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Return Address:

Seacrest Real Estate Development, LLC
P. O. Box 1364
Anacortes, WA 98221

FIRST AMERICAN TITLE CO.

A65755 E-1

DECLARATION OF PROTECTIVE COVENANTS FOR SEACREST

Grantor(s):

1. SEACREST REAL ESTATE DEVELOPMENT, LLC

Grantee(s):

1. PUBLIC

ABBREVIATED

Legal Description: IN PART OF WHOLE OF LOTS 1 - 10, BLOCK 1401, NORTHERN
. PACIFIC ADDITION, AKA LOTS 1 - 4, SURVEY 21-187

COMPLETE LEGAL DESCRIPTION ON PAGES 37 - 40

TAX PARCEL NO.: 3809-401-010-0200 R116201, 3809-401-010-0104 R58373,
3809-401-010-0300 P116202, 3809-401-010-0400 P116203

DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SEACREST

THIS DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS AND RESERVATIONS (this "Declaration") is made by SEACREST REAL ESTATE DEVELOPMENT, LLC, a Washington Limited Liability Company ("Declarant") as of the 17th day of September, 2001.

RECITALS

Declarant is the owner of certain real property (the "Property") in Skagit County, Washington, known as Seacrest, legally described as follows:

Please see Exhibit "A" attached hereto and by this reference made a part hereof.

NOW, THEREFORE, Declarant declares that the Property be made subject to all covenants, conditions, restrictions and easements, and shall be held, transferred, sold, conveyed, leased, used and occupied subject to the covenants, conditions, restrictions, easements, assessments, and liens hereinafter set forth which are for the purpose of protecting the value and desirability of the Property. Said covenants, conditions, restrictions, easements, assessments and liens shall run with title to the Property and shall be binding on all parties having or acquiring any right, title, or interest in the Property or any portion thereof, and their respective heirs, successors and assigns, and shall inure to the benefit of each present or future owner thereof.

ARTICLE 1
DEFINITIONS

Section 1.1. Words Defined. For the purpose of this Declaration and any amendments hereto, the following terms shall have the following meanings and all definitions shall be applicable to the singular and plural forms of such terms.

1.1.1 "Association" shall mean Seacrest Homeowners Association, a Washington non-profit corporation described in Article 4 of this Declaration, its successors and assigns.

1.1.2 "Board" shall mean the Board of Directors of the Association.



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- 1.1.3 "Common Areas and Improvements" shall mean (i) private roadway as shown on the face of the recorded survey, (ii) common parking areas, sewage pump station, retention pond, trail or pathways, landscaped plat areas that are designated as common areas, gazebo and small boat storage, and all other areas which are designated as common areas as shown on the face of the Survey recorded under Skagit County recording number 9904230058, and (iii) land which Declarant shall hereafter grant or convey to the Association for use and maintenance as "Common Areas" and (iv) any other property which is or may be hereafter obtained by the Association for that purpose as provided herein. Common Areas shall include improvements such as fences, gazebos, or other improvements upon areas held by the Association for the common use by Members. Excepting, however, the private driveway serving Lot 1 only. Said driveway shall be the sole responsibility of the Owner of Lot 1. The Association and the Owners of Lots 2, 3, and 4 shall be held harmless from any costs or concerns associated with the maintenance of said private driveway.
- 1.1.4 "Construction" and "Constructed" shall mean any construction, reconstruction, erection or alteration of an Improvement, except wholly interior alterations to a then existing Structure.
- 1.1.5 "Declarant" shall mean Seacrest Real Estate Development, LLC, a Washington Limited Liability Company, and its successors and assigns designated by it as Declarant for the Property.
- 1.1.6 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions, and Reservations for Seacrest, as it may from time to time be supplemented or amended.
- 1.1.7 "Supplementary Declaration" shall mean and refer to any recorded declaration of covenants, conditions and restrictions which alters the provisions of this Declaration, whether by addition to or deletion of any provision herein.
- 1.1.8 "Designated Representative" or "Representative" shall mean the single representation of sub-associations, corporations, partnerships, and other joint and common owners. Each Representative shall be an employee of or agent retained by an Owner.



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- 1.1.9 "First Mortgage" and "First Mortgagee" shall mean, respectively, (a) a recorded Mortgage on a Lot that has legal priority over all other Mortgages thereon, and (b) the holder of a first mortgage. For purposes of determining the percentage of First Mortgagees approving a proposed decision or course of action in cases where a Mortgage holder holds First Mortgages on more than one Lot, such Mortgage shall be deemed a separate Mortgagee for each such First Mortgage so held.
- 1.1.10 "Lot" shall mean any one of the 4 lots numbered lots 1 through 4, together with the Structures and Improvements thereon. Roadways and Common Areas are not considered Lots under this Declaration.
- 1.1.11 "Map" or "Survey" shall mean the survey of Seacrest recorded under Skagit County Auditor's Recording number 9904230058, and any project map given to a Lot purchaser by Declarant.
- 1.1.12 "Mortgage" shall mean a recorded mortgage or deed of trust that creates a lien against a Lot and shall also mean a real estate contract for the sale of a Lot.
- 1.1.13 "Mortgagee" shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a Lot created by a mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Lot and their successors and assigns for security purposes.
- 1.1.14 "Owner" shall mean the record holder, whether one or more Persons or entities, of fee simple title to a Lot within the Property, including participating builders and including contract purchasers who are in possession of a Lot, except those persons or entities having such interest merely for the performance of an obligation. Declarant shall be considered the owner of all Lots that it has not yet sold, or which it reacquires.
- 1.1.15 "Person" shall mean an individual, corporation, partnership, association, trustee, or other legal entity.
- 1.1.16 "Property or Properties" shall mean the land described in Exhibit 1 and such additions thereto as may hereafter be subjected to the terms of the Declaration, and all improvements and structures now or hereafter placed on the land.

1.1.17 "Structure" shall mean any building, fence, trellis, wall, patio, swimming pool, gazebo, or the like.

1.1.18 "Governing Documents" shall mean and refer to this Declaration, any Supplementary Declaration and any rules and regulations promulgated pursuant to Association, Board or Architectural Control Committee.

1.1.19 "Participating Builder" shall mean and refer to a person or entity that acquires a portion of Seacrest for the purpose of improving such portion or portions in accordance with and subject to these Declarations and the parameters as determined by the Architectural Control Committee and the Board's approval.

1.1.20 "Transition Date" is defined in Section 4.11.

1.1.21 "Development Period" shall mean the period of time from the recording of this Declaration, and including any and all time prior to such recording that development has commenced, until all 4 of the Lots within this project have been sold by Declarant, or January 1, 2005, whichever comes first.

1.1.22 "Architectural Control Committee" shall mean the committee established by the Board to review and approve or disapprove any and all Plans of any nature including but not limited to site plans, building or structural plans, landscaping plans, and clearing or excavation plans.

Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and neuter pronouns shall be used interchangeably.

ARTICLE 2

COMMON AREAS AND EASEMENTS

Section 2.1 Common Areas. Each owner shall have a right to the use, employment, and benefit of a non-exclusive perpetual easement for ingress, egress, use and enjoyment over and upon the Common Areas. Such easement shall be subject to the right of all other Members of the Association to use, enjoy, and have the benefit of the Common Area upon the same terms. "Common Areas" shall include those areas as defined in Section 1.1.3 above.



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- 2.1.1 Suspension. Such Common Area easements will also be subject to the right of the Association to suspend the right of an Owner to use such easements or to vote during any period for which (i) any assessment against such Owner's Lot remains unpaid, or (ii) any violation of these covenants or of the Association's published rules for which he is responsible remains unabated.
- 2.1.2 Delegation. Any Owner may delegate his right of use and enjoyment of the Common Areas to the members of his family, his invitees and his tenants.
- 2.1.3 Limitations of Use. The Board may totally bar or limit the Owner's use of portions of the Common Areas where ordinary use could be dangerous, interfere with Association maintenance or operation, or unreasonably increase Association costs. However, there shall be no liability for a failure to restrict use.
- 2.1.4 Government Access. Declarant hereby grants to the Fire Department, Police Department and other governmental agents and officials with jurisdiction over Seacrest, the non-exclusive right to enter upon the Common Areas for the purpose of carrying out their official duties.

Section 2.2 Association to Maintain Common Areas and Certain Easement Areas. The Seacrest Homeowners Association shall maintain the Common Areas in their original developed states including the roadways, retention pond, common parking areas, foot path or trail, gazebo, small boat storage, lighting, irrigation system and sewage pump. The Association shall also maintain the privacy wall along Oakes Avenue together with the gated entry, and lighting thereon within the easement areas as shown on the face of the Survey and as delineated herein or as shall be delineated by an amendment hereto, and any and all landscaping in the Oakes Avenue right-of-way. In addition, the Association shall maintain any and all landscaping and irrigation systems within Seacrest whether or not they be upon Common Areas or upon private land within the Lots from the outermost point of the building envelope to the Lot lines as shown on the face of the Survey. Any and all maintenance of the Common Areas including but not limited to landscaping and specifically the sewage pump station, shall be completed by professional, licensed and bonded maintenance services specifically trained in such services. Said expense shall be shared equitably by all lot owners through a Budget and Assessment Account for Seacrest.

Section 2.3 Alteration of Common Areas. Nothing shall be altered or constructed upon or removed from the Common Areas except upon the prior written consent of the Board.

Section 2.4 Damage or Destruction – Reconstruction. In the event of damage or destruction to any part of the Common Areas, the Board shall promptly, and in any event within 30 days after the date of damage or destruction, make the following determination with respect thereto employing such advice as the Board deems advisable;



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- 2.4.1 The nature and the extent of the damage or destruction, together with an inventory of the improvements and property directly affected thereby.
- 2.4.2 An estimate of the cost to repair and/or restore the damage and destruction, which estimate shall, if practicable, be based upon two or more firm bids obtained from responsible contractors.
- 2.4.3 Anticipate the insurance proceeds, if any, which will be available from insurance covering the loss, based on the amount paid or initially offered by the Insurer.
- 2.4.4 Determine the amount, if any, that the estimated cost of repair and restoration will exceed the anticipated insurance proceeds, and the amount of any special assessment that will be necessary in such event.
- 2.4.5 Determine whether such damage or destruction should be repaired or restored.
- 2.4.6 The Board shall have the authority to employ architects and attorneys, advertise for bids, let contracts to contractors and others, and to take such other action as is reasonably necessary to accomplish the repair and restoration. The Board may also authorize the insurance carrier involved to proceed with the repair and restoration.
- 2.4.7 Insurance proceeds for damage or destruction to any part of the Common Areas shall be paid to the Board on behalf of the Association, which shall segregate such proceeds from other funds of the Association for use and payment for the loss or damage suffered. The Association, acting through the Board, shall have the authority to settle and compromise any claim under insurance obtained by the Association, and their insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy.

Section 2.5 Service Easements. In addition to other rights reserved or provided for under these Declarations, each Lot Owner has a non-exclusive perpetual easement to, under, upon, above and through the Common Areas and facilities for ingress, egress and all support elements and utilities, wiring, heat, water and services as required to effectuate and continue maintenance and preservation of their individual Lot improvements. There is hereby reserved to the Association such easements as are necessary to perform the duties and obligations of the Association as set forth in this Declaration and the Bylaws of the Association.

Section 2.6 Utility Service. There is hereby granted to any and all electric, telephone, cable, gas, garbage, water, sewer or other utility company, public or private, or their permittees, subject to the approval of the Declarant during the Development Period and the Association thereafter, a non-exclusive perpetual easement over, under, upon, to or above the Common Areas so " install construct operate maintain, alter and



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repair their respective utilities or services. They shall not unreasonably interfere with roadway usage, and shall promptly restore the affected areas to their pre-existing condition after excavation or other construction.

Section 2.7 Easements for Utilities, Drainage and Irrigation. Declarant does hereby establish, create and reserve for the benefit of itself, the Association and all Owners, and their respective heirs and assigns, an easement (the "Utilities, Drainage and Irrigation Easement") for the installation and maintenance of master television cable systems, security and similar systems, and all utilities, including, but not limited to, storm sewers and drainage systems and power, gas, telephone, water, irrigation and sewer lines over: a ten (10) foot wide strip measured from and parallel to, the front (southeasterly) line of each Lot, and a two and one half (2 1/2) foot wide strip measured from each side of the Lot line of each Lot, and such easements as created by or shown on the face of the Survey, or as may be created by necessity due to construction commenced or completed after the recording of the Survey. Declarant acknowledges that certain exact locations of some utilities and/or drainage lines cannot be precisely located at the time of the execution of this document, and will be addressed by subsequent amendments to this Declaration. No Lot Owner shall allow or permit any structure or landscaping to be located, installed or grown upon the area subject to the Utilities, Drainage and Irrigation Easement which might in any way damage or interfere with the installation and operation of such utilities and systems. Each person utilizing the Utilities, Drainage and Irrigation Easement areas located on another's Lot shall promptly restore such area to its original condition (or as close to its original condition as is reasonably practical) after making such use. Each Lot Owner shall maintain the area of his Lot subject to the Utilities, Drainage and Irrigation Easement in a condition which will not interfere with the operation and maintenance and repair of said utilities and systems.

Section 2.8 Easement for Privacy Wall and Gated Entry. Declarant hereby grants to the Association a non-exclusive perpetual easement to, over, under, upon, and above the property upon which the privacy wall and gated entry are located, as shown on the recorded Survey for the purposes of additions, maintenance and repair. The privacy wall and gated entry are erected parallel to Oakes Avenue and situated approximately one (3) feet onto the southeasterly lines of each of Lots 1 through 4 inclusive, and shall be maintained by the Association including any signs, vegetation and landscaping, lighting, and irrigation that may be situated on such areas and including the street right-of-way.

Section 2.9 Sewage Pump Station Easement. Declarant hereby reserves to itself and grants to the Association an easement for access to the sewage pump station over a portion of Lot 2 as shown on the face of the Survey. Said easement is for ingress and egress for the purposes of maintenance and repair of the sewage pump station located on Lot 2 as shown on the face of the Survey.



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Section 2.10 Additional Drainage Easements. Declarant hereby reserves unto itself and grants to the Association such drainage easements as are shown on the face of the survey and as may be created by necessity after the recording of this document, to effectuate the proper control of surface water upon any portion of the Property. Declarant further grants to the City of Anacortes such drainage easements as may be shown on the face of the Survey over, under and across the westerly line of Lot 1 and in a location on the northeasterly portion of Lot 4 that is not exactly located at the time of the execution of this document.

Section 2.11 View Easement—Trees and Structures.

2.11.1 An integral part of the market value and aesthetic appeal of the Lots in Seacrest is based on beautiful views of the islands, Guemes Channel and Puget Sound. The views are an essential aspect of Seacrest, and all Owners shall work together in good faith to perpetuate them. In order to carry out this purpose, Declarant hereby establishes a non-exclusive perpetual view easement upon, over and above all of the Lots, subject to the guidelines set forth below, which shall be used, protected, and enforced in accordance with the terms and conditions set forth herein.

2.11.1.1 General Height Restrictions. With the exception of Lot 3 as referenced in Section 3.9 below, all buildings or Structures shall be constructed in accordance with the laws of the City of Anacortes and other applicable codes, ordinances or guidelines as may exist during the time of construction through the time of their completion. Any further height restrictions placed upon other Lots or Common Areas within Seacrest must be approved by the Board.

2.11.1.2 The location of a guest house or any other structure (if allowed by the City) on a portion of a Lot is subject to ACC approval to determine that the structure will not have an unreasonable adverse affect on the views of another Lot.

2.11.1.3 A Lot Owner may plant trees within his Lot only with prior ACC approval of his landscaping plan and its determination that they will not have an unreasonable adverse affect on the views of another Lot; he must thereafter cause them to be pruned or cut as determined by the ACC so that they do not interfere with the view from another Lot. Said pruning or cutting must be done by the landscaping company with which the Association has contracted.



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- 2.11.1.4 Native Growth. Native growth trees over four (4) inches in diameter within the Property (other than alder, cottonwood or willow) shall not be permitted to be destroyed or removed except within the building site envelopes, or by Declarant, or as approved in writing in advance by the ACC. In the event such trees are removed by an Owner or his contractor or agent, except as stated above, the ACC may require the replanting or replacement of same and; the cost thereof shall be borne by the Lot Owner. If the Owner does not replace same within 30 days of written notice from the ACC, the ACC may replace said missing tree and charge the Owner therefor and secure that expense by recording a lien against the Lot in the same manner as for any other violation hereunder.

ARTICLE 3

CONSTRUCTION ON LOTS AND USE OF LOTS

Section 3.1 Purpose: Uniformity of Use and Appearance. One of the purposes of this Declaration is to assure within the Property: (i) a uniformity of use and high quality of workmanship, materials, design, maintenance and location of Structures with respect to topography and finish grade elevation; (ii) all improvements within the Property comply with the spirit of this Declaration and are in harmony with one another and the surrounding area, and (iii) that there will be no undue repetition of external designs. It is in the best interests of each Owner that such uniformity of use be maintained as hereinafter provided. No building (except for Accessory Structures as defined in 3.6.20 herein, and approved by the Board) shall be erected, altered, placed or permitted to remain on any Lot other than one single-family dwelling. Accessory Structures including carports and storage buildings are permitted as allowed by the requirements of this Article 3. Notwithstanding anything herein set forth, the Construction of any Structure shall comply with the more restrictive of either (i) the terms and conditions of this Declaration together with all Architectural Control Committee rules and Design Guidelines or (ii) the laws, codes, ordinances and regulations of any governmental entity having jurisdiction.

Section 3.2 Submission of Plans. At least fifteen (15) days before commencing Construction of any Structure on any Lot, the Owner shall submit to the Board three (3) complete sets of detailed building, Construction, surface water run-off control (drainage), landscaping plans and specifications, irrigation plans and a site plan showing the location of all proposed Structures including setbacks, parking, driveways and site lighting and elevations (the plans, specifications and site plans are individually and collectively referred to herein as the "Plans"). The Plans shall be submitted in a form satisfactory to the Board, which may withhold its approval by reason of its reasonable dissatisfaction



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with the location of the Structure on the Lot, color scheme, finish, architecture, height, impact on view from another Lot or Lots, appropriateness of the proposed structure, materials used therein, or because of its reasonable dissatisfaction with any other matter which, in the reasonable judgment of the Board, would render the proposed Structure inharmonious with the general plan of development of the Property or other Structures nearby. Provided however, the Board's approval shall be evidenced by written endorsement on such Plans, two (2) copies of which shall be delivered to the Owner of the Lot upon which the Structure is to be Constructed.

Section 3.3 Construction. No Structure or improvements shall be Constructed or caused to be constructed, erected, placed, altered, or permitted to remain on any Lot by any Owner or occupant, unless the final Plans and Specifications for the Structure, including landscaping, have been approved in writing by the Board and the Architectural Control Committee ("ACC") (see Section 3.5 below); provided, however, that the ACC shall exercise its authority and responsibility under this Section 3 in good faith and to the best of its reasonable judgement as to allow the construction of improvements which meet the terms of this Declaration. The Board's review and approval or disapproval of Plans on the basis of cost, aesthetic design, harmony with previously approved Structures on or about other Lots in the Property, and location, shall be absolute and enforceable in any court of competent jurisdiction. The Board's approval of any Plans, however, shall not constitute any warranty or representation whatsoever by the Board or any of its members that such Plans were examined or approved for engineering or structural integrity or sufficiency or compliance with applicable governmental laws, codes, ordinances and regulations, and each Owner hereby releases any and all claims or possible claims against the Board as a whole or any of them individually, and their heirs, successors and assigns, of any nature whatsoever, based upon engineering or structural integrity or sufficiency or compliance with applicable governmental laws, codes, ordinances and regulations.

Section 3.4 Power of the Board to Grant a Variance. The Board shall have the power to approve plans and specifications which do not necessarily conform in every respect to these restrictions, and to grant a variance to an owner, who, at the time the owner submits his plans for approval, also submits a request for a variance. Such variances may be in order to overcome practical difficulties or to prevent hardships in the application of these or subsequent restrictive covenants. The variances which may be allowed by the board shall include, but not be limited to those matters herein covered by Section 3.8 (minimum size), and Section 3.10.16 (setbacks). Such variances as approved by the Board shall not constitute a general waiver of restrictions generally applicable to that or any other Lot, but instead shall be in furtherance of the purposes and intent of this Declaration. The granting of the request for a variance shall be in writing and shall also be entered in the minutes of the Board. Any such variance shall be subject to any and all governmental laws, codes, ordinances and regulations affecting the Property as set forth by any and all governing bodies that have jurisdiction over the Property.



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Section 3.5 Architectural Control Committee. The Association shall establish and continuously maintain an Architectural Control Committee ("ACC"), composed of three or more board members, as selected by the Board, to review and approve or disapprove the details and written Plans and specifications showing the nature, kind, shape, height, materials, colors, and location of any proposed Structure, Accessory Structure, exterior additions to or changes or alteration to existing Structures, landscaping, clearing or excavation of Lots, or cutting of trees within the Property. Any such approval or disapproval of Plans and designs submitted to the ACC shall be submitted to the Board for approval as set forth in Sections 3.2 and 3.3 above. The purpose of the Architectural Control Committee is to achieve and maintain the aesthetic goals of the Declarant. Persons or entities serving on the ACC shall be selected by Declarant until the end of the Development Period, unless such right is earlier relinquished by Declarant by notice in writing mailed to the Association. After the end of the Development Period, or after Declarant has fully relinquished its right to select the ACC, the Association shall select its own ACC in the manner set forth in the Association's documents. The initial ACC shall consist of Declarant and John R. Cox and Associates, the Participating Builder. The Association shall enforce guidelines, criteria and procedures governing the ACC and the Owner's compliance with the provisions in this Article 3. All acts and decisions of the ACC as contemplated herein shall require at least a 66% majority vote of the ACC and shall be in writing.

Section 3.6 Inaction. If the ACC fails either to approve or disapprove plans and specifications within thirty (30) days after submission, it shall be conclusively presumed that the ACC has approved said plans and specifications; provided, however, that if within that 30 day period the ACC gives written notice that more time is required for the review, no such presumption shall be made until the expiration of any reasonable period of time stated in the notice, which period shall not exceed ninety (90) days.

Section 3.7 Contractors. All contractors building within the Property must first obtain approval from the ACC.

Section 3.8 Minimum Size. The floor area of the main house Structure, exclusive of open porches and garages shall be not less than 3000 square feet for a dwelling containing either a single level or multiple levels. Each home must have a garage, which shall be of such size as to accommodate at least two automobiles. The Board is authorized to grant a variance as to these size requirements upon receiving an application from the owner of a lot showing that the grade of the lot will not reasonable accommodate those size requirements.

Section 3.9 Maximum Height. All buildings or Structures shall be Constructed in accordance with the laws of the City of Anacortes and other applicable codes, excepting therefrom the maximum height for any Structure placed upon Lot 3 shall not exceed seventeen (17) feet below the upper deck of Lot 2 to allow a view corridor benefiting Lot 2.



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Section 3.10 Use and Construction Restrictions.

3.10.1 "Residential Use". The dwellings within the Property are intended for and restricted to use as single family residences only, on an ownership, rental, or lease basis, and for social, recreational, or other reasonable activities normally incident to such use which includes home offices. In addition to the foregoing, Declarant, its agents and any Participating Builders may use dwellings it owns as sales offices and models for sales of other Lots. All sales and construction facilities in Seacrest, and all Lots and any construction sites in the Property shall be maintained in a clean and orderly fashion and free from trash, debris or refuse of any kind; and in the case of construction on the Lots, the Owner of any Lot shall be responsible for daily clean-up of the construction site and the entire Lot (if necessary) so as to prevent the proliferation of trash, debris and refuse, and to prevent the disorderly and unappealing appearance of Seacrest. All construction sites and sales facilities shall maintain, in working order, portable or other toilet facilities for use by construction crews. Construction crews shall use said facilities at all times.

3.10.2 "Maintenance of Buildings and Lots". Each Owner shall, at the Owner's sole expense, keep the interior and exterior of the Structure(s) on the Owner's Lot, as well as the Lot, in a clean and sanitary condition, free of rodents and pests, and in good order, condition and repair. Each owner shall do all redecorating, painting, and maintenance at any time necessary to maintain the appearance and condition of the Structure and the Lot. The landscaping and irrigation for each Lot and all Common Areas shall be maintained by the Association and the burden of cost shall be shared equally among the Lot Owners.

3.10.3 "Completion of Construction". Any Structure erected or placed on any Lot shall be completed as to external appearance within nine (9) months from the date Construction is started, however, with good cause shown, the Board may extend this period. All yards and landscaping must be completed within six (6) months from the date of completion of the main residence building, however, with good cause shown, the Board may extend this period. All Lots shall be maintained in a neat and orderly condition during Construction.

3.10.4 "City Zoning and Building Restrictions". This Property is located within the boundaries of the City of Anacortes and, therefore, is subject to all ordinances, rules and regulations of the city, including, without limitation, land use, zoning and building regulations. This Declaration is to be interpreted and applied consistently with the requirements and interpretations of the rules and regulations of the City of Anacortes as the



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same now exists or may hereafter be amended, which are specifically applicable to the Property. It is the intent of this Declaration to supplement, in certain respects, existing city ordinances, rules and regulations and, in certain cases to be more restrictive in nature than the requirements set forth in such ordinances, rules and regulations.

Although the zoning ordinances of the City of Anacortes may directly or indirectly permit uses different from or greater than those specified in this instrument, Declarant expressly intends that the land located within the Property only be used for the purposes and uses specifically allowed in this instrument.

3.10.5 "Parking". No trucks, campers, motor homes, recreational vehicles, trailers, boats, motorcycles or other vehicle or any part thereof shall be parked or permitted to remain on any Lot, unless the same is stored or placed in a garage or in a rear or side yard area and adequately screened from sight. Each Lot shall be allowed to park one (1) of either (i) a motor home or recreational vehicle not to exceed 44 feet in length or (ii) a trailerable boat; provided that the vehicle shall be adequately screened from view by either vegetation or a structure, or both. Such adequate screening is to protect the quality of life and aesthetic goals of Seacrest. Said structure, vegetation and location of the vehicle shall be submitted to the ACC for its approval pursuant to its Design Guidelines prior to any installation or construction. All boats must be properly covered. No such vehicles shall be parked overnight on any street adjoining any Lot; provided that such vehicles belonging to guests may occasionally be so parked. Also, privately owned cars and trucks not used for commercial purposes may be parked in driveways provided they are in good repair and not "unsightly". "Unsightly" shall be defined and determined solely at the discretion of the Board and/or the ACC its determination shall be final. Declarant or the Board may require removal of any inoperative or unsightly vehicle, and any other equipment or items improperly stored in any parking areas. If improper use of parking areas is not immediately corrected, Declarant or the Board may cause removal at the risk and expense of the owner thereof. The use of all parking areas shall be subject to the rules and regulations adopted by the Board.

3.10.5.1 Regular on street parking of vehicles within the Property shall not be permitted.

3.10.6 "Signs". No sign of any kind shall be displayed to the public view on or from any Lot without the prior written consent of the Board, except for "For Rent" or "For Sale" signs in a form not prohibited by any rules and regulations of the Board and not to exceed four (4) square feet. This



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Section shall not apply to the Declarant or any Participating Builder. The Board shall make the determination in its sole discretion as to whether an entrance sign i.e. "Seacrest" shall be erected upon or near or attached to the exterior of the Privacy Wall. Any such sign shall be approved by the ACC.

3.10.7 "Animals". Animals, including horses, livestock, poultry, reptiles or pigs, shall not be kept on any Lot. Household pets shall be limited to cats, dogs and domestic caged birds, not exceed three (3) in number; provided that unweaned puppies or kittens may be kept. All animal enclosures must be kept in a clean, neat and odor free condition at all times. All animals must be kept at a distance of not less than 20 feet from abutting Structures and erosion control Structures if directed by the Board. In no event shall the keeping of any animals result in inappropriate noise, odor, debris, or a public nuisance or annoyance to the owners of adjacent lots as determined within the sole and unfettered discretion of the Board, particularly barking dogs. Any barking of a repetitious, habitual, or consistent nature shall be considered a nuisance and shall not be allowed. The Board may at any time require the removal of any pet which it finds is unreasonably disturbing other Owners or tenants, in the Boards' sole discretion and determination, and may exercise this authority for specific pets even though other pets are permitted to remain. Notwithstanding anything set forth herein, all Owners shall comply with all applicable governmental laws, codes, ordinances, and regulations pertaining to animals. Pets shall be attended to at all times and shall be registered, licensed and inoculated from time to time as required by law. All pets within Seacrest must be either contained within the Owner's Lot or Structure or leashed and accompanied by a responsible person. No pets shall be allowed to run free.

3.10.8 "Temporary Structures". No Structure of a temporary character, including trailers, mobile homes, tents, shacks, garages, barns, or other outbuilding shall be installed, placed, or used on any Lot at any time as a residence, either temporarily or permanently. Campers, trailers, motor homes, and other similar moveable residential vehicles may only be used for temporary periods if approved in advance by the Board. Portable toilets, used in the course of construction, may be allowed for worker's use only during construction upon approval in advance by the Board.

3.10.9 "Sports Courts". No sports courts, basketball hoops, or other such sporting equipment or structure shall be allowed in any portion of Seacrest, either upon Common Areas or within the confines of the Lots.

3.10.10 "HVAC". No evaporative cooler or heat pump shall be allowed, placed, installed, or maintained on or within any Structure within Seacrest.



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3.10.11 "Clothes Lines". No washing, rugs, clothing apparel, or any other article shall be hung from the exterior of any Structure or on a Lot so as to be visible from the streets and roadways adjoining the lots.

3.10.12 "Radio and Television Aerials". No television or radio aerial shall be placed or erected outside of any building on any Lot. No wires or lines of any sort may be permitted, placed or constructed upon any Lot outside the buildings thereon, unless the same shall be underground or in a conduit attached to the building, unless otherwise approved by the ACC. Satellite receiving dishes may be permitted; provided, however, they may not exceed 18 inches in diameter and must be placed in as inconspicuous a location as is reasonably possible, so as to maintain the ambiance within Seacrest. All satellite dish locations shall be approved by the ACC prior to installation.

3.10.13 "Trash Containers and Debris". All trash shall be placed in sanitary containers either buried or screened so as not to be visible from adjoining Structures or streets or roadways. No Lot or any portion thereof shall be used as a dumping ground for trash or rubbish of any kind. Yard rakings, dirt and debris resulting from landscaping work or Construction shall not be dumped onto adjoining Lots or streets or roadways. Compost piles may be kept upon the Lots provided they are kept in a clean, neat and sanitary condition and screened from view of other adjoining Lots.

3.10.14 "Offensive Activity". No trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind, including day schools, nurseries, or church schools, shall be conducted or permitted on any Lot or Common Area, except as to home offices which are specifically set forth in Section 3.9.1 provided, however, that such home occupations are conducted in a manner allowed by law and if such occupation will not, in the reasonable judgment of the Association, cause traffic congestion or other disruption of the Seacrest community; nor shall goods, equipment, vehicles or materials used in connection therewith, be kept, parked, stored, dismantled or repaired outside on any Lot or Common Area or any street within the Property. No noxious or offensive activity, including but not limited to the creation of excess levels of noise, shall be carried out on any Lot nor in any Common Area, nor shall any action or inaction on the Lot or Common Area cause or become an annoyance or nuisance to the neighborhood, the other Owners or tenants, or that would detract from the value of the Seacrest community. No Lot or Common Area shall be used in whole or in part for the storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such Lot or Common Area to appear in an unclean or untidy condition or that will be



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obnoxious to the eye; nor shall any substance, thing, or material be kept or operated upon any Lot or Common Area that will emit foul or obnoxious odors, or that will cause any noise that will or might disturb the peace, quiet, comfort, or serenity of the occupants of surrounding property. In particular, inoperable vehicles or unsightly devices of any kind shall not be stored on any Lot in view of the roadway or the homes of other Owners or tenants. The Association shall determine by Association action whether any given use of a Lot or Structure or a Common Area unreasonably interferes with the rights of the other Owners to the use and enjoyment of their respective Lots and Structures, or of the Common Areas, and such determination shall be final and conclusive.

- 3.10.15 "Encroachments on Easements". No buildings, permanent or semi-permanent structures of any kind shall be permitted within any utility, drainage, view, irrigation or landscaping easements unless approved by the ACC prior to installation or construction.
- 3.10.16 "Setbacks". All homes or other Structures built upon the Lots shall be set back from all Lot lines in accordance with the applicable City of Anacortes zoning requirements, codes, ordinances and regulations pertaining to setbacks. No Structure shall be located closer than (i) 20 feet from the front line of any Lot, (ii) 5 feet from the side lines of any Lots and (iii) 20 feet from the rear line of any Lot, provided that Accessory Structures as defined in Subsection 3.10.25 below, may be located closer to the various Lot lines if approved by the Board in writing in advance. For purposes of this Section, eaves, steps and open porches shall be considered as part of the Structure; provided that this Section shall not be construed to permit any portion of a Structure on any Lot encroach upon any other Lot.
- 3.10.17 "Fences". No fence shall be constructed on any Lot without the prior written approval of the Board, which approval may be granted or denied in the Board's sole discretion. All fences shall be constructed in a good and workman-like manner of suitable fencing materials and shall be the same in design and color and shall not detract from the appearance of any adjacent Structures. All fences shall comply with the Design Guidelines adopted by the Board. No chain link fences shall be allowed.
- 3.10.18 "Underground Utilities". All utility lines located outside a dwelling unit shall be in conduits attached to such units or underground.
- 3.10.19 "Drainage". Any and all drainage from a Lot, which in the reasonable opinion of the Board causes erosion problems, shall be piped to the nearest underground drainage line contained within Seacrest. All roof



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drains connected to public storm sewer systems shall be permitted. All drainage lines are to be maintained by the Association. Any drainage problems or concerns whether on Lots or Common Areas shall be the responsibility of the Association.

- 3.10.20 "Tree Cutting". The cutting of any existing trees other than those necessary to clear for the building site on any Lot is strictly prohibited unless approved by the Board. If the Owner wishes to remove any existing tree(s) outside the building area, those specific trees must be flagged and written permission to remove them must be obtained from the Board prior to removal. Topping or pruning of trees, thinning of heavy branches or limbs shall only be permitted upon prior written approval of the Board. Ornamental or landscaping trees planted at or after Construction shall be exempted unless the cutting thereof adversely affects other Lots in Seacrest.
- 3.10.21 "Damage". Any damage to streets, Property improvements, entry structure, fences, landscaping, mailboxes, lights and lighting standards by Lot Owners, their children, contractors, agents, visitors, friends, relatives or service personnel shall be repaired by such Owner within twelve (12) days from the occurrence of such damage, at Lot Owner's expense.
- 3.10.22 "Driveways". All driveways shall be paved with concrete aggregate paving together with brick accents, consistent with those driveways for Lots 1 and 2, from the edge of the paved street to connect with the paved surface of the floor of the carport or the garage. There will be no exceptions unless prior written approval is obtained from the Board.
- 3.10.23 "Lighting". No mercury vapor or similar high-intensity lights will be permitted within Seacrest.
- 3.10.24 "Mailboxes". All mailboxes must be of a standard accepted by the U.S. Postal Authorities and must be located in those areas so designed by the U.S. Postal Department. Structures containing mailboxes must be approved by the Board. Declarant intends to locate all 4 mailboxes in one location within one structure as approved by the Board.
- 3.10.25 "Accessory Structures". Any garage, shed, carport, barn or any type of outbuilding must be approved by the Board in writing prior to installation. The location, size, design and materials shall be subject to the Design Guidelines of the ACC.



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3.10.26 "Weapons". No firearms of any kind or nature, including rifles, handguns, bows, slingshots, BB guns, slings, traps, or any other like weapon, shall be used or discharged within the Property except by authorized governmental officials in the course of their duties. No hunting shall be permitted within the Property.

3.10.27 "Rentals /Leasing".

3.10.27.1 It is recognized that homes may be leased or rented by their Owners or successors in interest on a month-to-month basis or for any term at their discretion. A mortgagee in possession of any Lot may lease or rent it for any term at its discretion.

3.10.27.2 Each lease or rental agreement shall be in writing, and by its terms shall provide that it is subject in all respects to the provisions of these Declarations and the Bylaws of the Association. Any failure by a lessee to comply with all terms contained in this Declaration or the Association's Bylaws shall cause the Lease to be in default, and the default may be enforced directly by the Association. No Owner may lease less than the entire home without Board approval.

3.10.27.3 The Association may supervise all leasing, rental or subleasing of homes to insure compliance with these provision, and the Association may require the Owner to deposit not more than two (2) months market rental value of the home (regardless of the actual rental rate) with the Association treasurer to insure compliance with the Association rules and this Declaration, and to cover any damage to Common Areas and facilities.

3.10.28 "Owner's Maintenance Responsibilities". The maintenance, upkeep and repair of individual Lots and Structures shall be the sole responsibility of the individual Owners thereto and in no way shall it be the responsibility of the Association, its agents, subagents, officers, directors or Board members; excepting therefrom, the maintenance of all landscaping and irrigation systems throughout Seacrest, whether on the Common Areas or within, under or upon the Lots, which shall be maintained by the Association according to Section 2.2 above. Owners shall maintain their Lots and Structures and any and all appurtenances thereto in good order, condition and repair, and in a clean, sightly and sanitary condition at all times. The Association shall be obligated to maintain the landscaping on all Lots and Common Areas in a healthy and attractive state and in a manner comparable to that on the other Seacrest Lots. The Owners may only make additions or changes to their landscaping or irrigation system with the prior written approval of the ACC or Board. The cost of the



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maintenance of the landscaping and irrigation system during the normal course of business shall be included in the monthly assessments paid by all Lot Owners. Should an Owner wish to make a "substantial" addition or change to their landscaping or irrigation system ("substantial" to be determined by the Board or ACC in its sole discretion), the "substantial" addition or change shall be subject to the approval of the ACC and the costs associated with said addition or change shall be borne solely by the Lot Owner and not by the Association.

- 3.10.29 "Regulations" Each Owner shall comply with all laws, regulations, ordinances and orders of competent public authorities applicable to Seacrest. Each Owner shall also comply with all of the terms and conditions of the Survey, building permits, and all other permits and approvals given by public authorities for his building site.
- 3.10.30 "Insurance". No Owner shall permit anything to be done or kept on their premises or on the Common Areas which will increase the fire insurance premiums for any Member or the Association or result in the cancellation of insurance. Neither shall any Owner erect, construct, or allow any type of apparatus or recreational equipment in any Common Area that would increase the risk of harm and liability to other Owners.
- 3.10.31 "Driveways, Walkways, etc." Driveways, walks, paths, and other common facilities used for access shall be used exclusively for normal ingress and egress, and no obstruction shall be placed therein unless permitted by the Board.

ARTICLE 4

SEACREST HOMEOWNERS' ASSOCIATION

Section 4.1 Form of Association. The Owners of Lots within the Property shall constitute the members of Seacrest Homeowners' Association, a Washington non-profit corporation. The rights and duties of the members and of the Association shall continue to be governed by the provisions of this Declaration. The Homeowner's Association shall be formed for the purpose of administering and enforcing these Covenants and providing or contracting to provide for the common services and benefits contemplated by these Covenants. Declarant shall be responsible for the formation of the Association pursuant to the provisions set forth in Section 4.11 below.



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Section 4.2 Board of Directors. The affairs of the Association shall be governed by a Board of Directors (the "Board") which shall be composed of one or more members, to be determined at the reasonable discretion of the Board. The initial Board shall be Seacrest Real Estate Development, LLC, its agents and representatives. Subject to any specific requirements hereof, the Board shall have authority to establish operating rules and procedures. In the event of death or resignation of any member or members of the Board, the remaining member or members, if any, shall have full authority to appoint a successor member or members. Members of the Board shall not be entitled to any compensation for services performed pursuant to this Declaration. Upon the Transition Date and the formation of the Homeowner's Association and without further action by any person or persons, (i) the term of the initial Board members or their successors shall end, and (ii) the initial Board members and their then successors shall be released from any and all liability whatsoever for claims arising out of or in connection with this Declaration, exempting only claims arising prior to the Transition Date.

Section 4.3 Qualification for Membership. Each fee owner of a Lot (including Declarant) in Seacrest shall be a member of the Association and shall be entitled to one membership and one vote for each Lot owned; provided, that if a Lot has been sold on contract, the contract purchaser shall exercise the rights of an Owner for purposes of the Association and this Declaration except as hereinafter limited, and shall be the voting representative unless otherwise specified. Ownership of a Lot shall be the sole qualification for membership in the Association.

Section 4.4 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Lot giving rise to such membership, and shall not be assigned, transferred, pledged, except as set forth in Section 4.7 below, hypothecated, conveyed, or alienated in any way except upon the transfer of title to the Lot and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the new Owner.

Section 4.5 Number of Votes. The total voting power of the Association at any given time shall equal the 4 Lots included within the Property at that time. The Owner or Owners of each Lot within the Property shall be entitled to one vote. If a Person (including Declarant) owns more than one Lot, he or she shall have the votes appertaining to each Lot owned.

Section 4.6 Joint Ownership/Marital Community. If a Lot is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. If joint Owners are unable to agree among themselves how their vote shall be cast, they shall lose their right to vote on the matter in question. If a Lot is held by a partnership, corporation, LLC, trust, or any other such entity that is not an



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individual or marital community, the authorized representative of said entity shall be the only person authorized to cast a vote for that entity.

Section 4.7 Pledged Votes. An Owner may, but shall not be obligated to, pledge his vote on all issues or on certain specific issues to a Mortgagee; provided, however, that if an Owner is in default under a Mortgage on his Lot for ninety (90) consecutive days or more, the Owner's Mortgagee shall automatically be authorized to declare at any time thereafter that the Lot Owner has pledged his vote to the Mortgagee on all issues arising after such declaration and during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

Section 4.8 Annual and Special Meetings. Within the period commencing thirty (30) days before the Transition Date (defined in section 4.11, below) and ending thirty (30) days after the Transition Date, there shall be a meeting of the members of the Association and thereafter there shall be an annual meeting of the members of the Association in the first quarter of each fiscal year at such reasonable place and time as may be designated by written notice from the Board delivered to the Owners no less than thirty (30) days before the meeting. At the first such meeting, and at each annual meeting thereafter, the Owners shall elect by majority vote individuals to serve as Board members until a successor is elected at the next annual meeting. Each Lot shall be entitled to one vote for each director and the voting for directors shall be non-cumulative. The financial statement for the preceding fiscal year (if any) and the budget the Board has adopted for the pending fiscal year shall be presented at the annual meeting for the information of the members. Special meetings of the members of the Association may be called at any time upon not less than fourteen (14) days prior written notice to all Owners, for the purpose of considering matters which require the approval of all or some of the Owners, or for any other reasonable purpose. Any First Mortgagee of a Lot may attend or designate a representative to attend the meetings of the Association.

Section 4.9 Owner's Compliance with Governing Documents. By acceptance of a deed to a Lot, execution of a contract therefor, or any other means of acquisition of an ownership interest, whether or not it shall be so expressed in any deed or other instrument, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors and assigns, to observe and comply with all terms of the Governing Documents of the Association, and all rules and regulations duly promulgated pursuant to Association Action.

Section 4.10 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures (if any) of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the Lot Owners, Mortgagees, and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.



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Section 4.11 Transition Date. The "Transition Date" shall be the date on which control of the Board passes from the initial Board to the Association. The Transition Date will be either (i) the date designated by Declarant in a written notice to the Owners, which date may be by Declarant's election any date after this Declaration has been recorded or (ii) the earlier of (a) three (3) years after the recording of this Declaration or (b) the 120th day after Declarant has transferred title to the purchasers of Lots representing 75% of the total voting power of all Lot Owners in the Association. For purposes of the foregoing clause (ii), however, transfer of title to a Lot by Declarant to any Participating Builder shall be disregarded and title to any Lot owned by Participating Builder shall not be deemed transferred for purposes of determining the Transition Date until the Lot is further transferred by a Participating Builder to a purchaser who is not either a Participating Builder or Declarant. From and after the Transition Date, the then Owners of 75% of the Lots in the Property shall have the power through a written instrument recorded in the real property records of Skagit County, Washington to restrict or eliminate all or any of the approval powers and duties of the Board set forth in this Declaration.

Section 4.12 Acts Prior to the Transition Date. Until such time as the Homeowner's Association is formed and initially funded by all 4 Lot Owners, the Declarant, its successors and/or assigns, shall be responsible for any and all expenses incurred maintaining, repairing and improving the plat improvements, maintaining the landscape contract, maintaining the sewer pump maintenance contract as well as any utilities required such as water, gas and electric which serve the plat and the Common Areas; excepting therefrom any and all utilities, improvements and service contracts that are separate and specifically benefiting the individual Lots and/or homes.

ARTICLE 5

NOTICES FOR ALL PURPOSES

All notices given under the provisions of this Declaration or rules or regulations of the Association shall be in writing and may be delivered either personally or by United States mail. If delivery is made by mail, it shall be sent postage prepaid by certified or registered mail return receipt requested, to the Person entitled to such Notice if such Notice is to Declarant, the Association or to fewer than all Owners. If said Notice is to all Owners, it shall be mailed first-class postage prepaid. The Notice shall be deemed to have been delivered on the third day of regular mail delivery after the date of mailing thereof or on the date of actual receipt, if sooner; otherwise, Notices shall be deemed



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given on the date of actual receipt. Notices shall be addressed to the last known address of the addressee. Owners mailing addresses may be changed by written Notice to the Board. Notice to any Owner may be given at any Lot or Structure owned by such Owner; provided however, that an Owner may from time to time by Notice to the Association designate such other place or places or individuals for the receipt of future Notices. If there is more than one Owner of a Lot or Structure, Notice to any one such Owner shall be sufficient and shall be deemed delivered to all Owners of such Lot. . Notices to the Board may be given to any Board member or mailed to the residence address for the president or secretary of the Association. The address of Declarant and of the Association shall be given to each Owner at or before the time he becomes an Owner. If the address of Declarant or the Association shall be changed, Notice shall be given to all Owners.

ARTICLE 6

AUTHORITY OF THE BOARD

Section 6.1 Adoption of Rules and Regulations. This Board is empowered to adopt, amend, and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with the general guidelines of this Declaration, to promote the comfortable use and enjoyment of the Property and to govern the operation and procedures of the Association. The rules and regulations may, without limitation, authorize voting by proxy or mail, or both, on Association matters. The rules and regulations of the Association shall be binding upon all Owners and occupants and all other Persons claiming any interest in the Property. The rules and regulations may not discriminate among Owners. Any such rules and regulations shall become effective thirty (30) days after promulgation or amendment and shall be made available to all Owners within thirty (30) days after promulgation or amendment. A copy of the rules and regulations then in force shall be retained by the secretary of the Association and be available for inspection by any Owner during reasonable business hours. Such rules shall have the same force and effect as if set forth herein.

Section 6.2 Interpretation, Administration and Enforcement of Declaration, Etc. The Board shall have the power to enforce the provisions of this Declaration, and the rules and regulations of the Association for the benefit of the Association. Each Owner shall comply with the provisions of this Declaration and with the Bylaws, rules and regulation adopted by the Board. The failure of any Owner to comply with the provisions of this Declaration, or the rules and regulations of the Association will give rise to a cause of action in the Association (acting through the Board) and any aggrieved Lot owner for recovery of damages, or injunctive relief, or both. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, or the rules or regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs, and attorney's fees in the amount awarded by the court. Failure or forbearance by any person or entity so entitled to enforce the



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provisions of this Declaration and the rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter.

- 6.2.1 No building construction, landscaping, remodeling, or alteration work which has been commenced shall be deemed in violation of this Declaration if the same was authorized by ACC permits issued pursuant to this Declaration.

Section 6.3 Limitation of Liability. The Declarant, the Owners, the Association, the ACC, the Board and their agents and employees shall not be liable for any damage or loss or prejudice suffered or claimed by any person on account of:

- 6.3.1 The approval or disapproval of any plans and specifications, whether or not in any way defective.
- 6.3.2 The development of any Lot or the construction of any improvement, or performance of any work, whether or not pursuant approved plans and specifications.
- 6.3.3 Injury to any person or property due to construction, the performance of any work, location of any physical object, or resulting from the performance of any industry or other activity within Seacrest.

Each Owner shall hold Declarant, the Owners, the Association, the ACC, and the Board harmless from any and all such claims existing on such Owner's Lot.

Section 6.4 Maintenance, Goods and Services. The Association and the Board shall have full responsibility for maintenance and repairs of the Common Areas. The Board and the Association shall acquire and pay for as common expenses of the Association all goods and services reasonably necessary or convenient for the efficient and orderly maintenance of all portions of the Common Areas together with the landscaping and irrigation systems throughout the Property and any area not maintained by public utility companies or a governmental entity. The goods and services shall include (by way of illustration and not limitation) policies of insurance, and the maintenance, repair, landscaping, gardening, irrigation and general upkeep of the Common Areas, and the landscaping and irrigation located within the Property, but not on the Common Areas. The Board and the Association may hire such employees or contract with such services as it considers necessary.

ARTICLE 7



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BUDGET AND ASSESSMENT FOR COMMON EXPENSES

Section 7.1 Fiscal Year; Preparation of Budget. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year. As soon as the Board in its discretion deems advisable and prior to the expiration of each fiscal year thereafter, the Board shall establish a budget for the costs of maintaining the Common Areas, landscaping and irrigation during the ensuing fiscal year. The Board shall then assess each Lot within Seacrest with its pro-rata share of such estimated costs, based upon the four (4) Lots then within Seacrest. The Board, at its election, may require the Lot Owners to pay the amount assessed in equal monthly, quarterly, or semi-annual installments or in a lump sum annual installment. The Board shall notify each Lot Owner in writing at least ten (10) days in advance of each assessment period of the amount of the assessment of said period, which notice shall be accompanied by a copy of the budget upon which the assessment is based. Any Owner may prepay one or more installments on any assessment levied by the Association without premium or penalty. The assessments levied by the Board shall be used exclusively to promote the recreation, health, safety and welfare of the Lot Owners and for the improvement and maintenance of the Common Areas.

7.1.1 Initial funding of the Budget and Assessment Account. In order to adequately fund the Budget and Assessment Account at its inception, each Lot Owner shall pay their pro-rata portion of the first year's assessment in a lump sum at the earlier of (i) closing the sale of a Lot from Declarant or (ii) within 10 days of written receipt of the initial assessment amount. Further, at such time as either (i) or (ii) have occurred, the Lot Owners shall begin making monthly, quarterly, or semi-annually (determined by the Board at its discretion) based on the annual budget so as to create a reserve to be held by the Association.

Section 7.2 Exemptions.

7.2.1 In establishing the budget for any fiscal year, the Board shall specifically exclude costs associated with the maintenance of the driveway for Lot 1 which shall be borne solely by the Owner of Lot 1. Accordingly, the Owner of Lot 1 shall be specifically exempted from any assessments relating to road maintenance relating to and benefiting Lots 2, 3, and 4.

Section 7.3 Certificate of Unpaid Assessments. Any failure by the Board or the Association to make the budget and assessments hereunder before the expiration of any fiscal year for the ensuing fiscal year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay assessments during that or any subsequent year, and the assessment amount and payment method established for the preceding fiscal year (if any) shall



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continue until a new assessment is established. Upon the request of any Owner or Mortgagee or prospective Owner or prospective Mortgagee of a Lot, the Board will furnish a statement of the amount, if any, of unpaid assessments charged to the Lot. The statement shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the statement in favor of all purchasers and Mortgagees of the Lot who rely on the statement in good faith. All assessments and other receipts received by the Association shall belong to the Association.

Section 7.4 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Lots at such time as the Board in its absolute discretion deems advisable. The first annual assessment shall be pro-rated according to the number of months remaining in the fiscal year. After the commencement of the annual assessments, the liability of an Owner for assessments shall commence on the first day of the calendar month following the date upon which any instrument of transfer to such Owner becomes operative (such as the date of a deed, the date of a recorded real estate contract for the sale of a Lot, the date of death in the case of a transfer by will or intestate succession, etc.), and, if earlier, the first day of the calendar month following the first occupancy by an Owner or a tenant of Owner; provided, however, that a Participating Builder shall not be liable for any assessments with respect to a Lot acquired from Declarant for a period of one year from the date of acquisition. The Association may in its rules and regulations provide for an administratively convenient date for commencement of assessments that is not more than 90 days after the effective date established above. The due dates of any special assessment payments shall be fixed by Association Action authorizing such special assessment.

Section 7.5 Special Assessments. In addition to the general annual assessments authorized by this Article, the Association may, by Association Action, levy a special assessment or assessments at any time against existing Lots only, applicable to that year only, for the purpose of defraying, in whole or part, the cost of any construction or reconstruction, inordinate repair, or replacement of described capital improvement located upon or forming a part of the Common Areas, including necessary fixtures and personal property related thereto, or for such other purpose the Association may consider appropriate; provided, however, that any such assessment must have prior favorable vote of Owners of record representing 75% of the existing Lots. The amount of each Owner's special assessment for any year shall be the total special assessment for such year, divided by the sum of the number of existing Lots.

Section 7.6 Transfer of Assessment Amounts paid into Account. In the event of a transfer of a Lot from either Declarant or subsequent Lot Owner, any assessment amounts paid into the Budget and Assessment Account by Declarant or Lot Owner for that individual Lot shall be transferred at closing by crediting the transferor for said sums and charging transferee in equal amounts. The Association shall be held responsible for transferring the paid in deposits on their books to reflect said transfer.

Section 7.7 Payment for repair, maintenance and replacement of Plat Improvements



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Prior to Completion of Full Plat Improvements. Declarant, its successors and/or assigns, shall repair or replace any plat improvements necessary during the time period from plat commencement until such time as all four (4) Lots are improved and each home has received a Certificate of Occupancy from the City of Anacortes; excepting therefrom any repairs or replacements that are a result of any of the Lot Owners' actions (individually or in concert with other Lot Owners not acting under the authority of the Association) or actions of any person or persons who are not authorized, contracted with or representing Declarant or any Participating Builder or the Association.

ARTICLE 8

LIEN AND COLLECTION OF ASSESSMENTS

Section 8.1 Assessments Are a Lien; Priority. All unpaid sums assessed by the Association for the share of the common expenses chargeable to any Lot and any sums specially assessed to any Lot under the authority of this Declaration shall constitute a lien on the Lot and all its appurtenances from the date the assessment becomes due and until fully paid. The lien for such unpaid assessments shall be subordinate to tax liens on the Lot in favor of any assessing unit and/or special district, and to all sums unpaid on all First Mortgages of record, but, to the extent permitted by applicable law, shall have priority over all other liens against the Lot. A First Mortgagee that obtains possession through a Mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or sale, or a purchaser at a foreclosure sale, shall take the Lot free of any claims for the share of common expenses or assessments by the Association chargeable to the Lot which became due before such possession, but will be liable for the common expenses and assessments that accrue after the taking of possession. The Lot's past due share of common expenses or assessments shall become new common expenses chargeable to all of the Lot Owners, including the Mortgagee or foreclosure sale purchaser and their successors and assigns, in proportion to the number of Lots owned by each of them. Notwithstanding any of the foregoing, however, the Owner and the real estate contract purchaser shall continue to be personally liable for past due assessments as provided in Section 8.3. For purposes of this Section, "Mortgage" does not include a real estate contract and "Mortgagee" does not include the vendor or the assignee or designee of a vendor of a real estate contract.

Section 8.2 Lien May Be Foreclosed. The Lien for delinquent assessments may be foreclosed by suit by the Board, acting on behalf of the Association, in like manner as the foreclosure of a mortgage of real property. The Board, acting on behalf of the



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Association, shall have the power to bid on the Lot at the foreclosure sale, and to acquire and hold, lease, Mortgage, and convey the same.

Section 8.3 Assessments Are Personal Obligations. In addition to constituting a lien on the Lot, all sums assessed by the Association chargeable to any Lot, together with interest, late charges, costs and attorney's fees in the event of delinquency, shall be the joint and several personal obligations of the Owner and any contract purchaser of the Lot when the assessment is made and their grantees. Suit to recover personal judgment of any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 8.4 Late Charges and Interest on Delinquent Assessments. The Board may from time to time establish late charges and a rate of interest to be charged on assessments delinquent for a period of more than ten (10) days after the date when due. In the absence of another reestablished, nonusurious rate, delinquent assessments shall bear interest at the rate of 12% per annum and shall be assessed a late fee of \$100. If an installment on an assessment against a Lot is not paid when due, the Board may elect to declare the entire assessments against the Lot for the remainder of the fiscal year to be immediately due and payable.

Section 8.5 Recovery of Attorney's Fees and Costs. In any action to collect delinquent assessments, the prevailing party shall be entitled to recover as a part of its judgment a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

Section 8.6 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Section 8.7 No Avoidance of Assessments. No Owner may avoid or escape liability for assessments provided for herein by abandoning his or her Lot.

Section 8.8 Survival of Assessment Obligation. After the foreclosure of a security interest in a Lot or Structure, any unpaid assessments shall continue to exist and remain as a personal obligation of the Owner against whom the same was levied, and the Association shall use reasonable efforts to collect the same from such Owner.

ARTICLE 9



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FAILURE OF BOARD TO INSIST ON STRICT PERFORMANCE; NO WAIVER

The failure of the Board in any instance to insist upon the strict compliance with this Declaration or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of any assessment from an Owner, with knowledge of any breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the Board.


ARTICLE 10

LIMITATION OF LIABILITY

Section 10.1 Limitations relating to Utilities, Natural acts and Governmental acts

Neither individual Owners, Declarant, the Board, the ACC, nor their managing agents shall be liable for any failure of any utility or other service obtained and paid for by the Association, or for the injury or damage to persons or property caused by the elements, or resulting from electricity, water, rain, or wind; nor shall they be liable for any damages caused by freezing or for temporary inconvenience to Owners or others lawfully on the Association premises or common areas for action taken to comply with law, ordinance, or order of a governmental authority,

Section 10.2 Actions in Good Faith. So long as a Board member, or Association member, or Declarant has acted in good faith, without willful or intentional misconduct, upon the basis of such information as is then possessed by such Person, then no such Person shall be personally liable to any Owner, or to any other Person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such Person; provided, that this Article shall not apply where the consequences of such act, omission, error, or negligence are covered by any insurance actually obtained by the Board or the Association.


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ARTICLE 11

INDEMNIFICATION

Each Board member, and Declarant shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not he holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance and except in such cases wherein such Board member or Declarant is adjudged guilty of willful misfeasance in the performance of his or her duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the Association.

ARTICLE 12

INSURANCE

At such times as the Board deems appropriate, the Board shall cause the Association to purchase and maintain as a common expense a policy or policies which the Board deems necessary or desirable to provide casualty insurance, comprehensive liability insurance, (with such deductible provisions as the Board deems advisable), insurance, if available, for the protection of the Association's directors and representatives from personal liability in the management of the Association's affairs, and such other insurance as the Board deems advisable. The board shall review the adequacy of the Association's insurance coverage at least annually.

ARTICLE 13

DAMAGE AND REPAIR OF DAMAGE TO PROPERTY

In the event of any casualty, loss or other damage to Common Areas for which the then current assessments by the Board are insufficient to repair, or restore or for which there are not insurance proceeds or insufficient insurance proceeds available to the Board for such restoration or repair, the Board may make a special assessment against each Lot within the Seacrest for its pro rata share of the costs and expenses to repair and/or restore the Common Areas. The special assessment shall be payable, at the determination of the Board, in either monthly or quarterly installments or in a single lump sum amount. The Board shall notify each Lot Owner of any such special assessment not less than twenty (20) days prior to the date such special assessment or the first installment thereon is due and payable, which notice shall be accompanied by a reasonably detailed statement of the Board's estimated costs and expenses of repairing and/or restoring Common Areas.



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ARTICLE 14

AMENDMENTS OF DECLARATION

Section 14.1 Amendments Proposed prior to Plat Completion and prior to Formation of Homeowner's Association. Any Lot Owner or Declarant may propose amendments to this Declaration as delivered in writing to Declarant and any other Lot Owners during the time period prior to the formation of the Homeowners Association. During such time, however, Declarant shall be prohibited from making any changes to this Declaration unless such changes are approved in writing by the owners of Lot 2. Further, even after the formation and funding of the Association, Declarant and/or the association shall be prohibited from making any changes to this Declaration until such time as the Plat Improvements are completed and the homes on Lots 3 and 4 have their Certificates of Occupancy, unless such changes are approved in writing by the owners of Lot 2

Section 14.2 Amendments Proposed after Formation of the Homeowners Association. Any Lot Owner may propose amendments to this Declaration to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners of 25% or more of the Lots, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of Persons entitled to vote, after notice has been given to all Persons entitled to receive notice of a meeting of the Association. The unanimous consent of all Owners shall be required for adoption of either (1) an amendment changing the voting power or portion of assessments appurtenant to each Lot, or (2) an amendment of Section 4.5 or of this Article 14. All other amendments shall be adopted if approved by 75% of the Lot Owners, provided that until such time as the Plat Improvements are completed and the homes on Lot 3 and 4 have their Certificates of Occupancy the owners of lot 2 must approve all other amendments. Once an amendment has been adopted by the Association, the amendment will become effective when a certificate of the amendment, executed by a member of the Board, has been recorded in the real property records of Skagit County, Washington.



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ARTICLE 15

DURATION

The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Owners, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded, after which time the covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by a majority of the then Owners has been recorded agreeing to terminate the covenants, conditions and restrictions.

ARTICLE 16

RESERVATION OF DECLARANT'S RIGHT TO AMEND TO COMPLY WITH FNMA, FHLMC OR FHA REQUIREMENTS

Section 16.1 Amendment by Declarant. Declarant reserves the right to amend the Declaration as may be necessary to comply with Federal Home Loan Mortgage Corporation ("FHLMC") or Federal National Mortgage Association ("FNMA") or Federal Housing Administration ("FHA") regulations or requirements as necessary to enable the holders of first mortgages or deeds of trust to sell first mortgages or deeds of trust to FHLMC or FNMA or if such amendment is necessary to secure funds or financing provided by, through or in conjunction with FHLMC or FNMA or FHA.

Section 16.2 Authorization to Amend. If Declarant, at its option, determines that it is necessary so to amend the Declaration, then Declarant, and all Lot Owners in the Association, will be authorized to execute and to have recorded (or filed, in the case of the Articles) said required amendment or amendments. Each Lot within Seacrest shall have one vote with Declarant's number of votes being determined by the number of Lots still vested in Declarant. Any such amendment(s) shall require a 75% majority approval by the Lot Owners. All Lot Owners and Declarant shall take any and all actions



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necessary to effectuate and record said amendment or amendments and agree that said amendment or amendments shall be binding upon their respective Lots and upon them and their heirs, personal representatives, successors and assigns. to the same extent as if Section 16.3 Duration. Declarant's rights under this Article shall exist only until the Transition Date.

ARTICLE 17

INTERPRETATIONS AND CONFLICTS

Section 17.1 Interpretations. The provisions of this Declaration shall be liberally construed to effectuate its purpose to create a uniform plan for Seacrest and maintenance of Seacrest.

Section 17.2. Conflicts. In case of conflict between this Declaration and the Association's Articles of Incorporation, the Declaration shall control; in case of conflict between the Declaration and the Association's Bylaws or any resolution or other action of the Board or the Association, this Declaration shall also control.

ARTICLE 18

SEVERABILITY

The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision shall not affect the validity or enforceability of any other provision or portion thereof, if the remainder affects the common plan.

ARTICLE 19

EFFECTIVE DATE

This Declaration shall be effective upon recording.

ARTICLE 20



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APPLICABLE LAW

This Declaration shall be construed in all respects under the laws of the State of Washington.

ARTICLE 21

ASSIGNMENT BY DECLARANT

Declarant reserves the right to assign, transfer, sell, lease, or rent all or any portion of the Property and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration. Such assignment, however, must be approved in writing by all Lot Owners other than Declarant, which approval shall not be unreasonably withheld. Approval or disapproval by the Lot Owners shall be based on a reasonable review of the proposed assignee's financial resources, their experience and their ability to comply with all the rights, duties and obligations of Declarant under this Declaration.

DATED this 1st day of September, 2001.

Seacrest Real Estate Development,
A Limited Liability Company

By: 
JOHN R. COX, Member

By: 
VINCENT F. VENTIMIGLIA, Member



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STATE OF WASHINGTON)
)ss
County of Skagit)

On this 15th day of September, 2001, before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared JOHN R. COX to me known to be a Member of Seacrest Real Estate Development, LLC, the Limited Liability Company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said Limited Liability Company, for the uses and purposes therein mentioned, and on oath state that he is authorized to executed the said instrument and that the seal affixed (if any) is the seal of said Limited Liability Company. Witness my hand and official seal affixed hereto.

Subscribed and sworn to before me this 15th day of September, 2001.



NOTARY PUBLIC in and for the State of Washington, residing at Anacortes.
My Commission expires: 4/8/2004



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STATE OF WASHINGTON)

)ss

County of Skagit)

On this 15 day of September, 2001, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared VINCENT F. VENTIMIGLIA to me known to be a Member of Seacrest Real Estate Development, LLC, the Limited Liability Company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said Limited Liability Company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument and that the seal affixed (if any) is the seal of said Limited Liability Company. Witness my hand and official seal affixed hereto.

Subscribed and sworn before me this 15 day of September, 2001





NOTARY PUBLIC in and for the State
of Washington, residing at Anacortes.

My Commission expires: 4/8/2004



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Lot No. 1 of Survey, recorded April 23, 1999 under Auditor's File No. 9904230058 in Volume 21 of Surveys, at pages 187 and 188, more particularly described as follows:

Lots 8, 9 and 10, and the West 10.00 feet of Lot 7, of Block 1401, "NORTHERN PACIFIC ADDITION TO ANACORTES", according to the Plat thereof, recorded in Volume 2 of Plats, page 9, records of Skagit County, Washington

TOGETHER WITH the following described parcel:

Commencing at the Northwest corner of Lot 7, Block 1401 of said Northern Pacific Addition to Anacortes; thence North 69 degrees 42'24" East along the North line of said Lot 7, a distance of 10.00 feet to the true point of beginning; thence North 20 degrees 17'36" West a distance of 135.00 feet, more or less, to a point 15 feet distant, Southeasterly, measured at right angles from the centerline of the railway of said Great Northern Railway Company as located and constructed on March 8, 1940; thence South 65 degrees 28'03" West along said Great Northern right of way margin a distance of 20.76 feet to the West line of Section 23, Township 35 North, Range 1 East, W.M.; thence South 0 degrees 10'01" West along said West line of Section 23, a distance of 148.59 feet to the Northwesterly boundary of said Block 1401; thence Northeasterly along said Northwesterly boundary of Block 1401, a distance of 72.83 feet to the true point of beginning

Tax Account Number: 350123-0-004-0205
3809-401-010-0104



LOT 2

Lot 2 of Survey, recorded April 23, 1999, under Auditor's File No. 9904230058 in Volume 21 of Surveys, at pages 187 and 188, more particularly described as follows:

A portion of Lots 3, 4, 5, 6 and 7 of Block 1401, "Northern Pacific Addition To Anacortes", according to the Plat thereof recorded in Volume 2 of Plats, page 9, records of Skagit County, Washington, and portions of the abandoned Great Northern Pacific Railway right-of-way, being more particularly described as follows:

Beginning at a point on the South line of Lot 7, lying 10 feet Easterly as measured perpendicular to the West line of said Lot 7; thence North 69 degrees 42'24" East along the South line of said Block 1401; a distance of 120.00 feet to a point on the South line of said Lot 3, lying 10 feet Easterly as measured perpendicular to the West line of said Lot 3; thence North 20 degrees 17'36" West parallel to and 10 feet Easterly as measured perpendicular, to the West line of said Lot 3, a distance of 127.63; thence South 69 degrees 42'24" West a distance of 90.00 feet; thence North 20 degrees 17'36" West a distance of 48.8 feet, more or less, to the North boundary of said Lot 6; thence continuing North 20 degrees 17'36" West a distance of 135.3 feet, more or less, to a point 15 feet distance Southeasterly, measured at right angles from the centerline of the railway of said Great Northern Railway Company, as located and constructed on March 6, 1940; thence Southwesterly along said right-of-way margin a distance of 30 feet, more or less, to a point lying North 20 degrees 17'36" West from the point of beginning; thence South 20 degrees 17'36" East, a distance of 309.67 feet to the point of beginning.



LOT 3

Lot 3 of Survey, recorded April 23, 1999, under Auditor's File No. 9904230058 in Volume 21 of Surveys, at pages 187 and 188, more particularly described as follows:

A portion of Lots 2, 3, 4, 5 and 6 of Block 1401, "Northern Pacific Addition To Anacortes", according to the Plat thereof recorded in Volume 2 of Plats, page 9, records of Skagit County, Washington, and portions of the abandoned Great Northern Pacific Railway right-of-way, being more particularly described as follows:

Beginning at a point on the South line of said Lot 3, lying 10 feet Easterly as measured perpendicular to the West line of said Lot 3; thence North 69 Degrees 42'24" East along the South line of said Block 1401, a distance of 40.00 feet to a point on the South line of said Lot 2, lying 20 feet Easterly, as measured perpendicular to the West line of said Lot 2; thence North 20 degrees 17'36" West parallel to and 20 feet Easterly as measured perpendicular to the West line of said Lot 2, a distance of 157.63 feet; thence South 69 Degrees 42'24" West a distance of 45.00 feet; thence North 20 Degrees 17'36" West a distance of 78.19 feet; thence North 06 Degrees 08'45" East a distance of 90.67 feet to a point 15 feet distant Southeasterly, measured at right angles from the centerline of the railway of said Great Northern Railway Company, as located and constructed on March 6, 1940; thence Southwesterly along said right-of-way margin a distance of 125.5 feet, to a point lying 10 feet East (as measured perpendicular) of the Northerly projection of the West line of said Lot 6; thence South 20 Degrees 17'36" East parallel to and 10 feet distant from the West line of said Lot 6, a distance of 184.11 feet; thence North 69 Degrees 42'24" East a distance of 90.00 feet to a point lying North 20 Degrees 17'36" West from the Point of Beginning; thence South 20 Degrees 17'36" East a distance of 127.63 feet to the Point of Beginning.

LOT 4

Lot 4 of Survey, recorded April 23, 1999, under Auditor's File No. 9904230058 in Volume 21 of Surveys, at pages 187 and 188, more particularly described as follows:

A portion of Lots 1, 2 and 3 of Block 1401, "Northern Pacific Addition To Anacortes", according to the Plat thereof recorded in Volume 2 of Plats, page 9, records of Skagit County, Washington, and portions of the abandoned Great Northern Pacific Railway right-of-way, being more particularly described as follows:

Beginning at the Southeast corner of said Lot 1; thence North 20 degrees 17'36" West along the East line of said Lot 1, a distance of 183.28 feet to the Northeasterly corner of said Lot 1; thence North 67 degrees 59'20" East along the Northerly margin of New York Avenue, a distance of 80.01 feet to the Northwesterly corner of Block 1301;

thence North 20 degrees 17'36" West along the Westerly boundary of said Block 1301 extended to a point 15 feet distant Southeasterly, measured at right angles from the centerline of the railway of said Great Northern Railway Company, as located and constructed on March 6, 1940; thence Southwesterly along said right-of-way margin a distance of 124.69 feet; thence South 06 degrees 08'45" West a distance of 90.67 feet; thence South 20 degrees 17'36" East a distance of 78.19 feet; thence North 69 degrees 42'24" East a distance of 45.00 feet to a point lying 10 feet West, as measured perpendicular of the West line of said Lot 1; thence South 20 degrees 17'36" East parallel to and 10 feet distant Westerly of the West line of said Lot 1 a distance of 157.63 feet to the South line of said Block 1401; thence North 69 degrees 42'24" East along the South line of said Block 1401 a distance of 40.00 feet to the point of beginning.

