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Skagit County Auditor

2/7/2005 Page 1 of 21 9:45AM

**Restatement of
Declaration of
Covenants, Conditions, Restrictions and Reservations
for the
Fox Hollow Lane Community Association**

DOCUMENT SUMMARY

Grantors (Declarants): Dreamland Properties, LLC; Matthew James Farmer and Julie Soiseth-Farmer; James Company, L.L.C.; Amy Louise Jones; David Mannon and Kellie Rae Mannon; Michael Nemnich and Linda E. Nemnich; Randall G. Schultz and Barbara B. Schultz; Jacob N. Searle; and Michael D. Yeates.

Grantee: THE PUBLIC; Fox Hollow Lane Community Association

Abbrev. Legal Description: Portion of the NE ¼ NE ¼ of Sec. 24, a Portion of the NE ¼ of Sec. 13, T36N R3E; and a Portion of the NW ¼ NW ¼ of Sec. 19, a Portion of the W ½ of Sec. 18, T36N R4E.

Tax Parcel Numbers: P47842, P47859, P48141, P49370, P49371, P49372, P49443, P49458, P115707, P115709, P115710, P115711, P115712, P115715, P115716, P118588, P118589, P118590, P118653, P118654, P118655, P119066, P119069, P119070, P119150

Document Affected: 200011210071, 200112210075, 200207260058

THIS DECLARATION ("Declaration") is made this 26th day of January, 2005, by Dreamland Properties, LLC, a Washington Limited Liability Company; Matthew James Farmer and Julie Soiseth-Farmer; James Company, L.L.C., a Washington Limited Liability Company; Amy Louise Jones; David Mannon and Kellie Rae Mannon; Michael Nemnich and Linda E. Nemnich; Randall G. Schultz and Barbara B. Schultz; Jacob N. Searle; and Michael D. Yeates (the "Declarants").

WITNESSETH:

WHEREAS there was recorded a certain Declaration of Covenants, Conditions, Restrictions and Reservations for Fox Hollow Lane Association (the "Original Declaration"), recorded with the Skagit County Auditor under file # 200011210071, with amendments recorded under file #'s 200112210075 and 200207260058;

WHEREAS Declarants are the owners in fee of certain real property situated in Skagit County, Washington, described in Exhibit A of the Original Declaration (the "Property");

WHEREAS the Declarants wish to modify the Original Declaration, as amended, to allow certain commercial operations, to clarify and modify certain permitted uses concerning animals, and to make other minor revisions;

WHEREAS said modifications desired by Declarants are substantial enough to require a restatement of the Original Declaration, as amended;

WHEREAS the recitals in the Original Declaration and all amendments remain valid and are fully incorporated herein and these recitals are a material part of this Declaration;

NOW THEREFORE, the Declarants hereby covenant, agree, and declare that all of the Property and any portion thereof will be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements, and reservations, all of which are for the purposes of enhancing and protecting the value, accessibility, desirability and attractiveness of the Property. These covenants, conditions, restrictions, easements and reservations shall run with the Property, and each part of it, and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and will inure to the benefit of each Owner thereof. Acceptance of an interest in a Lot or other portion of the Property shall be deemed acceptance of the terms and provisions of this Declaration, and any conveyance hereafter of any portion or interest in Property shall be subject to these covenants, conditions and restrictions.

1. DEFINITIONS

"ACT" shall mean the Washington Homeowners Association Act as set forth in Chapter 64.38 Revised Code of Washington.

"ASSOCIATION" shall mean the Fox Hollow Lane Community Association, a Washington Nonprofit Miscellaneous and Mutual Corporation, its successors and assigns.

"BOARD" shall mean the Board of Directors of the Associat'



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"COMMON AREAS" shall mean those portions of the Property, including the Joint-use Road, owned, to be owned, or for which the Association has, or will have, an easement interest for the common use and enjoyment of Association Members.

"COMMON EXPENSES" shall mean the General Expenses and the Road Expenses together. **"DECLARANT"** or **"DECLARANTS"** shall mean the parties to this Declaration and anyone to whom one or more parties assign their rights in writing as Declarant under this Document.

"DECLARATION" shall mean this Restatement of Declaration of Covenants, Conditions, Restrictions and Reservations.

"GENERAL EXPENSES" shall mean and include the actual and estimated expenses, other than Road Expenses, of operating the Association, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Association's Bylaws and Articles of Incorporation.

"JOINT-USE ROAD" shall mean the common access road over the easement set forth in Section 2 hereof which is intended to serve the Lots as residential access for ingress, egress and utilities.

"LOT" or **"LOTS"** shall initially mean one or more of those ten (10) parcels described in Exhibit A of the Original Declaration. Where particular Lots are referred to herein by a Lot number, said Lot number corresponds to the parcel of the same number in Exhibit A of the Original Declaration. At such time as additional Lots or parcels have been or may be created, "Lot" shall include each such past and future portion of any Original Lot(s) as may be approved by Skagit County under its subdivision procedures and shall not violate any provisions of this Declaration.

"LOT ASSESSMENTS" shall mean assessments against Lots for Common Expenses as provided for herein or by any supplementary declaration used for the purposes of promoting the health, safety, welfare, common benefit and enjoyment of the Owners of the Lots against which assessments are levied, and of maintaining the property within a given Lot or other parcel, all as may be specifically authorized from time to time by the Board of Directors of the Association and as more particularly authorized below.

"MEMBER" shall mean every person or entity that holds a membership in the Association.

"ORIGINAL LOT" shall mean one of the ten (10) parcels identified in Exhibit A of the Original Declaration.

"OWNER" or **"OWNERS"** or **"LOT OWNER"** shall mean the record Owner of a Lot, whether one or more persons or entities, but excluding those having such interest merely as security. A real estate contract purchaser of any Lot shall be deemed its Owner and not the real estate contract vendor of said Lot.

"PROPERTY" shall mean that land, together with all residences and other structures thereon constituting real property, now existing or to be constructed in the future, located in Skagit County, Washington, and more particularly described in Exhibit A of the Original Declaration.



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“ROAD EXPENSES” shall mean all costs incurred by the Association for maintenance, repairs, improvements, or other reasonable expenses for the Joint-use Road. “Road Expenses” shall not include the expenses incurred in the extension of the road undertaken as required pursuant to that certain Agreement of Purchase and Sale and Escrow Instructions dated June 28th, 2000 between John Peth & Sons, Inc., and Stephen A. Brandli and Bobbie Jo Brandli, husband and wife.

2. EASEMENTS

In consideration of the terms hereof and other valuable consideration, Declarants hereby confirms the grant to the Association of a permanent nonexclusive easement over, across, and under those portions of the Property identified in Exhibit B of the Original Declaration, fully incorporated herein. Declarant further hereby confirms the grant of a permanent non-exclusive easement to the Owners of the Lots, running with the land over, under and across those portions of the Property identified in Exhibit B of the Original Declaration. These easements are intended for the benefit of the Property, and to provide ingress and egress to Lots located therein and provide utilities thereto, and are intended for uses limited to those consistent with this Declaration.

3. MEMBERSHIP AND VOTING RIGHTS

3.1. Membership

3.1.1. Qualification

Each Owner (including Declarants), or real estate contract vendee of a Lot, shall be deemed a Member in the Association. Ownership of a Lot shall be the sole qualification for membership in the Association, and the membership of the Association at all times shall consist exclusively of all the Lot Owners. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate or in any way affect the Owner’s membership.

3.1.2. 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, hypothecated, conveyed or alienated in any way except upon transfer of title to said Lot and then only to the transferee of title to such Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically and immediately to transfer membership in the Association appurtenant thereto to the new Owner thereof.



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3.2. Voting

3.2.1. Voting Rights

The Owners of each Lot have a right to vote at meetings of the Association, on such matters as may lawfully come before such meetings. The total number of votes available to the Owners of each Lot shall be equal to the Allocated Interest for voting appertaining to their Lot, as described in Section 3.2.2 hereof.

3.2.2. Allocated Interests for Voting

The Declarant has allocated to each Lot (including hereafter created Lots) in the Property voting power in the Association, which is known as the Lot's "Allocated Interest" for voting. The Allocated Interests among the Original Lots have been determined generally on the basis of the size of each Original Lot relative to all other Original Lots, as follows: There shall be a total of thirteen (13) voting shares of the Association. Owners of Lots 8 through 10, which are approximately forty (40) acres in size, shall each be entitled to an Allocated Interest of two (2) voting shares. Owners of Lots 1 through 7, which are approximately twenty (20) acres in size, shall each be entitled to an Allocated Interest of one (1) voting share. Lot divisions shall result in a like division and proportionate reduction of the Allocated Interest, even if said reduction results in the Owner(s) of new Lots having less than one (1) full voting share; provided that a Lot Owner dividing a Lot may divide the Allocated Interest among the new Lots in an alternate manner so long as this alternate division of Allocated Interest is lawful and does not invalidate any part of the Association, and so long as the alternate division of Allocated Interest does not result in any change in Allocated Interest from pre-division status. Assuming no special provisions are made, the following is an example of the reduction in Allocated Interest resulting from a Lot division: If a forty (40) acre Lot is divided into two (2) twenty (20) acre Lots, then the Owners of each new twenty (20) acre lot would have one (1) voting share. Similarly, if a twenty (20) acre Lot is divided into one (1) ten (10) acre Lot and two (2) five (5) acre Lots, the Owner of the new ten (10) acre Lot would have a voting share of one-half (1/2) of one (1) share and the Owners of the new five (5) acre Lots would each have voting shares of one-quarter (1/4) of one (1) share.

3.2.3. Joint Owner Disputes

The voting share for a Lot must be cast as a single vote, and split votes for Lots shall not be allowed. If only one of the multiple Owners of a Lot is present at a meeting of the Association, in person or by proxy or by written ballot, said Owner is entitled to cast all the Allocated Interest for that Lot. If more than one of the multiple Owners of a Lot are so present (including by proxy or by written ballot), the Allocated Interest for that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. There shall be deemed to be a majority agreement if any one of the multiple Owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot. In the absence of majority agreement, the conflicting votes shall be deemed an abstention of the vote for such Lot.



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3.2.4. Proxies and Voting by Written Ballot

Votes allocated to the Lots may be cast pursuant to a written ballot or written proxy, duly executed by the Lot Owner and delivered to the Association's Secretary or the Officer presiding at the meeting, in person or by mail, at or before the commencement of the meeting. If a Lot is owned by more than one Owner, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An Owner of the Lot may not revoke a proxy given pursuant to this section except by written notice of revocation to the person presiding over a meeting of the Association. Any proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy shall terminate eleven (11) months after its date of issuance.

3.2.5. Quorums

A quorum is present throughout any meeting of the Association if the Owners of Lots to which at least 34% of the total Allocated Interests in the Association (i.e. 13 voting shares, if all Lots are owned by parties other than the Association) are present in person or by proxy or by written ballot at the beginning of the meeting.

3.2.6. Lots Owned by Association

No Allocated Interests for a Lot owned by the Association may be voted for any reason. In determining the percentage of votes required for a quorum or to approve any matter, the Allocated Interest for Lots owned by the Association shall be disregarded.

3.2.7. Amendment Restrictions

No provision pertaining to the Association, including without limitation all or part of these Covenants, Conditions, Restrictions and Reservations, or the bylaws of the Association, shall be amended or modified except by the unanimous consent of all Lot Owners; provided that when more than sixty-five percent (65%) of the Allocated Interests are held by Lot Owners other than John Peth & Sons, Inc., modifications and amendments to the Association, these Covenants, Conditions, Restrictions and Reservations, or the bylaws of the Association, may be made by an affirmative vote of sixty-seven percent (67%) or more of the total Allocated Interests in the Association that are not owned by the Association.

3.3. Meetings, Notices of Meetings

3.3.1. Annual Meetings

There shall be an annual meeting of the Association for the principal purpose of electing the Board of Directors, which shall be held in the first quarter of each year, or such other time as the Board of Directors may, by resolution, prescribe, at such reasonable place and time as may be designated by written notice of the Board delivered to the Owners not less than thirty (30) nor more than fifty (50) days prior to the date fixed for said meeting. The matters to be considered at such meeting are specified in the Bylaws of the Association.



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3.4. Bylaws of Association

3.4.1. Initial Bylaws

Bylaws for the administration of the Association and the property, and for other purposes not inconsistent with the Act and this Declaration have been or will be prepared by the Declarants, subject to the approval of the initial Board of Directors of the Association.

3.4.2. Amendment of Bylaws

See Paragraph 3.2.7.

4. ROAD MAINTENANCE AND IMPROVEMENT

4.1. Road Maintenance and Improvement

4.1.1. Rights and Obligations of the Association

The Association, subject to the rights and obligations of Owners set forth in the Declaration, shall be responsible for the maintenance, repair and improvement of the Joint-use Road and any improvements thereon, and shall keep said Joint-use Road in good condition, order and repair, pursuant to the terms of and conditions hereof. All Road Expenses shall be paid by the Association. All such funds for Road Expenses shall be collected from assessments paid by Lot Owners, as provided herein.

4.1.2. Road Maintenance Standards

The Joint-use Road shall be maintained to the standards to which it is built, or to standards for a residential use road with more than twenty (20) single family residences as mandated by Skagit County, except for paving, whichever is higher.

4.1.3. Road Improvement

Upon completion of twenty (20) or more single-family residences that are accessed by the Joint-use Road, the Joint-use Road shall be paved and improved to a standard that is required by Skagit County for acceptance of dedication as a county road. Said paving and improvements shall be at the expense of the Lot Owners then responsible for payment of Road Expenses, in the proportions described in Section 4.2 hereof. Upon completion of said paving and improvements, the Association and Lot Owners shall dedicate the Joint-use Road to Skagit County, and upon acceptance by Skagit County of said dedication, all responsibilities of the Association and Lot Owners for the Joint-use Road under Section 4 hereof shall terminate. It shall be the Association's responsibility to ensure that said dedication, and the acceptance thereof by Skagit County, includes access to the Joint-use Road by all Lots, and also includes the termination of the Association's and Owners' responsibilities regarding said Joint-use Road.



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4.2. Road Expenses

4.2.1. Proportionate Share of Expense

The Owners of each Lot shall be responsible for a proportionate share of Road Expenses for the Joint-use Road. The proportionate share of the Owners of each Lot shall be determined in accordance with the formula set forth in Paragraph 4.2.5 hereof. Each Lot shall be assessed its proportionate share as a Lot Assessment, as provided for herein.

4.2.2. Road Index for Each Original Lot

The proportionate share of Road Expenses for each Lot Owner is based upon the number of feet between the beginning of the Joint-use Road and the point at which the Joint-use Road accesses each Original Lot. This number shall be the "Road Index" for each Original Lot. The Road Index for each Original Lot is set forth below:

Lot 1	2200
Lot 2	2200
Lot 3	1900
Lot 4	1200
Lot 5	700
Lot 6	2200
Lot 7	2200
Lot 8	2200
Lot 9	2200
Lot 10	2200

4.2.3. Road Index for Lots Created from Divisions of Original Lots

The Road Index for any Lot created from any division of an Original Lot shall be the same as the Road Index of the Original Lot from which it was created. For example, if Lot 1 is divided into two (2) new Lots, both new Lots would have a Road Index of 2200.

4.2.4. Total Road Index

The "Total Road Index" is the sum of the Road Indexes for each Lot for which a building permit has been issued to construct any structure on said Lot.

4.2.5. Formula for Road Maintenance Responsibility

Each Lot Owner shall be responsible to pay a proportionate share of the Road Expenses for the Joint-use Road to be determined by dividing the Road Index for the Lot by the Total Road Index. In no event shall the Owner of any Lot be responsible for Road Expenses incurred prior to said Lot Owner obtaining a building permit to construct a structure on said Lot.



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4.3. Insurance

4.3.1. Joint-use Road Damage and Liability Insurance

Until dedication of the Joint-use Road to Skagit County, the Association shall have authority to obtain insurance for the Joint-use Road against damage in an amount sufficient to cover full repair or replacement in the event of damage or destruction. It also has the authority to obtain, and shall obtain, a broad form public liability policy covering the Joint-use Road. All such insurance coverage shall be written in the name of the Association as trustee for each of the Owners in the Association. Costs of such insurance shall be General Expenses.

4.3.2. Use of Insurance Proceeds

In the event of the damage or destruction of the Joint-use Road covered by insurance written in the name of the Association, the Association shall upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the Joint-use Road to as good a condition as they were when the loss occurred. The Association may contract with any licensed contractor for reconstruction or rebuilding of such destroyed portions of the Joint-use Road.

5. USE RESTRICTIONS AND RULES

5.1. Acceptable Use of Property

5.1.1. Single-family Residential Use

All Lots on the Property shall be limited to one single-family residential use and uses accessory thereto as specified elsewhere herein. No other uses shall be permitted, except as provided in Sub-section 5.2.

5.1.2. Commercial Use

No trade, business or other commercial or industrial enterprise shall be conducted or operated on any Lot, with the exception of home occupations as defined and permitted by Skagit County code, except as permitted in Sub-section 5.2. For the purposes of this Declaration, any operation involving the purchase, creation or production of goods or services for sale, resale, or trade, whether or not the operation results in a net profit, and whether or not the operation is considered to be a hobby by the Owner, shall be considered a "commercial enterprise", and shall also include operations that create the mere appearance of such a commercial enterprise.

5.2. Waiver of Commercial Operations

5.2.1. Board Authorized to Waive

The Board of Directors is authorized to permit an operation prohibited under Sub-section 5.1.2 subject to the provisions in this Sub-section 5.2.



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5.2.2. Operation May Not Change Residential Character

The Board of Directors must consider the impact any proposed operation prohibited under Sub-section 5.1.2 will have on the Property, including other Lots and Common Areas. The Board may not permit any proposed operation that will have impacts significantly detracting from the residential character of the Property as experienced by the current and future occupants of the Lots. Such impacts may include, but are not limited to, smell, dust, pollution, noise, commotion, road use, human traffic, or anything else that might detract from the residential enjoyment of the Property.

5.2.3. Operation's Impact on Association Expenses

The Board of Directors must consider the impact on the Association's Common Expenses (both General Expenses and Road Expenses) that any proposed operation prohibited under Sub-section 5.1.2 could have. A waiver to permit such an operation must include an agreement by the Owner of the Lot on which the said operation will occur to reimburse the Association for these additional expenses, said reimbursement to be in the form of Lot Assessments as defined herein.

5.2.4. Commercial Waiver Agreement

To permit an operation prohibited under Sub-section 5.1.2, the Association and the Owner of the Lot on which the said operation will occur must enter into an agreement (the "Commercial Waiver Agreement"). The agreement shall explicitly state the permitted operation, all conditions and restrictions of the operation pursuant to Sub-section 5.2.2, and the additional Lot Assessments pursuant to Sub-section 5.2.3. Commercial Waiver Agreements may not run with the land. Commercial Waiver Agreements shall be recorded to provide constructive notice to future Lot Owners.

5.2.5. Notice to Owners

At least thirty days prior to executing a proposed Commercial Waiver Agreement, the Association shall send notice to the Owners of all Lots of the intention for the Association to enter into the Commercial Waiver Agreement, along with a copy of the agreement itself. The Board shall consider all comments made on the Commercial Waiver Agreement received within thirty days of the mailing of said notice.

5.2.6. Cause of Action and Waiver

Any Owner of any Lot shall have a cause of action to enjoin any operation permitted under a Commercial Waiver Agreement only if such action is filed within ninety days following the execution of said agreement, and only if said Agreement does not contain sufficient conditions, restrictions and other provisions that guarantee satisfaction of Sub-sections 5.2.2 and 5.2.3, and only if said Owner objected to the Commercial Waiver Agreement within the thirty-day period prescribed in Sub-section 5.2.5. Failure of an Owner to file such an action within ninety days of the execution of a Commercial Waiver Agreement, after proper notice by the Association, shall constitute acceptance of the operation by said Owner and a waiver by said Owner of any future action against said operation as long as the operation remains in conformance with the terms of the Commercial Waiver Agreement.



5.2.7. Enforcement

The Association and Owners individually and collectively shall have the same rights to enforce the terms of the Commercial Waiver Agreement, as provided herein for the enforcement of the terms of this Declaration.

5.2.8. No Rights to Waiver

Nothing in this Sub-section 5.2 shall be construed to give any Owner a right to a waiver for an operation prohibited under Sub-section 5.1.2. The Board of Directors is authorized to deny any request for such a waiver on any grounds at its sole discretion. In addition, the granting of a waiver in one instance does not set a precedent affecting the Board's decision whether to grant a waiver in another instance, and the Association reserves the right to analyze each request for a waiver on its own subtle merits under the provisions of this Declaration.

5.3. Maintenance of Buildings and Lots

Each Owner shall, at the Owner's sole expense, keep the interior and exterior of any and all structures 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 and shall do all redecorating, painting, landscaping, and maintenance at any time necessary to maintain the appearance and condition of any and all structures and the Lot, and in such a manner as to not endanger neighboring structures or lots or unreasonably reduce or interfere with the value or enjoyment thereof.

5.4. Completion of Construction

Any structure erected or placed on any Lot shall be completed as to external appearance within twelve (12) months from the date construction is started. However, with good cause shown, the Board may extend this term.

5.5. Parking

No vehicles shall be parked overnight on the Joint-use Road.

5.6. Signs

No commercial signs or commercial billboards shall be placed upon any Lot or upon or within any structure on any Lot. At no time shall the total signage area on any Lot or upon or within any structure on said Lot total more than fifty (50) square feet.

5.7. Animals

5.7.1. Household Pets

Dogs, cats or other household-type pets may be kept provided they are not kept, bred, or maintained pursuant to a commercial enterprise as defined in Sub-section 5.1.2, and provided they are restricted to the Owner's Lot.



5.7.2. Livestock

Livestock shall be permitted only with the conditions that they be limited in number to a maximum of 1.1 (one and one-tenth) animal to every one acre of "pasture land", rounded down, except that any Lot one acre or greater may keep a minimum of one head of livestock. All animals must be kept in a sanitary fenced area. "Livestock", for purposes of this Declaration shall include horses, cattle, sheep, goats, llamas, alpacas, and any other similar type animal. Neither swine nor mink shall be kept on any Lot. "Pasture land", for the purposes of this Declaration, shall mean land on which livestock is confined for at least one month out of each year.

5.7.3. Poultry

Up to ten (10) poultry may be kept on each Lot, provided that any coup holding this poultry meets the requirements of Sub-section 5.7.4.

5.7.4. Barns, Coups, Pens, Etc.

Any area used to confine more than one animal, other than household-type pets, at a density exceeding two animals per acre, including fenced areas, and including buildings such as barns and coups, must be at least 300 feet away from any other Lot, unless the Owner of the said other Lot waives the distance requirement in writing.

5.8. Temporary Structures

No structure of a temporary character, tent, shack, garage, barn, or other outbuildings shall be installed, placed or used on any Lot as a permanent dwelling; and no dwelling or residence shall be used for living purposes by more persons than it was designed to accommodate in a sanitary, safe and comfortable manner in compliance with any and all applicable government regulations.

5.9. Antennae

No commercial antennae of any kind, for any commercial usage, shall be allowed on any Lot. Radio, television and telecommunication antennae and satellite dishes may be installed for personal use only.

5.10. Trash Containers and Debris

All trash and/or waste shall be placed in sanitary containers screened so as not to be visible from adjoining Lots or roadways, and shall be regularly and lawfully disposed of. No Lot or any portion thereof shall be used as a dumping or burying ground for trash or rubbish of any kind.



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5.11. Underground Utilities

No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunications purposes nor any pole, tower or other structure supporting said outdoor overhead wires shall be erected, placed or maintained on any Lot. All Owners shall use underground service wires to connect any structure to electric or telecommunications utility facilities.

5.12. Wood-burning Appliances

No residence shall be permitted to use any wood-burning fireplace or stove that is intended to in any way provide a primary source of heat for any space within any structure except during power outages. Gas fired or wood-pellet fired fireplaces and stoves shall be permitted as long as the appliances have a UL or Warnok Hearsey listing indicating that the appliance is safe to operate as a primary space-heating source. This regulation is intended to limit as much as practical the occurrence of airborne wood smoke particulate pollution.

5.13. Storage of Inoperable Equipment

No inoperable or abandoned vehicles, automobiles, trucks, trailers, machinery or equipment, or parts thereof shall be stored outside on any Lot or on any roadway within the Property.

5.14. No Hunting or Firearms

No hunting shall be permitted on the Property, and the use of firearms is prohibited within the boundary of the Property.

5.15. Utility Work

All water, electrical and sewer lines within the boundaries of each Lot shall be maintained or caused to be maintained in good order and repair by the Owner thereof, and any work respecting the repair or maintenance of such lines shall be performed with diligence and without any undue disturbance to the occupants of other Lots or tracts in the subdivision except as may be reasonably necessary to accomplish such repair or maintenance work.

5.16. Surface Water Runoff

No Lot shall be improved in such a way as to cause surface water runoff that damages or inconveniences other Lot owners.

5.17. Reconstruction Requirement

No improvement or structure which has been partially or totally destroyed by fire, earthquake or otherwise shall be allowed to remain in an unimproved state for more than twelve (12) months from the time of such damage or destruction.



6. CONSTRUCTION

6.1. Size and Type of Construction and Lot Size Restrictions

6.1.1. Single-family Residences

The Lots shall be used only for single-family residential purposes, unless waived pursuant to Sub-section 5.2. There shall be no more than one single-family residence per Lot. All residences shall include an enclosed garage, either attached or detached, of sufficient area to park at least one (1) motor vehicle. Buildings or structures accessory to one single-family residential dwelling such as private garages, guesthouses, sheds, decorative structures, outbuildings, or barns and stables incidental to the use and care of livestock are allowed.

6.1.2. Structure Height

No structure shall exceed forty (40) feet in height above the original ground level of the Lot.

6.1.3. Mobile and Modular Homes

No mobile or modular-type homes shall be constructed, installed or located on any Lot; except that modular-type homes may be located on Lot 4 (described on Exhibit A-4 and A-5 of the Original Declaration). However, a temporary residence may be placed on Lots 9 and 10 pursuant to, and subject to the terms of, the First Amendment to Declaration of Covenants, Conditions, Restrictions and Reservations for Fox Hollow Lane Association (sic) recorded with the Skagit County Auditor under file # 200112210075.

6.1.4. Minimum Lot Size

No Lot division shall result in any Lot less than two (2) acres in size; except that, a Lot division may result in new Lots of one (1) acre or greater, so long as the average size of all Lots created by that sub-division is not less than two (2) acres.

6.1.5. Adherence to Code

All buildings or structures shall be constructed in accordance with Skagit County and other applicable codes. In the event of a conflict between any applicable codes and this Declaration, the codes shall govern.

6.2. Appearance of Structures

Unless otherwise approved by the Board, the following design requirements shall apply:

6.2.1. Roof

The roof shall be a composition, concrete tile, wooden shake, metal or other high-quality roofing product with a minimum 25-year life expectancy that is appropriate for the climate and conditions.



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6.2.2. Siding

All siding materials shall be of masonry, and/or wood or wood-type or other high-quality siding material. All paints or natural finishes shall be those colors commonly known as earth tones and shades of white.

6.2.3. Decks, Garages and Carports

Covered decks, garages or carports shall be of the same siding and roof material and style as the family residence.

7. RULES AND REGULATIONS

The Association and its Board is hereby authorized and empowered to adopt rules and regulations governing the use of the Common Areas and the personal conduct of the Lot Owners and their guests thereon, and to establish penalties for the infraction thereof. Each Lot Owner shall be given written notice of said rules and regulations.

8. GENERAL EXPENSES

The Association shall be responsible for, and its Board is authorized and empowered to enforce, the payment, assessment, liening and collection from the Owners, of the Association's General Expenses. Each Owner shall be responsible to pay his/her/its share of the General Expenses proportionate to the Owner's Allocated Interests of voting shares as set forth in Sub-section 3.2.2 of the Declaration. All General Expenses shall be considered as Lot Assessments as defined and provided for in the Declaration and shall be assessed, liened and collected, as provide for Lot Assessments in the Declaration, and as provided for General Expenses in the Association's Bylaws.

9. REMEDIES AND WAIVER

9.1. Remedies Not Limited

The remedies provided herein for collection of any assessment or other charge or claim against any Lot Owner, for and on behalf of the Association, are in addition to, and not in limitation of, any other remedies provided by law.



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9.2. Enforcement

Each Owner, and said Owner's guests and occupants, shall comply strictly with the Association's Bylaws, rules and regulations, and use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions and restrictions set forth in this Declaration. After notice and an opportunity to be heard by the Board, and in accordance with rules and regulations adopted by the Board, the Board may levy reasonable fines for violations of the above (in addition to any late charges that may be assessed in connection with the late payment of assessments or other Association charges) in accordance with a previously established schedule adopted by the Board and furnished to the Owners, which violations shall cease immediately and which fines shall be paid within thirty (30) days. Failure to comply with this Declaration, the Bylaws or rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board, on behalf of the Association, or by an aggrieved Owner. The Board shall have the right to record a notice of violation of this Declaration, the Bylaws, or rules and regulations, and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose guests or occupants are responsible) for violating the foregoing.

9.3. No Waiver

The failure of the Association or Declarant or of any of their duly authorized agents or any of the Owners to insist in any one or more instances upon the strict performance of or compliance with the Declaration or any of the Articles, Bylaws, or rules or regulations of the Association, or to exercise any right or option contained therein, or to serve any notice or to institute any action or summary proceeding, shall not be construed as a waiver or relinquishment of such right to enforce any of the provisions in the future, but such right to enforce any of the provisions of the Declaration or of the Articles, Bylaws, or rules or regulations of the Association shall continue and remain in full force and effect. No waiver of any provision of the Declaration or of the Articles, Bylaws, rules or regulations of the Association shall be deemed to have been made, either expressly or by implication, unless such waiver shall be in writing and signed by the Board of Directors of the Association, pursuant to authority contained in a resolution of the Board.

10. LOT ASSESSMENTS

10.1. Levying of Lot Assessments— Charge Against Lot

There are hereby created "Lot Assessments" for Common Expenses as may be from time to time authorized by the Board of Directors of the Association. Common Expenses assessed shall be those expenses determined by the Board, pursuant to the definitions of "General Expenses" and "Road Expenses" in Section 1 herein, to be for the benefit of the Association as a whole, consistent with the terms herein. Lot Assessments shall be allocated among all Lots within the Association in accordance with the terms set forth in this Section. Failure to pay such Lot Assessments in a timely manner may result in imposition of late charges as prescribed by the Board.



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10.2. Lien

All Lot Assessments, together with interest at the highest rate allowable under law, along with costs, reasonable attorney's fees, and late charges, shall immediately be a charge and shall immediately be a continuing lien upon the Lot against which each Lot Assessment is made. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for property taxes; or (b) liens for all sums unpaid on a first mortgage to an Owner duly recorded in the records of Skagit County and all amounts advanced pursuant to such mortgage and secured thereby in accordance with the terms of such instrument. All other entities acquiring liens or encumbrances on any Lot after the recording of this Declaration shall be deemed to consent that such liens and encumbrances shall be inferior to future liens for Lot Assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

10.3. Payment

Lot Assessments shall be paid in such manner and on such dates as may be fixed in writing by the Board and notice of such given to the Owners.

10.4. Lot Assessments are also Personal Obligation of Owner

Each such Lot Assessment, together with interest, costs, reasonable attorney's fees, and late charges, shall also be the personal obligation of the Owner of such Lot as the time the Assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance.

10.5. Collection of Lot Assessments

Each Owner hereby expressly vests in the Association and its agents the right and power to bring all actions against each Owner personally for the collection of such Lot Assessments as a debt, and to enforce lien rights of the Association by all methods available for the enforcement of such liens, include foreclosure by an action brought in the name of the Association in like manner as a mortgage of real property. The liens provided for in this Section shall be in favor of the Association, and shall be for the benefit of the Association. The Association shall have the power to bid at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. In the event the Association employs an attorney to enforce any lien, or the collection of any amount due, the Association shall be entitled to reasonable attorney's fees and costs incurred, including costs for title examination and insurance.



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11. GENERAL PROVISIONS

11.1. Benefits and Burdens Run With The Land

The covenants, restrictions, reservations and conditions contained herein shall run with the land and shall be binding upon the Property and each portion thereof and all persons or entities owning, purchasing, leasing, subleasing or occupying any Lot on the Property; and upon their respective heirs, successors, and assigns. After the date on which the Declaration has been recorded, these covenants, restrictions, reservations and conditions may be enforced by the Association or Declarant who shall have the right to enforce the same and expend Association monies in pursuance thereof, and also may be enforced by the Owner of any Lot.

11.2. Resolution of Disputes

Any dispute, claim or controversy arising out of this Declaration, the Bylaws, or other rules and regulations (the "Matter-at-Issue"), except those arising out of Section 10 of this Declaration and any provisions in the Bylaws or elsewhere arising out or given authority by Section 10, shall be resolved according to this Sub-section 11.2.

11.2.1. Mediation

With regard to any Matter-at-Issue, the parties to the dispute agree to mediate the dispute through the employment of a professional mediator to be selected by mutual consent of the parties. In the event the parties cannot agree on a mediator, then each will select a separate mediator, and those two mediators will select the mediator to be used. No attorneys may be present during mediation.

11.2.2. Binding Arbitration

In the event the Matter-at-Issue is not resolved through mediation, the Matter-at-Issue shall be resolved through binding arbitration. Within five (5) days of one of the parties' request for such, the Matter-at-Issue shall be submitted to binding arbitration. Unless the parties agree by unanimous consent on one arbitrator, each party shall appoint one arbitrator. The two arbitrators shall in turn select a third arbitrator. The Matter-at-Issue shall then be arbitrated and the arbitrator(s) decision shall be binding on all parties. Said arbitration, including rights of appeal, shall be conducted pursuant to the provisions of Chapter 7.04 RCW.

11.2.3. Attorneys' Fees and Costs

The prevailing party in the arbitration of a Matter-at-Issue shall be entitled to reasonable attorneys' fees and costs incurred following the unsuccessful conclusion of mediation mandated in Sub-section 11.2.1. Any party not agreeing to, or frustrating, mediation as required by Sub-section 11.2.1 shall not be entitled to any attorney's fees or costs, whereas the other party, if it attempted to mediate the dispute, upon prevailing, shall be entitled to reasonable attorney's fees and costs. Attorneys' fees and costs incurred during appeal shall be awarded to the appellee/respondent if the appellant fails to improve its position.



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11.3. Compliance with Codes and Ordinances

All of the provisions of this Declaration shall be subject to compliance with the applicable municipal codes and ordinances. Where the Declaration's provisions are more permissive than the codes or ordinances allow, the Declaration's provisions shall yield to said codes and ordinances. Likewise, where the Declaration's provisions are more restrictive than the municipal codes and ordinances, the Declaration shall control.

11.4. Contracts

Each Owner hereby agrees that the Association may enter into such agreements for the performance of any or all of the functions of the Association with such persons or entities as the Association shall deem fit and proper in its judgment and discretion.

11.5. Number and Gender

The singular wherever used herein shall be construed to mean the plural when applicable, and grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

11.6. Severability

The invalidity of any one or more phrases, sentences, clauses, paragraphs or sections hereof shall not affect the remaining portions of this Declaration or any part hereof, all of which are inserted conditionally on their being held valid in law. And in the event that one or more of the phrases, sentences, clauses, paragraphs or sections contained herein should be invalid, this Declaration shall be construed as if such invalid phrase, sentence, clause, paragraph, or section had not been inserted.

11.7. Duration

These covenants, restrictions, reservations and conditions shall remain in full force and effect for a period of forty (40) years from the date hereof. Thereafter, they shall be deemed to have been renewed for successive terms of ten (10) years unless revoked or amended as herein provided.

11.8. Governing Act

The rights and duties of the Members shall be governed by the provisions of the Washington Homeowners' Association Act, Chapter 64.38 RCW (the "Act"), and of this Declaration. The Association and the Board shall have all powers, authorities and duties set forth in said Act and in this Declaration.



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11.9. Power of Attorney

All Lot Owners hereby grant to the Association, upon the voting of an amendment, a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment to this Declaration and agree that said amendment, when authorized and recorded as provided in this sub-section, shall be binding upon their property and them and their respective heirs, personal representatives, successors and assigns to the same extent as if they had personally executed said amendment. All Lot Owners hereby acknowledge and agree that the power of attorney herein granted shall be deemed coupled with an interest and shall be irrevocable.

11.10. Notice

Any notice required by the Declaration or the Articles or Bylaws of the Association or the rules and regulations adopted by the Association shall be deemed properly given if mailed by ordinary mail to the last address furnished to the Declarant or the Association, and said notices shall be deemed given when deposited in a United States Post Office.

11.11. Restatement

This Declaration restates and replaces the Original Declaration and its amendments, except as incorporated herein by reference. All terms in the Original Declaration and its amendments, except those carried forward into this Declaration or incorporated by explicit reference herein, shall be void.

11.12. Approval of Association

Pursuant to Section 3.2.7 of the Original Declaration, this Declaration was approved by a vote of the membership of the Fox Hollow Lane Community Association at its Annual Meeting held on the date above in Burlington, Washington. All members of the Association were provided at least 30-days notice of this meeting as directed in Section 4.7.3 of the Bylaws of the Association, and a Quorum was present for this meeting as defined in Section 4.8.4 of the Bylaws of the Association. The vote was approved by ____ percent of the voting interest in the Association as defined in Section 3.2.2 of the Original Declaration, and is recorded in the official minutes of the meeting. The undersigned Secretary of the Association attests to the approval of this Declaration and to the events described in this Section 11.12.

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EXECUTED by the undersigned Secretary of the Fox Hollow Lane Community Association effective the day and year first written above.

Stephen G. Bull

STATE OF WASHINGTON)

:SS

COUNTY OF King)

I certify that I know or have satisfactory evidence that STEPHEN A. BIANCHI is the person who appeared before me and signed this instrument, and on oath stated that he was authorized to execute the instrument as the Secretary of the Fox Hollow Lane Community Association.

DATED: this 3RD day of FEB., 2005.



Maurice A. Wendel

NOTARY PUBLIC for the State of Washington.

My commission expires 04-04-08



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