

WHEN RECORDED, RETURN TO:

Marco de Sa e Silva
Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, WA 98101-3045

**AMENDED AND RESTATED
MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
ASSESSMENTS, CHARGES, LIENS, RESERVATIONS AND EASEMENTS FOR
LUDLOW BAY VILLAGE
AND CERTIFICATE OF AMENDMENT**

Grantor: LUDLOW BAY VILLAGE ASSOCIATION, a Washington nonprofit corporation

Grantee: LUDLOW BAY VILLAGE ASSOCIATION, a Washington nonprofit corporation

Abbreviated Legal Description:

Portion of Government Lots 1 and 2, Section 16, Township 28 North, Range 1 East, W.M., Jefferson County, Washington, lying easterly and southerly of county road right-of-way, together with adjoining tidelands.

Complete legal description is at Exhibit A (page 44) hereto.

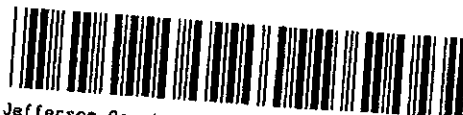
Assessor's Property Tax Parcel Account Numbers:

968 800 100

See Attachment No. 1 for additional tax parcel numbers.

Reference to Related Documents:

A.F. Nos. 372516, 372695 (original master declaration)
A.F. No. 381139 (first amendment to master declaration)



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 2 of 56
07/23/2009 10:09A
AMEND 97.00

**ATTACHMENT NO. 1
TO
AMENDED AND RESTATED MASTER DECLARATION
TAX PARCEL NUMBERS
PLAT OF LUDLOW BAY VILLAGE**

Lot, Parcel or Tract No.	Tax Parcel No.
Tract "A"	968 800 100
Tract "B"	968 800 100
Tract "C"	968 800 100
Tract "D"	968 800 100
Tract "E"	968 800 102
Parcel "I"	968 600 001
Parcel "M1"	968 600 002
Parcel "M2"	968 600 002
Parcel "M3"	968 600 002
Parcel "M4"	968 600 002
Parcel "R1"	968 600 006
Parcel "R2"	968 600 007
Parcel "R3"	968 600 008
Lot SF1	968 600 009
Lot SF2	968 600 010
Lot SF3	968 600 010
Lot SF4	968 600 012
Lot SF5	968 600 013
Lot TH1	968 600 014

**545160**Page: 3 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Lot TH2	968 600 015
Lot TH3	968 600 016
Lot TH4	968 600 017
Lot TH5	968 600 018
Lot TH6	968 600 019
Lot TH7	968 600 020
Lot TH8	968 600 021
Lot TH9	968 600 022
Lot TH10	968 600 023
Lot TH11	968 600 024
Lot TH12	968 600 025
Lot TH13	968 600 026
Lot TH14	968 600 027
Lot TH15	968 600 028
Lot TH16	968 600 029
Lot TH17	968 600 030
Lot TH18	968 600 031
Lot TH19	968 600 032
Lot TH20	968 600 033
Lot TH21	968 600 034
Lot TH22	968 600 035
Lot TH23	968 600 036
Lot TH24	968 600 037
Lot TH25	968 600 038

**545160**

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 4 of 56
07/23/2009 10:09A
AMEND 97.00

Lot TH26	968 600 039
Lot TH27	968 600 040
Lot TH28	968 600 041
Lot TH29	968 600 042
Lot TH30	968 600 043
Lot TH31	968 600 044
Lot TH32	968 600 045
Lot TH33	968 600 046
Lot TH34	968 600 047
Lot TH35	968 600 048
Lot TH36	968 600 049
Lot TH37	968 600 050
Lot TH38	968 600 051
Lot TH39	968 600 052
Lot TH40	968 600 053
Lot TH41	968 600 054
Lot TH42	968 600 055
Lot TH43	968 600 056
Lot TH44	968 600 057
Lot TH45	968 600 058
Lot TH46	968 600 059
Lot TH47	968 600 060
Lot TH48	968 600 061
Lot TH49	968 600 062



545160

Page: 5 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Lot TH50	968 600 063
Lot TH51	968 600 064
Lot TH52	968 600 065
Lot TH53	968 600 066



545160

Page: 6 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

**AMENDED AND RESTATED
MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
ASSESSMENTS, CHARGES, LIENS, RESERVATIONS AND EASEMENTS FOR
LUDLOW BAY VILLAGE
AND CERTIFICATE OF AMENDMENT**



545160

Page: 7 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS.....	3
Section 1.1 "Annual Assessment"	3
Section 1.2 "Architectural Review Committee"	3
Section 1.3 "Articles"	3
Section 1.4 "Assessable Property"	3
Section 1.5 "Assessment Lien"	3
Section 1.6 "Associations"	3
Section 1.7 "Board"	3
Section 1.8 "Boundary Line Adjustment"	3
Section 1.9 "Bylaws"	3
Section 1.10 "Class A Membership"	3
Section 1.11 "Class B Membership"	3
Section 1.12 "Class C Membership"	3
Section 1.13 "Class D Membership"	3
Section 1.14 "Class E Membership"	3
Section 1.15 "Class F Membership"	4
Section 1.16 "Common Areas"	4
Section 1.17 "Condominium Association"	4
Section 1.18 "Condominium Property"	4
Section 1.19 "Condominium Unit"	4
Section 1.20 "Covenants"	4
Section 1.21 "Declarant"	4
Section 1.22 "Detached Garage Lot"	5
Section 1.23 "Developer"	5
Section 1.24 "Dwelling Unit"	5
Section 1.25 "Exempt Property"	5
Section 1.26 "Governing Documents"	5
Section 1.27 "Inn"	5
Section 1.28 "LMC"	5
Section 1.29 "Lot"	5
Section 1.30 "Lot SF 5"	5
Section 1.31 "Ludlow Bay Village"	5



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 8 of 56
07/23/2009 10:09A
AMEND 97.00

Section 1.32	"Ludlow Bay Village Rules"	6
Section 1.33	"Ludlow Bay Village Design Standards"	6
Section 1.34	"Managing Agent"	6
Section 1.35	"Marina"	6
Section 1.36	"Master Association"	6
Section 1.37	"Master Declaration"	6
Section 1.38	"Member"	6
Section 1.39	"Membership"	6
Section 1.40	"Occupant"	6
Section 1.41	"Original Declarant"	6
Section 1.42	"Owner"	6
Section 1.43	"Plat of Ludlow Bay Village"	7
Section 1.44	"Resident"	7
Section 1.45	"Restaurant"	7
Section 1.46	"Single-Family"	7
Section 1.47	"SF Lot"	7
Section 1.48	"Special Assessment"	7
Section 1.49	"TH Lot"	8
Section 1.50	"Town home and single-family Lots"	8
Section 1.51	"Town Home Association"	8
Section 1.52	"Town Home Lot"	8
Section 1.53	"Visible From Neighboring Property"	8
ARTICLE 2 PROPERTY SUBJECT TO MASTER DECLARATION		8
Section 2.1	General Declaration Creating Ludlow Bay Village	8
Section 2.2	Associations Bound	9
ARTICLE 3 EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMON AREAS		9
Section 3.1	Easements Of Enjoyment	9
ARTICLE 4 LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS		10
Section 4.1	Architectural Control	10
Section 4.2	Animals	10
Section 4.3	Temporary Occupancy And Temporary Buildings	10
Section 4.4	Storage Sheds And Outside Storage	11
Section 4.5	Nuisances; Construction Activities; Hazardous Activities; Lighting	11
Section 4.6	Repair of Structures	11



545160

Page: 9 of 56
07/23/2009 10:09A
Jefferson County Aud PORT LUDLOW ASSOCIAT AMEND 97.00

Section 4.7	Antennas, Satellite Dishes And Cable Television	11
Section 4.8	Trash Containers And Collection	12
Section 4.9	Clothes Drying Facilities And Playground Equipment	13
Section 4.10	Machinery And Equipment	13
Section 4.11	Signs	13
Section 4.12	Restriction On Further Lot Subdivision, Property Restrictions And Rezoning	13
Section 4.13	Restrictions On Residential Rental	14
Section 4.14	Utilities And Utility Easements	15
Section 4.15	Walls, Fences And Hedges	15
Section 4.16	Trucks, Trailers, Recreational Vehicles, Campers Or Boats	16
Section 4.17	Motor Vehicles	16
Section 4.18	Parking	16
Section 4.19	Right of Entry	16
Section 4.20	Unnatural Drainage	16
Section 4.21	No Prefabricated, Modular Or Manufactured Housing	16
Section 4.22	Additional Wells	17
Section 4.23	Pesticides, Herbicides And Fungicides	17
Section 4.24	Declarant's Exemption	17
Section 4.25	Disputes	17
ARTICLE 5 ORGANIZATION OF THE ASSOCIATIONS		17
Section 5.1	Master Association	17
Section 5.2	Town Home Association	19
Section 5.3	Condominium Association	21
Section 5.4	Ludlow Bay Village Rules	21
Section 5.5	Non-Liability of Officials And Indemnification	21
Section 5.6	Managing Agent	22
Section 5.7	Records And Accounting	22
Section 5.8	Inspection Of Books And Records	22
ARTICLE 6 MEMBERSHIP AND VOTING		22
Section 6.1	Master Association	22
Section 6.2	Town Home Association	23
Section 6.3	Condominium Association	23
ARTICLE 7 COVENANT FOR ASSESSMENTS AND CREATION OF LIEN		24
Section 7.1	Creation of Lien And Personal Obligation Of Assessments	24



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 10 of 56
07/23/2009 10:09A
AMEND 97.00

Section 7.2	Annual Assessments	24
Section 7.3	Determination of Annual Assessment	24
Section 7.4	Rate of Assessment	25
Section 7.5	Superiority Of Assessment Lien	25
Section 7.6	Maximum Annual Assessment	25
Section 7.7	Special Assessments For Capital Improvements And Extraordinary Expenses	26
Section 7.8	Billing And Collection Procedures	26
Section 7.9	Collection Costs And Interest On Delinquent Assessments	27
Section 7.10	Evidence Of Payment of Annual And Special Assessments	27
Section 7.11	Property Exempted From The Annual And Special Assessments	27
Section 7.12	Declarant Subsidy	27
ARTICLE 8 ENFORCEMENT OF PAYMENT OF ANNUAL AND SPECIAL ASSESSMENTS AND OF ASSESSMENT LIENS		27
Section 8.1	Master Association As Enforcing Body	27
Section 8.2	Associations' Remedies To Enforce Payment Of Annual And Special Assessments	27
Section 8.3	Subordination Of Assessment Lien To First Mortgage; Priority Lien	28
Section 8.4	Suspension of Membership	28
ARTICLE 9 USE OF FUNDS; BORROWING POWER		28
Section 9.1	Purposes For Which The Associations, Funds May Be Used	28
Section 9.2	Borrowing Power	28
Section 9.3	Associations' Rights In Spending Funds From Year-to-Year	29
ARTICLE 10 MAINTENANCE AND OTHER RESPONSIBILITIES OF THE OWNERS AND ASSOCIATIONS		29
Section 10.1	Maintenance Responsibilities of the Master Association	29
Section 10.2	Maintenance Responsibilities of the Town Home Association	29
Section 10.3	Maintenance Responsibilities of the Condominium Association and Owners of Condominium Property	30
Section 10.4	Maintenance Responsibilities of Other Property Owners	30
Section 10.5	Master Association Authority to Direct Maintenance and Repair	30
Section 10.6	Assessment Of Certain Costs Of Maintenance And Repair	32
ARTICLE 11 ARCHITECTURAL CONTROL		32
Section 11.1	Lots Subject To Ludlow Maintenance Commission Architectural Review	32
Section 11.2	Establishment Of Master Association Architectural Review Committee	33

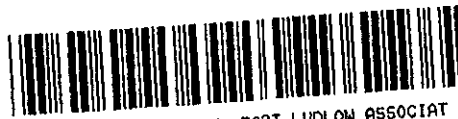


545160

Page: 11 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 11.3	Review By Committee.....	33
Section 11.4	Appeal.....	33
Section 11.5	Fee.....	34
Section 11.6	Ludlow Bay Village Design Standards.....	34
Section 11.7	Violation of Approved Plans Of The Committee.....	34
Section 11.8	Non-Liability For Approval Of Plans Or Directions Regarding Maintenance And Repair.....	34
ARTICLE 12 RIGHTS AND POWERS OF THE ASSOCIATIONS.....		35
Section 12.1	Rights And Powers.....	35
Section 12.2	Contracts With Others For Performance Of The Associations' Duties.....	35
ARTICLE 13 INSURANCE.....		35
Section 13.1	Insurance On Common Areas.....	35
Section 13.2	Insurance On Other Properties.....	36
ARTICLE 14 EASEMENTS.....		37
Section 14.1	Maintenance Easement.....	37
Section 14.2	Future Utility Easements.....	37
Section 14.3	Access And Use Easements Within The Town Home Lots.....	37
Section 14.4	Rights Of Declarant Incident To Construction.....	38
Section 14.5	Easements Deemed Created.....	38
ARTICLE 15 CONDEMNATION.....		38
Section 15.1	Actions And Awards.....	38
ARTICLE 16 PUBLIC ACCESS.....		38
Section 16.1	Public Use And Access.....	38
Section 16.2	Grant Of Public Use And Access Easement.....	38
Section 16.3	Public Access Use Restrictions.....	39
ARTICLE 17 LUDLOW MAINTENANCE COMMISSION.....		39
Section 17.1	Town Home Lot and SF Lot Owners Subject To Membership In Ludlow Maintenance Commission.....	39
Section 17.2	Assessments and Liens.....	39
Section 17.3	Additional Matters.....	39
ARTICLE 18 TERM; AMENDMENTS; TERMINATION.....		40
Section 18.1	Term; Method of Termination.....	40
Section 18.2	Amendments.....	40



545160

Page: 12 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 18.3 Right of Amendment If Requested By Governmental Agencies Or Lending Institutions40

ARTICLE 19 MISCELLANEOUS41

Section 19.1 Interpretation Of The Covenants; Attorneys Fees and Costs41

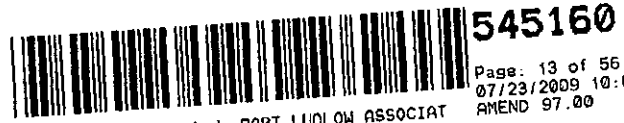
Section 19.2 Mediation41

Section 19.3 Severability41

Section 19.4 Rule Against Perpetuities.....41

Section 19.5 References To The Master Declaration In Deeds41

Section 19.6 Town Home Declaration of Restrictive Covenants42



Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 13 of 56
07/23/2009 10:09A
AMEND 97.00

**AMENDED AND RESTATED
MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS,
ASSESSMENTS, CHARGES, LIENS, RESERVATIONS AND EASEMENTS FOR
LUDLOW BAY VILLAGE
AND CERTIFICATE OF AMENDMENT**

THIS AMENDED AND RESTATED MASTER DECLARATION of Covenants, Conditions, Restrictions, Assessments, Charges, Liens, Reservations and Easements for Ludlow Bay Village and Certificate of Amendment (hereafter referred to as "this Master Declaration") was approved on June 28, 2009, by LUDLOW BAY VILLAGE ASSOCIATION, a Washington nonprofit corporation. This Master Declaration shall amend and restate the Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Liens, Reservations and Easements dated May 25, 1994, which was recorded in the real property records of Jefferson County, Washington, under A.F. Nos. 372516 and 372695 (the "Original Declaration"), as amended by an Amendment dated April 25, 1995, which was recorded in the real property records of Jefferson County, Washington, under A.F. No. 381139 (the "1995 Amendment"), provided, however, that this Master Declaration shall not alter, amend, restate, or terminate the Tract C easement created under Section 3 of the 1995 Amendment.

WITNESSETH:

WHEREAS, POPE RESOURCES, a Delaware limited partnership ("Original Declarant"), was the original Declarant, Developer, and Owner, and PORT LUDLOW ASSOCIATES, a Washington limited liability company ("Declarant"), is the successor Declarant, of certain real property located in Jefferson County, Washington, consisting of 17.87 acres, legally described in Exhibit A attached hereto and incorporated herein by this reference, which is located in the unincorporated community of Port Ludlow (hereafter referred to as "Ludlow Bay Village"); and

WHEREAS, Original Declarant intended to establish a mix of uses within Ludlow Bay Village, including a restaurant, marina, "Inn at Ludlow Bay," fifty-three (53) residential town homes, and five (5) single-family residences; and

WHEREAS, although fifty-three (53) town home lots were designated "TH-___" (a "TH Lot") within the Plat of Ludlow Bay Village, and five (5) single-family lots were designated "SF-___" (an "SF-___ Lot") within the Plat, together with various commercial parcels and open space tracts, only twenty-five (25) TH Lots and one (1) SF Lot have been improved; and

WHEREAS, Declarant presently intends to establish a different mix of uses within Ludlow Bay Village than was described in the original resort plan, including a relocated restaurant, expanded marina, and forty-two (42) new residential condominium units (the "Resort Plan Revision"), in addition to the existing "Inn at Ludlow Bay," twenty-five (25) town homes, one (1) single-family home; and



545160

Page: 14 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

WHEREAS, the owners of the new condominium units will be represented by a condominium owners association (the "Condominium Association"); and

WHEREAS, Jefferson County, Washington, has approved the Resort Plan Revision and a Boundary Line Adjustment (as defined below) of certain of the lot, parcel, and tract boundaries within Ludlow Bay Village, in which the number of TH Lots will be reduced from fifty-three (53) to twenty-five (25), the number of SF Lots will be reduced from five (5) to one (1), and new parcels will be created for the future development of a relocated restaurant, marina reconstruction, and new condominium units (all of which may be built subject to the issuance of additional governmental permits but are not required to be built); and

WHEREAS, Original Declarant formed two non-profit corporations, namely a (1) Master Association, the "Ludlow Bay Village Association" (hereafter referred to as "Master Association"), which provides for the management and maintenance of the overall Ludlow Bay Village, including all Common Areas; and (2) Town Home Association, "The Town Homes at Ludlow Bay Association" (hereafter referred to as "Town Home Association"), which provides for the management and maintenance of the twenty-five (25) residential town homes within Ludlow Bay Village (the Master Association and Town Home Association, together with any condominium owners association formed as to the Condominium Property within Ludlow Bay Village, may be collectively referred to herein sometimes as the "Associations"); and

WHEREAS, Original Declarant has subjected Ludlow Bay Village to the covenants, conditions, restrictions, assessments, charges, liens, reservations and easements set forth in this Master Declaration (hereafter referred to as "Covenants"); and

WHEREAS, in order to provide for the continued application and enforcement of the Master Declaration after the effective date of the Boundary Line Adjustment, the Master Association desires to amend and restate the Master Declaration as set forth herein. All conveyances within Ludlow Bay Village, whether or not so provided therein, shall be subject to the Covenants herein set forth; and by accepting deeds, easements or other grants or conveyances to any property within Ludlow Bay Village, the Owners, Residents and other transferees for themselves and their heirs, executors and administrators, trustees, personal representatives, successors and assigns, agree that they shall be personally and collectively bound by all of the Covenants (including but not limited to the obligation to pay assessments) hereinafter set forth; and

WHEREAS, this Master Declaration is intended to be recorded in the real property records of Jefferson County, Washington, and to take effect prior to the recording and effectiveness of the Boundary Line Adjustment.

NOW, THEREFORE, MASTER ASSOCIATION AND DECLARANT hereby declare as follows:

ARTICLE 1

DEFINITIONS

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

Section 1.1 "Annual Assessment" shall mean the charge levied and assessed each year pursuant to Article 7 of this Master Declaration.

Section 1.2 "Architectural Review Committee" shall mean the committee of the Master Association to be created pursuant to Article 11 of this Master Declaration.

Section 1.3 "Articles" shall mean the Articles of Incorporation of the Associations as the same may from time-to time be amended or supplemented.

Section 1.4 "Assessable Property" shall mean all real property within Ludlow Bay Village except the Exempt Property.

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

Section 1.6 "Associations" shall mean the Ludlow Bay Village Association, The Town Homes at Ludlow Bay Association, and the Condominium Association, formed to exercise all rights, powers and duties set forth in this Master Declaration and other Governing Documents.

Section 1.7 "Board" shall mean any of the Boards of Directors of the Associations.

Section 1.8 "Boundary Line Adjustment" shall mean the Boundary Line Adjustment, relating to the Plat of Ludlow Bay Village, that was approved by Jefferson County Hearing Examiner Irv Berteig in a decision dated February 7, 2007 (MLA05-00407).

Section 1.9 "Bylaws" shall mean the Bylaws of the Associations as the same may from time-to-time be amended or supplemented.

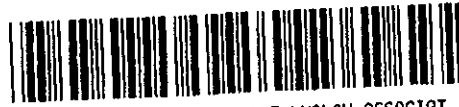
Section 1.10 "Class A Membership" shall mean the Owners of the Town Home Lots.

Section 1.11 "Class B Membership" shall mean the Owner of Lot SF 5.

Section 1.12 "Class C Membership" shall mean the Owner of the Marina.

Section 1.13 "Class D Membership" shall mean the Owner of the Restaurant.

Section 1.14 "Class E Membership" shall mean the Owner of the Inn.

**545160**Page: 16 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 1.15 "Class F Membership" shall mean the Owner or Owners of the Condominium Property.

Section 1.16 "Common Areas" shall mean Tracts A, B, C, D and E as shown on the face of the map of Ludlow Bay Village, which shall remain open space in accordance with the terms and conditions set forth herein, for the life of the project. Thereafter, use of the Common Areas shall be at the discretion of the Master Association Board.

Section 1.17 "Condominium Association" shall mean any incorporated association formed by Declarant under the Washington Condominium Act, RCW Chapter 64.34, as it may hereafter be amended or replaced, for the management of a condominium within any portion of Ludlow Bay Village, including without limitation the Condominium Property.

Section 1.18 "Condominium Property" shall mean (a) prior to the establishment of a mixed use condominium within Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village, Lots SF2, SF3, SF4, TH22, TH23, TH24, TH25, TH33, TH34, TH35, TH36, TH37, TH38, TH39, TH40, TH41, TH42, TH43, TH44, TH44A, TH45, TH45A, TH46, TH47, TH48, TH49, TH50, TH51, TH52, TH52A, and TH53 of the Plat of Ludlow Bay Village, and (b) after the establishment of a mixed use condominium within Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village, Lots SF2, SF3, SF4, TH22, TH23, TH24, TH25, TH33, TH34, TH35, TH36, TH37, TH38, TH39, TH40, TH41, TH42, TH43, TH44, TH44A, TH45, TH45A, TH46, TH47, TH48, TH49, TH50, TH51, TH52, TH52A, and TH53, and Parcel R1 of the Plat of Ludlow Bay Village, together with that portion of Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village within which there is located any Condominium Unit that is intended for or restricted to residential use.

Section 1.19 "Condominium Unit" shall mean any condominium unit created by Declarant within Ludlow Bay Village under the Washington Condominium Act, RCW Chapter 64.34, as it may hereafter be amended or replaced.

Section 1.20 "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, liens, reservations and easements set forth in this Master Declaration.

Section 1.21 "Declarant" shall mean Port Ludlow Associates LLC, a Washington limited liability company ("PLA"), and any successor and assignee Owner as to not less than the entire interest of PLA in the real property within Ludlow Bay Village then owned by PLA at the time of such succession or assignment, provided, however, that "Declarant" shall not mean any one or more purchasers of one or more lots, parcels, tracts, or units of real property within Ludlow Bay Village in the ordinary course.



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 17 of 56
07/23/2009 10:09A
AMEND 97.00

Section 1.22 "Detached Garage Lot" shall mean each of the following Lots within Ludlow Bay Village: Lot TH5A, Lot TH6A, Lot TH28A, and Lot TH29A.

Section 1.23 "Developer" shall mean Declarant.

Section 1.24 "Dwelling Unit" shall mean any building or portion of a building, including a town home, single-family residence, or condominium unit, situated within Ludlow Bay Village and designed and currently intended for use and occupancy as a residence.

Section 1.25 "Exempt Property" shall mean the following portions of Ludlow Bay Village:

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

Section 1.26 "Governing Documents" shall mean this Master Declaration, the Articles and Bylaws of the Associations, any condominium declaration relating to any portion of Ludlow Bay Village, including without limitation the Condominium Property, any declaration of restrictive covenants adopted by the Town Home Lot Owners and relating to the Town Home Lots, any rules and regulations and design guidelines adopted by the Condominium Association and Town Home Association, any applicable Ludlow Bay Village Rules, Ludlow Bay Village Design Standards, and any subsequent amendments to said documents.

Section 1.27 "Inn" shall mean (a) prior to the recording and effectiveness of the Boundary Line Adjustment, Parcel I as depicted on the Plat of Ludlow Bay Village, upon which is located the Inn at Ludlow Bay and appurtenant facilities, and (b) after the recording and effectiveness of the Boundary Line Adjustment, Lots TH 16A, 19, 20, and 21 and Parcel I of the Plat of Ludlow Bay Village.

Section 1.28 "LMC" shall mean Ludlow Maintenance Commission, a Washington nonprofit corporation.

Section 1.29 "Lot" shall mean Lot SF 5, any Town Home Lot, and any Detached Garage Lot, together with all appurtenances, improvements, and residences now or hereafter built or placed within the Lot.

Section 1.30 "Lot SF 5" shall mean Lot SF 5 as depicted on the Plat of Ludlow Bay Village.

Section 1.31 "Ludlow Bay Village" shall mean the real property legally described on Exhibit A hereto, as subdivided by the Plat of Ludlow Bay Village.



545160

Page: 18 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 1.32 "Ludlow Bay Village Rules" shall mean the rules for Ludlow Bay Village established or adopted by the Declarant or Master Association Board pursuant to Article 5.

Section 1.33 "Ludlow Bay Village Design Standards" shall mean the Ludlow Bay Village design standards established or adopted by the Declarant or Master Association Board as set forth in Article 11.

Section 1.34 "Managing Agent" shall mean a professional real property management company doing business in Jefferson County, Washington.

Section 1.35 "Marina" shall mean (a) prior to the establishment of a mixed use condominium within Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village, Parcels M1, M2, M3, and M4 of the Plat of Ludlow Bay Village, upon which is located the Port Ludlow Marina and appurtenant facilities, and (b) after the establishment of a mixed use condominium within Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village, Parcels M2, M3, and M4 of the Plat of Ludlow Bay Village, together with that portion of Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village within which there is located a Condominium Unit that is intended for or restricted to marina use.

Section 1.36 "Master Association" shall mean Ludlow Bay Village Association, a Washington nonprofit corporation.

Section 1.37 "Master Declaration" shall mean this Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements, as amended or supplemented from time-to-time.

Section 1.38 "Member" shall mean (a) as to the Master Association, any person or entity who is a record owner or co-owner of a fee interest in any real property (except common area tracts) within Ludlow Bay Village, (b) as to the Town Home Association, any person or entity who is a record owner or co-owner of a fee interest in any Town Home Lot, and (c) as to the Condominium Association, any person or entity who is a record owner or co-owner of a fee interest in any Condominium Unit. Membership shall be appurtenant to, and may not be separated from, ownership of land within Ludlow Bay Village.

Section 1.39 "Membership" shall mean the status of a Member in an Association.

Section 1.40 "Occupant" shall mean any person rightfully occupying a Lot or other property within Ludlow Bay Village.

Section 1.41 "Original Declarant" shall mean Pope Resources, a Delaware limited partnership.

Section 1.42 "Owner" shall mean the record owner of a fee simple interest in any Lot or other property within Ludlow Bay Village, but excluding anyone who holds such title merely

as security. Purchasers and their assignees under recorded real estate contracts shall be deemed Owners as against their respective sellers or assignors.

Section 1.43 "Plat of Ludlow Bay Village" shall mean the Plat of Ludlow Bay Village, dated May 25, 1994, which was recorded in the real property records of Jefferson County, Washington, on June 6, 1994, under Auditor's File No. 372517, in Volume 6 of Plats, pages 228 to 233.

Section 1.44 "Resident" shall mean:

- (a) An Owner actually residing in a Dwelling Unit within Ludlow Bay Village;
- (b) Members of the immediate family of an Owner actually residing with the Owner in a Dwelling Unit within Ludlow Bay Village; and
- (c) Tenants and renters actually residing within a Dwelling Unit within Ludlow Bay Village in accordance and compliance with the terms and conditions of this Master Declaration.

Section 1.45 "Restaurant" shall mean (a) prior to the establishment of a mixed use condominium within Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village, Parcels R1, R2, and R3 of the Plat of Ludlow Bay Village, and (b) after the establishment of a mixed use condominium within Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village, Parcels R2 and R3 of the Plat of Ludlow Bay Village, together with that portion of Lot SF1 and Parcel M1 of the Plat of Ludlow Bay Village within which there is located a Condominium Unit that is intended for or restricted to restaurant use.

Section 1.46 "Single-Family" shall mean a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of persons not so related, but within the occupancy limitations established by Jefferson County, who maintain a common household in a Dwelling Unit. For purposes of this Master Declaration, "single family" shall also include a corporation, partnership or other entity that owns a town home or single family residence within Ludlow Bay Village for use by its directors, shareholders, employees, guests and invitees; provided, that this definition shall not include any corporation, partnership or other entity formed for the purpose of cooperative or communal living purposes to circumvent the intent of this Section.

Section 1.47 "SF Lot" shall mean Lot SF 5, together with all appurtenances, improvements, and residences now or hereafter built or placed within Lot SF 5.

Section 1.48 "Special Assessment" shall mean any assessment levied and assessed pursuant to the Special Assessment provisions of Article 7.



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 20 of 56
07/23/2009 10:09A
AMEND 97.00

Section 1.49 "TH Lot" shall mean a Town Home Lot.

Section 1.50 "Town home and single-family Lots" shall mean the land area, without regard to the quantity of lots, depicted as Lot SF 1, Lot SF 2, Lot SF 3, Lot SF 4, Lot SF 5, Lot TH 1, Lot TH 2, Lot TH 3, Lot TH 4, Lot TH 5, Lot TH 5A, Lot TH 6, Lot TH 6A, Lot TH 7, Lot TH 8, Lot TH 9, Lot TH 10, Lot TH 11, Lot TH 12, Lot TH 13, Lot TH 14, Lot TH 15, Lot TH 16, Lot TH 16A, Lot TH 17, Lot TH 18, Lot TH 19, Lot TH 20, Lot TH 21, Lot TH 22, Lot TH 23, Lot TH 24, Lot TH 25, Lot TH 26, Lot TH 27, Lot TH 28, Lot TH 28A, Lot TH 29, Lot TH 29A, Lot TH 30, Lot TH 31, Lot TH 32, Lot TH 33, Lot TH 34, Lot TH 35, Lot TH 36, Lot TH 37, Lot TH 38, Lot TH 39, Lot TH 40, Lot TH 41, Lot TH 42, Lot TH 43, Lot TH 44, Lot TH 44A, Lot TH 45, Lot TH 45A, Lot TH 46, Lot TH 47, Lot TH 48, Lot TH 49, Lot TH 50, Lot TH 51, Lot TH 52, Lot TH 52A, and Lot TH 53, without regard to the recording and effectiveness of the Boundary Line Adjustment, on the Plat of Ludlow Bay Village.

Section 1.51 "Town Home Association" shall mean The Town Homes at Ludlow Bay Association, a Washington nonprofit corporation.

Section 1.52 "Town Home Lot" shall mean each of the following Lots within Ludlow Bay Village: Lot TH 1, Lot TH 2, Lot TH 3, Lot TH 4, Lot TH 5, Lot TH 6, Lot TH 7, Lot TH 8, Lot TH 9, Lot TH 10, Lot TH 11, Lot TH 12, Lot TH 13, Lot TH 14, Lot TH 15, Lot TH 16, Lot TH 17, Lot TH 18, Lot TH 26, Lot TH 27, Lot TH 28, Lot TH 29, Lot TH 30, Lot TH 31, and Lot TH 32, together with all appurtenances, improvements, and residences now or hereafter built or placed within the Lot.

Section 1.53 "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing at ground level on any part of a Lot or other property within Ludlow Bay Village.

ARTICLE 2

PROPERTY SUBJECT TO MASTER DECLARATION

Section 2.1 General Declaration Creating Ludlow Bay Village. Declarant intends to develop Ludlow Bay Village into a mix of commercial and residential uses. Declarant hereby declares that all of the real property within Ludlow Bay Village is and shall be held, conveyed, encumbered, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Master Declaration, as amended from time-to-time. This Master Declaration is declared to be in furtherance of a general plan for the overall improvement of Ludlow Bay Village and is established for the purpose of enhancing and perfecting the value, desirability and attractiveness of Ludlow Bay Village. This Master Declaration, as hereafter may be modified or amended, shall run with all property within Ludlow Bay Village and shall be binding upon and inure to the benefit of Declarant, the Associations, all Owners, Residents and Occupants, and their successors and assigns. However, nothing in this Declaration shall be construed to prevent Declarant from dedicating or conveying portions of Ludlow Bay Village, such as streets, portions of the Common Areas and/or easements to any governmental entity.

Section 2.2 Associations Bound. This Master Declaration shall be binding upon and shall benefit the Associations upon issuance of Certificates of Incorporation for the Associations by the State of Washington.

ARTICLE 3

EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMON AREAS

Section 3.1 Easements Of Enjoyment. Every Owner, Resident, Occupant and Member of the Master Association shall have a nonexclusive right and easement of enjoyment in and to the Common Areas, which easement shall be appurtenant to and shall pass with the title to all property within Ludlow Bay Village, subject to the following provisions:

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

3.1.2 The right of the Master Association to dedicate, grant or transfer such permits, licenses and easements for utilities, roads, public use and access and/or other purposes consistent with the intended use of the Common Areas or as otherwise provided in this Master Declaration, and reasonably necessary or desirable for the proper use, maintenance or operation of the Common Areas;

3.1.3 The right of the Master Association to regulate, through Ludlow Bay Village Rules, use of the Common Areas as set forth herein. The Master Association shall have the right to implement normal behavior standards and reasonable use restrictions with regard to the Common Areas, including, but not limited to, the right to regulate the number of guests, hours and uses of the Common Areas, and restrict or prohibit pets, vehicles, alcohol consumption and/or loud music. In addition, the Master Association shall have the right to restrict access to those portions of the Common Areas, such as drainage easements and/or ponds and/or steep slopes, that are not intended for general use; provided, however, that it is expressly understood that the Master Association shall not restrict use of the Common Areas by guests of the Inn or the Port Ludlow Marina beyond those restrictions applicable to all Owners;

3.1.4 The right of Declarant, reserved hereby, to nonexclusive use of all Common Areas for display, sales, promotional, and other purposes deemed useful by Declarant and its agents and representatives in advertising or promoting Ludlow Bay Village. This right shall permit Declarant to allow the use of the Common Areas by guests and prospective purchasers.

ARTICLE 4

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

The following covenants, conditions and restrictions are hereby imposed upon all properties within Ludlow Bay Village:

Section 4.1 Architectural Control. No improvements, alterations, repairs, excavation, grading, removal of trees with base trunk diameter exceeding six inches (6"), landscaping or other work which in any way alters the exterior appearance of any property within Ludlow Bay Village, or the improvements located thereon, from its natural or Declarant improved condition (existing as of completion of Declarant's construction thereon or improvements thereto) shall be made or performed without complete compliance with Ludlow Bay Village Design Standards and prior written approval of the Architectural Review Committee. All subsequent additions to, changes or alterations in any building, structure, including exterior color scheme, or landscaping and all changes in the grade of any property within Ludlow Bay Village, shall be subject to complete compliance with Ludlow Bay Village Design Standards and prior written approval of the Architectural Review Committee. No changes or deviations in or from the plans and specifications once approved by the Architectural Review Committee shall be made without prior written approval of the Architectural Review Committee. All original construction as well as any modifications or additions thereto as shall be constructed by Declarant shall be exempt from the provisions of this Section.

Section 4.2 Animals. No animal, bird, fowl, poultry or livestock, other than generally recognized house or yard pets ("Pets"), shall be maintained on any Lot and then only if kept thereon solely as domestic pets and not for commercial purposes. No Pets shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any Pets shall be maintained outside of any Dwelling Unit, nor shall any Pets be permitted to be housed or kept outdoors. Each Owner shall be responsible for the removal and disposal of all solid animal waste of his Pets from any property within Ludlow Bay Village. No Pets shall be permitted on any property within Ludlow Bay Village, other than the Owner's Lot, unless controlled on a leash or similar device. Upon the written request of any Member, the Master Association Board shall conclusively determine, in its sole and absolute discretion, whether for the purposes of this Section a particular animal, bird, fowl, poultry or livestock is a nuisance or a generally recognized house or yard pet and whether there has been a violation of this Section. Any decision rendered by the Master Association Board shall be final and binding and enforceable by Court injunction and/or any other remedy provided by Washington law.

Section 4.3 Temporary Occupancy And Temporary Buildings. No travel or other trailer, camper or canopy, recreational vehicle, boat, basement of any incomplete building, shed, tent, shack or garage, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent.



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 23 of 56
07/23/2009 10:09A
AMEND 97.00

Section 4.4 Storage Sheds And Outside Storage. No storage buildings or sheds, whether prefabricated, metal or any other construction whatsoever, whether permanent or temporary, shall be moved, placed, assembled, constructed or otherwise maintained on any Lot. Furniture, fixtures, appliances, or other goods not in active use shall not be stored on any property within Ludlow Bay Village in such manner that such items are Visible From Neighboring Property.

Section 4.5 Nuisances; Construction Activities; Hazardous Activities; Lighting. No rubbish or other debris of any kind shall be placed or permitted to accumulate upon or adjacent to any property within Ludlow Bay Village, and no odors or loud noises shall be permitted to arise or emit from any property within Ludlow Bay Village so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property within Ludlow Bay Village or to the occupants of such property. No other nuisance, unsafe or hazardous activity shall be permitted to exist or operate upon any property within Ludlow Bay Village so as to be offensive or detrimental to any other property within Ludlow Bay Village or Occupants thereof. Normal construction activities and parking in connection with the building of improvements shall not be considered a nuisance or otherwise prohibited by this Master Declaration. The Master Association Board in its sole discretion shall have the right to determine the existence of any nuisance, which decision shall be binding and enforceable. Without limiting the generality of the foregoing, no firearms shall be discharged within Ludlow Bay Village, and no explosives of any kind shall be discharged or stored upon any property within Ludlow Bay Village or permitted within Ludlow Bay Village; provided, however, that the Master Association Board may consider permission on a case-by-case basis, at its sole discretion, with regard to promotional activities, such as fireworks displays and similar extraordinary events. Further, the Declarant, and its employees, agents, representatives or contractors, shall be entitled to store and discharge explosives, if necessary, with regard to development of Ludlow Bay Village. No open fires shall be lighted or permitted on the Lots, except in a contained outdoor fireplace or barbecue unit while attended. Artificial outdoor lighting on Lots shall be arranged so that the light is shaded and otherwise directed away from adjoining properties and so that no more than one foot candle of illumination leaves the Lot boundaries.

Section 4.6 Repair of Structures. No structure on any property within Ludlow Bay Village shall be permitted to fall into disrepair and each such structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any structure is damaged or destroyed, then, subject to the approvals required herein, such structure shall be immediately repaired and rebuilt, unless otherwise provided in this Master Declaration.

Section 4.7 Antennas, Satellite Dishes And Cable Television. Satellite dishes that are over one (1) meter (approximately 39.37") in diameter are prohibited. Standard TV antennas and satellite dishes that are one meter or less in diameter are permitted, subject to the reasonable criteria set forth below, which are designed to ensure the health, safety, and quality of the community without causing unreasonable expense or interfering with reception.



545160

Page: 24 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

4.7.1 The satellite dish shall be located in one of the locations designated by the Architectural Review Committee as a preferred location for the installation of a satellite dish, or in an unobtrusive location where the satellite dish is compatible with the surrounding environment. For example, a satellite dish may be:

4.7.1.1 Located entirely within and entirely below the height of approved privacy fencing that fully encloses the rear yard;

4.7.1.2 Located at low level in gardens where it cannot be seen by other Residents;

4.7.1.3 Mounted on the roof of a building, where it is least Visible From Neighboring Property, with its highest point below the peak of the roof line, painted to match the roof color, and preferably as close to the chimney as possible; or

4.7.1.4 Mounted on the rear of a building, where it is least Visible From Neighboring Property.

4.7.2 Dishes affixed to buildings shall be discreetly placed where they are least Visible From Neighboring Property so long as such location is not unreasonably expensive and does not interfere with proper reception.

4.7.3 Dishes and associated devices shall be of a color that is reasonably compatible with the color and materials of the nearest buildings.

4.7.4 All wires for dishes must be buried or hidden from view.

4.7.5 No satellite, antenna, or other device shall be located or used in such a way as to adversely affect the safety or health of others.

4.7.6 If a location other than one consistent with the preferences above is needed to receive sufficient signal strength for adequate reception, then the Owner shall obtain consent from the Architectural Review Committee to the desired alternate location.

Section 4.8 Trash Containers And Collection. No trash or other debris shall be placed or kept on any property within Ludlow Bay Village, except in covered sanitary containers of a type and size which are approved by the Architectural Review Committee. With regard to Lots, Declarant or the Master Association may establish a trash collection procedure that will apply to all, or a portion of, the Lots. This procedure must be followed, unless alternative arrangements are established by the Master Association. With regard to other property within Ludlow Bay Village, all trash collection containers shall be properly screened, such that they are not Visible From Neighboring Property, except during brief periods of collection. No outdoor incinerators shall be kept or maintained on any Lot.

**545160**Page: 25 of 58
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 4.9 Clothes Drying Facilities And Playground Equipment. No outside clotheslines or other outside facilities for drying or airing clothes; and no playground equipment including, but not limited to, swing sets, slides and sandboxes, shall be maintained on any Lot.

Section 4.10 Machinery And Equipment. No machinery or heavy equipment of any kind shall be placed, operated or maintained upon any Lot, except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a Dwelling Unit, building, appurtenant structures, improvements or grounds maintenance; or (ii) that which Declarant or the Master Association may require for the operation and maintenance of any portion of Ludlow Bay Village.

Section 4.11 Signs. No signs whatsoever which are Visible From Neighboring Property shall be erected or maintained on any Lot except:

4.11.1 Signs required by legal proceedings, or political election signs (must be removed immediately after the election), and then the sign shall not exceed 18" x 24" and shall only be permitted if affixed to the dwelling, unless otherwise mandated by Court or Washington law;

4.11.2 One "For Sale" or "For Rent" sign not exceeding 18" x 24" in area, provided that any such sign shall be affixed to the dwelling (no yard or post signs shall be permitted);

4.11.3 One identification sign for individual residences not exceeding 6" x 12" in a location designated by the Declarant or approved by the Architectural Review Committee; and

4.11.4 Signs of Declarant or signs authorized by Declarant for placement on any property within Ludlow Bay Village. All such signs shall be removed by the Owner promptly upon completion of their intended use.

Section 4.12 Restriction On Further Lot Subdivision, Property Restrictions And Rezoning. No Lot within Ludlow Bay Village shall be further subdivided. No portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by an Owner; provided, however, that undivided joint ownership is permitted. Notwithstanding the above, this provision shall not, in any way, limit Declarant from subdividing or separating into Lots any property within Ludlow Bay Village at any time owned by Declarant or from subdividing the same. No further covenants, conditions, restrictions or easements shall be recorded by any Owner or other person against any Lot without the provisions thereof having been first approved in writing by the Master Association Board, and any covenants, conditions, restrictions or easements recorded without such approval being evidenced thereon shall be null and void. No application for variances, or special or conditional use permits shall be filed with any governmental authority unless the proposed use of the Lot has been approved by the Master Association Board and the proposed use otherwise complies with this Master Declaration, as may be amended from time-to-time.

**545160**Page: 26 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 4.13 Restrictions On Residential Rental.

4.13.1 Long Term Rental. Except as otherwise provided in subsection 4.13.2, the entire Dwelling Unit may be let to a single family tenant from time-to-time by the Owner; provided, such tenancy shall not be less than six (6) consecutive months to the same tenant, and provided further that the Boards may impose further restrictions on the authority of any Owner to let any Dwelling Unit. No subletting shall be allowed. All leases and rental agreements shall be in writing and specifically shall state (1) that they are subject to each and every requirement, covenant, condition and restriction of this Master Declaration and other Governing Documents, (2) that any failure by the tenant to comply with the terms of the Governing Documents shall be a default under the lease or rental agreement, and (3) that the Owner grants to the Master Association Board and its Managing Agent, if any, the authority to evict the tenant on the Owner's behalf for such default, upon only such notice as is required by law. If any lease or rental agreement does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the lease and binding upon the Owner and the tenant by reason of inclusion in this Master Declaration. Neither the Master Association Board, nor its Managing Agent, if applicable, shall be liable to the Owner or the tenant for any eviction under this subsection that is made in good faith. Copies of all leases and rental agreements shall be delivered to the Master Association office prior to commencement of any tenancy.

4.13.2 Short Term Rental. The following shall apply to short term rental, which shall be defined as rental on a daily, weekly, monthly or other periodic period less than six (6) consecutive months to the same tenant. The entire Dwelling Unit may be let to a single family tenant from time-to-time by the Owner on a short term rental basis only under the following terms and conditions:

(1) The rental shall be made only through a Managing Agent approved in advance by the Condominium Association Board as to the Condominium Units, by the Town Home Association Board as to the TH Lots, and by the Master Association Board as to the SF Lot. The Associations may pool the management of short term rentals through one or more Managing Agents in their discretion;

(2) Each tenant must enter into a written rental agreement, in a form approved by the Managing Agent, which among other provisions provides that (1) they are subject to each and every requirement, covenant, condition and restriction of the Master Declaration and other Governing Documents; (2) any failure by the tenant to comply with the terms of the Governing Documents shall be a default under the lease or rental agreement; and (3) the Owner grants to the Condominium Association Board, Town Home Association Board, or Master Association Board, as applicable, and to the Managing Agent, the authority to evict the short term tenant on the Owner's behalf in the event of default, upon not greater prior notice than is required under applicable law. Even if any rental agreement entered into with any tenant fails to contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the rental agreement and binding upon the Owner and the tenant by reason of inclusion in the Governing Documents. Neither the Condominium Association Board, Town Home Association

**545160**

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 27 of 56
07/23/2009 10:09A
AMEND 97.00

Board, Master Association Board, nor their respective Managing Agents shall be liable to the Owner or the tenant for any eviction under this subsection that is made in good faith. Copies of all rental agreements shall be delivered by the Owner to the Condominium Association Board, Town Home Association Board, or Master Association Board, as applicable, prior to commencement of any short term rental;

(3) The Condominium Association Board as to the Condominium Units, the Town Home Association Board as to the TH Lots, the Master Association Board as to the SF Lot, and the Master Association Board as to the entire Property, shall have the right from time-to-time to establish rules and regulations relating to short term rental use of Dwelling Units and/or other property within Ludlow Bay Village.

Section 4.14 Utilities And Utility Easements.

(a) All properties within Ludlow Bay Village shall be connected to sanitary sewer and water utilities provided by Declarant, or its successors and assigns. Owners within Ludlow Bay Village will be subject to reasonable monthly or periodic service charges as determined by the provider, utility company and/or State of Washington. Owners may also be required to pay a connection charge at the then standard rate established by said companies at the time of connection in the event said utilities were not installed by Declarant during the initial construction. Certain utilities, such as street lights, may be provided to the Master Association and paid with assessments collected pursuant to this Master Declaration.

(b) A blanket easement is hereby reserved, granted, conveyed and created upon, across, over and under the Common Areas, and all other property within Ludlow Bay Village, for ingress, egress, installation, repair and maintenance of all Declarant authorized utilities as installed in connection with the initial development of said properties including, but not limited to, water, sewer, gas, telephone, fiber optic cable, electricity and cable television systems. As a condition of the easement, all utility companies shall be required to promptly remove all debris and restore the surface of any affected property within Ludlow Bay Village as nearly as possible to the condition it was in at the time of commencement of such work.

(c) After the date of recording this Master Declaration, and except for maintenance and repair of existing utilities, no lines, wires, conduits, cables, pipes or other devices for the communication or transmission of utilities including, but not limited to, electric, gas, water, telephone, fiber optic cable or cable television, shall be erected, placed or maintained anywhere in or upon any property within Ludlow Bay Village, unless the same shall be contained underground, or subsequently approved by the Architectural Review Committee. However, temporary above-ground utilities incident to construction of improvements within Ludlow Bay Village are permitted with Architectural Review Committee approval; provided, that removal of such temporary above-ground utilities must occur immediately upon completion of construction.

Section 4.15 Walls, Fences And Hedges. Unless constructed by Declarant during initial development of Ludlow Bay Village, no wall, fence or hedge shall be constructed, placed

**545160**

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 28 of 56
07/23/2009 10:09A
AMEND 97.00

or maintained on any Lot within Ludlow Bay Village. All walls, fences and hedges within other portions of Ludlow Bay Village shall be subject to prior Architectural Review Committee approval and shall be in strict compliance with the Ludlow Bay Village Design Standards.

Section 4.16 Trucks, Trailers, Recreational Vehicles, Campers Or Boats. No motor vehicle classed by manufacturer rating as exceeding 3/4 ton, recreational vehicle, mobile home, travel trailer, camper (detached or otherwise), tent trailer, utility trailer, camper shell, boat, boat trailer, or other similar equipment or vehicles may be parked, maintained, constructed, reconstructed or repaired on any Lot within Ludlow Bay Village. Notwithstanding the foregoing, any of the above-described vehicles may be stored inside a garage, providing said vehicles are not Visible From Neighboring Property. This restriction shall not apply to cleaning, loading or unloading and short term parking which shall be permitted for a cumulative period not to exceed twenty-four (24) hours in any calendar month.

Section 4.17 Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed, repaired or rebuilt upon any property within Ludlow Bay Village, and no inoperable or unlicensed motor vehicle (which otherwise would require a license) may be stored or parked so as to be Visible From Neighboring Property; provided, however, that this restriction shall not apply to (i) emergency vehicle repairs which require less than eight (8) hours to complete; and (ii) vehicles parked in garages, which are not Visible From Neighboring Property.

Section 4.18 Parking. Vehicles of all Lot Owners, Condominium Unit Owners, Residents, Occupants, and their guests and invitees are to be kept in the garages, residential driveways, and other designated parking areas. No parking is allowed on any streets within Ludlow Bay Village, unless otherwise designated by the Master Association Board.

Section 4.19 Right of Entry. During reasonable hours and upon reasonable notice to the Owner, Resident or Occupant of any property within Ludlow Bay Village, any member of the Architectural Review Committee (upon authorization of the Master Association Board), and any member of the Master Association Board, Declarant, or any authorized representative of any of them, shall have the right to enter upon and inspect any property within Ludlow Bay Village, and the improvements thereon, except for the interior portions of any Dwelling Unit, for the purpose of ascertaining compliance with this Master Declaration and other Governing Documents.

Section 4.20 Unnatural Drainage. Under no circumstances shall any person be permitted to deliberately alter the topographic conditions on any Lot in any way that would adversely affect the approved and constructed storm water drainage or sewer system.

Section 4.21 No Prefabricated, Modular Or Manufactured Housing. No prefabricated, modular or manufactured housing, including mobile homes, shall be moved, placed, assembled or maintained on any Lot as a Dwelling Unit or otherwise.



545160

Page: 29 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 4.22 Additional Wells. To preserve and enhance the water supply in the Port Ludlow area, no water wells shall be placed on any property within Ludlow Bay Village.

Section 4.23 Pesticides, Herbicides And Fungicides. Within Ludlow Bay Village, pesticides-and herbicides shall only be applied by applicators licensed by the Washington State Department of Agriculture consistent with the requirements of the Washington Pesticide Application Act, RCW 17.21, and the Washington Pesticide Control Act, RCW 15.58, as either Act may from time-to-time, be amended or modified. Pesticides, herbicides and fungicides with the shortest hydrolysis half-life shall be used when reasonably available. A two week half-life is desirable. Moreover, pesticides appearing on the United States Environmental Land Agency's "Priority List of Leaching Pesticides" shall not be used. Whenever feasible, pesticides, herbicides and fertilizers should be applied during the dry summer season, rather than the winter runoff periods.

Section 4.24 Declarant's Exemption. Nothing contained in this Master Declaration shall be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, of any buildings, utilities, structures, improvements or signs necessary or convenient to the development of sale of property within Ludlow Bay Village.

Section 4.25 Disputes. The Master Association shall have jurisdiction over activities permitted within the Common Areas. The Master Association, through the Master Association Board, unless specifically provided otherwise, shall have the right and duty to enforce this Master Declaration, and shall have the right to manage, maintain and govern the Common Areas as provided herein. All disputes, complaints or other matters relating to the Master Declaration or other Governing Documents shall be submitted to the Master Association Board for determination, unless otherwise provided herein to be within the authority of the Architectural Review Committee. The decision of the Master Association Board or Architectural Review Committee, as applicable, unless otherwise provided, shall be final.

ARTICLE 5

ORGANIZATION OF THE ASSOCIATIONS

Section 5.1 Master Association. The Master Association shall be charged with the duties and vested with the powers set forth in the Governing Documents. Neither the Articles nor Bylaws of the Master Association shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. The following shall apply to the Master Association:

5.1.1 The affairs of the Master Association shall be managed and conducted by a Board of Directors, to be composed of thirteen (13) members, which shall be designated by the Owners, as follows:

**545160**Page: 30 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

(A) The Class A Membership, by and through the Town Home Association Board following a vote of the members of the Town Home Association Board, shall be entitled to designate two (2) directors;

(B) The Class B Membership shall not be entitled to designate any directors;

(C) The Class C Membership shall be entitled to designate two (2) directors;

(D) The Class D Membership shall be entitled to designate two (2) directors;

(E) The Class E Membership shall be entitled to designate four (4) directors; and

(F) The Class F Membership, by and through the Condominium Association Board following a vote of the members of the Condominium Association Board if it has been established but otherwise by the Owner or Owners of the Condominium Property, shall be entitled to designate three (3) directors.

Each member of the Master Association Board of Directors shall be entitled to one (1) vote on all matters to come before the Master Association Board. A majority vote shall be required for all matters to come before the Board except as otherwise specifically provided herein.

5.1.2 The Master Association, through the Master Association Board, shall be entitled to provide all goods and services deemed necessary or desirable for the proper functioning of Ludlow Bay Village, including, but not limited to, the following:

(A) Providing for all utilities and other services within the Common Areas as deemed necessary or desirable by the Master Association Board;

(B) Maintaining and landscaping the Common Areas of the Master Association, including roads and streets, parking areas, if any, and storm water and drainage control systems, including, but not limited to, catch basins, piping, conveyance facilities, retainage and detainage ponds and oil separators within Ludlow Bay Village Common Areas;

(C) Operating, maintaining (including insuring at the discretion of the Master Association Board) and rebuilding, if necessary, signs, monuments, walls, fences, and other improvements originally constructed by Declarant or the Master Association within Ludlow Bay Village Common Areas and/or easements granted to the Master Association, if any;

(D) Paying real estate and personal property taxes, assessments and other charges on Common Areas and improvements thereon, to the extent not otherwise taxed to individual Owners;



545160

Page: 31 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

(E) Insuring all improvements which the Master Association is obligated to maintain against damage by casualty to the full extent deemed appropriate by the Master Association Board;

(F) Hiring, firing, supervising and paying employees and independent contractors to carry out the obligations of the Master Association as set forth herein;

(G) Maintaining liability insurance and bonds to protect the Master Association and the Master Association Board from liability caused by occurrences or happenings on or about the Common Areas;

(H) Maintaining workmen's compensation insurance for all employees of the Master Association;

(I) Purchasing goods, supplies, labor and services reasonably necessary for the performance of the obligations set forth herein;

(J) Establishing and maintaining such cash reserves, if any, as the Master Association Board may, in its sole discretion, deem reasonably necessary for the maintenance and repair of the Common Areas;

(K) Obtaining legal and accounting services deemed desirable for the proper operation of the affairs of the Master Association, and to meet the record keeping and financial disclosure requirements set forth in the Master Declaration;

(L) Entering into such agreements and taking such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth in this Master Declaration and the Governing Documents including, but not limited to, the maintenance of all Common Areas and other amenities within Ludlow Bay Village; and

(M) Such other matters and powers as are provided under the Governing Documents and Washington law for a non-profit corporation.

Section 5.2 Town Home Association. The Town Home Association shall be charged with the duties and vested with the powers set forth in the Governing Documents and relating to the Town Home Association, none of which shall be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. The following shall apply to the Town Home Association:

5.2.1 All administrative power and authority shall vest in the Town Home Association Board, and such officers as the Town Home Association Board may elect or appoint in accordance with the Town Home Association's Articles of Incorporation and Bylaws as the same may be amended from time-to-time. The Town Home Association Board shall be composed of at least three (3) and no more than five (5) members. Each member of the Town Home Association Board shall be entitled to one (1) vote on all matters to come before the Town



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 32 of 56
07/23/2009 10:09A
AMEND 97.00

Home Association Board. A majority vote shall be required for all matters to come before the Town Home Association Board, except as otherwise specifically provided herein or as required by Washington law.

5.2.2 The Town Home Association, through the Town Home Association Board, shall be entitled to provide all goods and services requisite to the proper maintenance, repair, and upkeep of the structures located upon the Town Home Lots and Detached Garage Lots, including the following:

(A) Providing for all utilities or services, if any, serving only the Town Home Lots and Detached Garage Lots;

(B) Maintaining the exterior appearance of all Dwelling Units within the Town Home Lots and Detached Garage Lots, which maintenance shall be limited to (1) painting; (2) roof repair and replacement; (3) gutters and downspouts; (4) siding repair and replacement; and (5) landscaping including fences;

(C) Hiring, firing, supervising and paying employees and independent contractors to carry out the obligations of the Town Home Association as set forth herein;

(D) Maintaining liability insurance and bonds to protect the Town Home Association and the Town Home Association Board from liability caused by occurrences or happenings on or about the town homes associated with the duties and obligations set forth herein;

(E) Maintaining workmen's compensation insurance for all employees of the Town Home Association;

(F) Purchasing goods, supplies, labor and services reasonably necessary for the performance of the obligations set forth herein;

(G) Establishing and maintaining such cash reserves, if any, as the Town Home Association Board may, in its sole discretion, deem reasonably necessary for the maintenance and repair of the Town Home Lots and Detached Garage Lots, including the Dwelling Units located therein;

(H) Obtaining legal, accounting and other professional services deemed desirable for the proper operation of the affairs of the Town Home Association, and to meet the record keeping and financial disclosure requirements set forth in the Master Declaration;

(I) Entering into such agreements and taking such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth in this Master Declaration and the Governing Documents including, but not limited to, the maintenance of town homes;

**545160**Page: 33 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

(J) Enforcing and interpreting any declaration of restrictive covenants that may be adopted by the Town Home Lot Owners and relating solely to the Town Home Lots, provided that such declaration is not inconsistent with this Master Declaration;

(K) Adopting, amending, restating, and terminating any rules and regulations and design guidelines relating solely to the Town Home Lots, provided that such documents are not inconsistent with this Master Declaration; and

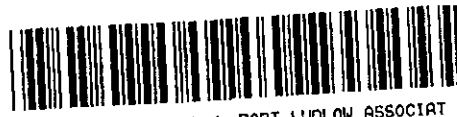
(L) Such other matters and powers as are provided under the Governing Documents and Washington law for a nonprofit corporation.

Section 5.3 Condominium Association. The Condominium Association shall be charged with the duties and vested with the powers set forth in the Governing Documents adopted by Declarant and relating to the Condominium Association, none of which shall be created, amended, or interpreted so as to be inconsistent with this Master Declaration.

Section 5.4 Ludlow Bay Village Rules. The Master Association Board shall be empowered to adopt, amend, or repeal Ludlow Bay Village Rules as it deems reasonable and appropriate, which shall be binding upon all persons and entities subject to this Master Declaration, whether Members of the Master Association or not; provided, however, that Ludlow Bay Village Rules shall not be inconsistent with the other Master Association Governing Documents. Ludlow Bay Village Rules may also include the establishment of a system of fines and penalties for enforcement thereof. Ludlow Bay Village Rules may be established, modified or amended at any special or regular meeting of the Master Association Board.

Ludlow Bay Village Rules, as may be amended from time-to-time, are deemed incorporated herein by this reference and shall have the same force and effect as if they were set forth in and were part of this Master Declaration and shall be binding on all persons or entities having any interest in, or making any use of properties within Ludlow Bay Village, whether or not Members of the Master Association and whether or not copies of Ludlow Bay Village Rules are actually received by such persons or entities. The Ludlow Bay Village Rules, as adopted, amended, modified or repealed shall be available for review at the principal office of the Master Association to each person or entity reasonably entitled thereto. In the event of a conflict between any provisions of Ludlow Bay Village Rules and any provisions of this Master Declaration, the provisions of Ludlow Bay Village Rules shall be deemed to be superseded by the provisions of this Master Declaration to the extent of any such conflict. Any monetary penalties or fines imposed by Ludlow Bay Village Rules shall be treated as an assessment which shall become a lien against the Members' property within Ludlow Bay Village, in the same manner and subject to the same enforcement provisions as set forth for liens in Article 7.

Section 5.5 Non-Liability of Officials And Indemnification. To the fullest extent permitted by Washington law, Declarant, and every Director, Officer, Committee Member, (specifically including members of the Architectural Review Committee), Manager(s), or other employees of the Associations and of the Declarant, shall not be personally liable hereunder to any Member, or to any other person or entity, including the Associations, for any damage, loss or



545160

Page: 34 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

prejudice suffered or claimed on account of any act, omission, error, or negligence and shall be indemnified and defended by the Associations; provided, however, the provisions set forth in this subsection 5.5 shall not apply to any persons who has failed to act in good faith or has engaged in willful or intentional misconduct.

Section 5.6 Managing Agent. Each Association, through its Board, is authorized to employ persons, including a Managing Agent, and to contract with independent contractors to perform all or any part of the duties and responsibilities of the Association employing the same. Each Association, through its Board, is also expressly authorized to enter into one or more management agreements with third parties in order to facilitate efficient operations and to carry out its obligations. The terms of any management agreement shall be determined by the Board of the Association entering into the agreement, in its sole discretion, and shall be subject to the Governing Documents.

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

Section 5.7 Records And Accounting. Each Association shall keep, or cause to be kept, true and correct books and records of all financial affairs involving the Association including, but not limited to, accounting for all assessments and expenses paid by said Association. Financial statements for each Association shall be prepared at least annually and available at the Association office, or such other location as designated by its Board, to all members.

Section 5.8 Inspection Of Books And Records. The membership register, books of account, minutes of meetings of the Members and of the Board, shall be made available for inspection and copying by any member of said Association by the Board at any reasonable time, at the Association office or at such other location designated by the Board. Each Board may establish reasonable rules concerning the following: (i) Notice to be given to the custodian of the records by the member of the Board desiring to make the inspection; and (ii) hours and days of the week when such an inspection may be made. Unless otherwise provided by the Board, any member of the Board that would like copies shall be responsible for payment of any costs associated with copying, including the cost of having the copies made by a third party.

ARTICLE 6

MEMBERSHIP AND VOTING

Section 6.1 Master Association. Any person or entity who is a record owner of a fee or undivided fee interest in any real property (except common area tracts) within Ludlow Bay

Village shall be a Member of the Master Association. Membership shall be appurtenant to and may not be separated from ownership of the property to which the Membership is attributable. Each Lot except any Detached Garage Lot, each Condominium Unit, and each other parcel within Ludlow Bay Village shall be entitled to one Membership, which Membership shall be shared by all Owners of interest in the property. The following shall apply with regard to the Master Association:

6.1.1 The Membership shall have no voting rights associated with the Master Association, except with regard to any matter required to be approved by a vote of the Membership by Washington law. The Board, which is composed of representatives of each of the various mix of uses within Ludlow Bay Village, shall vote on all matters of interest to the Master Association.

6.1.2 The rights and obligations of Membership in the Master Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon conveyance of the properties within Ludlow Bay Village by deed, intestate succession, testamentary disposition, foreclosure or other legal process pursuant to the laws of the State of Washington or the United States.

Section 6.2 Town Home Association. Every Owner of a Town Home Lot shall be a Member of the Town Home Association. Membership shall be appurtenant to and may not be separated from ownership of the Town Home Lot to which the Membership is attributable. If any Town Home Lot has been sold on contract, the contract purchaser shall exercise the rights of the Owners for purposes of the Town Home Association. Each Town Home Lot shall be entitled to one Membership, which Membership shall be shared by all Owners of interest in the Lot. The following shall apply with regard to the Town Home Association:

6.2.1 Each Membership shall be entitled to one (1) vote per Town Home Lot on all matters to come before the Town Home Association for a vote of the Membership. Unless otherwise specified to the contrary in this Master Declaration or other Governing Documents, a majority vote is required on any issue to come before the Membership for a vote.

6.2.2 The rights and obligations of Membership in the Town Home Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon conveyance of the Town Home Lots, intestate succession, testamentary disposition, foreclosure or other legal process pursuant to the laws of the State of Washington or the United States.

Section 6.3 Condominium Association. Every Owner of a Condominium Unit shall be a member of the Condominium Association. The liabilities, obligations, privileges, and rights of membership in the Condominium Association shall be set forth in the Governing Documents adopted by Declarant and relating to the Condominium Association.

**545160**Page: 36 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

ARTICLE 7

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

Section 7.1 Creation of Lien And Personal Obligation Of Assessments. The Declarant, for all properties within Ludlow Bay Village, hereby covenants and agrees, and each Owner by acceptance of a deed therefor (whether or not it shall be so expressed in such deed) is deemed to covenant and agree to pay to the Master Association: (i) Annual Assessments; and (ii) Special Assessments for capital improvements or other extraordinary expenses or costs. The Declarant, for all Town Home Lots within Ludlow Bay Village; further covenants and agrees, and each Owner by acceptance of a deed therefor (whether or not it shall be so expressed in such deed) is deemed to covenant and agree to pay to the Town Home Association: (i) Annual Assessments; and (ii) Special Assessments for capital improvements or other extraordinary expenses or costs. The Annual and Special Assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the property of the Owner within Ludlow Bay Village and shall constitute a continuing servitude and lien with power of sale upon the property within Ludlow Bay Village against which each such Assessment is made. The lien may be enforced by foreclosure of the lien on the defaulting Owner's property by either the Master Association and/or the Town Home Association, as applicable, in like manner as a mortgage on real property, or in any other manner permitted by Washington law. The lien for each unpaid Assessment attaches to the property after the due date and shall continue to be a lien against such property until paid. The costs and expenses for filing any notice of lien shall be added to the Assessment for the property against which it is filed and collected as part and parcel thereof. Each such Annual and Special Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of the property at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

Section 7.2 Annual Assessments. In order to provide for the uses and purposes specified herein, including the establishment of replacement and maintenance reserves, the Boards of the Master Association and Town Home Association in each year shall assess an Annual Assessment. The Master Association Annual Assessment shall be levied against all properties in Ludlow Bay Village, except Exempt Properties. The Town Home Association Annual Assessment shall be levied against all Town Home Lots in Ludlow Bay Village.

Section 7.3 Determination of Annual Assessment. The Annual Assessment against each property shall be determined by the Board of the Association levying the assessment. The Board of each Association, at its sole discretion, shall determine when to commence collecting the Annual Assessments. The budget for the Master Association shall address the overall duties, responsibilities and obligations of the Master Association with regard to maintenance, repair, improvement and regulation of the Common Areas and other matters set forth in this Master Declaration or other Governing Documents. The budget for the Town Home Association shall address the maintenance, repair, landscaping and replacement reserves (at the discretion of the Board) associated with the Town Home Lots and Detached Garage Lots, together with any other



545160

Page: 37 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

duties, responsibilities and obligations of the Town Home Association. Annual Assessments for each Association shall be collected in advance on a monthly, quarterly or annual basis as specified by its Board.

Section 7.4 Rate of Assessment. The following shall apply with regard to each Association:

7.4.1 With regard to the Master Association, (A) the Town Home Lots shall be required to pay an Annual Assessment equal to fourteen and one half percent (14.5%) of the total budgeted amount for the Master Association, which shall be assessed pro rata at a uniform rate for each of the Town Home Lots, (B) the SF Lot shall be required to pay an Annual Assessment equal to one half of one percent (0.5%) of the total budgeted amount for the Master Association, (C) the Marina shall be required to pay an Annual Assessment equal to fifteen percent (15%) of the total budgeted amount for the Master Association, (D) the Restaurant shall be required to pay an Annual Assessment equal to fifteen percent (15%) of the total budgeted amount for the Master Association, (E) the Inn shall be required to pay an Annual Assessment equal to thirty percent (30%) of the total budgeted amount for the Master Association, and (F) the Condominium Units shall be required to pay an Annual Assessment equal to twenty-five percent (25%) of the total budgeted amount for the Master Association, which shall be assessed pro rata at a uniform rate for each of the Condominium Units, but until the creation of any Condominium Unit within the Condominium Property, the owner of the Condominium Property shall be required to pay the Annual Assessment allocated to the Condominium Units.

7.4.2 With regard to the Town Home Association, the Town Home Lots shall be required to pay an Annual Assessment established by the Board of the Town Home Association. The Annual Assessment shall be set at a uniform rate for each Town Home Lot.

7.4.3 With regard to the Condominium Association, the Condominium Units shall be required to pay an Annual Assessment established initially by the Declarant and subsequently by the Board of the Condominium Association. The Annual Assessment shall be allocated among the Condominium Units as may be set forth in the condominium declaration relating to the Condominium Property.

Section 7.5 Superiority Of Assessment Lien. To the extent permitted by law, the Associations' lien on properties within Ludlow Bay Village for Assessments shall be superior to any homestead exemption now or hereafter provided by the laws of Washington, or any exemption now or hereafter provided by the laws of the United States. Since the Owner will receive a copy of this Master Declaration prior to Closing and/or the Master Declaration is recorded of public record, the acceptance of a deed to property subject to this Master Declaration shall constitute a voluntary and informed waiver of the homestead right by the Owner and an acknowledgement that the lien should be paid prior to any homestead claim.

Section 7.6 Maximum Annual Assessment. As set forth above, the Board of the Master Association and Town Home Association have established and commenced Annual



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 38 of 56
07/23/2009 10:09A
AMEND 97.00

Assessments. The following shall apply with regard to determination of the Annual Assessments.

7.6.1 Prior to the first conveyance of any Condominium Unit, the Board of the Master Association shall establish the Annual Assessment for the remaining portion of the current fiscal year.

7.6.2 Each fiscal year, the Annual Assessment may be increased by the Boards of the Master Association and Town Home Association by a maximum amount equal to the greater of either (1) five percent (5%) over the previous year's Annual Assessment, or (2) the percentage increase in the Consumer Price Index, Seattle/Everett Metropolitan Area (or such other closest geographic area available), as published by the Department of Labor, Washington, D.C., or successor governmental agency, between the first day of the previous full fiscal year and the first day of the then current full fiscal year. Any such increase shall be effective at the beginning of the fiscal year.

7.6.3 Notwithstanding anything to the contrary herein, the Annual Assessment may be increased by the Board of either Association above the percentages set forth in subsection 7.6.2 above, but only upon meeting the following conditions: (1) With regard to the Master Association, there must be a 70% approval on the part of the Board; and (2) With regard to the Town Home Association, there must be written assent of Owners representing forty percent (40%) of the Town Home Lots. The Board may schedule a special meeting for such purpose at its discretion or, alternatively, may explain the need for the increased assessment in writing and circulate the same to the Membership.

Section 7.7 Special Assessments For Capital Improvements And Extraordinary Expenses. The Board may, during any fiscal year, levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any acquisition, construction, reconstruction, repair or replacement of a capital improvement that it is obligated to manage or maintain, or for the purpose of defraying other extraordinary expense, but only upon meeting the following conditions: (1) With regard to the Master Association, there must be a 70% approval on the part of the Board; and (2) With regard to the Town Home Association, there must be written assent of Owners representing forty percent (40%) of the Town Home Lots.

Section 7.8 Billing And Collection Procedures. The Boards of the Master Association and Town Home Association each shall have the right to adopt procedures consistent herewith for the purpose of levying and collecting Annual and Special Assessments. The failure of either Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment under this Master Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days' written notice, at the address of the Member on the Associations' records. Such notice may be given at any time after delinquency of such payment. The Associations shall be under no duty to refund any payments received by it even though a property is sold; successor Owners shall be given credit for prepayments, on a prorated basis, made by prior Owners.



545160

Page: 39 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 7.9 Collection Costs And Interest On Delinquent Assessments. Any delinquent installment of Annual or Special Assessment shall bear interest from thirty (30) days after the due date until paid at a uniform rate established by the Boards of the Master Association and Town Home Association, which rate shall not exceed the maximum interest rate legally allowed by Washington State. The Member shall be liable for all collection costs, including attorneys' fees, incurred by the Associations. The Board may also record a Notice of Delinquent Assessment against the applicable property as to which an Annual or Special Assessment is delinquent and constitutes a lien, and may further establish a fixed fee to reimburse the Associations for costs associated with recording such Notice of Lien, processing the delinquency and recording a Notice of Payment, which fixed fee shall be treated as a collection cost of the Associations secured by the Assessment Lien.

Section 7.10 Evidence Of Payment of Annual And Special Assessments. Upon receipt of a written request by a Member, each applicable Association within thirty (30) days shall issue a written certificate stating (a) that all Annual and Special Assessments (including interest, costs and attorneys' fees) have been paid with respect to any specified property as of the date of such certificate, or (b) if any Annual and/or Special Assessments have not been paid, the amount of such Annual and/or Special Assessments (including interest, costs and attorneys' fees, if any) due and payable as of such date. The Associations may make a reasonable charge for the issuance of such certificates. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on, the property in question.

Section 7.11 Property Exempted From The Annual And Special Assessments. Exempt Property shall not be assessed Annual and/or Special Assessments; provided, however, that in the event any change of ownership of Exempt Property results in all or any part thereof being removed from Exempt Property status, then the same shall thereupon be subject to the assessment of the Annual and Special Assessments (prorated as of the date it was removed from Exempt Property status) and the Assessment Lien.

Section 7.12 Declarant Subsidy. [No provision.]

ARTICLE 8

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

Section 8.1 Master Association As Enforcing Body. The Master Association shall have the exclusive right to enforce the provisions of this Master Declaration.

Section 8.2 Associations' Remedies To Enforce Payment Of Annual And Special Assessments. The Associations may enforce payment of any delinquent Annual or Special



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 40 of 56
07/23/2009 10:09A
AMEND 97.00

Assessments, together with all collection costs and attorneys' fees, by taking either or both of the following actions, concurrently or separately:

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

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

Section 8.3 Subordination Of Assessment Lien To First Mortgage; Priority Lien. The Assessment Lien provided for herein shall be subordinate to any first mortgage lien and any liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon the property. Sale or transfer of any property shall not affect the Assessment Lien, unless otherwise specifically provided by law.

Section 8.4 Suspension of Membership. In addition to the remedies set forth herein, and not to the exclusion or prejudice thereof, the Boards of the Associations may also suspend a Member from their Association and the privileges of Membership (including use of the Common Areas with regard to Master Association), for non-payment of Annual and/or Special Assessments.

ARTICLE 9

USE OF FUNDS; BORROWING POWER

Section 9.1 Purposes For Which The Associations, Funds May Be Used. The Associations shall apply all funds collected and received by them for the common good and benefit of the Members by devoting said funds, among other things, to fulfilling the maintenance and other obligations of the Associations as set forth in Article 10 hereof.

Section 9.2 Borrowing Power. The Associations may borrow money in such amounts, at such rates, upon such terms and security, and for such period of time as their Boards determine is necessary or appropriate.



545160

Page: 41 of 56
07/23/2009 10:09A
Jefferson County Aud PORT LUDLOW ASSOCIAT AMEND 97.00

Section 9.3 Associations' Rights In Spending Funds From Year-to-Year. The Associations shall not be obligated to spend in any year all the sums received by them in such year (whether by way of Annual or Special Assessments or otherwise), and may carry forward as surplus any balances remaining and shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year. Moreover, the Associations are specifically authorized, at the discretion of their Boards, to provide for reserves to meet anticipated future improvement or replacement needs.

ARTICLE 10

MAINTENANCE AND OTHER RESPONSIBILITIES OF THE OWNERS AND ASSOCIATIONS

Section 10.1 Maintenance Responsibilities of the Master Association. The Master Association shall maintain, or provide for the maintenance of, the Common Areas within Ludlow Bay Village, specifically including, but not limited to:

10.1.1 Maintenance of grounds and landscaping; maintenance and repair of all private roadways; and maintenance, repair and replacement, if necessary, of any signs, monuments, walls, fences or other improvements located within the Common Areas or private roadways;

10.1.2 Maintenance of all storm water and drainage control systems located within the Common Areas, including, but not limited to, catch basins, piping, conveyance facilities, retainage and detainage ponds, bioswales and oil separators;

10.1.3 Management of all employment matters, including hiring, firing, supervising and paying employees and independent contractors to carry out the Master Association obligations, including maintaining workmen's compensation insurance, if applicable; and

10.1.4 Provision of all utilities, real estate taxes, insurance (including insurance specified in Article 13 hereof), administrative expenses of operation, management and related expenses and services as more fully delineated in subsection 5.1.2 of this Master Declaration.

Section 10.2 Maintenance Responsibilities of the Town Home Association. The Town Home Association shall maintain, or provide for the maintenance of the Town Home Lots and improvements thereon to the extent provided herein, specifically including:

10.2.1 Maintenance of the exterior appearance of all buildings (excluding porches/decks and railings), improvements and landscaping located on Town Home Lots, which maintenance shall be limited to (1) painting; (2) roof repair and replacement; (3) gutters and downspouts; (4) siding repair and replacement; and (5) landscaping including fences. Each Town Home Lot Owner shall be responsible for all other repair and maintenance on their Town Home Lot including, but not limited to, decks/porches and railings associated therewith, water

**545160**Page: 42 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

lines from the water meter to uses on the Town Home Lot, sewer service lines from the Town Home Lot boundary, fireplaces and chimneys, plumbing, exterior and interior glass, appliances, heating and cooling systems, and private driveways;

10.2.2 Management of all employment matters, including hiring, firing, supervising and paying employees and independent contractors to carry out the Town Home Association obligations, including maintaining workmen's compensation insurance, if applicable; and

10.2.3 Provision of all utilities, real estate taxes, insurance, administrative expenses of operation, management and related expenses and services as more fully delineated in subsection 5.2.3 of this Master Declaration.

Section 10.3 Maintenance Responsibilities of the Condominium Association and Owners of Condominium Property. The Condominium Association and the Owners of the Condominium Property shall maintain or provide for the maintenance of the Condominium Property and improvements thereon to the extent provided herein, specifically including:

10.3.1 Maintenance of the Common Elements within the Condominium Property, including without limitation (1) exterior painting; (2) roof repair and replacement; (3) gutters and downspouts; (4) siding repair and replacement; and (5) lawn and yard maintenance. Each Condominium Unit Owner shall be responsible for all repair and maintenance of his or her Condominium Unit;

10.3.2 Management of all employment matters, including hiring, firing, supervising and paying employees and independent contractors to carry out the Condominium Association obligations, including maintaining workmen's compensation insurance, if applicable; and

10.3.3 Provision of all services and payment of all expenses relating to the Condominium Property for which the Condominium Association is made liable under any condominium declaration or other document relating to the Condominium Property.

Section 10.4 Maintenance Responsibilities of Other Property Owners. The Associations shall not be responsible for any maintenance, repair or landscaping associated with other real property within Ludlow Bay Village, including without limitation the Inn, Marina, Restaurant, and Lot SF 5, nor any improvements thereon. Each Owner thereof shall be responsible for all maintenance and repair.

Section 10.5 Master Association Authority to Direct Maintenance and Repair. The Master Association, through the Architectural Review Committee, shall have the authority to direct the maintenance and repair of all buildings, improvements and landscaping located within Ludlow Bay Village. In the event the Architectural Review Committee determines that any buildings, improvements or landscaping require any repairs or maintenance including, but not



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 43 of 56
07/23/2009 10:09A
AMEND 97.00

limited to, grounds or landscape maintenance, painting, roof or gutter repair, or siding replacement or repair, then the Architectural Review Committee shall do the following:

10.5.1 With regard to Town Home Lots, the Architectural Review Committee shall contact the Board of the Town Home Association in writing and specify what repairs or maintenance are required. The Town Home Association shall complete the repair and/or maintenance within 90 days of the date notified by the Architectural Review Committee, unless an alternative schedule is agreed to in writing between the Town Home Association and the Architectural Review Committee; provided, however, that if the repair and/or maintenance is not within the scope of work required of the Town Home Association, then the Architectural Review Committee shall contact the Owner directly as provided in subsection 10.5.3 below for Owners of other real property.

10.5.2 With regard to the Condominium Property, the Architectural Review Committee shall contact the Condominium Association (or Owner of any Condominium Property for which no Condominium Association has assumed management) in writing and specify what repairs or maintenance are required. The Condominium Association (or other Owner) shall complete the repair and/or maintenance within 90 days of the date notified by the Architectural Review Committee, unless an alternative schedule is agreed to in writing between the Condominium Association and the Architectural Review Committee; provided, however, that if the repair and/or maintenance is not within the scope of work required of the Condominium Association, then the Architectural Review Committee shall contact the Owner directly as provided in subsection 10.5.3 below for Owners of other real property.

10.5.3 With regard to other real property within Ludlow Bay Village, including without limitation the Inn, Marina, Restaurant, and Lot SF 5, the Architectural Review Committee shall contact the Owner of the property in writing and specify what repairs or maintenance are required. The Owner shall complete the repair and/or maintenance within 90 days of the date notified by the Architectural Review Committee, unless an alternative schedule is agreed to in writing between the Owner and the Architectural Review Committee.

10.5.4 The aggrieved Owner, Board of the Town Home Association, or Board of the Condominium Association, as applicable, shall have the right to appeal any such decision to the Master Association Board within seven (7) days of notification from the Architectural Review Committee in accordance with the procedures set forth in subsection 11.4 of this Master Declaration. The time period for performance shall be tolled during the pendency of the appeal (from the date the appeal notice is delivered to the Master Association Board until the date of the final decision of the Master Association Board).

10.5.5 In the event that the Owner, Board of the Town Home Association, Board of the Condominium Association, as applicable, fails to perform the maintenance or repair specified by the Architectural Review Committee, or Board of the Master Association if there is an appeal, then the Master Association shall have the right, but not the obligation, to perform the maintenance or repair and charge the property Owner, Town Home Association, or

**545160**Page: 44 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Condominium Association, as applicable, for the entire costs associated therewith, together with an administrative fee equal to an additional 15% of the total costs, and interest thereon at the rate of 12% per annum from 30 days after an invoice for payment is delivered to the party responsible for payment thereof. An Assessment Lien shall secure repayment on the part of any Owner and be enforceable in the same manner as other liens provided for herein. The Master Association shall have the specific authority to pursue any legal remedy available under Washington law to enforce this covenant in accordance with its terms. In the event of litigation, the prevailing party shall be entitled to recover their reasonable attorneys' fees and costs.

Section 10.6 Assessment Of Certain Costs Of Maintenance And Repair. In the event that the need for maintenance or repair is caused through the willful or negligent act or omission of any Owner, Resident or Occupant, or their tenants, guests or invitees, the cost of such maintenance or repair may, at the discretion of the Board of the Association otherwise charged with remedying the same, be charged directly to the Owner of the property and shall be payable in accordance with the time period established by the Board. An Assessment Lien shall secure repayment and be enforceable in the same manner as other Assessments provided for herein.

ARTICLE 11

ARCHITECTURAL CONTROL

Section 11.1 Lots Subject To Ludlow Maintenance Commission Architectural Review. At all times after conveyance from Declarant or Original Declarant to any third party except Declarant, the Owners of each Town Home Lot and SF Lot within Ludlow Bay Village shall be subject to Ludlow Maintenance Commission ("LMC") architectural control, as set forth in Article 17 and the LMC governing documents, in addition to architectural control by the Architectural Review Committee of the Master Association as set forth below. Prior to seeking approval of the Master Association Committee, Town Home Lot Owners and SF Lot Owner must obtain approval of their plans and specifications from the LMC Architectural Control Committee. The following applies to LMC architectural control:

No building or structure (including fences or any manmade obstruction) shall be built or placed or thereafter altered on any Lot, nor shall a Lot be cleared or excavated for use, nor shall any tree of six-inch (6") or more breast diameter be cut, until after the details and written plans and specifications thereof disclosing clearing, size, materials, location, finish, and elevations (and as to tree cutting, with specific identification of individual trees to be cut) have been submitted to and approved by the LMC Architectural Control Committee. The LMC Architectural Control Committee shall consist of five individuals who shall be appointed by and subject to removal or replacement by the Board of Trustees of the LMC. The Address of the Architectural Control Committee shall be: Ludlow Maintenance Commission, Inc., Post Office Box 6506, Port Ludlow, Washington, 98365, Attention: Architectural Control Committee. The address may be changed from time to time by the Board of Trustees of the LMC. Within thirty (30) days of submission of plans and specifications to such committee, such committee by a

**545160**

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 45 of 56
07/23/2009 10:09A
AMEND 97.00

majority vote and in writing may approve or disapprove or may conditionally approve plans and specifications so submitted. If such plans and specifications be so disapproved (or if conditionally approved, then unless the conditions thereof be complied with) the projected construction shall not be undertaken, or if undertaken in violation hereof, may be abated by legal proceedings instituted by the LMC or any aggrieved party, irrespective of the time of completion thereof. The committee shall in good faith exercise discretionary approval and disapproval of plans and specifications on a basis of minimizing interference with enjoyment of nearby Lots and of enforcing an improvement use and occupancy of the land in a pleasing but not necessarily uniform combination of permanent residences and recreational homes.

Section 11.2 Establishment Of Master Association Architectural Review Committee. The Architectural Review Committee (referred to herein as "Committee") performs the functions set forth in this Master Declaration and may adopt procedural rules and regulations for the performance of such duties, including procedures for the preparation, submission and determination of the application for any approvals required by this Master Declaration. The Committee shall consist of three (3) to five (5) members. The Master Association Board shall have the power to appoint all members of the Committee. The Master Association Board shall select members of the Committee from Members of the Master Association. Decisions of the Committee shall be by a majority vote of its members. Subject to the appeal provisions of subsection 11.4, the decision of the Committee shall be final on all matters considered by it pursuant to this Master Declaration.

Section 11.3 Review By Committee.

11.3.1 Construction And Alteration Of Buildings And Improvements. After conveyance of any lot, parcel, tract, or unit from Declarant or Original Declarant to any third party except Declarant, prior approval by the Committee shall be required for all new construction of dwellings, buildings, structures, or permitted improvements within Ludlow Bay Village. In addition, no alteration or modification to an existing dwelling, building, structure, or other improvement within Ludlow Bay Village previously constructed by Declarant or approved by the Committee shall be made unless complete plans and specifications therefor have been first submitted to and approved in writing by the Committee. The Owners of any Town Home Lot subject to LMC architectural control shall first obtain approval from the LMC prior to submission to the Committee. The Committee shall exercise its best judgment to the end that all such changes, improvements and alterations requested for properties within Ludlow Bay Village conform to and harmonize with the existing character of Ludlow Bay Village and fully comply with Ludlow Bay Village Design Standards.

11.3.2 Maintenance And Repair. The Committee shall have the power and authority to provide for proper maintenance and repair of all properties within Ludlow Bay Village as specified in Article 10 of this Master Declaration.

Section 11.4 Appeal. Any Owner aggrieved by a decision of the Committee may appeal the decision to the Master Association Board in accordance with established procedures

**545160**

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 46 of 56
07/23/2009 10:09A
AMEND 97.00

of the Master Association Board, which shall be available to all Members at the Master Association Office or such other location designated by the Master Association Board. The determination of the Master Association Board is final and binding on all parties.

Section 11.5 Fee. The Master Association Board may establish a reasonable processing fee to defer the costs to the Master Association in considering any requests for approvals submitted to the Committee, which fee shall be paid at the time the request for approval is submitted. The Master Association Board may also establish a reasonable processing fee to defer the costs to the Master Association in considering any appeal submitted to the Master Association Board, which fee shall be paid at the time the appeal is delivered to the Master Association Board.

Section 11.6 Ludlow Bay Village Design Standards. Ludlow Bay Village Design Standards shall be initially prepared by the Declarant or Master Association Board, at the discretion of Declarant, and may include written guidelines setting forth the minimum standards for the design, height, square footage, location, style, structure, color, mode of architecture, mode of landscaping, maintenance and other relevant criteria associated with all properties within Ludlow Bay Village. The purpose of Ludlow Bay Village Design Standards is to preserve and promote the character of Ludlow Bay Village. By acceptance of a deed for any property within Ludlow Bay Village, each Owner thereof and his successors and assigns agree to be bound by all provisions of Ludlow Bay Village Design Standards, as may be amended from time-to-time by the Master Association Board, and to use diligence in keeping abreast of the provisions thereof and any amendments thereto.

Section 11.7 Violation of Approved Plans Of The Committee. If the Committee determines that work on any property within Ludlow Bay Village has not been completed in compliance with the final plans approved by the Committee, then the Committee or the Master Association Board may notify the Owner in writing of such noncompliance, specifying in reasonable detail the particulars of noncompliance, and may require the Owner to remedy the same. If the Owner fails to remedy such noncompliance within a reasonable time period designated by the Committee, then the Declarant or the Master Association Board shall have the right to enter upon the property of any Owner and obtain compliance or remedy noncompliance as ordered by the Committee and the cost of such performance or remedy shall be charged to the Owner of the property in question, which cost shall be due within ten (10) business days after receipt of written demand therefor. In addition, in the event of noncompliance, the Declarant or the Master Association Board shall have the right to initiate litigation for injunctive relief and/or damages and the prevailing party in any such litigation shall have the right to recover reasonable attorneys' fees and costs (including both court costs and reasonable additional expenses for experts, consultants and others involved in the litigation) as determined by the Court.

Section 11.8 Non-Liability For Approval Of Plans Or Directions Regarding Maintenance And Repair. Committee approval of plans shall not constitute a representation, warranty or guarantee that such plans and specifications comply with good engineering or design or with zoning or building ordinances, or other governmental regulations or restrictions. By



545160

Page: 47 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

approving such plans and specifications, neither the Committee, the members thereof, the Master Association, the Master Association Board, nor Declarant assumes any liability or responsibility therefor, or for any defect in the structure constructed from such plans or specifications. None of the above stated entities or individuals shall be liable to any Member, Owner, Resident, Occupant or other person or entity for any damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, or (b) the construction or performance of any work, whether or not pursuant to the approved plans, drawings, and specifications; or (c) any order given with regard to required maintenance or repair.

ARTICLE 12

RIGHTS AND POWERS OF THE ASSOCIATIONS

Section 12.1 Rights And Powers. The Associations shall have the rights and powers set forth in this Master Declaration and all other Governing Documents, together with all rights and powers of a non-profit corporation incorporated in the State of Washington. Upon incorporation of the Associations, a copy of the Articles and Bylaws shall be available for inspection and copying at the Associations' office(s) during reasonable business hours.

Section 12.2 Contracts With Others For Performance Of The Associations' Duties. Subject to the restrictions and limitations contained herein, the Associations may enter into contracts and transactions with others, including Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more Directors or Officers of the Associations, or members of any Committee, is employed by or otherwise connected with Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other members of the Board acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable.

ARTICLE 13

INSURANCE

Section 13.1 Insurance On Common Areas. The Master Association shall maintain insurance covering all insurable improvements located or constructed upon the Common Areas. The Master Association shall maintain the following insurance, to the extent that such insurance is reasonably available, considering the costs and risk coverage provided by such insurance:

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



545160

Page: 48 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

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

13.1.3 In the event of damage to, or destruction of, all or any portion of the Common Areas due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be paid by the Master Association for such reconstruction and repair. If the insurance proceeds with respect to such damage or destruction are insufficient to repair and reconstruct the damage or destruction, then the Master Association shall present to the Members a notice of Special Assessment for approval by the Membership in accordance with Article 7 hereof. If such Special Assessment is not approved, the insurance proceeds may, after first being used to clean and landscape damaged areas, be applied in accordance with the direction of the Master Association Board.

Section 13.2 Insurance On Other Properties. Owners of all properties within Ludlow Bay Village shall maintain insurance covering all insurable improvements located or constructed upon their properties. Each Owner shall maintain the following types of insurance with an insurance company with an A.M. Best rating of at least A-VI:

13.2.1 A policy of property insurance covering all insurable improvements located on the Owner's properties with a "Replacement Cost Endorsement." Such insurance shall afford protection against loss or damage by fire and other perils normally covered by the standard extended coverage endorsement and such other risks customarily covered with respect to projects similar in construction, location, and use, including all perils normally covered by the standard all risk endorsement, where such is available. In the event of damage to, or destruction of, all or any portion of an Owner's properties due to fire or other adversity or disaster, the insurance proceeds shall be paid by the Owner for such reconstruction and repair, unless otherwise specifically provided by the Master Association Board in writing. The Master Association shall be listed on all property insurance policies as an "additional insured" to ensure its ability to require the insurance proceeds to be utilized for reconstruction of the damaged improvements.

13.2.2 Insurance coverage on furnishings, other personal property, and glass, together with all other forms of insurance not specifically provided for in this Master Declaration, shall be the responsibility of the Owner of properties within Ludlow Bay Village.

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

**545160**Page: 49 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

13.2.4 An insurance policy provided for herein may not be canceled or substantially diminished or reduced in coverage without at least thirty (30) days' prior written notice to the Master Association. Each Owner shall be required to deliver to the Master Association a Certificate of Insurance which confirms that the insurance coverage outlined in this Article 13 have been placed with an insurance company with an A.M. Best rating of at least A-VI, and confirming that the Master Association has been named as an additional insured as required herein, together with a copy of the actual insurance policy.

ARTICLE 14

EASEMENTS

Section 14.1 Maintenance Easement. An easement is reserved and granted to the Associations, their officers, Directors, agents, employees and representatives upon, across, over, in and under all properties within Ludlow Bay Village, as reasonably necessary, to enable the Associations to perform the duties and functions which they are obligated or permitted to perform pursuant to this Master Declaration.

Section 14.2 Future Utility Easements.

14.2.1 For a period of twenty-five (25) years from the date this Master Declaration is recorded, and notwithstanding anything to the contrary herein, Declarant reserves the right to grant additional easements, licenses and permits upon, across, over and under any property within Ludlow Bay Village (other than directly under any constructed building unless the Owner consents thereto), for purposes including, but not limited to, installation, maintenance, repair, replacement and improvement of any utilities, such as electric, water, sewer, gas, telephone, fiber optic cable, television cable and drainage. Declarant may terminate the right to grant such easements by delivering notice to the Master Association in writing at any time.

14.2.2 At the end of the time period set forth in subsection 14.2.1 for Declarant's right to grant easements, the Master Association shall have the right to grant easements, licenses and permits upon, across, over and under any portion of the Common Areas for installation, maintenance and repair of utilities and drainage; provided said easements, licenses and permits shall be (1) consistent with the intended use of properties within Ludlow Bay Village; (2) reasonably necessary or desirable for the proper use, maintenance and operation of Ludlow Bay Village properties; and (3) substantially without adverse effect on the enjoyment of any affected properties within Ludlow Bay Village.

Section 14.3 Access And Use Easements Within The Town Home Lots. Each town home is located on a cluster of several Town Home Lots. An easement is hereby reserved, conveyed and created upon, across and over each Town Home Lot within a cluster of Town Home Lots on which a town home is located, in favor of, and for the benefit of, each Town Home Lot within the cluster and the Owners, Residents, Occupants, tenants, guests and invitees thereof, for purposes of ingress, egress, utilities and use of driveways, walkways and common courtyards, if applicable, adjacent to each town home.

**545160**Page: 50 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

Section 14.4 Rights Of Declarant Incident To Construction. An easement is reserved by and granted to Declarant, its successors and assigns, for use, access, ingress, and egress over, in, upon, under, and across the Common Areas including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's construction within Ludlow Bay Village.

Section 14.5 Easements Deemed Created. All conveyances of properties within Ludlow Bay Village hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve the easements contained in Master Declaration, even though no specific reference to such easements appears in the instrument of such conveyance.

ARTICLE 15

CONDEMNATION

Section 15.1 Actions And Awards. In the event proceedings are initiated by any governmental entity seeking to take eminent domain of the Common Areas, or any part thereof, or any interest therein, with a value as reasonably determined by the Master Association Board in excess of \$10,000, then the Master Association shall give prompt notice thereof to all Members. The Master Association shall have full power and authority to defend said proceedings, and to represent the Owners in any negotiations, settlements and agreements with a condemning authority for acquisition of the Common Areas, or any part thereof, but the Master Association shall not enter into any such proceedings, settlements or agreements pursuant to which all or any portion or interest in the Common Areas, or improvements located thereon, are relinquished, without giving all Members at least fifteen (15) days prior written notice thereof. In the event following such proceedings, there is such a taking in condemnation or by eminent domain of a part or all of said properties, the award made for such taking shall be applied by the Master Association to such repair and restoration of the remaining Common Areas, or improvements thereon, as the Board, in its discretion, shall determine.

ARTICLE 16

PUBLIC ACCESS

Section 16.1 Public Use And Access. Declarant hereby declares that Tracts A, C, D and a public access easement across portions of M1, within Ludlow Bay Village (hereafter referred to as "Public Access Tracts"), shall be available for public use and access in accordance with the terms and conditions set forth herein, for the life of the project. Thereafter, such public use and access shall be at the discretion of the Master Association Board.

Section 16.2 Grant Of Public Use And Access Easement. Declarant hereby grants to the general public a non-exclusive access easement for the life of the project over the Public Access Tracts; subject to the terms and conditions set forth in Section 16.3 of this Master Declaration.



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT
Page: 51 of 56
07/23/2009 10:09A
AMEND 97.00

Section 16.3 Public Access Use Restrictions. The Public Access Tracts shall be available to the general public for passive recreational use, such as walking, bird watching, and the like, during daylight hours. The Master Association shall have the right to implement normal behavior standards and reasonable use restrictions with regard to the Public Access Tracts, including, but not limited to, the right to restrict or prohibit pets, vehicles, alcohol consumption and/or loud music within the Public Access Tracts. General public parking for the Public Access Tracts shall be provided and designated with appropriate signage.

ARTICLE 17

LUDLOW MAINTENANCE COMMISSION

Section 17.1 Town Home Lot and SF Lot Owners Subject To Membership In Ludlow Maintenance Commission. The Owner of each Town Home Lot and SF Lot within Ludlow Bay Village shall be a member of the Ludlow Maintenance Commission (hereafter referred to as the "LMC"), a non-profit corporation formed under the laws of the State of Washington, and shall be subject to the articles of incorporation, bylaws, and rules and regulations thereof. As members, the Owners of each Town Home Lot and SF Lot will benefit from the common amenities, and be subject to the LMC assessments. The Owner of each Condominium Unit may be a member of the LMC, subject to the articles of incorporation, bylaws, and rules and regulations thereof, if notice of a written agreement regarding such membership, binding on LMC and the Owner of the Condominium Property, is recorded in the real property records of Jefferson County, Washington.

Section 17.2 Assessments and Liens. The LMC is empowered to establish assessments upon real property for common purposes as set forth in the Articles and By-Laws thereof. Such assessments shall constitute a lien upon each such real property as of the due date thereof, and such lien may be foreclosed by the LMC in the same form and manner of procedure as the foreclosure of real property mortgage lien under the laws of the State of Washington. Expenses of title examination and assurance, costs of attorneys, court costs and interest at 10% per annum shall be included with the amount of any delinquent assessment in the judgment of foreclosure of such lien. The authority to establish assessments and lien therefor against such real property shall, as to each property, first arise when the same is first sold by deed or real estate contract from Original Declarant or Declarant to a grantee or contract purchaser. Assessments shall be assessed and collected on a fair and uniform basis as among the real property subject thereto, subject only to such reasonable differential as may be established by the By-Laws of the LMC between improved Lots and unimproved Lots.

Section 17.3 Additional Matters. The Owners of each Lot and Condominium Unit within Ludlow Bay Village shall be subject to architectural control as provided in Article 11 herein.



545160

Page: 52 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

ARTICLE 18

TERM; AMENDMENTS; TERMINATION

Section 18.1 Term; Method of Termination. This Master Declaration shall be effective upon the date of recordation hereof and, as amended from time-to-time, shall continue in full force and effect for a term of twenty-five (25) years from the date of recording this Master Declaration. From and after said date, this Master Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Master Declaration by a vote of the (1) Master Association Board members casting eighty percent (80%) of the votes of the Master Association Board at a meeting held for such purpose; and (2) affirmative vote of Owners representing eighty percent (80%), or more, of the town home and single-family Lots. If the necessary votes are obtained, the Master Association Board shall record a Certificate of Termination in Jefferson County. Thereupon this Master Declaration shall have no further force and effect.

Section 18.2 Amendments. This Master Declaration may be amended by obtaining (1) a vote of the Master Association Board members casting sixty percent (60%) of the votes of the Board at a meeting held for such purpose; and (2) affirmative vote of Owners representing forty percent (40%), or more, of the town home and single-family Lots; provided, however, that the provisions of Article 16 cannot be amended without the consent of Jefferson County; and provided, further, that the provisions of Article 18 cannot be amended without the vote of the (1) Master Association Board members casting eighty percent (80%) of the votes of the Master Association Board at a meeting held for such purpose; and (2) affirmative vote of Owners representing eighty percent (80%), or more, of the town home and single-family Lots. Any amendment to this Master Declaration shall be recorded with the Jefferson County Auditor as a Certificate of Amendment, duly signed and acknowledged by the President of the Master Association.

Section 18.3 Right of Amendment If Requested By Governmental Agencies Or Lending Institutions. Notwithstanding anything to the contrary contained herein, Declarant reserves the right to amend all or any part of this Master Declaration to such an extent and with such language as may be requested by any governmental entity or agency or lending institution as a precondition of making any loan. Any such amendment shall be perfected by the Declarant's recording of a Certificate of Amendment, duly signed by an authorized signatory of Declarant, and each Owner hereby grants his irrevocable power of attorney to Declarant for the purposes set forth herein, specifically, Declarant shall have the right to execute and record said Certificate of Amendment on behalf of all Owners and bind all properties within Ludlow Bay Village to the terms and conditions set forth therein.



545160

Jefferson County Aud PORT LUDLOW ASSOCIAT

Page: 53 of 56
07/23/2009 10:09A
AMEND 97.00

ARTICLE 19

MISCELLANEOUS

Section 19.1 Interpretation Of The Covenants; Attorneys Fees and Costs. Except for judicial constriction, the Master Association Board shall have the exclusive right to construe and interpret the provisions of this Master Declaration. In the absence of any adjudication to the contrary, the Master Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by this Master Declaration. In the event of any arbitration or litigation relating to the amendment, construction, enforcement, or interpretation of this Master Declaration, the prevailing party shall be entitled to recover from the nonprevailing party the prevailing party's reasonable attorneys' fees and costs, including fees and costs incurred on appeal.

Section 19.2 Mediation. In the event of any dispute between or among any Association or Member relating to the enforcement or interpretation of any Governing Document, except those disputes excluded below, and upon the written demand of any Association or Member who is a party to the dispute, each Association and Member who is party to the dispute shall participate in nonbinding mediation before a neutral third-party mediator, conducted in accordance with RCW Chapter 7.07 as it may be amended or replaced, in lieu of or as a prerequisite to arbitration or litigation. Each party to mediation shall bear an equal share of the mediator's fee and other costs of mediation but each party to mediation shall bear its own attorneys' fees and costs. This subsection shall not apply to the following disputes: (a) actions for injunctive relief, (b) actions to quiet title to real property, (c) actions for unlawful detainer, (d) actions to foreclose a lien, and (e) actions involving parties who are not subject to the Governing Documents.

Section 19.3 Severability. Any determination by any court of competent jurisdiction that any provision of this Master Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 19.4 Rule Against Perpetuities. If any interest purported to be created by this Master Declaration is challenged under the Rule Against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest.

Section 19.5 References To The Master Declaration In Deeds. Deeds to and instruments affecting any of the properties within Ludlow Bay Village may contain the covenants herein set forth by reference to this Master Declaration; but regardless of whether any such reference is made in any deed or instrument, all terms and conditions of this Master Declaration shall run with the land and shall be binding on all persons claiming any interest therein, their heirs, executors, administrators, successors and assigns.



545160

Page: 54 of 56
07/23/2009 10:09A
AMEND 97.00


Jefferson County Aud PORT LUDLOW ASSOCIAT

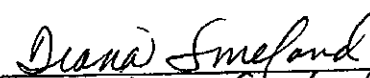
Section 19.6 Town Home Declaration of Restrictive Covenants. The Town Home Lot Owners, at their option, may adopt, amend, restate, and terminate any declaration of restrictive covenants relating solely to the Town Home Lots, provided that such declaration is not inconsistent with this Master Declaration.

CERTIFICATE OF AMENDMENT

IN WITNESS WHEREOF, the undersigned officers of the Master Association hereby certify that this Amended and Restated Master Declaration was approved by the affirmative vote of the Board of Directors and Members of the Master Association as required by the Original Master Declaration and applicable law at a meeting duly called on June 28, 2009.

LUDLOW BAY VILLAGE
ASSOCIATION, a Washington nonprofit
corporation

By: 
Troy Crosby
Its President
Date: 7-22-09

By: 
Print Name: Diana Smeland
Its Secretary
Date: 7-22-09

STATE OF WASHINGTON)
) ss.
COUNTY OF JEFFERSON)

On this 22 day of July, 2009, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared TROY CROSBY and DIANA SMELAND, to me known to be the President and Secretary,



545160

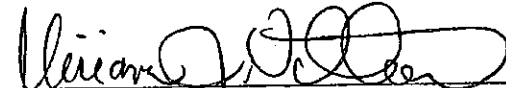
Page: 55 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

respectively, of LUDLOW BAY VILLAGE ASSOCIATION, a Washington nonprofit corporation, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned and on oath stated that they were authorized to execute the said instrument.

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




NOTARY PUBLIC in and for the State of
Washington, residing at Poulsbo, WA
My commission expires: March 13, 2011
Print Name: MIRIAM J. VILLARD

**545160**Page: 56 of 56
07/23/2009 10:09A
AMEND 97.00

Jefferson County Aud PORT LUDLOW ASSOCIAT

"EXHIBIT A"

That portion of Government Lots 1 and 2, Section 16, all in Township 28 North, Range 1 East, WM, in Jefferson County, Washington, lying Easterly and Southerly of County road right-of-way;

TOGETHER WITH those portions of tidelands of the second class as conveyed by the State of Washington and tidelands of the second class as lying in front of, adjacent to, and abutting thereon, lying Easterly of a line extending due South from U.S. Department of Commerce Environmental Science Services Administration Coast and Geodetic Survey tidal bench mark No. 7 (1952) to the outer limits of said tidelands conveyed by deed filed in Volume 40, page 307-313 or the line of ordinary high water whichever lies further towards the center of Port Ludlow Bay

EXCEPT that portion lying North of the Southerly line of that certain tract of land conveyed to the "LMC" by deed recorded in Volume 48 of official records, pages 498 through 501, inclusive, and under Auditor's File No. 221959;

ALSO EXCEPT County road right-of-way as conveyed by Auditor's File No. 333256;

ALSO EXCEPT Port Ludlow Condominiums No. 1, as per instrument recorded in Volume 1 of Condominiums, pages 15 through 22, records of Jefferson County, Washington;

ALSO EXCEPT that portion of Government Lot 2, Section 16, described as follows:

Beginning at a point on the Southerly margin of Port Ludlow-Chimacum County Road distant South 01°01'04" East, 944.68 feet from the Northwestern corner of said Section 16; thence along the Southerly margin of the Port Ludlow-Chimacum County Road North 67°34'30" East, 233.56 feet; thence along a curve to the right having a radius of 543.70 feet, a distance of 52.43 feet; thence North 73°06'00" East, 201.15 feet to the Northwestern corner of the tract herein described and the True Point of Beginning; thence continuing along said Southerly margin of the Port Ludlow-Chimacum County Road North 73°06'00" East 160.0 feet; thence South 16°54'00" East, 247.68 feet; thence along the Government meander line in said Section 16, South 60°56'30" West, 163.67 feet; thence North 16°54'00" West, 282.15 feet to the True Point of Beginning;

ALSO EXCEPT that portion of Government Lot 2 in Section 16, Township 28 North, Range 1 East, WM, Jefferson County, Washington, lying Southerly of Oak Bay Road, as conveyed to Jefferson County by deeds recorded under Auditor's File No. 198906 and in Volume 101 of Deeds, page 268, and at Volume 1 of Road Waivers, page 31; Easterly of Port Ludlow Condominium No. 1 as per plat recorded in Volume 1 of Condominiums, page 15, records of Jefferson County Auditor; and Westerly of a tract of land conveyed to Louis E. Scott et ux by deed dated September 17, 1991, and recorded September 20, 1991, under Auditor's File No. 343770, records of Jefferson County, Washington.

Situate in the County of Jefferson, State of Washington.