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DECLARATION OF BYLAWS AND RESTRICTIVE COVENANTS BINDING SEVEN BAYS ESTATES, UNLIMITED HOMEOWNERS AND HOMEOWNERS ASSOCIATION

THIS INSTRUMENT, MADE AS OF THIS 9TH DAY OF JULY, 1983 BY SEVEN BAYS, INC. A WASHINGTON CORPORATION HEREINAFTER CALLED "GRANTORS" AND OR DEVELOPER. WITNESSETH:

(A) GRANTORS ARE THE OWNERS OF THE REAL PROPERTY SITUATED IN THE COUNTY OF LINCOLN, STATE OF WASHINGTON, DESCRIBED AS: SEE FILED PLAT OF SEVEN BAYS INC. A WASHINGTON CORPORATION. GRANTORS HAVE SUBDIVIDED A PORTION OF THE ABOVE DESCRIBED PROPERTY AND INTEND TO SUBDIVIDE THE BALANCE.

(B) THIS INSTRUMENT SUPERSEDES ALL PREVIOUSLY WRITTEN COVENANTS FOR ALL PLATS WITHIN SEVEN BAYS INC. DEVELOPEMENT, AND IS INTENDED TO CONSOLIDATE WITHIN THIS HOMEOWNERS ASSOCIATION PLATS 1,2,3,4,FRYS ADDITION,AIRPORT ADDITION,AND ANY SUBSEQUENT ADDITIONS OR PLATS DEVELOPED BY GRANTORS. (C) GRANTORS HEREBY DECLARE THAT THE ENTIRE SUBDIVIDED PROPERTY IS AND SHALL BE HELD, CONVEYED, ENCUMBERED, LEASED, AND USED, SUBJECT TO THE FOLLOWING UNIFORM RESTRICTIONS, COVENANTS, CONDITIONS AND EQUITABLE SERVITUDES (HEREIN CALLED "RESTRICTIONS") WHICH ARE IN FURTHERANCE OF A PLAN FOR THE SUBDIVISION, IMPROVEMENT AND SALE OF THE SUBDIVIDED PROPERTY, AND ARE ESTABLISHED TO ENHANCE THE VALUE, DESIRABILITY AND ATTRACTIVENESS OF THE SUBDIVIDED PROPERTY AND EVERY PART THEREOF. ANY CONVEYANCE OR CONVEYANCES MADE OR CAUSED TO BE MADE BY GRANTOR IN THE SUBDIVIDED PROPERTY WILL BE BY WARRANTY DEEDS. THE RESTRICTIONS SHALL RUN WITH THE SUBDIVIDED PROPERTY,SHALL BE BINDING UPON ALL PERSONS HAVING OR ACQUIRING ANY INTEREST IN THE SUBDIVIDED PROPERTY OR IN ANY PART HEREOF, SHALL INURE TO THE BENEFIT OF EVERY POSITION OF THE SUBDIVIDED PROPERTY, OR ANY INTEREST THEREIN, SHALL INURE TO THE BENEFIT AND BE BINDING UPON EACH SUCCESSOR IN THE INTEREST OF GRANTORS AND OF EACH OWNER, AND MAY BE ENFORCED BY GRANTORS, BY ANY OWNER OR HIS SUCCESSOR IN INTEREST, OR BY THE BOARD OF DIRECTORS HEREINAFTER MENTIONED.

BYLAWS

1. EACH LOT OWNER SHALL AUTOMATICALLY BECOME A MEMBER OF A PROPERTY OWNERS ASSOCIATION FORMED BY INCORPORATION, WHOSE AFFAIRS SHALL BE ADMINISTERED BY A BOARD OF DIRECTORS THE NAME OF THE ASSOCIATION SHALL BE SEVEN BAYS ESATES UNLIMITED.

2. VOTING. AT ANY MEETING OF OWNERS, EACH OWNER OF A LOT SHALL BE ENTITLED TO CAST ONE (1) VOTE. ANY OWNER MAY ATTEND AND VOTE AT SUCH MEETING IN PERSON OR BY AN AGENT DULY APPOINTED BY AN INSTRUMENT IN WRITING SIGNED BY THE OWNER AND FILED WITH THE BOARD. ANY DESIGNATION OF AN AGENT TO ACT FOR AN OWNER MAY BE REVOKED AT ANY TIME BY WRITTEN NOTICE TO THE BOARD, AND SHALL BE DEEMED REVOKED WHEN THE BOARD SHALL RECEIVE ACTUAL NOTICE OF THE DEATH OR JUDICIALLY DECLARED INCOMPETENCE OF SUCH OWNER OR OF THE COVEYANCE BY SUCH OWNER OF HIS LOT. WHERE AN OWNER CONSISTS OF TWO OR MORE PERSONS, ANY OR ALL OF SUCH PERSONS MAY ATTEND ANY MEETING OF THE OWNERS, BUT IT SHALL BE NECESSARY FOR THOSE PRESENT TO ACT UNANIMOUSLY IN ORDER TO CAST THE VOTE TO WHICH THEY ARE

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ENTITLED. ANY DESIGNATION OF AN AGENT TO ACT FOR SUCH PERSON MUST BE SIGNED BY ALL OF SUCH PERSONS. ONLY MEMBERS IN GOOD STANDING, SHALL BE ENTITLED TO VOTE.

GRANTORS SHALL NOT BE ENTITLED TO VOTE ANY UNSOLD LOTS OWNED BY GRANTORS.

3. MEETING OF OWNERS. THERE SHALL BE AN ANNUAL MEETING OF THE OWNERS ON THE SECOND SATURDAY OF JULY OF EACH YEAR, AT 10:00 A.M. AT SUCH PLACE AS MAY BE DESIGNATED BY THE BOARD OF DIRECTORS (HEREIN SOMETIMES CALLED THE "BOARD"), PROVIDED THAT NOTICE OF SUCH PLACE IS DELIVERED TO THE OWNERS NOT LESS THAN TEN (10) DAYS NOR MORE THAN SIXTY (60) DAYS PRIOR TO THE DATE FIXED FOR SAID MEETING. A SPECIAL MEETING OF THE OWNERS MAY BE CALLED AT ANY REASONABLE TIME AND PLACE BY THE BOARD OR BY OWNERS HAVING TWENTY PER CENT (20%) OF THE TOTAL VOTES BY CAUSING WRITTEN NOTICE OF SUCH MEETING TO BE DELIVERED TO ALL OWNERS NOT LESS THAN FIFTEEN (15) DAYS NOR MORE THAN SIXTY (60) DAYS PRIOR TO THE DATE FIXED FOR SAID MEETING. ALL NOTICES SHALL STATE THE GENERAL NATURE OF THE BUSINESS TO BE TRANSACTED AT THE MEETING, AND ALSO REASONABLE PLACE, DATE AND HOUR FOR SUCH MEETING. THE PRESENCE, IN PERSON OR BY AGENT, AT ANY MEETING OF OWNERS ENTITLED TO CAST A MAJORITY OF THE TOTAL VOTES SHALL CONSTITUTE A QUORUM. UNLESS OTHERWISE EXPRESSLY PROVIDED HEREIN, ANY ACTION MAY BE TAKEN AT ANY MEETING OF THE OWNERS UPON THE AFFIRMATIVE VOTE OF OWNERS HAVING A MAJORITY OF THE TOTAL VOTES PRESENT OR REPRESENTED AT SUCH MEETING. IF ANY MEETING CANNOT BE HELD BECAUSE A QUORUM IS NOT PRESENT, THE OWNERS PRESENT, EITHER IN PERSON OR BY PROXY, MAY, ADJOURN THE MEETING TO A TIME NOT LESS THAN TWENTY-FOUR (24) HOURS OR MORE THAN THIRTY (30) DAYS FROM THE TIME THE MEETING WAS ORIGINALLY CALLED, AT WHICH MEETING THE QUORUM REQUIREMENT SHALL BE AT LEAST TWENTY-FIVE PER CENT (25%).

THE BOARD SHALL CAUSE AN ACCOUNTING OF ALL RECEIPTS AND DISBURSEMENTS TO BE MADE ANNUALLY (FISCAL YEAR 7/1-6/30) AND MAILED TO EACH OWNER, WITHIN 30 DAYS OF ITS COMPLETION.

4. NOTICES. ANY NOTICE PERMITTED OR REQUIRED TO BE DELIVERED AS PROVIDED HEREIN MAY BE DELIVERED EITHER PERSONALLY OR BY MAIL. IF DELIVERY IS MADE BY MAIL, SUCH NOTICE SHALL BE DEEMED TO HAVE BEEN DELIVERED FORTY-EIGHT (48) HOURS AFTER A COPY THEREOF HAS BEEN DEPOSITED IN THE UNITED STATES MAIL, POSTAGE PREPAID, ADDRESSED TO THE OWNER AT THE ADDRESS GIVEN BY SUCH OWNER TO THE BOARD. SUCH ADDRESS MAY BE CHANGED FROM TIME TO TIME BY NOTICE IN WRITING TO THE BOARD.

5. ELECTION AND PROCEEDINGS OF BOARD OF DIRECTORS. EVERY OWNER ENTITLED TO VOTE AT ANY ELECTION OF MEMBERS OF THE BOARD MAY CUMULATE HIS VOTES AND GIVE ONE CANDIDATE A NUMBER OF VOTES EQUAL TO THE NUMBER OF MEMBERS OF THE BOARD TO BE ELECTED MULTIPLIED BY THE NUMBER OF VOTES TO WHICH SUCH OWNER IS OTHERWISE ENTITLED, OR DISTRIBUTE HIS VOTES ON THE SAME PRINCIPLE AMONG AS MANY CANDIDATES AS HE THINKS FIT. THE CANDIDATES RECEIVING THE HIGHEST NUMBER OF VOTES UP TO THE NUMBER OF MEMBERS OF THE BOARD TO BE ELECTED SHALL BE DEEMED ELECTED.

AT THE ANNUAL MEETING OF 1983 THE OWNERS SHALL ELECT A BOARD OF DIRECTORS CONSISTING OF THREE (3) OWNERS, ONE OWNER SHALL BE ELECTED TO THE BOARD FOR A ONE YEAR TERM, ONE OWNER SHALL BE ELECTED FOR A TWO YEAR TERM, AND ONE OWNER SHALL BE ELECTED FOR A THREE YEAR TERM.

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THEREAFTER ONE BOARD POSITION SHALL BECOME OPEN EACH YEAR FOR A THREE YEAR TERM, UNTIL THEIR RESPECTIVE SUCCESSORS ARE ELECTED, OR UNTIL THEIR DEATH, RESIGNATION OR REMOVAL; PROVIDED, THAT IF ANY MEMBER CEASES TO BE AN OWNER, HIS MEMBERSHIP ON THE BOARD SHALL THEREUPON TERMINATE. ANY MEMBER MAY RESIGN AT ANY TIME BY GIVING WRITTEN NOTICE TO THE BOARD, AND ANY MEMBER MAY BE REMOVED FROM MEMBERSHIP ON THE BOARD BY VOTE OF THE OWNERS; PROVIDED THAT, UNLESS THE ENTIRE BOARD IS REMOVED, AN INDIVIDUAL MEMBER SHALL NOT BE REMOVED IF THE NUMBER OF VOTES CAST AGAINST HIS REMOVAL EXCEEDS FOUR (4) VOTES.

THERE ALSO SHALL BE ELECTED TWO MEMBERS TO SERVE AS ALTERNATE BOARD MEMBERS, TO FILL PERMANENT VACANCIES ON THE BOARD. THE ALTERNATE WITH THE MOST VOTES AT THE LAST GENERAL ELECTION, SHALL FILL THE FIRST VACANCY. TWO (2) MEMBERS OF THE BOARD SHALL CONSTITUTE A QUORUM, AND, IF A QUORUM IS PRESENT, THE DECISION OF A MAJORITY OF THOSE PRESENT SHALL BE THE ACT OF THE BOARD. THE BOARD MEMBER SERVING HIS THIRD YEAR SHALL AUTOMATICALLY BECOME PRESIDENT OF THE BOARD AND SHALL PRESIDE OVER BOTH ITS MEETINGS AND THOSE OF THE OWNERS. MEETINGS OF THE BOARD MAY BE CALLED, HELD AND CONDUCTED IN ACCORDANCE WITH SUCH REGULATIONS AS THE BOARD MAY ADOPT. THE BOARD MAY ALSO ACT WITHOUT A MEETING BY UNANIMOUS WRITTEN CONSENT OF ITS MEMBERS.

THE SECRETARY WILL BE ELECTED BY THE MEMBERSHIP.

THE BOARD SHALL BE RESPONSIBLE TO HIRE A TREASURER WHO WILL BE REQUIRED TO MAINTAIN AN ADEQUATE SET OF RECORDS FOR THE ASSOCIATION. THE TREASURER AND THE BOARD SHALL BE BONDED FOR AN AMOUNT DEEMED NECESSARY BY THE BOARD.

ANY TWO PERSONS WHO ARE DESIGNATED OF RECORD AS BEING MEMBERS OF THE MOST RECENT BOARD (REGARDLESS OF WHETHER OR NOT THEY SHALL STILL BE MEMBERS) SHALL EXECUTE, ACKNOWLEDGE AND RECORD AN AFFIDAVIT STATING THE NAMES OF ALL OF THE MEMBERS OF THE THEN CURRENT BOARD. THE MOST RECENTLY RECORDED OF SUCH AFFIDAVITS SHALL BE PRIMA FACIE EVIDENCE THAT THE PERSONS NAMED THEREIN ARE ALL OF THE INCUMBENT MEMBERS OF THE BOARD, AND SHALL BE CONCLUSIVE EVIDENCE THEREOF IN FAVOR OF ALL PERSONS WHO RELY THEREON IN GOOD FAITH.

6. AUTHORITY OF THE BOARD OF DIRECTORS. THE BOARD OF DIRECTORS FOR THE BENEFIT OF THE OWNERS SHALL ACQUIRE, AND SHALL PAY FOR, OUT OF THE MAINTENANCE FUND, HEREINAFTER PROVIDED FOR, THE FOLLOWING:

(A) MAINTENANCE AND IMPROVEMENT OF ROADS USED IN CONNECTION WITH THE SUBDIVIDED AREA. AS USED IN THESE COVENANTS, CONDITIONS, AND RESERVATIONS, THE TERM "NON-DEDICATED STREET" SHALL REFER TO A PARCEL OF LAND OR NON-EXCLUSIVE EASEMENT NOT OWNED BY THE COUNTY, CITIES, OR STATE OR FEDERAL GOVERNMENTS, WHICH IS NOT OFFERED FOR DEDICATION FOR PUBLIC USE AND WHICH IS USED OR INTENDED TO BE USED FOR ACCESS TO THE LOTS WITHIN THE SUBDIVISION ITSELF, OR PARCELS ADJACENT THERETO. SUCH NON-DEDICATED ROADS SHALL BE FOR THE USE IN COMMON WITH OTHERS. THE ASSOCIATION IS HEREBY GRANTED THE POWER AND AUTHORITY TO DEDICATE OR TRANSFER ALL OR ANY PART OF THE NON-DEDICATED STREETS TO ANY PUBLIC AGENCY OR AUTHORITY FOR SUCH PURPOSES AND SUBJECT TO SUCH CONDITIONS AS MAY BE AGREED UPON BY THE MEMBERS OF THE ASSOCIATION.

(B) MAINTENANCE OF WATER AND SEWER SYSTEMS AND COMMON AREAS (POOL, PARK, LANDING FIELD, ETC.)

(C) A POLICY OR POLICIES, PAYABLE TO THE BOARD, IN TRUST, INSURING THE BOARD AND EACH OWNER AGAINST ANY LIABILITY TO THE PUBLIC OR TO THE

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OTHER OWNERS, THEIR INVITEES AND TENANTS, INCIDENT TO THE OWNERSHIP AND/OR USE OF THE COMMON ACRES AND EQUIPMENT, THE LIABILITY UNDER WHICH INSURANCE SHALL NOT BE LESS THAN ONE HUNDRED THOUSAND DOLLARS (100,000.00) FOR ANY ONE PERSON INJURED, THREE HUNDRED THOUSAND DOLLARS (300,000.00) FOR ANY ONE ACCIDENT AND FIFTY THOUSAND DOLLARS (50,000.00) FOR PROPERTY DAMAGE (SUCH LIMITS TO BE REVIEWED AT LEAST ANNUALLY BY THE BOARD AND INCREASED AT ITS DISCRETION).

(D) THE SERVICES OF A PERSON OR FIRM TO MANAGE THE ROADS, COMMON AREAS WATER AND SEWER SYSTEMS (HEREIN CALLED THE "MANAGER"), TO THE EXTENT DEEMED ADVISABLE BY THE BOARD, AS WELL AS SUCH OTHER PERSONNEL AS THE BOARD SHALL DETERMINE SHALL BE NECESSARY OR PROPER FOR THE OPERATION OF SAID ROADS, COMMON AREAS, WATER AND SEWER SYSTEMS WHETHER SUCH PERSONNEL ARE EMPLOYED DIRECTLY BY THE BOARD OR ARE FURNISHED BY THE MANAGER.

(E) LEGAL AND ACCOUNTING SERVICES NECESSARY OR PROPER IN THE OPERATION OF THE COMMON AREAS OR THE ENFORCEMENT OF THE RESTRICTIONS.

(F) ANY OTHER MATERIALS, SUPPLIES, EQUIPMENT, LABOR, SERVICES, MAINTENANCE, REPAIRS, STRUCTURAL ALTERATIONS, INSURANCE, LICENSES, TAXES, ASSESSMENTS OR OTHER EXPENSES WHICH THE BOARD IS REQUIRED OR PERMITTED TO SECURE OR PAY FOR PURSUANT TO THE TERMS OF THIS INSTRUMENT OR BY LAW OR WHICH IN ITS OPINION SHALL BE NECESSARY OR PROPER FOR THE OPERATION OF THE COMMON AREAS AND EQUIPMENT OR IN ORDER TO CARRY OUT OR ENFORCE THE TERMS OF THIS INSTRUMENT.

THE BOARD MAY ALSO PAY ANY AMOUNT NECESSARY TO DISCHARGE ANY LIEN OR ENCUMBRANCE INCLUDING ALL TAXES AND SPECIAL ASSESSMENTS, LEVIED AGAINST THE PROJECT, OR ANY PART THEREOF, WHICH MAY IN THE OPINION OF THE BOARD, CONSTITUTE A LIEN AGAINST THE ROADS, COMMON AREAS, OR WATER OR SEWER SYSTEM RATHER THAN MERELY AGAINST THE INTEREST THEREIN OF PARTICULAR OWNERS; PROVIDED THAT IF ONE OR MORE OWNERS ARE RESPONSIBLE FOR THE EXISTENCE OF SUCH LIEN, SUCH OWNER OR OWNERS SHALL BE JOINTLY AND SEVERALLY LIABLE FOR THE COST OF DISCHARGING SUCH LIEN.

THE BOARD MAY PURCHASE ANY LOT SOLD UPON THE EXERCISE OF A LIEN TO SECURE ASSESSMENTS, AS PROVIDED IN PARAGRAPH 8 HEREOF. ANY LOT OR LEASEHOLD INTEREST THEREIN SO ACQUIRED MAY BE HELD IN THE NAME OF THE BOARD, AS THE SAME SHALL BE CONSTITUTED FROM TIME TO TIME, OR ANY NOMINEE OF THE BOARD, AND MAY BE MAINTAINED, IMPROVED, SOLD, LEASED OR SUBLEASED BY THE BOARD. THE BOARD SHALL HAVE THE POWER TO ENTER UPON ANY LOT WHEN NECESSARY IN CONNECTION WITH THE MAINTENANCE OR CONSTRUCTION OF THE COMMON ROADS OR WATER OR SEWER SYSTEM FOR WHICH THE BOARD IS RESPONSIBLE.

THE BOARD HAS THE POWER TO ENFORCE ANY AND ALL OF THE PROVISIONS OF THESE COVENANTS, CONDITIONS, RESTRICTIONS AND SUCH OTHER RULES AND REGULATIONS AS THE BOARD MAY ADOPT RELATING TO THE CONTROL OR MANAGEMENT OF THE ROADS, COMMON AREAS AND WATER AND SEWER SYSTEMS BY LEGAL OR OTHER APPROPRIATE ACTION.

7. MAINTENANCE FUNDS, ASSESSMENTS.

THE FISCAL YEAR SHALL BE JULY 1 TO JUNE 30. PRIOR TO THE BEGINNING OF EACH YEAR, THE BOARD OF DIRECTORS SHALL ESTIMATE THE NET CASH REQUIREMENTS DURING SUCH FISCAL YEAR FOR THE PAYMENTS DESCRIBED IN PARAGRAPH 6 HEREOF, AND TO PROVIDE A REASONABLE PROVISION FOR CONTINGENCIES (INCLUDING DEFAULT OF ANY OWNER IN THE PAYMENT OF ASSESSMENTS), AFTER TAKING INTO ACCOUNT ANY EXPECTED INCOME AND ANY

SURPLUS FROM THE PRIOR YEAR'S ASSESSMENTS. SAID ESTIMATED CASH REQUIREMENTS SHALL BE ASSESSED TO THE OWNER EQUALLY, (E.G. 1/50 IF 50 LOTS) TO EACH LOT. EACH OWNER SHALL BE OBLIGATED TO PAY ASSESSMENTS PURSUANT TO THIS PARAGRAPH TO THE BOARD ANNUALLY ON OR BEFORE THE FIRST DAY OF EACH FISCAL YEAR, OR IN SUCH OTHER MANNER AS THE BOARD SHALL DESIGNATE. THE BOARD MAY, AT ANY TIME AND FROM TIME TO TIME, MODIFY ITS PRIOR ESTIMATES OF NET CASH REQUIREMENTS FOR ANY YEAR AND INCREASE OR DECREASE THE ASSESSMENT PAYABLE BY OWNERS DURING THE BALANCE OF SUCH YEAR IN THE LIGHT OF SUCH MODIFIED CASH REQUIREMENTS. ALL ASSESSMENTS COLLECTED FROM OWNERS PURSUANT TO THIS PARAGRAPH 7, ALL RENTAL AND OTHER INCOME RECEIVED WITH RESPECT TO THE LOTS PURCHASED, LEASED, RENTED OR SUBLEASED BY THE BOARD AND THE NET PROCEEDS OF ANY SALE THEREOF SHALL BE DEPOSITED IN A MAINTENANCE FUND AND DISBURSED BY THE BOARD FOR THE PURPOSE DESCRIBED IN PARAGRAPH 6 HEREOF.

IN THE EVENT THAT ANY OWNER SHALL FAIL TO PAY ANY ASSESSMENT WITHIN THE THIRTY (30) DAYS FOLLOWING RECEIPT FROM THE BOARD OF A REQUEST IN WRITING FOR SUCH PAYMENT, SUCH OWNER SHALL ALSO PAY TO THE BOARD A LATE PAYMENT CHARGE IN SUCH AMOUNT AS MAY BE FIXED FROM TIME TO TIME BY THE BOARD, WHICH SHALL CONSTITUTE AN ADDITIONAL ASSESSMENT PAYABLE BY SUCH OWNER HEREUNDER. MOREOVER, ALL COSTS AND EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES INCURRED IN COLLECTION OR ATTEMPTING TO COLLECT ANY ASSESSMENT FROM AN OWNER, INCLUDING ANY COSTS AND EXPENSES INCURRED IN FORECLOSING THE LIEN SECURING SUCH ASSESSMENTS CREATED BY PARAGRAPH 8 HEREOF, SHALL BE PROMPTLY REIMBURSED BY SUCH OWNER AND SHALL CONSTITUTE AN ADDITIONAL ASSESSMENT PAYABLE BY SUCH OWNER AND SECURED BY SAID LIEN.

8. LIENS. THERE IS HERBY CREATED A LIEN ON EACH LOT AND EVERY PART THEREOF TO SECURE THE PAYMENT OF THE AMOUNT OF EACH ASSESSMENT FOR MAINTENANCE OF WATER AND SEWER SYSTEMS AND ROADS AND COMMON AREAS, WHETHER REGULAR OR SPECIAL, PAYABLE HEREUNDER BY THE OWNER THEREOF; PROVIDED THAT NO ACTION SHALL BE BROUGHT TO FORECLOSE SUCH LIEN UNTIL NOTICE OF LIEN IS MAILED TO SUCH OWNER, AND A COPY THEREOF IS RECORDED IN THE OFFICE OF THE AUDITOR OF THE COUNTY IN WHICH THE PROPERTY IS SITUATED. SUCH LIEN MAY BE ENFORCED BY SALE BY THE BOARD AFTER FAILURE OF OWNER TO PAY SUCH ASSESSMENT IN ACCORDANCE WITH ITS TERMS, SUCH SALE TO BE CONDUCTED IN ACCORDANCE WITH THE PROVISIONS OF LIEN FORECLOSURE SECTION OF THE WASHINGTON STATE STATUTES. THE BOARD MAY AT ANY TIME, IN ITS DISCRETION, PREPARE AND RECORD A CERTIFICATE EVIDENCING THE RELEASE OR SATISFACTION OF ANY LIEN CREATED BY THIS PARAGRAPH 8 OR STATING THE AMOUNT OF INDEBTEDNESS SECURED BY AN SUCH LIEN. ANY SUCH CERTIFICATE EXECUTED AND ACKNOWLEDGED BY A MAJORITY OF THE BOARD SHALL BE CONCLUSIVE UPON THE BOARD AND THE OWNERS AS TO THE STATEMENTS CONTAINED THEREIN, IN FAVOR OF ALL PERSONS WHO RELY THEREON IN GOOD FAITH.

9. MORTGAGE PROTECTION. NOTWITHSTANDING ALL OTHER PROVISIONS THEREOF.

(A) THE LIENS HEREUNDER UPON ANY LOT SHALL BE SUBJECT AND SUBORDINATE TO, AND SHALL NOT AFFECT THE RIGHTS OF THE HOLDERS OF THE INDEBTEDNESS SECURED BY, ANY MORTGAGES, CONDITIONAL SALES CONTRACT OR DEEDS OF TRUST UPON SUCH LOT NOW OR HEREAFTER RECORDED AND MADE IN GOOD FAITH AND FOR VALUE; PROVIDED THAT AFTER THE FORECLOSURE OF OR

SALE UNDER ANY SUCH MORTGAGE OR DEED OF TRUST, THERE SHALL BE A LIEN ON THE INTEREST OF THE PURCHASER AT SUCH FORECLOSURE OR SALE TO SECURE ALL ASSESSMENTS WHETHER REGULAR OR SPECIAL, ASSESSED HEREUNDER TO SUCH PURCHASER AS AN OWNER AFTER THE DATE OF SUCH FORECLOSURE OR SALE, WHICH LIEN SHALL HAVE THE SAME EFFECT AND BE ENFORCED IN THE SAME MANNER AS PROVIDED HEREIN;

(B) NO AMENDMENT OF THIS INSTRUMENT SHALL AFFECT THE RIGHTS OF THE HOLDER OF ANY SUCH MORTGAGE CONDITIONAL SALES CONTRACT OR DEED OF TRUST RECORDED PRIOR TO RECORDATION OF SUCH AMENDMENT UNLESS SUCH HOLDER SHALL JOIN IN THE EXECUTION OF SUCH AMENDMENT;

(C) A MAJORITY OF THE BOARD IS AUTHORIZED AND EMPOWERED, IN ITS DISCRETION, TO EXECUTE AND DELIVER ON BEHALF OF ALL OWNERS, AN INSTRUMENT, EXPRESSLY SUBORDINATING THE LIENS CREATED UNDER PARAGRAPH 8 HEREOF TO ANY OTHER MORTGAGE, DEED OF TRUST OR OTHER ENCUMBRANCE OR LIEN.

10. AUDIT. ANY OWNER MAY, AT ANY TIME AND AT HIS OWN EXPENSE, CAUSE AN AUDIT OR INSPECTION TO BE MADE OF THE BOOKS AND RECORDS OF THE MANAGER AND THE BOARD. THE BOOKS AND RECORDS SHALL BE AVAILABLE FOR INSPECTION BY ANY OWNER AT ALL REASONABLE TIMES.

11. INTERPRETATION. THE PROVISIONS OF THIS INSTRUMENT SHALL BE LIBERALLY CONSTRUED TO EFFECTUATE ITS PURPOSE OF MAINTAINING WATER AND SEWER SYSTEMS, COMMON AREAS AND ROADS. A FAILURE TO ENFORCE ANY PROVISION HEREOF SHALL NOT CONSTITUTE A WAIVER OF THE RIGHT TO ENFORCE SAID PROVISION OR ANY OTHER PROVISION HEREOF.

12. AMENDMENT. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED HEREIN, THE PROVISIONS OF THIS INSTRUMENT MAY BE AMENDED BY AN INSTRUMENT IN WRITING SIGNED AND ACKNOWLEDGED BY THE RECORD OWNERS HOLDING AT LEAST SEVENTY-FIVE (75%) OF THE OWNERSHIP OF THE LOTS, WHICH AMENDMENT SHALL BE EFFECTIVE UPON RECORDATION IN THE OFFICE OF THE COUNTY AUDITOR OF COUNTY.

13. SEVERABILITY. THE PROVISIONS HEREOF SHALL BE INDEPENDENT AND SEVERABLE, AND THE INVALIDITY OR UNENFORCEABILITY OF ANY ONE PROVISION SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF ANY OTHER PROVISION HEREOF.

14. INSEPARABILITY. THE INTEREST COMPRISING EACH LOT AND AN UNDIVIDED INTEREST IN THE WATER AND SEWER SYSTEMS AND ROADS AND COMMON AREAS AS TO IMPROVEMENTS AND MAINTENANCE ARE INSEPARABLE.

15. THIS DECLARATION AND ALL OF ITS PROVISIONS ARE BINDING UPON THE GRANTORS INsofar AS GRANTORS SHALL BE THE OWNERS OF ANY LOTS, AND GRANTORS SHALL NOT BE ASSESSED THE SHARE OF ASSESSMENTS ALLOCABLE TO ANY UNSOLD LOTS. ASSESSMENTS FOR WATER SERVICE SHALL NOT BE APPLICABLE TO THE GRANTOR ON ANY LOTS OWNED AND OCCUPIED BY THE GRANTOR IT BEING SPECIFICALLY UNDERSTOOD THAT GRANTOR'S PAYMENT OF DRILLING THE WELL AND COMPLETING SAID WELL TO THE WELL-HEAD AMOUNTS TO FULL PAYMENT BY GRANTOR FOR ITS INTEREST IN THE ENTIRE WATER SYSTEM.

16. A BREACH OF ANY OF THE CONDITIONS HEREIN CONTAINED SHALL NOT DEFEAT OR RENDER INVALID THE LIEN OF ANY MORTGAGE CONDITIONAL SALES CONTRACT OR DEED OF TRUST MADE IN GOOD FAITH AND FOR VALUE.

17. A COPY OF THIS DECLARATION AS TO WATER AND SEWER SYSTEMS AND ROADS AND COMMON AREAS COMMUNITY OWNED PROPERTY, THE IMPROVEMENTS AND MAINTENANCE THEREOF SHALL BE MAILED TO EACH OWNER AT THE TIME OF PURCHASE.

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RESTRICTIVE COVENANTS

1. THESE COVENANTS ARE TO RUN WITH THE LAND AND SHALL BE BINDING ON ALL PARTIES AND ALL PERSONS CLAIMING UNDER THEM UNTIL DECEMBER 31, 1998, AFTER WHICH TIME SAID COVENANTS SHALL BE AUTOMATICALLY EXTENDED FOR SUCCESSIVE PERIODS OF TEN (10) YEARS, UNLESS AN INSTRUMENT SIGNED BY A MAJORITY OF THE THEN OWNERS OF THE LOTS HAS BEEN RECORDED, AGREEING TO CHANGE SAID COVENANTS IN WHOLE OR IN PART.
2. ENFORCEMENT SHALL BE BY PROCEEDINGS AT LAW OR IN EQUITY AGAINST ANY PERSON OR PERSONS VIOLATING OR ATTEMPTING TO VIOLATE ANY COVENANTS EITHER TO RESTRAIN VIOLATION OR RECOVER DAMAGES.
3. INVALIDITIES OF ANY ONE OF THESE COVENANTS BY JUDGMENT OR COURT ORDER SHALL IN NO WISE EFFECT ANY OF THE OTHER PROVISIONS WHICH SHALL REMAIN IN FULL FORCE AND EFFECT.
4. ARCHITECTURAL COMMITTEE: THE ARCHITECTURAL COMMITTEE SHALL CONSIST OF THREE MEMBERS, ONE MEMBER SHALL BE ELECTED TO THE COMMITTEE FOR A ONE YEAR TERM, ONE MEMBER SHALL BE ELECTED FOR A TWO YEAR TERM, AND ONE MEMBER SHALL BE ELECTED TO A THREE YEAR TERM, IN 1983. THEREAFTER ONE COMMITTEE POSITION SHALL BECOME OPEN EACH YEAR FOR A THREE YEAR TERM.
A MAJORITY OF THE COMMITTEE MAY DESIGNATE A REPRESENTATIVE TO ACT FOR IT. IN THE EVENT OF DEATH OR RESIGNATION OF ANY MEMBER OF THE COMMITTEE, THE REMAINING MEMBERS SHALL HAVE FULL AUTHORITY TO DESIGNATE A SUCCESSOR. NEITHER THE MEMBERS OF THE COMMITTEE NOR ITS DESIGNATED REPRESENTATIVES SHALL BE ENTITLED TO ANY COMPENSATION FOR SERVICES PERFORMED PURSUANT TO THIS COVENANT. AT ANY TIME THE THEN RECORD OWNERS OF THE MAJORITY OF THE LOTS SHALL HAVE POWER, THROUGH A DULY RECORDED WRITTEN INSTRUMENT, TO CHANGE THE MEMBERSHIP OF THE COMMITTEE, OR TO WITHDRAW TO THE COMMITTEE ANY OF ITS POWERS AND DUTIES.
5. NO COMMERCIAL ENTERPRISE SHALL EVER BE OPERATED ON ANY LOT OR LOTS WITHIN ANY PLAT OF SEVEN BAYS ESTATES UNLIMITED, WITH THE FOLLOWING EXCEPTIONS: LOTS A, B, C, D, OF PLATS 1 AND 2, LOTS 2, 3 & 4 OF BLOCK 2 OF THE AIRPORT ADDITION. LOTS 1 & 2 OF BLOCK 4 OF PLAT 3. THIS RESTRICTION SHALL NOT HOWEVER, PREVENT THE PRIVATE RENTING OF DWELLINGS UPON ANY LOT.
6. MOBILE HOMES MADE BY NATIONALLY KNOWN FIRMS ARE ALLOWABLE IN THE FOLLOWING AREAS WITH THE APPROVAL OF THE ARCHITECTURAL COMMITTEE- ALL OF PLAT 1 & 2 & 3 & 4 & FRY'S ADDITION, AND BLOCK 2, 3, 4, & 5 OF THE AIRPORT ADDITION.
MOBILE HOMES ON PLATS 1 & 2 & FRY'S ADDITION SHALL BE A MINIMUM SIZE OF 18' X 58'.
MOBILE HOMES ON THE AIRPORT ADDITION MUST BE A MINIMUM SIZE OF 28' X 48'.
MOBILE HOMES ON PLATS 3 & 4 MUST BE NEW DOUBLEWIDE, NOT LESS THAN 900 SQUARE FEET FLOOR SPACE AND MUST BE PLACED ON PERMANENT CONCRETE FOUNDATIONS.
ALL MOBILE HOME SKIRTING SHALL BE COMPLETED WITHIN SIXTY (60) DAYS AFTER MOBILE IS IN PLACE.
7. NO CAMP TRAILER, CAMPER ETC. USABLE AS A RESIDENCE, SHALL BE ALLOWED UPON ANY LOT FOR A PERIOD LONGER THAN (60) DAYS, WITHOUT

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APPROVAL OF THE ARCHITECTURAL COMMITTEE.

8. DWELLINGS OR BUILDINGS TO BE BUILT UPON ANY LOT OF ANY PLAT MUST HAVE APPROVAL OF THE ARCHITECTURAL COMMITTEE.

DWELLINGS BUILT ON THE AIRPORT ADDITION MUST BE A MINIMUM OF 600 SQUARE FEET.

DWELLINGS BUILT ON PLATS 3 & 4 MUST BE A MINIMUM OF 900 SQUARE FEET.

9. ANY PATIOS, CANOPIES, ATTACHMENTS, CARPORTS, GARAGES, AIRPLANE HANDERS OR PORTS IF APPLICABLE SHALL BE ARCHITECTURALLY IN HARMONY AND OF PERMANENT STRUCTURE IF ERECTED ON SAID LOT AND SHALL BE COMPLETED WITHIN 90 DAYS.

10. NOT MORE THAN THREE (3) AUTOS WILL BE ALLOWED PER LOT AND ALL MUST BE IN RUNNING ORDER. NO MAJOR OVERHAULING OR REPAIRING OF CARS OR PLANES WILL BE ALLOWED UNLESS IN AN ENCLOSED GARAGE.

11. THE HOMEOWNERS BOARD OF DIRECTORS SHALL SEE THAT A GARBAGE SERVICE IS PROVIDED FOR THE OWNERS EXCLUSIVE USE AND SHALL FINANCE SAID SERVICE FROM THE ANNUAL MAINTENANCE FUND. ALL OCCUPANTS WITH WATER HOOKUPS SHALL SUBSCRIBE.

12. NO BUILDING SHALL BE ERECTED ON ANY LOT UNTIL THE DESIGN AND LOCATION THEREOF HAVE BEEN APPROVED IN WRITING BY THE ARCHITECTURAL COMMITTEE. HOWEVER, IN THE EVENT SUCH COMMITTEE FAILS TO APPROVE OR DISAPPROVE SUCH DESIGN OR LOCATION WITHIN THIRTY (30) DAYS, THEN SUCH APPROVAL SHALL NOT BE REQUIRED, PROVIDED THE DESIGN AND LOCATION ON THE LOT CONFORM TO AND ARE IN HARMONY WITH THE EXISTING STRUCTURES IN THE ADDITION.

13. ALL STRUCTURES SHALL BE SET BACK NOT LESS THAN FIVE (5) FEET FROM SIDE LINES, FIFTEEN (15) FEET FROM STREET AND FIVE (5) FEET FROM REAR LINES. AND MUST BE COMPLETED AS TO EXTERNAL APPEARANCE WITHIN ONE YEAR OF COMMENCEMENT OF CONSTRUCTION.

14. NO NATURAL TREES SHALL BE REMOVED FROM EACH LOT, OTHER THAN SUCH AS MAY BE NECESSARY FOR THE PLACEMENT OF STRUCTURES AND LOCATING OF ROADS, WITHOUT THE PERMISSION OF THE ARCHITECTURAL COMMITTEE.

15. NO NOXIOUS OR OFFENSIVE TRADE OR ACTIVITIES SHALL BE CARRIED ON UPON ANY LOT, NOR SHALL ANYTHING BE DONE THEREON WHICH MAY BE OR BECOME AN ANNOYANCE TO THE NEIGHBORHOOD.

16. NO ANIMALS, LIVESTOCK, OR POULTRY OF ANY KIND SHALL BE RAISED; BRED OR KEPT ON ANY LOT, EXCEPT THAT DOGS, CATS OR OTHER HOUSEHOLD PETS MAY BE KEPT, PROVIDED THAT THEY ARE NOT KEPT, BRED OR MAINTAINED FOR ANY COMMERCIAL PURPOSE. ANY SUCH DOMESTIC ANIMAL THAT IS ALLOWED TO RUN AT LARGE OR IN OTHER ACTIVITIES BECOME A NUISANCE TO PROPERTY OWNERS, MAY BE REMOVED BY THE BOARD WITHOUT ITS OWNER'S PERMISSION.

17. THE ROADS WITHIN THIS DEVELOPMENT NOT DEDICATED TO PUBLIC USE, ARE TO BE RETAINED AS PRIVATE ROADS AND ARE SO DEDICATED FOR USE ONLY OF OWNERS OF LOTS WITHIN THE DEVELOPEMENT AND OWNERS OF LAND ADJOINING SAID ROAD AS THE MEANS OF INGRESS AND EGRESS OF SAID OWNER.

18. A WATER AND SEWER SYSTEM HAS BEEN MADE AVAILABLE BY THE DEVELOPER AND OWNED BY THE SEVEN BAYS ESTATES UNLIMITED HOMEOWNERS ASSOCIATION. (EXCEPT THAT NO SEWER SYSTEM SHALL BE PROVIDED WITHIN THE AIRPORT ADDITION). THE DEVELOPER ASSUMES ALL RESPONSIBILITY TO KEEP THE WATER AND SEWER SYSTEMS ADEQUATE TO THE NEEDS OF THE HOMEOWNERS. ALSO, THE DEVELOPER ASSUMES ALL RESPONSIBILITY TO COUNTY OR STATE AGENCIES REGARDING COMPLETION, COMPLIANCE, OR APPROVAL OF SAID WATER AND

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SEWER SYSTEMS. THE FEE SCHEDULE SHALL BE ESTABLISHED BY THE BOARD OF DIRECTORS.

19. THE DEVELOPER RESERVES THE RIGHT TO CONNECT TO OR ADD TO, OR CHANGE, (AT HIS DISCRETION), ANY PART OF ANY UTILITY FOR THE IMPROVEMENT OF OR AS IS NECESSARY TO CONTINUE THE DEVELOPEMENT OF SEVEN BAYS INC. PROPERTY.

20. IT IS THE INTENT OF THE DEVELOPER THAT ALL LINES, PUMPS, WELLS, TANKS, CONTROLS, PROPERTY INVOLVED AND ALL OTHER THINGS INCIDENTAL TO ANY UTILITY SHALL BECOME THE PROPERTY OF THE HOMEOWNERS ASSOCIATION AND DEEDS SHALL BE FILED IN THEIR BEHALF IMMEDIATELY UPON COMPLETION OF INSTALATION OF EACH PHASE.

21. THE DEVELOPER AGREES THAT THE RESPONSIBILITY FOR MAINTENANCE OF WATER OR SEWER SYSTEMS OR ROADS ON ALL PLATS OR ADDITIONS SHALL BELONG TO SEVEN BAYS INC. UNTIL SUCH TIME AS 75% OF LOTS OF SAID PLAT ARE SOLD. WHERE UPON THE RESPONSIBILITY SHALL SHIFT TO THE HOMEOWNERS ASSOCIATION.

22. THE FOLLOWING EASEMENTS ARE HEREBY GRANTED:

1. EACH LOT IN THE DEVELOPEMENT SHALL HAVE AN EASEMENT NOT TO EXCEED FIVE (5) FEET OUTSIDE PERIMETER IMPRESSED THEREON AND BY THOSE COVENANTS RESERVED FOR THE PURPOSE OF UTILITY SERVICE WHICH UTILITY SERVICE SHALL INCLUDE, BUT NOT LIMITED TO, TELEPHONE, ELECTRICAL, SEWER, AND WATER EASEMENTS. THE DEVELOPERS ANTICIPATE THAT SEWER AND WATER SYSTEMS WILL BE INSTALLED IN STREET ACCESS BUT RESERVE THIS EASEMENT ON ALL LOTS FOR UNFORSEEN CIRCUMSTANCES.

23. ALL RIGHTS, PRIVILEGES, LICENSES, PERMITS AND OBLIGATIONS IN DEALING WITH FEDERAL, STATE, COUNTY, OR MUNICIPAL CORPORATIONS CONCERNING WATER FRONT ACCESS AND/OR ADJACENT DEVELOPEMENT SHALL BE VESTED SOLELY IN SEVEN BAYS ESTATES, UNLIMITED AND ALL LOTS SHALL BE BOUND BY THE COVENANTS, AGREEMENTS, LICENSES, PERMITS AND OBLIGATIONS BY THE ACTION OF THE SAID SEVEN PAYS ESTATES INC. IN PROCURRING, ADMINISTERING, AND THE PERPETUAL MANAGEMENT, MAINTENANCE, AND SUPERVISION OF SAID WATER ACCESS AND ADJACENT DEVELOPEMENTS.

DATED THIS 5th DAY OF October, 1983.

SEVEN BAYS ESTATES INC. (GRANTOR)

W. M. [Signature]
PRESIDENT

[Signature]
SECRETARY

SEVEN BAYS ESTATES UNLIMITED HOMEOWNERS ASSOC. INC.

Charles J. [Signature]
PRESIDENT

Rosemary [Signature]
SECRETARY

Notarized by
Thomas O'Brien



Thomas J. Egger

Samy M. Mills

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FILED
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FILED FOR RECORD *November 21*
19 *88* at *1:45* P.M.
request of *Diana Miller*
LARRY LINDBLOOM
Lincoln County Auditor
Christie M. Beck

RESTRICTIVE COVENANT CHANGE FOR (PARA:11 PP.8)
AS PER COVENANT REQUIREMENTS PARA: 1 PP.7
JANUARY 1, 1991

In JANUARY of 1991 the Board of Directors sent to all lot owners a letter stating the position of our Garbage service. They proposed a covenant change of PARA:11 of PP.8 of our covenants.

The covenants at that time read as follows:

11. The Homeowners Board of Directors shall see that a Garbage Service is provided for the owners exclusive use and shall finance said service from the annual maintenance fund. All occupants with water hookups shall subscribe.

By signing the enclosed ballot they would agree to the amendment change of paragraph 11. PP.8 to read as follows:

11. THE HOMEOWNERS BOARD OF DIRECTORS SHALL SEE THAT A GARBAGE SERVICE IS PROVIDED FOR THE OWNERS EXCLUSIVE USE, EITHER BY PROVIDING IT OR HAVING IT PROVIDED BY AN OUTSIDE HAULER.

Of 256 ballots sent to lot owners, who represented 338 lots, 147 were returned which is 57% of the owners; they represented 216 of the 338 lots for a 64% favorable vote.

The amendment was adopted. The roster sheet and all ballots are on file in our safety deposit box at U.S. Bank in Davenport.

7-BAYS ESTATES UNLIMITED
Board of Directors

Robert A. Miller

THIS DOCUMENT IS TO BE FILED AS A AMENDMENT CHANGE TO THE COVENANTS FILED ON OCTOBER 5, 1983 UNDER AUDITOR # 367507. AND IS TO BE ATTACHED TO SAME.

8.00
Cash
4.05

AMENDMENTS TO THE BYLAWS AND THE RESTRICTI

Auditor File #: 2001 0421959

AMBL

Recorded at the request of:

SEVEN BAYS ESTATES UNLIM

on 07/09/2001 at 16:05

Total of 1 page(s) Fee: \$ 8.00

LINCOLN COUNTY, WASHINGTON

SHELLY JOHNSTON, AUDITOR

Seven Bays Estates Unlimited
1612 Seven Bays Road
Seven Bays, WA 99122

AMENDMENTS TO THE BYLAWS AND THE RESTRICTIVE COVENANTS

The Following Amendments to the By-Laws and Restrictive Covenants have been approved by more than seventy five percent of the ownership of the Seven Bays Estates Lots as required in Paragraph 12 of The By-Laws, and Paragraph 1 of The Restrictive Covenants.

By-Laws Page 2 Paragraph 5: Election and proceedings of the Board of Directors

"The owners shall establish a five member Board of Directors consisting of one owner from each of the following plats: The Airport Addition, Plat 1, Plat 2, Plat 3, Plat 4. The number of Board members elected at the Annual Meeting shall be determined by the number of vacant positions to be filled. All Board positions shall be a three-year term, or until death, resignation, removal, or cessation of ownership occurs. Existing Board members will complete their three-year terms."

By-Laws Page 3 Paragraph 5: Alternates

"There also shall be elected two members to serve as alternate Board members, to fill vacancies on the Board. The alternate with the most votes shall fill the first vacancy. The alternate shall fill the vacancy until the next Annual Meeting at which time elections are held to fill vacated positions. Three members of the Board of Directors shall constitute a quorum, and, if a quorum is present, the decision of the majority of those present shall be the act of the Board. The Board of Directors shall elect a president for a one-year term, who shall preside over both Board and Homeowner meetings."

Covenants Page 7 Paragraph 4: Architectural Committee

"The five member Board of Directors shall assume all duties of the Architectural Committee in addition to its other duties."

Dated this 7th of July 2001

SEVEN BAYS ESTATES UNLIMITED

Christine J. Sloan
Notary Public

George Cordier
George Cordier, President

Vester M. Sitton
Vester Sitton, Board Member

Ron Barberg
Ron Barberg, Board Member

Gladys McLaughlin
Gladys McLaughlin, Secretary



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LINCOLN COUNTY, WASHINGTON