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Skagit County Auditor

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, EASEMENTS AND RESERVATIONS
FOR THE PLAT OF JONES ESTATES TO BE KNOWN
AS "THE PARK IN SEDRO-WOOLLEY"**

Grantor: The Falklands, Inc., a Washington Corporation

Grantee: The Public Owners for the Park in Sedro-Woolley

Legal Description (abbreviated): A portion of the Southwest quarter of the Southwest quarter of Section 13, Township 35 N., Range 4 E., W.M., Situated in the City of Sedro-Woolley, County of Skagit, State of Washington.

Assessor's Tax Parcel Nos: P36480

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EASEMENTS AND RESERVATIONS FOR
THE PARK IN SEDRO-WOOLLEY**

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, EASEMENTS AND RESERVATIONS FOR THE
PARK IN SEDRO-WOOLLEY**

This Declaration of Covenants, Conditions, Restrictions, Easements and Reservations for THE PARK IN SEDRO-WOOLLEY the "Declaration" is made by The Falkands, Inc., a Washington Corporation, the "Declarant" this 16th day of July, 2019.

RECITALS

1. Declarant is the Owner of certain real property situated in Skagit County, Washington and legally described as Tract 2 of Skagit County Short Plat No. 80-78, approved November 1, 1978 and recorded November 1, 1978, under Auditor's File No. 890505, in Volume 3 of Short Plats, Page 38, Records of Skagit County, Washington; being a portion of the Southwest ¼ of the Southwest ¼ of Section 13, Township 35 North, Range 4 East, W.M. Situate in the City of Sedro-Woolley, County of Skagit, State of Washington.

The above described property is referred to as the "Residential Property".

2. The name of this community is "The Park in Sedro-Woolley" as defined by the Act, and is a plat community and the purpose of this Declaration is to subject the residential property within the plat community to the provisions of this Declaration. The community is also known as Jones Estates Plat, recorded under Skagit County Auditor's File No. 201907160029.

3. All of the Residential Property and housing units constructed on the Residential Property are and will be held, sold, and conveyed subject to this Declaration which is made for the purpose of enhancing and protecting the value, the desirability and attractiveness of the real property for the benefit of all the real property and their Owners. The covenants, restrictions, reservations, and conditions, contained in this Declaration shall run with the land as easements and equitable servitudes, and shall be binding upon the real property and each portion thereof and all persons owning, purchasing, leasing, subleasing or occupying any Unit on the real property and upon their respective heirs, successors and assigns.

4. The Declarant has deemed it desirable for the efficient preservation of the values of the improvements in and upon the Residential Property and for the maintenance and preservation of the Common Elements to create a not for profit corporation under RCW 24.03 (hereinafter called the "Association") to which shall be assigned the powers, responsibilities and duties of maintaining and administering the Common Elements and enforcing the covenants, conditions, and restrictions herein contained, and collecting and disbursing the assessments and charges hereinafter created.

In addition to the foregoing, Declarant has deemed it desirable for the efficient preservation of values and quality of the property and its surrounding environment for the association and the Owners to maintain the property, including the Common Elements, Units, and improvements.

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX
Easement
JUL 16 2019

Amount Paid \$ 0
Skagit Co. Treasurer
By 100 Deputy

ARTICLE ONE: DEFINITIONS

For purposes of the Declaration, Articles of Incorporation and Bylaws of the Association, certain words and phrases have particular meanings, which are as follows:

1. "ACC" shall mean the Architectural Control Committee, as described in this agreement.
2. "Act" shall mean the 2018 Washington Uniform Common Interest Ownership Act (WUCIOA) modified as RCW 64.90 and in the event there is any conflict between the provisions of this Declaration and the provisions of said Act, the provisions of said Act shall control and supersede any provisions in this Declaration.
3. "Articles" shall mean the Association's Articles of Incorporation and any amendments.
4. "Assessments" shall mean the Assessments imposed by the Association pursuant to Article Seven below.
5. "Association" shall mean The Park In Sedro-Woolley Home Owners Association.
6. "Board" or "Board of Directors" shall mean the Board of Directors of the Association. For purposes of exercising the powers and duties assigned in this Declaration to the Board during the development period, this term shall also mean the "Temporary Board" or "Declarant" as provided in this Declaration unless the language or content clearly indicates otherwise.
7. "Budget" shall mean the operating budget for the Association.
8. "Bylaws" shall mean the Association's Bylaws and any amendments.
9. "Common Elements" shall mean all real property and improvements: (a) owned or leased by the Association; (b) in which the Association has an easement for access or maintenance (excepting easements for maintaining Units) for the use, enjoyment, and benefit of the Members; (c) in which the Members have a right of control by any written instrument, including this declaration, or by delineation and declaration of the same on the Plat; (d) in which the Members of the Association have an undivided interest; (e) or any area which is required to be maintained by the Association under the terms of this Declaration, governmental authority, or any other recorded document. The Common Elements may be improved by certain common facilities and, if and when improved, shall include such common facilities.
10. "Common Expenses" shall mean all costs and expenses incurred by the Association, including but not limited to, the following (a) expenses of administration, maintenance, and operation, including but not limited to, reasonable compensation to employees of the Association; (b) costs of repair or replacement of the Common Elements or any improvements thereon; (c) premiums or deductibles for all insurance policies and bonds

required or permitted by this Declaration; (d) all real property and other taxes and assessments on the Common Elements; (e) utility and service charges; (f) funding of reserves for anticipated operational shortfalls or for replacement of capital items; (g) funding of reserves for the start-up expenses and operating contingencies of a nonrecurring nature; (h) expenses payable under this Declaration; (i) legal fees and costs; (j) the costs of recovering unpaid assessments, including legal fees and other costs of foreclosure of an association lien; (k) fees for architectural services provided to the committee; (l) expenses of administration, maintenance, operation, repair or replacement of landscaping performed by the Association or the Association's agent on the Owners' Units; (m) costs payable under this Declaration; (n) the costs of maintaining or repairing any storm water drainage system; (o) maintenance and repair of perimeter fencing as constructed by the Declarant and the irrigation of the Common Elements (p) any other costs and expenses determined from time to time as reasonably necessary by the board, or as otherwise incurred by the Association pursuant to this Declaration.

11. "Community Compliance Guidelines" The Community Compliance Guidelines (CCG), commonly referred to as Rules and Regulations, are guidelines governing the use of the Property and overall conduct within the community, in addition to the use restrictions contained in this Declaration.
12. "Declarant" The Declarant is The Falklands, Inc., a Washington Corporation or any other person or entity to whom the Declarant assigns by written instrument its rights as a Declarant under the terms of this Declaration.
13. "Declaration" shall mean this Declaration of Covenants Conditions, Restrictions, Easements and Reservations.
14. "Development Period or Period of Declarant Control" shall terminate not later than the earliest of a) 60 days after conveyance of 75% of the Units that maybe created in all phases to Unit Owners other than the Declarant, b) two years after the last conveyance of a Unit, c) two years after any right to add new units was last exercised, or d) the day the Declarant after giving notice in a record to Unit Owners records an amendment to the Declaration while voluntarily surrendering all rights to a point and remove Officers and Board Members.
15. "Front yard" shall be defined as the Unit area extending from the front property line back to a line measured parallel with the front property line which would coincide with the front wall of the main dwelling on the Unit, exclusive of any garage projections.
16. "Housing Unit" shall mean the building occupying a Unit.
17. "Improvements" shall mean all the structures and appurtenances thereto any kind, including but not limited to buildings "(including residences), garages, utility systems, walkways, driveways, parking areas, loading areas, landscaping items, swimming pools, sports courts, fences, walls, decks, stairs, landscaping vegetation, irrigation systems, streets, signs, exterior fixtures, play fields, recreational facilities, and any

other structure of any kind.

18. "Institutional First Mortgagee" or "Mortgagee" shall mean a bank or savings and loan association or established Mortgage Company, or other entity chartered under federal or state laws, any corporation or insurance company or state or federal agency which holds a first note or deed of trust against a Unit or housing unit thereon.
19. "Majority Vote" shall mean a vote of the members of more than 50% of the total number of votes allocated to the Association pursuant to Article Four.
20. "Member" shall mean every person or entity that holds a membership in the Association.
21. "Mortgage" shall mean a mortgage or deed of trust encumbering a Unit or other portion of the real property.
22. "Occupant" shall mean a lessee or licensee of an Owner or any other person or entity, other than an owner, in lawful possession of a Unit, or a portion of a Unit, with the permission of the owner.
23. "Owner" shall mean the recorded Owner(s) of a Unit, whether one or more persons or entities, but excluding those having such interest merely as security.
24. "Participating Builder" shall mean a party that purchases unimproved Units from the Declarant for purposes of building residences on such Units and offering such residences for sale.
25. "Person" shall mean a natural person, a corporation, a partnership, trustee or other legal entity.
26. "Phase" shall mean an additional phase that may be created by the Declarant pursuant to the provisions of this declaration as to development rights reserved by the Declarant.
27. "Plat" shall mean the Residential Property created as a result of the recording of the Plat of Jones Estates in the office of the Skagit County Auditor.
28. "Prorata Share" shall mean for any particular Owner and for any particular assessment an amount equal to the number of Units owned by an Owner divided by the total number of Units subject to that particular assessment.
29. "Representative" shall mean an individual or individuals appointed by the Declarant (during the development period) to serve on the Board of Directors or on any committee of the Association, including but not limited to, the architectural control committee. Said representative need not be a member of the Association.
30. "Reserve Fund" The Reserve Fund shall mean a fund or account set aside to meet any

unexpected costs as well as costs for future or long term upkeep or replacement.

31. "Reserve Study" shall mean a long-term capital budget planning study which identifies the current status of the reserve fund and an equitable funding plan to offset ongoing deterioration of Common Elements.
32. "Sale" or "Sold" shall mean the date upon which Ownership of a Unit is transferred from an Owner to another person or entity by recordation of an instrument of transfer such as a deed or real estate contract.
33. "Street" shall mean the private and public streets, driveway, lane (if located in a public right of way or Common Element), place or other thoroughfare either as shown on any recorded survey, however designated, or as so used as a part of the Common Elements.
34. "Unit" means the physical portion of the survey which has been designated for separate ownership as shown on the plat for Jones Estates consisting of a total of 63 units "units" all of which shall be subject to the provisions of this declaration.
35. "Working Capital Fund" shall have the meaning ascribed to it in Article Seven.

ARTICLE TWO: DEVELOPMENT PERIOD MANAGEMENT

2.1: Development Period/Declarant Control.

Not later than 60 days after conveyance of 25% of all of the Units created to Unit Owners other than the Declarant, at least one Unit Owner and not less than 25% of the members of the Board of Directors of the Association must be elected by Unit Owners other than the Declarant. Not later than 60 days after conveyance of 50% of the Units to Unit Owners other than the Declarant, not less than 33-1/3% of the Members of the Board of Directors of the Association must be elected by Unit Owners other than the Declarant. Until such Members are elected and take office, the existing Board of the Association may continue to act on behalf of the Association.

Within 30 days after termination of any period of Declarant control as previously defined, or in the absence of such a period, not later than a date that is 60 days after conveyance of 75% of the Units to Unit Owners other than to Declarant, the Board of the Association must schedule a transition meeting and provide notice to Unit Owners as required by the Act. At this transition meeting, the Board elected by the Unit Owners must be elected in accordance with the provisions of the Act.

Other than those Unit Owners that must be elected to the Board as set forth above, the declarant shall appoint the other directors of the Association who need not be members of the Association or non-Member representatives to other committees or positions in the Association, during the development period the Declarant shall appoint the sole director or directors of the Association who need not be members of the Association or non-member representatives to other committees or positions in the Association as the Declarant deems appropriate to serve at the Declarant's discretion and may assign such responsibilities, privileges, and duties to the Members as the Declarant determines for such time as the Declarant determines. Any member appointed by the

Declarant during the development period may be dismissed at the Declarant's discretion. The Declarant shall also appoint members to the Architectural Control Committee, until the Board schedules a transition meeting as set forth above, and the Unit Owners elect the directors of the Association,

At such time at the occurrence of the transition meeting as set forth above, the Board of Directors, as elected, shall appoint one or more members to the Architectural Control Committee.

2.2: Purpose of Development Period.

The Declarant's control of the Association during the Development Period is established in order to ensure that the real property and the Association will be adequately administered in the initial phases of development, and to facilitate the Declarant's completion of construction of housing units to ensure an orderly transition of Association operations,

2.3: Authority of Association after Development Period.

At the expiration of Declarant's management authority, the Association shall have the authority and obligation to manage and administer the Common Elements and to enforce this Declaration. Such authority shall include all authority provided for in the Association's Articles, Bylaws, Community Compliance Guide and this Declaration. The Association shall also have the authority and obligation to manage and administer the activities of the ACC in its responsibilities as described in this Declaration.

2.4: Delegation of Authority.

The Board of Directors or the Declarant may delegate any of its managerial duties, powers, or functions to any person, firm, or corporation. The Board or the Declarant shall not be liable for any breach of duty, negligence, omission, intentional act or improper exercise by a person who is delegated any duty, power or function by the Board of Directors or the Declarant.

2.5 Development Rights.

Declarant reserves as a Development Right for itself, its successors and assigns, the right to subject additional properties to this Declaration at any time prior to termination of the Development Period. Declarant reserves as a Development Right the right to withdraw any undeveloped properties from this Declaration at any time prior to termination of the Development Period. Each Owner appoints and constitutes the Declarant as his/her attorney-in-fact to adopt and file amendments to this Declaration necessary to add or subtract such properties. Neither the Association nor any Owners shall have any right in any additional property nor shall this Declaration have any effect on such additional property until it is subjected to this Declaration by adoption of an amendment to this Declaration specifically describing such additional property or by addition to the Plat.

The rights reserved by Declarant in this Section shall be exercised by Declarant at Declarant's sole discretion.

2.5.1 Common Elements.

The original Owners shall be benefited by any Common Elements on additional property the Declarant elects to add to the Property, either through Association ownership and control of said additional Common Elements or by easements of use and enjoyment in favor of said original Owners on said additional Common Elements. The Owners of such property added by Declarant to the Property shall have an easement for use and enjoyment of the existing Common Elements and shall have all the obligations to pay their pro-rata cost of maintaining the Common Elements, unless otherwise provided herein. The Owners of properties added to the Property shall be Members of the Association, and shall be entitled to all benefits and subject to all obligations of a Member, including, but not limited to, the right to vote in Association elections and the obligation to pay Assessments as set forth herein.

2.5.2 Easements.

The Declarant shall also have as a Development Right the right, during the Development Period, to extend existing easements and may create new easements over the Units still within Declarant's control so as to provide access to and service to the additional properties.

2.5.3 No Requirement to Include Additional Properties.

Nothing contained in this Declaration shall be construed to require the Declarant to subject additional properties to this Declaration.

For each additional phase the Declarant shall execute and record an amendment to the declaration stating that the subsequent phase and all units within that phase are subject to Declaration. Until an amendment adding a phase has been recorded as set forth above then only units presently created and any subsequent recorded phase shall be members of the association and any units within a phase to be added shall not have any voting rights in the association or be subject to any assessment until amendment adding phases has been recorded. The development rights to add phases shall terminate six years after recording of this declaration.

ARTICLE THREE: ASSOCIATION**3.1: Formation.**

The Association has been, or will be, incorporated under the name of The Park in Sedro-Woolley Owners Association, as a non-profit corporation under Revised Code of Washington, Chapter 24 03.

3.2: Board of Directors.

The Association shall be managed by a Board of Directors, elected or appointed in accordance with the provisions of this Declaration, the Act, the Articles, and the Bylaws of the Association. Other than those members of the Board of Directors that must be elected by the Unit Owners, the Declarant shall have the right to appoint all of the remaining members of the Board in its sole discretion, which members need not be an Association member, until the transition meeting as set forth above.

3.3: Delegation to Manager.

The Board may delegate any of its managerial duties, powers, or functions to any Person provided that any management agreement shall be terminable by the Association for cause upon thirty (30) days written notice, and without cause upon ninety (90) days written notice. The term of any such agreement may not exceed one (1) year, and may be renewed for up to one (1) year at a time. The Board members shall not be liable for any omission or improper exercise by the manager of any duty, power, or function so delegated by written instrument authorized and entered into by the requisite vote of the Board.

3.4: Duties and Powers of Association.

The duties and powers of the Association are those set forth in its Articles and Bylaws, together with its general and implied powers as a not for profit corporation, generally to do any and all things that a corporation organized under the laws of the State of Washington may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in its Articles, its Bylaws, and in this Declaration.

3.4.1 Purposes.

Specifically, but not by way of limitation, the Association is solely responsible and shall effectuate the purposes of this Declaration, including but not limited to: (i) adopting and enforcing Community Compliance Guides (through action of the Board pursuant to Section 7; (ii) adopting an operating and capital budget; (iii) controlling and administering the Association's funds, including the levy, collection, and disbursement of Assessments; and (iv) administering and enforcing this Declaration. Subject to any dedications or other provisions of this Declaration, the Association shall have the authority and obligation to establish, manage, repair, and administer the Common Elements. Subject to the approval of any applicable governmental agency and to the approval of the Committee, the Association may at any time, and from time to time; construct, reconstruct, improve, replace and/or restore any Improvement or portion thereof upon the Common Elements, and the Association may construct, reconstruct, improve and/or replace destroyed trees or other vegetation and plant trees, shrubs, ground cover and other landscaping upon the Common Elements. The Association may employ personnel necessary for the effective operation and maintenance of the Common Elements, including the employment of legal and accounting services.

3.4.2 Operating Costs.

The Association shall be responsible for the payment of the common expenses as defined in this Declaration.

3.4.3 Reserve Study.

The Board shall complete a Reserve Study in accordance with the terms of the Act unless exempted under the provisions of the Act.

3.5: Membership.

An Owner(s) of a Unit shall automatically be a Member of the Association and shall remain a

Member until such time as Ownership ceases for any reason, at which time such Membership shall automatically cease. Membership shall be appurtenant to and may not be separated from the Ownership of each Unit. The Owners covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration, the Articles, and the Bylaws. Except as may otherwise be provided herein, the rights, duties, privileges and obligations of all Members shall be as set forth in this Declaration, the Articles, the Bylaws and the Act.

3.6: Transfer.

Membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Owner's Unit and then only to the purchaser or Mortgagee of such interest in such Unit. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

3.7: Community Compliance Guidelines.

The Board shall have the power to adopt from time to time and to enforce Community Compliance Guidelines governing the use of the Property and conduct within the community, in addition to the use restrictions contained in this Declaration and whether or not expressly contemplated herein, provided that such Community Compliance Guidelines shall not be inconsistent with this Declaration. The Community Compliance Guidelines may not unreasonably differentiate among Owners. The Board may prescribe penalties for the violation of such Community Compliance Guidelines, including but not limited to suspension of the right to use the Common Elements or portions thereof. Any such Community Compliance Guidelines, and/or amendments thereto, shall become effective thirty (30) days after promulgation and shall be distributed to all Owners within thirty (30) days after promulgation. A copy of the Community Compliance Guidelines in force at any time shall be retained by the secretary of the Association and shall be available for any Owner during reasonable business hours. Such guidelines shall have the same force and effect as if set forth herein.

ARTICLE FOUR: VOTING RIGHTS

The right to vote may not be severed or separated from any Unit, and any sale, transfer or conveyance of a Unit to a new Owner or Co-Owners shall operate to automatically transfer the appurtenant vote without the requirement of any expressed reference thereto. The Association shall have no responsibility to accept any vote for such Unit if such vote is disputed among Co-Owners.

ARTICLE FIVE: COMMON ELEMENTS

5.1: Association Control.

The Association shall have the sole management and control of all of the Common Elements until such a time as a common element may be conveyed or transferred to the City of Sedro-Woolley subject to the consent of the City. The Association cannot transfer or convey any of the common elements or remove any landscaping and recreational equipment on the common elements that was in the original design plan approved by the City without the consent of the City of Sedro-Woolley. The Common Elements shall not only include all the easements which are for the benefit of the Unit owners and also include but are not limited to the following:

1. Tract A which is identified as a Playground Tract and Stormwater Facility.

The Association's appurtenant rights and duties with respect to the Common Elements shall include, without limitation, the following:

5.1.1 Limits.

The right of the Association to reasonably limit the number of guests, patrons and invitees of Owners using the Common Elements.

5.1.2 Rules.

The right of the Association to establish uniform Community Compliance Guidelines pertaining to the use and conduct within the community.

5.1.3 Borrowings.

The right of the Association in accordance with the Articles, Bylaws and this Declaration, with a Majority Vote of the Owners, to borrow money for the purpose of maintaining and preserving the Common Elements, and in aid thereof to Mortgage any or all of its real or personal property as security for money borrowed or debts incurred, provided that the right of any such Mortgagee of the Association shall be subordinated to the rights of the Owners.

5.1.4 Reserved Rights.

The right of the Declarant (and its sales agents, customers and representatives) to the nonexclusive use of the Common Elements without charge, for sales, display, access, ingress, egress and exhibit purposes, which right Declarant hereby expressly reserves.

5.1.5 Reconstruction.

The right of the Association (by action of the Board) to reconstruct, replace or refinish any Improvement or portion thereof upon the Common Elements, in accordance with the original design, finish or standard construction of such Improvement, or of the general Improvements within the Property, as the case may be; and not in accordance with such original design, finish or standard of construction only with a Majority Vote of the members.

5.1.6 Replacement.

The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover, upon any portion of the Common Elements. That any replaced street trees must be approved by the City of Sedro-Woolley

5.2: Easements for Public Use.

In addition to the foregoing there shall be, and Declarant hereby reserves and covenants for itself and all future Owners within the Property, easements for public services and utilities, including without limitation, the right of, the City of Sedro-Woolley, or other recognized governmental entity or utility purveyors to install, maintain and repair public Streets, Street lights, curbs, gutters and sidewalks, sanitary sewer, storm water facilities and water systems, and the right of the police and other emergency and public safety personnel to enter upon any part of the Common Elements

for the purpose of enforcing the law.

5.3: Waiver of Use.

No Owner may exempt himself from personal liability for Assessments duly levied by the Association, nor release the Unit or other property owned by him from the liens and charges hereof, by waiver of the use and enjoyment of the Common Areas or by abandonment of his Unit or any other property in the Property.

5.4: Trash and Other Debris.

No trash, debris, waste, grass clippings, or hazardous waste shall be dumped, deposited, or placed in any Common Elements.

5.5: Permissive Use.

Any Owner may permit an Occupant to use the Common Elements in the same manner as an Owner. All Owners shall be responsible for informing any Occupants of the contents of this Declaration and the Community Compliance Guidelines regarding the Common Elements, and shall be responsible for requiring its Occupants to comply with this Article.

ARTICLE SIX: MAINTENANCE AND COMMON EXPENSES

6.1: Standard of Maintenance of Common Elements.

The Association shall maintain the common areas as identified and defined in this Declaration in a manner consistent with good building and nursery practices, and in compliance with all applicable codes and regulations. These Common Elements include but are not limited to the following:

6.1.1 Common Element Property

All the Common Element property, or personal property, owned, leased, or in which the Association has an easement and which are maintained by the Association or the members of the Association. To be maintained by the Association: any street lighting for which the Association is responsible to pay the expenses in connection with the same; all storm drains and other portions of the storm water drainage system not to be maintained by the City of Sedro-Woolley in accordance with the Permanent Stormwater Control Facilities Operation and Maintenance Manual recorded under Skagit County Auditors File Number 201905070079.

6.1.2 Easements

All easements which have been established for the benefit of Unit Owners or the Association or reserved to the Declarant, or any easement set forth on any recorded documents as well as easements which are reserved for the benefit of the association for the purpose of the installation, maintenance, and repairing of any improvements or other installations constructed within said easement areas or any common elements including private storm drainage as defined above.

6.1.3 Fence Maintenance

The Association shall maintain the exterior, if any installed by the Declarant, perimeter

fencing, if installed by the Declarant. Each Unit Owner shall maintain and repair all fencing around their Unit, including reapplying the staining thereon, with respect to the interiors and exteriors of all other fences, except those that are to be maintained by the Association as set forth above.

6.1.4: Standard of Unit Maintenance.

Each Unit Owner hereby covenants and agrees to maintain his respective Unit and the housing unit located thereon in the same condition as a reasonably prudent homeowner would maintain his own home so that the real property will reflect a high pride of Ownership. Each Unit Owner shall perform at the Unit Owner's expense the maintenance and upkeep of any drainage swales and/or underground drain lines and catch basins installed on their Unit. Each Unit Owner is responsible to maintain and repair their irrigation systems if installed, replace dead landscaping and deteriorated bark or ground covering and to provide irrigation sufficient to support healthy landscaping on the Unit.

6.2: Remedies for Failure to Maintain.

If any Unit Owner shall fail to conduct maintenance and repair on his Unit or the exterior of the housing unit located thereon, in the same condition as a reasonably prudent homeowner would, the Association shall notify the Unit Owner in writing of the maintenance required. If the maintenance is not performed within the time frame designated in the notice, the Association shall have the right to provide such maintenance, and to levy an assessment against the non performing Unit Owner for the cost of providing the maintenance. The assessment shall constitute a lien against the Unit owned by the non-performing Unit Owner and may be collected and foreclosed in the same manner as any other delinquent assessment. The Association shall have all remedies for collection as provided in this Declaration. In the event that emergency repairs are needed to correct a condition on a Unit which pose a substantial risk of injury or significant property damage to others, the Association may immediately perform such repairs as may be necessary after the Association has attempted to give notice to the Unit Owner of the repairs necessary. Such notice in emergency circumstances shall be sufficient if attempted orally or in writing immediately prior to the Association's undertaking the necessary repairs. Emergency repairs performed by the Association, if not paid for by the Unit Owner, may be collected by the Association in the manner provided for herein notwithstanding the failure of the Association to give the Unit Owner the thirty (30) day notice.

6.3: Common Expenses.

The Association shall perform such work as is necessary to carry out the duties described in this Declaration, and shall delegate the responsibility for management and supervision of such work to the Board, the ACC or to a manager or agent hired by the Board for the purpose of such management and supervision.

Expenses for such work shall be paid by the Association for the benefit of all Unit Owners and shall be referred to as common expenses. The common expenses shall be paid by the Association from funds collected from assessments paid by Unit Owners. The common expenses shall include, but shall not be limited to, the following:

6.3.1 Insurance

The cost of maintaining all required insurance coverage and fidelity bonds on any Common Elements, and for directors and officers of the Association.

6.3.2 Common Element

The cost of maintaining, repairing and replacing all Common Element maintenance improvements.

6.3.3 Storm water & Drainage

The cost of maintaining, repairing and replacing any storm water facilities and improvements which are the responsibility of the Association which may be required by the City of Sedro-Woolley and/or the County of Skagit, and as may be required by the Permanent Stormwater Control Facilities Operations and Maintenance Manual.

6.3.4 Other

Any other expense which shall be designated as a common expense in the Declaration or which shall be designated as a homeowners association expense as a requirement by City of Sedro-Woolley, or may be designated as a common expense from time to time by the Board on behalf of the Association.

6.4: Extraordinary Use Expenses.

In the event that one or more Unit Owners or their occupants should by their or their occupants use of the Common Elements cause it to be subjected to other than reasonable wear and tear or by their actions damage those Common Elements or any improvements located thereon or therein, the Unit owner subjecting the Common Element to such use shall have the obligation to repair such damage upon demand by the Association and to restore such Common Element to the condition that existed prior to such use or action and all expenses therefore shall be paid by the Unit Owner.

6.5: Owners' Easements of Enjoyment.

Each Owner shall have a right in an easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with title (or, if applicable, with the equitable title held by real estate contract purchaser) to every Unit subject to the following provisions:

6.5.1

The right of the Declarant or the Association to establish use and operation standards within the Community Compliance Guidelines for all Common Elements and general community conduct, to be binding upon all Association Members along with enforcement standards.

6.5.2

The right of the Declarant during the development period or the Association after the development period to suspend an Owner right to use any Common Element facilities for any period during which assessments or fines against his or her Unit remain unpaid as stated in this Declaration; Article 5.1.4.

6.5.3

The right of the Declarant (during the development period) or the Association (after the development period) to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as the Declarant or Members as applicable may deem appropriate. After the development period, no such dedication or transfer shall be effective unless the instrument agreeing to such dedication or transfer is signed by Owners of two thirds of the Units that have been recorded.

6.5.4

Any Owner may delegate their right of enjoyment to the Common Elements and facilities to the members of their family, their tenants, or their guests, subject to the limitations set forth above.

6.6: Insurance.

Nothing shall be done or kept in any Common Elements which will increase the rate of insurance on the Common Elements or other Units or improvements without the prior written consent of the board. Nothing shall be kept in any Common Element which will result in cancellation of insurance on any part of the Common Elements or which would be in violation of any laws or ordinances.

6.7: Alteration of Common Elements.

Nothing shall be altered or constructed in, or removed from any Common Elements except upon prior written consent of the Board. There shall be no construction of any kind within the Common Elements except that community improvements may be constructed if the Board so authorizes (1) the construction of such improvements, and (2) assessment for such improvements. Also, any such improvements would be subject to the acquisition of all required permits from governmental agencies. This Section shall not limit or prohibit Declarant (and no Member's consent shall be necessary), during the development period, from constructing or altering any such improvements to any Common Element or any common maintenance area, which Declarant in Declarant's sole discretion, deems for the benefit and enhancement of said areas in the Association in general. That the above provision is subject to the condition that any modification of the common element City approved original design must be approved by the City of Sedro-Woolley in writing. No alterations shall be made in Tract A which may impact the permanent stormwater facilities located thereon.

6.8: Dumping in Common Elements or Easements.

No trash, construction debris, or waste, plant or grass clippings or other debris of any kind, nor any hazardous waste, (as defined in federal, state or local law regulation) shall be dumped, deposited or placed on any Common Elements or easements. The Declarant (during the Development Period) and the Board thereafter, shall retain the rights for enforcement and initiation of penalties for violations of this policy.

6.9: Landscaping and Fencing.

No structures, items or landscaping of any kind, including fences, walls or shrubs, may be built or placed within any right of way easements or other easements as delineated on the plat except as deemed appropriate by the Board. This prohibition shall not apply to the landscaping and any improvements in the Common Elements installed by the Declarant, nor shall this Section prohibit the Association from installing additional improvements or landscaping within the designated Common Elements, nor shall this section prohibit the installation of fences as may be otherwise

allowed in this Declaration, nor shall this section prohibit the installation of landscaping on private Unit areas encumbered by utility easements not otherwise restricted in this Declaration. Also, this prohibition shall not apply to landscaping of front or side yards of Units extending to the edge of the curb or sidewalk.

6.10: Management.

Each Owner expressly covenants that the Declarant (during the development period) and the board thereafter, may delegate all or any portion of management authority to a managing agent, manager or officer of the Association and may enter into such management contracts or other service contracts to provide for the maintenance of the Common Elements and any portion thereof. Any management agreement or employment agreement for maintenance or management may be terminable by the Association without cause upon not more than ninety (90) days written notice thereof. (However, this shall not be applicable if the management agreement provides for any other specific termination.) The term of any such agreement shall not exceed one year, renewable by Agreement of the parties for successive periods. Each Owner is bound to observe the terms and conditions of any management agreement or employment contract, all of which shall be made available for inspection by any Owner upon request. Any fees or salary applicable to any such management employment or service agreement shall be assessed to each Owner.

ARTICLE SEVEN: ASSESSMENTS

7.1: Covenants for Maintenance Assessments.

7.1.1

Each Owner of a Unit by acceptance of a deed therefore, whether or not it shall be so expressed in any deed or other convenience, is deemed to pay the association any assessments duly levied by the association as set forth in this declaration each unit is allocated its share of the common expenses based on the total number of units which had been completed or which may be completed in the future pursuant to the development rights reserved by the declarant to add additional units.

7.1.2

The assessments, together with interest, costs and reasonable attorney's fees, shall be a charge and a continuing lien upon the Unit against which each such assessment is made. Such lien may be foreclosed by the Association in like manner of a Mortgage or Deed of Trust on the property, either judicially or non-judicially as set forth in this Declaration.

7.1.3

Each assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Unit assessed at the time the assessment fell due. The personal obligation shall not pass to the Owner's successors- in-interest unless expressly assumed by them. The new Owner shall be personally liable for assessments which become due on and after the date of sale or transfer.

7.2: Purpose of Regular Assessments.

The assessments levied by the Association shall be used exclusively for the purpose of promoting

the recreation, health, safety and welfare of the residents of the real property, including the improvement, repair and maintenance of the Common Elements and the services and facilities related to the use and enjoyment of said areas, for the payment of insurance premiums on the Common Elements, and for the maintenance of other areas as provided for in this Declaration.

7.3: Board or Declarant to Fix Assessments.

7.3.1 Association Budget.

The Board of Directors shall prepare, or cause the preparation of, an operating budget (the "Budget") for the Association for each calendar year. The budget shall set forth sums required by the Association, as estimated by the Board, to meet its annually common expenses. Regular assessments on each Unit shall be paid annually and shall commence on all Units that have been created upon the conveyance of the first Unit; however the Declarant may delay commencement of assessments for some or all of the common expenses in which event the Declarant must pay all the common expenses that have been delayed. The members of the Association who are obligated to pay regular assessments based on a particular budget may reject said budget at a special meeting of the Association by a majority vote. If a budget is rejected, the prior year's budget shall remain in effect as provided for herein.

7.3.2 Amount of Regular Assessment.

Within thirty (30) days after adoption of any purposed budget the Board of Directors shall provide a copy of the budget to all the Unit Owners set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than fifty (50) days after providing the budget. Unless at that meeting the Unit Owners of the Units to which a majority of the votes as allocated reject the budget, the budget and assessments against the Units included in the budget are ratified, whether or not a quorum is present.

If the purposed budget is rejected or the required notice is not given the periodic budget last ratified by the Unit Owners continues until the Unit Owners ratify a subsequent budget purposed by the Board. The budget shall include those items as required under the Bylaws and under RCW 64.90.525(2). The Board at any time may propose a Special Assessment. The Assessment is effective only if the Board follows the procedures for ratification of a budget as provided for above and in accordance with the Bylaws and the Unit Owners do not reject the proposed assessment. The Board may provide that the special assessment may be due and payable in installments over any period it determines and may provide a discount for early payment.

7.3.3 Assessment Period.

The assessment period for regular assessments shall be a calendar year. The regular assessment for the preceding assessment period shall continue until a new regular assessment is approved. Upon any revision by the Association of the Budget during the assessment period for which each Budget was prepared, the Board shall, if necessary, revise the regular assessment levied against the Owners and give notice of the same in the same manner as the initial levy of a

regular assessment for the assessment period. The assessment period for any other Assessment shall be as determined by the Board.

7.3.4 Levy of Regular Assessment.

In order to meet the costs and expenses projected in its budget, the Board shall determine and levy upon every Unit Owner a regular assessment. The Association's budget shall be divided by the number of Units to determine the amount of the regular assessment applicable to each Unit. With respect to unoccupied Units owned by the Declarant, each Owner's prorata share of the regular assessments shall be calculated and multiplied by the number of Units owned by such non-declarant Owners by the number of regular assessment for each Unit. The Association's budget shall be divided by the number of Units to determine the amount of the regular assessment applicable to each Unit. .

7.3.5 Special Assessments.

In addition to the assessments authorized above, the Association by its Board of Directors may levy, in any year, a special assessment applicable to that year only, for the purpose of replenishing reserves, defraying or funding the cost of any construction or reconstruction, unexpected repair or replacement of facilities in the Common Elements. Special Assessments may be payable in a lump sum or installments as determined by the Board. Assessments may be made based upon the estimated cost of such work, prior to the work's commencement, provided such estimate has been provided by a contractor retained by the Board for the purpose of such estimate. All special assessments for construction of new facilities or acquisition of new equipment, which is not for the upgrade, repair or replacement of existing construction or equipment, shall require the approval as set forth in the By-Laws.

7.3.6 Rate of Assessment.

All regular and special assessments shall be fixed at a uniform rate for all Units, subject to dues.

7.4: Contribution to Working Capital/Reimbursement Fund.

In connection with the close of escrow for the closing of the sale of each Unit to an Owner other than the Declarant, the initial Owner of such Unit (including a participating builder who acquires a Unit or Units from the Declarant) shall make a non-refundable working capital contribution payment to the Association for the initial working capital fund ("Working Capital Fund") which contribution shall be in an amount equal to \$1,000.00 per Unit (the "Initial Working Capital Contribution"). The Initial Working Capital Contribution shall not be considered as an advance payment of any Assessments. The Working Capital Contribution may not be used to defray expenses that are the obligation of the Declarant.

7.5: Waiver of Homestead or Exemption Rights under Law.

Each Owner hereby waives to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law in effect at the time any assessment or installment thereof becomes due and payable pursuant to the terms hereof.

7.6: Certificate of Payment.

The Association shall, upon written demand, furnish a certificate in writing setting forth whether

the assessment(s) on a specified Unit has been paid or is owed. A reasonable charge may be made for the issuance of the certificate. Such certificate shall be conclusive evidence of payment of any assessment stated to have been paid or owed.

7.7: Fines Treated as Special Assessments.

Any fines levied by the Association pursuant to RCW Chapter 64.90 (or successor statute authorizing the imposition of fines) shall be treated as a special assessment of the Owner fined, and may be collected by the Association in the manner described in this Declaration.

7.8: Negligence of Unit Owner.

To the extent that any expense of the Association is caused by the willful misconduct or gross negligence of any Unit Owner or that Unit Owner's tenant, guest, invitee or occupant, the Association may assess that expense against the Unit Owner's Unit after notice and an opportunity to be heard, even if the Association maintains insurance with respect to that damage or common expense. Furthermore, to the extent that any expense of the Association is caused by the negligence of any Unit Owner or Unit Owner's tenant, guest, invitee or occupant, the Association may assess the expense against the Unit Owner's Unit after notice and an opportunity to be heard to the extent that the Association's deductible and any expenses are not covered under any insurance policy issued to the Association.

ARTICLE EIGHT: COLLECTION OF ASSESSMENT

8.1: Lien Personal Obligation.

All assessments, together with interest and the cost of collection shall be a continuing lien upon the Unit against which each such assessment is made. The lien shall have all the incidents of a mortgage on real property. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Unit at the time the assessment was due. No Owner may waive or otherwise avoid liability for assessments by non-use of the Common Elements or abandonment of the Unit.

8.2: Delinquency.

If any assessment is not paid within thirty (30) days after its due date, the assessment may bear interest from said date at twelve percent (12%), or, in the event that twelve percent (12%) exceeds the maximum amount of interest that can be charged by law, then the highest permissible rate as provided for by law. A late charge to be determined by the board shall be charged for any payment more than ten (10) days past due. Checks returned as NSF shall incur a fee to be determined by the board and may be redeposited or returned at the Association's option. In the event of a check being returned as NSF, late fees and interest shall apply until dues are made current.

8.3: Enforcement of Assessments.

The Board may take such action as is necessary, including the institution of legal proceedings and Rent Interception if the Unit Owner rents the Housing Unit, to enforce the provisions of this Article. In the event the Board begins an action to enforce any such rights, the prevailing party shall be entitled to its attorney's fees, costs and expenses incurred in the course of such enforcement action as provided in this Declaration.

8.4: Lien May be Foreclosed.

The lien for a delinquent assessment may be foreclosed by the Board acting on behalf of the Association in the event the Unit Owner at the time the action is commenced owes a sum equal to at least three months of common expense assessments and the Board approves the commencement of a foreclosure action specifically against that Unit. The Association's lien may be foreclosed judicially in accordance with Chapter 61.12 RCW subject to any rights of redemption under RCW Ch. 8, 6.23 RCW. The lien may be enforced non-judicially in the manner set forth in Ch. 61.24 RCW for the non-judicial foreclosure of the Deed of Trust and acquired by the Act there is herein granted the common interest community in trust to Land, Title and Escrow Title Insurance Company, 111 East George Hopper Rd. Burlington, WA 98233 to secure the obligations of the Unit Owners to the Association for the payment of assessments. This grant does hereby include the power of sale and specifically provides that the Units are not used principally for agricultural purposes, and furthermore the power of sale herein is operative in the case of default on the obligation to pay assessments. The Association may purchase the Unit at the foreclosure sale and acquire, hold, lease, mortgage, or convey the Unit. Upon an expressed waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption is eight months. This grant is given in accordance with RCW 64.90.485.

ARTICLE NINE: BUILDING, USE, AND ARCHITECTURAL RESTRICTIONS**9.1: Appointment of ACC**

The Declarant shall appoint either representatives or members of the Association to serve on the ACC. The Declarant reserves the right to appoint one or more representatives or members of the ACC. This right shall automatically terminate at such time as the Declarant has completed the Turnover within The Park in Sedro-Woolley. All decisions of the majority of the members of the ACC shall be finalized by the Board of Directors, (unless the Board has waived such oversight) and are binding. At the expiration of the time period in which the Declarant has the right to appoint members to the ACC then the Board of the Association shall appoint up to three members of the ACC or if members of the ACC resigns and no replacements assume that office then the Board shall act as the ACC until members of the ACC are appointed or take office. Members of the Board of Directors may also serve as members of the ACC, provided they have been appointed as set forth above.

9.2 Authority of ACC after Development.

At the expiration of the Declarant's management authority, the ACC shall have the authority and obligation to manage and administer the review of building plans, specifications and unit plans and such other submissions as described in Section 9.4 herein, and to enforce these covenants, conditions and restrictions. Such authority shall include all authority provided for the ACC in the Association's Articles, Bylaws, Community Compliance Guidelines, as initially adopted, or as amended, and all the authority granted to the ACC by this Declaration.

9.3: Delegation of Authority of ACC.

The ACC or the Declarant may delegate any of its duties, powers, or functions described in this Article to any person, firm, or corporation.

9.4: Approval by ACC Required.

No construction activity of any type including clearing and grading, cutting or transplanting of significant natural vegetation may begin on a Unit or Common Elements and no building, structure, fence or other improvement shall be erected, placed or altered on any Unit or Common Elements until, at a minimum, the building plans, specifications, Unit plans, and landscape plan showing the nature, kind, shape, height, materials, exterior color and location of such building, structure or other improvements have been submitted to the ACC and approved in writing by the Board or its authorized representative. Further, no fences, hedges or walls shall be erected or altered and no significant exterior changes shall be made to any building including, but not limited to, exterior color changes, additions or alterations until such written approval shall have been obtained. **THE REVIEW BY THE ACC AND/OR APPROVAL BY THE BOARD SHALL NOT BE REQUIRED AS IT RELATES TO ANY IMPROVEMENT OR CONSTRUCTION ACTIVITY UNDERTAKEN BY THE DECLARANT ON ANY UNIT OWNED BY THE DECLARANT.**

9.5: Time Limits.

If the ACC or its authorized representative shall fail to notify the Owner of its action for a period of thirty (30) days following the date of the submission of the required information to the ACC, or its authorized representative, the Owner may proceed with the proposed work notwithstanding the lack of written approval by the ACC or its authorized representative. The required information shall be considered submitted to the ACC upon acknowledged delivery of a complete set of all required information to the person designated to receive such items by the ACC or by mail three days after deposit in the U.S. Mail, postage prepaid, certified, return receipt requested, to the ACC in care of the Board of Directors of the Association at the address designated in the most recent notice of assessment by the Board, or at such other address as is designated by the Board by written notice to the Members.

9.6: Guidelines

The ACC may adopt and amend, subject to approval by the Board, written guidelines to be applied in its review of plans and specifications, in order to further the intent and purpose of this Declaration and any other covenants or restrictions covering real property. If such guidelines are adopted, they shall be available to all interested parties upon request.

9.7: Meetings.

The ACC shall meet as is necessary to review any plans or specifications provided pursuant to this Section, and shall keep and maintain a record of all actions taken at meetings or otherwise.

9.8: No Waiver.

Approval by the ACC of any plans, drawings or specifications shall not be a waiver of the right to withhold approval of any similar plan, drawing, specification or matter submitted for approval.

9.9: Consultation.

The ACC may retain and consult persons or entities to assist in the evaluation of plans submitted for review. Upon notice to the Unit Owner, the Unit Owner will be responsible to reimburse the Association for any costs incurred for the consultation.

9.10: Appeals.

After the Development Period, upon written request of a party aggrieved by the Board decision of an ACC's submission, the Board and ACC will review the submission and based on a majority vote of both the Board and the ACC, a final decision should be made. The Board shall provide, through guidelines, a procedure by which a decision was made. The Board may choose, in its discretion, to limit the scope of such appeal and provide time limitations for appeals to be made to the Board.

9.11: Enforcement.

The ACC may recommend and request that the Board initiate legal proceedings to enforce the terms of these covenants or orders of the ACC. Legal proceedings may only be instituted, however, after approval of the Board.

9.12: No Liability.

The ACC, its agents and consultants shall not be liable to the Association, to its members, to any Owner or to any other person for any damage, loss or prejudice resulting from any action or failure to act on a matter submitted to the ACC for determination, or for failure of the ACC to approve any matter submitted to the ACC. The ACC shall not be liable for any damage, loss or prejudice resulting from any action by a person who is delegated a duty, power or function by the ACC.

9.13: Fees.

The ACC may charge a fee for the review of any matter submitted to it. Any fee schedule adopted by the ACC must be approved by the Board and notice sent to the Members.

9.14: Temporary Structures Prohibited.

No basement, tent, shack, garage, barn or any outbuilding or buildings or any structure of a temporary or moveable character erected or placed on the real property shall at any time be used as living quarters except as specifically authorized by the ACC.

9.15: Nuisances.

No noxious or undesirable thing, activity or use of any Unit in the real property shall be permitted or maintained. If the ACC or Board shall determine that a thing or use of property is undesirable or noxious, such determination shall be conclusive. The ACC may recommend and the Board may direct, that steps be taken as is reasonably necessary, including the institution of legal action or the imposition of fines in the manner authorized by RCW Chapter 64.38, to abate any activity, remove anything or terminate any use of property which is determined or described in this Declaration to constitute a nuisance.

9.16: Building Type.

No structures of any kind shall be erected or permitted to be maintained on any Unit other than single family residences, garages, workshops and structures normally accessory to such residences which have been approved in accordance with the provisions of the Declaration. No carports will be allowed and all garages must have doors. All dwellings shall be of a "stick-built" variety. Mobile and manufactured homes, and modular homes are specifically not permitted. Each residence shall incorporate a minimum two car garage unless otherwise approved by the ACC,

designed and constructed as an integral part of said residence. In special circumstances, a detached garage or storage building may be approved by the ACC.

9.17: Use of Units.

All Units within the real property shall be used solely for private single-family residential purposes and not for business purposes, provided (a) home business subject to the approval of the Board may be permitted provided that no customers, guests or business invitees come to the Unit on which said home business is located and there aren't any signs or advertising of any nature with respect to said home business; and (b) that within such single family residences the said home business doesn't produce any noxious sounds or emissions. Day Care businesses, Animal boarding, breeding and grooming are expressly prohibited. Neither the Declarant, the Board and/or the Association shall be deemed to be a partner or joint venture and/or an interest in such business operation to the extent permission to operate such business is authorized.

9.18: Limitation of Animals.

No animals, except dogs (maximum number is 2) or cats (maximum number is 3), caged birds, fish in tanks, and other small household pets, will be permitted on Units. Dogs shall not be allowed to run at large or to create a disturbance (e.g., excessive dog barking) with regard to any other Owner or Owners in the plat. No animals will be allowed to be leashed, chained, or otherwise tied to any portion of the front or sides of residences. Leashed animals are permitted within rights-of-way when accompanied by their Owners. The person accompanying the animal must exercise "scooping" of animal waste. All pens, runs and pet enclosures of any kind must be screened from view of other Residences and Units and must be approved by the Architectural Control Committee prior to construction and shall be kept clean and odor free at all times. If the investigation of the Board indicates that animals are kept in violation of this Section or are creating a nuisance, the Declarant, during the development period, or the Board thereafter, will give the Owner ten (10) days written notice of the violation. Such violation must be remedied by the Owner within such ten (10) day period. Failure to comply with the written notice will result in a fine as outlined in the fine structure for the Association. Any fine imposed by this Section shall be the personal obligation of the fined Owner and a lien on the Unit of the fine owned. The Association shall be entitled to attorneys' fees and costs for any action taken to collect such fines in accordance with the provisions of this Declaration.

9.19: Completion of Construction.

The construction of any building on any Unit, including painting and all exterior finish, shall be completed within eight months of beginning of construction so as to present a finished appearance when viewed from any angle. The building area shall be kept in a reasonably clean and workman-like manner during construction. All Units shall be kept in a neat and orderly condition, free of brush, vines, weeds and debris. The grass thereon shall be cut and mowed at sufficient intervals to prevent creation of a nuisance or fire hazard.

9.20: Landscape Completion and Standards.

The entire yard, including up to the edge of the hard surface of the street fronting any Unit, shall be landscaped in accordance with the provisions of this section and said landscaping with respect to the front yard shall be installed and completed prior to the date of occupancy. If inclement weather conditions prevent the timely installation of said landscaping improvements, the Unit

Owner must make application to the ACC for an extension of time until weather conditions sufficiently improve. "Front yard" shall be defined as the Unit area extending from the front property line back to a line measured parallel with the front property line which would coincide with the front wall of the main dwelling on the Unit, exclusive of any garage projections. Unless otherwise approved by the ACC, at least fifty (50%) percent of every front yard less driveway and walk shall be maintained as lawn. The entire landscaping as approved by the ACC with regard to the remaining portions of the Unit shall be installed within one hundred and twenty (120) days of occupancy. If inclement weather conditions prevent the timely installation of said landscaping improvements for either side or back yards, the Unit Owner must make application to the ACC for the extension of time until weather conditions sufficiently improve.

9.21: Antennas, Satellite Reception.

Satellite dishes of no more than twenty-four (24) inches in diameter or diagonal measurement are permitted on the real property with ACC approval of the location of the satellite dish in the manner described in this Declaration. Except as provided above, no radio or television antenna or transmitting tower or satellite dish shall be installed on the exterior of any home without approval of the ACC obtained pursuant to Section Four, and a showing by the Owner that such installation will be visually shielded from the view of the residents traveling upon streets located around the real property.

9.22: Setbacks.

No building shall be located on any Unit nearer to the front Unit line or nearer to the side street than the minimum building setback lines adopted by the governmental authority with jurisdiction over the real property.

9.23: Roofs.

All roofs on structures and residences must be finished with a color and material approved for use by the ACC.

9.24: Fences, Walls.

This approval shall not be required for fences constructed by the Declarant. All fences must be constructed of cedar unless otherwise approved by the ACC and can be no more than six (6) feet in height. The color of all fence stains must be approved by the ACC. Fences, walls, or shrubs are permitted on side and rear property lines, up to within the greater of (i) twenty feet of the front property line; or (ii) the distance between the front Unit line and the front wall (facade) of the primary residence, subject to (i) the approval of the ACC; and (ii) determination of whether such fence, walls or shrubs would interfere with utility easements reflected on the face of the plat and other easements elsewhere recorded. In no event shall any fence be allowed between the front Unit line and the front wall facade of the primary residence. Fences shall not be allowed on portions of side yards of houses beyond the front line of the building constructed on a Unit. No barb wire, chain-link, or corrugated fiberglass fence shall be constructed on any Unit, except that chain-link fencing for a sports facility enclosure may be considered for approval by the ACC upon request. This approval shall not be required for any fences constructed by the Declarant. All fences of any size constructed on the premises and wherever located must be constructed, painted (or stained, if applicable) in accordance with any Association guidelines for color and the design. Any fence constructed which fails to conform to the guidelines shall be removed by the Owner or modified

to conform to the guidelines. The board or the ACC may change these guidelines from time to time, and upon adoption of the change in fence guidelines, this Article shall be deemed to have been amended to conform to the new guidelines as adopted. In the event that an alternative type of fence (such a different design or chain-link material) is required to comply with the requirements of any governmental jurisdiction, such alternative type of fence shall be exempt from these restrictions, and may be constructed as required by the governmental jurisdiction.

9.25: Underground Utilities Required.

Underground utilities are required. Except for any utility, facilities or equipment provided by the Declarant, all electrical service, telephone lines and other outdoor utility lines shall be placed underground.

9.26: Vehicle Parking and Storage.

Within the Units, vehicles may only be parked on designated and approved driveways or parking areas, which shall be hard surfaced, or within garages. No storage of vehicles, boats, trailers, multi axle trucks, campers, recreational vehicles or other equipment or device shall be permitted on any Unit except within a garage and that recreational vehicles may be parked on a Unit provided it is in an enclosure properly screened from view of other Units and the location and design of enclosure must be approved by ACC. This provision shall not exclude the parking of up to a combination of three (3) automobiles and regular sized pick-up trucks on the designated driveway or parking areas on the Unit as set forth above. A Unit Owner may park on the driveway a recreational vehicle and/or boat trailer for a period not to exceed 72 hours. Upon 48 hours' notice to the Owner of an improperly parked vehicle, the Board has the authority to tow at the Owner's expense, said vehicle. Notwithstanding the foregoing, Owners who have visiting guests intending to stay in such a vehicle may secure written permission from the Board for such guests to park the vehicle upon the Unit owned by the Owner for a maximum period of one (1) week. Such a privilege shall only exist, however, after the written permission has been obtained from the Board.

9.27: Signs.

No signs, billboards, or other advertising structures or device shall be displayed to the public view on any Unit except one sign not to exceed three square feet in area may be placed on a Unit to offer the property for sale or rent and with the exception of any entry monumentation and signage which may be installed by the Declarant. Political yard signs, not more than three square feet in area, of a temporary nature, not to exceed thirty days will be allowed during campaign periods on Units. Within five days after the date of the election to which the sign refers, such signs must be removed from Units. This section, including but not limited to the restrictions on the number of signs and sign size limit shall not apply to signs approved under this Declaration by the Declarant during the development period.

The Declarant may establish, for the duration of the development, signage guidelines and standards for Unit identification, realtor identification signs, "for sale" signs and other signage that may be placed by parties other than the Declarant on any part of the Units within The Park in Sedro-Woolley, the Common Elements, or the public rights-of-way. The Declarant may also develop an overall theme for signage within the project, including specific requirements for physical sign installations and size requirements, which theme will then become a part of the established guidelines and standards for signage in The Park in Sedro-Woolley during the Development

Period.

During the Development Period, the Declarant shall have the sole and exclusive right to approve, in the Declarant's sole discretion, any and all signage installations within any part of the real property encompassed within The Park in Sedro-Woolley including the adjacent rights-of-way. Each Owner of a Unit in The Park in Sedro-Woolley or real estate agent on behalf of an Owner, shall submit any proposed signs to the Declarant for approval prior to the installation of the signs.

Any signs not specifically approved by the Declarant found anywhere within The Park in Sedro-Woolley, the Common Elements, or on any Unit, or on adjacent rights-of-way may be promptly removed and disposed of by Declarant. This absolute right of the Declarant to remove unauthorized signs from the property or adjacent rights-of-way specifically includes, but is not limited to, the Declarant's right to remove any and all signs placed by real estate agencies or their representatives, including temporary reader board signs and other signage installations.

No person, including but not limited to, the person or persons owning any interest in the signs removed, shall be entitled to compensation of any kind for signs removed by Declarant pursuant to the section.

The Board may cause any sign placed on the property or any adjacent rights-of-way in violation of this Declaration to be removed and destroyed without compensation of any kind to anyone including, but not limited to any persons having any Ownership interest in the sign. This section shall not apply to signage placed by Declarant.

Additional signage may be installed by Declarant during the development period to promote the sale of Units or houses and to promote Declarant's project and company and representatives. Notwithstanding anything in this Declaration to the contrary, signs placed by the Declarant shall not be subject to any sign restrictions and specifically shall not be subject to the limitations set forth in this Declaration on the number of signs and size of signs. The Declarant shall also not be subject to any guidelines or standards established by Declarant for other parties pursuant to this Declaration.

Under no circumstances shall the Declarant be liable for, or be required to pay, for all or any part of the construction, installation or maintenance of any signs which are placed on any Unit not owned by the Declarant. This section shall apply even if Declarant requires an Owner to place a sign pursuant to this Declaration.

9.28: Easements for Enforcement Purposes.

Owners hereby grant to the Association an express easement for the purpose of going upon the Units of Owners for the purpose of removing vehicles or other similar objects which are parked or stored in violation of the terms of this Declaration or the Community Compliance Guidelines.

9.29: Excavation and Fill.

Except with the permission of the ACC, or except as may be necessary in connection with the construction of any approved improvement, no excavation or fill shall be made nor shall any dirt be removed from any Unit herein.

9.30: Drainage.

The Owner of any Unit shall not take any action which would interfere with surface water drainage across that Unit either through natural drainage or by drainage easements. Any change of drainage, either through natural drainage areas or through drainage easements must be approved by the ACC. All drainage improvements must be completed prior to occupancy in accordance with the drainage plan.

9.31: Garbage and Refuse.

No garbage, refuse, rubbish, cuttings or debris of any kind shall be deposited on or left to accumulate upon any Unit. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. All clothes lines, garbage cans, equipment, coolers or wood piles shall be walled in or otherwise suitably screened to conceal them from the view of neighboring Units, Common Elements, or streets. Plans for all enclosures of this nature must be approved by the ACC prior to construction.

9.32: Tanks, Etc.

No elevated tanks of any kind shall be erected, placed, or permitted on any part of such premises. Any tanks for use in connection with any residence constructed on such premises, including tanks for the storage of fuels, must be buried or walled sufficiently to conceal them from the view from neighboring Units, streets, or streets and must have ACC approval. This section does not apply to the Declarant while homes are being constructed.

9.33: Auto Repair.

No auto repairs shall be permitted except within enclosed garages which are kept closed and must not produce a sound nuisance to neighboring Units. The only repairs permitted on the balance of the real property are occasional casual repairs and maintenance activities such as tune-ups or oil changes.

9.34: Exterior Finish.

The exterior finishes on the houses shall be decided by the Declarant and any changes to the exterior finishes after turnover shall be submitted to the ACC for approval. The entire residence must be painted or stained in colors approved by the ACC.

9.35: Driveways.

All driveways including any access to rear yard of any residence shall be of hard surface construction of either concrete or washed aggregate and shall be completed prior to final building inspection. All concrete residue or "washed off" materials (i.e. washed aggregate) shall be contained on the Owner's Unit and shall not be allowed to be placed in the road or storm water system. Violation of this requirement could result in a fine up to \$300 or as determined by the ACC.

9.36: Maintenance of Structures and Grounds.

Each Unit Owner shall maintain the Unit and the residence located thereon in a clean and attractive condition, in good repair and in such fashion as not to create a fire hazard or a nuisance. Each

Owner shall be responsible for removing any support poles or other structures intended to support the early growth of trees when they mature, however, no later than 1 year from occupancy or planting, whichever is later.

9.37: Firearms or Fireworks.

The use of firearms is expressly prohibited. The use of Fireworks is expressly prohibited in any Common Element and shall otherwise comply with local authority.

9.38: Dirt bikes and or ATVs.

No unlicensed motor vehicles, including motorcycles, motor scooters, ATV's etc., shall be permitted on any street within the plat, nor on any Common Elements. Motorized bicycles and dirt bikes also shall not be permitted on any Common Elements unless operated in areas specifically approved by the Association.

9.39: Damage Repair.

All Owners agree to repair immediately any damage to any utilities adjacent to their Unit or Units, in the event any of the utilities are cracked, broken, or otherwise damaged as a result of dwelling construction activities, or other activities by Owner, by persons acting for Owner, or by persons in or around the property at the request and/or with the consent of the Owner.

9.40: Building Materials.

All homes constructed on each Unit shall be built of new materials, with the exception of "decor" items such as used brick, weathered planking, and similar items. The Architectural Control Committee will determine whether a used material is a "décor" item. In making this determination, the ACC will consider whether the material harmonizes with aesthetic character of The Park in Sedro-Woolley and whether the material would add to the attractive development of the subdivision. All siding and trim are to be re-sawn wood and/or vertical or horizontal LAP type siding, brick, authentic stone siding, Hardie Board or equivalent, or LAP siding of a color approved by the ACC.

The exterior of all construction on any Unit shall be designed, built and maintained in such a manner as to blend in with the natural surroundings and landscaping. Exterior colors must be approved by the Architectural Control Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structure they adjoin.

The Architectural Control Committee or Board will establish an approval process and color guidelines. Any change of color as to the exterior of any existing home within The Park in Sedro-Woolley will be subject to the same approval process.

9.41: Accessory Building.

No garden, tool, or outside sheds or structures shall be installed, constructed or placed on any Unit without the prior approval of the ACC, who shall have the authority to grant or deny permission or to grant permission subject to such conditions as in the discretion of the ACC they shall require as it relates to location, color, and type of material.

9.42: Codes.

All construction shall conform to the requirements of the State of Washington for installing electric wires and equipment, and the uniform codes (building mechanical, plumbing), in force at the commencement of the construction, including the latest revisions thereof.

9.43: Restrictions on Irrigation.

Unit Owners may only water/irrigate their lawns and landscaping under rules adopted by the Board on behalf of the Association.

9.44: Trampolines Require Approval.

No trampolines or similar appliances may be constructed and installed in the back yard of any Unit without prior approval of the ACC.

9.45: Entry for Inspection.

Any agent or member of the Declarant, the Architectural Control Committee, or the Board may, at any reasonable predetermined hour upon 24 hours' notice during construction or exterior remodeling, enter and inspect the structure to determine if there has been compliance with the provisions of this Declaration. The above recited individuals shall not be guilty of trespass for such entry or inspection. There is created an easement over, under, and across, residential Units for the purpose of making and carrying out such inspections.

9.46: Authority to Adopt Additional Rules and Restrictions.

The Association shall have the authority to adopt Community Compliance Guidelines governing the use of the real property and conduct within the community, provided such guidelines are consistent with the purposes of the Declaration, and to establish penalties/fines for violation of those guidelines. If Community Compliance Guidelines are adopted, they, along with the established penalties/fines, shall be available to all Members upon request.

9.47: Enforcement.

The Association, or the Declarant during the Development Period, may, but is not required to, take an action to enforce the provisions of the Declaration available to it under law, including but not limited to imposition of fines as authorized by RCW Chapter 64.90, specific performance, injunctive relief, and damages. Any Member may also enforce the terms of this Article (although a Member may not impose a fine as authorized by RCW Chapter 64.90) but the Member must first obtain an order from a court of competent jurisdiction entitling the Member to relief. In the event that a Member takes any action to enforce the terms of this Article 9, the Association shall not be in any way obligated to join in such action, or pay any of the attorney's fees, costs and expenses incurred in such action.

9.48: Remedies for Failure to Maintain and Repair.**9.48.1 Remedies.**

If any Owner shall fail to perform the maintenance and repair required by this Declaration, then the Board after fifteen (15) days' prior written notice to such delinquent Owner, shall have the right, but not the obligation, to perform such

maintenance and repair and to charge the delinquent Owner and his Unit with a Special Assessment for the cost of such work together with interest thereon at a rate to be set by the Board from the date of the Association's advancement of funds for such work to the date of reimbursement of the Association by Owner. If the delinquent Owner fails to reimburse the Association for such costs within ten (10) days after demand therefore, the Association may, at any time after such advance, record an Association Lien signed by an authorized agent of the Association for the amount of such charge together with interest thereon and enforce the Association Lien in accordance with the provisions of this Declaration.

9.49.2 Nonexclusive Remedy.

The foregoing Association Lien and the rights to foreclose thereunder shall be in addition to all other rights and remedies which the Board may have hereunder or in equity or at law, including any suit to recover a money judgment for unpaid Assessments. If any Owner fails to perform such maintenance and repair and, notwithstanding such failure, the Board should fail to exercise its rights and remedies hereunder, then any other Owner, after fifteen (15) days' prior written notice to the Board and such delinquent Owner, shall have the right, but not the obligation, to perform such maintenance and repair and shall have the same rights and remedies with respect thereto as are provided herein to the Board, including the right to Record and enforce a lien in the same manner as the Association.

9.48.3 Occupants.

Any Owner may delegate to any Occupant the right to enjoy the Owner's Unit. All Owners shall be responsible for informing any Occupants of the contents of this Declaration and the rules regarding the use of such Unit, and shall be responsible for requiring its Occupants to comply with this Declaration.

ARTICLE 10

EASEMENTS, DEDICATIONS, AND RIGHTS OF ENTRY

10.1 Easements.

10.1.1 Access.

Declarant expressly reserves for the benefit of the Association and for the Owners of the Units reciprocal, non-exclusive easements over all of the Common Elements for access to the Units and other Common Elements. Subject to the provisions of this Declaration and the Plat governing use and enjoyment thereof, such easements may be used by Declarant, its successors, the Owners, and any guests, tenants, and invitees residing upon or temporarily visiting the Property, for walkways, vehicular access, parking, drainage and such other purposes reasonably necessary for use and enjoyment of any Unit in the Property. In addition to the foregoing, each Unit is subject to an easement for encroachments created by construction, settlement, and overhangs as designed or constructed by the Declarant.

10.1.2 Maintenance and Repair.

Declarant expressly reserves for the benefit of the Association and all agents, officers and employees of the Association nonexclusive easements over the Common Elements and the Units necessary to maintain and repair the Common Elements and to perform all other tasks in accordance with the provisions of this Declaration. There are specifically reserved for the benefit of the Owners easements for the utility services and the repair, replacement and maintenance of the same over all of the Common Elements. Such easements shall be established and used so as not to unreasonably interfere with the use and enjoyment by the Owners of their Units and the Common Elements. All such easements shall be appurtenant to and shall pass with the title to every Unit conveyed.

10.1.3 Utility and Drainage Easements.

Various easements are reserved on the Units, as provided by the Plat and applicable laws, ordinances and other governmental rules and regulations for utility installation and maintenance, including but not limited to, underground electric power, telephone, cable television, digital information, water, sewer, gas and drainage, together with the right to enter upon the Units at all times for said purposes. Within these easements, no structure, planting, or other material shall be placed or permitted to remain that may damage, interfere with the installation and maintenance of utilities, that may change the direction of flow of drainage channels in the easements, or that may obstruct or retard the flow of water through drainage channels in the easements. Each Owner hereby agrees not to place locks on structures enclosing utility meters or interfere with the access of utility representatives to said meters or easements. The easement area of each Unit, and all improvements thereon, shall be maintained continuously by the Owner of each Unit, except for those improvements for which a public authority, utility company or the Association is responsible within the easement areas. The Owner shall maintain the portion of any utility on the Owner's Unit, or within a private easement for the Owner's Unit that serves only the Owner's Unit to the point of connection to the portion of the system that serves more than one Unit. The Association shall have an easement for the maintenance, repair, replacement, and restoration of the portions of the easements that serve more than one Unit up to the point of connection to the public system.

10.1.4 Landscaping Maintenance Easement.

Declarant expressly reserves for the benefit of the Association and all agents, officers and employees of the Association nonexclusive easements over the Common Elements and the Units to perform maintenance of landscaping, including the trimming, watering and fertilization of all grass, ground cover, shrubs or trees, removal of dead or waste materials, or replacement of any dead or diseased grass, ground cover, shrubs or trees. Notwithstanding the foregoing, each Owner shall be primarily responsible for maintaining the landscaping and yard areas on their respective Unit, as provided in this Declaration.

10.1.5 Protective Easement.

Units may be subject to a natural green belt protective area, open space area and storm water facility area to the extent provided by the Plat and applicable laws, ordinances and other governmental rules and regulations. The Owner shall maintain critical areas and their buffers by removing non-native, invasive and noxious plants in a manner that will not harm critical areas or their buffers and in accordance with local Zoning Code requirements for trees and other vegetation within critical areas and critical area buffers.

10.1.6 Association's Authority to Grant Easements.

The Association, through approval by the Board, shall have the right to grant necessary easements and rights-of-way over the Common Elements to any Person. Further, the Property is subject to any and all easements shown on the face of the Plat.

10.2 Right of Entry.

The Association, the Committee and Declarant shall have a limited right of entry in and upon the exterior of any Unit for the purpose of inspecting the same, and taking whatever corrective action may be deemed necessary or proper, consistent with the provisions of this Declaration. However, nothing herein shall be construed to impose an obligation upon the Association, the Committee, or Declarant to maintain or repair any portion of any Unit or any Improvement thereon which is to be maintained or repaired by the Owner. Each Owner shall permit access to such Owner's Unit or Improvements thereon by any Person authorized by this Association, the Committee or Declarant in the case of any emergency originating on or threatening such Unit or Improvements, whether or not such Owner is present.

ARTICLE ELEVEN: MORTGAGEE PROTECTION**11.1: Mortgagees.**

Notwithstanding and prevailing over any other provisions of the Declaration, the Association's Articles of Incorporation or Bylaws, or any community compliance guideline or management agreements, the following provisions shall apply to and benefit each Institutional First Mortgagee ("Mortgagee") which holds a Mortgage given for the purpose of obtaining funds for the construction or purchase of a housing unit on any Unit or the improvement of any Unit.

11.2: Liability Limited.

The Mortgagee entitled to the protection hereof shall not in any case or manner be personally liable for the payment of any assessment or charge, nor for the observance or performance of any covenant, restriction, rule, Association Article of Incorporation or Bylaw, or management agreement, except for those matters which are enforceable by injunctive or other equitable relief, not requiring the payment of money, except as hereinafter provided.

11.3: Mortgagee's Rights during Foreclosure.

During the pendency of any proceeding to foreclose the Mortgage, the Mortgagee or the receiver, if any, may exercise any or all of the rights and privileges of the Owner of the mortgaged Unit,

including but not limited to the right to vote as a Member of the Association to the exclusion of the Owner's exercise of such rights and privileges.

11.4: Acquisition of Unit by Mortgagee.

At such time as the Mortgagee shall become entitled to possession of the Unit, the Mortgagee shall be subject to all of the terms and conditions of the Declaration, and the Articles, Bylaws, Community Compliance Guidelines of the Association, including but not limited to the obligation to pay for all assessments and charges accruing thereafter, in the same manner as any Owner; provided, however, the Mortgagee shall acquire the title to said Unit free and clear of any lien authorized by or arising out of any provisions of the Declaration which secure the payment of any assessment for charges accrued prior to the date the Mortgagee became entitled to possession of the Unit.

11.5: Reallocation of Unpaid Assessment.

If it is deemed necessary by the Association, any unpaid assessment against a housing unit foreclosed against may be treated as a common expense of other Units. Any such unpaid assessment shall continue to exist as a personal obligation of the defaulting Owner of the respective Unit to the Association.

11.6: Priority.

The lien of common expense assessments excluding any amounts for capital improvements which shall become due in the absence of acceleration during six months immediately preceding the institution of proceedings to foreclose the Association's lien, shall have priority with respect to the lien of any mortgage or other security interest placed on a Unit. The Association's actual costs and reasonable attorney's fees incurred in foreclosing its lien but incurred after the notice the Association has given the holder of said encumbrance under the provisions of RCW 64.90.485 to the extent said reasonable attorney's fees that have priority under the Act as defined above shall not exceed \$2,000 or the amount equal to the six month's dues referred to above, whichever is less.

11.7: Mortgagee's Rights

Any Mortgagee shall have the right on request therefor to (a) inspect the books and records of the Association during normal business hours; (b) receive an annual audited financial statement of the association within (90) days following the end of any fiscal year; and (c) receive written notice of all meetings of the Association and designate a representative to attend all such meeting.

11.8: Limitation on Abandonment of Common Elements.

The Association shall not, without the prior written approval of sixty seven percent (67%) of the Mortgagees, seek to abandon the Common Elements for reasons other than substantial destruction or condemnation of the property.

11.9: Notice

If such notice has been requested in writing, Mortgagees shall be entitled to timely written notice of: (a) substantial damage or destruction of any housing unit or any part of the Common Elements or facilities; (b) any condemnation or eminent domain proceedings involving any housing units or

any portion of Common Elements or facilities; (c) any default under this Declaration or the Articles, Bylaws or Community Compliance Guidelines of the Association by an Owner of any housing unit on which it holds the mortgage which is not cured within thirty (30) days; (d) any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any housing unit on which it holds the mortgage; (e) ten (10) days' prior written notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and (f) any proposed action that requires the consent of a specific percentage of Mortgagee.

ARTICLE TWELVE: MANAGEMENT CONTRACTS

Each Member hereby agrees that the Association and the ACC may enter into agreements for the performance of any or all of the functions of the Association and the ACC with such persons or entities as the Association deems appropriate. Within two (2) years after the transition meeting in which the Members shall have the right to elect all Members of the Board, the Association may terminate without penalty, upon not less than ninety (90) days' notice to the other party, any of the following if was entered into before the Board was elected: a) any management, maintenance, operations, employment contract, lease of recreation or parking area or facilities; or b) any other contract or lease between the Association and the Declarant or affiliates of the Declarant. The Association may terminate without penalty at any time after the Board elected by the Unit Owners takes office upon not less than ninety (90) days' notice to the other party any contract or lease that is not bona fide or was unconscionable to the Unit Owners at the time entered into.

ARTICLE THIRTEEN: INSURANCE

13.1 Coverage.

Commencing not later than the first conveyance of a Unit to a person other than the Declarant, the Association must maintain in its own name to the extent reasonably available and subject to reasonable deductions: a) property insurance on the Common Elements insuring against risks of direct physical loss commonly insured against which insurance after application of any deductibles must not be less than 80 percent of the actual cash value of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavation and other items normally excluded from property policies. In addition, the Association must maintain commercial general liability insurance including medical payments, insurance in an amount to be determined by the Board covering all occurrences commonly insured against for bodily injury and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements. Any insurance policies procured must satisfy the requirements of RCW 64.90.470(4) and any loss must be adjusted as provided for under RCW 64.90.470(5).

13.2 Replacement, Repair after Loss.

In the event of the damage or destruction of the Common Elements covered by insurance written in the name of the Association, the Association may, upon receipt of the insurance proceeds, and to the extent of such proceeds contract to rebuild or repair such damaged or destroyed portions of the Common Elements to as good a condition as they were when the loss occurred; provided, however, that the Association's election not to rebuild the Common Elements shall require the approval of eighty (80%) of the Association. The Association may in its sole discretion contract

with any contractor for reconstruction or rebuilding of such destroyed portions of the Common Elements.

ARTICLE FOURTEEN: REMEDIES AND WAIVER

14.1: Remedies Not Limited.

The remedies provided herein, including those for collection of any assessment or other charge or claim against any Member, for and on behalf of the Association, the ACC, or Declarant, are in addition to, and not in limitation of, any other remedies provided by law.

14.2: No Waiver.

The failure of the Association, the ACC, the Declarant or of any of their duly authorized agents or any of the Owners to insist upon the strict performance of or compliance with the Declaration or any of the Articles, Bylaws or rules or regulations of the Association, or to exercise any right or option contained therein, or to serve any notice or to institute any action or summary proceedings, shall not be construed as a waiver or relinquishment of such right for the future, but such right to enforce any of the provisions of the Declaration or of the Articles, Bylaws or rules or regulations of the Association shall continue and remain in full force and effect. No waiver of any provision of the Declaration or of the Articles, Bylaws, rules or regulations of the Association shall be deemed to have been made, either expressly or implied, unless such waiver shall be in writing and signed by the Board of Directors of the Association pursuant to authority contained in a resolution of the Board of Directors.

ARTICLE FIFTEEN: LIMITATION OF LIABILITY

So long as a member of the Board, the Committee, any of the Board's other committees, Declarant or any agents of the foregoing has acted in good faith, without willful or intentional misconduct, upon the basis of information possessed by such persons, then that person shall not be personally liable to any Owner, the Association, or to any other person for any damage, loss, or claim on account of any, omission, error, or negligence of such person, except this article shall not apply to the extent such acts, omissions or errors are covered by the Association's insurance.

In connection with all reviews, acceptances, inspections, permissions, consents or approvals required or permitted by or from either the Declarant, the Association or the Committee under this Declaration, neither Declarant, the Association, nor the Committee shall be liable to any Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against any Owner or such other person and arising out of or in any way relating to the subject matter of any such review, acceptance, inspection, permission, consent or approval, whether given, granted, withheld or denied.

ARTICLE SIXTEEN: CONDEMNATION

If a part of the Common Elements is acquired by condemnation, the portion of the awarded attributable to the Common Elements taken must be paid to the Association. If a Unit is acquired by condemnation or a part of a Unit is acquired by condemnation then the award shall be in accordance with the provision of RCW 64.90.030.

ARTICLE SEVENTEEN: GENERAL PROVISIONS

17.1: Binding Effect.

All present and future Owners or occupants of Units shall be subject to and shall comply with the provisions of this Declaration, and the Bylaws and Community Compliance Guides of the Association, as they may be amended from time to time and all such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at the time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed and conveyance or lease thereof.

17.2: Enforcement by Court Action.

Failure to comply with any of the terms of this Declaration, the Articles, the Bylaws, or any regulations by an Owner or Occupant, his guests, employees, invitees or tenants, shall be grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, lien, or any combination thereof, which relief may be sought by Declarant, the Association, the Board, or, if appropriate, by an aggrieved Owner. Failure to enforce any provision thereof shall not constitute a waiver of the right to enforce said provision, or any other provision thereof. The Association, the Board, any Owner (so long as such Owner is not at that time in default hereunder), or Declarant shall be entitled to bring an action for damages against any defaulting Owner, and in addition may enjoin any violation of this Declaration by any Owner. Any judgment rendered in any action or proceeding pursuant thereto shall include a sum for attorneys' fees, including attorneys' fees incurred on appeal, in such amount as the Court may deem reasonable in favor of the prevailing party, as well as the amount of any delinquent payment, together with interest thereon at the rate established by the Board therefore from time to time, costs of collection and court costs. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.

17.3: Arbitration.

Except with respect to the foreclosure of liens pursuant to this Declaration, any dispute or claim by a party hereto arising under or in connection with this Declaration shall be settled by arbitration in Skagit County, Washington, as set forth in this Section. Each party will have full access to the courts to compel compliance with these arbitration provisions, or to enforce an arbitration award. In addition, either party may seek injunctive relief, whether or not arbitration is available or under way. The parties to this Declaration acknowledge and agree that the provisions of this Declaration may be specifically enforced. The arbitration will take place pursuant to the arbitration rules and procedures set forth in RCW 7.04, with a single arbitrator. In any arbitration, the prevailing party shall be entitled to reimbursement of its costs, witness fees, and attorneys' fees. The fees charged by the arbitrator and the costs of the proceeding shall be paid by the non-prevailing party.

17.4: Enforcement by Self Help.

The Declarant, the ACC, the Association, or the duly appointed agent of either, may enter upon any Unit, which entry shall not be deemed a trespass, and take whatever steps are necessary to

correct a violation of the provisions of this Declaration, provided, this provision shall not be construed as a permission to breach the peace.

17.5: Expenses of Action.

The expenses of any corrective action or enforcement of this Declaration, if not paid by the offending Owner within thirty (30) days after written notice and billing, may be filed as a lien upon such Unit, enforceable as other liens herein.

17.6: Costs and Attorney's Fees.

In the event of legal action, the prevailing party shall be entitled to recover actual costs and attorney fees. For the purposes of this Declaration "legal action" shall include arbitration, law suit, trial, appeals, and any action, negotiations, demands, counseling or otherwise where the prevailing party has hired an attorney. It is the intent of this provision to reimburse the prevailing party for all reasonable attorney fees and actual costs incurred in defending or enforcing the provisions of this Declaration, or the Owner's rights hereunder.

17.7: Failure to Enforce.

No delay or omission on the part of the Declarants or the Owners of other Units in exercising any rights, power, or remedy provided in this Declaration shall be construed as a waiver or acquiescence in any breach of the covenants, conditions, reservations, or restrictions set forth in the Declaration. No action shall be brought or maintained by anyone whatsoever against the Declarants or the Board for or on account of its failure to bring any action for any breach of these covenants, conditions, reservations, or restrictions, or for imposing restrictions which may be unenforceable.

17.8: Severability.

Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

17.9: Interpretation.

In interpreting this Declaration, the term "Person" may include natural persons, partnerships, corporations, Associations, and personal representatives. The singular may also include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires. This Declaration shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the real property by providing a common plan for the development of THE PARK IN SEDRO-WOOLLEY.

17.10: Term.

This Declaration shall be effective for an initial term of 30 years, and thereafter by automatic extension for successive periods of 10 years each, unless terminated, at the expiration of the initial term or any succeeding 10 year term by a termination agreement executed by the then Owners of not less than 75% of the Units then subject to this Declaration. Any termination agreement must be in writing, signed by the approving Owners, and must be recorded with the County Auditor.

17.11: Perpetuities.

In the event that any provision of this Declaration violates the rule against perpetuities, such provision shall be construed as being void and of no effect as of twenty one (21) years after the death of the last surviving incorporator of the Association, or twenty one (21) years after the death of the last survivor of all of the said incorporators' children and grandchildren who shall be living at the time this instrument is executed, whichever is later.

17.12: Method of Notice.

Any notice required by the Declaration or the Articles or Bylaws of the Association or the Community Compliance Guides adopted by the Association shall be deemed properly given when distributed by the owners preferred method of delivery if applicable or by personally delivered, deposited in the United States mail, postage prepaid, or when sent electronically if provided by the Unit Owner(s).

17.13: Successors and Assigns.

This Declaration binds and is for the benefit of the heirs, successors and assigns of Declarant, the Declarant, the Members and the Owners.

ARTICLE EIGHTEEN: DECLARANT RIGHT

Nothing in this Declaration shall limit, and as long as Declarant owns a Unit, no Owner shall do anything which shall interfere with, the right of Declarant to reasonably subdivide or re-subdivide any portion of the Property owned by Declarant, or to complete any construction of Improvements on the Units owned by Declarant and the Common Elements, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements on such Units and Common Elements as Declarant deems advisable prior to completion and sale of the last Unit owned by Declarant. Each Owner, by accepting a deed of a Unit from Declarant, hereby acknowledges that the activities of Declarant may constitute a temporary inconvenience or nuisance to the Owners, but nonetheless shall be permitted. Such right shall include, but shall not be limited to, erecting, construction and maintaining on the Property such structures and displays as may be reasonably necessary for the conduct of Declarant's business or completing the work of disposing of the Units by sale, lease or otherwise.

Declarant may at any time use any Units owned by Declarant as models or real estate sales or leasing and renting offices. This Declaration shall not limit the right of Declarant at any time prior to conveyance of title by deed to the last Unit owned by Declarant to establish on the Units owned by Declarant and the Common Elements additional easements, reservations and rights-of-way to itself, to utility companies, or to other Persons as may from time to time be reasonably necessary to the property development and disposal of the Units owned by Declarant. Such easements may be created for the construction, installation, maintenance, removal, replacement, operation and use of utilities, including without limitation sewers, water and gas pipes and systems, drainage lines and systems, electric power and conduit lines and wiring, television, internet, telecommunication, and telephone conduits, lines and wires, and other utilities, public or private, beneath the ground surface (except vaults, vents, access structures and other facilities required to be above ground surface by good engineering practice), including the right to dedicate, grant or otherwise convey easements for rights-of-way to any public utility or governmental entity for such purposes. In the

performance of any work in connection with such utilities, Declarant shall not unreasonably interfere with or disrupt the use of the Common Elements or the facilities located thereon and shall replace and restore the areas and facilities as nearly as possible to the condition in which they were prior to the performance of such work. All or any portion of the rights of Declarant hereunder may be assigned to any successor or successors to all or part of Declarant's respective interest in the Property, by an express written Recorded assignment.

ARTICLE NINETEEN: AMENDMENT AND REVOCATION

19.1: Exclusive Method.

This instrument may be amended, and partially or completely revoked only as herein provided or otherwise provided by law.

19.2: Amendment by Declarant.

Upon thirty (30) day advance notice to the Unit Owners, the Declarant, may without a vote of the Unit Owners or approval by the Board, adopt, execute and record a corrective amendment or supplement to the governing documents to correct a mathematical mistake, an inconsistency, or a scrivener's error, or clarify any ambiguity in the governing documents with respect to an objectively verifiable fact including, without limitation, recalculating the undivided interest in the common elements, the liability for the common expenses or the number of votes in the Unit Owners Associations appertaining to Unit, within 5 years after recordation or adoption of the governing document containing or creating the mistake, inconsistency error or ambiguity. Any such amendment or supplement may not materially reduce the obligations or the Declarant would have made if the mistake, inconsistency, error or ambiguity had not occurred.

Unless otherwise provided for by RCW 64.90.285 or any provisions of the Act included therein the Declaration may be amended only by vote or agreement of the Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the association are allocated.

Amendment means any change to the Declaration, including adding, removing or modifying restriction contained in the Declaration.

In the absence of fraud, any action to challenge the validity of an amendment adopted by the Association may not be brought more than one year after the amendment is recorded. The amendment shall be recorded in Skagit County and is effective upon recordation except to the extent expressly permitted or acquired by RCW 64.90. An amendment may not create or increase special Declarant rights, increase the number of Units, change the boundaries of any Unit, change the allocated interest of the Unit without the consent of the Unit Owners to which ninety percent (90%) of the votes in the Association are allocated, including the consent of any Unit Owner of a Unit, the boundaries of which are allocated interest of which is changed by the amendment. Amendment to the Declaration must be executed by any authorized officer of the association who must certify the amendment was properly adopted.

19.3: Voting.

This Declaration may be amended at any annual meeting of the Association, or at a special meeting called for such purpose, if sixty seven percent (67%) or more of the Owners vote for such

amendment, or without such meeting if all Owners are notified in writing of such amendment, and if sixty seven percent (67%) or more of the Owners vote for such amendment by written ballot. Notice of any proposed amendment shall be given to all Owners not less than fourteen (14) days prior to the date of the annual meeting or of any special meeting at which the proposed amendment shall be considered. Notwithstanding any of the foregoing, fifty one percent (51%) of all Institutional First Mortgagees who have requested notification of amendments must give prior written approval to any material amendment to the Declaration or Bylaws, including any of the following:

1. Voting rights;
2. Assessments, assessment liens and subordination of such liens;
3. Reserves for maintenance, repair and replacement of Common Elements;
4. Insurance or fidelity bonds;
5. Responsibility for maintenance and repair;
6. Contraction of the project or the withdrawal of property from the real property;
7. The boundaries of any Unit.
8. Leasing of housing units other than as set forth herein;
9. Imposition of any restrictions on the right of an Owner to sell or transfer his or her Unit.
10. Any decision by the Association to establish self-management when professional management had been required previously by an Institutional First Mortgagee;
11. Restoration or repair (after hazard damage or partial condemnation) in a manner other than that specified in this Declaration.
12. Any action to terminate the legal status of the real property after substantial destruction or condemnation occurs; or
13. Any provisions which are for the express benefit of Institutional First Mortgagees.

19.4: Owner Liability and Duty.

Each Owner shall be liable to the Association for any injury to any person or damage to the Common Elements or any equipment thereon which may be sustained by reason of the negligence of said Owner or of his guests, employees, invitees or tenants. The damage and costs incurred by the Association as a result thereof shall become a Special Assessment against such Owner and his Unit, and shall be subject to levy, enforcement and collection in accordance with the Association Lien procedure provided for in this Declaration. The Association reserves the right to charge a Special Assessment to such Owner equal to the increase, if any, in the insurance premium directly attributable to the damage or injury caused by such Owner or by the use of the Unit of such Owner. The Association shall hold each Owner harmless from liability for loss or injuries that are covered by insurance then maintained by the Association.

19.5: Association Waiver.

Notwithstanding anything herein to the contrary, to the extent that any Owner waives any claims against Declarant, or releases the Declarant from any claim with respect to a Unit, the Common Elements, the Improvements, and/or the Community, then the Association shall be deemed to have likewise released Declarant (and its officers, directors, shareholders, members, partners, employees, agents and representatives) from any claim with respect to such Unit, the Common

Elements, the Improvements, and/or the Community on a pro rata basis applicable to each such Unit.

19.6: Effective Date.

Amendments to this Declaration shall take effect only upon recording with the Skagit County Auditor.

19.7: Notice.

Any notice required hereunder must be provided in the form of a record and may be transmitted by mail, private carrier, personal delivery, telegraph or teletype, or telephone, wire or wireless equipment that transmit a facsimile of the notice. Notice to the Association may be addressed to the Association's registered agent at its registered office or to the Association at its principal office as shown in its most recent annual report or provided by notice to Unit Owners, or to the President or Secretary of the Association at the address shown in the Association's most recent annual report or provided by notice to the Unit Owners. Notice to a Unit Owner or occupant must be addressed to the Unit address unless the Unit Owner or occupant has requested, in a record delivered to the Association that notices be sent to an alternate address or by any other method allowed by the Act or this Declaration. Notice may be provided in electric transmission however it is effective only upon the Unit Owners and Board members who have consented in the form of a record to receive such electronically transmitted notices and have designated in the consent the address, location or system to which such notices may be electronically transmitted, provided that such notice otherwise complies with any other requirements of the Act and the Declaration. A Unit Owner or Board member who has previously consented to the receipt of electronically transmitted notices may revoke the consent by delivering revocation to the Association and also consent of any Unit Owner or Board member as revoked as provided for in RCW 64.90.515(3)(d) and (e). Notice shall be effective as of the date of hand delivery, deposit with a carrier or when sent by fax. Notice provided by electronically transmission is effective as of the date it is transmitted to that address designated by the recipient. Notices to lenders shall be sent to the last address the lender has given to the Association. The Association is not required to provide notice of any matter to any lender who has not notified the Association in writing of such lender's desire to receive notice, and/or has not given the Association written notice of the lender's address for receipt of notices. The Association shall not undergo investigation outside of its own records into the name or location of any lender or lienholder.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed this 16 day of July, 2019.

The Falklands, Inc., a Washington Corporation

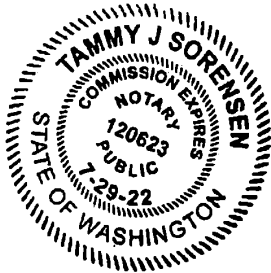
By: 
Cary Falk, President

Notary Acknowledgment on Next Page

STATE OF WASHINGTON)
)§
COUNTY OF PIERCE)

On this 16th day of July, 2019, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Cary Falk, to me known to be the President of The Falklands, Inc., the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Jimmy J. Arneson
NOTARY PUBLIC State of Washington,
My Commission Expires: 7-29-22