

## MASTER DEED RESTRICTIONS

SEABROOK LAND COMPANY LLC, a Washington limited liability company to be known as the "Founder," establishes these Master Deed Restrictions on the 26<sup>th</sup> day of January, year of 2005.

### STATEMENT OF PURPOSE:

A. The Founder is developing upon real property in Grays Harbor County, Washington, a new traditional neighborhood development to be known as Seabrook. If all phases are completed, Seabrook would eventually comprise approximately 81.07 acres described on Exhibit A (the "Master Plan Area").

B. Traditional neighborhood development is intended to establish pedestrian-friendly communities through the use of narrow lot widths, smaller lot sizes, narrower, tree-lined streets, sidewalks, and, in some areas, rear garage access through the use of alleys. Unlike typical suburbs which separate homes from businesses and force dependence on the automobile, the Seabrook design is intended to mix commercial and residential uses in a way which provides the essentials of life and enlivens the community.

C. The Master Plan Area is currently undeveloped land. The subdivision borders the Pacific Ocean to the west, previously clear cut land to the east, a wetland to the south, and a young growth forest to the north. The topography of the Master Plan area ranges in elevation from sea level to approximately 103 feet above sea level with mostly rolling vegetated hills and forested areas with some steep slopes along the oceanfront portion of the property. Although there has been some clearcutting in the area, the vegetation is mainly trees and understory vegetation.

D. Detailed guidelines, to be known as the Seabrook Design Code, regulate setbacks, porches, stoops, landscaping, outbuildings, building materials and other matters essential for the creation of outdoor and civic spaces. Each Parcel owner, by constructing a building in accordance with the Seabrook Design Code, helps form the outdoor spaces of this community, which will enhance the value of Founder's investment and, ultimately, all property within Seabrook.

E. A community is formed when buildings are built and occupied. To establish a community of residents and to create a streetscape of buildings, rather than empty lots, Founder wishes to require each Parcel owner to build a building within a certain time limit.

F. To ensure the proper application of the Seabrook Design Code and to further the development of the community, Founder wishes to subject each deed for property within the Master Plan Area to certain deed restrictions, the acceptance of which, by acceptance of a deed, shall be considered to be part of the grantee's consideration for each Parcel.

## IMPOSITION OF DEED RESTRICTIONS:

The Founder hereby submits to these deed restrictions all property within the Master Plan Area described on Exhibit A (and, in accordance with Section 1.2, within any additional property which is submitted to these Master Deed Restrictions), including each separately conveyable parcel ("Parcel") which has been platted or which shall be platted, and all common areas ("Commons") created or to be created. These Deed Restrictions shall run with the land and be binding upon each owner of the Parcel, and the owner's heirs, successors and assigns (together, the "Owner"), whether or not these Deed Restrictions are individually recorded or noticed with each deed.

### 1. DEFINITIONS

#### 1.1 Generally

The following definitions apply wherever the capitalized terms appear in these Master Deed Restrictions or in any Declaration, unless the Declaration provides a definition specific to that Declaration. To aid in understanding the relationships between terms, terms are grouped functionally. Additional terms which apply only to one article or section will be defined as they appear.

#### 1.2 Documents

##### (a) Master Plan

The Master Plan is the initial plan for the development of the Master Plan Area. The Master Plan is subject to change.

##### (b) Master Deed Restrictions

These Master Deed Restrictions, which apply to all deeds granted within Seabrook, are intended to ensure the proper application of the Design Code during the development stage and to impose other restrictions designed to further the development of Seabrook.

##### (c) Declaration

Each "Declaration" shall be a Declaration of Charter, Easements, Covenants and Restrictions, which provides for the ongoing operation and maintenance of a portion of Seabrook. The residential area and the mixed-use commercial and residential area will each be subject to the Declaration, which will be recorded after these Master Deed Restrictions. Other portions of Seabrook may have a separate Declaration.

##### (d) Supplemental Declaration

A "Supplemental Declaration" is an instrument which may be recorded by the Founder, or with the approval of the Founder, the owner of the property, all in accordance



with the applicable Declaration provision to make additional property subject to any such Declaration.

**(e) Design Code**

The "Design Code," as further described below in Section 3.1 regulates land use, architecture and environment within Seabrook.

**1.3 Parties**

**(a) Founder**

The "Founder" is Seabrook Land Company LLC, a Washington limited liability company, its successors and assigns. The Founder may also be an Owner for so long as the Founder is record owner of any Parcel.

**(b) Owner**

"Owner" is the record owner, whether one or more persons or entities, of the fee simple title to any Parcel. Owners shall not include those having such interest merely as security for the performance of an obligation.

**1.4 Land Definitions**

**(a) Seabrook**

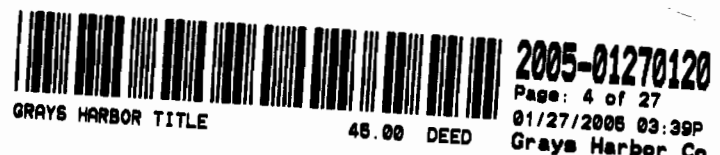
"Seabrook" is all of the property made subject to the Master Deed Restrictions. Seabrook initially comprises the Master Plan Area. However, additional land may be added in accordance with the terms of the Master Deed Restrictions.

**(b) Master Plan Area**

The Master Plan Area comprises approximately 81.07 acres, which is that property described as Exhibit A to these Master Deed Restrictions, intended for development as a single, unified traditional neighborhood development.

**(d) Commons**

"Commons" comprises real property or property interests within Seabrook designated as Commons on any plat, for the common use and enjoyment of all Owners. "Commons" also include any improvements on that real property, all utilities, utility easements and other easement rights or personal property for the Owners' common use, and any other property of any type specifically designated as Commons.



**(f) Zone**

“Zones” are smaller, contiguous areas within Seabrook of distinct character or building type. Owners of property within a Zone may be assessed for maintenance of property primarily serving that Zone.

**(g) Parcel**

A “Parcel” is the smallest parcel of land which may be separately conveyed. Most Parcels will be designated as numbered, separately identifiable lots ("lots") on the recorded subdivision plat which encompasses the Parcel. Once improved, the Parcel includes any buildings or other permanent improvements. Any condominium unit shall be considered a Parcel; if a portion of the building has not been declared into condominium ownership, that portion of the building shall be considered an additional Parcel. The Founder may redefine Parcels prior to sale to third parties by dividing or combining Parcels or portions of Parcels or adjusting the boundary of a Parcel.

**(h) Special Use Parcel**

A “Special Use Parcel” is a lot of unconventional size, shape, location or use which calls for special design considerations. Typically, a Special Use Parcel will be used for commercial, educational or institutional purposes, multi-family residential or community or recreation facilities.

**(i) Residential Unit**

A “Residential Unit” is any separate dwelling and ordinarily includes a kitchen. A Residential Unit shall include a detached single-family home, townhouse or other attached dwelling (such as each half of a duplex unit), an apartment or condominium unit, and a residential dwelling within a mixed-use building.

**1.5 Architectural Review Definitions**

**(a) Design Review Board**

The “Design Review Board” is the panel established by these Master Deed Restrictions to administer the Design Code.

**(b) Director of Design Review**

The position of Director of Design Review, and the selection of the Director of Design Review, is established under these Master Deed Restrictions. As provided in these Master Deed Restrictions, the Director of Design Review either serves as a member of the Design Review Board or selects a similarly qualified individual to serve as a member of the Design Review Board.



**(c) Design Code**

The "Design Code" establishes the plan for the development of Seabrook through its regulation of land use, architecture and environment, as further described in Section 3.1. The Design Code does not need to be recorded to be effective but shall be available from the Design Review Board.

**1.6 Maintenance Assessments**

Both Owners of residential and Tenants or Owners of commercial properties will pay monthly assessments ("Maintenance Assessments") to the Founder or its assign, for the maintenance and operation of Seabrook. All residential Parcels shall be subject to a Residential Maintenance Assessment of \$100.00 per month for the first 12 months after the recording of these Master Deed Restrictions. Thereafter, Residential Maintenance Assessments shall be reassessed annually. Residential Parcels located within a primarily commercial or mixed use area shall be subject to the Residential Maintenance Assessment. Commercial uses shall be subject to a Commercial Maintenance Assessment calculated based upon a commercial use's pro rata share of the square footage of the commercial Parcel. Commercial uses with square footage in excess of 5,000 square feet shall pay a separate Commercial Maintenance Assessment Fee. Commercial Maintenance Assessments shall be reassessed annually.

**2. DEVELOPMENT PLAN**

**2.1 Mixed Use**

The Founder intends to develop residential, mixed-use and commercial areas within the Master Plan Area, all of which are intended to be an integral part of the community. The master plan for Seabrook comprises two parts: the Neighborhood, which is the primarily residential portion; and Town Center, which brings together a mixture of commercial and residential uses. The Neighborhood and Town Center will be submitted to a Declaration to provide a standard of maintenance and to adopt covenants and restrictions for each area.

**2.2 Property Subject to Master Deed Restrictions**

**(a) Initial Property**

Property subject to these Master Deed Restrictions shall be known as "Seabrook," and shall consist initially of the Master Plan Area.

**(b) Additional Property**

The Founder may, from time to time in its sole discretion, add any qualified property to Seabrook by the recording of a supplemental instrument submitting the qualified property to these Master Deed Restrictions. Any property with a reasonable relationship to Seabrook,

if owned by the Founder (or with the consent of the owner and the Founder), shall be considered a qualified property.

### (c) Withdrawal of Property

Property may be removed from these Master Deed Restrictions with the consent of the Founder and the owners of all property within the property to be withdrawn, along with any necessary governmental approvals.

### 2.3 Submission of Property to Declaration

The Founder intends that any property within Seabrook which is conveyed to a party other than the Founder be made subject to a Declaration. If through error a Declaration is not recorded prior to, or at the time of, such a conveyance, the Founder shall have the right to record a corrective instrument imposing upon such property a plan for assessments and use restrictions consistent with that agreed between the parties in the purchase and sale agreement or other instrument, or, if no such agreement exists, consistent with other similar property within Seabrook.

### 2.4 Master Plan

The Master Plan and conceptual drawings represent the current intent of the Founder for the development of Seabrook. However, the Master Plan and conceptual drawings are subject to change and may be modified based on market conditions, governmental or engineering requirements, changing land use conditions and other modifications which may be made as development progresses.

## 3. DESIGN CODE

### 3.1 Establishment of Design Code

The Founder has established the Design Code, which comprises the following, all as may be amended from time to time:

- (a) The Illustrative Master Plan, which depicts the streets, Commons, and residential, commercial and civic use Parcels for the Master Plan Area.
- (b) The Division Plan, which depicts the various lot groupings, both residential and commercial to be developed in a systematic and organized manner.
- (c) The Regulating Plan, which depicts the specific urban to rural transect zoning requirements for each lot according to the location within the Master Plan.
- (d) The Frontage Plan, which depicts specific architectural elements and required design features to create a unified streetscape within specified locations of the Master Plan.

(e) The Building Type Matrix and Diagrams, which depict the various building types permitted for each lot as defined generally by the Regulating and Frontage Plans and specifically by this Building type plan to include and establish: setbacks, lot coverage, architectural elements, heights, uses, and parking.

(f) The Architectural Regulations, which guide the design of buildings by defining building configurations and techniques and by defining the materials of which buildings may be constructed.

(g) The Elements Imagery, which depicts with images and photos for design inspiration that defines the Seabrook architectural style.

(h) Landscape Regulations, which regulate erosion control and stormwater detention, irrigation, preservation of existing trees and the planting of new trees and plants native to the Pacific Northwest coastal climate.

(i) Design Review Procedure which outlines and provides checklists to describe the review process for compliance with all of the above.

(j) Design Review Applications, which provide the formwork used by architects, designers, and builders to submit any and all documents necessary for review or action by the Design Review Board.

(k) Approved Architects, Designers, and Builders List, which provides an assembly of individuals, companies, and design firms that have been pre-qualified but not warranted or guaranteed by the Seabrook Design Review Board to perform work within Seabrook guidelines and regulations.

All construction within the Master Plan Area shall comply with the Design Code in effect at the time of the submittal, unless a variance is granted as provided in Section 4.3(d).

### **3.2 Permitted Uses**

Permitted uses for Parcels, which may include residential use, civic use, recreational use or retail, office, restaurant or other commercial use, shall be determined based on the Design Code. At the Founder's discretion, the Founder shall record the determination of permitted uses at the time of the Parcel's addition to Seabrook, or at any time up to and including the time of conveyance of the Parcel to someone other than the Founder. If the Founder fails to make such a determination of record, the Design Code, or the approval of the building or modification under Article 4, may describe permitted uses. Uses may be revised by modification of the Design Code in accordance with Section 3.4; however, no such modification shall require the removal or cessation of a legally existing use on a particular Parcel without the Parcel Owner's consent.

### **3.3 Director of Design Review**

#### **(a) Qualification**

The Director of Design Review shall have professional experience in architecture, landscape architecture, or urban design. The Director of Design Review does not, however, need to be licensed to practice in Washington.

#### **(b) Selection**

The Director of Design Review shall be selected by the Founder.

### **3.4 Modification of the Design Code**

With the consent of the Founder, the Director of Design Review may revise any part of the Design Code from time to time for any of the following reasons:

- (a) To make changes which the Director of Design Review believes will better accomplish the objectives of Seabrook;
- (b) To include new materials or techniques deemed to be suitable to Seabrook;
- (c) To adjust for market conditions; or
- (d) To recognize changing land use conditions over time, both from within and outside Seabrook.

### **3.5 Applicable Governmental Codes**

It is the intent of the Founder that the Design Code be consistent with all applicable requirements of state and local law. In the event of a conflict, Founder and the Director of Design Review shall be afforded the opportunity to attempt to resolve the issue with the applicable agency and, if necessary, revise the Design Code.

## **4. REVIEW PROCEDURE**

### **4.1 Design Review Board**

The Design Review Board shall have a minimum of three members as follows:

#### **(a) Director of Design Review**

The Director of Design Review shall serve on the Design Review Board or, with the consent of the Founder, shall select an architect, landscape architect or urban designer, qualified as required for the Director of Design Review.



**(b) Founder's Appointees**

The Founder shall appoint two or more members to the Design Review Board. Founder's appointees shall serve at the pleasure of the Founder.

**4.2 Construction Subject to Review**

**(a) Parcels**

Prior to construction, the Design Review Board must review and approve construction plans and specifications for all improvements on any Parcel within the Master Plan Area. No construction on any Parcel shall begin and no improvements on any Parcel shall be modified except in accordance with an approved plan. Once a plan is approved, any modification to that plan, or any modification to the finished Parcel, must also be reviewed and approved.

**(b) Commons**

Construction of any structure upon the Commons (other than initial construction by the Founder), or modification of any existing structure, as well as any material alteration of the landscaping or topography of any Commons, must be approved in advance by the Design Review Board.

**(c) Scope**

The Design Code shall set standards for all aspects of the Parcel visible from the outside, including without limitation the size, shape and architectural style of the building, its roof, windows, doors, porches and other components, placement on the lot, fences, drainage, paving and landscaping and all finish materials. The Design Code may also regulate the type, placement and number of residential or business units that may be constructed on a Parcel and the uses to which those units may be put. Review shall include materials and color selection and selection and placement of any ornamentation or functional accessories, including but not limited to the following:

- (i) materials and color selection for the main building and any outbuilding or ancillary structure (including roof, doors, windows and trim);
- (ii) driveways, walks, patios and other ground surface materials;
- (iii) antennas, satellite dishes or receivers, solar panels or other devices which are visible from outside the Parcel;
- (iv) fountains, swimming pools, whirlpools or other pools;
- (v) privacy walls, fences, gates and hedges,



- (vi) awnings, flower boxes, shelves, statues, or other outdoor ornamentation, and window coverings visible through the window;
- (vii) construction trailers or other trailers, temporary structures, tents, shacks, sheds, and enclosures;
- (viii) signage of any type; and
- (ix) permanent or semi-permanent play equipment, whether or not secured, such as tree houses, basketball hoops, skateboard ramps and swing sets. The listing of a category does not imply that such construction is permitted.

**(d) Exception**

Interior construction and modifications not affecting the external structure or appearance of any building are not subject to review. However, construction drawings are required as part of the review process to assist in interpreting the design.

**(e) Trees**

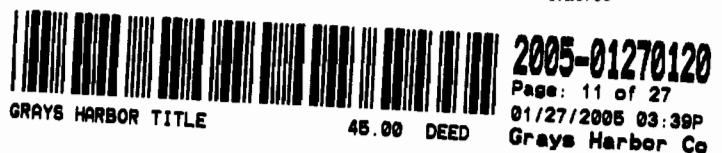
A consistent line of trees which shade, enclose and define the street are an important part of traditional neighborhood design and are part of the Design Code. Owners may be required to plant street trees on their Parcel, in accordance with the Design Code. The Design Review Board may require the relocation and replanting of trees which must be removed for construction. If particularly significant trees are found within the building setback lines, the Design Review Board shall determine whether the placement of the building should be altered to accommodate the trees, or whether the trees may be removed.

**(f) Drainage**

All plans shall comply with applicable drainage, water conservation, erosion control and stormwater detention requirements. No alteration of existing grade or any planting, fences or other improvements which alter the flow of water shall be permitted without the express consent of the Design Review Board. Each lot owner shall be responsible for managing and maintaining all storm water that occurs within their property boundaries.

**(g) Modifications**

Modifications after completion of construction, or additions or changes to the approved plans during construction, must be reviewed and approved. However, review is not required to paint with originally approved materials and colors, or to replace the roof or other components with duplicates of the original material. Significant new landscaping, grading and any removal or substantial pruning of trees or plants must be approved in advance by submitting a scaled and defined plan of improvements as produced by a qualified landscape designer.



## **4.3 Review Procedure**

### **(a) Application**

The plans to be submitted for approval shall include (i) the construction plans and specifications, including all materials and colors, (ii) elevations of all proposed improvements (iii) proposed clearing, grading and landscaping, and (iv) all other items required by the Design Review Board. Plans and specifications for review shall be submitted in the form required by the Design Review Board.

### **(b) Uniform Procedures**

The Design Review Board may establish forms and procedures for the review of applications, including review costs and fees, if any, to be paid by the applicant. The Design Review Board may provide lists of approved materials and may allow for staff review and approval of routine or minor matters.

### **(c) Basis for Decision**

Applications shall be approved or denied based upon compliance with the provisions of the Design Code and overall quality of design. If the Design Review Board rejects an application due to overall design quality, despite compliance with the Design Code, the Design Review Board shall make suggestions for improving the design.

### **(d) Variances**

The Design Review Board may grant variances from the Design Code based on existing topographical or landscape conditions, existing trees, or architectural merit. Any such variance must be in writing. Approval of a variance does not constitute a precedent for other applications, and such requests may be arbitrarily denied.

### **(e) Notification Construction, Inspection**

The Design Review Board shall make best efforts to notify the applicant of its decision within the time allowances set out in its design approval process handbook. However, a delay in reviewing an application shall not be deemed consent to construction. If written approval is given, construction of the improvements may begin. All construction must comply with the submitted plans. The Design Review Board or its agent may inspect the property during construction but has no obligation to make any such inspection.

### **(f) Completion**

When the primary building and landscaping are completed in substantial compliance with the approved plans and specifications and within the time limits described in Article 5, the Design Review Board and Founder shall issue a Certificate of Substantial Conformance. The Certificate shall describe any areas of deficiency that need to be corrected. All fines and

other enforcement shall be waived so long as the deficiencies are corrected within sixty (60) days. Upon correction of all deficiencies, the Design Review Board shall issue a Certificate of Completion and Release in recordable form.

**(g) Governmental Compliance**

Owners are responsible for making sure that construction conforms to governmental regulations and all local building codes. If the Design Review Board notes noncompliance, the Owner will be required to make the necessary changes. However, the Design Review Board is not responsible for compliance with governmental requirements.

**4.4 Approval of Architects and Builders**

**(a) Generally**

The creation of the Seabrook streetscape depends on the quality of design and construction, and adherence to the Design Code. While architects and builders are selected by the Owner, they must cooperate with the Design Review Board. Approval of architects and builders is necessary to assure quality construction and a reasonable spirit of cooperation. Once granted, approval status may be reviewed and revoked or extended from time to time based on actual performance.

**(b) Architects**

Owners may choose an Architect from a list of those pre-approved by Founder or the Owners' architects must be approved by the Design Review Board before submitting plans. Approval shall be based on quality of past work, client satisfaction and understanding of, and willingness to work within, the Design Code.

**(c) Builders**

Builders must be approved by the Founder or by the Design Review Board before building in Seabrook. Approval shall be based on willingness to build in accordance with approved plans and specifications, quality of past work, client satisfaction, financial history, and proof of current builder certification within the State of Washington. Builders must agree to comply with construction regulations, to dispose of construction debris properly and to build in accordance with the approved plans and specifications. Builders may be required to post a deposit for compliance and damages. Failure to comply may result in fines, forfeiture of the deposit and revocation of the right to build in Seabrook.

**4.5 Enforcement**

**(a) Fines**

The Design Review Board may require the builder or Owner to post a deposit from which the Design Review Board may deduct fines for failure to comply with the approved

plans and specifications, tree regulations and rules for builder conduct. The collection of a fine shall not in any way diminish the available remedies at law or equity.

**(b) Suit Permitted**

If any construction is begun which has not been approved or which deviates from approved plans and specifications, the Design Review Board, the Director of Design Review or the Founder may require the Owner to resolve the dispute through binding arbitration or may bring suit seeking damages, specific performance, declaratory decree and/or injunction, or any other remedy at law or in equity. If suit is brought and the court finds that the construction was not approved or that the construction deviated from the approved plans or specifications, then the party bringing suit shall also be awarded reasonable attorney's fees, even if the relief requested is not granted.

**(c) Trees**

Improper cutting, removal, lack of care or intentional damage to existing trees or native vegetation is subject to fines plus a requirement that the tree be replaced with an approved species of comparable caliper and/or native vegetation to be replaced with like native plant species, if approved by the Design Review Board, a combination of trees totaling the caliper of the removed tree or native vegetation damaged. Fines shall be set by the Design Review Board.

**(d) Drainage**

After reasonable notice (except in an emergency), the Founder shall have the right to enter onto a Parcel and correct improper grading or other modification to the Parcel which causes drainage problems. Such corrections shall be made at the cost and expense of the Owner of the Parcel, who shall promptly reimburse the Founder. The Parcel shall be subject to a lien for the cost if not paid. The Founder shall not be required to repair or replace landscaping or other improvements after such action.

**(e) No Waiver**

Failure to enforce any provision of these Master Deed Restrictions shall not be deemed a waiver of the right to do so at any time thereafter. Variances from the Design Code may be granted in particular circumstances; however, such variances shall not create a precedent for other applications.

**4.6 Liability**

The Design Review Board and its inspectors are concerned primarily with aesthetic considerations, and are not responsible for compliance with governmental requirements or design or construction defects or use of materials affecting the safety or structural integrity of the building. Approval by the Design Review Board of an application shall not constitute a basis for any liability of the Director of Design Review, the Founder, or members of the

Design Review Board for failure of the plans to conform to any applicable building codes or inadequacy or deficiency in the plans resulting in defects in the improvements, or for the performance or quality of work of any builder or architect approved by it, or for noncompatible or unstable soil conditions or soil erosion, or any other condition of the property.

#### **4.7 Town Center**

The Founder may at any time establish a separate Town Center Design Review Board, which shall operate in the same manner, and have the same powers, as the Design Review Board established by these Master Deed Restrictions but which shall have jurisdiction over only that property within the Town Center. During the operation of such Town Center Design Review Board, the original Design Review Board shall be known as the Neighborhood Design Review Board and shall continue to review and approve any construction or modification within the Neighborhood, while any construction or modification within the Town Center must be reviewed and approved by the Town Center Design Review Board but shall not be required to be reviewed or approved by the Neighborhood Design Review Board. If the Founder fail to establish such a Town Center Design Review Board, or if such board ever ceases operation, then all construction or modification within the Town Center shall be subject to review by the original Design Review Board.

#### **4.8 Financial Support**

The Director of Design Review, other professionals and staff shall receive reasonable compensation for serving on the Design Review Board. All members and all professionals and staff shall be compensated for expenses. The Design Review Board's review fees shall cover all or part of the expected cost of its operation. If fees do not cover the cost, the Founder shall fund the deficit. Fees shall not be intended to create a surplus, other than an ordinary operating fund for the Design Review Board to which any excess fees shall be contributed. The Design Review Board may employ personnel or contract with individuals or companies as necessary to assist in the review process.

### **5. COVENANT TO COMPLETE BUILDING ON PARCEL**

#### **5.1 Restrictions on Building, Resale**

##### **(a) Restriction; Purpose**

To allow for community development and to discourage speculation which results in empty lots, the Owner of a Parcel must substantially complete construction of a primary building on the Parcel, in accordance with plans and specifications approved by the Founder within a limited period of time (the "Construction Period"), as described in Section 5.2, unless the deed or other recorded instrument from the Founder releases or modifies the restriction as to that Parcel.

**(b) Completion**

A primary building shall be considered complete when it has received a Certificate of Substantial Conformance as described in Section 4.3, and satisfies the requirements for receiving a certificate of occupancy from Grays Harbor County.

**(c) Holder of Rights**

The right to enforce this Article 5 is held originally by the Founder, who may assign these rights at any time to the Design Review Board or to a management entity. The time limit for construction does not apply to any Parcels held by the Founder or any entity related to or affiliated with the Founder.

**5.2 Construction Time Limit**

Unless otherwise specified in the deed or other recorded instrument from the Founder, Owner shall:

- (a) Submit initial plans and begin the architectural review process within six (6) months from the closing date of the purchase of the Parcel;
- (b) Begin construction of a primary building on the Parcel, in accordance with approved plans and specifications, within ninety (90) days from approval of the architectural plans and specifications (the "Construction Start Date");
- (c) Diligently pursue construction once construction has begun; and
- (d) Substantially complete the building, including landscaping, within twelve (12) months from the Construction Start Date (the "Required Completion Date").

Failure to make significant progress during any thirty-day (30) period shall be considered a failure to diligently pursue construction under (c). The time periods in (b) and (d) shall be only be extended for extreme material shortages, extreme weather conditions or other significant matters beyond the builder's control as reasonably determined by the Design Review Board upon written request submitted by the builder defining the hardship or special conditions.

**5.3 Enforcement**

If Owner fails to comply with the requirements of Section 5.2 or if Owner deviates from the approved plans and specifications and fails, after reasonable notice, to correct the deviation, then Founder shall have the following options:

- (a) The right, but not the obligation, to repurchase the Parcel for a total purchase price equal to the amount paid by Owner to Founder or any related entity for the purchase of the Parcel or the current fair market value of the Parcel, whichever is less, plus the cost or

fair market value, whichever is less, of any improvements made in accordance with plans approved by the applicable Design Review Board. Any mortgage or lien on the Parcel, all closing costs for the repurchase and a resale fee of 10% shall be deducted from the amount required to be paid to Owner by Founder.

(b) The right to receive the difference between the amount paid by Owner to Founder (increased by the cost or fair market value, whichever is less, of any improvements made in accordance with plans approved by the applicable Design Review Board) and the resale price of the Parcel. Such amount will be both the personal obligation of the Owner under this agreement and a lien on the Parcel.

(c) Unless Owner has obtained a Certificate of Completion and Release as provided in Section 4.3, and except as provided in Section 5.4, Founder may exercise its rights against Owner at any time before the Required Completion Date or within two (2) years after the Required Completion Date. Founder may preserve its enforcement rights by recording, within two (2) years after the Required Completion Date, a lien or other notice of its intent to exercise its rights. Founder may assign any or all of its rights under this Section 5.3, and may exercise any of its rights through an assignee or other designee. The remedies provided in this section are at the Founder's option, and are not intended in any way to limit the remedies under Section 4.5.

#### **5.4 Subordination to Mortgage**

##### **(a) Effect**

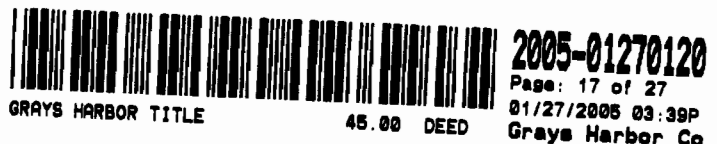
Founder and any designee or assignee of Founder's rights under Section 5.3 agrees to subordinate its right of repurchase to the first mortgage or deed of trust liens of an institutional lender (specifically including Fannie Mae and any bank, savings and loan association or insurance company) under the terms of this section, which shall be effective whether or not noted in the deed. A lender in granting a mortgage or other lien subject to this right of repurchase agrees to these terms. Except as described in this section, the right of repurchase by Founder or its applicable designee or assignee shall not be subordinate to any other encumbrances.

##### **(b) Assumption of Mortgage**

If Founder exercises its right of repurchase while lender's mortgage or other lien encumbers the Parcel, Founder shall take the Parcel subject to the mortgage or other lien, and lender in granting a mortgage or other lien subject to this right of repurchase agrees to allow Founder or its applicable designee or assignee to repurchase the Parcel subject to the mortgage or such other lien.

##### **(c) Mortgage Foreclosure**

If lender seeks to foreclose the lien of its mortgage or other lien or accepts a deed in lieu of foreclosure before the Required Completion Date or within two (2) years thereafter





and Founder has not provided a release and satisfaction of its rights as provided in Section 5.1, Founder shall be notified of the foreclosure action or conveyance. Founder's rights of enforcement under Section 5.3 shall not be extinguished by foreclosure or deed in lieu of foreclosure but shall continue as a restriction on the lot.

**(d) Extension**

If lender has acquired title through a foreclosure or a deed in lieu, then lender may give notice to Founder that it wishes to extend the Required Completion Date. Founder shall be given thirty (30) days after such notice from lender in which to exercise a repurchase right by payment to lender of the amount obtained or bid by the lender in such foreclosure (or amount owed, for deed in lieu), plus interest at the stated rate of the note (not default rate) provided by the mortgage or deed of trust at the time of foreclosure or deed in lieu. Founder may exercise such rights whether or not the conditions for default under Section 5.3 are met at the time the notice is given. If Founder does not exercise its repurchase right, then Founder shall grant, in recordable form, an extension of the construction period provided in Section 5.2 as follows:

(i) If construction of the primary building has not begun, the date of the foreclosure or deed in lieu shall be considered the new closing date.

(ii) If construction of the primary building has begun, lender shall have a new Construction Start Date of six (6) months from the date of the foreclosure or deed in lieu, to allow lender to contract with a builder and to complete the architectural review process for any modifications to the approved plans and specifications. Lender or lender's assignee must then diligently pursue construction and substantially complete the building, including landscaping, within a reasonable time, based on the amount of completion. The amount of time to complete construction shall not exceed the time which would have been allowed under Section 5.2 (d), beginning from the new Construction Start Date.

Subject to the extended dates, Founder's rights of enforcement under Section 5.3 shall continue as a restriction on the Parcel.

**5.5 Resale Restriction**

If Owner (including a lender who acquires title) has not constructed a building on the Parcel in accordance with approved plans and specifications prior to reselling the Parcel, the Parcel shall remain subject to all restrictions. Except as modified under Section 5.4, the Plan Submittal Date, Construction Start Date and Completion Date shall continue to run from the closing date from Founder or other grantor to the original Owner, not the resale.

## 6. FOUNDER'S ADDITIONAL RESERVED RIGHTS

### 6.1 Easements in Favor of the Founder

The easements provided by this section are intended to permit the Founder to continue and complete construction of the Master Plan Area, whether or not that property is ultimately submitted to a Declaration. Furthermore, Seabrook is intended to follow design principles which allow interconnectivity of streets with neighboring communities. Accordingly, the Founder hereby reserves for itself, its successors and assigns the following easements, which shall benefit all properties within the Master Plan Area and all other properties owned by Founder or its assigns which are adjacent to, or reasonably near, Seabrook (including property separated from Seabrook by a public road), whether or not such properties are developed as part of Seabrook.

#### (a) Private Roads and Paths

A nonexclusive easement for use of any roads or streets which are not accepted for dedication to the public and which are intended for automobile traffic (other than rear lanes or other similar access roads which are intended for use only by residents on that road), along with a nonexclusive easement for appropriate use of any pedestrian or bicycle paths. If such roads become a primary means of access to a community which is not made part of Seabrook, and Seabrook does not similarly use the roads of such community, such community shall contribute its pro rata share of the cost of Seabrook road maintenance.

#### (b) Utility Easements

A blanket easement upon, across, over, through, and under Seabrook for ingress, egress, installation, replacement, repair and maintenance of all public and private utility and service systems. These systems and services include, but are not limited to, water, sewer, irrigation systems, drainage, telephone, electricity, natural gas, television, security, collection of garbage and recyclable materials, cable or communication lines and other equipment. By virtue of this easement the Founder, and its successors or assigns, may install and maintain facilities and equipment, excavate for such purposes and affix and maintain wires, circuits and conduits. However, the exercise of this easement must not unreasonably disturb each Owner's right of quiet enjoyment of his Parcel.

#### (c) Police Powers

A blanket easement throughout Seabrook for private patrol services, and for police powers and services supplied by the local, state and federal governments. The reservation of such easement does not imply that any such service shall be provided.

#### (d) Drainage Erosion Controls

A blanket easement and right on, over, under and through the ground within Seabrook to maintain and to correct drainage of surface water and other erosion controls. This

easement includes the right to cut any trees, bushes or shrubbery, grade soil, or to take any other action reasonably necessary for health or safety or to comply with governmental requirements. The entity which exercises this easement shall be responsible for notifying the affected Owners (except in an emergency) but shall not be obligated to restore landscaping or other improvements. This easement may be exercised at the option of the Founder and shall not be construed to obligate Founder to take any affirmative action to correct conditions.

**(e) Encroachment**

An easement for any improvements constructed on the Commons which encroach on any Parcel, whether due to any minor deviation from the subdivision plat of Seabrook or the settling or shifting of any land or improvements.

**(f) Maintenance of Commons**

An easement for maintenance and improvement of the Commons at the Founder's discretion and, to the extent reasonably necessary, an easement over any Parcel for maintenance of the Commons.

**(g) Continued Construction**

To the extent reasonably necessary, an easement over, under and through any roads, whether public or private, and any other Commons for construction equipment and any other purpose related to continued construction of any property within the Master Plan Area.

**6.2 Reservation of Exclusive Easements**

Founder hereby reserves for itself and its assigns exclusive easements within all of Seabrook for installation, replacement, repair and maintenance of cable and fiber optic systems. By virtue of this easement the Founder, and its successors or assigns, may install and maintain facilities and equipment, excavate for such purposes and affix and maintain wires, circuits and conduits. However, the exercise of this easement must not unreasonably disturb each Owner's right of quiet enjoyment of his Parcel.

**6.3 Conversion of Street Ends**

Seabrook is intended to follow design principles which allow interconnectivity of streets with neighboring communities. Certain streets on the Master Plan may end at the boundary of Seabrook so that communities that are developed later may connect with those streets. If the neighboring property is developed in a way that interconnectivity is not possible, or if the Founder deems interconnectivity to be undesirable under the circumstances as they then exist, then the Founder reserves the right to convert the street ends to additional lots or other uses. Founder may limit connectivity to pedestrian rather than vehicular access. Founder intends to hold title to such street ends until development of the adjoining property.



#### **6.4 Models; Sales and Management Offices**

The Founder reserves for itself and its assigns the right to maintain and have access to a sales office, a management office and an unlimited number of models within Seabrook. These facilities may be located on any Parcel in Seabrook and may be relocated from time to time at the Founder's discretion. The sales office, management office and models may be owned by different entities, including builders and other entities unrelated to the Founder. At the end of its use as a sales or management office or model, the Parcel shall be owned by the owner of record, subject to all normal covenants and restrictions for Seabrook. Subject to state law and local ordinances, the Founder or its assigns may maintain signs on the Commons and on the sales office, management office and models advertising Seabrook.

#### **6.5 Commercial Use of Images**

The Founder reserves the following rights:

##### **(a) Commons**

The exclusive right to grant permission for the Commons to be photographed, sketched, painted or its image otherwise reproduced for commercial use (including without limitation its use as a motion picture set or as a background for the display of fashions or other goods), and

##### **(b) Exteriors**

The right to grant permission for similar reproduction of the exteriors of any other part of Seabrook which can be viewed from streets, alleys or Commons. Such exteriors may be reproduced without the consent of, or payment to, the Parcel Owner, but the above right is not intended to prevent any Parcel Owner from granting independent permission for any part of Seabrook owned exclusively by that Owner, in which case the consent of the Founder shall not be required.

The Founder may collect a fee for its consent to the use of such images, or for the providing of support services to photographers or others. The exercise of these rights shall not interfere with normal and customary rights of architects as to structures designed by them. Consent of the Founder shall not be required for photography or other reproductions of the images of Seabrook in connection with any news or feature coverage, for academic purposes, or by any governmental agency or other entity interested in the promotion of Grays Harbor County or Washington, the development of tourism or commerce or any other similar purpose.



## 6.6 Name

### (a) Change

The Founder shall have the right to change the name, Seabrook, for all or any part of the property subject to these Master Deed Restrictions. Founder may, but is not required to, amend these Master Deed Restrictions to reflect the name change.

### (b) Trademark

The Founder reserves the right to trademark the name "Seabrook" or other name of the community as a trade name owned by the Founder. An Owner may use the trademarked name to describe the location of the business, and may advertise a business as being located in "Seabrook" or other trademarked name. If requested by the Founder, Owner shall accompany such use with a symbol or explanation concerning trademark or service mark registration of the name. Owner may not use the trademarked name in any other manner without the express permission of the Founder, which may be arbitrarily denied.

## 6.7 Community Fund

The Founder shall establish and maintain a "Community Fund" to be used to benefit the community of Grays Harbor County in the future. At least fifty percent (50%) of the funds generated by Community Fund Assessments shall used to benefit low and very low income individuals residing within Grays Harbor County, in perpetuity. At each closing and transfer of title of any property within Seabrook, any seller of any equity interest in the property shall pay a Community Fund Assessment in the sum of 1% of the sales price.

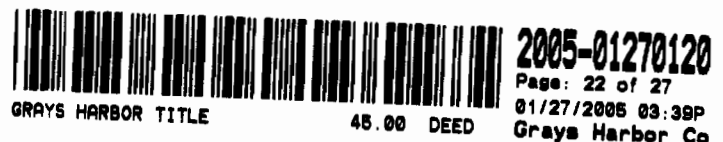
## 7. GENERAL PROVISIONS

### 7.1 Assignment

Founder may assign all or any portion of its rights at any time for all or part of the Master Plan Area to a related entity, or to a successor Founder.

### 7.2 Additional Property

Unless a notice is recorded specifically to the contrary, the submission of additional property to the Declaration for Seabrook shall automatically extend the provisions of these Master Deed Restrictions to the additional property as well. Founder may record a notice in the public records extending these Master Deed Restrictions to the additional property or may modify these Master Deed Restrictions as to the additional property.



### **7.3 Amendment**

#### **(a) By Owners**

Except as otherwise specified, these Master Deed Restrictions may be amended only with the written consent of the Owners of either two-thirds of the Parcels or two-thirds of the land, by acreage, within the Master Plan Area, whichever approval can be more readily obtained. If such an amendment seeks to decrease or discontinue any amenity that benefits Seabrook, the Founder's approval of the amendment shall be necessary, in addition to the Owners' approvals described above. For the purposes of this definition, the term "Parcel" may include lots which are not yet platted or improved but which are indicated on the Master Plan for future development.

#### **(b) By the Founder**

To the extent permitted by law, the Founder specifically reserves the absolute and unconditional right to amend these Master Deed Restrictions without the consent or joinder of any party (i) to conform to the requirements of the Federal Home Loan Mortgage Corporation, Veterans Administration, Federal National Mortgage Association or any other generally recognized institution involved in the guarantee or purchase and sale of mortgages, (ii) to conform to the requirements of institutional mortgage lenders or title insurance companies, (iii) to comply with governmental requirements, or (iv) to clarify the Master Deed Restrictions' provisions or correct errors.

#### **(c) Limitations**

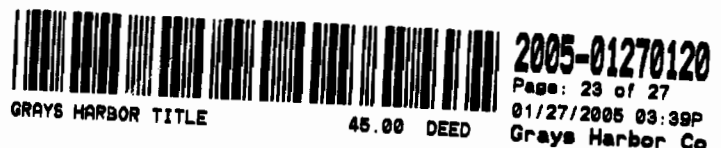
Whenever any action described in these Master Deed Restrictions requires approval of greater than two-thirds of the Parcel Owners, amendment of that provision shall require the same percentage vote as would be required to accomplish that action directly. Rights reserved to the Founder may not be amended without the specific consent of the Founder.

#### **(d) Recording**

Any amendment shall take effect upon recording in the public records.

### **7.4 Creation of Homeowner's Association**

Founder, in its sole discretion, with 180 days notice, may create and transfer all rights and responsibilities to, a Homeowner's Association ("HOA"). Founder hereby agrees not to create and transfer rights and responsibilities to a HOA while the current loan in favor of the Founder is outstanding. Each Owner will be entitled to one vote in the HOA. Within thirty (30) days of the creation and transfer of such a HOA, Founder shall hold elections among the Owners for a provisional HOA Board of Directors. The Board of Directors shall initially have nine (9) members. The provisional Board of Directors shall adopt Articles of Incorporation and By-Laws for the HOA within sixty (60) days of election.



**7.5 Enforcement**

In addition to the various enforcement rights specified in this instrument, Founder may bring suit in any court of competent jurisdiction to enforce specific performance of its rights under this Agreement or to seek damages.

**7.6 Rights of Quinault Nation**

All Owners and their invitees shall respect the boundaries of the sovereign lands of the Quinault Nation, and shall be subject to any applicable rules, regulations and laws while entering upon the Quinault Nation's property.

*[The remainder of this page is intentionally left blank.]*



IN WITNESS WHEREOF, the Founder has executed these Master Deed Restrictions as of the day and year first above written.

SEABROOK LAND COMPANY LLC,  
a Washington limited liability company

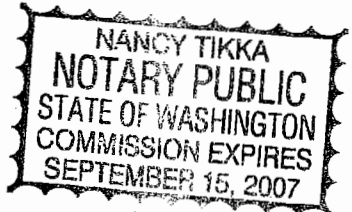
By [Signature]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF WASHINGTON )  
COUNTY OF Gray Harbor ) ss.

On this 26th day of January, 2005, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Casey Roth, to me known to be the person who signed as President of SEABROOK LAND COMPANY LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was duly elected, qualified and acting as said officer of the limited liability company and that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and official seal the day and year first above written.

[Signature: Nancy Tikka]  
(Signature of Notary)  
**NANCY TIKKA**



(Print or stamp name of Notary)

NOTARY PUBLIC in and for the State  
of Washington, residing at Gberdein.  
My appointment expires: Sept 15 2007.



**EXHIBIT A**

**MASTER PLAN AREA**

The North 40 acres of Government Lot 3, Section 29, Township 20 North, Range 12 West of the Willamette Meridian;

EXCEPT Roads as accepted in Quit Claim Deed recorded July 16, 1951, under Auditor's File No. 536200 in Volume 320 of Deeds, page 508, Records of Grays Harbor County;

ALSO EXCEPT that portion conveyed to the State of Washington by Warranty Deed recorded August 22, 1951, under Auditor's File No. 537687 in Volume 321 of Deeds, Page 528, Records of Gray's harbor County;

ALSO EXCEPT Elk Creek as excepted in Statutory Warranty Deed recorded April 8, 1955, under Auditor's File No. 588497 in Volume 354 of Deeds, Page 89, Records of Grays Harbor County:

ALSO

That portion of Government Lot 2 in Section 29, Township 20 North, Range 12 West of the Willamette Meridian described as follows:

Beginning at a point 1497.6 feet West of the East One-Quarter corner of Section 29, Township 20 North, Range 12 West, said point being 70.47 feet West of the center line of the existing highway;

Thence West along the center line of Section 29, 227.8 feet to the meander line;

Thence North 10°40' West along the meander line 557.8 feet to the mouth of a creek;

Thence Southeasterly along said boundary 530.00 feet to the point of beginning.

ALSO

That portion of Government Lot 2 in Section 29, Township 20 North, Range 12 West of the Willamette Meridian described as follows:

Beginning at a point on the meander line which is 557.80 feet North 10°40' West from the East-West center line of Section 29, Township 20 North, Range 12 West;

Thence North 10°40' West 369.60 feet to the mouth of a creek;

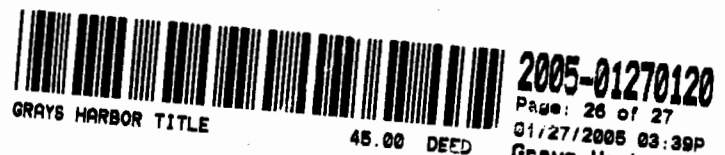
Thence Northeasterly along said creek to a point on the West boundary of the existing highway;

Thence Southwesterly along said boundary 630 feet to the intersection of a creek and said highway boundary;

Thence Northwesterly along said creek to the meander line and point of beginning:

ALSO


The Southeast Quarter of the Northeast Quarter AND Government Lot 2 in Section 29, Township 20 North, Range 12 West of the Willamette Meridian, lying East of the Easterly line of the State Highway.



Situate in the County of Grays Harbor, State of Washington.

MASTER DEED RESTRICTIONS  
[SB043080 192 (2)]

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Grays Harbor Co  
GRAYS HARBOR TITLE 45.00 DEED