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Skagit County Auditor

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DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATIONS
FOR
OAK STREET SHORT PLAT

TITLE OF DOCUMENT:

DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND
RESERVATIONS FOR OAK STREET SHORT
PLAT

GRANTOR:

COMMONWEALTH HOLDINGS LLC

GRANTEE:

THE GENERAL PUBLIC

ABBREV. LEGAL DESCRIPTION:

OAK STREET SHORT PLAT, PER PLAT AT AF

200904150070

FULL LEGAL APPEARS:

P. 1

TAX PARCEL NOS.:

P 38167; P 62391

ARTICLE I

IDENTIFICATION OF DECLARANT AND PROPERTY: PURPOSE

1.1. Identification of Declarant and Property.

COMMONWEALTH HOLDINGS LLC, a Washington Limited Liability Company hereinafter referred to as the "Declarant," is the owner in fee simple of the land described in Section 1.2 hereof, together with all improvements, easements, rights and appurtenances thereunto belonging (all collectively referred to hereinafter as "the Property"). Declarant has submitted the Property to the provisions of Chapter 16, Burlington Municipal Code (hereinafter referred to as the "Ordinance"), and has thus created from such Property a Short Subdivision known as "Oak Street Short Plat".

1.2. Reference to Subdivision Plat.

The Declarant has recorded with the Auditor of Skagit County, Washington a certain short subdivision plat map showing the location and dimensions of various lots and/or tracts and Common Areas within the Subdivision, together with other necessary information. The Oak Street Short Plat is recorded at Auditor's File No. _____, records of Skagit County, Washington. This subdivision plat map is hereinafter referred to as the "Short Plat".

1.3. Purpose.

This Declaration, together with the Short Plat referred to herein, state covenants, conditions, restrictions and reservations intended by the Declarant to effect a common plan for the development of the Property mutually beneficial to all of the described Lots. These covenants, conditions, restrictions, reservations and plan are intended to become, and by the recordation of this instrument shall be conclusively deemed to be legal and equitable servitudes which shall run with the land of the Property and shall be binding upon the entire Property and upon each such Lot therein as a parcel of realty, and upon its Owners, their family members, their heirs, personal representatives, successors and assigns, and their tenants, licensees and other lawful occupants, through all successive transfers of all or part of the Property or any security interest therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Lots under security instruments, or of any forfeiture, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

ARTICLE II

DEFINITIONS

2.1. "Assessment" means all sums chargeable by the Association against a Lot including, without limitation: (a) Regular and Special Assessments for Common Expenses, charges, and fines imposed by the Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.



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2.2. "Association" or "Owners Association" means the nonprofit corporation incorporated at the direction of the Declarant to manage the Common Areas of this Subdivision and enforce the provisions of the Governing Documents.

2.3. "Board of Directors" means the body with primary authority to manage the affairs of the Association.

2.4. "Common Areas" means those portions of the property within the Subdivision so designated on the Short Plat, along with any other real property owned by the Association or for which the Association has maintenance responsibilities under this Declaration. Common Areas are further defined and described in Article V hereof.

2.5. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves; without limitation, such expenses include those necessary or desirable for maintaining, repairing, replacing, insuring or managing the Common Areas, along with taxes, other insurance, professional services and all other goods and services provided by the Association to its members.

2.6. "Common Expense liability" means the liability for Common Expenses allocated to each Lot pursuant to Section 10.6 of this Declaration.

2.7. "Community" means all the Property within the Subdivision, along with all the improvements constructed therein, the Association, and all other institutions and things serving the Owners of Lots therein.

2.8. "Conveyance" means any transfer of the ownership of a Lot, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.

2.9. "Declarant" means the entity, person or group of persons acting in concert who (a) executes this Subdivision Declaration, or (b) reserves or succeeds to any Special Declarant Right under the Declaration.

2.10. "Declarant control" means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board of Directors or to veto or approve a proposed action of the Board or Association pursuant to Sections 8.1 and 16.6 of this Declaration.

2.11. "Declaration" means this document, which facilitates the creation of this Subdivision; the term also includes any lawful amendments to this document.

2.12. "Design Guidelines" means the standards developed by the Board of Directors pursuant to Article IX hereof, and any standards established by the Declarant.

2.13. "Development Plan" means any formal plan of development, however termed under the Ordinance, approved by the City of Burlington. The term also includes any amendments thereto approved by applicable governmental entities.

2.14. "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.



2.15. "Governing Documents" means the Declaration, the Short Plat, the Bylaws of the Association along with any Rules and Regulations adopted by the Board of Directors.

2.16. "Limited Common Expenses" are portions of the Common Expenses for which one or more, but fewer than all Lot Owners may become liable under the terms of the Governing Documents.

2.17. "Lot" means a physical portion of the Subdivision designated for separate ownership, the boundaries of which are depicted on the Short Plat.

2.18. "Lot Owner" means the Declarant or any other person who owns a Lot, but does not include a person who has an interest in a Lot solely as security for an obligation. "Lot Owner" means the vendee, not the vendor, of a Lot under a real estate contract.

2.19. "Mortgage" means a mortgage, deed of trust or real estate contract.

2.20. "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.

2.21. "Property" or "the Property" means all the real property described as being contained within the Short Plat and, where appropriate, includes all real property which may be from time to time either added to the Subdivision by the Declarant or acquired by the Association pursuant to Section 8.3.3 hereof.

2.22. "Purchaser" means any person, other than the Declarant or a dealer, who by means of a disposition acquires a legal or equitable interest in a Lot other than (a) a leasehold interest, including renewal options, of less than twenty years at the time of creation of the Lot, or (b) as security for an obligation.

2.23. "Real property" means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance.

2.24. "Residential purposes" means use for dwelling or recreational purposes, or both.

2.25. "Special Declarant Rights" means rights reserved for the benefit of the Declarant to: (a) Complete improvements indicated on the Short Plat; (b) maintain sales offices, management offices, signs advertising the Subdivision, and models; (c) use easements through the Common Areas for the purpose of making improvements within the Subdivision; (d) appoint or remove any officer of the Association or any member of the Board of Directors; or (e) to veto or approve a proposed action of the Board or Association during any period of Declarant Control reserved in this Declaration. In this Subdivision, Special Declarant Rights are described in Section 16.6 hereof.

2.26. "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is required to maintain property in a decent, safe and sanitary condition, in keeping with the standards of the Community.



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ARTICLE III

DESCRIPTION OF LAND AND AMENITIES

3.1. Land.

The land on which the Lots, Common Areas and other improvements of this Subdivision are located is situated at 420 - 469 Oak Hill Lane, Burlington, Skagit County, Washington, and is more particularly described on the Short Plat. These Covenants affect all Lots of the Short Plat.

3.2. Development Plan.

The Community will be developed in accordance with the conditions of approval imposed by the City of Burlington for this project in City File No. SP 6-08. The Association has perpetual responsibility for maintenance of all the Common Areas of this Community for the common benefit of the Lot Owners.

3.3. Amenities.

The Subdivision contains a private road, drainage facilities, a basketball court, children's play area, and three (3) guest parking spaces, all depicted on the Short Plat.

ARTICLE IV

LOTS

4.1. Number and Location.

The Subdivision contains eight (8) Lots which are depicted on the Short Plat. The location of those Lots and their dimensions are shown on the Short Plat. Each Lot is intended and designed to contain a duplex building, so that the Subdivision will contain sixteen (16) residential units.

4.2. Upkeep of Lots.

Each Lot Owner shall, at his or her sole expense, have the right and the duty to keep the Lot and its any improvements in good order, condition and repair and shall do all decorating, landscaping and painting at any time necessary to maintain its good appearance and condition. Each Owner shall perform this Upkeep responsibility in such manner as shall not unreasonably disturb or interfere with the other Owners.

4.3. Damaged Improvements.

If a building or other major improvement located upon a Lot is damaged or destroyed, the Owner thereof shall restore the site either (i) by repairing or reconstructing such building or improvement or (ii) by clearing away the debris and restoring the site to an acceptable condition compatible with the remainder of the Property. Unless the Board of Directors permits a longer time period, such work must be commenced within four months after the casualty and be substantially completed within twelve months after the casualty. The four-month period may be extended for a reasonable period thereafter in the event that repairs or reconstruction have not commenced because of factors beyond the control of the Owner, provided that the



Owner has exercised and does thereafter continue to exercise due diligence in an effort to commence required work.

ARTICLE V

COMMON AREAS

5.1. Common Areas.

The Common Areas of the Subdivision, depicted on the Short Plat, consist of Tract A (consisting of a private roadway and drainage system), Tract B (consisting of a children's play area, basketball court and guest parking spaces), and Easement Areas on each Lot, which are depicted on the Short Plat as burdening the Lots with easements for ingress, egress and utilities. The Common Area Tracts contain the improved roadway surface of Oak Hill Lane, the stop sign at North Oak Street, the curbs, gutters and sidewalks adjacent to Oak Hill Lane and all drainage facilities associated with Oak Hill Lane, as well as the utility corridors depicted on the Short Plat.

5.2. No Partition.

The Declarant has allocated to each Lot in the Subdivision an equal undivided interest in the Tracts, which interest shall be conclusively presumed to be a perpetual appurtenance to such Lot, and which interest may not be severed from, mortgaged or conveyed separately from the Unit. Any purported severance, mortgaging or conveyance shall be void. Each affected Lot Owner shall be considered a tenant in common with all other affected Lot Owners with respect to the Tracts, which shall be owned on an undivided basis by those Lot Owners. The Tracts and other Common Areas shall remain undivided and shall not be abandoned by act or omission, and no Lot Owner or other person may bring any action for partition or division of any of the Common Areas, and no separate deed from the Declarant conveying Common Elements to the Lot Owners or to the Association will be required.

5.3. No Interference with Common Areas.

No Lot Owner shall obstruct any of the Common Areas nor shall any Lot Owner place or cause or permit anything to be placed on or in any of the Common Areas without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Areas except with the prior written consent of the Board of Directors.

5.4. Maintenance, Repair and Replacement.

The Association, through its Board of Directors, is responsible for maintenance, repair, and replacement of the Common Areas. See Article VI hereof for further details.

5.5. Right of Access.

Each Lot Owner shall afford to the Association, and to its agents or employees, access through the Owner's Lot as may be reasonably necessary for the purposes of maintenance, repair and replacement of the Common Areas. If damage is inflicted on the Lot or its any improvements or appurtenances as a result of such activities, the Association shall be liable for the repair thereof.



ARTICLE VI

MAINTENANCE OF COMMON AREAS

6.1. Association's General Maintenance Responsibility.

The Board shall develop a schedule of routine maintenance for all components of the Common Areas which require Upkeep, establishing appropriate times during each year when such maintenance should occur. The Board should also periodically undertake an analysis of the adequacy of the Association's reserve fund; such analysis should (i) ascertain the probable remaining useful life of each component of the Common Areas which will require replacement or major repairs, (ii) estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve budget which would, when funded, minimize the necessity for the imposition of a special assessment upon the Owners within the foreseeable future.

6.2. Upkeep of Stormwater Drainage Facilities.

All necessary Upkeep of those portions of the Stormwater System lying within the Community or within the Drainage Easements depicted on the Platting Documents shall be conducted by the Association in accordance with provisions of the DOE Stormwater Management Manual for Western Washington ["DOE Stormwater Manual"], as the same may be updated from time. At a minimum, in accordance with provisions appearing on the face of the Plat Map, the Drainage Facilities, including the private roadway, shall be inspected at least once each year, and a Preventative Maintenance program shall be developed and implemented. Maintenance procedures shall include, but not be limited to, cleaning the pervious concrete road surface with standard vacuum trucks, street sweepers, or other practices to remove or prevent leaves, needles, or other foliage from collecting and clogging the road surface and the other Drainage Facilities.

6.3. Perpetual Existence - Rights of the City of Burlington.

The restrictions contained in this Article VI shall exist in perpetuity. No changes in the uses described herein for any of the Common Areas may occur without the advance written approval of the City of Burlington. The City reserves the right to enter upon the Property to inspect the stormwater system and to perform necessary maintenance thereto should the Association fail to do so.

ARTICLE VII

OWNERS ASSOCIATION

7.1. Name and Form of Association.

The name of the Association shall be the "Oak Hill Lane Association." The Association has been or will be incorporated by the Declarant as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and of said corporation shall be governed by the provisions of the Homeowners Association Act and of this Declaration. The Association shall remain organized as a profit or nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Homeowners Association Act, Chapter 64.38 RCW, the Homeowners Association Act shall control.



7.2. Powers of Association.

The Association shall have, through its Board of Directors, all powers available to homeowners associations under the Homeowners Association Act, and such additional powers as may be prescribed in the Bylaws of the Association.

7.3. Membership an Appurtenance.

The Owner of each Lot in the Community shall be a member of the Association, and such membership shall be an inseparable appurtenance to the Owner's Lot.

7.4. Membership and Voting Rights.

Membership and voting rights are specified in the Articles of Incorporation and Bylaws of the Association

7.5. Bylaws of Association.

Bylaws for the administration of the Association and for other purposes not inconsistent with the Homeowners Association Act and this Declaration of Covenants shall be adopted by Board of Directors of the Association.

7.6. Perpetual Existence - Rights of City of Burlington.

The Association shall have perpetual existence; it may not be dissolved or abandoned, nor may the Association's obligations under this Declaration of Covenants with respect to the Common Areas be altered or abandoned absent the advance written approval of the City, following a public hearing before the Planning Commission. Should the corporate charter for the Association be dissolved for any reason in violation of the foregoing, the Association shall become a partnership under which the Lot Owners shall be jointly and severally liable for all obligations imposed upon the Association under these Covenants.

ARTICLE VIII

MANAGEMENT OF ASSOCIATION

8.1. Management by Declarant.

The Declarant has reserved the rights to (a) appoint and remove the Officers and members of the Board of Directors of the Association, and (b) veto or approve a proposed action of the Board or the Association, for a period of time known as the "Declarant Control Period". Limitations on the Declarant Control Period are specified in Section 5.1 of the Bylaws.

8.2. Authority of the Board.

8.2.1. General Authority.



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The Board, for the benefit of the Subdivision and the Owners, shall enforce the provisions of the Governing Documents and shall have all powers and authority granted to the Board or the Association under the Homeowners Association Act and this Declaration which are not expressly subject to the approval of the Owners.

8.2.2. Incurring and Payment of Common Expenses.

The Board shall acquire and shall pay for, as Common Expenses, all goods and services deemed necessary or desirable for the proper functioning of the Association.

8.2.3. Acquisition of Property.

The Board may acquire and hold in the name of the Association, for the benefit of the Owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise. Such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may direct.

8.2.4. No Business Authority.

Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them.

8.2.5. Board as Attorney in Fact.

Each Owner, by the act of becoming an Owner of a Lot, shall be deemed to have irrevocably appointed the Board of Directors as his or her attorney-in-fact, with full power of substitution, to take such actions as are reasonably necessary to perform the duties of the Association and Board hereunder, including, but not limited to, the duties to maintain, repair and improve the Property, to grant licenses and easements, and to secure and distribute condemnation awards and/or insurance proceeds affecting the Common Areas.

ARTICLE IX

PERMITTED USES

9.1. Permitted Uses.

9.1.1. Residential Use.

The Lots in this Subdivision are intended to be used for residential purposes, and for such other lawful purposes not inconsistent with the residential character of the community.

9.1.2. Manufactured Housing Prohibited.

Manufactured homes are not permitted in the Subdivision.

9.1.3. Use of Common Areas.



The Common Areas shall be used only for the furnishing of such services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the Lots. The improvements located on the Common Areas shall be used only for their intended purposes. Except as otherwise expressly provided in the Governing Documents or Rules and Regulations adopted by the Board, no Owner shall make any private, exclusive or proprietary use of any of the Common Areas.

9.1.4. Interference with Common Areas.

No Lot Owner shall obstruct any of the Common Areas nor shall any Lot Owner place or cause or permit anything to be placed on or in any of the Common Areas without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Areas except with the prior written consent of the Board of Directors.

9.1.5. Surface Water Run-Off.

No Lot shall be improved in such a way as to cause excess surface water run-off that may damage or inconvenience other Lots or contiguous properties or the owners thereof.

9.1.6. Offensive or Illegal Activity.

No noxious, offensive or illegal activity shall be carried on in any Lot or Common Areas, nor shall anything be done therein which may be or become an unreasonable source of annoyance or nuisance to other Owners.

9.1.7. Privacy Fencing.

Any privacy fencing installed by the Declarant for the benefit of neighboring property owners, pursuant to platting requirements of the City of Burlington, must be maintained by the Owner(s) of the Lot(s) affected by such fencing.

9.1.8. Parking Restrictions.

No vehicle parking is permitted on Oak Hill Lane. Signage designating Oak Hill Lane as "Fire Lane, No Parking" shall be maintained by the Association. Each residence shall be improved so as to accommodate at least two (2) offstreet parking spaces; this may be accomplished by providing a minimum of 20 feet in front of each garage from the back of the curb. In addition three (3) guest parking spaces are or will be constructed within Tract B.

9.1.9. Underground Utilities.

All utilities are required to be located underground.

9.1.10. Uses by Declarant.

Nothing in the Governing Documents shall be construed to prohibit the Declarant or its designees from using any Lot owned by the Declarant (or any other Lot with the permission of the Owner thereof) or any portion of the Common Areas for promotional, marketing, display or customer service purposes (such as a visitors' center) or for the closing of sales of Lots. Further, the Declarant specifically reserves the right to operate a construction office or a rental, brokerage and management office at any time



on Lots owned or leased by the Declarant (or any other Lot with the permission of the Owner thereof) and on any portion of the Common Areas, to the extent permitted by law. The Declarant may assign its rights under this subsection to or share such rights with one or more other persons, exclusively, simultaneously or consecutively with respect to the Common Areas and Lots owned or leased by the Declarant or such persons.

ARTICLE X

ASSESSMENTS AND LIENS FOR COMMON EXPENSES

10.1. Assessments for Common Expenses.

10.1.1. Liability of Lots - Association Assesses Developed Lots.

Except as provided in Section 10.1.4 hereof, the total amount of the estimated funds required to pay the Common Expenses of the Association set forth in the Annual Budget adopted by the Board of Directors for each fiscal year shall be assessed equally against the Lots containing completed Buildings in the manner prescribed in Section 10.2 hereof. All expenses associated with Lots containing uncompleted Buildings shall be borne by the Declarant or the Owner(s) of such Lot(s), as appropriate.

10.1.2. Timing of Payments.

Until changed by resolution of the Board of Directors, Assessments against each Lot for its share of the Common Expenses shall be due and payable on the first day of the month of February. The Board may adopt further payment policies which permit payment in installments under conditions to be determined by the Board. The Declarant will determine when the first Assessments will be made.

10.1.3. Special Assessments.

The Board of Directors may levy a Special Assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time, but by statute, the Budget Ratification process described in Section 10.2 must be undertaken by the Board with respect to any such Assessment.

10.1.4. Limited Common Assessments.

(a) To the extent that any Common Expense is caused by the negligence or misconduct of any Lot Owner, the Association may, subject to the provisions of the Bylaws, levy a Limited Common Assessment for that expense against the Owner's Lot. In addition and without limitation, the liability of a Lot Owner to pay for expenses associated with any Upkeep provided by the Association to such Lot, any other costs, fees, charges, insurance deductibles or fines imposed or incurred by the Association associated with the Lot under this Declaration of Covenants, along with any costs and/or attorney's fees recoverable under the Governing Documents, and interest on any delinquent account shall be deemed a Limited Common Assessment which, unless otherwise directed by the Board, shall be due and payable within thirty (30) days following their imposition.

(b) Upon a resolution approved by at least a majority of all possible votes in the Association, any portions of the Common Expenses which vary among the Lots based upon divergent usage



of services or facilities, or other factors which justify differential assessment rates, may be assessed differentially among the Lots.

10.1.5. Owners Personally Liable for Common Expenses.

Each Assessment shall be the joint and several obligation of the Owner(s) of the Lot to which the same are assessed as of the time the Assessment is due. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums. No Lot Owner may exempt himself or herself from liability with respect to the Common Expenses by waiver of the enjoyment of the right to use any of the Common Areas or by leasing, rental or abandonment of his or her Lot or otherwise. The failure or delay of the Board of Directors to adopt the Annual Budget for any year shall not constitute a waiver or release in any manner of a Lot Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, and in the absence of an Annual Budget or adjusted Annual Budget, each Owner shall continue to pay (with or without notice) an Assessment at the rate established for the preceding fiscal year until an Assessment is made under a current Annual Budget or adjusted Annual Budget and notice thereof has been sent to the Lot Owner.

10.2. Budget for Common Expenses.

Within thirty (30) days following the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Association's accountant, the Board shall prepare an Annual Budget which shall estimate the Common Expenses, described generally in the Covenants, to be paid during such year. The Budget shall also contain provisions for creating, funding and maintaining reasonable reserves for capital improvements, replacements, major repairs and the amount(s) of any deductible from insurance policies obtained by the Association, and shall further take into account any expected income and any surplus available from the prior year's operating fund. Income to support the expense items in the Budget shall be derived from assessments against the Lots in the Community, but may also include other sources of revenue which may be available to the Association from time to time.

10.3. Meeting of Association to Ratify Budget.

Within thirty days after adoption of any proposed budget for the Association, the Board of Directors shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the 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 to which a majority of the votes in the Association are allocated reject the budget, 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 Lot Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. Pursuant to RCW 64.38.025(3), this procedure shall be deemed to govern both general assessments and special assessments; this Section of these Bylaws may not be amended without the advice of counsel, since its terms are controlled by law.

10.4. Liability Following Conveyance of Lot.

A selling Lot Owner shall not be liable for the payment of any part of the Common Expenses assessed against his or her Lot subsequent to a sale, transfer or other conveyance by him of such Lot. The purchaser of a Lot shall be jointly and severally liable with the selling Lot Owner for all unpaid Assessments



against the Lot up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Lot Owner the amounts paid by the purchaser therefore. The holder of a mortgage or other purchaser of a Lot who obtains the right of possession of the Lot through foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Lot Owners, including such mortgagee or other purchaser of the Lot. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Lot prior to the date of such sale as provided above.

10.5. Lien for Assessments.

The Association shall have a lien on a Lot for any unpaid Assessments levied against a Lot from the time the Assessment is due. If an Assessment is payable in installments, the Association has a lien for the full amount of the Assessment from the time the first installment thereof is due.

10.6. Perfection of Lien.

Recording of this Declaration of Covenants constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this section in the real property records of the county in which the Subdivision is located.

10.7. Priority of Lien.

A lien under this Section shall be prior to all other liens and encumbrances on a Lot except: (a) Liens and encumbrances recorded before the recording of the Declaration of Covenants; (b) a mortgage on the Lot recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Lot.

10.8. Enforcement of Lien.

The lien arising under this section shall be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Lot at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.9. Limitation of Lien Enforcement.

A lien for unpaid Assessments and the personal liability for payment thereof is extinguished unless proceedings to enforce the lien are instituted within six years after the amount of the Assessments sought to be recovered becomes due.

10.10. Rent Subject to Lien for Assessments.

From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Lot that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Lots as and when



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due. If the rental is not paid, the receiver may obtain possession of the Lot, refurbish it for rental up to a reasonable standard for rental Lots in this type of project, rent the Lot or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Lot, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this subsection, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Lot.

10.11. Remedies Cumulative.

The remedies provided are cumulative and the Board may pursue them concurrently, along with any other remedies which may be available under the law although not expressed herein.

10.12. Statement of Unpaid Assessments.

The Association, upon written request, shall furnish to a Lot Owner or a mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Lot.

ARTICLE XI

INSURANCE MATTERS

11.1. Authority, Name of Insured.

The Board of Directors may obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors.

11.2. Deductible.

The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association as a Common Expense. Funds to cover the deductible should be included in the Association's operating reserve account.

ARTICLE XII

CONDEMNATION

In the event that Common Areas of the Subdivision are or become subject to eminent domain proceedings, the Association shall be a necessary party to such proceedings.

ARTICLE XIII

COMPLIANCE WITH LAW AND COVENANTS

13.1. Compliance by Owners and Occupants.



Each Owner and occupant of a Lot shall comply strictly with the provisions of the Governing Documents. All remedies provided the Association in this Article may be enforced against any tenant or other occupant of a Lot.

13.2. Enforcement by Association.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Governing Documents.

13.3. Remedies Cumulative.

A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Governing Documents or the Act shall be deemed to cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Governing Documents or the Act or at law or in equity.

13.4. Occupants Subject to Rights and Responsibilities of Owners.

Any tenant or other Occupant of an Owner shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner, with the exception of the obligation to pay the dues, assessments and other charges owing by the Owner to the Association. All rights, remedies and procedures available to the Association when dealing with Owners under the Governing Documents shall be available to the Association when dealing with any tenant of an Owner. In addition, the Association shall have the right (but not the obligation) to terminate the lease of a tenant who, following a proceeding under Section 7.10 of the Bylaws, has been found to have violated the Governing Documents; the Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right.

ARTICLE XIV

LIMITATION OF LIABILITY

14.1. No Liability for Equipment Failure, Etc.

Except to the extent covered by insurance obtained by the Board pursuant to Article XI, neither the Association nor the Board nor the Declarant shall be liable for any failure of any equipment or services obtained by the Board, or for injury or damage to person or property caused by the elements, or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of liability for Common Expense Assessments shall be claimed or allowed for any such injury or damage, or for such inconvenience or discomfort.

14.2. No Bailment.



Neither the Board of Directors, the Association, any Owner nor the Declarant shall be considered a bailee of any personal property stored or placed on the Common Areas (including property located in vehicles parked on the Common Areas), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, nor shall they be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE XV

MORTGAGEE PROTECTION

Any representative of a Mortgagee or the institutional insurer of any mortgage may attend and address any meeting which a Lot Owner may attend.

ARTICLE XVI

EASEMENTS AND SPECIAL DECLARANT RIGHTS

16.1. Easements for Lots and Lot Owners.

16.1.1. In General.

Each Lot has an easement in and through each other Lot and the Common Areas for utilities and for lateral and/or subjacent support.

16.1.2. Specific Easement Shown on Short Plat.

Easements shown on the Short Plat are hereby confirmed. Any easement shown on the Short Plat which benefits one or more Lots in the Project, or which benefits any third parties or any real property not included within the Project, confers various rights and benefits upon such third parties or owner(s) of any such real property, and may also impose obligations upon the Association. Reference should be made to the Short Plat.

16.2. Easement for Association Functions.

There is hereby granted and reserved to the Association, or its duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, the Bylaws, or the Rules and Regulations.

16.3. Easement for Utilities.

A non-exclusive perpetual blanket easement is hereby granted over and through the Property for ingress, egress, installation and Upkeep of any utility lines, pipes, wires, ducts, conduits and/or other facilities and equipment for providing to any portion of the Property utilities of any type, whether public or



private; such easement is hereby granted to any person installing or providing Upkeep for such utilities. Any pipes, conduits, lines, wires, transformers or any other apparatus necessary for the provision or metering of any utility may be installed, maintained or relocated where permitted by the Declarant or where approved by resolution of the Board of Directors. See the Short Plat for further details.

16.4. Easement for Emergency Access.

A non-exclusive perpetual easement is hereby granted on, over, under and across the Common Areas to all police, fire, ambulance and other rescue personnel for the lawful performance of their functions during emergencies.

16.5. Easements for Declarant.

The Declarant reserves to itself and its any lawful successors an easement through the Common Areas for any and all activities necessary or desirable to complete the development of the Community or for exercising Special Declarant Rights.

16.6. Special Declarant Rights.

The Declarant has reserved the following Special Declarant Rights for the purpose of furthering and completing the development of the Subdivision: To complete any improvements indicated on the Short Plat or described earlier in the Declaration; to maintain sales offices, management offices, signs advertising the Subdivision, and models on the Property, all in such location or locations as the Declarant may unilaterally determine; to use easements through the Common Areas for the purpose of making improvements within the Subdivision; and to appoint or remove any officer of the Association or any member of the Board of Directors, or to veto or approve a proposed action of the Board or Association during the Declarant Control Period described in Section 8.1 hereof; the Declarant shall be deemed to hold a proxy from all Lot Owners during the Declarant Control Period for such purposes. Upon a sale in bulk of all the Lots in the Short Plat, the Purchaser shall succeed to all these special Declarant Rights.

ARTICLE XVII

AMENDMENT OF DECLARATION

17.1. Procedure for Amendment of Declaration.

Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Except in cases of amendments that may be adopted by the Declarant unilaterally pursuant to Section 17.3 hereof, amendments may be adopted only at a meeting of the Owners if at least sixty-seven percent (67%) of the votes in the Association are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the votes in the Association consent in writing to such amendment. In all cases, the amendment when adopted shall bear the acknowledged signature of the President of the Association, who shall certify that the amendment was properly adopted.



17.2. Recordation Required.

Every amendment to the Declaration must be recorded with the County Auditor and is effective only upon recording. An amendment shall be indexed in the name of the Subdivision and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto.

17.3. Amendments by Declarant.

The Declarant may unilaterally adopt and file amendments to the Declaration and to the Short Plat for so long as the Declarant is the Owner of any Lot in the Subdivision or until the expiration of the time limit for the exercise of any Development Rights or Special Declarant Rights reserved by the Declarant, in order to conform them to the actual location of any of the constructed improvements and to establish, vacate and relocate utility easements, access road easements and parking areas, to satisfy the requirements of any title insurance company or institutional lender, or to correct any nonmaterial technical errors contained in the Subdivision Instruments or clarify provisions of same.

ARTICLE XVIII

MISCELLANEOUS

18.1. Notices for All Purposes. Delivery.

18.1.1. Any notice permitted or required to be delivered under the provisions of the Declaration or the Bylaws may be delivered either personally or by mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board in writing, or to the most recent address known to the Board. Notice to the Owner of any Lot shall be sufficient if mailed to his or her Lot if no other mailing address has been given to the Board. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Association may be given to Declarant until the initial Board has been constituted and thereafter shall be given to the President or Secretary of the Association, or to its Registered Agent.

18.1.2. New Lot Owners must supply their names and addresses, along with the names and addresses of their respective Mortgagees, to the Secretary of the Association promptly after conveyance.

18.2. Severability.

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof, if the remainder complies with the Act and furthers the common plan of this Subdivision

18.3. No Right of First Refusal.

There is no right of first refusal in the Association limiting or restricting the right of any Lot Owner to sell, transfer or convey his or her Lot.



18.4. Effective Date.

This Declaration shall take effect upon recording.

DATED this 14th day of April, 2009.

DECLARANT:
COMMONWEALTH HOLDINGS LLC

By [Signature]
Its Manager



STATE OF WASHINGTON)

) ss.

COUNTY OF SKAGIT)

I hereby certify that I know or have satisfactory evidence that Rendall D. Gentry is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the manager of the Declarant, COMMONWEALTH HOLDINGS LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 4-14, 2009.



Haylee B. Mensonides
NOTARY PUBLIC for the State of
Washington. My Commission
expires 08-09-2012



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