

★ ★ ★ ROCHE HARBOR VILLAGE ASSOCIATION ★ ★ ★

MASTER DEED RESTRICTIONS
(Pages 1-32)

**DECLARATION OF CHARTER, EASEMENTS, COVENANTS &
RESTRICTIONS FOR THE RESIDENTIAL NEIGHBORHOOD**
(Following, numbered as Pages 1-51)

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Document Title(s) (or transactions contained therein) 1. Master Deed Restrictions
Grantor(s) (Last name, first, then first name and initials) 1. NEW RH L.L.C., a Washington limited liability company <input type="checkbox"/> Additional names on page _____ of document.
Grantee(s) (Last name first, then first name and initials) 1. NEW RH L.L.C., a Washington limited liability company <input type="checkbox"/> Additional names on page _____ of document.
Legal Description (abbreviated: i.e., lot, block plat or section, township, range, qtr./qtr.) Lots 1 through 19 and Tracts A, B and C of the Plat of Roche Harbor Resort Village, Phase 1.1, as recorded in Vol. 5 of Plats, Pgs 129, 129a and 129b, records of San Juan County, WA <input type="checkbox"/> Additional legal is on Exhibit A of document.
Reference Number(s) of Documents assigned or released: NA <input type="checkbox"/> Additional numbers on page _____ of document.
Assessor's Property Tax Parcel/Account Number 46235-2001 through 20019; 46235-2099, 46231-1008; 46231-1009 <input type="checkbox"/> Property Tax Parcel ID is not yet assigned <input type="checkbox"/> Additional parcel numbers on page _____ of document.

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DMT

Document Title(s):

Master Deed Restrictions

Grantors:

Roche Harbor Resort Village

Grantees:

Roche Harbor Resort Village

Tax Parcel Number(s):

462352001 - 462352019

Legal Description:

Lots 1-19 and tract A, B & C Plat of
Roche Harbor Resort Village Phase 1

Reference Auditor File Numbers:

2004 0907041



MASTER DEED RESTRICTIONS

New RH L.L.C., a Washington limited liability company, to be known as the "Founder," establishes these Master Deed Restrictions on the 6th day of August, year of 2004.

STATEMENT OF PURPOSE:

A. The Founder is developing upon real property in San Juan County, Washington, a resort community to be known as Roche Harbor. If all phases of the master planned resort are completed, Roche Harbor will eventually comprise approximately 168 acres (the "Master Plan Area").

B. As a resort community, Roche Harbor is designed as a pedestrian-friendly environment in which residents and visitors are encouraged to participate in activities. Such environment is encouraged through the use of narrow lot widths, smaller lot sizes, narrower 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 Roche Harbor design is intended to mix commercial and residential uses in a way which provides the essentials of life and enlivens the community.

C. Detailed guidelines, to be known as the Roche Harbor Design Code, regulate setbacks, porches, 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 Roche Harbor Design Code, helps form the outdoor spaces of this community, which will enhance the value of Founder's and Owner's investment and, ultimately, all property within Roche Harbor.

D. 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, Roche Harbor

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Founder wishes to require each Parcel owner to build a building within a certain time limit.

E. To ensure the proper application of the Roche Harbor Design Code and to further the development of the community, Founder wishes to subject each deed for property situated within an Approved Phase of 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.

F. While the rights reserved by this instrument shall initially be reserved to the Founder during the development period of each phase, the Founder has reserved the right to convey certain rights to the Associations, so that the plan of architectural control for Approved Phases of Roche Harbor is continued into the future.

IMPOSITION OF DEED RESTRICTIONS:

The Founder hereby submits to these deed restrictions that certain real property described on Exhibit A (and, in accordance with Section 1.2, 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 within such Approved Phases and all common areas ("Commons") created or to be created within the Approved Phases. These Master Deed Restrictions shall run with the land and be binding upon each owner of a Parcel located within an Approved Phase, and the owner's heirs, successors and assigns (together, the "Owner") and upon the Association, whether or not these Master Deed Restrictions are individually recorded or noticed with each deed.

ARTICLE I: | 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, as shown in the Development Approvals. The Master Plan is subject to revision, subject to the provisions of the Development Approvals.

(b) Master Deed Restrictions. These Master Deed Restrictions, which encumber the Approved Phases described on attached Exhibit A and any other property as Founder submits to the terms of these Master Deed Restrictions pursuant to this Section

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1.2, are intended to ensure the proper application of the Design Code during the development stage of the Approved Phases and to impose other restrictions designed to further the development of the Approved Phases of Roche Harbor.

(c) Declaration. Each "Declaration" shall be a Declaration of Easements, Covenants and Restrictions, which provides for the ongoing operation and maintenance of that portion of Roche Harbor which is encumbered by such Declaration. The Neighborhood and the Resort Core may, at the Founder's discretion, have their own separate Declaration, which may be recorded contemporaneously or after these Master Deed Restrictions. Other portions of Roche Harbor may have a separate Declaration as well.

(d) Supplemental Declaration. A "Supplemental Declaration" is an instrument which may be recorded by the Founder or, with the approval of the Founder, the Association or 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 development within the Approved Phases of Roche Harbor.

1.3 Parties.

(a) Founder. The "Founder" is New RH L.L.C., 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.

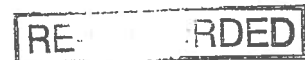
(b) Association. As further described in Section 1.6, the Neighborhood Declaration shall establish an "Association" whose members are the Owners of Parcels within the land subject to the Neighborhood Declaration. The Resort Core Declaration, if and when recorded, may also establish an Association or other management entity whose members are the Owner of Parcels within the land subject to the Resort Core Declaration. Each Association shall be responsible for enforcing the Declaration pursuant to which it was created and levying assessments used in part to pay certain costs of maintaining the Commons, whether such Commons are located within or outside of the boundary of the property subject to such Declaration.

(c) 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.

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(a) Approved Phase. An "Approved Phase" is the real property described on attached Exhibit A and all other property made subject to the Master Deed Restrictions pursuant to the recording of an amendment to these Master Deed Restrictions or a Supplemental Declaration.

(b) Roche Harbor. "Roche Harbor" initially comprises the Master Plan Area. However, additional land may be added in accordance with the terms of the Master Deed Restrictions.

(c) Master Plan Area. The "Master Plan Area" currently comprises approximately 168 acres as more particularly described in the Development Approvals.

(d) Neighborhood. The "Neighborhood" shall be the primarily residential portion of the Approved Phases of Roche Harbor, which shall be subject to the Neighborhood Declaration.

(e) Resort Core. The "Resort Core" is intended to be the mixed-use and commercial portion of Roche Harbor and may, at the discretion of the Founder, be subject to a separate Resort Core Declaration.

(f) Commons. "Commons" comprises certain real property within Roche Harbor specifically designated by Founder for the common use and enjoyment of all Owners and/or the general public including without limitation the open space tracts designated on the Master Plan (as and when such tracts are configured in the final plat of the property that includes such tracts) and all streets, sidewalks, parking areas, walkways, trails, landscaped areas, public restrooms, recreational facilities such as any public pool and tennis courts and other facilities. "Commons" also include any improvements on that real property, all utilities, utility easements and other easement rights or personal property for common use, and any other property of any type specifically designated as Commons. The Commons may include areas dedicated to the public, the Association, or to any other individual or entity to the extent that the Association or the Founder agrees or is required by this Declaration to maintain such property.

(g) Zone. "Zones" are smaller, contiguous areas within Roche Harbor of distinct character or building type. Owners of property within a Zone may be assessed for maintenance of property primarily serving that Zone.

(h) Parcel. A "Parcel" is the smallest parcel of land which may be separately conveyed. Most Parcels will be designated as numbered, separately identifiable lots on the recorded subdivision plat which encompasses the Parcel. Once improved, the Parcel includes any buildings or other permanent improvements. Each 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.

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(i) 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.

(j) 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) Town Architect. The position of Town Architect, and the selection of the Town Architect, is established under these Master Deed Restrictions. As provided in these Master Deed Restrictions, the Town Architect 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 the Approved Phases of Roche Harbor 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.

(d) Development Period. The Development Period begins immediately upon recording of this instrument and continues until

(i) six months after the Founder neither owns at least ten percent (10%) of the initial Master Plan Area (168 acres) nor holds any property for sale within such area in the normal course of business, or

(ii) the Founder terminates its rights concerning the Development Period by written, recorded notice.

During the Development Period, the Founder may select the original Town Architect and any subsequent Town Architect, and shall select the remaining members of the Design Review Board.

(e) Development Approvals. The "Development Approvals" shall mean the Planned Unit Development approval, the Preliminary Subdivision approval, the Shoreline Substantial Development Permit and the Shoreline Conditional Use Permit for Phase I of the Roche Harbor Master Planned Resort Activity Center and all subsequent approvals issued by San Juan County for Approved Phases within Roche Harbor, subject to the conditions approved by San Juan County.

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1.6 Association Definitions.

(a) Association. The Neighborhood Declaration and the Resort Core Declaration (if and when recorded) shall each establish an entity to enforce the Declaration and to levy assessments used in part to reimburse Founder for a portion of the cost of maintaining the Commons and otherwise servicing Roche Harbor. To accomplish this, the Neighborhood Declaration shall establish an "Association" whose members are the Owners of Parcels within the land subject to that Declaration. If and when recorded, the Resort Core Declaration may establish either an Association or a management entity. When used in this instrument, the term "Association" may include such an entity, unless the context requires otherwise. The name of the Association is as provided in the applicable Declaration.

(b) Member. Each Owner is a "Member" of the applicable Association, as provided in the applicable Declaration.

(c) Board. "Board" is the Board of Directors of the applicable Association.

(d) Articles. "Articles" are the Articles of Incorporation of the applicable Association.

(e) Bylaws. "Bylaws" are the Bylaws of the applicable Association.

(f) Community Meeting. The "Community Meeting" is the public meeting of Members for discussion and voting, as described in the applicable Declaration.

(g) Assessments. "Assessments" is the collective term for the following Association charges:

(i) General Assessment. The "General Assessment" is the amount allocated among all Members of an applicable Association to meet that Association's annual budgeted expenses including without limitation Members' share of the costs incurred by the Founder to maintain the Commons.

(ii) Individual Parcel Assessment. An "Individual Parcel Assessment" is a charge made to a particular Parcel Owner for charges relating only to that Parcel, or for Zone charges.

(iii) Special Assessment. A "Special Assessment" may be charged to each Parcel for capital improvements, emergency expenses or other costs as provided in the applicable Declaration.

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ARTICLE II: Development Plan

2.1 Mixed Use.

(a) Separate Declarations. The Founder intends to develop residential, mixed-use and commercial areas within the Master Plan Area as an integrated resort community. The master plan for Roche Harbor comprises four parts: the Neighborhood, which is the primarily residential portion; the Resort Core, which brings together a mixture of commercial, residential and resort support uses including a marina and hotel; reserve tracts, which Founder shall initially own and hold for future development; and open space tracts, which Founder shall initially own and preserve as open space consistent with the requirements of the Development Approvals. The Founder reserves the right to subject the Neighborhood, the Resort Core and any other areas within the Master Plan Area to Declarations to provide a standard of maintenance, to adopt covenants and restrictions for use of the property, to establish for each an Association or other management entity and to accomplish any other purposes Founder deems necessary or appropriate.

(b) Cooperation. Operation of Roche Harbor will require cooperation between the Neighborhood Association and, if and when formed, the Resort Core Association or other management entity for the Resort Core, and the merchants' association, if any. It is anticipated that the entities when formed will meet on a regular basis to discuss activities and common concerns.

(c) Open Space Tracts.

(1) The open space tracts designated as O1 through O9, inclusive, on the Master Plan (as and to the extent such tracts are included and configured in the final plat of an Approved Phase), shall remain substantially undeveloped except as otherwise provided in the Development Approvals. Logging, clearing and grading of forested areas in any portion of an open space tract that is reserved for open space purposes in any final plat of an Approved Phase is not permitted except as necessary to create trails and other improvements provided for in the Development Approvals or as otherwise permitted by San Juan County, the Washington State Department of Natural Resources or the Washington State Department of Fisheries and Wildlife consistent with the Development Approvals.

(2) Pursuant to the Development Approvals, Founder has agreed to designate a certain portion of each Approved Phase as open space. Phase 1.1 of the first Approved Phase of Roche Harbor consists of approximately 2.60 acres of residential development. Accordingly, Founder hereby designates open space tract O-9 (approximately 0.31 acres) and open space tract O-2 A (approximately 0.73 acres), as such tracts are shown on the final recorded plat of Phase 1.1 of Roche Harbor, to satisfy the 40% open space requirement for final plat approval for Phase 1.1 of Roche Harbor.

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(d) Public Access Easements. A non-exclusive easement shall be granted to the public for pedestrian access to the shoreline of Roche Harbor over the open space tracts designated as O1, O8 and O9 on the Master Plan and to the shoreline of Westcott Bay over the open space tract designated as O3 on the Master Plan (as such tracts are reconfigured in the final plats of the property which includes such tracts). Such easement shall be granted in the final plat that includes the applicable open space tract. Notwithstanding such grant of easement, Founder shall reserve the right to restrict access to such open space tracts to day light hours and to such other times as the Founder may determine is necessary for safety or security purposes and access may be restricted to marked trails or pedestrian corridors at the Founder's discretion provided that reasonable public access to the shoreline is provided and the access is consistent with applicable Department of Natural Resources leases.

(e) Open-Air Markets and Festivals: Public Access: Use of Facilities. Roche Harbor is a resort oriented community with activities and facilities designed to attract visitors to enjoy and use the amenities and facilities located at Roche Harbor. The Founder reserves, for itself and its designated assigns, the right to use any part of the Resort Core, the Commons (including the open space tracts), tracts reserved for future development and all resort facilities to serve the general public. Such activities can include but are not limited to open-air markets, festivals, outdoor concerts, public gatherings, outdoor food and beverage service and any other activities and services Founder offers to attract and service visitors to Roche Harbor. Such uses may be special events or be offered on a recurring or daily basis. Visitors to Roche Harbor shall have the right to use the private roads serving Roche Harbor to access the Resort Core, the Commons and any tracts reserved for future development for the purpose of participating in such events or to otherwise enjoy the Roche Harbor experience. Founder reserves for itself and its successors and assigns the right to access and use any facilities located in the Resort Core, the Commons or any tract reserved for future development to serve visitors or guests to Roche Harbor. Such facilities could include any swimming pool or other recreational facilities located within the Resort Core, Commons or on any tract reserved for future development.

(f) Kiosks and Booths. The Founder reserves, for itself and its designated assigns, the right to use portions of the Commons as designated in the Roche Harbor Design Code as Historic Core (C6) and Resort Core (C7) (as such areas may be reconfigured in the final plats of the property that includes such areas) for the rental of space for portable fabricated roofed structures of no more than 120 square feet of floor area each including vendor booths, kiosks, stands or similar structures housing or serving resort related uses. Such uses may be for special events or on a recurring or daily basis. Such structures are subject to the following restrictions: (i) each structure shall have a floor area of no more than 120 square feet including porch area, if any, (ii) the portable structures may be located within the Resort Core and Historic Core at the discretion of the Founder and the location within those core areas may be changed from year to year

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provided they shall not be located in the fifty (50) foot shoreline setback and they shall not block access for fire and emergency vehicles, and (iii) supporting temporary structures such as ramps and platforms to provide ADA (Americans with Disabilities Act) access are permitted. Additional seasonable temporary structures such as tents and kiosks may be allowed within the Historic Core and the Resort Core in accordance with the Development Approvals.

2.2 Property Subject to Master Deed Restrictions.

(a) Initial Property. Property subject to these Master Deed Restrictions shall be known as the Approved Phases of Roche Harbor.

(b) Additional Property. The Founder may, from time to time in its sole discretion, add any qualified property to Roche Harbor by the recording of a supplemental instrument submitting the qualified property to these Master Deed Restrictions. Any one or more of the following properties, if owned by the Founder (or with the consent of the owner and the Founder), shall be considered qualified properties:

- (i) any property situated within the Master Plan Area; or
- (ii) property any portion of which is within one-half mile of any portion of Roche Harbor, whether or not contiguous (including property separated from Roche Harbor by a public street, body of water or other property); or
- (ii) any other property with a reasonable relationship to Roche Harbor.

(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 an Approved Phase of Roche Harbor 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 Roche Harbor.

2.4 Master Plan. The Master Plan and conceptual drawings represent the current intent of the Founder for the development of Roche Harbor. 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 Roche Harbor

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other modifications which may be made as development progresses. Nothing in these Master Deed Restrictions requires the Founder to develop all or any future phase of Roche Harbor or to submit any property located outside an Approved Phase to these Master Deed Restrictions. The Founder shall have the right to develop any portion of Roche Harbor situated outside Approved Phases in any manner desired by Founder provided such development is approved by San Juan County.

2.5 Development Approvals. Notwithstanding anything contained in these Master Deed Restrictions to the contrary, the development of all property encumbered by these Master Deed Restrictions is subject to the Development Approvals. To the extent any conflict exists between these Master Deed Restrictions and the Development Approvals, the Development Approvals shall govern. Owners shall comply with all conditions of approval imposed by San Juan County for Roche Harbor including those set forth in the Development Approvals and in all preliminary and final subdivision approvals.

2.6 Historic Resource Management Plan. Notwithstanding anything contained in these Master Deed Restrictions to the contrary, the development of all property encumbered by these Master Deed Restrictions is subject to the Roche Harbor Historic Resource Management Plan dated November 20, 2003 prepared by Cultural Resource Management (the "Management Plan"). The Founder and all Owners shall comply with the recommendations included in the Management Plan.

ARTICLE III: | 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 Master Plan, which depicts the streets, Commons, and residential, commercial and civic use Parcels for the Master Plan Area;
- (b) The Setback/Buffer Regulations attached hereto as Exhibit B;
- (c) The Architectural Regulations, which guide the design of buildings and describe the materials of which buildings may be constructed; and
- (d) Landscape Regulations, which regulate erosion control and stormwater detention, irrigation, preservation of existing trees (if required) and the planting of new trees and plants; and
- (e) Architectural Review Procedure with forms, which describes the review process for compliance with all of the above.

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All construction within Approved Phases 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 with an Approved Phase, which may include residential use, civic use, recreational use or retail, office, restaurant, resort support 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 a Parcel is included in an Approved Phase, 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 IV, 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 Town Architect.

(a) Qualification. The Town Architect shall have a professional degree in architecture or urban design from an accredited university, or shall have comparable qualifications. The Town Architect does not, however, need to be licensed to practice in Washington.

(b) Selection. The Town Architect shall be selected by the Founder during the Development Period, and by the applicable Associations after the Development Period ends.

3.4 Modification of the Design Code. With the consent of the Founder, the Town Architect may revise any part of the Design Code from time to time for any of the following reasons:

(a) To make changes which the Town Architect believes will better accomplish the objectives of Roche Harbor;

(b) To include new materials or techniques deemed to be suitable to Roche Harbor;

(c) To adjust for market conditions; or

(d) To recognize changing land use conditions over time, both from within and outside Roche Harbor.

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

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a conflict, Founder and the Town Architect shall be afforded the opportunity to attempt to resolve the issue with the applicable agency and, if necessary, revise the Design Code.

ARTICLE IV: | Review Procedure

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

(a) Town Architect. The Town Architect 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 Town Architect.

(b) Founder's Appointees. The Founder shall appoint two or more members during the Development Period, as defined in Section 1.5. Founder's appointees shall serve at the pleasure of the Founder.

(c) Association's Appointees. During the Development Period, the Founder shall control all appointments to the Design Review Board. After the Development Period, the Neighborhood Association and the Resort Core Association (if formed) shall appoint equal numbers to the Design Review Board who shall vote on all matters before the Design Review Board. If a separate Resort Core Design Review Board is formed in accordance with Section 4.7, then each Association shall appoint the members of their own Design Review Boards.

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 Approved Phases. No construction on such Parcels shall begin and no improvements on such Parcels shall be modified except in accordance with an approved plan. Once a plan is approved, any modification to that plan, or any modification to such finished Parcels, 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

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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 (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 or other fences and gates;
- (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, and sheds;
- (viii) signage of any type;
- (ix) permanent or semi-permanent play equipment, whether or not secured, such as tree houses, basketball hoops, skateboard ramps and swing sets; and
- (x) porch furnishings.

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. Trees which shade, enclose and define the street may be included as a part of the Design Code. Owners may be required to plant street trees on their Parcel or within Commons or public right-of-way adjacent to their Parcel, in accordance with the Design Code, to maintain street trees, and to replace street trees which die or which become damaged or diseased. The cutting, removal or intentional damage of new or existing trees (including neglect, excessive pruning or failure to use due care with equipment or when removing other trees permitted to be removed) shall be strictly regulated under 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.

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(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.

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 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 V, the Design Review Board and Founder shall issue a Certificate of Substantial Conformance. The Certificate shall describe any areas of

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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, Builders.

(a) Generally. The creation of the Roche Harbor 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. 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 Roche Harbor. Approval shall be based on willingness to build in accordance with approved plans and specifications, quality of past work, client satisfaction and financial history. 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 Roche Harbor.

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, Town Architect, the Founder or the Association may require the Owner to resolve the

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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. The Board shall be empowered to bring suits on behalf of the Association. 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 is subject to fines plus a requirement that the tree be replaced with an approved species of comparable caliper, or, if approved by the Design Review Board, a combination of trees totaling the caliper of the removed tree. Fines shall be set by the Design Review Board.

(d) Drainage. After reasonable notice (except in an emergency), the Founder or the Association 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 or the Association, as applicable. The Parcel shall be subject to a lien for the cost if not paid. The Founder or the Association, as applicable, 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 Town Architect, the Founder, or members of the Design Review Board, the Board or the Association 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 non-compatible or unstable soil conditions or soil erosion, or any other condition of the property.

4.7 Resort Core. The Founder or the Resort Core Association (if formed) may at any time establish a separate Resort Core 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 Resort Core, as such area is defined by the Founder. During the operation of such Resort Core Design Review Board, the original Design Review Board shall be

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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 Resort Core must be reviewed and approved by the Resort Core Design Review Board but shall not be required to be reviewed or approved by the Neighborhood Design Review Board. If the Founder or Resort Core Association fail to establish such a Resort Core Design Review Board, or if such board ever ceases operation, then all construction or modification within the Resort Core shall be subject to review by the original Design Review Board.

4.8 Financial Support. The Associations shall pay the Town Architect, other professionals and staff reasonable compensation for serving on the Design Review Board, as determined from time to time by the Board. All members and all professionals and staff shall be compensated for expenses. The Associations shall set the Design Review Board's review fees to cover all or part of the expected cost of its operation. If fees do not cover the cost, the Association 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.

ARTICLE V: | 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 located within any Approved Phase of Roche Harbor 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 San Juan County.

(c) Holder of Rights. The right to enforce this Article V is held originally by the Founder, who may assign these rights at any time to the Design Review Board or to the applicable Association or 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 or to Parcels sold by the Founder for which Founder has reserved the right to construct the improvements located on such Parcel or any Parcel located outside an Approved Phase of Roche Harbor. At the end of the Development Period as defined in Roche Harbor

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Section 1.5, all of the Founder's rights under this Article V shall be automatically assigned to the applicable Association or management entity.

5.2 Construction Time Limit. Unless otherwise specified in the deed or other recorded instrument from the Founder, or as otherwise provided in Section 5.1 (c) above, Owner shall:

(a) Submit conceptual initial plans and begin the architectural review process within nine (9) 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 twenty-four (24) months from the closing date (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 for Residential Parcels, and within eighteen months for Special Use Parcels (the "Required Completion Date").

Failure to make significant progress during any thirty-day period shall be considered a failure to diligently pursue construction under (c). The time periods in (b) and (d) shall be extended for casualty, extreme material shortages, extreme weather conditions or other significant matters beyond the builder's control.

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.

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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:

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(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.

ARTICLE VI: | 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 or these Master Deed Restrictions. Furthermore, Founder reserves the right to 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, Roche Harbor (including property separated from Roche Harbor by a public road) and other property located within the vicinity of Roche Harbor, whether or not such properties are developed as part of Roche Harbor:

(a) Private Roads and Paths. The roads and streets within Roche Harbor shall initially be private roads owned by Founder. If the Founder elects at any time to dedicate or otherwise convey the roads or streets within Roche Harbor to the public or otherwise, then Founder reserves for itself and its successors and assigns a nonexclusive easement for use of such roads and streets which are intended for automobile traffic (including rear

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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 Roche Harbor, , such community shall contribute its pro rata share of the cost of Roche Harbor road maintenance, consistent with the provisions of the easement granting such community the right to use such roads.

(b) Utility Easements. A blanket easement upon, across, over, through, and under Roche Harbor 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, propane, gasoline or other fuel lines, television, security, collection of garbage and recyclable materials, cable or communication lines and other equipment (including wireless communication facilities). 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 Founder shall use commercially reasonable efforts to ensure that the exercise of this easement does not unreasonably disturb each Owner's right of quiet enjoyment of his Parcel.

(c) Police Powers. A blanket easement throughout Roche Harbor 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 Roche Harbor 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 any Approved Phase of Roche Harbor 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.

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(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 whether pursuant to the Development Approvals or otherwise.

6.2 Reservation of Exclusive Easements. Founder hereby reserves for itself and its assigns exclusive easements within all of Roche Harbor 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.

6.3 Conversion of Street Ends. Roche Harbor is intended to follow design principles which may allow interconnectivity of streets with neighboring communities. Certain streets on the Master Plan may end at the boundary of Roche Harbor 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 but if Founder has inadvertently conveyed such street ends to the Association, the Association shall, upon request from Founder, convey the street ends to Founder or as directed by Founder.

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 Roche Harbor. These facilities may be located on any Parcel in Roche Harbor 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 Roche Harbor. 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 Roche Harbor.

6.5 Commercial Use of Images. The Founder reserves the following rights:

(a) Commons. The exclusive right to grant permission for the Commons or the Resort Core 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

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(b) Exteriors. The right to grant permission for similar reproduction of the exteriors of any other part of Roche Harbor which can be viewed from streets, alleys, Commons, the shoreline or the water. 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 Roche Harbor 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 Roche Harbor in connection with any news or feature coverage, for academic purposes, or by any governmental agency or other entity interested in the promotion of San Juan 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, Roche Harbor, 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 "Roche Harbor" 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 Roche Harbor" 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 Modification of Commons.

(a) Alterations. The Founder reserves the right, in its sole discretion, to modify or alter the Commons including without limitation the boundaries thereof and to make further improvements.

(b) Withdrawal of Commons. Unless the deed or grant of easement from the Founder for a specific portion of the Commons states otherwise, the Founder reserves the right to withdraw property from the Commons and establish privately owned parcels on the withdrawn property so long as appropriate access is preserved and Founder otherwise obtains all required approvals from San Juan County..

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6.8 Modification of Master Plan. The Founder reserves the right to alter, rescind or change the Master Plan for Roche Harbor as needed to respond to changes in market condition or other factors (subject to such approvals as may be required by San Juan County).

ARTICLE VII: | 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, to a successor Founder, or to the Association.

7.2 Additional Property. Unless a notice is recorded specifically to the contrary, the submission of additional property to the Declaration for Roche Harbor 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 Members. 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. During the Development Period, the written consent of the Founder shall be required as well. 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 including without limitation any Owner of a Parcel in an Approved Phase of Roche Harbor (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.

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(c) Limitations. Whenever any action described in these Master Deed Restrictions requires approval of greater than sixty seven percent (67%) 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. After assignment of Founder's rights under Articles III and IV to the Association, those provisions shall be amended as provided in the Declaration.

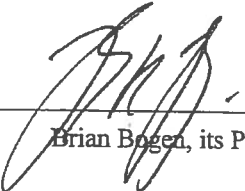
(d) Recording. Any amendment shall take effect upon recording in the public records.

7.4 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.

In witness whereof, the Founder has executed these Master Deed Restrictions as of the day and year first above written.

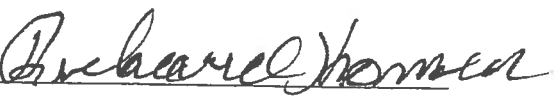
NEW RH L.L.C., a
Washington limited liability company

By: Roche Harbor Investments Inc., its Member

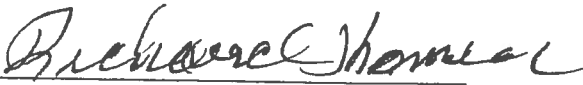


Brian Bogen, its President

By: Roche Harbor Lime and Cement Company, its Member



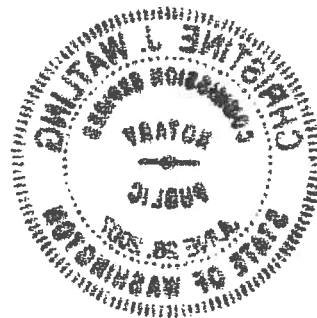
Richard Komen, its President

By: 

Richard Komen, its Member

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STATE OF WASHINGTON)

COUNTY OF San Juan : ss.

I certify that I know or have satisfactory evidence that BRIAN BOGEN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Roche Harbor Investments Inc, a corporation which is a Member of NEW RH L.L.C., the entity that executed the within and foregoing instrument, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 25th day of August, 2004.



Christine J. Watling
[Signature of Notary]

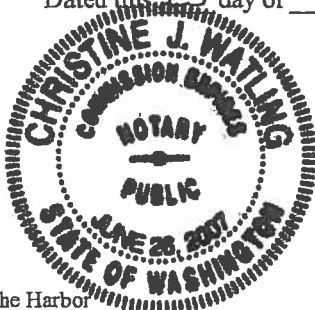
CHRISTINE J. WATLING
[Print Name of Notary]
Notary Public in and for the State of
Washington, residing at Friday Harbor
My commission expires: 6-26-2007

STATE OF WASHINGTON)

COUNTY OF San Juan : ss.

I certify that I know or have satisfactory evidence that RICHARD KOMEN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Roche Harbor Lime and Cement Company, a corporation which is a Member of NEW RH L.L.C., the entity that executed the within and foregoing instrument, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 25th day of August, 2004.



Christine J. Watling
[Signature of Notary]

CHRISTINE J. WATLING
[Print Name of Notary]
Notary Public in and for the State of
Washington, residing at Friday Harbor
My commission expires: 6-26-2007

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STATE OF WASHINGTON)

: ss.

COUNTY OF San Juan

I certify that I know or have satisfactory evidence that RICHARD KOMEN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Member of NEW RH L.L.C., a limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 25th day of August, 2004.



Christine J. Watling

[Signature of Notary]

CHRISTINE J. WATLING

[Print Name of Notary]

Notary Public in and for the State of

Washington, residing at Friday Harbor

My commission expires: 6-26-2007

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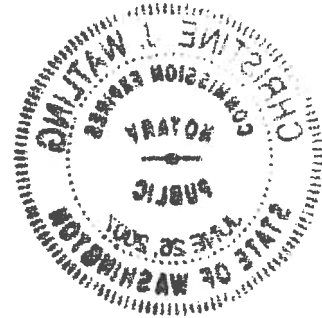
RE-RECORDED

Exhibit A

(Legal Description of Approved Phase of Roche Harbor)

That certain real property located in San Juan County, Washington and described as follows:

Lots 1 through 19 and Tract A, Tract O-9, and Tract O-2A of that certain Plat of Roche Harbor Resort Village, Phase 1.1, as such Plat is recorded in Volume ____ of Plats, Pages ____ through ____, records of San Juan County, Washington



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Exhibit A

(Legal Description of Approved Phase of Roche Harbor)

That certain real property located in San Juan County, Washington and described as follows:

Lots 1 through 19 and Tract A, Tract B and Tract C of that certain Plat of Roche Harbor Resort Village, Phase 1.1, as such Plat is recorded in Volume 5 of Plats, Pages 129, 129a and 129b, records of San Juan County, Washington