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AFTER RECORDING, RETURN TO:
KRISTEN C. REID
900 DUPONT STREET
BELLINGHAM, WA 98225

Document: Declaration of Covenants, Conditions, Restrictions and Reservations for Chuckanut Scenic Estates
Grantor: BS 80, LLC, a Washington limited liability company
Grantee: BS 80, LLC, a Washington limited liability company
Legal: Ptn of NE ¼ and a ptn of the W 1/3 of the SW ¼ Sec 23 Twp 36N R3E WM.
Parcel#: P48084, P48085, P48086 & P48087

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATIONS FOR CHUCKANUT SCENIC ESTATES

ARTICLE I
DECLARATION

Pursuant to the Washington Uniform Common Interest Ownership Act, RCW 64.90, hereinafter referred to as "**the Act**", for the purpose of submitting the Real Property, hereinafter described to the provisions of the Act, BS 80, LLC, a Washington limited liability company, herein referred to as "**Declarant**", makes this Declaration.

It is agreed by acceptance of a conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the Property or any parcel created by this Declaration, that this Declaration, together with the Plat Map, referred to herein, covenants, conditions, restricts and reserves a common plan for the development mutually beneficial to all of the Lots, and that the covenants, conditions, restrictions, reservations and plans are binding upon the entire Property and upon each Lot as a parcel of realty, and upon its Owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Property or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Lots under security instruments. The name of this development is Chuckanut Scenic Estates, a plat community.

The Declarant makes the following statements to comply with RCW 64.90.225(1)(a):

- (a) The name of the common interest community is Chuckanut Scenic Heights.
- (b) The Association is the Chuckanut Scenic Estates Owners' Association; and
- (c) Chuckanut Scenic Estates is a plat community as defined in the Act.

ARTICLE II DEFINITIONS

2. DEFINITIONS.

- 2.1. "Affiliate" means Affiliate of a Declarant as defined in RCW 64.90.010(1)
- 2.2. "Allocated Interest" means one tenth (1/10th) of the Common Expense Liability Votes in the Association and Common Element undivided interest allocated to each Lot pursuant to RCW 64.90.235, and subject to reallocation based on section 9.5.
- 2.3. "Assessment" means all sums chargeable by the Association against a Lot including, without limitation: (a) regular and special Assessments for Common Expenses as described in Article IX, and special Assessments for expenses, charges, or fines imposed and levied by the Association; (b) interest and late charges on any delinquent account; and (c) all costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.
- 2.4. "Association" means the property owners association that is described in Article VI.
- 2.5. "Ballot" means a Record designed to cast or register a Vote or consent in a form provided or accepted by the Association.
- 2.6. "Board" means the board of directors of the Association, as provided in RCW 64.90.410(1).
- 2.7. "Bylaws" means the bylaws adopted by the Association.
- 2.8. "Common Elements" means all portions of the Community other than the Lots as more particularly described in section 5.1.
- 2.9. "Common Expense" means any expense of the Association, including allocations to reserves, allocated to each Lot in accordance with Common Expense Liability.
- 2.10. "Common Expense Liability" means the Allocated Interest liability for Common Expenses of each Lot pursuant to the Governing Law and section 9.5 upon reallocation.

- 2.11 "Community" means all the Property, with all the improvements constructed therein, and all other institutions and things serving the Owners of Lots therein governed by the Association and known as the Chuckanut Scenic Estates Owners' Association. This Community is a plat community as defined in the Governing Law.
- 2.12 "Declarant" means BS 80, LLC or any Person who (a) reserves any Special Declarant Right under the Declaration, or exercises Special Declarant Rights or (b) to whom Special Declarant Rights are transferred of Record, or (c) owns a fee interest in the Community and who is materially involved in the development of the Community, all as specifically defined as a Declarant at RCW 64.90.010(17).
- 2.13 "Declarant Control" means the right of the Declarant or Persons designated by the Declarant to appoint and remove officers and members of the Board or to veto or approve a proposed action of the Board or Association pursuant to sections 7.1 and 15.4 and RCW 64.90.415(1)(a). Rights of Declarant Control are separate and distinct from Special Declarant Rights to control any construction, design review, or aesthetic standards committee or process.
- 2.14 "Declaration" means this document, which creates the Community by setting forth the information required by Governing Law, and any amendments to this document.
- 2.15 "Declaration Map" means the map attached as Exhibit "A".
- 2.16 "Development Rights" means any right or combination of rights described in section 3.3.1.
- 2.17 "Dwelling" or "Dwelling Unit" means an improved portion of the Property designed for separate ownership and intended to serve as a personal residence.
- 2.18 "Electronic transmission" or "electronically transmitted" means any electronic communication (a) not directly involving the physical transfer of a Record in a tangible medium and (b) that may be retained, retrieved, and reviewed by the sender and the recipient of the communication, and that may be directly reproduced in a tangible medium by a sender and recipient.
- 2.19 "Eligible Mortgagee" means the holder of a security interest on a Unit that has filed with the secretary of the Association a written request that it be given copies of Notices of any action by the Association that requires the consent of mortgagees.
- 2.20 "Foreclosure" means a statutory forfeiture or a judicial or nonjudicial foreclosure of a security interest or a deed or other conveyance in lieu of a security interest.
- 2.21 "Governing Documents" means the Declaration, the Plat Map, any Rules adopted by the Board, and any amendments to any such instruments.

2.22 "Governing Law" means the Washington Uniform Common Interest Ownership Act (Chapter 64.90 RCW) or any successor statute, and any amendments thereto.

2.23 "Lot" means a physical portion of the Community that is created by a municipal subdivision process pursuant to RCW 58.17 and applicable Ordinance that is designated for separate ownership; the term "Lot" is intended to be coextensive with the term "Unit" as defined in the Governing Law, unless the context clearly evidences a different intent. The term "Lot" does not include Lot 11 of the Plat of Samish Height or the lot that is designated as Natural Resource Land on the Plat of Blanchard Knob.

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

2.25 "Manager" or "Managing Agent" shall mean a Person regularly engaged in the business of managing common interest communities.

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

2.27 "Notice" means a notice provided under the provisions of RCW 64.90.515.

2.28 "Occupant" means a natural Person lawfully occupying any portion of any Lot; the term includes without limitation Lot Owners, and their family members, employees and tenants of Lot Owners.

2.29 "Ordinance" or "the Subdivision Ordinance" means the municipal law, ordinance or code provision authorizing the creation of this Community in the jurisdiction in which the Property is situated along with any administrative regulations implementing same. The term includes any changes, revisions, substitutions and/or deletions in such law or regulations which may exist from time to time if applicable to this Community.

2.30 "Person" means an individual, corporation, business trust, estate, the trustee or beneficiary of a trust that is not a business trust, partnership, limited liability company, association, joint venture, public corporation, government, or governmental agency or instrumentality, or any other legal entity.

2.31 "Plat Map" means the recorded final plat map entitled the Plat of Samish Heights, and the plat map for the Plat of Blanchard Knob, if it is recorded and added to the Community.

2.32 "Property" or "the Property" means Lots 1 through 10 inclusive Plat of Samish Heights and certain easements as per the Map thereof, more particularly described in section 18, and if added to the Community, all Lots within the Plat of Blanchard Knob, except the lot that is designated as Natural Resource Land on the Plat of Blanchard Knob.

2.33 "Purchaser" means any Person, other than the Declarant or a dealer, who or which by means of a voluntary transfer acquires a legal or equitable interest in a Lot other than as security for an obligation.

2.34 "Qualified Financial Institution" means a bank, savings association, or credit union the deposits of which are insured by the federal government with a branch located in Skagit County.

2.35 "Record," used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

2.36 "Residential Purposes" means use for dwelling and human habitation, and for reasonable social, recreational or other uses normally incident to human habitation.

2.37 "Rule" means a policy, guideline, restriction, procedure, or regulation adopted by the Association, however denominated, that is not set forth in the Declaration or Organizational Documents and that governs the conduct of Persons or the use or appearance of the Property.

2.38 "Security Interest" means an interest in real estate or personal property, created by contract or conveyance that secures payment or performance of an obligation and includes a lien created by a mortgage, deed of trust, real estate contract, lease intended as security, assignment of lease or rents intended as security, and any other consensual lien or title retention contract intended as security for an obligation.

2.39 "Special Declarant Rights" means rights that are reserved for the benefit of the Declarant to: (a) Complete any improvements indicated on the Plat Map or described in the Declaration or the public offering statement pursuant to RCW 64.90.610(1)(h); (b) Exercise any development right; (c) Maintain sales offices, management offices, signs advertising the Community, and models; (d) Use easements through the Common Elements for the purpose of making improvements within the Community or within real estate that may be added to the Community; (e) Make the Community subject to a Master Association; (f) Merge or consolidate the Community with another common interest community; (g) Appoint or remove any officer or Board member of the Association or any master association or to veto or approve a proposed action of the Board or Association, pursuant to RCW 64.90.415(1); (h) Control any construction, design review, or aesthetic standards committee or process; (i) Attend meetings of the Lot Owners and, except during an executive session of the Board; and (j) Have access to the records of the Association to the same extent as a Lot Owner. In this Community, Special Declarant Rights that have been reserved by the Declarant are described in section 15.4 hereof.

2.40 "Tangible Medium" means a writing, copy of a writing, facsimile, or a physical reproduction, each on paper or on other tangible material.

2.41 "Timeshare" shall have the same meaning specified in the timeshare act, RCW 64.36.010(11).

2.42 "Transition Meeting" means the meeting of the Association held pursuant to RCW 64.90.415(4) to terminate any period of Declarant Control.

2.43 "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is necessary to maintain property in a decent, safe and sanitary condition, in keeping with standards established in the Governing Documents.

2.44 "Vote(s)" means the voting power equal to each Lot's Allocated Interest set forth in section 2.2.

2.45 "Writing" does not include an electronic transmission.

2.46 "Written" means embodied in a Tangible Medium.

ARTICLE III

DESCRIPTION OF PROJECT, DEVELOPMENT SCHEME & DEVELOPMENT RIGHTS

3. Description of Development Plan.

3.1.1 Development Plan. The Community has been developed in accordance with the conditions of approval for the Plat of Samish Heights PL13-0067. The Plat of Samish Heights was approved by the Skagit County Council pursuant to Skagit County Code Chapter 14.18.

3.1.2 Continued Consistency with Development Plan Required. All further use and development of the Property shall be consistent with the Subdivision Ordinance, and conditions of approval for the Plat of Samish Heights and the Plat of Blanchard Knob, if it is added to the Community by exercise of Development Rights.

3.2 Community Attributes.

3.2.1 Common Amenities. The principal common amenities are a gated private access road and restrictive covenants over properties adjacent to the Lots for protecting views.

3.2.2 Utilities and Related Services Serving Community. Skagit County provides police protection, Skagit County First District 14 provides fire protection, Northwest Water Services, LLC or other UTC regulated company provides water, and Puget Sound Energy provides electrical power. Sewer will be by private on-site or off-site septic systems.

3.3 Development Rights / Phase 2.

3.3.1 Description. Pursuant to RCW 64.90.225(1)(g), the Declarant reserves Development Rights that are personal to the Declarant and may be exercised, or not exercised, at the sole discretion of the Declarant. These include the rights: (a) to add real property or improvements to the Community; (b) to create Lots, Common Elements, or Limited Common Elements within real property included in or added to the Community; (c) to subdivide or combine Lots or convert Lots into Common Elements. In particular the Declarant has reserved the rights to expand the number of Lots used for Residential Purposes within the Community. Declarant's current plans are described below:

(a) Description of Phase 2. Nine (9) additional lots located within the boundaries of the Phase 2 Property described in Exhibit "A" will be added to the Community upon recording of the Plat of Blanchard Knob PL10-0383. Ten (10) lots are authorized by the preliminary plat approval for the Plat of Blanchard Knob, one (1) Lot is natural resources land and will not be added to the Community. The nine (9) residential Lots and adjacent access and utilities easements will be located within a portion of the Phase 2 Property as shown in Exhibit "A" and will be added to the Community ("Phase 2 Property").

(b) Phase 2 Declaration. Declarant shall add Phase 2 Property to the Community by recording an amendment to the Declaration upon the recordation of the Plat of Blanchard Knob.

3.3.2 Procedure for Exercise. The following procedures govern the exercise of Development Rights:

(a) General Procedure – Consistent with Development Plan. To exercise any reserved Development Right, the Declarant must (i) obtain municipal approval for and record a final plat for any additional Lots or tracts that may be created in the Phase 2 Property, and (ii) prepare, execute, and record an amendment to the Declaration in accordance with the requirements of RCW 64.90.285(3). The Declarant is the Lot Owner of any Lots created on the Phase 2 Property.

(b) Reallocation. The Phase 2 Property Declaration amendment shall reallocate the Allocated Interests among all Lots in existence following the amendment, using the same formulas or factors for allocation specified in section 6.4.2. In general, the initial Allocated Interests would abate, *pro rata*, as new Lots are added.

3.3.3 Time Limits and other Limitations on Development Rights. The Declarant may exercise the Development Rights described in subsection 3.3.1 within ten (10) years from the date of the conveyance by the Declarant of the first Lot to a Purchaser. Declarant may commence construction of any improvements relating to such Development Rights at any time prior thereto, under the Special Declarant Rights reserved in section 15.4.

3.3.4 Sequence of Exercise of Rights. The Development Rights described in subsection 3.3.1 may be exercised with respect to different parcels of real property at different times, at any time, at different times and in any order, without further assurances or limitation of any sort, either in all or in any portion of the remainder of any property subject to Development Rights .

ARTICLE IV
LOTS, DWELLINGS & OTHER STRUCTURES.

4. LOTS, DWELLINGS & OTHER STRUCTURES.

4.1 Number and Location of Lots

4.4.1 Initial Lots. The Community contains ten (10) Lots and easement rights to and within the private road named Blanchard Knob Trail. The location and dimensions of the existing Lots are shown on the Plat Map. The Declarant reserves the right to have a total of nineteen (19) Lots in the Community by adding the Phase 2 Property, consisting of nine (9) Lots pursuant to Development Rights reserved in section 3.3.1.

4.2 Initial Construction of Dwellings & Other Improvements within Lots.

The Declarant's intent is to construct houses for sale and sell unimproved Lots. Construction of improvements on Lots is subject to architectural and design review approval set forth in section 4.3.

4.3 Architectural and Design Review.

4.3.1 General Authority of Declarant and Board. To promote visual harmony within the Community, the Architectural Review Coordinator ("ARC") shall have the power to enforce architectural control over the improvements constructed on the Lots.

4.3.2 Authority to Perform or Delegate Functions of ARC. The Declarant or its designees shall initially serve as the ARC for the Association. The Declarant shall cease to be the ARC when the Declarant has sold all Lots to Purchasers. After the Declarant has ceased exercising architectural control, the Board may directly perform the activities of the ARC, or the Board may designate an individual to be the ARC, or it may establish an Architectural Review Committee (also to be known as the "ARC").

4.3.3 Design Guidelines. Improvements constructed within Lots must be approved in writing in advance by the ARC as provided in sections 4.3.4, 4.3.5 and 4.3.6.

4.3.4 Design Review. No new construction, alteration or improvements of any nature whatsoever shall be constructed or placed on any Lot by any Person other than the Declarant or its Affiliate(s) until detailed plans depicting all such improvements have been reviewed and approved by the ARC. Two copies of such plans, specifications and related data must be submitted to the ARC. Upon approval, one set of plans shall be retained as a permanent Record of the Association and one copy shall be returned to the Lot Owner.

4.3.5 Purpose of Review. The ARC shall have the sole discretion to determine: (1) whether a particular design, including all outbuildings and other improvements, and color scheme are compatible with a first-class gated neighborhood; and (2) whether the building location unreasonably impairs views from other Lots. The ARC shall have the authority to develop design guidelines but has no duty to do so.

4.3.6 Time for Approval - No Construction Prior to Approval. The ARC shall approve or disapprove plans, specifications and details within fifteen (15) days of receipt. No construction activity by a Person other than the Declarant or its Affiliate(s) may commence prior to such approval.

4.3.7 No Liability for Architectural Review. Neither the Declarant, ARC or the Association or any permitted designee shall be liable to any party for any good faith action or failure to act under the provisions of this Declaration, with respect to elements of architectural control or as to scenic views, or otherwise.

4.4 Construction on Lots.

4.4.1 No Deviation from Plans - Noncompliance Deemed a Nuisance. Any Person obtaining approval of the ARC shall not deviate materially from the approved plans and specifications without the prior written consent of the ARC. Such Person shall notify the ARC when the alterations or improvements are complete. Approval of any particular plans and specifications or design does not waive the right of the ARC to disapprove such plans and specifications, or any elements or features thereof, if such plans and specifications are subsequently submitted for use in any other instance or by any other Person. Any addition, alteration or improvement upon any Lot existing in violation of the Governing Documents shall constitute a nuisance and shall be removed or altered by the Lot Owner to conform to the plans approved by the ARC within thirty days after delivery of notice of the violation to the Lot Owner by the ARC.

4.4.2 Timing of Construction. Any Person obtaining approval of the ARC for construction of improvements on a Lot shall commence construction or alteration in accordance with plans and specifications approved within six (6) months after the date of approval and shall substantially complete any construction or alteration within eight (8) months after start of excavation/construction, or within such other period as specified in the approval. Construction shall not be deemed to be completed until the improvement is finished, the Lot has been cleaned of construction debris and the Lot has been landscaped. Notwithstanding the foregoing, the ARC's approval may provide for a

different period during which to commence or complete construction. If any such Person does not commence work within six months after approval, or such other time period determined by the ARC, then approval shall lapse.

4.4.3 No Permanent Construction within Easements. No permanent building, deck, fencing or other structure shall be constructed within the easements depicted on the Plat Map.

4.5 Upkeep of Lots and Dwellings.

4.5.1 Owners' General Responsibility. Each Lot Owner shall also be responsible for the Upkeep of their Lot, including, but not limited to, decks and any and all other exterior portions of the Dwelling along with individual heating, ventilating or air-conditioning equipment, wherever located, installed for the sole and exclusive use of the Lot, and of any hot tub or other structure, device or equipment lying outside the Dwelling but lying within the Lot. That portion of any Lot that is landscaped, shall be maintained in a neat and orderly condition, and any lawns shall be regularly mowed. The landscape area, and that portion of any Lot that is left in its natural state, shall be maintained free of refuse, debris or abandoned vehicles or any other unsightly condition. Lot Owners shall remove invasive species upon the request of the Association.

4.5.2 Upkeep by Association. If Upkeep to portions of a Lot for which the Lot Owner is responsible, is reasonably necessary, in the opinion of the Board, to protect the Common Elements or to preserve the appearance and value of the Community, and the Lot Owner of a Lot has failed or refused to perform maintenance or repair within a reasonable time after written notice has been delivered by the Board to the Lot Owner, the Association may, but is not obligated, to perform such Upkeep, provided no breach of the peace is likely to ensue. The costs of such Upkeep shall constitute a special Assessment against such Lot, pursuant to section 9.3.3.

4.5.3 View Protection. No Lot Owner shall allow new or existing vegetation to exceed ten feet (10') in height above the ground, except for one (1) existing conifer tree on each Lot; provided the Board may grant relief from this restriction if it finds that existing vegetation does not unreasonably impair views. The Board may condition any relief granted under this section.

4.6 Alterations of Dwellings and Lots.

Subject to the provisions of this Declaration and other provisions of law, a Lot Owner:

- (a) May make any lawful improvements or alterations to the interior portions of a Dwelling constructed within a Lot Owner's Lot that do not directly affect any other Lot or the Common Elements;

(b) May not change the appearance the exterior appearance of any Dwelling or other structure constructed within the Lot, nor construct or erect any additional improvements within the Lot without permission of the ARC; and

(c) Must perform alterations consistent with plans approved by the ARC.

4.7 Damaged Improvements.

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

ARTICLE V
COMMON ELEMENTS

5. COMMON ELEMENTS.

5.1 Description of Common Elements.

Common Elements consist of the following:

5.1.1 Blanchard Knob Trail for access and utilities.

5.1.2 Gate controlling access to Blanchard Knob Trail.

5.1.3 Stormwater management systems for Blanchard Knob Trail.

5.1.4 Common Elements created or added to the Community by the Declarant pursuant to Development Rights described in section 3.3.1.

5.2 Conveyance or Encumbrance.

A conveyance or encumbrance of Common Elements by the Association pursuant to RCW 64.90.465 or other actions by the Association, shall not deprive any Lot its rights of access and support.

5.3 Common Element Ownership.

The Common Elements are owned by the Association.

5.4 Maintenance, Repair and Replacement. The Association is responsible for maintenance, repair, and replacement of the Common Elements.

5.5 Rights of Use and Access.

Subject to the other provisions of the Governing Documents, the Lot Owners have a right to use the Common Elements for the purposes for which the Common Elements were intended.

5.6 No Interference with Common Elements.

No Person shall obstruct any of the Common Elements nor shall any Person place or cause or permit anything to be placed or stored on or in any of the Common Elements without the approval of the Board. Nothing shall be damaged, altered, constructed in, or removed from the Common Elements except with the prior written consent of the Board.

ARTICLE VI
LOT OWNERS ASSOCIATION

6. LOT OWNERS ASSOCIATION.

6.1 Name and Form of Association.

The name of the Association shall be "Chuckanut Scenic Estates Owners' Association." The Association has been incorporated by the Declarant as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and the corporation shall be governed by the provisions of the Governing Law and this Declaration. The Association shall remain organized as a nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Governing Law, the Governing Law shall control.

6.2 Powers & Duties of Association.

6.2.1 Duties & Responsibility of Association. The Association was formed to maintain, repair, replace and manage the Common Elements, to provide necessary insurance coverage, and to enforce provisions of the Governing Documents, so as to protect the safety and well-being of Occupants and preserve the long-term value of the Lots and other real property within the Community, for the benefit of the Lot Owners. The Board shall consistently adopt budgets for the Association for operations that are reasonably calculated to assure that these essential purposes are realized. The Board may include in the budget reasonable reserves.

6.2.2 Statutory Powers Exercised by Board. Except for rights of Lot Owners explicitly reserved in the Governing Law or as elsewhere provided in the Governing Documents, the Board shall have the exclusive right and power to govern the Association and shall have all powers available to community associations under the Governing Law in order to do so.

6.2.3 Power to Assign Future Income. The Association also shall have the power to assign its right to future income (including the right to collect and receive regular Assessments), provided that any specific assignment is ratified in advance by the Lot Owners under the following procedures authorized by the Governing Law:

- (a) The Board must provide Notice of the intent to borrow to all Lot Owners. The Notice must include the purpose and maximum amount of the loan, the estimated amount and term of any Assessments required to repay the loan, a reasonably detailed projection of how the money will be expended, and the interest rate and term of the loan.
- (b) In the Notice, the Board must set a date for a meeting of the Lot Owners, which must not be less than fourteen and no more than sixty days after providing the Notice, to consider ratification of the borrowing.
- (c) Unless at that meeting, whether or not a quorum is present, Lot Owners holding a majority of the Votes in the Association reject the proposal to borrow funds, the Association may proceed to borrow the funds in substantial accordance with the terms contained in the Notice.

6.3 Membership in Association.

Membership in the Association is automatically associated with and appurtenant to the ownership of a Lot under the Governing Law. Except in the case of a termination of the Community, the membership of the Association at all times consists exclusively of all Lot Owners.

6.4 Voting.

6.4.1 Voting Process. The procedure for casting Votes shall be as prescribed in the Bylaws.

6.4.2 Special Provisions Related to Development Rights. In the event that the Declarant exercises a Development Right to add additional Lots to the Community, the new Lots shall have Votes allocated to them such that all Lots will continue to have equal voting power in the Association where the Vote allocated to any Lot, expressed as a fraction, will always be the numeral one over the number of Lots in the Community.

6.5 Bylaws of Association.

6.5.1 Bylaws – Consistent with RCW 64.90.410. Bylaws for the administration of the Association and for other purposes not inconsistent with this Declaration have been adopted by the Association. Such Bylaws are designed to be consistent with the terms and conditions of the Governing Law including, but not limited to, RCW 64.90.410.

6.5.2 Hierarchy of Authority. If a conflict ever exists between the Declaration and the Bylaws or other Organizational Documents, the Declaration prevails except to the extent the Declaration is inconsistent with the Governing Law.

ARTICLE VII
MANAGEMENT OF THE ASSOCIATION

7. MANAGEMENT OF THE ASSOCIATION.

7.1.1 General Provisions for Declarant Control. Pursuant to RCW 64.90.415, the Declarant has reserved the rights to (a) appoint and remove the officers and members of the Board and (b) veto or approve a proposed action of the Board or the Association.

7.1.2 Statutory Limitations on Declarant Control. Declarant Control shall terminate as provided in RCW 64.90.415.

7.2 Authority of the Board.

7.2.1 General Authority. The Board, for the benefit of the Community and the Lot Owners, shall have the authority to manage the Community and enforce the provisions of the Governing Documents and Bylaws. The Board has all powers and authority granted to the Association under the Governing Law and this Declaration that are not expressly subject to the approval of Lot Owners.

7.2.2 Common Expenses. The Board shall acquire and shall pay for, as Common Expenses, all goods and services requisite for the proper functioning of the Community.

7.2.3 Liens or Encumbrances. The Board may also pay any amount necessary to discharge any lien or encumbrance that is claimed to constitute a lien against Common Elements or any portion thereof in violation of RCW 64.90.490(1).

7.2.4 Acquisition of Property. The Board may acquire and hold in the name of the Association, for the benefit of the Lot Owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise.

Except as may be otherwise required under the Governing Law, such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Association as the Board may direct.

7.2.5 No Business Authority. Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Lot Owners or any of them.

7.2.6 Waste Disposal. The Board shall have the power to establish a common program for waste disposal.

7.3 Right of Entry - Allocation of Responsibility for Damage to Lot upon Entry.

7.3.1 Right of Entry - Notice Generally Required The Board and its agents, contractors or employees may enter any Lot when necessary in connection with any maintenance, repair, landscaping or construction for which the Board is responsible, or in the event of a *bona fide* emergency. Except in the case of an emergency, reasonable advance Notice shall be given to the Lot Owner and, if applicable, to any lawful tenant in the Lot. Such entry shall be made with as little inconvenience to the Lot Owner and/or Occupant as practicable.

7.3.2 Allocation of Responsibility for Damage to Lot upon Entry. Any damage caused by such entry shall be repaired by the Association out of the Common Expense fund if the entry was due to an emergency (unless the emergency was caused by the Lot Owner or a lawful Occupant of the Lot entered, in which case the cost shall constitute a special Assessment against the Lot entered) or for the purpose of Upkeep to Common Elements where the repairs were undertaken by or under the direction or authority of the Board. If the Association performs Upkeep necessitated by conditions within the Lot or performed Upkeep at the request of a Lot Owner or its lawful Occupants, the costs thereof shall constitute a special Assessment against such Lot.

7.4 Board as Attorney in Fact.

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

7.5 Board's Authority Exclusive - Owners May Not Direct Association Agents/Employees.

The Board's authority with respect to the Common Elements is exclusive. No Person shall attempt to engage or direct any employee, contractor or agent of the Association or its

Manager on any private business of such Person, or to otherwise direct, supervise or in any manner attempt to assert control over such Person during the hours that such Person is working on behalf of the Association.

7.6 Board or Association as Trust.

With respect to a third person dealing with the Board or the Association in the Association's capacity as a trustee, the existence of trust powers and their proper exercise by the Association may be assumed without inquiry. A third Person is not bound to inquire whether the Association has power to act as trustee or is properly exercising trust powers. A third Person, without actual knowledge that the Association is exceeding or improperly exercising its powers, is fully protected in dealing with the Association as if it possessed and properly exercised the powers it purports to exercise. A third Person is not bound to assure the proper application of trust assets paid or delivered to the Association in its capacity as trustee.

ARTICLE VIII
PERMITTED USES; ARCHITECTURAL CONTROL

8. PERMITTED USES – ARCHITECTURAL CONTROL.

8.1 Permitted Uses.

8.1.1 Residential Use. Dwellings constructed within Lots in this Community shall be used primarily for Residential Purposes. Portions of a Dwelling may also be used for a professional office or other low impact commercial use, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority with jurisdiction, and so long as such use does not generate any appreciable levels of client or customer traffic, bulk shipping or receiving, or create noise, odors, vibration or other unreasonable disturbance to other lawful Occupants.

8.1.2 Commercial Uses Restricted. Other than any commercial uses authorized in section 8.1.1 hereof, there shall be no commercial uses permitted within Lots or in the Common Elements.

8.2 Vehicle Parking and Operation.

8.2.1 Common Element Parking. Vehicle parking is prohibited on the Common Elements, except in designated parking areas.

8.2.2 Vehicle Operation. Vehicles must be operated in a safe manner within the Community. The Board may regulate the speed, parking and/or other operations of vehicles on the Common Elements.

8.2.3 Lot Parking. Except as hereinafter provided, junk vehicles (as defined in RCW 46.55.010), Recreational vehicles (including without limitation camper-trailers, mobile homes, motor homes, "fifth-wheels" off-road vehicles, boats, airplanes or etc.), large commercial-style vehicles (including without limitation trucks, tractors, large vans or other types of vehicles or equipment of any length which either require a commercial vehicle operator's license or which exceed 11,000 lbs in gross vehicle weight), or any type of vehicle or equipment not previously enumerated that exceeds 24 feet in length, may not be stored, kept or maintained anywhere within the Community; provided such items may be maintained within a Lot, if fully enclosed within a garage or an approved accessory structure. Recreational vehicles may be parked in driveway areas to accommodate guests and facilitate the loading, unloading or cleaning thereof, subject to rules established by the Board.

8.3 Signs and Flags. Except as otherwise provided herein, no sign of any kind shall be displayed to the public view on or from any Lot or Common Elements, without the prior consent of the Board. Provided, that this subsection shall not apply to Declarant or Declarant's agents, nor shall it be deemed to prohibit a Lot Owner from displaying a real estate for sale sign for a period of time during which an "open house" within the Lot is actively occurring. A kiosk or panel designed to display for sale signs may be erected at the entrance to the Community for longer-term advertising of Lots for sale or rent. No signs advertising home businesses are permitted. The Board may establish further Rules regarding signs, to reflect the sentiments of the Community while giving due regard to traditional democratic rights of free speech, religion and expression of Persons owning or occupying Lots, subject to RCW 64.90.510(2). The Board's judgment in such matters, adopted in good faith, shall be conclusive, except as to matters governed by applicable state or federal law.

8.4 Animals. The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Lot or upon the Common Elements, except that the keeping of small birds, aquarium fish, well-behaved dogs and/or cats and other well-behaved domestic animals that do not normally leave the Lot is permitted, subject to Rules adopted by the Board. The Lot Owners shall exercise appropriate control over their animals and shall clean up after them and shall not permit deposits of fecal matter, urinary residue or foodstuffs from or for their animals to remain anywhere within the Common Elements, but shall properly dispose of all such waste material in a safe and sanitary fashion.

8.5 Noise. No Person shall cause any unreasonably loud noise anywhere in the Community, except as reasonably necessary to perform authorized construction, maintenance and repairs.

8.6 Offensive or Illegal Activity. No noxious, offensive, smelly or illegal activity shall be carried on in any Lot or the Common Elements, nor shall anything be done therein that is or may become an unreasonable source of annoyance (a nuisance) to other Lot Owners or other lawful Occupants.

8.7 Hazardous Substances. A Person shall maintain or store on or in the Property only such property and materials which may be legally possessed by such Person. No Person shall improperly store within or release from a Lot or into the Common Elements any petroleum distillates, liquid or aromatic hydrocarbons, medical wastes or infectious biological agents, acids, caustics, carcinogens, mutagens, heavy metals, or any other inflammable, toxic, explosive, radioactive, or other type of substance which may be hazardous to the Property, the public health or safety, or the health or safety of any Occupants.

8.8 Fencing. Fencing is subject to approval by the ARC.

8.9 Propane Tanks. Propane tanks shall be subject to the approval of the ARC.

8.10 Accessory or Temporary Structures. No structure of a temporary character, nor any trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes line, shed or other accessory buildings shall be erected, used or maintained on any Lot absent the written consent of the Board, which may promulgate Rules governing such matters. Temporary structures, as reasonably necessary, may be erected in connection with construction activities associated with the original construction of Dwellings for such periods of time as may be reasonable for such purposes.

8.11 Restrictions on the Leasing or Short-term Occupancy of Lots. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents or Bylaws, and that any failure by lessee to comply with such provisions shall be a default under a lease, entitles the Association to enforce such provisions as a party to such lease. All tenancies must be pursuant to a written lease and all leases shall be given to the Association by the Lot Owner, and the Association is entitled to receive contact information for every tenant. A lease shall include month-to-month rentals, but transient occupancy for a fee under any form of use, rental or license agreement for periods of less than ninety (90) days is not permitted. Subleasing less than all of a Dwelling is not permitted.

8.12 Effect on Insurance. Nothing shall be done or maintained in any Lot or in the Common Elements that will increase the rate of insurance on the Common Elements or Lots without the prior written consent of the Board. No Lot Owner or Occupant shall permit anything to be done or maintained in the Community that will result in the cancellation of any policy of insurance maintained by the Association.

ARTICLE IX COMMON EXPENSES AND ASSESSMENTS

9. COMMON EXPENSES AND ASSESSMENTS.

9.1 Annual Budget for the Association.

9.1.1 General Provisions for the Annual Budget. At such other time as may be deemed necessary or desirable by the Board the Board shall prepare an annual budget that shall estimate the Common Expenses that are subject to inclusion in the budget, to be paid during such year. The budget may make provision for creating, funding and maintaining reserves established pursuant to section 9.2, and shall take into account any expected income and any surplus. If deemed necessary by the Board any budget may be revised prior to the end of its budget year in compliance with RCW 64.90.525.

9.1.2 Reconciliation. Surplus funds held by the Association after payment of all expenses and reserves shall be retained by the Association as working capital and shall not be paid to Lot Owners or credited to their Assessments (RCW 64.90.475).

9.1.3 Statutory Requirements for Annual Budget. The Board's proposed budget must be adopted and ratified as required by RCW 64.90.525.

9.2 Reserves for Major Repairs, Replacements, & Insurance Deductibles.

9.2.1 Establishment of Reserves – Status and Uses of Reserve Funds. The Board of Directors may establish and maintain reasonable reserves for major repairs, major maintenance and replacements. The Association is exempt from preparing a reserve study under RCW 64.90.545 because it has only nominal reserve costs.

9.2.2 Working Capital Fund. To facilitate project approval by institutional lenders, upon closing of conveyances of each Lot to a Purchaser, the Association may assess and collect a working capital contribution for such Lot, in such amount or amounts as may be determined by the Declarant. Such payments do not constitute advance payments of regular Assessments and working capital contributions may not be used to defray expenses that are the obligation of the Declarant. When unsold Lots are sold, the Declarant may use funds collected at closing to reimburse itself for funds it may have paid the Association for such unsold Lot's share of the working capital fund.

9.3 Assessments against Lots.

9.3.1 Liability of Lots. Regular Assessments for Common Expenses must be made at least annually based on a budget.

9.3.2 Assessments in Proportion to Common Expense Liability. All Common Expenses Liability must be assessed against all the Lots in accordance with their Allocated Interest upon conveyance of the first Lot to a Purchaser, subject to the right of the Declarant to delay commencement of certain Common Expenses under subsection 9.4 below.

9.3.3 Special Assessments. The Board has the power to make special Assessments for any purpose the Board deems necessary to fulfill the Associations' purpose, subject to RCW 64.90.525(3). Special Assessments may be allocated to some, but not all of the Lots, if the special Assessment is caused by the act or omission of the Lot Owner of a particular Lot or if the purpose of the special Assessment is to benefit some but not all of the Lot Owners.

9.3.4 Payable in Installments. Unless otherwise determined by the Board, the regular Assessment against each Lot for its proportionate share of the Common Expenses shall be payable in periodic installments established by the Board.

9.4 Option of Declarant to Pay Some or All Expenses of Association.

Pursuant to RCW 64.90.480(1)(b), the Declarant may cause the Association to delay commencement of Assessments for some or all Common Expenses, in which event the Declarant must pay all of the Common Expenses that have been delayed. If the Declarant intends to exercise its statutory option to cause the Association to delay the payment of Assessments, the Declarant shall so state in the public offering statement for the Community, and therein shall specify the timing and other conditions associated with the Declarant's obligation to fulfill its obligation to the Association to pay the Assessments so deferred. The Declarant may delay commencement of Assessments for Phase 2 Lots in the same manner.

9.5 Common Expense Liability; Procedure on Reallocation.

In the event that the Declarant exercises a Development Right to create additional Lots, these initial Allocated Interests shall be reallocated pursuant to subsections 3.3.2. and 6.4.2. If Common Expense Liabilities are reallocated, through an exercise of Development Rights or otherwise, Common Expense Assessments or any installment thereof not yet due under the prevailing budget shall be recalculated by the Board in accordance with the reallocated Common Expense Liabilities, and each Lot shall thereafter be liable for the revised Assessments due upon such reallocation.

9.6 Association Accounts. The Association must keep all funds of the Association in the name of the Association with a Qualified Financial Institution.

9.7 Non-Judicial Foreclosure. Each and every Lot Owner, by virtue of ownership, shall take title to their Lot subject to the Association's lien for Assessments. Pursuant to RCW 64.90.485(13)(b), the Declarant as "Grantor" does hereby grant, bargain, sell and convey to Chicago Title Insurance Company as "Trustee" in trust WITH POWER OF SALE, the Lots and each Lot's undivided interest in the Common Elements, which property is not used principally for agricultural purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any manner appertaining, and the rents, issues and profits

DECLARATION OF COVENANTS - 20

thereof, to secure the obligations of the Lot Owners to the Association, as "Beneficiary," for the payment of any Assessments lawfully levied under this Declaration. Each and every Lot Owner shall be deemed for all purposes, as of the time of his or her acquisition of title to any Lot, to have joined as an additional "Grantor" in the conveyance in trust above described, and to have at that time granted, bargained, sold and conveyed his or her Lot, to such Trustee, to secure all obligations imposed by this Declaration on such Lot Owner to pay Assessments to the Association. The Power of Sale provided and granted herein shall be operative in the case of a default in the obligation to pay Assessments; upon default by such Lot Owner in the payment of any indebtedness secured hereby, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, the Trustee shall sell the Lot as trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any Person except Trustee may bid at Trustee's sale. The Trustee shall apply the proceeds of the sale as follows: (1) to the expenses of sale, including a reasonable trustee's fee and attorney's fee; (2) to the obligations secured by this Declaration; (3) the surplus, if any, shall be distributed to the Persons entitled thereto.

9.8 Liens and Enforcement. Assessment lien priority, Assessment collection and other related matters are set forth at RCW 64.90.485. The Board shall proceed with the collection of Assessments and enforcement of the Association's rights as provided in RCW 64.90.485 as it exists on the date of recording of this Declaration.

9.9 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them concurrently, along with any other remedies that may be available under the law although not expressed herein. Suit to recover a personal judgment for any delinquent Assessment is maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums.

ARTICLE X

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

10. INSURANCE, DESTRUCTION, RESTORATION & DISTRIBUTION.

10.1 Authority, General Provisions, Name of Insured.

General Provisions. Commencing not later than the time of the first conveyance of a Lot to a Purchaser, the Board shall obtain and maintain for the Association, if reasonably available: property insurance, commercial general liability insurance, fidelity insurance and other insurance that satisfied the minimum insurance requirements of RCW 64.90.470. The Board may acquire insurance in excess of the minimum statutory requirements at its discretion.

10.2 Owners' and Tenants' Insurance Requirements.

Owners must acquire their own Insurance. Each Lot Owner shall obtain, at such Owner's expense, a homeowners' insurance policy, to insure against loss or damage to the Dwelling and other improvements on the Lot, and to personal property used in

or incidental to the occupancy of the Lot. Such coverage shall afford protection against:

(a) loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard "broad form" and/or "special" extended coverage endorsements or their equivalent, and such other perils customarily covered by insurance for Dwellings in similar projects.

(b) liability for death, personal injury and property damage arising from the use, ownership or maintenance of any part of the Lot., additional living expense, loss of rent, vandalism or malicious mischief, theft, personal liability, loss assessment coverage, and the like.

(c) Tenants shall acquire liability insurance with policy terms and liability limits established by the Board.

10.3 Reconstruction Following Casualty Loss.

Any portion of the Community for which insurance is obtained under section 10.1 and for property for which the Board has the responsibility of repair that is damaged or destroyed shall be repaired or replaced as required by RCW 64.90.470(8).

ARTICLE XI CONDEMNATION

11. CONDEMNATION.

Provisions dealing with the effect of condemnation proceedings affecting this Community appear in RCW 64.90.030 and are otherwise not set forth herein.

ARTICLE XII COMPLIANCE WITH LAW AND COVENANTS

12. COMPLIANCE WITH LAW AND COVENANTS.

12.1 Compliance by Owners and Occupants.

Each Lot Owner and Occupant shall comply strictly with the provisions of the Governing Law, the Governing Documents and the Bylaws. All remedies provided to the Association in this Article may be enforced against any Occupant.

12.2 Hearing to Determine Owner's Liability.

An Owner whose conduct is determined by the Board to justify imposition of a special Assessment pursuant to this Declaration, Governing Law or Bylaws shall be first provided with Notice of the Board's intentions and an opportunity to be heard, in the manner provided in the Bylaws for hearings regarding the imposition of sanctions against a Lot Owner.

12.3 Remedies against Tenants.

If a tenant of a Lot Owner violates the Governing Documents or the Bylaws, in addition to exercising any of its powers against the Lot Owner, the Association may:

(a) After giving Notice to the tenant and the Lot Owner and an opportunity to be heard, levy reasonable fines against the Lot Owner for the violation; and

(b) Enforce any other rights against the tenant for the violation that the Lot Owner as the landlord could lawfully have exercised under the lease or that the Association could lawfully have exercised directly against the Lot Owner, or both. The rights referred to in this subsection may be exercised only if the tenant or Lot Owner fails to cure the violation within ten days after the Association notifies the tenant and Lot Owner of the violation.

12.4 Board's Discretion regarding Enforcement. The Board may determine whether to take enforcement action by exercising the Association's power to impose sanctions or commencing an action for a violation of the Governing Documents or the Bylaws, including whether to compromise any claim for unpaid Assessments or other claim made by or against it.

12.5 Enforcement. The Declarant and each Lot Owner shall have the right to enforce, by any proceedings at law or in equity, all covenants, conditions, restrictions and reservations, now or hereafter imposed by this Declaration. The failure of the Declarant or of any Lot Owner to enforce any rights hereunder shall not be deemed to constitute a waiver of the right to do so thereafter. The prevailing party in any litigation involving the enforcement of any provision of this Declaration shall be entitled to judgment for the reasonable attorney's fees and costs incurred in such litigation by such prevailing party.

ARTICLE XIII LIMITATION OF LIABILITY

13. LIMITATION OF LIABILITY.

13.1 Liability of Directors and Officers. In the performance of their duties, officers and Board members must (a) exercise the degree of care and loyalty to the Association required of an officer or director of a corporation and (b) comply with conflict of interest rules governing directors and officers, under chapter 24.06 RCW.

13.2 Indemnification of Officers and Directors. The Association shall indemnify and hold harmless each of the directors and officers of the Association from and against all contractual liability to others arising out of contracts made by the Board or officers on behalf of the Association or the Lot Owners unless such contract was made in bad faith or contrary to the provisions of the Governing Documents or Bylaws. The directors and officers shall not be personally liable for contracts made by them on behalf of the Association. The Association shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that the Person is or was a director or officer, against amounts paid in settlement incurred by such Person in connection with such action, suit or proceeding if such Person acted in good faith and in a manner such Person reasonably believed to be in, or not opposed to, the best interests of the Community or the Association, to the fullest extent authorized by RCW 23B.08.510, 520, 530, and 570, and any amendments thereto.

ARTICLE XIV MORTGAGEE PROTECTION

14. MORTGAGEE PROTECTION.

14.1 Rights Available only to Eligible Mortgagees. With respect to any action requiring the consent of a specified number or percentage of holders of Security Interests, the consent of only Eligible Mortgagees holding a first lien security interest need be obtained and the percentage must be based upon the votes attributable to Lots with respect to which Eligible Mortgagees have an interest.

14.2 Implied Approval by Mortgagee. The failure of an Eligible Mortgagee to respond within sixty (60) days to a written request from the Association delivered by certified or registered mail to such Eligible Mortgagee, "return receipt requested," seeking approval of [i] an amendment to the Declaration or the Articles of Incorporation or Bylaws of the Association, or [ii] any other proposed action of the Association as to which the approval of Eligible Mortgagees is required, shall constitute an implied approval by such Eligible Mortgagee of such amendment or other action.

14.3 Rights of Secured Lenders – Specific Provisions.

14.3.1 Lenders entitled to Notice of Certain Actions.

The Association shall give prompt written Notice to each Eligible Mortgagee of, and each Lot Owner hereby consents to, and authorizes the giving of Notice of:

- (a) Any condemnation loss or any casualty loss that affects a material portion of the Community or any Lot in which there is a first Mortgage held, insured, or guaranteed by such Eligible Mortgagee;

(b) Any delinquency in the payment of Common Expense Assessments owed by a Lot Owner whose Lot is subject to a first Mortgage held, insured, or guaranteed, by such Eligible Mortgagee;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action that would require the consent of a specified percentage of Eligible Mortgagees as specified in section 14.4 below (in which case, Notice shall be provided by certified or registered mail, "return receipt requested"); and

(e) Any judgment rendered against the Association in excess of \$5,000.00 that is not covered by insurance.

14.4. Notice and Consent Required for Certain Actions.

14.4.1 Document Changes. Notwithstanding any lower requirement permitted by this Declaration or the Governing Law, no amendment of any material provision of the Governing Documents by the Association described in this subsection, the effect of which in the opinion of the Board would have a material adverse effect on lenders, may be effective without Notice to all Eligible Mortgagees, and the approval by Lot Owners to which at least 67% (or any greater Lot Owner vote required in this Declaration or the Governing Law) of the Votes in the Association are allocated, and approval in writing by Eligible Mortgagees who represent at least 67% (or any greater Eligible Mortgagee approval required by this Declaration) of the Votes attributable to Lots with respect to which Eligible Mortgagees have an interest.

14.4.2. Specific Actions. Notwithstanding any lower requirement permitted by this Declaration or the Governing Law, the Association may not take any action that, in the opinion of the Board, would have a material adverse effect on lenders, without Notice to all Eligible Mortgagees as required by section 14.3(d) above, approval by Lot Owners to which at least 67% (or the indicated percentage, if different) of the Votes in the Association are allocated, and approval in writing by Eligible Mortgagees who represent at least 67% (or the percentage indicated below, if different,) of the Votes attributable to Lots with respect to which Eligible Mortgagees have an interest; the following (other than those taken pursuant to rights reserved by the Declarant as Development Rights) could be viewed as holding the potential for a material adverse effect on lenders:

(a) Any action to abandon or terminate the legal status of the Community for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required.

(b) Abandon, partition, subdivide, encumber, sell, transfer or convey the Common Elements or any portion thereof, as to which the approval of Lot Owners to which at least eighty percent (80%) of the Votes in the Association are allocated is

required. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Association will not be deemed a transfer within the meaning of this clause;

(c) The assignment of the future income of the Association, including its right to receive regular Assessments.

(d) The restoration or repair of the Property after hazard damage, as to which the approval of Lot Owners to which at least eighty percent (80%) of the Votes in the Association are allocated is required, or after a partial condemnation, in a manner other than specified in the Governing Documents.

(e) The merger of the Community with any other common interest community.

14.5 Rights of Association Lenders. A lender who has extended credit to the Association secured by an assignment of income or an encumbrance on the Common Elements may enforce its security agreement in accordance with its terms, subject to the requirements of the Governing Law and other law. A requirement that the Association must deposit its regular Assessments before default with the lender to which the Association's income has been assigned, or increase its Assessments at the lender's direction by amounts reasonably necessary to amortize the loan in accordance with its terms, does not violate the prohibitions on lender approval contained in RCW 64.90.295(1), but lender requirements for deposits of Association income must be consistent with the provisions of RCW 64.90.530(3).

ARTICLE XV

EASEMENTS AND SPECIAL DECLARANT RIGHTS

15. EASEMENTS AND SPECIAL DECLARANT RIGHTS.

15.1.1 Easements for Association Functions. There is hereby granted to the Association, or its duly authorized agents, contractors and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Governing Documents, Governing Law and Bylaws.

15.1.2 Easement for Emergency Access.

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

15.2 Reserved Easements.

Declarant, pursuant to the Governing Law, hereby reserves easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations or for exercising Special Declarant Rights, whether arising under the Governing Law or reserved in this Declaration.

15.3 Blanchard Trail Road Easement.

Blanchard Trail Road as shown on the Plat Map is an easement for ingress and egress from Wood Road for the benefit of the Lots and the Association ("Road Easement"). The Road Easement includes within its easements in gross to Puget Sound Energy and Northwest Water Services, LLC or its successor. The Declarant hereby grants an easement to the Association over and across the Road Easement for installation of phone lines and/or communication cable. If the Association elects to install phone lines or cable it shall be installed within the four inch (4") conduit located within the Road Easement.

15.4 Special Declarant Rights.

15.4.1 General Reservation of Special Declarant Rights. Pursuant to RCW 64.90.225(1)(g), the Declarant has reserved the Special Declarant Rights described in subsections (a), (b), (c), (d), (g), (h), (i) and (j) of section 2.39

15.4.2 Time Limits on the Exercise of Special Declarant Rights. Except with respect to the right to exercise Development Rights, which is governed by subsection 3.3.3 or with respect to rights of Declarant Control of the Association which are governed by subsection 7.1.1 or with respect to rights of Architectural Control of the Community which are governed by section 9.2, Special Declarant Rights shall terminate upon the sale to a Purchaser of the last Lot that may be created in the Community, or ten (10) years from the date of the conveyance of the first Lot in the Community to a Purchaser, whichever is earlier.

ARTICLE XVI

AMENDMENT OF DECLARATION, PLAT & PLANS

16. AMENDMENT OF DECLARATION.

Procedure for Amendment of Declaration. Amendments to the Declaration are governed by RCW 64.90.285.

ARTICLE XVII
TERMINATION OF COMMUNITY

17. TERMINATION OF COMMUNITY.

The Lot Owners may elect to terminate the legal status of the Property only in accordance with the provisions of RCW 64.90.290 and / or RCW 64.90.226, with the requisite approval of Eligible Mortgagees and other lienholders as may be required by law, or by Article XIV hereof, provided that Skagit County must also consent to such action before it may become effective.

ARTICLE XVIII
PLAT MAP

18. PLAT MAP RECORDING.

Contemporaneously herewith, the Declarant has recorded with the Auditor of Skagit County, Washington, a final plat map for the Plat of Samish Heights showing the location and dimensions of various Lots within the Property, together with other required information; this Plat Map, together with any and all amendments, is recorded under Auditor's File No. 202010280212, records of Skagit County, Washington, and is part of this Declaration.

ARTICLE XIX
MISCELLANEOUS

19. MISCELLANEOUS.

19.1 Notice.

Notice shall be given as required under RCW 64.90.515.

19.2 Severability.

All provisions of the Governing Documents, and Articles of Incorporation and Bylaws of the Association are severable. If any provision of a Governing Document, or its application to any Person or circumstances, is held invalid, the remainder of the Governing Documents, Articles of Incorporation and Bylaws of the Association are not affected.

19.3 No Right of First Refusal.

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

19.4 No Discrimination.

The Association shall not discriminate on the basis of race, color, religion, national origin, familial status, handicap or other protected class. The Association shall make reasonable accommodations in its policies and procedures, and permit reasonable modifications of premises where necessary or appropriate to comply with law.

19.5 Obligation of Good Faith.

Every duty governed under this Declaration or the Governing Law imposes an obligation of good faith in its performance or enforcement.

19.6 Effective Date.

This Declaration shall take effect upon recording.

DATED this 3rd day of August, 2019.

DECLARANT

BS 80, LLC,

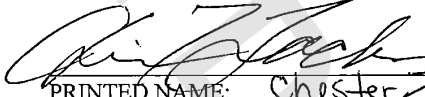
By 
PATRICK STEPHENS, Manager

STATE OF WASHINGTON)
: ss.
COUNTY OF WHATCOM)

On this 3rd day of August, 2020, before me personally appeared Patrick Stephens, to me known to be the Manager of the limited liability company that executed the within and foregoing instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.




PRINTED NAME: Chester T. Lackey
Notary Public in and for the State of Washington,
residing at Bellingham.
My Commission Expires: 2-10-2022

N:\WP\CTL\CLIENTS\Stephens\Chuckanut Scenic\Declaration of Covenants 2020 01 28.docx

EXHIBIT "A"
DECLARATION MAP

