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Grantors/Grantees. Hanson, Brian;

RECORDED AT REOUEST OF:

Hanson, Gary and Hanson, Linda Sue, Trustees Gary L. Hanson and Linda S. Hanson

Living Trust

Public **

Abbrev.Leg. Tax Acct. Nos. Lots 1-7 and all Common Areas, Plat of Sapp Place, AFN 26909 100000

350413-0-001-0100/ P107810; 350413-0-001-0200/ P107811

New Acct. Nos:

DECLARATION OF RESTRICTIVE COVENANTS

This Declaration of Restrictive Covenants is made by Brian Hanson, a married man as his separate estate, and Gary Lawrence Hanson and Linda Sue Hanson, Trustees of the Gary L. Hanson and Linda S. Hanson Living Trust dated August 9, 2006. hereafter referred to as the "Declarants":

RECITALS

Brian Hanson, a married man as his separate estate, and Gary Lawrence Hanson and Linda Sue Hanson, Trustees of the Gary L. Hanson and Linda S. Hanson Living Trust dated August 9, 2006 are owners of real property located in Skagit County, Washington and more fully described as:

Lots 1-7 and all Common Areas of the PLAT OF SAPP PLACE. according to the plat thereof recorded under Auditor's File No. 200909100001

records of Skagit County, Washington.

Situate in Skagit County, Washington.

The above named declarants desire to subject the property described above to the restrictions and covenants set forth herein to protect the value and desirability of the property.

THEREFORE, to accomplish the foregoing purposes, the declarants hereby publish and declare that the property shall be held, conveyed, hypothecated, encumbered, leased, rented, used occupied and improved subject to the following easements, covenants and restrictions, which shall run with the land and be a burden upon and benefit to the declarants and to any other person, firm, corporation or entity of any kind whatsoever acquiring or owning an interest in the property, or any part thereof, and their lessees, guests, heirs, executors, personal, representatives, heirs and assigns.

- 1. <u>Homeowners Association</u>. Prior to or upon the recording of this Declaration an association of homeowners shall be organized to serve as a means through which the owners may take action with regard to enforcement of the covenants contained herein and maintenance of common areas and storm drainage system. The name of this Association shall be "SAPP PLACE HOMEOWNERS' ASSOCIATION", and the Association shall be a Washington nonprofit corporation. All property within the plat of SAPP PLACE shall be subject to the Articles and Bylaws of the Association.
 - (a) Every Lot Owner shall be a member of the Association. Membership in the Association shall be transferred automatically and concurrently with ownership of any lot within the Plat and shall not be conveyed or otherwise transferred independently of the ownership of any lot. The affairs of the Association shall be governed by a Board of Directors as provided in the Bylaws.
 - (b) The Association shall have such powers and duties as may be granted to it by the Nonprofit Corporations Act, together with such additional powers and duties afforded it by this Declaration, the Articles of Incorporation or the Bylaws of the Corporation, and all of the powers and duties reasonably necessary to operate the condominium as set forth in the Declaration and as it may be amended from time to time, including but not limited to the following:
 - (c) to make and collect assessments against members to defray costs and, expenses, including expenses of maintenance and repair of the common areas and storm drainage system, including detention pond;
 - (d) to use the proceeds of assessments in the exercised of its powers and duties;
 - (e) to maintain, repair, replace and operate the common areas and storm drainage facilities including ditches, pipes, gates and pond, and private sanitary sewer facilities, in compliance with requirements of the City of Sedro-Woolley, or any other governmental body or agency having jurisdiction, to maintain signage or other requirements imposed by the City of Sedro-Woolley with respect to the designated Critical Areas:
 - (f) to purchase insurance upon the association property and insurance for the protection of the association and its members;
 - (g) to enforce by legal means the provisions of these Declarations, the Articles and Bylaws of the association:
 - (h) to employ personnel to perform the services required for proper maintenance and repair of the common areas and the duties of the association.

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- (i) Upon or prior to the execution and the recording of this Declaration, Declarants shall adopt Bylaws for the Association. At the same time, Declarants will appoint an interim Board of Directors of the Association, which directors shall serve until their successors have been elected as provided in the Bylaws of the Association.
- Dwelling restrictions. No mobile homes, prefabricated homes or premanufactured homes, or modular homes shall be located on any property subject to these covenants, either on a temporary or permanent basis. No temporary structure, trailer, basement, tent, shack, garage, barn, or any other out-building, shall be used on any lot as a residence either temporarily or permanently. All structures must be constructed in compliance with applicable building codes.
- 3. <u>Construction.</u> All structures shall be of new construction, with concrete foundation and on-site "stick built" construction. No construction shall be commenced until a building permit is obtained. Roofing shall be composite, shake, tile, or metal, with quality guarantee of thirty (30) years or more.
- 4. <u>Covenants to run with the land.</u> The covenants and restrictions contained herein shall run with the land and shall be binding upon property and upon any person, firm, corporation or entity of any kind whatsoever acquiring or owning an interest in the property, or any part thereof, and their lessees, guests, heirs, executors, personal, representatives, heirs and assigns.
- 5. <u>Enforcement.</u> Each lot owner, including the declarants if the declarants are lot owners, and the Homeowners' Association, referenced above, shall have the right to enforce, by any proceeding in law or equity, all covenants and restrictions imposed by this declaration or any amendment thereof. Failure to insist upon strict performance of any covenant or strict adherence to any restriction shall not be deemed a waiver of the right to insist upon enforcement thereafter.
- 6. <u>Attorney's Fees.</u> In any litigation or proceeding to enforce any of the restrictions or covenants contained in this declaration, the substantially prevailing party shall be entitled to recover from the non-prevailing party its costs, including a reasonable attorney's fee.
- 7. <u>Amendment.</u> This declaration may be amended, or new covenants of restrictions added, if approved by the owners of Two-Thirds of the lots. Any such amendment or addition must be executed and acknowledged by the owners of Two-Thirds of the lots and recorded with the county auditor. The amendment shall be effective upon recordation.

200909100002 Skagit County Auditor 8. <u>Severability</u>. Invalidation of any one of these covenants or restrictions by judgment or court order shall have no effect on any of the remaining provisions, which shall remain in full force and effect.

DATED: 9/10/09.2009.

DECLARANTS:

BRIAN HANSON

GARY L. HANSON AND LINDA SCHANSON LIVING TRUST:

By: Jay Jawrena Jayson

INDA SUE HANSON

STATE OF WASHINGTON)
: ss
COUNTY OF SKAGIT)

HANSON and LINDA SUE HANSON are the persons who appeared before me, and said persons acknowledged that they signed this instrument, and on oath stated that they are authorized to execute the instrument and acknowledged it as co-Trustees of the GARY L. HANSON and LINDA S. HANSON LIVING TRUST, to be the free and voluntary act of such parties for the uses and purposes mentioned in this instrument.

DATED: September 10, 2009.



Marin Waluk

Print name:

NOTARY PUBLIC in and for the State of Washington, residing at Mount Vern

My appointment expires: 6+. 15 2012

STATE OF WASHINGTON) : ss

COUNTY OF SKAGIT

I certify that I know or have satisfactory evidence that BRIAN HANSON is the person who appeared before me, and said person acknowledged that he signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in this instrument.

DATED: September 10 . 2009.



Marie Klalech

Print name: MARCIE K. PALECK

NOTARY PUBLIC in and for the State of Washington, residing at Mount Vernix

My appointment expires: Ot. 15 2012

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ARTICLES OF INCORPORATION OF SAPP PLACE HOMEOWNERS ASSOCIATION

The undersigned persons, acting as the Incorporators of a corporation under the provisions of the Washington Nonprofit Act (RCW 24.03), adopt the following Articles of Incorporation for such corporation.

ARTICLE I

The name of this corporation is SAPP PLACE HOMEOWNERS ASSOCIATION

ARTICLE 2

The period of duration of the corporation shall be perpetual.

ARTICLE 3

The purpose for which the corporation is organized to provide an agency pursuant to the requirements of Sedro Woolley Municipal Code 6.04.080 for maintenance of common areas and storm water facilities within the Plat of Sapp Place, according to t the plat thereof recorded under Auditor's File No. ________, records of Skagit County, Washington.

ARTICLE 4

The powers of the association shall include the following:

- 1. The association shall have all of the common law and statutory powers of a corporation not for profit which are not in conflict with the terms of these Articles.
- 2. The association shall have all of the powers and duties of a homeowners' association as set forth in RCW 64.38.020, and all of the powers and duties reasonably necessary to carry out the purposes of the association set forth in these Articles and Bylaws of the Association, and as they may be amended from time to time, including but not limited to the following:
 - a) to adopt and amend bylaws rules and regulations;
- b) to adopt and amend budgets for revenues, expenditures and reserves, and to impose and collect assessments from the owners for expenses of the association;
- c) to maintain, repair, replace and operate the streets, drainage facilities, private sanitary sewer facilities, common areas, including play area, and any other properties or facilities for which it has maintenance responsibilities as a condition of Sedro Woolley approval of the above referenced plat or short plat, including maintenance of signage or other obligations imposed by the City of Sedro-Woolley with respect to designated Critical Areas within the plat;
- d) to enforce by legal means the provisions of these Articles and Bylaws of the Association;
- e) to place a lien, following notice as provided in bylaws, against the property of any owner who fails to pay assessments imposed under these articles and bylaws and to foreclose any such lien in the manner provided for foreclosure of mortgages;

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- f) to employ personnel to perform the services required for proper maintenance of facilities that are the responsibility of the association.
- 3. The powers of the association shall be subject to, and shall be exercised in accordance with, the provisions of these Articles and the Bylaws adopted pursuant to these Articles.

ARTICLE 5

- 1. The members of the association shall consist of all of the record owners of properties within the above referenced Short Plat.
- 2. Change of membership in the association shall be established by the recording in public records of Skagit County, Washington, of a deed or other instrument establishing a record title to a parcel of real property within the Short Plat and the delivery to the association of a certified copy of such instrument, the owner designated by such instrument thereby becomes a member of the association. The membership of the prior owner shall be thereafter terminated.
- 3. The share of a member in the funds and assets of the association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to his/her unit.
 - 4. The voting rights of each member shall be as set forth in the Bylaws.

ARTICLE 6

The address of the initial registered office of the corporation shall be:

978 Hillcrest Drive Burlington, WA 98233

The name of the initial registered agent of the corporation at such address shall be Brian Hanson.

ARTICLE 7

The number of Directors constituting the initial Board of Directors of the corporation shall be one (1) director, the name and address of the person who is to serve as the initial Director of the corporation is as follows:

1) Brian Hanson P.O. Box 678 Sedro Woolley, WA 98284

At such time as ownership of properties within the Short Plat exceeds three (3), the number of Directors may be increased to a maximum of four (4) by a vote of 60% of the total membership.

Every Director and every officer of the association shall be indemnified by the association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him/her in connection with any proceeding to which he/she

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may be a party, or in which he may become involved by reason of his/her being or having been a Director or officer of the association, or any settlement thereof, whether or not he/she is a Director or officer at the time such expenses are incurred, except in such cases wherein the Director or officer is adjudged guilty of willful misfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors interests of the association. The foregoing right of indemnification shall be in addition to and not exclusive to all other rights to which such Director or officer may be entitled.

ARTICLE 8

The first Bylaws of the association shall be adopted by the Board of Directors herein named and may be altered, amended or rescinded in the manner provided in the Bylaws.

ARTICLE 9

The name and address of the incorporator is: Brian Hanson, P.O. Box 678, Sedro Woolley, WA 98284.

ARTICLE 10

This association is not organized, nor shall it be operated, for pecuniary gain or profit, and it does not contemplate the distribution of gains, profits or dividends to the members thereof and is organized solely for nonprofit purposes. The property, assets, profits and net income of this association are irrevocably dedicated the purposes for which the association is formed, which are set forth above, and no part of the profits or net income of this association shall ever inure to the benefit of any Director, officer or member thereof, or to the benefit of any private shareholder or individual. Upon the dissolution or winding up of this association, its assets remaining after payment of, or provision for payment of, all debts and liabilities of this association shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under section 501(c) (3) of the Internal Revenue Code and section 23701(d) of the Revenue and Taxation Code, or to the state, county or city. If this association holds any assets in trust, such assets shall be disposed of in such manner as may be directed by a decree of the Superior Court of the county which this association's principal offices are located upon petition therefore by the Attorney General or by any person concerned in the liquidation.

IN WITNESS WHEREOF, for the purpose of forming this association under the general Nonprofit Corporation Act of the State of Washington, the undersigned has executed these Articles of Incorporation, in duplicate, on this 2 day of Sept. 2009.

Orum Fansov Brian Hanson, Incorporator

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CONSENT TO SERVE AS REGISTERED AGENT

I consent to serve as registered agent in the State of Washington for SAPP PLACE HOMEOWNERS' ASSOCIATION, INC., a Washington nonprofit corporation. I understand it will be my responsibility to accept service of process on behalf of the corporation; to forward mail to the corporation; and to immediately notify the Office of the Secretary of State if I resign or change the Registered Office Address.

Dated this 10 day of Sept, 2009.

Brian Hanson, Registered Agent

BYLAWS OF SAPP PLACE HOMEOWNERS ASSOCIATION

ARTICLE I

1. PRINCIPAL OFFICE. The principal office for the transaction of the business of the association is hereby affixed and located at 978 Hillcrest Drive, Burlington, WA 98233. The Board of Directors may at any time or from time to time change the temporary or permanent location of the principal office.

ARTICLE 2

2. MEMBERSHIP

Section 1. Members.

There shall be one class of members, each of whom shall be an owner of one lot in the Plat of Sapp Place, recorded under Auditor's File No. 2001 0000 records of Skagit County, Washington, consisting of the following addresses:

Sapp Place, Sedro Woolley, WA	98284
Sapp Place, Sedro Woolley, WA	98284
 Sapp Place, Sedro Woolley, WA	98284
Sapp Place, Sedro Woolley, WA	98284
Sapp Place, Sedro Woolley, WA	98284
Sapp Place, Sedro Woolley, WA	98284
Sapp Place, Sedro Woolley, WA	98284

Where a lot is held in co-ownership or joint tenancy, such co-owners or joint tenants shall collectively constitute one member. Each member shall be entitled to one voting right.

Section 2. Meetings, Quorum.

The annual meeting of the members of the association shall be held on the first Tuesday in October of each year at 8:00 P.M., at a place which shall be designated by the Board of Directors, or at such other time and place as may be designated by the Directors upon property notice to the members. Special meetings of the members may be called by the President, Board of Directors or by members holding not less than Fifty Percent (50%) of the voting power of the membership. Notice of annual and special meetings of the membership shall specify the date, hour and place of meeting and shall be given personally to each member or sent to each member by mail, charges prepaid addressed to him/her at his/her address as shown upon the records of the association, or if it is not so shown on such records, or is not readily ascertainable to the residential unit owned by the member. All such notices of regular or special meetings shall be given at least fourteen (14) days, but not more than thirty (30) days, in advance of the specified date of meeting and shall specify the general nature of the business to be transacted. The presence in person or by proxy of members holding in excess of fifty (50) percent of the voting power shall constitute a quorum for the transaction of business at any annual or special meeting.

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Section 3. Election of Directors

The membership of the association shall at each annual meeting elect a Board of Directors to serve for the ensuing year, or until their successors are elected and qualified.

Section 4. Liabilities and Property Rights of Members.

No member of the association shall be personally liable to its creditors for any indebtedness or liability, and any and all creditors shall look only to the assets of the association for payment.

Section 5. Maintenance.

The Association shall maintain all common areas, including play area, and stormwater drainage facilities within the Plat of Sapp Place and also private sanitary sewer facilities, including those portions outside the boundaries of the plat that are the responsibility of the Association pursuant to responsibilities imposed by the City of Sedro-Woolley as conditions of plat approval.

The stormwater system is to be maintained by inspecting the trenches and other drain facilities to ensure the stormwater is draining to the detention area. The detention area is to be kept free from debris. The stormwater system is to be checked on a monthly basis and after every major rain event.

The Association shall maintain the private sanitary sewer facilities to comply with obligations and duties imposed by the City of Sedro-Woolley.

The Association shall maintain the signage or other markings, and any other obligations imposed by the City of Sedro-Woolley with respect to designated Critical Areas within the plat.

Costs of maintaining the common areas, stormwater system, private sanitary sewer facilities, and critical areas obligations shall be shared equally by the owners of the seven lots.

ARTICLE 3

3. BOARD OF DIRECTORS.

Section 1. Number of Directors.

The Board of Directors shall consist of one (1) member until changed by amendment to these Bylaws as hereinafter provided, and a majority of the board shall constitute a quorum for the transaction of business.

Section 2. Powers of Directors.

Subject to the powers of the members as provide by law or as herein set forth, all corporate powers of the association shall be exercised by or under the authority of, and the business and affairs of the association shall be controlled by the Board of Directors. Without limiting the generality of the foregoing, the Board of Directors shall have the following powers:

- a) to appoint and remove all officers, agents and employees of the association, prescribe such powers and duties for them as may not be inconsistent with law, the Articles of Incorporation, or the Bylaws.
- b) to conduct, manage and control the affairs and business of the association, and to make such rules and regulations therefore not inconsistent with the Articles of Incorporation or the Bylaws.

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- c) to change the principal office for the transaction of business of the association from one location to another within Skagit County, State of Washington. To locate and fix places to hold meetings of either the Directors or the members at reasonable times and at reasonable places within the boundaries of the State of Washington.
- d) to have and exercise all of the powers and authority granted to the Board of Directors under the Articles and RCW Chapter 64.38.

Section 3. Election and Term of Offices.

The Directors shall be elected at each annual meeting of the membership and shall hold office until the respective successors are elected.

Section 4. Vacancies.

Any vacancy or vacancies on the Board of Directors resulting from death, incapacity, resignation, expiration of term of office, removal or otherwise, shall be filled by the remaining Directors. If there be less than two (2) Directors remaining, then a special election will be called at a duly authorized special meeting of the membership for the purposes of election replacement Directors.

Section 5. Place of meetings.

Regular or special meetings of the Board of Directors shall be at a place designated from time to time by resolution of the Board or by written constant of all members of the Board, but not in any event shall a meeting be held outside of Skagit County, State of Washington. In the absence of such designation, regular meetings shall be held at the principal office of the association.

Section 6. Organizational Meeting.

Immediately following each annual meeting of membership, the board of Directors shall hold a regular meeting for the purposes of organization, election of officers, and the transaction of other business. Notice of both such meetings is hereby dispensed with unless such meeting will not be conducted on the date for said annual meeting.

Section 7. Budget and Maintenance

With regard to the maintenance obligations of the Association, the owners shall determine annually at the annual meeting, or more frequently as may be necessary, the extent of repairs and maintenance as shall be required and shall determine the extent of said repairs and maintenance to be accomplished. The property of any such owner failing to pay his proportionate share as provided for herein shall be subject to a lien, an assessment for the proportionate share of such costs, following 30 days written notice of failure to pay any assessment, the association may file a lien against the property for the assessment, together with interest thereon at the rate of 12% per annum, or the judgment rate of interest, whichever is greater, which may be foreclosed in the manner provided by law together with all costs of enforcement and foreclosure, including a reasonable attorney's fee.

For the purposes of making any decisions regarding the use, maintenance, repair or replacement, of any easement, common area, or agreement to maintain any easement or common area, a majority vote of the benefited owners shall be required. For purposes of votes, the owners of each lot, regardless of the number of owners for a lot, shall be



entitled to one vote. The owners shall decide among themselves the method for deciding how to east the vote for the lot.

Section 8. Adjournment.

In the absence of a quorum at any meeting of the Board of Directors, the majority of the Directors present may adjourn the meeting of the board. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned.

Section 9. Compensation.

The directors shall receive no compensation for their services as such.

Section 10. Initial Board.

As provided in the Articles, Brian Hanson shall serve as sole director of the initial board of directors, and shall have all of the authority vested in the board of Directors and shall continue as the initial board of Directors of Sapp Place Homeowners Association until a majority of the lots (4 lots) have been actually sold and title conveyed to the owners. At such time and within sixty (60) days, a special organizational meeting of the membership shall be set and it shall be the responsibility of the Board of Directors to arrange, designate time and place for said organizational meeting and upon doing so, said original Director shall submit his resignation effective as of the date of said organizational meeting.

ARTICLE 4

Section 1. Officers.

The officers on this association shall be a President, Secretary/Treasurer, and such other officers as the board of Directors may appoint. When the duties do not conflict, one person, other than the President, may hold more than one of these offices. Officers other than the President need not be members of the Board of Directors. All officers and directors must be owners.

Section 2. Election.

The Board of Directors shall elect all officers of the association for terms of one (1) year, or until their successors are elected and qualified.

Section 3. Vacancies.

A vacancy in any office because of death, resignation, removal, disqualification or otherwise shall be filled by the board of Directors at a special meeting called for that purpose.

Section 4. President.

Subject to the control of the Board of Directors, the President shall have general supervision, direction and control of the business and affairs of the association. He/she shall preside at all meetings of the membership and Directors, and shall have such other owners and duties as may be prescribed from time to time by the Board of Directors.

Section 5. Secretary/Treasurer.

The position of Secretary/Treasurer may be held by one or more persons. He/she/they shall keep a full and complete record of the proceedings of the board of Directors, shall make service of such notices as may be necessary or proper, shall supervise the keeping of the books of the association, shall be the keeper of the minute

book of said association, and shall discharge such other duties as pertain to the office or as prescribed by the Board of Directors. Additionally, he/she/they shall receive and safely keep all funds of the association and deposit the same in such bank or banks as may be designated by the board of Directors. Such funds shall be paid out only on the check of the association signed by the President and the Secretary/Treasurer, or by such other officers as may be designated by the Board of Directors as authorized to sign the same. He/she/they shall have such other powers and perform such other duties as may be prescribed from time to time by the Board of Directors.

ARTICLE 5

AMENDMENT OF BYLAWS. They Bylaws may be amended or repealed and new Bylaws adopted only by the vote or written consent of members holding at least Two-Thirds (67 2/3 %) of the voting power.

ARTICLE 6 MISCELLANEOUS.

Section 1.

As used in these Articles, the term "he" also refers to "she". As used in these Bylaws, the term "director" is synonymous with the term "trustee" and all must be in general compliance with the Nonprofit Corporation Act of the State of Washington.

Section 2.

The Board of Directors shall, subject to all restrictions of law, have authority to delegate its powers.

Section 3.

At all meetings of the membership, whether regular or special, the vote of at least a majority of the voting power shall prevail at any of such meetings at which a quorum is present, except where a vote of seventy-five (75) percent of the voting power is required by the Bylaws.

Section 4.

All notices required to be given to members of the association under the Articles of Incorporation or the Bylaws, or association rules or regulations duly adopted by the Board of Directors shall be sufficient if made in writing and directed by mail, postage prepaid, to such member at his address in Sapp Place, or at such other address as such member may designate and which appears in the records of the association. All notices required to be given to the Board of Directors as set forth in the Articles and Bylaws shall be sufficient if made in writing and directed by mail, postage prepaid, to the person designated to receive service of process for the association, he being the statutory agent for the association.

Section <u>5.</u>

The association, through its Board of Directors, shall have and exercise with respect to the members and property involved, all other power and authority set forth in RCW 64.38 including any amendments, revisions, or replacements thereof not otherwise inconsistent herewith.

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Section 6. ANNUAL REPORT TO CITY OF SEDRO WOOLLEY
The Association shall submit an annual report to the city planning director, which shall specify:

- 1. The names and addresses of the officers;
- 2. The annual budget of the association:
- 3. A description of its construction and maintenance obligations, and the anticipated cost;
 - 4. An emergency contact person;
- 5. A list of its members obligated to fund construction and maintenance obligations;
- 6. Such other information as may be required by the city planning director.

ARTICLE 7

<u>LIENS/ASSESSMENTS</u>. Liens for unpaid assessments provided for in the Articles and Bylaws shall be subordinate to all sums unpaid on all mortgages of record, but shall have priority over all other liens against property.

ADOPTED this 10 day of Sept, 2009

SAPP PLACE/HÖMEÓWNERS ASSOCIATION

Brian Hanson, Director

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