

DECLARATION OF EASEMENT AND ROAD MAINTENANCE ASSOCIATION

THIS DECLARATION is made on the 16th day of July, 2002, by the undersigned Declarants.

ISLAND TITLE CO.

W I T N E S S E T H :

WHEREAS, Declarants are the owners of certain real properties in Skagit County, state of Washington, which are more particularly described on Exhibits A and B attached.

ARTICLE I

1. "Association" shall mean the PADILLA HEIGHTS ROAD MAINTENANCE ASSOCIATION, its successors and assigns.

2. The properties to be benefited and burdened by this declaration are those properties described on Exhibits A and B attached. All properties described as Parcels A and B shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions. Each of these easements, restrictions, covenants and conditions shall be appurtenant to the above real properties, shall be binding upon all parties having any right, title or interest in the real properties, and shall bind their heirs, successors and assigns.

3. Grantees shall be the owners of the individual lots within the properties described in Exhibits "A" and "B".

4. The subject of this declaration shall be the maintenance of the roadway contained upon the easement described in Exhibit "C".

ARTICLE II

1. Every Grantee of a lot shall be a member of the Association. Membership shall be appurtenant to ownership.

2. Every Grantee shall be entitled to cast one (1) vote upon any matter taken up by the Association. This shall apply regardless of any difference in lot size or value. Any Grantee who owns more than one (1) lot may cast one (1) vote for each such lot.

3. Written notice of any meeting called for the purposes of taking any action authorized under this declaration shall be sent to all members not less than ten (10) days, nor more than twenty (20) days, prior to the scheduled date. A quorum shall be

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necessary for the transaction of business and shall be deemed to exist if fifty percent (50%) of the Grantees are present. No proxy voting shall be permitted. In the event that a quorum does not exist, the only action which may be taken is to adjourn the meeting to another date and direct the secretary to send notice of the new meeting date to all members.

4. To take effect, any matter brought before the Association must be approved by a majority of the Grantees who are present and voting. The Association shall be managed by a board of three (3) directors. Directorship 1 shall initially serve for three (3) years; Directorship 2 shall initially serve for two (2) years, and Directorship 3 shall serve for one (1) year. Each year a new director shall be elected to fill the vacancy and shall serve for three (3) years. The directors out of their members shall then elect a president, secretary, and treasurer to manage the affairs of the Association, as provided in Paragraph 2 of Article IV.

5. The undersigned, by their signatures below, agree to be bound by the terms and conditions of this Declaration of Road Maintenance Association. Each of the undersigned shall be entitled to one (1) vote until their property shall have been subdivided. The future owner of the properties described in Exhibits A and B shall have votes equal to the number of Grantees owning legally subdivided portions of Parcels A and B and shall be bound proportionately.

ARTICLE III

1. The Association shall establish the annual road and road maintenance expense, on the third Thursday of January of each year at the annual meeting at 7 p.m. at such place in Skagit County, Washington, to be announced by notice. This amount shall be divided equally among and assessed against each lot. A notice of assessment shall be sent to each Grantee. Payment terms shall be specified in the notice. At least sixty (60) days shall be given for payment. Interest shall accrue on assessments at the rate of twelve percent (12%) per annum from the date on which they are due, as set forth in the assessment.

2. The assessment shall be a lien against the lot of the Grantee as of the date on which the Grantee determines the amount of the assessment. The Association shall be entitled to foreclose its lien and shall be entitled to collect reasonable legal fees and expenses in such a foreclosure action. The Association may also personally sue the Grantee for the amount of the assessment, together with legal fees and interest



3. The Association, upon approval of a majority of the Grantees present and voting at a meeting at which a quorum exists, may establish additional assessments for other purposes. Collection shall be as set forth in Paragraphs 1 and 2 above.

4. Transfer of any lot, by whatever means, shall not extinguish any lien for an unpaid assessment.

ARTICLE IV

1. This declaration may be amended by approval of a majority of the Grantees. The Association shall cause such an amendment to be signed and acknowledged by a majority of the Grantees. The Association shall cause the amendment to be recorded with the Skagit County Auditor.

2. The Grantees shall elect annually a president and secretary/treasurer of the Association, which offices shall collect assessments, maintain records of the Association, and preside at meetings of the Association. No officer shall receive a salary, but may be reimbursed for out-of-pocket expenses incurred in connection with their duties on behalf of the Association. All officers shall be owners of lots so long as they are an owner. In the event any officer sells his/her interest in any property within the Association, then his/her tenure as an officer shall immediately cease.

3. Elections shall occur at the annual meeting in January of each year. Any office which becomes vacant shall be filled by the election of an interim officer who shall hold such office until the next annual meeting. Such interim officer shall be elected at a special meeting of the members.

ARTICLE V

1. The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed under the provisions of this declaration. Failure by the Association to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so hereafter.

2. Invalidation of any one of these restrictions, conditions, covenants or reservations by judgment or court order



shall in no way affect any other provisions, all of which shall remain in full force and effect.

ARTICLE VI

1. The Declarants hereby grant and reserve an easement for ingress and egress and utilities over and across the east 30 feet of the property described in Exhibit A and as more particularly delineated on the survey for PADILLA HEIGHTS, L.L.C. and recorded under Auditor's File No. 200011060075, records of Skagit County, Washington.

2. The above easement shall be appurtenant to the real properties described in Exhibits A and B and subdivided portions thereof.

3. The easement shall be nonexclusive and Declarant FOLKERS reserves the right to extend the easement for the benefit of that Parcel described as Parcel A as delineated on the survey of PADILLA HEIGHTS, L.L.C., recorded under Auditor's File No. 200011060075.

IN WITNESS WHEREOF, the Grantor hereto has set its hand and seal the day and year first above written.

DECLARANTS:

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

PADILLA HEIGHTS, L.L.C.

JUL 17 2002
Amount Paid \$ 0
Skagit Co. Treasurer
By *[Signature]* Deputy

By *Michael J. Fair* *Managing Member*
7-16-02, managing member

[Signature] 7-16-02
DANIEL FOLKERS

[Signature] 7-16-02
BETH FOLKERS



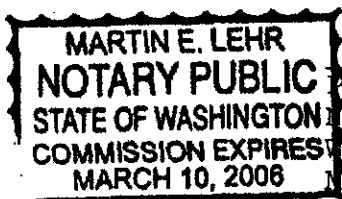
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Skagit County Auditor
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STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that Michael J. Spink is the person who appeared before me, and said person acknowledged that he signed this instrument as managing member of PADILLA HEIGHTS, L.L.C., for the uses and purposes therein mentioned.

DATED: July 17th, 2002.

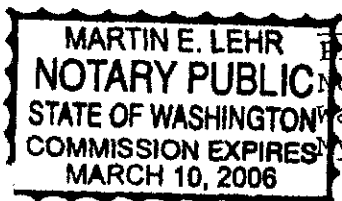


Martin E. Lehr
 Printed name: MARTIN E. LEHR
 Notary Public in and for the state of
 Washington, residing at MT Vernon
 My appointment expires: 3-10-06

STATE OF WASHINGTON)
) ss.
 COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that DANIEL FOLKERS and BETH FOLKERS are the persons who appeared before me, and said persons acknowledged that they signed this instrument and acknowledged it to be their free and voluntary act for the uses and purposes mentioned in the instrument as a partner in GLACIER VIEW RANCH, a general partnership.

DATED: July 17th, 2002.



Martin E. Lehr
 Printed name: MARTIN E. LEHR
 Notary Public in and for the state of
 Washington, residing at MT Vernon
 My appointment expires: 3-10-06



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