

## EXHIBIT "C"

### Initial Use Restrictions

The following restrictions shall apply to all of the Properties, except as provided otherwise herein, until such time as they are amended, modified, repealed, or limited by rules of the Association adopted pursuant to Article III of the Declaration.

(a) General. Subject to Section 3.5 of the Declaration, the Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for Declarant or the Association consistent with this Declaration and any Supplemental Declaration.) Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in the Declaration and the Association shall have standing and the power to enforce such standards.

(b) Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board:

(i) Parking of commercial vehicles, recreational vehicles, mobile homes, boats or other watercraft, or other oversized vehicles, stored vehicles, or inoperable vehicles in places other than enclosed garages;

(ii) Capturing, trapping, injuring, or killing of wildlife within the Properties, except in circumstances posing an imminent threat to the safety of persons using the Properties or except as required or permitted by any applicable governmental authority;

(iii) Chasing, injuring, or killing of wildlife within the Properties by pets of Owners or occupants of Units within the Properties;

(iv) Raising, breeding, or keeping of animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit. However, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Pets shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling;

(v) Obstruction or rechanneling of drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(vi) Subdivision of a Unit into two or more Units after a subdivision plat including such Unit has been approved and filed, or changing the boundary lines of any Unit, except that Declarant and Builders, with Declarant's consent, shall be permitted to subdivide or change the boundary lines of Units which they own;

(vii) Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant may operate such a program and may permit other developers of property within Snoqualmie Ridge to operate such a program;

(viii) Conversion of any carport, garage, attic, or other unfinished space, other than a basement, to finished space for use as an apartment or other integral part of the living area on any Unit;

(ix) any activities, including implementation of any surface water management plan, which would have an adverse impact on the quality or quantity of existing water supplies or the Snoqualmie River, the Raging River, or their tributaries. Adverse impacts shall include, but shall not be limited to, increases or decreases in water flow rates, levels, or volumes, increases or decreases in sedimentation, or diminishment of water quality below existing standards.

(x) Except as provided in (d) herein, any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (b) the business activity is in conformance with the Master Plan; (c) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the Board's sole discretion.

This subsection shall not apply to any activity conducted by Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties, including the operation of a timeshare or similar program.

(xi) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of the Declaration and the Design Guidelines. This shall include, without limitation, signs, swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools; docks, piers and similar structures; and hedges, walls, dog runs, animal pens, or fences of any kind.

Standard TV antennas and satellite dishes one meter in diameter or less shall be permitted at the Properties; however, such over-the-air reception devices shall comply with all Residential Design Guidelines or other applicable rules or use restrictions adopted by Declarant, the ARC, the Board, or Association, pertaining to the means, method, and location of TV antenna and satellite dish installation. Declarant and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna, cable, or other communication system for the benefit of all or a portion of the Properties, should any master system or systems be utilized by the Association and require such exterior apparatus.

(c) Leasing of Units. "Leasing," for purposes of this Paragraph, is defined as regular, exclusive occupancy of a Unit by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term, which requirements may vary from Neighborhood to Neighborhood. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the Use Restrictions. Leasing of the Work Spaces in Live-Work Units at Magnolia Circle Condominiums is addressed in (d) hereof.

(d) Live-Work Units at Magnolia Circle. Eight condominium units are located in the Magnolia Circle Condominiums (Snoqualmie File Number PBSIP 06-05) facing Douglas Avenue SE that include a first floor bonus space intended for use as a work space ("Live-Work Units"). In those Live-Work Units, business and office uses are allowed in the first floor bonus space ("Work Space"), including use by a non-occupant lessee of the Work Space, nonresident employees of the business located in the Work Space, and regular visits by customers or clients. The Work Space may be leased separately from the living space, provided that all leases of the Work Space and the living space shall be in writing and the Unit Owner must make available to all lessees copies of the Magnolia Circle Declaration, By-Laws, and Rules and Regulations, if any, (collectively "the Magnolia Circle Governing Documents"), and copies of the Declaration of Covenants, Conditions, and Restrictions for Snoqualmie Ridge Residential Property recorded under King County Auditor's File No. 9704250998, including the Initial Use restrictions in this Exhibit C, ("the Snoqualmie Ridge CC&Rs"), the Snoqualmie Ridge Amended and Restated Bylaws, and the Snoqualmie Ridge Policy Resolutions (collectively "the Snoqualmie Ridge Governing Documents"). All business uses in the Live-Work Units must comply with applicable governmental regulations and restrictions, including permit requirements. The Live-Work Units shall not be used for industrial manufacturing activities; wholesale or retail sales of pornographic literature, photographs or movies; adult motion picture theater; jail; package liquor store; retail pet shop or animal clinic; work release center; drug rehabilitation center or social service agency. All leases and rental agreements must provide that its terms shall be subject in all respects to the provisions of the Magnolia Circle Governing Documents, and of the Snoqualmie Ridge Governing Documents, as amended from time to time. No equipment may be used in the Work Space which results in a change of the approved fire rating of the structure, creates visual or audible interference in any radio or television receivers, uses electronic equipment located outside of the premises, or causes fluctuations in line voltage off-premises. The light, noise, vibration, odor or glare impacts associated with the business conducted in a Live-Work Unit may be no greater than those associated with business activities conditionally allowed within Units

pursuant to these Initial Use Restrictions. No hazardous materials may be used or stored in connection with the business use conducted in a Live-Work Unit except such materials in such quantities as may be used or stored in connection with business activities conditionally allowed within Units pursuant to these Initial Use Restrictions. All signage for the Work Space of Live-Work Units shall comply with City of Snoqualmie sign permit requirements. All signage for the Work Space of the Live-Work Units shall be subject to the Snoqualmie Ridge Development Standards for Neighborhood Center commercial (Section 12E.070) and such signage, but no other aspects of the Live-Work Units, is subject to review by the Architectural Review Committee pursuant to applicable provisions of the Declaration of Covenants, Conditions & Restrictions for Snoqualmie Ridge Neighborhood Center, recorded at King County Recording No. 20010705001229 and as subsequently amended. The Owner of a Live-Work Unit shall not allow activities or uses in the Live-Work Unit that violate the provisions herein. Owners of Live-Work Units shall be subject to, and benefited by, the same enforcement rights and procedures as apply to Owners of other Units that are bound by the Snoqualmie Ridge CC&Rs.