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8/12/2008 Page

1 of

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Return Recorded Document To:

Peter & Susan Janicki
24917 Benham Road
Mount Vernon, WA 98273

**DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS
AND RESERVATION
FOR**

Short Plat PL06-1052 & P#33712

Grantor: **Peter & Susan Janicki**

Grantee: The Public

Abbreviated Legal Description: Lots 1-3 of short plat PL06-1052 & P#33712 tax
number 350302-4-006-0307

DECLARATION OF PROTECTIVE COVENANTS

FOR Short Plat PL06-1052 & P#33712

THIS DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS AND RESERVATION (this "Declaration") is made by Peter & Susan Janicki ("Declarant") as of the 16th day of July 2008.

RECITALS

NOW, THEREFORE, Declarant declares that the Property subject to all restriction and easements of said plat, shall be held, transferred, sold, conveyed, leased, used and occupied subject to the covenants, conditions, restrictions, easements, assessments, and liens hereinafter set forth which are for the purpose of protecting the value and desirability of the Property. Said covenants, conditions, restrictions, easements, assessments, and liens shall run with title to the Property and shall be binding on all parties having 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. For the purpose of this Declaration and any amendments hereto, the following terms shall have the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

- 1.1.1 "Association" shall mean MacKenzie Association described in Article 4 of this declaration, its successors and assigns.
- 1.1.2 "Board" shall mean the Board of Directors of the Association
- 1.1.3 "Construction" and "Constructed" shall mean any construction, reconstruction, erection, or alteration of and Improvement, except wholly interior alterations to a then existing Structure.
- 1.1.4 "Declarant" shall mean Peter & Susan Janicki
- 1.1.5 "Declaration" shall mean this Declaration of covenants, Conditions, Restrictions, and Reservations for short plat #PL06-1052 & P#33712, as it may from time be supplemented or amended.



200808120118

Skagit County Auditor

- 1.1.6 "Supplementary Declaration" Shall mean and refer to any recorded declaration of covenants, conditions, and restrictions which alters the provisions of the Declaration, whether by addition to or deletion of any provision herein.
- 1.1.7 "First Mortgage" and "First Mortgagee" shall mean, respectively, (a) a recorded Mortgage on a Lot that has legal priority over all other Mortgages thereon, and (b) the holder of a first mortgage. For purposes of determining the percentage of First Mortgagees approving a proposed decision or course of action in cases where a Mortgage holder holds First Mortgages on more than one Lot, such Mortgage shall be deemed a separate Mortgage for each such First Mortgage so held .
- 1.1.8 "Lot" shall mean any one of the 4 lot numbered lots 1 through 3 of SP#PL06-1052 & P#33712, together with the Structures and Improvements thereon.
- 1.1.9 "Mortgage" shall mean a record mortgage or deed of trust that creates a lien against a lot and shall mean a real estate contract of the sale of a Lot.
- 1.1.10 "Mortgage" 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.
- 1.1.11 "Owner" shall mean a record owner, whether one or more Persons or entities, of fee simple title to a Lot within the Property, including participating builders and including a contract seller, except those persons or entities having such interest merely for the performance of an obligation.
- 1.1.12 "Person" Shall mean an individual, corporation, partnership, association, trustee, or other legal entity.
- 1.1.13 "Property" Shall mean the land described in legal descriptions 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.
- 1.1.14 "Structure" shall mean any building, fence, wall, patio, swimming pool, or the like.
- 1.1.15 "Governing Documents" shall mean and refer to this Declaration, any Supplementary Declaration and any rules and regulations promulgated pursuant to Association, Board or Architectural Control Committee.



200808120118
Skagit County Auditor

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

1.1.17 "Transition Date" is defined in Section 4.10.

Section 1.2 Forms 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

RIGHT OF WAY AREAS AND EASEMENTS AND PRIVATE ROAD

Section 2.1 Association to Maintain Right of Ways. The Association shall maintain the Right of Ways. If the Association does not maintain the Right of Ways, Skagit County shall have the right to enforce these covenants that pertain to the obligation of the Associated to maintain those Rights of Ways.

Section 2.2 Maintenance of Easements. No Lot Owner shall allow or permit any structure or landscaping to be located, installed or grown upon the area subject to the PCA Easement which might in any way damage or interfere with the PCAE..

Section 2.3 Private Road Maintenance.

Lots 1, 2 and 3 are served by a private access easement for ingress and egress and for the construction and maintenance of utilities in the location as shown on the Plat.

(a) The responsibility for the construction, repair and maintenance of the private access easement serving the said Lots shall be 100% the responsibility of the owners of lot 3 of the MacKenzie Short Plat. The owners of lots 1 & 2 will be responsible for their own separate driveways coming off of the access easement.

(b) The private access road within the said easement shall be constructed and maintained only as a gravel roadway sufficient for vehicular traffic, with maintenance to include, without limitation, grading, scraping, ditching, snow removal and spreading of new gravel, as necessary.

ARTICLE 3

CONSTRUCTION ON LOTS AND USE OF LOTS



200808120118

Skagit County Auditor

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

Section 3.2 Submission of Plans. At Least Fifteen (15) days before commencing Construction of any Structure on any Lot, the Owner shall submit to the Board three (3) complete sets of detailed building, Construction, surface water run-off control and landscaping plans 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"). The Plans shall be submitted in a form satisfactory to the Board, which may withhold its approval by reason of its reasonable dissatisfaction with the location of the Structure on the Lot, color scheme, finish, architecture, height, impact on view from another Lot or Lots, appropriateness of the proposed structure, materials used therein, or because of its reasonable dissatisfaction with any other matter which, in the reasonable judgment of the Board, would render the proposed Structure inharmonious with the general plan of development of the Property or other Structures nearby. The Board's approval shall be evidenced by written endorsement on such Plans, two (2) copies of which shall be delivered to the Owner of the Lot upon which the Structure is to be constructed.

Section 3.3 Construction. No Structure shall be Constructed or cause to be constructed on any Lot unless the Plans for the Structure, including landscaping, have been approved in writing by the Board. The Board's review and approval or disapproval of Plans on the basis of cost, aesthetic design, and harmony with previously approved Structures on or about other Lots in the Property, and location, shall be absolute and enforceable in any court of competent jurisdiction. The Board's approval of any Plans, however, shall not constitute any warranty or representation whatsoever by the Board or any of its members that such Plans were examined or approved for engineering or structural integrity or sufficiency or compliance with applicable governmental laws, codes, ordinances and regulations, and each Owner hereby releases any and all claims or possible claims against the Board as a whole or any of the individually, and their heirs, successors and assigns, of any nature whatsoever, based upon engineering or structural integrity or sufficiency or compliance with applicable governmental laws, codes, ordinances and regulations.

Section 3.3.1 Power of the Board to Grant a Variance. The Board shall have the power to grant a variance to an owner, who, at the time the owner submits his plans for approval, also submits a request for a variance. The variances which may be allowed by the board shall be limited to those matters herein covered by Section 3.4 (minimum size), and



200808120118
Skagit County Auditor

Section 3.6.12 (setbacks), and Section 3.6.6 (Animals) The granting of the request for a variance shall be in writing and shall also be entered in the minutes of the board.

Section 3.3.2 Architectural Control Committee. The Association shall establish and continuously maintain an Architectural Control Committee, composed of three or more board members, as selected by the board, to review and approve or disapprove the details and written Plans and specifications showing the nature, kind, shape, height, materials, colors and location of any proposed Structures, Accessory Structure, exterior additions to or changes or alteration to existing Structures, landscaping, clearing or excavation of Lots, or cutting of trees within the Property. Any such approval or disapproval of Plans and designs submitted to the ACC shall be submitted to the Board for approval as set forth in Sections 3.2 and 3.3 above. The purpose of the Architectural Control Committee is to achieve and maintain the aesthetic goals of the Declarant. The Association shall enforce guidelines, criteria, and procedures governing the Architectural Control Committee and the Owner's compliance with the provisions in this Article 3.

Section 3.4 Minimum Size. The floor area of the main house Structure, exclusive of open porches and garages shall be not less than (i) 2,000 square feet for a single level home. Single level homes only with the exception of a bonus room above the garage. Each home must have a garage, which shall be of such size' as to accommodate at least two automobiles. The Board is authorized to grant a variance as to these size requirements upon receiving an application from the owner of a lot showing reason.

Section 3.5 Maximum Height. All buildings or Structures shall be constructed in accordance with the laws of Skagit County and other applicable codes.

Section 3.6 Use Restrictions.

3.6.1 "Residential Use". The dwelling within the Structures are intended for and restricted to use as single family residences only, on an ownership, rental, or lease basis, and for social recreational, or other reasonable activities normally incident to such use which includes home offices. All lots under constructions shall be maintained in a clean and orderly fashion and free from trash, debris or refuse of any kind ; and in the case of construction on a Lot, the Owner of any Lot shall be responsible for daily clean-up of the construction site and the entire Lot (if necessary) so as to prevent the disorderly and unappealing appearance of short plat #PL06-1052 & P#37712. All construction sites shall maintain, in working order, portable or other toilet facilities for use by construction crews and construction crews shall use said facilities at all times.

3.6.2 "Maintenance of Buildings and Lots". Each Owner shall, at the Owner's sole expense, keep the interior and exterior of the Structure 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



200808120118

Skagit County Auditor

necessary to maintain the appearance and condition of the Structure and the Lot. The landscaping shall be maintained to the edge of the sidewalk.

- 3.6.3 "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. All yards and landscaping must be completed within three (3) months from the date of completion of the Structure, however, with good cause shown, the Board may extend this term. All yards and landscaping must be completed within three (3) months from the date of completion of the Structure, however, with good cause shown, the Board may extend this term. All Lots shall be maintained in a neat and orderly condition during Construction.
- 3.6.4 "Parking". No trucks, campers, trailers, boats, motorcycles or other vehicle or any part thereof shall be parked or permitted to remain on any Lot, unless the same is stored or places in a garage or in the rear yard area and screened from sight. No such vehicles shall be parked overnight on any street adjoining any Lot; provided that such vehicles belonging to guests may occasionally be so parked.
- 3.6.5 "Signs" . No sign of any kind shall be displayed to the public view on or from any Lot without the prior written consent of the Board, except for "For Rent" or "For Sale" signs in a form not prohibited by any rules and regulations of the Board. This Section shall not apply to the Declarant or any Participating Builder.
- 3.6.6 "Animals". Animals, including Horses, Livestock, Poultry, Reptiles or Pigs shall not be kept on any lot under 2 acres. Household pets shall not exceed three (3) in number; provided that unweaned puppies or kitties may be kept. All animal enclosures must be kept in a clean, neat and odor free condition at all times. All animals must be kept at a distance of not less than 20 feet from abutting Structures and erosion control Structures if directed by the Board. The Board may at any time require the removal of any pet which it finds is disturbing other Owners or tenants unreasonably, in the Boards' determination, and may exercise the authority for specific pets even though other pets are permitted to remain. Notwithstanding anything set forth herein, all Owners shall comply with all applicable governmental laws, codes, ordinances, and regulations pertaining to animals. Pets shall be attended at all times and shall be registered, licenses and inoculated from time to time as required by law. When not connected to the Owner Lot or Structure, pets within short plat #PL06-1052 & P#37712 must be accompanied by a responsible person. Upon Review of Association. Subject to Well Restrictive Covenant.



200808120118

Skagit County Auditor

- 3.6.7 "Temporary Structures". No Structure of a temporary character Trailer, tent, shack, garage, barn, or other outbuilding shall be installed, placed, or used on any Lot as a residence, either temporarily or permanently. Excludes Accessory Dwellings and RV's for short periods of time.
- 3.6.9 "Radio and Television Aerials". No television or radio aerial and no satellite receiving dish or other electronic receiving device shall be placed or erected outside of any building on any lot except a single 18" or less DSS dish.
- 3.6.10 "Trash Containers and Debris". All trash shall be placed in sanitary containers either buried or screened so as not to be visible from adjoining Structures or streets or roadways. No lot or any portion thereof shall be used as a dumping ground for trash or rubbish of any kind. Yard rakings, dirt and debris resulting from landscaping work or Construction shall not be dumped onto adjoining Lots or streets or roadways. Compost piles may be kept upon the Lots provided they are kept in a clean, neat and sanitary condition.
- 3.6.11 "Offensive Activity". No trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind, including day schools, nurseries, or church schools, shall be conducted or permitted on and Lot, except as to home offices which are specifically set forth in Section 3.6.1 provided, however that such home occupations are conducted in a manner allowed by law and if such occupation will not, in the reasonable judgment of the Association, cause traffic congestion or other disruption of the short plat #PL06-1052 & P#37712 community; nor shall goods, equipment, vehicles, or materials used in connection therewith, be kept, parked, stored, dismantled or repaired outside on any Lot or any street within the Property. No noxious or offensive activity, including by not limited to the creation of excess levels of noise, shall be carried on in any Lot, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners or tenants, or that would detract from the value of the short plat #PL06-1052 & P#37712 community. The Association shall determine by Association action whether any given use of a Lot or Structure unreasonably interferes with the rights of the other Owners to the use and enjoyment of their respective Lots and Structures, or of the Right-Of-Ways, and such determination shall be final and conclusive.
- 3.6.12 "Setbacks". All Structures shall comply with all applicable governmental laws, codes, ordinances and regulations pertaining to setbacks.
- 3.6.13 "Fences". No fence shall be constructed on any Lot without the prior written approval of the Board, which approval may be granted or denied in the Board's sole discretion. All fences shall be constructed in a



200808120118
Skagit County Auditor

good and workman-like manner of suitable fencing materials and shall be same in design and color and shall not detract from the appearance of any adjacent Structures. All fences shall comply with the design place adopted by the Board.

3.6.14 "Underground Utilities". All utility lines located outside a dwelling unit shall be in conduits attached to such units or underground.

3.6.15 "Drainage". Any and all drainage from a Lot, which in the reasonable opinion of the Board causes erosion problems, shall be piped at the Lot Owner's expense to the nearest underground public storm sewer line, street ditch or dry well All roof drains connected to public storm sewer systems shall be permitted.

3.6.16 "Tree Cutting". The cutting of any existing trees other than those necessary to clear for the building site on any lot is strictly prohibited unless approved by the Board. If the Owner wishes to remove an existing tree(s) outside the building area, those specific trees must be flagged and written permission to remove them must be obtained from the Board prior to removal. Ornamental or landscaping trees planted at or after Construction shall be exempted unless the cutting thereof adversely affects other Lots in short plat #PL06-1052 & P#37712

3.6.17 Roadway Trees are those planted by the Developer within the boundary of the sidewalk, within the front set back of each lot. These trees shall be maintained by each homeowner to the satisfaction of the Board. If any homeowner refuses or is unable to maintain these Roadway Trees, the Board shall cause maintenance to be carried out at the sole expense of homeowner./the association.

3.6.18 "Damage". Any damage to streets, Property improvements, entry structure, fences, landscaping, mailboxes, lights and lighting standards by Lot Owners, their children, contractors, agents, visitors, friends, relatives or service personnel shall be repaired by such Owner within twelve (12) days from the occurrence of such damage, at Lot Owner's expense.

3.6.19 "Driveways". All driveways shall be paved from the edge of the paved street to connect with the paved surface of the floor or the carport or garage.

3.6.20 "Mailboxes". All mailboxes must be of a standard accepted by the U.S. Postal Authorities and must * * * those areas so designed by the U.S. Postal Department. Structures containing mailboxes must be approved by the Board.



200808120118

Skagit County Auditor

3.6.21 "Accessory Structures". Any garage, shed, carport, barn, or any type of outbuilding must be approved by the Board in writing prior to installation.

3.6.22 "Owner's Maintenance Responsibilities". The maintenance, upkeep and repair of individual Lots and Structures shall be the sole responsibility of the individual Owners thereto and in no way shall it be the responsibility of the Association, its agents, subagents, officers, directors, or Board members. Owners shall maintain their Lots and Structures and any and all appurtenances thereto in good order, condition and repair, and in a clean, slightly and sanitary condition at all times without limitation as to the manner comparable to that on the other Lots in the Property. After notice to an Owner from the Association of such Owner's failure to so maintain his landscaping, and after approval of a two-thirds majority vote by the Board or other Association committee to which such oversight responsibility shall have been delegated, the Association shall have the right, through its agents and employees, to enter upon any Lot which has been found to violate the foregoing standards in order to repair, maintain, and/or restore the landscaping to such standards. The cost of such work shall be a special assessment on such Owner and his Lot only, and the provisions of the Declaration regarding collection of assessments shall apply thereto. At no time shall any yard debris, trash, or and other material be placed within the Community Road Corridor.

3.6.23 "Lot 1" extends South of the main driveway which is due West of lot 2. In this area, No Structure of "ANY" nature trailer, tent, shack, garage, barn, or other outbuilding shall be installed, either temporarily or permanently. Nothing may be stored or parked there at any time what-so-ever. Maintenance of this area is optional for the owners of Lot 1.

ARTICLE 4

MACKENZIE OWNERS' ASSOCIATION

Section 4.1 Form of Association. The Owners of Lots within the short plat PL06-1052 and P#33712 shall constitute the members of MacKenzie Owner's Association. The rights and duties of the members and of the Association shall continue to be governed by the provisions of this Declaration.

Section 4.2 Board of Directors. The affairs of the Association shall be governed by a Board of Directors (the "Board") which shall be composed of one or more members, to be determined at the reasonable discretion of the Board. The initial Board shall be Paul MacKenzie and Julie MacKenzie. Subject to any specific requirements hereof, the Board



200808120118

Skagit County Auditor

shall have authority to establish operating rules and procedures. In the event of death or resignation of any member or members of the Board, the remaining member or members, if any shall have full authority to appoint a successor member or members. Members of the Board shall not be entitled to any compensation for services performed pursuant to this Declaration. Upon the Transition Date and without further action by any person or persons, (i) the term of the initial Board members or their successors shall end, and (ii) the initial Board members and their then successors shall be released from any and all liability whatsoever for claims arising out of or in connection with this Declaration, exempting only claims arising prior to the Transition Date.

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

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

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

Section 4.6 Voting. ; If a Lot is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. If joining 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.

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

Section 4.8 Annual and Special Meetings. Within the period commencing thirty (30) days before the Transition Date (defined in section 4.10, below) and ending thirty (30) days after the Transition Date, there shall be a meeting of the members of



200808120118

Skagit County Auditor

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

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

Section 4.10 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures (if any) of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of 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 4.11 Transition Date. The "Transition Date" shall be the date on which control of the Board passes from the initial Board to the Association. The Transition Date will be either (i) the date designated by Declarant in a written notice to the Owners, which date may be by Declarant's election any date after this Declaration has been recorded or (ii) the later of (a) Five (5) years after the recording of this Declaration or (b) the 120th day after Declarant has transferred title to the purchasers of Lots representing 100% of the total voting power of all Lot Owners in the Association. For purposes of the foregoing clause (ii), however, transfer of title to a Lot by Declarant to any Participating Builder shall be disregarded and title to any Lot owned by Participating Builder shall not be deemed transferred for purposes of determining the Transition Date until the Lot is further transferred by Participating Builder to a purchaser who is not either a Participating Builder or Declarant. From and after the Transition Date, the then Owners of 100% of the Lots in the Property shall have the power through a written instrument recorded in the real property records of Skagit County, Washington to restrict or eliminate all or any of the approval powers and duties of the board set forth in this Declaration, excluding the duty to maintain the Right-Of-Ways.



200808120118
Skagit County Auditor

ARTICLE 5

NOTICES FOR ALL PURPOSES

All notices given under the provisions of this Declaration or rules or regulations of the Association shall be in writing and may be delivered either personally or by United States mail. If delivery is made by mail, it shall be sent postage prepaid by certified or registered mail return receipt requested, to the Person entitled to such Notice if such Notice is to Declarant, the Association or to fewer than all Owners. If said Notice is to all Owners, it shall be mailed first-class postage prepaid. The notice shall be deemed to have been delivered on the third day of regular mail delivery after the date of mailing thereof or on the date of actual receipt. Notices shall be addressed to the last known address of the addressee. Owners mailing addresses may be changed by written Notice to the Association provided however, that an Owner may from time to time by Notice to the Association designate such other place or places or individuals for the receipt of future Notices. If there is more than one Owner of a Lot or Structure, Notice to any one such Owner shall be sufficient and shall be deemed delivered to all Owners of such Lot. Notices to the Board may be given to any Board member or mailed to the residence address for the president or secretary of the Board. The address of Declarant and of the Association shall be given to each Owner at or before the time he becomes an Owner. If the address of Declarant or the Association shall be changed, Notice shall be given to all Owners * *

ARTICLE 6

AUTHORITY OF THE BOARD

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

Section 6.2 Enforcement of Declaration, Etc. The Board shall have *the* power to enforce the provisions of the Declaration, and the rules and regulations of the Association for the benefit of the Association. The failure of any Owner to comply with the provisions of this Declaration or the rules and regulations of the



200808120118
Skagit County Auditor

Association will give rise to a cause of action in the Association (acting through the Board) and any aggrieved Lot owner for recovery of damages, or injunctive relief, or both. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, or the rules or regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs, and attorney's fees in the amount awarded by the court. Failure or forbearance by any person or entity so entitled to enforce the provisions of this Declaration and the rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter.

Section 6.3 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 maintenance of all portions of the Right-Of-Ways not maintained by public utility companies or a government entity. The goods and services shall include (by way of illustration and not limitation) policies of insurance, and the maintenance, repair, landscaping, gardening, and general upkeep of the Right-Of-Ways. The Board may hire such employees as it considers necessary.

Section 6.4 Protection of Right-Of-Ways. The Board may spend such funds and take such action as it may from time to time deem necessary to protect Right-Of-Ways, settle claims, or otherwise act in what it considers to be the best interests of the Association.

Section 6.5 Protection of Private Roads. The Board may spend such funds and take such action as it may from time to time deem necessary to protect Private Roads, settle claims, or otherwise act in what it considers to be the best interests of the Association.

ARTICLE 7

BUDGET AND ASSESSMENT FOR COMMON EXPENSES

Section 7.1 Fiscal Year; Preparation of Budget. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year. As soon as the Board in its discretion deems advisable and prior to the explanation of each fiscal year thereafter, the Board shall establish a budget for the costs of maintaining the Right-Of-Ways during the ensuing fiscal year. The Board shall then assess each Lot within the Property with its pro-rate share of such estimated costs, based upon the number of Lots then within the Property. However, any and all lots in which fee simple title is still held by Declarant herein shall not be subject to said assessments. Said exemption from assessments of Declarant's remaining Lots, shall not affect the determination of pro-rata share of each Lot; said pro-rata share shall still be determined by the total number of Lots within the Property. The Board, at its election, may require the Lot Owner in writing at least ten (10) days in advance of each assessment period of the amount of the assessment of said period, which notice shall be accompanied by a copy of the budget upon which the assessment is based. Any Owner may prepay one or more installments on any assessment levied by the Association without premium or penalty. The assessments levied by the Board shall be used exclusively to



200808120118
Skagit County Auditor

promote the recreation, health, safety, and welfare of the Lot Owners and for the improvement and maintenance of the Right-Of-Ways and Private Roads.

Section 7.2 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 or a Lot, the Board will furnish a statement of the amount, if any, of unpaid assessments charged to the Lot. The statement shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the statement in favor of all purchases and Mortgagees of the Lot who rely on the statement in good faith. All assessments and other receipts received by, the Association shall belong to the Association.

Section 7.3 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Lots at such time as the Board in its absolute discretion deems advisable. The first annual assessment shall be pro-rated according to the number of months remaining in the fiscal year. After the commencement of the annual assessments, the liability of an Owner for assessments shall commence on the first day of the calendar month following the date upon which any instruments of transfer to such Owner becomes operative (such as the date of a deed, the date of a recorded real estate contract for the sale of a Lot, the date of death in the case of a transfer by will or intestate succession, etc., and if earlier, the first day of the calendar month following the first occupancy of a living unit by an Owner; provided, however, that a Participating Builder shall not be liable for any assessments with respect to a Lot acquired from Declarant for a period of one year from the date of acquisition. The Association may in its rules and regulations provide for an administratively convenient date for commencement of assessments that is not more than 90 days after the effective date established above. The due dates of any special assessment payments shall be fixed by Association Action authorizing such special assessment.

Section 7.4 Special Assessments. In addition to the general annual assessments authorized by this Article, the Association may, by Association Action, levy a special assessments or assessments at any time against existing Lots only applicable to that year only for the purpose of defraying, in whole or part, the cost of any construction or reconstruction, inordinate repair, or replacement of described capital improvement located upon or forming a part of the Right-Of-Ways, including necessary fixtures and personal property related thereto, or for such other purpose the Association may consider appropriate; provided, however, that any such assessment must have prior favorable vote of Owners of record representing two-thirds of the existing Lots. The amount of each Owner's special assessment of any year shall be the total special assessment for such year, divided by the sum of the number of existing Lots.



200808120118

Skagit County Auditor

8/12/2008 Page

15 of

21

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ARTICLE 8

LIEN AND COLLECTION OF ASSESSMENTS

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

Section 8.2 Lien May Be Foreclosed. The Lien for delinquent assessments may be foreclosed by suit by the Board, acting on behalf of the Association, in like manner as the foreclosure of a mortgage of real property. The Board, acting on behalf of the Association, shall have the power to bid on the Lot at the foreclosure sale, and to acquire and hold, lease, Mortgage, and convey the same.

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

Section 8.4 Late Charges and Interest on Delinquent Assessments. The Board may from time to time establish late charges and a rate of interest to be charged on assessments delinquent for a period of more than ten (10) days after the date when due. In the absence of another reestablished, no usurious 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 8.5 Recovery of Attorney's Fees and Costs. In any action to collect delinquent assessments, the prevailing party shall be entitled to recover as a part of its judgment a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

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

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

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

ARTICLE 9

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 of 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 and Owner, with knowledge of any breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed for the board.

ARTICLE 10

LIMITATION OF LIABILITY

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



200808120118
Skagit County Auditor

ARTICLE 11

INDEMNIFICATION

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

ARTICLE 12

INSURANCE

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

ARTICLE 13

DAMAGE AND REPAIR OF DAMAGE TO PROPERTY

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



200808120118

Skagit County Auditor

ARTICLE 14

AMENDMENTS OF DECLARATION

Any Lot Owner may propose amendments to this Declaration to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners of 20% or more of the Lots, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. Amendments may be adopted at a meeting of the Association or by written consent of the requisite number of Persons entitled to vote, after notice has been given to all Persons entitled to receive notice of a meeting of the Association. The unanimous consent of all Owners shall be required for adoption of either (1) an amendment changing the voting power or portion of assessments appurtenant to each Lot, or (2) an amendment of Section 4.7 or of this Article 14. All other amendments shall be adopted if approved by 70% of the Lot Owners. Once an amendment has been adopted by the Association, the amendment will become effective when a certificate of the amendment, executed by a member of the Board, has been recorded in the real property records of Skagit County, Washington.

ARTICLE 15

ANNEXATION AND SUBDIVISION

Residential property other than Right-Of-Ways may be annexed or added to the Property only with the consent of two-thirds of the Association. No Lot shall be subdivided or combined without the approval of all Lot Owners. All lot owners must consent to the annexation of the entire Property by Skagit County.

ARTICLE 16

DURATION

The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Owners, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (3) years from the date this Declaration is recorded, after which time the covenants conditions and restrictions shall be automatically extended for successive periods of ten (10) years each unless an instrument signed by a majority of the then Owners has been recorded agreeing to terminate the covenants, conditions, and restrictions.



200808120118

Skagit County Auditor

ARTICLE 17

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

Section 17.1 Amendment by Declarant. Declarant reserves the right to amend the Declaration as may be necessary to comply with Federal Home Loan Mortgage Corporation ("FHLMC") or Federal National Mortgage Association ("FNMA") or Federal Housing Administration ("FHA") regulations or to satisfy the requirements of any Lender to enable the holders of first mortgages or deed of trust to sell first mortgages or deeds of trust to FHLMC or FNMA or if such amendment is necessary to secure funds or financing provided by, through or in conjunction with FHLMC or FNMA or FHA.

Section 17.2 Authorization to Amend. If Declarant, at its option, determines that it is necessary so to amend the Declaration, then Declarant, on behalf of all Lot Owners in the Association, is hereby authorized to execute and to have recorded (or filed, in the case of the Articles) said required amendment or amendments. All Lot 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 amendments 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 has personally executed said amendment or amendments. All Lot Owners hereby acknowledge and agree that the power of attorney granted herein shall be deemed coupled with an interest and shall be irrevocable.

Section 17.3 Duration. Declarant's rights under this Article shall exist only until the Transition Date.

ARTICLE 18

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 19

EFFECTIVE DATE

This Declaration shall be effective upon recording.



200808120118

Skagit County Auditor

ARTICLE 20

APPLICABLE LAW

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

ARTICLE 21

ASSIGNMENT BY DECLARATION

Declarant reserves the right to assign, transfer, sell, lease, or rent all or any portion of the Property and reserves the right to assign all or any of its rights, duties, and obligations created under this Declaration.

Dated this 22nd day of July, 20 08

By: [Signature]

STATE OF WASHINGTON)

COUNTY OF SKAGIT)

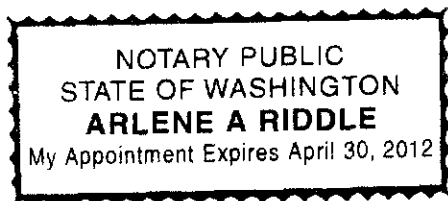
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

AUG 12 2008

Amount Paid \$45
Skagit Co. Treasurer
By [Signature] Deputy

I certify that I know or have satisfactory evidence [Signature] signed this instrument, on oath stated that they ~~was~~ ^{were} authorized to execute the instrument and acknowledge it as ~~the~~ ^{their} ~~to be the~~ free and voluntary act of such party for the uses and purposed mentioned in the instrument.

Dated this 22 day of July, 20 08



[Signature]
NOTARY PUBLIC in and for the State of
Washington residing at: [Address]
Print Name: ARLENE A. RIDDLE
My appointment expires : APR 30, 2012



Skagit County Auditor