

Filed for Record at Request of and
After Recording Return to:

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1111 Cleveland Avenue, Suite 203
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Skagit County Auditor

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**DECLARATION OF PROTECTIVE COVENANTS
FOR HIGHLAND GREENS**

Grantor: Hansell/Mitzel, LLC, a Washington limited liability company, d/b/a Hansell Mitzel Homes, and Salem Village, a Washington nonprofit corporation
Grantee: Hansell/Mitzel, LLC, a Washington limited liability company, d/b/a Hansell Mitzel Homes, and Salem Village, a Washington nonprofit corporation
Tax Parcel Nos.: 340409-4-005-1000 (P124129), 340409-4-005-0900 (P124128), 340409-4-005-0800 (P124127), 340409-4-005-0700 (P124126), 340409-4-005-0600 (P124125)
Legal Description: Section 9, Township 34, Range 4; Ptn. SW NE and NW SE
Related Documents: N/A

THIS DECLARATION OF PROTECTIVE COVENANTS FOR HIGHLAND GREENS (the "Declaration") is made by HANSELL/MITZEL, LLC, a Washington limited liability company, d/b/a Hansell Mitzel Homes, and SALEM VILLAGE, a Washington nonprofit corporation (collectively, "Declarant") as of this ____ day of _____, 2006.

RECITALS

A. Declarant is the owner of certain real property (the "Property") in the City of Mount Vernon, Skagit County, Washington, legally described on Exhibit A hereto.

B. Declarant desires to develop the Property into a planned community with residential, commercial, and recreational uses. This Declaration contemplates a plan for the phased development of the Property in order that the Highland Greens community may grow in an orderly fashion under a rational scheme of development.

C. Declarant has applied for and received final approval for a Planned Unit Development of the Property which is recorded in volume *, pages ___ through ___ records of Skagit County, Washington (the "PUD"). This Declaration was a requirement of final PUD approval.

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D. The PUD consists of seven divisions (each, a "Division" and collectively, the "Divisions"). Each Division shall be subject to preliminary and final plat approval. As a requirement of final plat approval for each Division, Declarant shall subject such Division to a more detailed Declaration of Covenants, Conditions, Restrictions, Easements and Reservations (each a "Division CCR" and collectively, the "Division CCRs"). The Division CCRs will include the specific easements, restrictions and other covenants applicable to each Division.

E. Declarant desires to record this Declaration to (i) establish the use and development restrictions included in the PUD for each Division, as applicable, (ii) provide a guide for the more detailed Division CCRs that will be recorded with the final plat of each Division, (iii) establish certain use and development restrictions applicable to the Property, (iv) establish the architectural control committee that will administer and enforce the Highland Greens design code, and (v) establish the Highland Greens Homeowners Association.

NOW, THEREFORE, Declarant declares that the Property shall be held, transferred, sold, conveyed, leased, used and occupied subject to the covenants, conditions, and restrictions hereinafter set forth which are for the purpose of protecting the value and desirability of and which shall touch and concern and run with title to the Property and which shall be binding on all parties having 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 owner thereof.

ARTICLE 1. DEFINITIONS

Section 1.1 Words Defined. In this Declaration and any amendments hereto, the following terms shall have the following meanings:

1.1.1. "ACC" shall mean the architectural control committee initially established by the Declarant to administer and enforce the Design Code.

1.1.2. "Articles" shall mean the Articles of Incorporation of the Association.



1.1.3. "Association" shall mean the Highland Greens Homeowners Association described in Article 5 of this Declaration, its successor and assigns.

1.1.4. "Board" shall mean the Board of Directors of the Association, and "Directors" shall mean members of the Board of Directors.

1.1.5. "Common Areas" shall mean the real property (including the improvements and facilities thereon) described as all areas of the Property outside the Lots, excluding any streets or other areas now or hereafter dedicated for public use or placed in easements for use by specific Lots. Common Areas include private roadways, walkways, parking areas, parks, open space buffer, wetland areas and the Village Greens. Common Areas will be conveyed by Declarant to the Association pursuant to the Division CCRs and held for the common use and enjoyment of the members of the Association.

1.1.6. "City" shall mean the City of Mount Vernon.

1.1.7. "Declarant" shall mean Hansell/Mitzel, LLC, d/b/a Hansell Mitzel Homes, and Salem Village, collectively, or such successor or assign (including a Participating Builder) as Declarant may designate by a writing recorded in the records of the Auditor of Skagit County.

1.1.8. "Declaration" shall mean this Declaration of Protective Covenants for Highland Greens, as amended from time to time.

1.1.9. "Design Code" shall mean the architectural and aesthetic regulations applicable to development within the Property as more fully described in Section 4.2 below, as such regulations may be amended from time to time.

1.1.10. "Division" shall mean Divisions I through VII of the PUD of Highland Greens, as such Divisions are initially depicted in Exhibit B attached hereto; provided the final legal description for each Division shall be as described in the final plat of such Division.

1.1.11. "Division CCR" shall mean a Declaration of Covenants, Conditions, Restrictions, Easements and Reservations including the specific easements, restrictions and other covenants applicable to each Division which Declarant shall record as a requirement of final plat approval for each Division.

1.1.12. "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.

1.1.13. "Living Unit" shall mean and refer to a building or structure or any portion thereof situated in the Property that is designed and intended for use and occupancy



as a residence by one family, including attached or detached houses, and units within apartment buildings.

1.1.14. "Lot" shall mean any legally platted plot of land shown upon any recorded subdivision map of a Division of the Property, with the exception of all Common Areas and any streets or other areas now or hereafter dedicated for public use.

1.1.15. "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.

1.1.16. "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.

1.1.17. "Multifamily Lot" shall mean a Lot that is designed and intended for use and occupancy by two or more Living Units, including without limitation townhomes and apartment buildings.

1.1.18. "Non-Exempt" shall be as defined in Section 8.4.

1.1.19. "Owner" shall mean the record owner, whether one or more Persons, of fee simple title to a Lot within the Property, including a contract purchaser entitled to beneficial possession.

1.1.20. "Participating Builder" shall mean a Person who acquires from Declarant one or more Lots for the purpose of improving the same for resale to future Owners.

1.1.21. "Person" shall mean an individual, corporation, partnership, association, trustee, or other legal entity.

1.1.22. "Plans" shall be as defined in Section 4.3.3.

1.1.23. "Property" shall mean the land described on Exhibit A 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.

1.1.24. "PUD" shall mean the recorded Planned Unit Development of Highland Greens and any amendments, corrections or addenda thereto subsequently recorded.

1.1.25. "Residential Lot" shall mean a Single Family Lot or Multifamily Lot.

1.1.26. "Residential Lot Owner" shall mean an Owner of a Residential Lot.



1.1.27. "Single Family Lot" shall mean a Lot that is designed and intended for use and occupancy by a single detached Living Unit.

1.1.28. "Subsidized Senior Housing" shall mean tax credit financed housing for elderly persons with household incomes at or below sixty percent (60%) of the median household income level for Skagit County.

1.1.29. "Structure" shall mean any building, fence, wall, driveway, walkway, patio, garage, storage shed, carport, mailbox, play equipment, climbing apparatus, swimming pool, hot tub, rockery, dog run or the like.

1.1.30. "Transition Date" shall be as defined in Section 5.9.

1.1.31. "Village Greens" shall mean those tracts of land in Division I, which shall be dedicated to the Association as Common Areas subject to the terms and conditions set forth in Section 3.6 of this Declaration. The Village Greens are initially depicted on Exhibit C attached hereto. Final legal descriptions for the Village Greens shall be described in the final plat of Division I.

1.1.32. "Village Greens Expenses" shall mean those costs incurred by the Association for maintenance, repair, replacement and improvement of the Village Greens.

1.1.33. "Village Greens Group" shall refer to the Owners of those Lots within Division I that abut the Village Greens as depicted on Exhibit C.

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. PHASED DEVELOPMENT; DEVELOPMENT AND USE RESTRICTIONS.

Section 2.1 General Development and Use Restrictions Applicable to the Divisions. Declarant intends to develop the Property in seven (7) Divisions. Each Division shall be more particularly described on the PUD. The Property shall be used solely for the uses authorized in the PUD, as may be amended from time to time. The initial PUD provides for development of the Divisions for the following uses:

2.1.1. Division I. Division I shall consist of a residential neighborhood with a mixture of front facing and alley served Single Family Lots.

2.1.2. Division II. Division II shall consist of a residential neighborhood with a mixture of front facing and alley served Single Family Lots.



2.1.3. Division III. Division III shall consist of a residential neighborhood of Single Family Lots.

2.1.4. Division IV. Division IV shall consist of a residential townhome neighborhood designed to serve elderly residents.

2.1.5. Division V. Division V shall consist of a residential multifamily neighborhood designed to provide Subsidized Senior Housing.

2.1.6. Division VI. Division VI shall consist of a neighborhood retail/commercial center with a daycare or other services designed to serve local residents.

2.1.7. Division VII. Division VII shall consist of a residential neighborhood of Single Family Lots.

If the PUD is amended to change the development and uses authorized in any Division, the restrictions set forth in this Section 2.1 shall be deemed amended to reflect such changes to the authorized development and uses under the PUD, as amended.

Section 2.2 Division Specific CCRs. Section 2.1 includes the general use and development restrictions applicable to each Division. As a condition of recording a final plat for any Division, Declarant shall record a Declaration of Covenants, Conditions, Restrictions, Easements and Reservations for such Division, which shall include the following provisions, as applicable to each Division. Notwithstanding anything contained herein to the contrary, the Division CCRs may be recorded in any order and/or combined in any manner; and this condition may be satisfied by the recording of a Declaration of Covenants, Conditions, Restrictions, Easements and Reservations for the first Division to be approved and subsequently amending those CCRs to add additional Divisions to the property subject to those CCRs.

2.2.1 Dedications. Each Division CCR shall identify the specific property (including any applicable roads, open space, community facilities, storm water detention facilities or other Common Areas) to be dedicated to the Association, the City or other applicable governmental or non-profit entity and any regulations applicable to such areas (such as open space tract restrictions).

2.2.2 Easements. Each Division CCR shall identify all public easements, if any, required by the City and all private easements applicable the Division including without limitation any private storm drainage easements, tree preservation easements or other easements benefiting individual Lots.

2.2.3 Construction Regulations. Each Division CCR may include the construction restrictions and requirements applicable to each Lot in that Division including without limitation the following:



- i. Regulations regarding uniformity of use and appearance (e.g., quality of workmanship, materials, design, maintenance and location of structures);
- ii. Size and height restrictions applicable to all Structures within the Property including floor area, lot size and compliance with local codes.
- iii. Design and construction regulations relating to the appearance of Structures including specifications for roofs, siding and other exterior materials, entry walks, porches, decks and driveways.

2.2.4 Use Regulations. Each Division CCR shall include the following categories of regulations, restrictions and requirements as applicable to such Division: (i) allowed uses within each Division such as residential, day nursery, or retail/service/convenience, (ii) maintenance of Structures and landscaping, (iii) deadlines for completion of construction, (iv) parking, (v) signage, (vi) maintenance of animals and pets, (vii) use of temporary structures, (viii) clothes lines usage, (ix) radio and television aerials and satellite dishes usage, (x) location and maintenance of trash containers and debris, (xi) offensive activity prohibitions, (xii) underground utilities requirements, (xiii) water supply and sewage disposal regulations, (xiv) repair requirements, (xv) window coverings, (xvi) wood piles, (xvii) fences, (xviii) climbing apparatus and play equipment, and (xix) any other matters deemed appropriate by Declarant.

Section 2.3 Sales and Construction Facilities. Despite any other provisions of this Declaration, it is expressly permissible prior to the Transition Date for Declarant, or agents or contractors thereof, to maintain on any portion of the Property owned by Declarant such facilities as in the sole opinion of Declarant may be reasonably required, convenient, or incidental to the construction and sale of Lots and Living Units, including, without limitation, business offices, storage areas, construction yards, signs, model units, and sales offices.

Section 2.4 Density. The PUD allows Declarant to develop a maximum number of dwelling units within the Property. To the extent Declarant does not develop the maximum number of dwelling units within the Property, the right to develop additional dwelling units shall run solely to the benefit of Declarant, and shall not be transferred to any Participating Builder without the express written consent of Declarant. Declarant shall have the right to develop such additional dwelling units within any additional real property owned or controlled by Declarant or its affiliates that is subsequently added to the Property.

ARTICLE 3 COMMON AREAS; ASSOCIATION MAINTENANCE

Section 3.1. Title to Common Areas. Declarant shall from time to time prior to the Transition Date convey to the Association the Common Areas designated on a final plat or other recorded document, map or plan. Upon its creation as a Common Area, and, whether or not it shall have been conveyed, as yet to the Association, every Common Area shall be subject to an



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easement of common use and enjoyment in favor of the Association and every Residential Lot Owner, their heirs, and assigns, in accordance with the terms and conditions of this Declaration, any Division CCR subsequently recorded, and the Bylaws and rules and regulations of the Association. Such easement shall be appurtenant to and shall not be separated from ownership of any Lot and shall not be assigned or conveyed in any way except upon the transfer of title to such Lot, and then only to the transferee of such title and shall be deemed so transferred and conveyed whether or not it shall be so expressed in the deed or other instrument conveying title. Certain rights of use, ingress, egress, occupation and management authority in the Common Areas set forth elsewhere in this Declaration and the Division CCRs shall be reserved to Declarant. All Common Areas when conveyed to the Association shall be free and clear of financial liens and encumbrances. Assessments shall not be used to defray operating and maintenance costs of Common Areas which have not yet been conveyed to the Association.

The Declarant shall retain the right to construct roads and utilities across the Common Areas and to grant authority to utility purveyors to construct utilities across the Common Areas so as to connect roads and utilities in the Property to roads and utilities on adjacent properties if such connections are authorized by the City, its successor in interest, or any public or private utility. In the event such roads or utility connections are so required, the Association shall dedicate and/or convey to the City, its successor in interest, or to an appropriate utility, any and all rights of way, easements and/or improvements so required.

Section 3.2. Use. Each Residential Lot Owner shall have right to use the Common Areas in common with all other Residential Lot Owners. The right to use the Common Areas shall be appurtenant to and pass with the ownership of each Residential Lot and shall extend not only to each Residential Lot Owner, but also to his agents, tenants, members of his household, invitees, licensees, and all occupants of Living Units located within his Lot. The right to use the Common Areas shall be governed by the provisions of this Declaration, any Division CCR subsequently recorded, the Bylaws, and the rules and regulations of the Association.

Section 3.3 Abandonment of Common Areas. Except as set forth in Section 3.1, the Common Areas may not be abandoned, partitioned, subdivided, encumbered, sold, or transferred by the Association, any Owner or any third party, provided that, with the approval of at least 67% of the Residential Lot Owners and compliance with any restrictions on the face of a final plat or other recorded document, map or plan, the Common Areas may be transferred to or encumbered for the benefit of a public agency, authority, or utility. The granting of easements for utilities or for other purposes consistent with the intended use of the Common Areas by the Residential Lot Owners shall not be deemed a partition or division.

Section 3.4 Alteration of Common Areas. Except as set forth in Section 3.1, nothing shall be altered or constructed in or removed from any Common Areas without the prior written consent of the Board.



Section 3.5. Maintenance of Common Areas. Except as otherwise set forth in Section 3.6, the Association shall maintain, repair, replace, improve, and otherwise manage all of the Common Areas so as to keep them in good repair and condition and shall conduct such additional maintenance, repair, replacement, construction, or reconstruction as may be determined by the Association or the Board, to promote the recreation, health, safety, and welfare of the Owners. Any action necessary or appropriate for the maintenance and upkeep of the Common Areas, the landscaping irrigation, storm drainage facilities, sewer and water systems, all buildings, gas, telephone, or electrical or television facilities located within the Common Areas shall be taken by the Association, the City or approved utility purveyors only. The Association shall be responsible for compliance with any and all requirement of the City or its successor regarding maintenance of the Common Areas.

Section 3.6. Maintenance of Village Greens. The maintenance, repair, replacement and improvement of the Village Greens shall be performed, coordinated, and/or managed by the Association, provided that the Village Greens Group shall have the right to determine the level, frequency, scope and type of such maintenance, repair, replacement and improvement of the Village Greens, and provided further that the Village Greens Group shall be solely responsible and assessed for the Village Greens Expenses, in accordance with this Declaration, the Division CCR for Division I, the Bylaws and rules and regulations of the Association.

Section 3.7. Surface Water Facilities. The Association shall maintain, repair, replace and otherwise manage those stormwater control facilities which are designated for private maintenance. The Association shall have the authority to transfer such responsibility to the City if and when the City is willing to accept such a transfer. The Association shall also have, to the extent otherwise permitted, the authority to maintain, repair, replace and otherwise manage those stormwater control facilities which are designated for public maintenance by the City.

Section 3.8. Planter Strips, Mailbox Islands, Association Easements. The Association shall maintain, repair, replace and otherwise manage the landscaping and improvements located within (i) the planter strips and mailbox islands located in the public rights of way; and (ii) any easements over any portion of the Property dedicated to the Association in the final plat for any Division or the Division CCRs, pursuant to which the Association controls and/or is obligated to maintain the easement area.

ARTICLE 4. ARCHITECTURAL CONTROL COMMITTEE

Section 4.1 Appointment of ACC. Declarant shall appoint an initial ACC, which shall serve until the Transition Date. After the Transition Date, the Board shall serve as the successor ACC or appoint a successor ACC. In the event of death or resignation of any member or members of the ACC, the Declarant shall have full authority to appoint a successor member or members prior to the Transition Date and the Board shall have full authority to appoint a successor member or members on or after the Transition Date. Members of the ACC shall not be entitled to any compensation for services performed pursuant to this Declaration. Upon the



Transition Date and without further action by any person or persons, (i) the term of the initial members of the ACC shall end, and (ii) the initial 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, excepting only claims arising prior to the Transition Date.

Section 4.2 Design Code. One of the purposes of this Declaration is to assure within the Residential Lots a uniformity of use and quality of workmanship, materials, design, maintenance and location of Structures. It is in the best interests of each Residential Lot Owner that such uniformity be maintained as hereinafter provided. The Board shall adopt a Design Code for the Residential Lots that includes standards for any elements of a Structure visible from the outside, including without limitation the size, shape and architectural style of the building, its roof, windows, doors, porches and other components, placement on the lot, fences, drainage, paving and landscaping and all finish materials. The Design Code shall be consistent with any construction and design restrictions set forth in this Declaration or any Division CCR subsequently recorded. The ACC shall administer and enforce the Design Code.

Section 4.3 Process for Submission and Approval of Plans.

4.3.1 ACC Review. No Structure shall be constructed on any Residential Lot unless the Plans for the Structure have been approved in writing by the ACC. ACC review of the Plans for the Structure and the construction thereof may include, without limitation, the following elements: (i) materials and color selection for any Structure (including roof, doors, windows and trim), (ii) driveways, walks, patios and other ground surface materials, (iii) antennas, satellite dishes or receivers, solar panels or other devices which are visible from outside the Residential Lot, (iv) fountains, swimming pools, hot tubs, whirlpools or other pools, (v) privacy walls or other fences and gates, (vi) awnings, flower boxes, shelves, statues, or other outdoor ornamentation, and window coverings visible through the window, (vii) construction trailers or other trailers, temporary structures, tents, shacks, and sheds, (viii) signage of any type, (ix) play equipment, whether or not secured, such as tree houses, basketball hoops, skateboard ramps and swing sets; and (x) porch furnishings. Interior construction and modifications not affecting the external structure or appearance of any Structure are not subject to review.

4.3.2. No Liability. The ACC's approval of any Plans shall not constitute any warranty or representation whatsoever by the ACC 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 the ACC and any of its members, and their heirs, successors and assigns, from any and all claims or possible claims of any nature whatsoever, based upon engineering or structural integrity or sufficiency or compliance with applicable governmental laws, codes, ordinances and regulations.

4.3.3 Submission of Plans. At least 30 days before commencing construction of any Structure on any Residential Lot, the Owner shall submit to the ACC two



complete sets of detailed building, construction, surface water run-off control and specifications and a site plan showing the location of all proposed Structures (the plans, specifications and site plans are individually and collectively referred to herein as the "Plans").

4.3.4 Approval of Plans. The ACC may withhold its approval by reason of its reasonable dissatisfaction with the location of the Structure on the Residential Lot, color scheme, finish, architecture, height, impact on view from another Residential Lot or Residential Lots, appropriateness of the proposed Structure or materials used therein. The ACC's approval or disapproval of Plans shall be made within 30 days of submission of a complete set of Plans, shall be in writing, and approval shall be evidenced by written endorsement on such Plans, one copy of which shall be delivered to the owner of the Residential Lot upon which the Structure is to be constructed. Except for violation of the construction regulations set forth in the applicable Division CCR, if the ACC has not provided a Residential Lot Owner with written notice of objections to any Plans within six (6) months after its completion, the Plans shall be deemed to have been fully complied with.

4.4 Remedies for Design Code Violations. After ACC delivers notice of objections to a Residential Lot Owner, the Board shall be entitled to take whatever action the Board deems reasonably appropriate to enforce the provisions of the Declaration, including, without limitation, commencing an action against the Residential Lot Owner. If such violation is not cured within ten (10) days notice of such violation, then the Board may impose a fine upon such Residential Lot Owner in the amount of up to \$100.00 per day for each day such violation remains uncured. Such fine shall be paid immediately upon demand by the Board. All unpaid fines imposed under this Section 4.4 shall constitute a lien on the Lot in accordance with and subject to the terms and conditions of Article 9 of this Declaration.

ARTICLE 5. HIGHLAND GREENS HOMEOWNERS ASSOCIATION.

Section 5.1 Form of Association. The Lot Owners shall constitute the members of the Highland Greens Homeowners Association, a Washington nonprofit corporation to be formed by Declarant. The rights and duties of the members and of the Association shall continue to be governed by the provisions of this Declaration, and the Association's Articles of Incorporation and Bylaws. Declarant reserves the right to establish additional homeowners associations for specific Divisions if deemed necessary or advisable by Declarant, to amend the qualifications for and voting rights of the members of the Association, and to delegate assessment authority, responsibility for assessment collection, and responsibility for maintenance of Common Areas to subsequently formed Division-specific homeowners associations.

Section 5.2 Board of Directors. The affairs of the Association shall be governed by the Board. The initial Board shall be as described in the Association's Articles of Incorporation and shall serve until the Transition Date. After the Transition Date, the Board shall consist of such numbers of members as provided for in the Articles of Incorporation and Bylaws of the



Association. 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 as Directors pursuant to this Declaration. Upon the Transition Date and without further action by any person or persons, (i) the term of the initial Directors or their successors shall end, and (ii) the initial Directors and their then successors shall be released from any and all liability whatsoever for claims arising out of or in connection with this Declaration, excepting only claims arising prior to the Transition Date.

Section 5.3 Qualification for Membership. Except as otherwise set forth in this Declaration, every Lot Owner shall by reason thereof be a member of the Association. Membership shall be appurtenant to and may not be separate from ownership of any Lot, and shall not be assigned, transferred, pledged, 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 persons constituting the new Owners.

Section 5.4 Voting Rights. The Association shall have five (5) classes of voting membership:

Class A: Class A members shall be all Owners of Single Family Lots, with the exception of the Declarant. Class A members shall be entitled to one (1) vote for each Single Family Lot owned; provided, that if a Single Family Lot has been sold on contract, the contract purchaser shall exercise the rights of an Owner. Except with respect to contract purchasers, when more than one Person holds a fee interest in any Single Family Lot, all such persons shall be members.

Class B: Class B members shall be all Owners of Multifamily Lots, with the exception of (i) the Owners of any Multifamily Lots that are used to provide Subsidized Senior Housing; and (ii) the Declarant. Class B members shall be entitled to one (1) vote for each Living Unit located within the Multifamily Lot; provided that such votes shall be exercised as a single block of votes by the Owner of the Multifamily Lot. Provided further that if a Multifamily Lot has been sold on contract, the contract purchaser shall exercise the rights of an Owner. Except with respect to contract purchasers, when more than one Person holds a fee interest in any Multifamily Lot, all such persons shall be members.

Class C: Class C members shall be all Owners of Multifamily Lots that are used to provide Subsidized Senior Housing, with the exception of the Declarant. Class C members shall be entitled to one (1) vote for each Multifamily Lot owned, provided, that if a Multifamily Lot has been sold on contract, the contract purchaser shall exercise the



rights of an Owner. Except with respect to contract purchasers, when more than one Person holds a fee interest in any Multifamily Lot, all such persons shall be members. In the event a Multifamily Lot is no longer used for Subsidized Senior Housing, the Owner's Class C membership shall automatically cease and be converted to Class B.

Class D: Class D members shall be the Owners of all Lots designated and intended for commercial use, with the exception of Declarant. Class D members shall be entitled to one (1) 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. Except with respect to contract purchasers, when more than one Person holds a fee interest in any Lot, all such persons shall be members. In the event any Living Units are developed on a Lot designated and intended for commercial use, the Class D Owner shall have one (1) vote for each Living Unit located on the Lot.

Class E: Class E members shall be the Declarant and shall be entitled to three (3) votes for each Single Family Lot owned by Declarant, three (3) votes for each Living Unit located on a Multifamily Lot owned by Declarant that is not used to provide Subsidized Senior Housing, three (3) votes for each Multifamily Lot owned by Declarant that is used to provide Subsidized Senior Housing, and one (1) vote for each Lot designated and intended for commercial use and owned by Declarant. The Class E membership shall cease and be converted to Class A, B, C or D membership, as applicable, effective on the Transition Date.

Section 5.5 Voting. If a Lot is owned by more than one person and only one of them is present or represented at a meeting, the one who is present or represented will represent the Owner. 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. A Lot Owner may, by written notice to the Board, designate a voting representative for the Lot. The designated voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a Person having an ownership interest in a Lot, or by actual notice to the Board of the death or judicially declared incompetence of any Person with an ownership interest in the Lot, except in cases in which the Person designated is a Mortgagee of the Lot. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact for the Owner under a durable power of attorney, and the administrator or executor of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each Lot shall be the group composed of all of its Owners. Unless otherwise expressly provided in this Declaration, a quorum is present throughout any meeting of the Association if the Owners to which thirty-four percent (34%) of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting.



Section 5.6 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 90 consecutive days or more, the Owner's Mortgagee shall automatically be authorized to declare at any time thereafter that the 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 5.7 Annual and Special Meetings. Within one year following recording of the final plat, on a date selected by the Board, 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 members no less than 30 days before the meeting. Until the Transition Date, the initial Board appointed by the Declarant shall govern the Board and the Association. At the first meeting after the Transition Date, and at each annual meeting thereafter, the members of the Association shall elect by majority vote individuals to serve as Directors until a successor is elected at the next annual meeting. Each Lot shall be entitled to one vote for each Director in accordance with the rules for its voting class as set forth in Section 5.4 above 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 ratification by the members, as more specifically provided in Section 8.1. Special meetings of the members of the Association may be called at any time upon not less than 14 days prior written notice to all Lot Owners, for the purpose of considering matters which require the approval of all or some of the Lot 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 5.8 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.

Section 5.9 Transition Date. The "Transition Date" shall be the date control of the Board passes from the initial Board to the Association. Prior to the Transition Date, Declarant shall be entitled to exercise all rights and powers of the Board and the Association. At Declarant's option, the Transition Date will be either: (i) the date designated by Declarant in a written notice to the Lot Owners, which date may be by Declarant's election any date after this Declaration has been recorded; or (ii) the 120th day after Declarant has transferred to retail purchasers title to all Single Family Lots in the Property. For purposes of the foregoing clause (ii) transfer of title to a Single Family Lot by Declarant to any Participating Builder shall be



disregarded and title to any Single Family Lot owned by Participating Builder shall not be deemed transferred for purposes of determining the Transition Date until the Single Family Lot is further transferred by Participating Builder to a purchaser who is not either a Participating Builder or Declarant.

ARTICLE 6. 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 mail. If delivery is made by mail, the notice shall be deemed to have been delivered on the third day of regular mail delivery after a copy has been deposited in the United States mail, first class, postage prepaid, addressed to the Person entitled to such notice at the most recent address known to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board may be given to any Director or mailed to the following address:

Board of Directors c/o Dan Mitzel
Highland Greens Homeowners Association
1111 Cleveland Avenue, Suite 203
P.O. Box 188
Mount Vernon, WA 98273

The Board's address may be changed from time to time by the execution and recording of an instrument in the real property Records of Skagit County, Washington which (i) refers to this Declaration and this Article 6 and (ii) sets forth the Board's new address.

ARTICLE 7. AUTHORITY OF THE BOARD.

Section 7.1 Adoption of Rules and Regulations. The 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 resolutions 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 Lot Owners, occupants of Living Units within the Property and all other Persons claiming any interest in the Property.

Section 7.2 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. The failure of any Lot Owner or occupant to comply with the provisions of this Declaration, or the rules and regulations of the Association (including without limitation the Design Code) will give rise to individual causes of action in the Association



(acting through the Board) and in 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 attorneys' fees in the amount awarded by the court.

Section 7.3 Goods and Services. The Board shall acquire and pay for as common expenses of the Association all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Association and maintenance of all portions of the Common Areas not maintained by public utility companies or a governmental entity. The goods and services shall include (by way of illustration and not limitation) professional association management fees and costs, irrigation systems for landscaping maintenance, utility services for the Common Areas; policies of insurance; and maintenance, repair, landscaping, gardening and general upkeep of the Common Areas and any other portions of the Property controlled and/or maintained by the Association. The Board may hire such employees as it considers necessary.

Section 7.4 Protection of Common Areas. The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the Common Areas and any other portions of the Property controlled and/or maintained by the Association, settle claims, or otherwise act in what it considers to be the best interests of the Association.

ARTICLE 8. BUDGET AND ASSESSMENT FOR COMMON EXPENSES.

Section 8.1 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 after formation of the Association, and prior to the expiration of each fiscal year thereafter, the Board shall establish a budget for the Association, which shall include common expenses of the Association (as described in Section 7.3) during the ensuing fiscal year, and shall mail a summary of the budget to all Residential Lot Owners. The summary of the budget shall provide a sub-total for the Village Greens Expenses. Within thirty days after adoption by the Board, the Board shall set a date for a meeting of the Residential Lot Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the owners of a majority of the votes in the Association are allocated or any larger percentage specified in the Articles or Bylaws reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Residential Lot Owners shall be continued until such time as the Residential Lot Owners ratify a subsequent budget proposed by the Board. The Board shall then assess each Residential Lot with its share of such estimated costs, based on the allocation guidelines set forth in Section 8.5 below. The Board, at its election, may require the Residential Lot Owners to pay the amount assessed in equal monthly or quarterly installments or in a lump sum annual installment. The Board shall



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notify each Residential Lot Owner in writing at least ten days in advance of each assessment period of the amount of the assessment for said period, which notice shall be accompanied by a copy of the budget upon which the assessment is based. The assessments levied by the Board shall be used exclusively to promote the recreation, health, safety and welfare of the Residential Lot Owners and for the improvement and maintenance of the Common Areas and provision of other goods and services described in Section 7.3.

Section 8.2 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 continue until a new assessment is established. Upon the request of any Owner or Mortgagee or prospective Owner or prospective Mortgagee of a Residential Lot, the Board will furnish a statement of the amount, if any, of unpaid assessments charged to the Residential 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 Residential Lot who rely on the statement in good faith. All assessments and other receipts received by the Association shall belong to the Association.

Section 8.3 Subsidized Senior Housing Exempt From Assessment. Notwithstanding anything to the contrary set forth in this Declaration, in the event any Residential Lot within the Property is used to provide Subsidized Senior Housing, such Residential Lot shall be exempt from any and all assessments. Notwithstanding the foregoing, the Owners of Residential Lots used for Subsidized Senior Housing shall benefit from use of the Common Areas as set forth in Section 3.2 above. If a Residential Lot is no longer used to provide Subsidized Senior Housing, such Residential Lot shall thereafter be subject to assessment in accordance with this Article 8.

Section 8.4 Commercial Lots Exempt From Assessment. Any Lot designated and intended for commercial development shall be exempt from any and all assessments, provided that if any Living Units are developed on such Lot, it shall be automatically subject to assessment in accordance with this Article 8. For purposes of this Article 8, all Lots within the Property that are not exempt from assessments under Section 8.3 or this Section 8.4 shall be referred to herein as "Non-Exempt."

Section 8.5 Initial Contribution. Each Owner of a Non-Exempt Lot, at the time of purchase of his/her Lot, shall make a start-up contribution to the Association in the amount of \$100.00 for each Living Unit located on his/her Lot (which shall supplement annual assessments to reimburse Declarant for construction, landscaping, maintenance and operating expenditures of and for Common Areas during the house sales period). For purposes of this Section 8.5 only, "Owner" shall include Participating Builders.



Section 8.6. Annual Assessment.

8.6.1 Generally. The initial annual assessment (which is in addition to the start-up fee) shall not be in excess of \$400.00 per year and shall be prorated for any partial year at the time of purchase of the Residential Lot. Commencing on the first January 1 following the Transition Date, and continuing each year thereafter, the annual assessment shall not be increased by more than 15% without the approval of a majority of the members voting at a meeting duly called for such purpose. Notwithstanding the provisions set forth above, the Declarant shall not be liable for any fees or assessments assessed or due so long as Declarant owns any Non-Exempt Lot within the Property.

8.6.2 Annual Assessment Formula. Subject to the caps set forth in Section 8.6.1 above, the annual assessment for each Non-Exempt Lot shall be calculated in accordance with the following guidelines.

(i) The annual budget shall be established by the Board and ratified by the Association in accordance with Section 8.1.

(ii) The Village Greens Expenses shall be subtracted from the annual budget and assessed solely to the Village Greens Group. As used in this Section 8.6.2, the term "Reduced Budget" shall refer to the annual budget less the Village Greens Expenses.

(iii) The Reduced Budget shall be divided by the number of Living Units within the Non-Exempt Lots to calculate a "Per Living Unit Assessment."

(iv) Each Non-Exempt Lot shall be assessed with the Per Living Unit Assessment multiplied by the number Living Units within that Lot.

(v) The following hypothetical is intended as an example only of the calculation of the Annual Assessment. Suppose the Lots within the Property consist of: (i) 150 Single Family Lots; (ii) one Multifamily Lot consisting of 50 market rate townhouses; (iii) one Multifamily Lot consisting of 50 apartments used to provide Subsidized Senior Housing; and (iv) one Lot used for commercial development. Further suppose the annual budget for the common expenses of the Association is \$50,000.00, of which \$5,000.00 constitutes the Village Greens Expenses. The Reduced Budget (\$45,000.00) would be divided by the total number of Living Units on Non-Exempt Lots ($150 + 50 = 200$), for a Per Living Unit Assessment of \$225.00. Each Owner of the Single Family Lot would be assessed \$225.00, the Owner of the Multifamily Lot consisting of 50 townhouses would be assessed \$11,250.00 ($50 \times \$225.00 = \$11,250$), and the Owners of the Multifamily Lot consisting of 50 apartments for Subsidized Senior Housing and the commercial Lot would be exempt from assessment. In addition, the Village Greens Group would be assessed \$5,000 for the Village Greens Expenses.



Section 8.6 Special Assessments; Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the improvements upon the Common Areas or any other area owned or required to be maintained by the Association, provided that such assessment shall be approved by a majority of the members voting at a meeting duly called for such purpose.

ARTICLE 9. LIEN AND COLLECTION OF ASSESSMENTS.

Section 9.1 Assessments and Fines Are a Lien; Priority. All unpaid sums assessed by the Association for the share of the common expenses chargeable to any Lot, any sums specially assessed to any Lot and any fines imposed on a Lot Owner under the authority of this Declaration or the Division CCRs 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 Lot Owners subject to assessment under this Declaration, 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 9.3. 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 9.2 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 Association, shall have the power to bid in the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same.

Section 9.3 Assessments are Personal Obligations. In addition to constituting a lien on the Lot, all sums assessed by Association chargeable to any Lot together with interest, late charges, costs and attorneys' 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 for any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 9.4 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 10 days after the date when due. In the absence of another established, nonusurious rate, delinquent assessments shall bear interest at the rate of 12% per annum. 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 9.5 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 9.6 No Avoidance of Assessments. No Owner may avoid or escape liability for assessments provided for herein by abandoning his or her Lot.

ARTICLE 10. 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 11. LIMITATION OF LIABILITY.

So long as a Director, or Association member, or Declarant, acting on behalf of the Board or the Association, has acted in good faith, without willful or intentional misconduct, upon the basis of such actual 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 to the extent the liability of such person for such act, omission, error, or negligence is covered by any insurance actually obtained by the Board.



ARTICLE 12. INDEMNIFICATION.

Each Director, and Declarant shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance actually obtained by the Board and except in such cases wherein such Director or Declarant is adjudged guilty of willful misfeasance in the performance of his or her duties.

ARTICLE 13. 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 14. AMENDMENTS.

Section 14.1 Generally. This Declaration represents the current intent of the Declarant and the City. However, the boundaries and use of each Division are subject to change based on market conditions, governmental or engineering requirements, changing land use conditions and other modifications made during the development process. This Declaration may be revised by the Declarant at any time in accordance with Article 15. An amendment will be effective on the date it is recorded in the real property records of Skagit County, Washington.

Section 14.2 Restrictions on Amendment. Notwithstanding anything to the contrary set forth in this Declaration or any Division CCR subsequently recorded, this Declaration shall not be amended to subject Owners that are exempt from assessment pursuant to Section 8.3 or Section 8.4 to assessment for the common expenses of the Association without the unanimous consent of such Owners.

ARTICLE 15. DURATION.

The covenants, conditions, and restrictions of this Declaration shall run with and bind each Division in perpetuity unless otherwise terminated or modified by the City or its successor.



In the event of any conflict between the terms of this Declaration and the terms of any Division CCR, the Division CCRs shall control.

ARTICLE 16. RESERVATION OF DECLARANT'S RIGHT TO AMEND.

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 ("FMC") 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 FMC or FNMA or if such amendment is necessary to secure funds or financing provided by, through or in conjunction with FMC or FNMA or FHA or, if such amendment is necessary, in Declarant's sole opinion, for the efficient functioning of the Association, the Property, any Division or the PUD. Declarant further reserves the right to expand the Property subject to this Declaration to include additional real property owned or controlled by Declarant or its affiliates. Declarant further reserves the right to amend the qualifications for and voting rights of the members of the Association, and to delegate assessment authority, responsibility for assessment collection, and responsibility for maintenance of Common Areas to subsequently formed Division-specific homeowners associations..

Section 16.2 Authorization to Amend. If Declarant, at its option, determines that it is necessary so to amend the Declaration, then Declarant, on behalf of all Owners in the Property, is hereby authorized to execute and to have recorded (or filed, in the case of the Articles) said required amendment or amendments. All Owners hereby grant to Declarant a full and complete power of attorney to take any and all actions 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 they had personally executed said amendment or amendments. All Owners hereby acknowledge and agree that the power of attorney granted herein shall be deemed coupled with an interest and shall be irrevocable.

Section 16.3 Duration. Declarant's rights under this Article 16 shall exist until the last Single Family Lot owned by Declarant is sold to a retail purchaser.

ARTICLE 17. SEVERABILITY.

The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remainder affects the common plan.



ARTICLE 18. EFFECTIVE DATE.

This Declaration shall be effective upon recording.

HANSELL/MITZEL, LLC, a Washington
limited liability company, d/b/a Hansell Mitzel
Homes

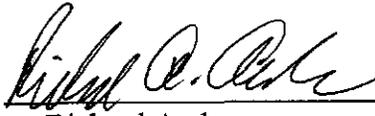
By:



Dan R. Mitzel
Its Co-Managing Member

SALEM VILLAGE, a Washington nonprofit
corporation

By:



Richard Anderson
Its President



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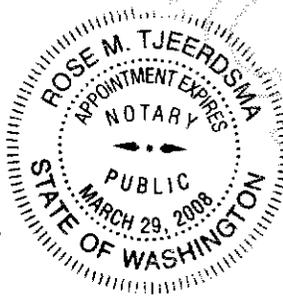
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STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this day personally appeared before me **Dan R. Mitzel**, to me known to be the Co-Managing Member of **HANSELL/MITZEL, LLC**, d/b/a Hansell Mitzel Homes, the limited liability company who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

GIVEN under my hand and official seal this 11 day of December, 2006.



Rose M Tjeerdsma
(Signature)

Rose M Tjeerdsma
(Print Name)

Notary Public in and for the State of
Washington, residing at Burlington
My commission expires 3/29/08

STATE OF WASHINGTON)
) ss.
COUNTY OF Skagit)

On this day personally appeared before me **RICHARD ANDERSON** to me known to be the President of **SALEM VILLAGE**, the nonprofit company who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act of said company, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

GIVEN under my hand and official seal this 11 day of December, 2006.



Rose M Tjeerdsma
(Signature)

Rose M Tjeerdsma
(Print Name)

Notary Public in and for the State of
Washington, residing at Burlington
My commission expires 3/29/08



EXHIBIT A
Legal Description of Property

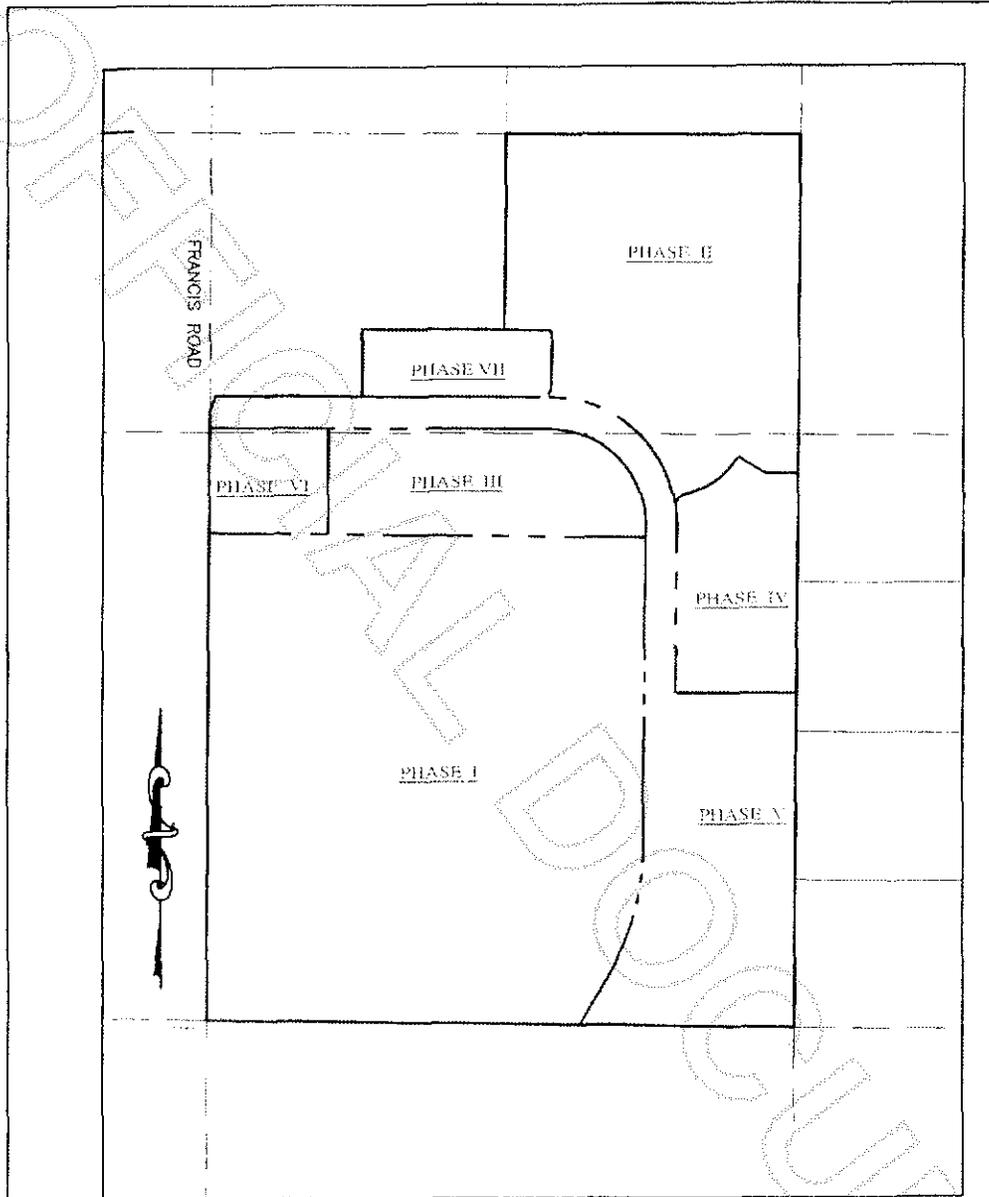
Situate in the State of Washington, County of Skagit:

Lots "A", "B", "C", "D" and "E" of Mount Vernon BLA Survey #LU05-095, recorded December 14, 2005, under Auditor's File No. 200512140111, being a portion of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ and the Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 9, Township 34 North, Range 4 East, W.M.



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EXHIBIT B
Divisions



ATTACHMENT 1 - PHASE EXHIBIT

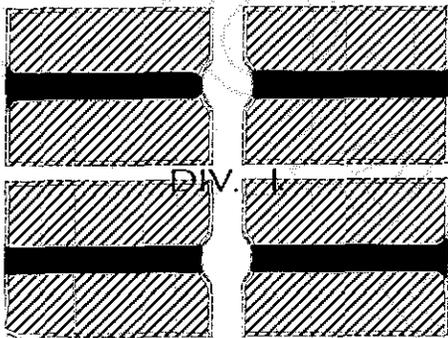
<p>Sound Development Group ENGINEERING, SURVEYING & LAND DEVELOPMENT SERVICES 1111 Cleveland Avenue, Suite 202 Mount Vernon, WA 98273 Tel: 360-404-2010 Fax: 360-404-2013</p>	<p>SHEET DESCRIPTION: HIGHLAND GREENS PUD CITY OF MOUNT VERNON</p>	<p>SCALE: NONE DRAWN BY: JHOWE JOB NO.: 006-06 DATE: AUGUST 2009</p>
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EXHIBIT C
Village Greens



- Village Greens
- ▨ Village Greens Group



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Skagit County Auditor