

After recording return to:
Amelia Adair
The Quadrant Corporation
14725 -SE 36th Street, Suite 200
Bellevue, Washington 98006



200605260149
Skagit County Auditor

5/26/2006 Page 1 of 5 11:55AM

LAND TITLE OF SKAGIT COUNTY

118386-S

DOCUMENT TITLE:	Partial Assignment of Declarant's Rights
REFERENCE NUMBER(S):	200508170114
GRANTOR(S):	Skagit Highlands, LLC, a Washington limited liability company
GRANTEE(S):	The Quadrant Corporation, a Washington corporation
LEGAL DESCRIPTION:	Lots 1-62 and Tracts 900-907, Skagit Highlands Division 3, per plat recorded at AFN 200605150163
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NO.	P124534 through P 124595

PARTIAL ASSIGNMENT OF DECLARANT'S RIGHTS

Pursuant to Section 10.7 of the Declaration of Covenants, Conditions, and Restrictions for Skagit Highlands Residential Property, recorded at Skagit County Auditor's No. 200508170114 (the "Declaration"), The Quadrant Corporation, a Washington corporation, ("Quadrant") is hereby designated an additional Declarant, and shall exercise all of the Declarant's rights and duties, as described in the Declaration, for Lots 1-62, and Tracts 900 - 907, Skagit Highlands Division 3, per plat recorded Skagit County Auditor's File No. 200605150163 ("Skagit Highlands Residential Division 3", also referred to as the "Community"). The undersigned Declarant hereby assigns to Quadrant the Declarant's Rights applicable to Skagit Highlands Residential Division 3 (including the Declarant's rights and duties related to the Skagit Highlands Homeowners Association - the Community's Association - and any sub-association in the Community, and all committees of the Association), and retains for itself the Declarant's Rights expressly reserved by this instrument.

1. Assignment to Quadrant. The Declarant's Rights related to the Division 3 lots located in the Community shall be exercised solely by Quadrant from the date of the closing of Quadrant's first purchase of Skagit Highlands Residential Division 3 Lots until terminated (a) as described in the Declaration, (b) when all or a portion of such rights are relinquished to the Declarant by Quadrant, in Quadrant's discretion, or (c) upon default by Quadrant, as described in paragraph 4 herein. While holding the right to exercise Declarant's Rights, Quadrant shall be

PARTIAL ASSIGNMENT OF DECLARANT'S RIGHTS - 1

entitled to exercise all control over the Community's Association, including all architectural review, rule making and rule enforcement exercised by the Association. Quadrant may appoint such persons as Quadrant chooses to the Association's Board of Directors, officer positions, and to any entity which exercises architectural control over the Community during the period in which Quadrant is entitled to control the administration of the Association. Quadrant may select and pay, from funds collected by the Association, professional management to assist it in managing the Association's business activities.

2. Rights Reserved by Declarant. The undersigned Declarant hereby reserves to itself all rights granted by the Declaration (a) to subject additional property to the terms of the Declaration, (b) amend the Declaration in a manner which would change Declarant's rights thereunder, (c) utilize any easements or rights to use and access property granted to Declarant by the Declaration, concurrently with Quadrant, who may also exercise the right to use such easements and rights of access, (d) to exercise architectural control over Lots and Units sold by Declarant to persons other than Quadrant, and (e) to benefit from all other rights and protections of the Declarant provided in the Declaration, concurrently with Quadrant, provided that such exercise does not materially impair Quadrant's exercise of the expressly assigned Declarant's Rights. Declarant may assign the right to exercise architectural control over Lots and Units not sold to Quadrant to the person purchasing such Lots or Units from Declarant if the purchaser is a builder; otherwise, Declarant may only assign such rights of architectural control to Quadrant during the time this assignment is effective. The reservation of Declarant's Rights described in this paragraph shall terminate, and the reserved rights shall be automatically and completely assigned to Quadrant, upon Declarant's transfer of ownership of all of Declarant's interest in the property subject to the Declaration; except that the right to exercise architectural control, if assigned to a builder other than Quadrant, shall continue to be held by the builder assigned such control until sale of the completed residence by the Builder, and then such architectural control shall be automatically assigned to Quadrant; and provided further, that notwithstanding such complete assignment of Declarant's Rights, Declarant shall continue to be afforded the protections and benefits provided to Declarant under the Declaration for activities which occurred the time during which the Declarant owned property subject to the terms of the Declaration.

3. Exemption from Assessments. The Declarant hereby exempts Quadrant from all assessments made under the terms of the Declaration during such times that Quadrant exercises its rights under this Assignment of Declarant's Rights. In the event that this Assignment of Declarant's Rights to Quadrant is terminated as described in paragraph 4 herein, such exemption from assessments shall terminate, and Quadrant may be assessed in the same manner as other Owners for all assessments that may be made by the Association after the date such exemption ceases; provided, however, that if any persons building residences in the Community are exempted from payment of assessments, Quadrant shall be entitled to the same exemptions provided to other builders, notwithstanding the termination of Quadrant right to exercise Declarant's Rights.

PARTIAL ASSIGNMENT OF DECLARANT'S RIGHTS - 2



200605260149
Skagit County Auditor

5/26/2006 Page

2 of

5 11:55AM

4. Involuntary Termination of Quadrant's Declarant's Rights. If for any reason Quadrant fails to complete the purchase of Lots or Units from Declarant, then Quadrant shall retain the Declarant's Rights related to design review and construction of improvements made to Lots or Units purchased by Quadrant. However, Quadrant's entitlement to the following Declarant's Rights shall terminate upon default by Quadrant: (a) design review of improvements to a Lot or Units not yet purchased by Quadrant, but subject to an agreement by Quadrant to purchase such Units, and (b) Quadrant's control of the administration of the Association and the Declaration. Any decisions of the Association, any Neighborhood Association or of any entity which exercises architectural control over the Community established by Quadrant while exercising Declarant's Rights made prior to termination of Quadrant's rights shall continue to bind the Community, notwithstanding the termination of Quadrant's Declarant's Rights.

5. Voluntary Termination and Reassignment of Declarant's Rights by Quadrant. In the event that Quadrant elects to terminate the portion of the assignment of Declarant's Rights which grant Quadrant control of the Association, Quadrant shall, upon such election, give notice to the Declarant of the relinquishment of Association control, and deliver to the Declarant, or the person designated by Declarant, all documents of the Association and control of funds of the Association in the possession of Quadrant. Any subsidy to the Association to assist the Association in meeting its obligations, provided by Quadrant during Quadrant's period of control, may be terminated at Quadrant's election, and Quadrant shall not be obligated to continue subsidies. Voluntary relinquishment of Association control under this paragraph, however, shall not terminate Quadrant's architectural control over Lots or Units purchased by Quadrant, and Quadrant may continue to exercise such architectural control over the Lots and Units until they are improved and sold to residents.

6. Attorney's Fees, Litigation Expenses and Costs. If either Declarant or Quadrant shall commence a lawsuit (state, bankruptcy or federal court), arbitration or other proceeding concerning this Assignment, the substantially prevailing party shall be entitled to recover from the other party its reasonable attorney's fees, litigation expenses, and all costs actually incurred.



5/26/2006 Page 4 of 5 11:55AM

7. Severability. If any provision of this Assignment is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Assignment shall remain in full force and effect.

GRANTOR/DECLARANT:
Skagit Highlands, LLC
a Washington limited liability company

GRANTEE/ASSIGNEE:
The Quadrant Corporation, a
Washington corporation

By _____
James Tosti, Managing Member

By _____
Its Vice President

STATE OF WASHINGTON)
COUNTY OF SKAGIT) ss.

I certify that I know or have satisfactory evidence that James Tosti is the person who appeared before me, and said person acknowledged that he was authorized to execute the instrument and acknowledged it as the Managing Member of Skagit Highlands, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: _____ 2006

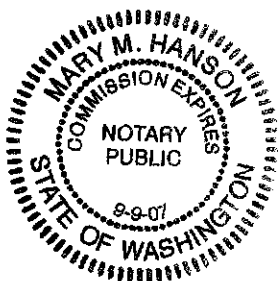
(Printed Name)
Notary Public
My Appointment Expires: _____

STATE OF WASHINGTON)
COUNTY OF KING) ss.

I certify that I know or have satisfactory evidence that Michael Lorenz is the person who appeared before me, and said person acknowledged that he was authorized to execute the instrument and acknowledged it as the Vice President of The Quadrant Corporation to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED: May 22 2006

Mary M. Hanson
MARY J. M. HANSON (Printed Name)
Notary Public
My Appointment Expires: 9/9/07



PARTIAL ASSIGNMENT OF DECLARANT'S RIGHTS - 4



200605260149
Skagit County Auditor