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AFTER RECORDING, RETURN TO:
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**DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATIONS FOR
48 NORTH PUD**

TITLE OF DOCUMENT:

DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND RESERVATIONS FOR 48
NORTH PUD

GRANTOR:

48 NORTH ON FIDALGO ISLAND, L.L.C.

GRANTEE:

THE GENERAL PUBLIC

ABBREV. LEGAL DESCRIPTION:

LOTS 1-30 & TRACTS A, B & C, 48 NORTH PLAT &
PUD, AF# 201705020028

FULL LEGALS APPEAR:

P. 1

TAX PARCEL NOS.:

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ARTICLE I

IDENTIFICATION OF DECLARANT AND PROPERTY; PURPOSE

1.1. Identification of Declarant and Property.

48 NORTH ON FIDALGO ISLAND, L.L.C., a Washington Limited Liability Company hereinafter referred to as the "Declarant," is the owner in fee simple of certain land in the City of Anacortes more particularly described in Section 1.2 hereof, together with all improvements, easements, rights and appurtenances thereunto belonging (all collectively referred to hereinafter as "the Property").

1.2. Identification of Platting Documents, Community & Property Burdened by Covenants.

1.2.1. Platting Documents.

The Declarant has recorded with the Auditor of Skagit County, Washington a certain subdivision plat map showing the location and dimensions of various lots and/or tracts and Common Areas within the Property, together with other necessary information; this plat map is hereinafter referred to as the "PUD Plat"; the PUD Plat is recorded at Auditor's File No. 201705020028.

1.2.2. Legal Description of Land Burdened by Covenants.

The land burdened by this Declaration of Covenants includes the Lots and Tracts included in the PUD Plat described above; the land included within the PUD Plat is legally described as follows:

Lots 1 through 30, inclusive, and Tracts A, B & C, 48 North Plat & PUD, as per the map thereof recorded May 2nd, 2017 under Auditor's File No. 201705020028, records of Skagit County, Washington.

1.2.3. Identification of the Community.

All such Lots and Tracts, and any other Common Areas identified in the PUD Plat shall be known collectively as the "Community" which also shall be known as "48 North PUD." Tract A will be dedicated to the City of Anacortes, but will be maintained by the 48 North Association described in Section 7.1 hereof, as hereinafter provided.

1.3. Purpose.

This Declaration of Covenants, together with the PUD 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, Special and Specially Allocated Assessments for Common Expenses imposed by the Association; (b) interest and late charges on any delinquent account; and (c) all costs of collection, including without limitation reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

2.2. "Association" or "Owners Association" means the nonprofit corporation described in Article VII, to be incorporated at the direction of the Declarant to manage the Common Areas of this Community 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 Community so designated on the PUD Plat, along with any other real property owned by the Association or for which the Association has maintenance responsibilities under this Declaration of Covenants. 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 Lot's proportionate share of the Association's Budget for Common Expenses, which is allocated to each Lot pursuant to Section 10.1 of this Declaration of Covenants.

2.7. "Community" means all the Property described in Section 1.2 hereof, 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 Declaration of Covenants, or (b) who succeeds to any Special Declarant Right under this Declaration of Covenants as a Successor Declarant.

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 of Covenants.

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

2.12. "Development Plan" means any formal plan of development, however termed under the PUD Ordinance described in Section 3.1 hereof, approved by the City of Anacortes. The term also includes any amendments thereto approved by applicable governmental entities.

2.13. "Dwelling" means the principal housing structure constructed on a Lot by or under the direction of the Declarant.

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 this Declaration of Covenants, the PUD Plat, the Articles of Incorporation and Bylaws of the Association, along with any Rules and Regulations adopted by the Board of Directors.

2.16. "Governing Law" means the Washington Homeowners Association Act (Chapter 64.38 RCW, the "Act") or any successor statute, and any amendments thereto.

2.17. "Limited Common Area" means a portion of the Common Areas which is designed to serve one or more but fewer than all the Lots in the Community. The costs of Upkeep to a Limited Common Area are to be borne exclusively by the Owners of the Lot(s) served by such Limited Common Area, pursuant to Section 10.1.7 hereof.

2.18. "Lot" means a physical portion of the Community designated for separate ownership, the boundaries of which are depicted on the PUD Plat.

2.19. "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.

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

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

2.22. "Property" or "the Property" means all the real property described as being contained within the PUD Plat and, where appropriate, includes all real property which may be from time to time either added to the Community by the Declarant or acquired by the Association pursuant to Section 8.2.3 hereof.

2.23. "Residential purposes" means use for dwelling and human habitation, whether on an ownership, rental or lease basis and for reasonable social, recreational or other uses normally incident to such purposes.

2.24. "Special Declarant Rights" means rights reserved for the benefit of the Declarant: (a) to complete improvements indicated on the PUD Plat; (b) to maintain sales offices, management offices, signs advertising the Community, and models; (c) to use easements through the Common Areas for the purpose of making improvements within the Community; (d) to 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 of Covenants. Special Declarant Rights are described in Section 16.6 hereof.

2.25. "Specially Allocated Assessment" means an assessment made by the Association against one or more but fewer than all of the Lots pursuant to Section 10.1.7 of this Declaration of Covenants.

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 high standards of the Community.

ARTICLE III

DESCRIPTION OF DEVELOPMENT PLAN AND AMENITIES

3.1. Development Plan.

The Lots in this Community were authorized to be created by the City of Anacortes under Chapter 16.40, Anacortes City's Municipal Code [the "PUD Ordinance"], subject to certain conditions established in City of Anacortes File No. PUD-2015-0003. Such conditions appear in full

on the face of the PUD Plat, but several such conditions are reproduced in the text of the Covenants that follow.

3.2. Location and Amenities.

The Community is located on the south side of Oakes Avenue between the Felt Property described in Section 16.5 hereof and Eagle View Court. The Anacortes Airport abuts property within the Community to the east. A Community Park located within the Community near its entrance is designed to provide open space and recreational values to the Community. The project site is located on a hillside overlooking Guemes Channel; as a result, many of the Lots in the Community enjoy scenic views that these Covenants, and certain covenants burdening adjacent and nearby properties to the west and north, are designed to protect to some degree. See Sections 4.6, 5.6 and 16.5 for further detail.

3.3. Municipal Services.

The Lots in the Community are served by a public road known as Latitude Circle. Electric power is provided by Puget Sound Energy. Telecommunications facilities will be provided by Comcast/XFINITY. Fire protection is provided by the City of Anacortes. Police protection is provided by the City. Water is supplied by the City. Sanitary sewerage services are also provided by the City. Stormwater collection and treatment are provided through a combination of a Rain Garden facility constructed within the Tract A Entry Feature adjoining the entrance to the Community, to be maintained by the Association, and conveyance facilities maintained by the City of Anacortes.

3.4. Community Association Provides Upkeep to Common Areas.

The Association described in Section 7.1 hereof is charged with responsibility to provide Upkeep to the Community Park [Tract C] two landscaped Entry Features [Tracts B and C] and certain retaining walls in the Community, in perpetuity. Tract A, which will be dedicated to the City of Anacortes, contains a Rain Garden stormwater facility that must be specially maintained by the Association. See Sections 6.1, 6.2 and 6.3 hereof for further details.

ARTICLE IV

RESIDENTIAL LOTS

4.1. Number and Location.

The Community contains thirty (30) Lots zoned for residential use that are depicted on the PUD Plat. The location of those Lots and their dimensions are shown on the PUD Plat.

4.2. Initial Construction of Dwellings and Other Improvements Within Lots.

Dwellings and related improvements, including fencing and accessory structures, will be constructed within the Lots by or under the direction of the Declarant, according to a common design scheme established by the Declarant. Declarant shall have exclusive control of the design review process. No manufactured homes are permitted. Any addition, alteration or improvement upon any Lot shall be consistent with the Declarant's original scheme, and shall be constructed in accordance with the building code and other ordinances of the City of Anacortes.

4.3. Limitations on Construction Within Easements.

No permanent building, deck or other structure shall be constructed within the easement areas on the Lots depicted on the PUD Plat. Note that the Avigation Easement described in Section 16.4 hereof also contains unique limitations on construction more fully described therein.

4.4. Upkeep of Lots.

Each Lot Owner, at his or her sole expense, shall have the right and the duty to keep the Lot, its Dwelling and all other improvements in good order, condition and repair and shall do all Upkeep, 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 other Occupants or interfere with rights of the other Owners.

4.5. Damaged Improvements.

If a Dwelling 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 in a manner generally consistent with the architectural appearance of the structure prior to its loss or damage, 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 commencing any required work.

4.6. View Protection Covenants Affecting Construction, Trees and Vegetation.

4.6.1. Restrictions on Siting and Height of Improvements Within Lots.

Scenic views available from most Lots shall be protected through the positioning of the Dwellings on the other Lots by the Declarant in locations that minimize the impact of constructed improvements within the Community on views available to Lots lying further uphill, and by restricting the height of the Dwellings and other improvements within the Lots. The Declarant's

decisions in regard to the siting of Dwellings and placing limits on the height of Dwellings and other structures within a Lot shall be conclusive and not appealable. The locations of improvements and any height limitations approved by the Declarant and incorporated into initial construction of Dwellings and other structures may not be altered by an Owner following the initial construction of improvements within a Lot that interferes with scenic views from other Lots, in the absence of the advance written consent of all affected Lot Owners. Notwithstanding the foregoing, these Covenants do not affect the rear yard areas of Lots 4 through 17, except to the extent controlled by the Avigation Easement described in Section 16.4 hereof.

4.6.2. Restrictions on Height of Trees and Vegetation Within Lots.

Following the construction of a Dwelling structure on a Lot, its Owner(s) shall endeavor to preserve mature trees on the Lot and properly maintain any landscaping vegetation on the Lot, so as to enhance the appearance and value of the Lots in the Community and to prevent the spread of noxious weeds. Nevertheless, no trees or other landscape vegetation planted within the Lots [other than within the rear yards of Lots 4 through 17] shall be permitted to grow to a height greater than the ridge of the roof of the Dwelling on the Lot. See Section 9.1.4 for further details.

4.6.3. Compliance.

The provisions of this Section 4.6 shall be construed so as to be consistent with the terms of the Avigation Easement described in Section 16.4 hereof. Any violation of these provisions is expressly declared to be a nuisance. The Association and/or any affected party may maintain an action in a court of competent jurisdiction to abate or enjoin any such violation; the prevailing party in any such action shall be entitled to an award of attorneys' fees and costs.

4.7. Upkeep of Shared Private Drainage Facilities

Lots 2, 3, 4, 18, 19, 20, 21, 27, 28, 29 & 30 are served by private drainage pipes located within private storm drainage easements depicted on the Plat Map. Under a separate Covenant described with greater particularity in Section 16.2.3 hereof, the Owners of said Lots are obligated to perform periodic Upkeep to such drainage pipes. In the event that such Owners fail to properly perform such Upkeep, the Association is authorized to treat such pipes and the easement areas within which they are constructed as Limited Common Areas, and perform any necessary Upkeep on behalf of such Owners; any and all costs so incurred by the Association shall constitute Specially Allocated Assessments against such Lots, as provided in Section 10.1.7 hereof.

ARTICLE V

COMMON AREAS

5.1. Common Areas.

The Common Areas of the Community, to be maintained by the Association, consist of:

5.1.1. Entry Features within Tracts A and B on the PUD Plat, with associated retaining walls. The Entry Features consist of landscaped areas located on either side of the entrance to the Community off of Oakes Avenue. Tract A will be dedicated to the City of Anacortes. Tract A contains a Rain Garden stormwater collection and treatment facility that requires periodic maintenance by the Association, as described more fully in Section 6.2 hereof. A common fence lies on the north property line of Tract B.

5.1.2. The Community Park [Tract C on the PUD Plat] with an associated retaining wall. The Community Park is located across the road from the Entry Features; provisions for the use and Upkeep of the Community Park appear in Section 6.1 hereof.

5.1.3. Another retaining wall supporting Lot 30. Provisions for Upkeep of retaining walls appear in Section 6.3 hereof.

5.1.4. The mail kiosk near the entrance to the Community.

5.1.5. 10' storm drainage easements lying across many of the Lots, as described and depicted on the PUD Plat Map.

5.2. No Interference with Common Areas.

No Lot Owner or Occupant 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. See Article VI of this Declaration for further restrictions on uses of the Community Park and Entry Features.

5.3. Maintenance, Repair and Replacement - General Provisions.

The Association, through its Board of Directors, is and shall remain perpetually responsible for all Upkeep of all the Common Areas.

5.4. Upkeep of Principal Common Amenities By Association.

Provisions relating to Upkeep of the most important Common Areas, known as "Principal Common Amenities," appear in Article VI hereof.

5.5. Schedules for Preventative Maintenance.

The Board, with the assistance of the Association's Manager and/or other competent professionals, shall develop a schedule of routine Preventative Maintenance for all components of the Common Areas which require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified employees, agents or contractors to conduct such inspections and Preventative Maintenance.

5.6. Trees and Vegetation in Common Areas.

5.6.1. Height Limitations.

Trees and vegetation located in the Common Areas shall be maintained by the Association such that they shall not be permitted to grow to heights that are greater than [a] a height which would interfere with scenic views available to any Lot in the Community, or [b] a height that would violate the provisions of the Avigation Easement described in Section 16.4 hereof. Presumptively, a maximum height of ten feet (10') would apply to any and all such trees and vegetation.

5.6.2. City Requirements.

Mature trees and new trees planted by or on behalf of the Declarant that are located within the Common Areas shall be preserved by the Association. Such trees are depicted schematically on the Landscape Plan attached hereto as Exhibit A. The Landscape Plan was approved by the City of Anacortes pursuant to Anacortes Municipal Code §16.50.050, as a condition to the platting and development of the Community. The Landscape Plan requires the preservation of certain existing trees and the planting of additional trees to meet the City's minimum vegetation requirements for new development, as described in a "Tree Preservation & Assessment Plan" prepared by Urban Forestry Services Inc., dated August 12, 2015. The City retains the right to enforce such requirements against the Association. Changes to the Landscape Plan, including the removal of trees depicted on the Landscape Plan, require the advance written approval of the City.

5.7. Perpetual Existence - Rights of The City of Anacortes.

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 Anacortes. The City reserves the right to enter upon the Property to inspect the Rain Garden portions of the stormwater system and to perform necessary maintenance thereto should the Association fail to do so, and recover the costs of such Upkeep from the Association.

ARTICLE VI

SPECIAL USE AND UPKEEP PROVISIONS

6.1. Use and Upkeep of Community Park.

6.1.1. Use of Community Park – Tract C.

The Community Park is designed for low-impact recreational uses, and for the protection of trees and other vegetation, to preserve and enhance the aesthetic and environmental values of the Community. Owners and Occupants of the Community may use the walkway and other open portions of the Park for wildlife viewing, picnicking and other low-impact recreational uses. Reasonable rules and regulations adopted by the Board may further restrict the use of all or any portion of the Park in order to promote its open space value to the Community. The dumping of debris, yard waste or organic matter in this area is prohibited.

6.1.2. Upkeep of Community Park Area.

Open Space features and native vegetation shall be protected during construction. Where damage may occur due to construction actions, temporary fences shall be installed. Trees and vegetation damaged during construction shall be replaced. The height of trees and vegetation shall be maintained so as to be consistent with Section 5.6 hereof. Walking paths and other recreational features shall be properly maintained to promote uninterrupted long-term use of such facilities.

6.2. Upkeep of Rain Garden Facility.

In spite of the fact that Tract A will be dedicated to the City of Anacortes, all necessary Upkeep of the Rain Garden facility located within Tract A and any other portions of the Stormwater System not maintained by the City of Anacortes shall be conducted by the Association in accordance with provisions of the Operations and Maintenance Manual prepared by Herrigstad Engineering, dated March, 2017, a copy of which is attached hereto as Exhibit “B,” and otherwise in accordance with the DOE Stormwater Management Manual for Western Washington [“DOE Stormwater Manual”], as the same may be updated from time. The Association shall consistently engage the services of qualified personnel to perform Upkeep to the Stormwater System, and shall maintain provisions in its Budget to ensure that adequate funding shall always exist for such purposes.

6.3. Upkeep of Retaining Walls.

The retaining walls supporting the Entry Features, the Community Park and Lot 30 require periodic inspections to determine whether they require repairs or replacement. At least annually, the Association shall cause a visual inspection to be made of all such retaining walls. Any necessary Upkeep to such retaining walls shall be performed promptly. The retaining walls supporting the Entry Features in Tracts A and B are located in part in portions of the right of way of Oakes Avenue and are subject to certain conditions appearing in an Encroachment Permit issued by the City of Anacortes. All such conditions are binding on the Association. The Association shall consistently engage the services of qualified personnel to perform Upkeep to the retaining walls, and shall maintain provisions in its Budget to ensure that adequate funding shall always exist for such purposes.

ARTICLE VII

OWNERS ASSOCIATION

7.1. Name and Form of Association.

The name of the Association shall be the "48 North 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 its Articles of Incorporation, the provisions of the Ordinance and of the Governing Documents. 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 Governing Law, the Governing Law shall control.

7.2. Powers & Duties of Association.

7.2.1. Duties & Responsibility of Association.

The business of the Association shall be to maintain, repair, replace and manage the Common Areas of the project, to provide necessary insurance coverage, and to enforce provisions of the Governing Documents to preserve the long-term value of the Property for the benefit of the Lot Owners. In particular but without limitation, the Association shall provide Upkeep to all the Common Areas in the Community, and shall have the authority to compel compliance with all the covenants, conditions and restrictions in the Governing Documents, including without limitation those which protect scenic views.

7.2.2. Statutory Powers Exercised by Board of Directors.

The Association, through its Board of Directors, shall have all powers available to homeowners' associations under the Governing Law. Such powers are set forth with particularity in the Bylaws of the Association.

7.3. Lapse of Corporate Status - Personal Lot-Owner Liability Created.

7.3.1. Association Must Remain Incorporated.

The Association shall have perpetual existence. The Lot Owners shall not permit its corporate charter to 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.

7.3.2. Incorporation Protects Owners - Owners Personally Liable Upon Abandonment.

Should the corporate charter for the Association be dissolved for any reason in violation of the foregoing, the Lot Owners shall become jointly and severally liable for all

obligations imposed upon the Association under these Covenants. The corporate status of the Association exists to protect Lot Owners from personal liability, to the fullest extent provided by law.

7.4. Membership and Voting Rights.

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. Membership and voting rights are further specified in the Articles of Incorporation and Bylaws of the Association. Each Lot is entitled to one vote in 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 the initial Board of Directors of the Association.

ARTICLE VIII

MANAGEMENT OF ASSOCIATION

8.1. Management by Declarant.

The Declarant has reserved Special Declarant 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 three (3) years, or until all Lots in the Community are sold to purchasers unrelated to the Declarant. See Section 16.6 for further details.

8.2. Authority of the Board.

8.2.1. General Authority.

The Board, for the benefit of the Community and the Owners, shall perform all Upkeep for the Common Areas, 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 of Covenants 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.

8.3. 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 Community are intended to be used for residential purposes, whether on an ownership, rental or lease basis and for common social, recreational or other reasonable uses normally incident to such purposes. Parts of a Dwelling may be used for a professional office or other low impact commercial use, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority, and so long as such use does not generate any appreciable levels of client or customer traffic, noise or other disturbance to other lawful Occupants of the Community.

9.1.2. Use of Common Areas - General Provisions.

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.

9.1.3. Trees and Vegetation - General Requirements.

Following the construction of a dwelling structure on a Lot, its Owner(s) shall use good faith efforts to preserve mature trees on the Lot and properly maintain any other landscaping vegetation on the Lot, so as to enhance the appearance and value of the Lots in the Community and to prevent the spread of noxious weeds. Nevertheless, the provisions of Sections 4.6 will limit the height of vegetation on many Lots in the Community.

9.1.4. Trees and Vegetation - City Requirements.

Mature trees and new trees planted by or on behalf of the Declarant that are located within Lots 4 through 17 shall be preserved by the Owners of such Lots. Such trees are depicted schematically on the Landscape Plan attached hereto as Exhibit A. The Landscape Plan was approved by the City of Anacortes, pursuant to Anacortes Municipal Code § 16.50.050, as a condition to the platting and development of the Community. The Landscape Plan requires the preservation of existing trees and the planting of additional trees to meet the City's minimum vegetation requirements for new development, as described in a "Tree Preservation & Assessment Plan" prepared by Urban Forestry Services Inc., dated August 12, 2015. The City retains the right to enforce such requirements against any and all responsible parties. Changes to the Landscape Plan, including the removal of trees depicted on the Landscape Plan, require the advance written approval of the City.

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. Noise, Offensive or Illegal Activity.

No person shall cause any unreasonably loud noise anywhere in the Community, nor shall any person permit or engage in any noxious, offensive or illegal activity, practice or behavior causing annoyance, discomfort or disturbance to any person lawfully present on any portion of the Property. Quiet hours shall be observed from 11:00 p.m. to 6:00 a.m., during which only minimal noise shall be permitted to emanate from any Lot.

9.1.7. Perimeter and Privacy Fencing.

Fences are permitted but must conform to the style installed by the Declarant, consistent with such further standards as required by the City of Anacortes. Any perimeter fencing installed by the Declarant shall be maintained in good condition by the abutting Lot Owners within the Community in a manner that preserves a common external appearance to the Community. Any

privacy fencing installed by a Lot Owner shall be maintained in good condition by the abutting Lot Owners who, in absence of an agreement to the contrary between them, shall equally share the costs of any necessary Upkeep thereto.

9.1.8. Vehicle Operation and Parking Restrictions.

9.1.8.1. General Restrictions.

Vehicle parking is permitted on portions of the Lot which have been improved for such purposes. A minimum of two off-street parking spaces is required per Lot, in addition to the garage structure within the Lot, which can be accomplished by using the driveway area in front of the garage associated with each Dwelling.

9.1.8.2. R.V. Parking.

Except as hereinafter provided, junk vehicles (as defined in RCW 46.55.010), Recreational Vehicles (including without limitation camper-trailers, mobile homes, motor homes, "fifth-wheels" off-road vehicles, boats, airplanes or etc.), large commercial-style vehicles (including without limitation trucks, tractors, large vans or other types of vehicles or equipment which either require a commercial vehicle operator's license or which exceed 8,000 lbs in gross vehicle weight) or any other type of vehicle or equipment which exceeds 24 feet in length may not be stored, kept or maintained anywhere within the Community. Nevertheless, a Recreational Vehicle may be maintained within a Lot, if it is fully enclosed within a garage or an approved accessory structure. The Board may require removal of any vehicle or equipment not authorized by this Section; if it is not so removed, the Board may cause its removal at the risk and expense of the owner thereof, under such reasonable procedures as may be consistent with the provisions of RCW 46.55. Failure of an Owner or other Occupant to remove such a vehicle or equipment from a Lot or the Common Areas may result in any or all remedies available to the Association under the Governing Documents. The Board may adopt additional rules and regulations regarding parking and storage of Recreational Vehicles.

9.1.8.3. Power to Regulate Vehicle Speed and Operation.

The Board shall have the authority to regulate the speed and other aspects of vehicle operation on Latitude Circle, notwithstanding that Latitude Circle is a public street.

9.1.9. Signs.

Initially, no other sign of any kind, shall be displayed to the public view on or from any Lot or the Common Areas without the prior consent of the Board; provided that this section shall not apply to Declarant or Declarant's agents, nor shall it be deemed to prohibit the Owner of a Lot from displaying a sign for a period of time in which the Lot is for sale or rent. The Board may by resolution establish further policies regarding signs, to reflect the sentiments of the Community while giving due regard to traditional democratic rights of free speech, religion and expression of Persons

owning or occupying Lots in the Community. The Board's judgment in such matters shall be conclusive, except to the extent governed by applicable state or federal law.

9.1.10. Underground Utilities.

All utilities are required to be located underground.

9.1.11. 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.

Except as provided in Sections 10.1.2 and 10.1.7 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 the fiscal year shall be assessed equally against the Lots in the manner prescribed in Section 10.2 hereof.

10.1.2. Assessment of Undeveloped Lots.

Until the Dwelling on a Lot is substantially completed and sold to a purchaser other than the Declarant, such Lot shall be subject to only 20% of the assessment liability allocated to a Lot containing completed improvements.

10.1.3. Initial Assessment Deposits - New Owners Fee.

An initial assessment deposit known as the "New Owners Fee," in the amount of \$250.00, shall be payable to the Association by the purchaser of each Lot at the time of the Closing.

of the initial sale of the Lot from the Declarant; this initial New Owners Fee may be used by the Association to defray expenses in its operating budget or to fund the Association's reserves, at the discretion of the Board of Directors.

10.1.4. Transfer Fees on Resales.

A New Owners Fee equal to three (3) months' worth of the annual assessment against the Lot shall continue to be due and owing to the Association upon the transfer of title of a Lot upon its resale to a subsequent purchaser. The Resale New Owners Fee shall be collected at the Closing of a Lot's resale in addition to any outstanding assessment obligations affecting the Lot, to fund the Association's reserves so as to enhance the Association's ability to maintain, repair, replace, manage and improve the Common Areas of the project, for the common benefit of all the Lot Owners.

10.1.5. Timing of Payments.

Until changed by resolution of the Board of Directors, the annual Assessment against each Lot for its share of the Common Expenses shall be due and payable on the first day of the month of February of each year. The Board may adopt further payment policies which permit payment in monthly or quarterly installments under conditions to be determined by the Board. 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 February of each year. The Board may adopt further payment policies which permit payment in installments under conditions to be determined by the Board.

10.1.6. 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.

10.1.7. Specially Allocated Assessments.

If any Common Expense is caused by the negligence or misconduct of a Lot Owner, or if the Association provides Upkeep to a Lot, the Association may, subject to the provisions of the Bylaws, levy a Specially Allocated Assessment for that expense against the Owner's Lot; any other costs, fees, charges, or fines imposed or incurred by the Association associated with the Lot, including without limitation attorneys' fees and court costs associated with litigation involving protection of scenic views, along with any costs and/or attorney's fees recoverable under the Governing Documents, and interest on any delinquent account shall also be deemed Specially Allocated Assessments. Further, by resolution supported by a majority of all possible votes in the Association, the Association may require that any Common Expense or portion thereof benefitting fewer than all of the Lots shall be assessed exclusively against the Lots benefitted.

10.1.8. 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. Annual Budget - Development and Ratification.

10.2.1. Budget for Common Expenses.

Not less than 45 days prior to 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, major repairs and replacements of components of the project for which the Association is responsible, and the amount of any deductible under any insurance policy obtained by the Association. The Budget shall further take into account any expected income and any surplus available from the prior year's operating fund.

10.2.2. Meeting of Association to Ratify Budget.

Within thirty days after adoption of any proposed regular or special budget for the Association, the Board of Directors shall provide a summary of the budget to all the Lot Owners and shall set a date for a meeting of the Lot Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of Lots 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 Lot 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 Covenants may not be amended without the advice of counsel, since its terms are controlled by law.

10.3. 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.

10.4. 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.

10.5. 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 Community is located.

10.6. Priority of Lien.

10.6.1. 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.

10.6.2. The Association's lien shall also be prior to the mortgages described in subpart (b) of Section 10.6.1 hereof, to the extent of the "priority amount," that is, an amount equal to (1) the Common Expense Assessments against the Lot, excluding any amounts for capital improvements, based on the periodic Budget adopted by the Association which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the Association's lien or a lien described in Subsection 10.6.1(b) hereof; and (2) the Association's actual costs and reasonable attorney's fees incurred in foreclosing its lien up to the time when any person pays to the Association the full priority amount described above, including the Association's attorneys' fees and costs. The term "institution of proceedings,"

as used herein, shall mean either: (i) the date of recording of a notice of trustee's sale by a deed of trust beneficiary; (ii) the date of commencement, pursuant to applicable court rules, of an action for judicial foreclosure either by the Association or by the holder of a recorded mortgage; or (iii) the date of recording of a notice of intention to forfeit in a real estate contract forfeiture proceeding by the vendor under a real estate contract.

10.7. 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.

10.8. 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.

10.9. Rent Subject to Lien for Assessments- Other Remedies for Nonpayment.

10.9.1. Rent Payable to Association Upon Default of Owner.

If a Lot is rented or leased by its Owner, and if the Owner becomes delinquent in the payment of assessments for more than 90 days, the Association may collect the delinquent amount from the tenant, who shall pay over to the Association so much of the rent for such Lot as is required to pay such delinquency, plus interest, attorneys' fees and other costs of collection. In order to avail itself of the remedy contained in this Subsection, the Association shall first send a notice jointly to the Owner and the Tenant by First Class U.S. Mail, advising both parties [a] of the Owner's delinquency in assessments [b] of the tenant's obligations under this Subsection of the Declaration, and [c] notifying both parties that if such delinquency is not cured within ten (10) days of mailing, the tenant must commence paying rent to the Association until the delinquency has been cured. The tenant shall not have the right to question payment to the Association, and such payment shall discharge both the tenant's duty to pay rent to the Lot Owner and the Lot Owner's obligation to pay assessments, *pro tanto*. The Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents, as provided immediately below in Section 10.10.2.

10.9.2. Association Entitled to Appointment of Receiver.

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 Lot as and when due. If the rent 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. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Lot.

10.10. 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.

ARTICLE XI

INSURANCE MATTERS

11.1. Association's Coverage.

The Board of Directors shall obtain and maintain liability insurance and, if necessary, property insurance, under such terms and for such amounts as shall be deemed necessary by the Board of Directors. Levels of coverage shall be determined annually by the Board of Directors with assistance from the agent of the insurance company affording such coverage.

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.

11.3. Insurance for Lot Owners.

Each Lot Owner should obtain property and personal liability insurance covering the Dwelling and other insurable improvements on the Lot, and providing liability coverage for the Lot and any portions of the Common Areas not covered by the Association's insurance policy.

ARTICLE XII

CONDEMNATION

In the event that Common Areas of the Community are 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. Legal Proceedings.

Failure to comply with any of the terms of the Governing Documents shall be grounds for legal relief, including without limitation, actions to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Assessments, or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association or, if appropriate, by any aggrieved Owner, and shall not constitute an election of remedies.

13.4. Costs and Attorney's Fees.

The Association shall be entitled to recover any costs and reasonable attorneys' fees incurred in connection with the collection of delinquent Assessments, whether or not such collection activities result in suit being commenced or prosecuted to judgment. In addition, the Association shall be entitled to recover costs and reasonable attorneys' fees if it prevails on appeal and in the enforcement of a judgment. In any other proceeding arising out of an alleged default by an Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court. In the event that the prevailing party is the Association, the costs and attorney's fees so awarded shall constitute a Special Assessment against the Owner's Lot.

13.5. Late Charges and Interest.

The Board may impose and collect reasonable late charges to encourage prompt payment of Assessments. Until changed by resolution of the Board with advice of counsel, the Board may collect a late charge: (a) when any Assessment or installment thereof is received by the Association more than ten (10) days beyond the due date of such Assessment or installment; (b) in an amount not to exceed the greater of \$25.00 or ten percent (10%) of the amount of said Assessment or installment. Delinquent Assessments shall bear interest from the date of delinquency at the rate of

12% per annum, or the maximum rate permitted under RCW 19.52.020 on the date on which the Assessments became delinquent.

13.6. No Waiver of Rights.

The failure of the Association, the Board of Directors or of an Owner to enforce any right, provision, covenant or condition which may be granted by the Governing Documents or the Act, shall not constitute a waiver of the right of the Association, the Board or the Owner to enforce such right, provision, covenant or condition in the future.

13.7. 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.

ARTICLE XIV

LIMITATION OF LIABILITY

14.1. Association Not a Guarantor - 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, Lot Owners, Declarant and Association Functions.

16.1.1. Easements for Lots and Lot Owners.

Each Lot has an easement in and through each other Lot and the Common Areas for utilities and for lateral and/or subjacent support. Lot Owners in Good Standing, and their family members, guests and lawful tenants, have rights to use the Community Park and its any recreational facilities.

16.1.2. 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.

16.1.3. Easements 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 Governing Documents.

16.2. Easements Shown on PUD Plat.

16.2.1. General Provisions.

Easements shown on the PUD Plat are hereby confirmed. Any easement shown on the PUD Plat which benefits one or more Lots in the Community, 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 PUD Plat.

16.2.2. Easement across Lot 30 for Retaining Wall.

A 5' wide easement across Lot 30 for the perpetual existence and Upkeep of a retaining wall supporting Lot 30 and the adjacent Community Park Tract C is depicted on Sheet 2 of the PUD Plat Map, and exists by virtue of Note 11 on Sheet 3 of the PUD Plat. The Association has responsibility for all such Upkeep, consistent with the provisions of Section 6.3 hereof.

16.2.3. Covenant for Upkeep of Private Drainage Facilities.

Lots 2, 3, 4, 18, 19, 20, 21, 27, 28, 29 & 30, and Tracts A and B, respectively, are served by private drainage lines located within private storm drainage easements depicted on the Plat Map, as described in Section 4.7 hereof. Provisions for joint use and joint maintenance of such drainage areas, to assure their perpetual maintenance, repair and replacement at the sole cost of such owners, appear in an instrument recorded at Auditor's File No. 2017 05020028, Records of Skagit County, Washington (the "Joint Maintenance Covenant"). In the event that the owners of such Lots fail to adhere to maintenance standards established in the Joint Maintenance Covenant, the Association may In the event that such Owners fail to properly perform such Upkeep, the Association is authorized to treat such pipes and the easement areas within which they are constructed as Limited Common Areas, and perform any necessary Upkeep on behalf of such Owners; any and all costs so incurred by the Association shall constitute Specially Allocated Assessments against such Lots, as provided in Section 10.1.7 hereof.

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 PUD Plat for further details.

16.4. Avigation Easement.

The Community is subject to the terms of an Avigation Easement benefitting the Port of Anacortes and the municipal airport operated by the Port that adjoins the Community to the east. The Avigation Easement is designed to promote the free and unobstructed passage of aircraft in and through the airspace over the Community, together with the right of aircraft to cause noise that may ensue from their operation. The Avigation Easement is recorded at Auditor's File No. 732440, Records of Skagit County, Washington. This easement limits the overall height of building structures and vegetation within the Community.

16.5. View Covenants Affecting Nearby and Adjoining Properties.

16.5.1. Covenant Affecting Felt Property to West Protects Lots 16 - 20.

Parcels of real property that adjoin the Community immediately to the west, presently owned by Christopher P. Felt and Cheryl A. Felt [the "Felt Property"], are subject to the terms of a Covenant [the "Felt Covenant"] recorded at Auditor's File No. 201612190147, Records of Skagit County, Washington. Article IV of the Felt Covenant contains provisions that restrict the maximum height of buildings and vegetation within the Felt Property for the purpose of protecting territorial views to the West and North available to Lots 16 through 20 in the Community; such provisions shall be deemed incorporated herein by this reference, and may be enforced by individual Lot Owners or by the Association on their behalf, as provided in the Felt Covenant and in Section 7.2.1 hereof.

16.5.2. Covenant Affecting Parcel to North.

A Parcel of real property [Skagit County Tax Parcel No. P31586] lying northerly of Oakes Avenue [the "Northerly Parcel"], presently owned by Channel Crossing Limited Liability Company, is subject to the terms of a Covenant [the "Channel Crossing Covenant"] recorded at Auditor's File No. _____, Records of Skagit County, Washington. The Channel Crossing Covenant contains provisions that restrict the maximum height of buildings and vegetation within the Northerly Parcel for the purpose of protecting territorial views to the North available to Occupants of the Community; such provisions shall be deemed incorporated herein by this reference, and may be enforced by individual Lot Owners or by the Association on their behalf, as provided in the Channel Crossing Covenant and in Section 7.2.1 hereof.

16.6. Special Declarant Rights.

16.6.1. Reservation.

The Declarant has reserved the following Special Declarant Rights for the purpose of furthering and completing the development of the Community: To complete any improvements indicated on the PUD Plat or described earlier in this Declaration of Covenants; to maintain sales offices, management offices, signs advertising the Community, 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 Community; and to appoint or remove any Officer or Director of the Association, or to veto or approve a proposed action of the Board or of the 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.

16.6.2. Status of Special Declarant Rights.

Each Special Declarant Right reserved by Declarant in this Declaration of Covenants has been, is and shall remain an equitable servitude burdening all lands subject thereto and running with such lands, for so long as Declarant owns a Lot in the Community. Each Special Declarant Right shall exist for the benefit of the Declarant and/or any assignee of Declarant and/or any successor declarant. Declarant has and shall retain, with respect to each Special Declarant Right, a power coupled with Declarant's interest in said lands.

16.6.3. Automatic Assignment Upon Sale of Lots in Bulk.

In the event that all or substantially all of the Lots and Tracts in this Community are concurrently conveyed to a purchaser in bulk, the purchaser shall be deemed a "Successor Declarant" who or which shall automatically succeed to all Special Declarant Rights reserved in this Section 16.6, except to the extent otherwise provided in the deed of conveyance of such Lots and Tracts to such purchaser.

ARTICLE XVII

AMENDMENT OF DECLARATION OF COVENANTS

17.1. Procedure for Amendment of Declaration of Covenants.

Amendments to the Declaration of Covenants shall be made by an instrument in writing entitled "Amendment to Declaration of Covenants" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration of Covenants, 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 67% percent 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 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.

17.2. Recordation Required.

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

17.3. Amendments by Declarant.

The Declarant may unilaterally adopt and file amendments to the Declaration of Covenants for so long as the Declarant is the Owner of any Lot in the Community.

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 of Covenants 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 a Record, 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. With the advance written consent of any Owner, required notice may be provided electronically. Mailing addresses may be changed from time to time by notice provided by the Owner in a Record to the Board. Notice to be given to the Association may be given to the President or Secretary of the Association, or to its Registered Agent. Notice also may be provided to any person in any manner permitted by statute.

18.1.2. New Lot Owners must supply their names and addresses, telephone numbers and, if so desired in order to receive notices from the Association, e-mail addresses, 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 Governing Law 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 of Covenants shall take effect upon recording.

DATED this 1st day of May, 2017.

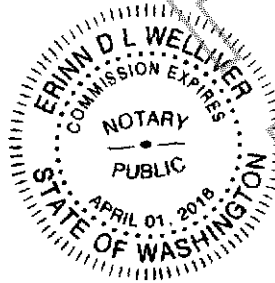
DECLARANT:
48 NORTH ON FIDALGO ISLAND, L.L.C.

By [Signature], its member

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I hereby certify that I know or have satisfactory evidence that Nels Strandberg 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 member of the Declarant, 48 NORTH ON FIDALGO ISLAND, L.L.C., to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: May 1st, 2017.



[Signature]
NOTARY PUBLIC for the State of
Washington. My Commission
expires 4/1/2018

EXHIBIT "A"
LANDSCAPE PLAN

UNOFFICIAL DOCUMENT

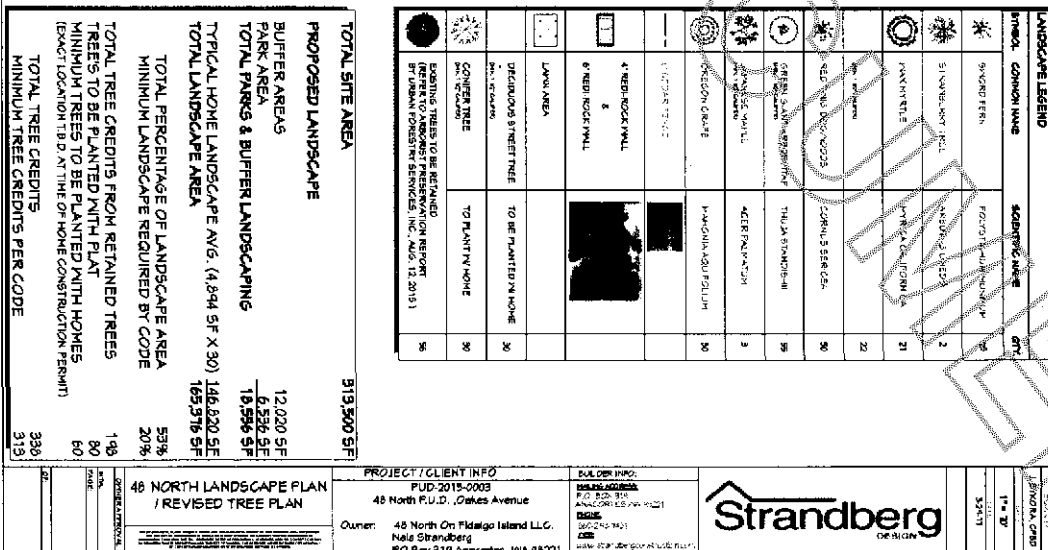


EXHIBIT "B"
STORMWATER SYSTEM MAINTENANCE MANUAL

UNOFFICIAL DOCUMENT

HERRIGSTAD ENGINEERING & SURVEYING

Civil Engineering and Surveying

4320 Whistle Lake Road
Anacortes, WA 98221

Dale Herrigstad, P.E., P.L.S.
(360) 299-8804 Phone

**STORMWATER OPERATIONS & MAINTENANCE
MANUAL**

Prepared for

48 NORTH PUD

By

Dale K. Herrigstad P.E., P.L.S.

Dated: March, 2017

Construction Criteria

The biofiltration swale should not be put into operation until areas of exposed soil in the contributing drainage catchment have been sufficiently stabilized. Deposition of eroded soils can impede the growth of grass in the swale and reduce swale treatment effectiveness. Thus, effective erosion and sediment control measures should remain in place until the swale vegetation is established (see Volume II for erosion and sediment control BMPs). Avoid compaction during construction. Grade biofilters to attain uniform longitudinal and lateral slopes

Maintenance Criteria

- Inspect biofilters at least once every 6 months, preferably during storm events, and also after storm events of > 0.5 inch rainfall/ 24 hours. Maintain adequate grass growth and eliminate bare spots.
- Mow grasses, if needed for good growth {typically maintain at 4 – 9 inches and not below design flow level (King County, 1998)}.
- Remove sediment as needed at head of the swale if grass growth is inhibited in greater than 10 percent of the swale, or if the sediment is blocking the distribution and entry of the water (King County, 1998).
- Remove leaves, litter, and oily materials, and re-seed or resod, and regrade, as needed. Clean curb cuts and level spreaders as needed.

Prevent scouring and soil erosion in the biofilter. If flow channeling occurs, regrade and reseed the biofilter, as necessary.

Maintain access to biofilter inlet, outlet, and to mowing (Figure 9.8)

- If a swale is equipped with underdrains, vehicular traffic on the swale bottom (other than grass mowing equipment) should be avoided to prevent damage to the drainpipes.

No. 8 – Typical Biofiltration Swale

Maintenance Component	Defect or Problem	Condition When Maintenance is Needed	Recommended Maintenance to Correct Problem
General	Sediment Accumulation on Grass	Sediment depth exceeds 2 inches.	Remove sediment deposits on grass treatment area of the bio-swale. When finished, swale should be level from side to side and drain freely toward outlet. There should be no areas of standing water once inflow has ceased.
	Standing Water	When water stands in the swale between storms and does not drain freely.	Any of the following may apply: remove sediment or trash blockages, improve grade from head to foot of swale, remove clogged check dams, add underdrains or convert to a wet biofiltration swale.
	Flow spreader	Flow spreader uneven or clogged so that flows are not uniformly distributed through entire swale width.	Level the spreader and clean so that flows are spread evenly over entire swale width.
	Constant Baseflow	When small quantities of water continually flow through the swale, even when it has been dry for weeks, and an eroded, muddy channel has formed in the swale bottom.	Add a low-flow pea-gravel drain the length of the swale or by-pass the baseflow around the swale.
	Poor Vegetation Coverage	When grass is sparse or bare or eroded patches occur in more than 10% of the swale bottom.	Determine why grass growth is poor and correct that condition. Re-plant with plugs of grass from the upper slope: plant in the swale bottom at 8-inch intervals. Or re-seed into loosened, fertile soil.
	Vegetation	When the grass becomes excessively tall (greater than 10-inches); when nuisance weeds and other vegetation starts to take over.	Mow vegetation or remove nuisance vegetation so that flow not impeded. Grass should be mowed to a height of 3 to 4 inches. Remove grass clippings.
	Excessive Shading	Grass growth is poor because sunlight does not reach swale.	If possible, trim back over-hanging limbs and remove brushy vegetation on adjacent slopes.
	Inlet/Outlet	Inlet/outlet areas clogged with sediment and/or debris.	Remove material so that there is no clogging or blockage in the inlet and outlet area.
	Trash and Debris Accumulation	Trash and debris accumulated in the bio-swale.	Remove trash and debris from bioswale.
	Erosion/Scouring	Eroded or scoured swale bottom due to flow channelization, or higher flows.	For ruts or bare areas less than 12 inches wide, repair the damaged area by filling with crushed gravel. If bare areas are large, generally greater than 12 inches wide, the swale should be re-graded and re-seeded. For smaller bare areas, overseed when bare spots are evident, or take plugs of grass from the upper slope and plant in the swale bottom at 8-inch intervals.