, or (ii) the maximum rate permitted by law.~~

"Reconstruction Assessment" shall mean a charge against each Member and his Lot, Unit or TSU representing a portion of the cost to the Association for reconstruction of any portion or portions of the Common Areas pursuant to the provisions of this Master Declaration.

"Capital Improvement Assessment" shall mean a charge against each Member and his Lot, Unit or TSU representing a portion of the cost to the Association for the purchase, installation or construction of any capital improvements on any of the Common Areas which the Association may from time to time authorize pursuant to the provisions of this Master Declaration.

"Emergency Assessments" shall mean a charge against each Member and his or her Lot, Unit or TSU, representing a portion of the cost to the Association of emergency repairs or reconstruction to the Common Areas necessitated by reason of a common disaster, Act of God, or gross necessity.

Article I-Section 32 Rules and Regulations

Section 32. "Rules and Regulations" shall mean and refer to the Rules and Regulations adopted and promulgated from time to time by the Board, pursuant to ~~the provisions Article V, Section 2 of this Master Declaration relating to the management, operation, control and use of the Common Area.~~

Article IVB- Property Rights, B Uniform General Requirements

Section 6. ~~Trucks~~ Large Vehicles, Trailers, Recreational Vehicles ("RVs") and Boats ~~Trucks~~ The outside parking of large vehicles (defined as those with an overall wheel base greater than 180" or a Gross Vehicle Weight Rating greater than 15,000 pounds), trailers, RVs and Boats within the Covered Property shall not be parked in the Common Areas, nor upon any streets, alleys or rights-of-way within the Covered Property in such a manner as to obstruct the free flow of traffic. The parking of trucks, trailers, RVs and boats shall be at all times subject to the control Rules and Regulations of the Board, which shall from time to time publish Rules and Regulations controlling same, as the same may be adopted and amended from time to time.

Section 19-Outdoor Safety

All outdoor burning, use of fireworks, firearms and explosives within the Covered Property shall be subject to Rules and Regulations of the Board as the same maybe adopted and amended from time to time.

Article V-Duties and Powers of the Association

Section 2. Rules and Regulations. The Board shall also have the power to adopt, amend and repeal such Rules and Regulations as it deems reasonable (the "Rules and Regulations"). The Rules and Regulations shall govern such matters in furtherance of the purposes of the Association, ~~including without limitation matters involving outdoor burning, use of fireworks, firearms and explosives within the Covered Property, the use of the Common Areas, the rights of Members to assign their use rights in the Common Areas, to tenants, employees, family members, and the like;~~ provided however, that the Rules and Regulations shall not be inconsistent with this Master Declaration, the Articles or Bylaws, provided further that, except as set forth in Article IV B of this Master Declaration, no Rule or Regulation relating to Covered Property not with in the Common Areas may be imposed without amendment of this Master Declaration pursuant to Article XVIII of this Master Declaration. A copy of the Rules and Regulations as they may be from time to time adopted, amended, or repealed, shall be delivered to each Owners in the same manner established in this Master Declaration for the delivery of notices. Upon such delivery, said Rules and Regulations shall have the same force and effect as if they were set forth in and were a part of this Master Declaration. The Rules and Regulations, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner and Mortgagee upon request

Article VI-Covenant of Assessments

Section 8. Special Assessments -Special Assessments shall be levied by the Board against a Lot, Unit or TSU and the Owner thereof to reimburse the Association for costs incurred in bringing an Owner and his Lot, Unit or TSU into compliance with the provisions of the Project Documents, or any other charges designated as a Special Assessment in the Project Documents, ~~together with attorneys fees, interest, and other charges relating thereto as provided for in this Master Declaration.~~ In the event the Association undertakes at the request of an owner to provide materials or services which benefit individual Lots, Units or TSUs , such as tree trimming, such Owners in accepting such materials or services agree that the costs thereof shall be a Special Assessment.

Article VII-Non-Payment of Assessments

Section 1. Delinquency - Any assessment provided for in this Master Declaration which is not paid when due shall be delinquent on said due date (the "Delinquency Date"). If any such assessment is not paid within thirty (30) days after the Delinquency Date, a uniform late charge, ~~not to exceed Ten Percent (10%) of the delinquent assessment~~ for each month the assessment remains delinquent shall be levied by the Board, and the assessment shall bear interest from the Delinquency Date ~~at the lesser of (i) eighteen percent (18%) per annum, or (ii) the highest rate permitted by law.~~ The uniform late charge shall be based on the estimated cost of collection, applicable to Lots, Units, and TSUs, and shall be adopted annually by the Board concurrent with the adoption of the Budget. The interest rate shall be adopted annually by the Board concurrent with the adoption of the Budget and shall not exceed the highest rate permitted by law in RCW 19.52.020.. The Association may, at its option, and without waiving the right to foreclose its lien against the Lot, Unit, or TSU, bring an action at law against the Member personally obligated to pay the same, and/or upon compliance with the notice provisions set for in Section 2 of this Article, to foreclose the lien against the Lot, Unit or TSU. If action is commenced, there shall be added to the amount of such assessment, the late charge, interest, the cost of preparing and filing the complaint in such action, and attorneys fees incurred in connection with such action; and in the event a judgment is obtained, such judgment shall include said late charge, interest, and a reasonable attorneys fee, together with the cost of suit therein incurred. Each Member vests in the Association or its assigns the right and power to bring all actions at law or for lien foreclosure against such Member or other Members for the collection of such delinquent assessments, and each Member agrees that venue of any such action shall be in the Superior Court of Jefferson County, Washington.

Section 2. Notice of Lien - No action shall be brought to foreclose such assessment lien or to proceed under the power of sale herein provided until thirty (30) days after the date a notice of claim of lien is deposited in the

United States Mail, Certified or Registered, Postage Prepaid, to the Owner of said Lot, Unit or TSU, and a copy thereof is recorded by the Association in the office of the Auditor in the County; said Notice of Claim of Lien must recite a good and sufficient legal description of any such Lot, Unit or TSU, the record Owner or reputed Owner thereof, the amount claimed (which shall include interest on the unpaid assessment as above provided, a late charge as above specified, a lien fee that is established by the Board to cover the costs of preparation and recording both the notice of claim of lien and the release of such notice, plus reasonable attorneys fees and expenses of collection in connection with the debt secured by said lien) and the name and address of the claimant.

Section 4. Curing of Default - Upon the timely payment, or other satisfaction of (i) all delinquent assessments specified in the Notice of Claim of Lien, (ii) all other assessments which have become due and payable with respect to the Lot, Unit or TSU as to which such Notice of Claim of Lien was recorded, and (iii) interest, late charges, lien fees, and attorneys fees pursuant to this Master Declaration and the Notice of Claim of Lien which have accrued, officers of the Association or any other persons designated by the Board are hereby authorized to file or record, as the case may be, an appropriate release of such Notice, ~~upon payment by the defaulting Owner of a fee, to be determined by the Association, but not to exceed Fifty Dollars (\$50.00) to cover the costs of preparing and filing or recording such release.~~

(ARTICLE I DEFINITIONS, SECTION 3 ASSESSMENTS has been amended; the text shown in the bold face and lined through has been deleted.

ARTICLE I DEFINITIONS. SECTION 32 RULES AND REGULATIONS has been amended; the text shown in the bold face and underlined has been added and the text shown in the bold face and lined through has been deleted.

ARTICLE IV PROPERTY RIGHTS, B UNIFORM GENERAL REQUIREMENTS, SECTION 6 LARGE VEHICLES, TRAILERS, RECREATIONAL VEHICLES ("RVs") AND BOATS has been amended; the text show in bold face and underlined has been added and the text shown in the bold face and lined through has been deleted.

ARTICLE IV PROPERTY RIGHTS, B UNIFORM GENERAL REQUIREMENTS, SECTION 19 OUTDOOR SAFETY has been added.

ARTICLE V DUTIES AND POWERS OF THE ASSOCIATION, SECTION 2 RULES AND REGULATIONS has been amended; the text show in bold face and underlined has been added and the text shown in the bold face and lined through has been deleted.

ARTICLE VI COVENANT OF ASSESSMENTS, SECTION 8 SPECIAL ASSESSMENTS has been amended; the text show in bold face and lined through has been deleted.

ARTICLE VII NON-PAYMENT OF ASSESSMENTS, SECTION 1 DELINQUENCY has been amended; the text show in bold face and underlined has been added and the text shown in the bold face and lined through has been deleted.

ARTICLE VII NON-PAYMENT OF ASSESSMENTS, SECTION 2 NOTICE OF LIEN has been amended; the text show in bold face and underlined has been added .

ARTICLE VII NON-PAYMENT OF ASSESSMENTS, SECTION 4 CURING OF DEFAULT has been amended; the text show in bold face and underlined has been added and the text shown in the bold face and lined through has been deleted.)

In all other respects, except as hereinabove expressly amended, the aforesaid restated and revised Master Declaration of Covenants, Conditions and Restrictions of Record of Kala Point Owners' Association Divisions 1-15, including any prior amendments thereto, shall remain in full force and effect.

IN WITNESS WHEREOF the undersigned Association has executed this amendment this 23rd day of February, 2007.

KALA POINT OWNERS' ASSOCIATION

By: Carol Fischbach

/S/Carol Fischbach, President

By: Winifred MacNair

/S/Winifred MacNair, Secretary

STATE OF WASHINGTON)

) ss.

County of Jefferson)

On this 23rd day of February 2007, before me, the undersigned, a Notary Public in and for the state of Washington, duly commissioned and sworn, personally appeared **Winifred MacNair & Carol Fischbach**, to me known to be the President of Kala Point Owners' Association, and acknowledged the within and foregoing 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/she is authorized to execute the said instrument on behalf of said corporation.

DATED: February 23, 2007

/S/Judith L. Herwer

Notary Public in and for the state of Washington.

Residing at Port Townsend, WA.

My comm. expires: 01/01/2010

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify: That I am the duly elected, qualified and acting secretary of the Kala Point Owners' Association, a Washington non-profit corporation and that the above and foregoing Master Declaration comprising 34 pages, including this page, was adopted as the Restated and Revised Master Declaration of Covenants, Conditions and Restrictions of Kala Point Owners' Association, Divisions 1 through 15 of said non-profit corporation by the requisite vote of the Members of such Association pursuant to Article XVIII of the Declaration at the annual meeting of the Members, held September 16, 1984, July 10, 1994, July 9, 2006, and December 21, 2006. IN WITNESS WHEREOF I have hereunto set my hand this __23rd_ day of February, 2007.

By: /S/Winifred MacNair
Winifred MacNair, Secretary