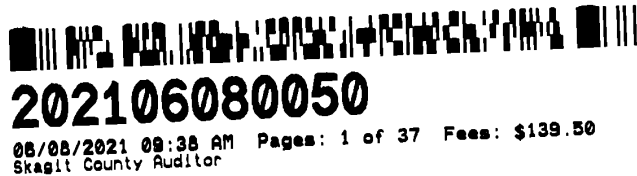


AFTER RECORDING, RETURN TO:

Wolf & Lee, LLP  
230 E. Champion Street  
Bellingham, WA 98225



Document: Declaration of Covenants, Conditions, Restrictions and Reservations for Silver  
Creek Estates Community Association  
Grantor: Monster 8, LLC, a Washington limited liability company  
Grantee: Monster 8, LLC, a Washington limited liability company  
Abbrev.  
Legal: PTN OF SW 1/4, SW 1/4 & SE 1/4, SW 1/4, SEC.5, T36N, R4E; Full Legal on  
EXHIBIT 'B'  
Tax  
Parcel No.: P48925 & P112665

DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTION AND  
RESERVATIONS FOR  
SILVER CREEK ESTATES  
COMMUNITY ASSOCIATION

ARTICLE I  
DECLARATION

Pursuant to the Washington Uniform Common Interest Ownership Act, RCW 64.90, hereinafter referred to as “**the Governing Law**”, for the purpose of submitting the Property, hereinafter described, to the provisions of the Governing Law, Monster 8, LLC, a Washington limited liability company, hereinafter 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 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 Lot 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 Interest therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Lots under security instruments.

ARTICLE II

2. DEFINITIONS.

2.1 “Allocated Interest” means one eighth (1/8<sup>th</sup>) of the Common Expense Liability and Votes in the Association and Common Element undivided interest allocated to each Lot pursuant to PCW 64.90.235.

2.2 “Assessment” means all sums chargeable by the Association against a Lot including, without limitation: (a) regular and special Assessments for Common Expenses and Specially Allocated Assessments for other 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 Lot Owner’s account.

2.3 “Association” or “Lot Owners’ Association” means the property owners’ association that is described in Article VI.

2.4 “Board” means the board of directors of the Association, as provided in RCW 64.90.410(1).

2.5 “Residence” means a single family residence constructed on a Lot.

2.6 “Bylaws” means the bylaws adopted by the Association.

2.7 “County” means Skagit County.

2.8 “Common Elements” mean those interests in real estate for the benefit of the Lots and Lot Owners, more particularly described in Article V.

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 liability for Common Expenses allocated to each Lot pursuant to the Governing Law and Article IX of this Declaration.

2.11 “Community” means all the Property, with all the improvements constructed therein, and all other institutions and things serving the Lots and Lot Owners therein governed by the Association, known as the Plat of Silver Creek Estates, PL07-0240. This community is a Plat Community as defined in the Governing Law.

2.12 “Declarant” means Monster 8, LLC or any Person who (a) reserves and 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 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 section 7.1.1 and 15.5 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” to this Declaration.

2.16 “Development Rights” means any right or combination of rights described herein.

2.17 “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.

2.18 “Eligible Mortgagee” means the holder of a Security Interest on a Lot 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 consent of mortgagees.

2.19 “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.

2.20 “Governing Documents” means this Declaration, the Plat Map, Articles of Incorporation, Bylaws, any Rules adopted by the Board, and any amendments to such instruments.

2.21 “Governing Law” means the Washington Uniform Common Interest Ownership Act (Chapter 64.90 RCW) or any successor statute, and any such instruments.

2.22 “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.

2.23 “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 recorded real estate contract.

2.24 “Manager” or “Managing Agent” shall mean a natural person or business entity regularly engaged in the business of managing common interest communities.

2.25 “Mortgage” means a mortgage, deed of trust or real estate contract.

2.26 “Notice” means a notice provided under the provisions of RCW 64.90.515.

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

2.28 “Ordinance” or “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 and decisions implementing same. The term includes any changes, revisions, substitution and/or deletions in such law or regulations which may exist from time to time.

2.29 “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.

2.30 “Plat Map” means the Plat Map of the Property recorded with Skagit County under Auditor’s File No. 202106080046 and any subsequent amendments thereof.

2.31 “Property” or “the Property” means the real property legally described as follow:

SEE EXHIBIT ‘B’

The Property is depicted on the Plat Map.

2.32 “Purchaser” means any Person, other than the Declarant or a dealer as defined in the Governing Law, 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.

2.33 “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.

2.34 “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.

2.35 “Residential Purposes” means use for dwelling and human habitation, and for reasonable social, recreational or other uses normally incident to such purposes.

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

2.37 “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.

2.38 “Shared Utilities” means those utilities more specifically described in Section V and which benefit all of the Lot Owners and the expenses for the maintenance of which are included in the Common Expense Liability.

2.38 “Special Declarant Rights” means rights as defined in RCW 64.90.010(51). In this Community, Special Declarant Rights that have been reserved by the Declarant are described in section 15.5 hereof.

2.39 “Specially Allocated Expense” means any expense of the Association, including allocations to reserves, allocated to some or all of the Lot Owners and assessable against their respective Units pursuant to RCW 64.90.480(4) through (8).

2.40 “Specially Allocated Assessment” means an Assessment made or deemed to be made by the Association against Lots to which Specially Allocated Expenses are allocated under section 9.5 of this Declaration.

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

2.42 “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 of the Community.

2.43 “Vote(s)” means the voting power equal to each Lot’s Allocated Interest set forth in section 2.1.

2.44 “Writing” and “written” means embodied in a tangible medium and does not include an electronic transmission.

### ARTICLE III

#### 3. DESCRIPTION OF PROJECT & DEVELOPMENT RIGHTS.

##### 3.1 Development Plan.

3.1.1 Description of Conditions of Approval of Community. The Community has been developed in accordance with the conditions of approval for the Plat of Silver Creek Estates PL07-0240.

3.1.2 Continued Consistency with Development Plan Required. All further use and development of the Property in this Community shall be consistent with the Ordinance, conditions of approval for the Plat of Silver Creek Estates PL07-0240.

##### 3.2 Community Attributes.

3.2.1 Project Type. This Community contains Lots generally designed for Residential Purposes, as described with greater particularity in Article VIII.

3.2.2 Common Amenities. The principal common amenities include a private roadway, and storm water detention areas, fire suppression system, and a public water system.

3.3 Marketing of Parcels by Declarant. In connection with Declarant’s intended plan of development, Declarant reserves for itself or subsequent Lot Owners, the right to maintain a sales office on a Lot to be designated by the Declarant for the primary purpose of managing construction and/or selling or reselling Lots and/or use as management offices. The Declarant also reserves the right to post marketing signs advertising the availability of Lots. The Declarant shall have the rights reserved herein so long as the Declarant owns Lots or owns any portion of the Property.

##### 3.4 Development Rights.

3.4.1 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 right to convert Lots into Common Elements.

3.4.2 Time Limits and other Limitations on Development Rights. The Declarant may exercise the Development Rights described in subsection 3.4.1 within ten (10) years from the date of the conveyance by the Declarant of the first Lot to a Purchaser or until a date that is 180 days following the sale to Purchaser of the last Lot in the Community, whichever first occurs. 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 15.5.

3.4.3 Sequence of Exercise of Rights. The Development Rights described in subsection 3.4.1 may be exercised, 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 Property subject to such rights.

#### ARTICLE IV

#### 4. LOTS & RESIDENCES.

##### 4.1 Number and Location of Lots

4.1.1 Lots. The Community consists of eight (8) Lots and a private road. The location and dimensions of the Lots are shown on the Plat Map.

##### 4.2 Initial Construction of Improvements – Status of Minor Encroachments.

4.2.1 Initial Construction of Residences and Other Improvements. Residences and related improvements will be constructed within Lots by or under the direction of the Declarant. As provided in greater detail below, any addition, alteration or improvement upon any Lot shall be consistent with the Declarant's original scheme, and shall be constructed in accordance with the building code and other ordinances of the County.

##### 4.3 Subdivision of Lots.

4.3.1 Subdivision of Lots Prohibited. Subdivision of Lots are prohibited in this Community.

##### 4.4 Residence Maintenance Obligations.

4.4.1 Maintenance of Residences and Lots; Individual Responsibility. Except as specifically provided elsewhere in the Declaration, each Lot Owner shall keep the exterior, including the gutters/joint/trim, unless damaged by a defective roof condition (which is provided for below), structures, decks, balconies, windows and doors, landscaping, walkways, fences, and any

other improvements on the Lot Owner's Lot, in a clean and sanitary condition, free of rodents and pests, and in good order, condition and repair..

#### ARTICLE V

#### 5. COMMON ELEMENTS, OFF SITE OBLIGATIONS.

##### 5.1 Common Elements.

##### 5.1.1 Description of Common Elements. Common Elements of the Community consist of the following:

5.1.1.1 The private access road known as Kamden Court and any associated curbs, gutters, road signs and street lights.

5.1.1.2 The following shared utilities, each of which are depicted on Exhibit 'C': the Group B water system; the fire suppression tanks and associated appurtenances; and the stormwater conveyance system.

##### 5.1.2 Conveyance on 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.

##### 5.1.3 Common Element Ownership. The Common Elements are owned by the Association.

##### 5.1.4 Maintenance, Repair and Replacement. The Association is responsible for maintenance, repair, and replacement of the Common Elements. The use and maintenance of any Common Elements shall be the responsibility of the Association and control of the Association shall be authorized to promulgate reasonable rules and regulations not inconsistent herewith. The use of any Common Elements owned by the Association shall be subject to access and public and private utility easements from time to time granted, conveyed, or reserved by the Declarant or the Association; nothing in any way that alters any Common Element owned by the Association from its existing state shall be permitted, except as contemplated by this Declaration or approved by the Declarant or the Association; there shall be no use of the Common Element owned by the Association that injures or damages the Common Element or vegetation, increases the cost of maintenance, or causes unreasonable disturbance or annoyance to Lot Owners in their enjoyment of their Lots, or in their enjoyment of their Common Element. All use of any Common Element owned by the Association shall be subject to the rules and regulations in effect from time to time.

##### 5.1.5 Special Upkeep and Use. All Common Elements shall be kept in a clean, orderly condition, free from debris.



5.1.5.1 Private Roads. The private road is to be used for ingress and egress. No parking is allowed at any time in this area.

5.1.6 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.

5.1.7 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.

5.2 Off Site Obligations.

5.2.1 Off-Site Obligation. The off-site obligation to be maintained by the Association is the graveled portion of Able Lane as depicted on Exhibit 'D' and per the Assignment recorded under Skagit County Auditor File Number 202106080046.

ARTICLE VI

6. LOT OWNERS ASSOCIATION.

6.1 Name and Form of Association. The name of the Association shall be "Silver Creek Estates Community 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 Association 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 & Responsibilities of Association. The purposes for which the Association was formed are to maintain, repair, replace and manage the Common Elements of the Community, the off-site obligations as stated in section 5.2, to provide necessary insurance coverage, and to enforce provisions of the Governing Documents, so as to protect the safety and well-being of Occupants of the Community and preserve the long-term value of the Lots, for the benefit of the Lot Owners. The Board shall consistently adopt Budgets for the Association for operations and reserves that are

reasonably calculated to assure that these essential purposes are realized each year of its existence.

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, Articles of Incorporation and Bylaws 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 Common Expense 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 be less than fourteen (14) and no more than sixty (60) days after providing the Notice, to consider ratification of the borrowing.
- (c) Unless at the 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 in the Community under the Governing Law. Except in the case of a termination of the Association, the membership of the Association at all times consists exclusively of all Lot Owners.

6.4 Voting.

6.4.1 Voting Process. The manner of voting shall be as prescribed in the Bylaws.

6.4.2 Allocated Interests for Voting. The Declarant has allocated to each Lot in the Community an equal vote in the Association that is known as the Lot's allocated Interest for voting.

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 or will be 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, the Declaration prevails except to the extent the Declaration is inconsistent with the Governing Law.

## ARTICLE VII

### 7. MANAGEMENT OF THE ASSOCIATION.

- 7.1 Management by Declarant – Period of Declarant Control.
- 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 Limitation 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 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). Where one or more Lot Owners are responsible for the existence of such lien, they shall be jointly and severally found to have committed willful misconduct or gross negligence and thus be liable for the cost of discharging it, and any costs and expenses incurred by the Board by reason of such lien or liens shall constitute Specially Allocated Assessments against the Lots responsible, to the extent of their responsibility.

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 interest 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.

7.3 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, 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 Specially allocated 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 Upkeep was necessitated by conditions within the Lot or performed at the request of its Lot Owner or its lawful Occupants, the costs thereof shall constitute a Specially Allocated Assessment against such Lot.

7.4 Board as Attorney in Fact. Each Lot Owner, by act of becoming an Lot Owner of a Lot, 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 – Lot Owners May Not Direct Association Agents/Employees. The Board's authority with respect to the Common Elements and responsibilities states in Article V 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 Trustee. 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 a 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

### 8. PERMITTED USES AND PROHIBITED USES.

#### 8.1 Permitted Uses.

8.1.1 Residential Use. Lots in this Community shall be used primarily for Residential Purposes and for common social, recreational or other reasonable uses normally incident to such purposes.

8.1.2 Commercial Use Restricted. There shall be no commercial uses permitted within Lots or in the Common Elements.

#### 8.2 Prohibited Uses.

8.2.1 Noise. No Person shall cause any unreasonably loud noise anywhere in the Community.

8.2.2 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 of the Community.

8.2.3 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 flammable, toxic, explosive, radioactive, or other type of substance which may be hazardous to either the Property or to the public health or safety, or the health or safety of any lawful Occupants of the Community.

- 8.2.4 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 Residences within the Community, for such periods of time as may be reasonable for such purposes. The storage of recreational vehicles shall be allowed pursuant to Skagit County Code.
- 8.2.5 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 and Bylaws, and that any failure by the lessee to comply with such provisions shall be a default under the lease, entitling the Association to enforce such provisions as a party to the lease. All leases shall be in writing, and the Association is entitled to receive a copy of any lease agreement from the Lot Owner or the tenant, and the Association is entitled to receive contact information for every tenant. A lease, as defined herein, shall include month-to-month rentals. Transient occupancy under any form of rental or license agreement for periods of less than 30 days is not permitted. Subleasing less than all of a Residence is not permitted.
- 8.2.6 Effect of 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 his or her Lot or in the Common Elements that will result in the cancellation of any policy of insurance maintained by the Association.

#### ARTICLE IX

### 9. COMMON EXPENSES AND ASSESSMENTS.

#### 9.1 Annual Budget for the Association.

- 9.1.1 General Provisions for the Annual Budget. At such time as may be deemed necessary or desirable by the Board, the Board shall prepare an annual budget that shall estimate the Common Expenses to be paid during such year. The budget shall make provisions for creating, funding and maintaining reserves required by section 9.2, and shall take into account any expected income and any surplus determined to be available under the reconciliation required under RCW 64.90.475 from the prior year's operating fund. The Declarant or the Board may at any suitable time

establish the first budget. 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 Specific 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 shall establish and maintain reasonable reserves for major repairs and replacements, unless the Association is exempt from preparing a reserve study under RCW 64.90.545. If a reserve study is required, the Board shall have a reserve study prepared that is in compliance with RCW 64.90.550.

- 9.2.2 The Association shall maintain all reserve accounts consistent with the requirements of RCW 64.90.535 and .540.

- 9.2.3 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 each 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 obligations 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 Lots' shares of the working capital fund.

9.3 Assessments against Lots.

- 9.3.1 Liability of Lots. Assessments for Common Expense must be made at least annually based on a budget adopted in the manner described in sections 9.1 and 9.2 hereof.

- 9.3.2 Assessments in Proportion to Common Expense Liability. All Common Expenses must be assessed against the Lots in accordance with their allocated Common Expense 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 of special assessments for any purpose the Board deems necessary to fulfill the Association's purpose. 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 Owners of a

particular Lot or if the purpose of the special assessment is to benefit some but not all of the Lot Owners. The Board at any time may propose a special assessment pursuant to RCW 64.90.525(3).

9.3.4 Payable in Installments. Unless otherwise determined by the Board, the annual Assessment against each Lot for its proportionate share of the Common Expenses shall be payable in 12 equal, monthly installments, and each installment shall be payable in advance by the first day of the month.

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

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 or Specially Allocated Expenses, in which event the Declarant must pay to the Association all of the Common Expenses or Specially Allocated 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.

9.5 Specially Allocated Assessments. The Association has the authority to impose Specially Allocated Assessments for Specially Allocated Expenses. These Specially Allocated Assessments are not subject to inclusion in the Association's Annual Budget, but they shall be passed in the same manner as the Annual Budget as stated in section 9.1.

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 Surplus Funds. Any surplus funds of the Association remaining after payment of our provision for Common Expenses and any prepayment of reserves must either be paid annually to the Lot Owners in proportion to their Common Expense liabilities or credited to them to reduce their future Common Expense Assessments, at the Board's discretion.

9.8 Non-Judicial Foreclosure. Each and every Lot Owner of any Lot in the Community, by virtue of his or her acquisition by any means of title to such Lot, shall take such title 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 202106080046 Title



Company as "Trustee" in trust WITH POWER OF SALE, the Lots and all other real property in the Community 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 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 in the Community, 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 of 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 the 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 the 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.

9.9 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.

9.10 Rent Payable to Association Upon Default of Lot Owner. (a) If a Lot is rented or leased by its Lot Owner, and if the Lot Owner becomes delinquent in the payment of Assessments for more than 90 days, the Association may collect the delinquent amount from the tenant, who shall pay over the Association so much of the rent for such Lot as is required to pay such delinquency, plus interest, attorneys' fees and other costs of collection. In order to avail itself of the remedy contained in this subsection, the Association shall first send a Notice jointly to the Lot Owner and the tenant by First Class U.S. mail, advising both parties [i] of the Lot Owner's delinquency in Assessments, [ii] of the tenant's obligations under this subsection of the Declaration, and [iii] notifying both parties that if such delinquency is not cured within ten (10) days of mailing, the tenant must commence paying rent to the Association until the delinquency has been cured. The tenant shall not have the right to question payment to the Association, and such payment shall discharge both the tenant's duty to pay rent to the Lot Owner and the Lot Owner's obligation to pay Assessments, *pro tanto*. The Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents. (b) Every Lot Owner, by virtue of taking title to a Lot in this Community and subsequently renting the Lot, shall be deemed for all purpose to have consented in advance to the Association giving the Notice described in this subsection to a Lot Owners' tenant. No additional consent or authorization from any Lot Owner shall be required in advance of the Association providing such a Notice.

9.11 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 expresses 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

### 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: property insurance, commercial general liability insurance, fidelity insurance and other insurance that satisfies 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 Association's Policies and Coverage.

10.2.1 Master Policy. If reasonably available, the "master" insurance policy obtained by the Association 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 of their equivalent, together with Common Expense assessments coverage with respect to the Lots during any period of repair or reconstruction; and such other perils customarily covered by insurance for similar Community projects. Such coverage shall insure all Residences and other Common Elements that are normally included in coverage. The policy shall also cover all of the Lots and their bathroom, laundry, and kitchen equipment, fixtures and cabinets, together with all included electrical and plumbing fixtures and equipment, any heating and ventilating and other equipment supplied or installed at any time by the Declarant or by or on behalf of the Lot Owners. The policy shall also cover other common property including fixtures, building service equipment and common personal property and supplies owned by the Lot Owners Association or included in the Common Elements. Currently, an insurance policy that includes any one of the following endorsements will assure full insurable value replacement cost coverage:

- (i) A Guaranteed Replacement Cost Endorsement (under which the insurer agrees to replace the insurable property regardless of the cost); or
- (ii) A Replacement Cost Endorsement (under which the insurer agrees to pay up to 100% of the Property's insurable

replacement cost, but no more) and, if the policy includes a coinsurance clause, and Agreed Value Option endorsement which waives the requirement for coinsurance; or

- (iii) An Extended Replacement Cost Endorsement (under which the insurer agrees to pay more than the property's insurable replacement costs).

(b) The following Special Endorsements, or their functional equivalent:

- (i) An Inflation Guard Endorsement, when it can be obtained; and
- (ii) Building Ordinance or Law Endorsement, if the enforcement of any building, zoning, or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs. The endorsement must provide for contingent liability from the operation of building laws, demolition costs, and increased costs of reconstruction.
- (c) Liability for death, personal injury and property damage arising from the use, ownership or maintenance of any of the Common Elements. Coverage should be afforded under a commercial general liability policy for the entire project, including areas under the supervision of the Association. Limits of liability shall in no event be less than \$1,000,000.00 with respect to any single occurrence; and
- (d) Medical payments coverage, in such amounts as are customarily provided in such policies.

10.2.2 Flood Insurance. If any part of the Community's improvements are in a Special Flood Hazard Area (SFHA), that has federally mandated flood insurance purchase requirements, or is located in an "Otherwise Protected Area," the Association must maintain a "master" or "blanket" policy of flood insurance that should cover buildings and any other improvements constituting Common Elements. The amount of flood insurance should be at least equal to the maximum coverage available under the appropriate National Flood Insurance Administration program. The form of such policy should be that of the standard policy issued under the NFIP or by a private insurer. The terms and conditions of the flood insurance coverage must be at least equivalent to the terms and conditions of coverage provided under the standard policy of the NFIP for the appropriate property type. Coverage under the master flood insurance policy must be at least equal to the lower of

- 80% of the replacement cost, or

- The maximum insurance available from the NFIP per unit (currently \$250,000.00)

10.2.3 Earthquake Insurance. If desirable and reasonably available, earthquake insurance may be obtained. Funds to cover defined portions of any deductible applying to such coverage may be included in the Association's operating reserve account, as provided in section 9.2.

10.2.4 Directors' and Officers' Insurance. Unless not readily available, the Board shall acquire Directors' and Officers' errors and omissions insurance to satisfy the Association's indemnification responsibilities under the Bylaws of the Community.

10.2.5 Fidelity Insurance – Manager Coverage. The Association shall obtain blanket fidelity insurance for any person who either handles (or is responsible for) funds that he or she holds or administers, whether or not that individual receives compensation for services. The policy shall name the Association as the insured and must include a provision that calls for thirty days' written Notice to the Association and all Eligible Mortgagees before the policy can be cancelled or substantially modified for any reason, in the manner provided in section 14.3 hereof. The policy should cover the maximum funds that will be in the custody of the Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Association shall be named either as an employee or as a designated agent under the Association's fidelity policy, or an endorsement thereto, as appropriate.

10.2.6 General Policy Provisions and Limitations. Insurance obtained pursuant to the requirements of this Article X shall be subject to the following provisions:

- (a) Each policy shall be written with a company or companies that are licensed to do business in the State of Washington that meet or exceed the following rating requirements – the carrier needs to meet only one of the following rating categories, even if it is rated by more than one agency:

~ Carriers rated by the A.M. Best Company, Inc. must have either:

-A "B" or better Financial Strength Rating in Best's Insurance Reports or

-An "A" or better Financial Strength Rating and a Financial Size Category of "VIII" or better in Best's Insurance Reports Non-US Edition.

~ Carriers rated by Demotech, Inc. must have an “A” or better rating in Demotech’s Hazard Insurance Financial Stability Ratings.

~ Carriers not so rated may be acceptable if designated as acceptable by Federal National Mortgage Association [FNMA or “Fannie Mae”] or the Federal Housing Administration [FHA] or other governmental or quasi-governmental agencies involved in the secondary mortgage market or in residential mortgage loan guarantee programs, so long as any agency is an Eligible Mortgagee or the Lot Owner of a Lot within the Community.

- (b) The master policy will be primary, even if a Lot Owner has other insurance [excluding automobile liability insurance] that covers the same loss, and no insurance coverage obtained and maintained pursuant to the requirements of this Article X shall be brought into contribution with insurance purchased individually by any of the Lot Owners or their Mortgagees, as herein permitted, and any “no other insurance” or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this section shall exclude such policies from consideration.
- (c) Each policy shall provide that it may not be cancelled, substantially modified or reduced without at least ten (10) days’ prior written Notice to all insureds named thereon, including all named Mortgagees.
- (d) Each policy of casualty insurance shall contain a waiver of any right of the carrier to elect or restore, or repair damage or reconstruct in lieu of making a cash settlement if a decision is made pursuant to this Declaration not to do so.
- (e) Each policy shall contain a waiver of subrogation by the insurer as to any and all such claims against the Lot Owners, the Association, the Board of Directors, the Manager, and their respective agents, arising from the acts of any Lot Owner, member of the Owner’s household, or lessee of the Lot Owner.
- (f) Policy contracts shall provide that each Lot Owner is an insured person under the policy with respect to liability arising out of the Lot Owner’s interest in the Common Elements or membership in the Association.
- (g) Each policy shall provide that (i) the policy’s coverage shall not be prejudiced by any act or neglect of Lot Owners or their agents, employees, tenants, Mortgagees or invitees when such an act or neglect is not within the control of the insured or the Lot Owners collectively; and (ii) the policy shall not be prejudiced by failure of the insured or the Lot Owners collectively to comply with any warranty or condition with

regard to any portion or the Community over which the insured or the Lot Owners collectively have no control.

- (h) Each policy must contain a standard mortgage clause and must name as covered Mortgagees each such covered Mortgagee, followed by the phrase "its successors and assigns."
- (i) The insurer issuing the policy may not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy unless the insurer has complied with all applicable provisions of Chapter 48.18 RCW pertaining to the cancellation or non-renewal of contracts of insurance. The insurer shall not modify the amount or the extent of the coverage of the policy or cancel or refuse to renew the policy without complying with RCW 64.90.470(7).
- (j) No policy shall refuse to recognize any Insurance Trust Agreement.

10.3 Deductible. Except as otherwise provided herein, the deductible under any policy of insurance purchased by the Board of Directors shall not exceed the lesser of \$10,000.00 or 1% of the face amount of the policy. Except as provided herein, the amount of the deductible shall be paid by the Association as a Common Expense. Funds to cover the amount of the deductible shall be included in the Association's reserve accounts. The deductible should be established at a level that is sufficiently high to eliminate minor "nuisance" claims which could cause cancellation of the Association's insurance policy.

10.4 Certificates of Insurance Coverage. An insurer that has issued an insurance policy to the Association must issue certificate or memoranda of insurance to the Association and, upon a request made in a Record, to any Lot Owner or holder of a Security Interest.

10.5 Lot Owners' and Tenants' Policies.

10.5.1 Lot Owners to acquire their own Insurance. Each Lot Owner shall obtain, at such Lot Owner's expense, an insurance policy, to insure against loss or damage to the Residence and other improvements on the Lot, and to personal property used in or incidental to the occupancy of the Lot and to insure against damage or loss not otherwise covered by the Association's policies in section 10.2 above. Such coverage should 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 homeowner's insurance 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.

10.5.2 Tenants must acquire their own Insurance. Tenants may be held liable to the Association under circumstance described in detail in section 12.4 hereof, and to other third parties under general principles of law. As a result, any tenant must obtain an insurance policy, or equivalent, to protect the tenant from liability for death, personal injury or property damage arising from the use, occupancy or maintenance of any part of the Lot, along with loss to personal property, additional living expense, vandalism or malicious mischief, theft and the like.

10.5.3 Board has no Obligation to Monitor Lot Owners' or Tenants' Insurance. The Board of Directors is not obligated to monitor the existence or nonexistence of any insurance required under this section 10.5; such responsibility, and the risks to the Lot Owner or tenant arising from a failure to have proper insurance are to be borne solely by the Lot Owner or tenant. A Lot Owner or tenant who fails to maintain such insurance shall be deemed to have made an election to self-insure for the risks described in section 10.5 and for any other risks for which coverage is readily available.

10.6 Unavailability, Cancellation or Nonrenewal. If the insurance described in section 10.2 hereof is not reasonably available, or is modified, cancelled or not renewed, the Board promptly shall cause Notice of that fact to be hand-delivered or sent prepaid by first class United States mail to all Lot Owners, to each Eligible Mortgagee, and to each mortgagee to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

10.7 Adjustment and Payment of Loss Proceeds. All policies shall provide that adjustment of loss shall be made by the Board of Directors, and that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as Insurance Trustee, and not to any holder of a Security Interest. The Board shall hold such proceeds in trust for the Lot Owners and lienholders as their interests may appear.

- (a) Proceeds are to be paid first for the repair or replacement of the damaged property, and neither the Association, the Lot Owners, nor lienholders are entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or replaced, or the Community is terminated.
- (b) If, pursuant to the provisions of section 10.8 hereof, not all of the damaged or destroyed portions of the Community are to be repaired or replaced, insurance proceeds shall be payable as provided in that section.

10.8 Reconstruction Following Casualty Loss.

- 10.8.1 Compliance with Governing Law. Any portion of the Community for which insurance is obtained under section 10.2 and for property for which the Board has responsibility of repair that is damaged or destroyed shall be repaired or replaced as required by RCW 64.90.470(8).
- 10.8.2 Manner of Reconstruction. If destroyed or damaged property is to be reconstructed or repaired, the reconstruction or repair thereof shall be accomplished as nearly as practicable to the character of the building or improvement existing immediately prior to such casualty. Any reconstruction or repair shall be done in accordance with then prevailing Building Code requirements and may be done with contemporary building materials and achieved by utilizing updated construction systems and technology.
- 10.8.3 Payment of and Procedure for Reconstruction. The proceeds of insurance collected on account of casualty, any payments from or on behalf of Lot Owners pursuant to section 10.3 of this Declaration on account of such casualty, and funds in the Association's reserve account, shall constitute a construction fund that shall be disbursed in payment of the costs of reconstruction and repair in the following manner:
- (a) If the damages exist only to parts of a Lot for which the responsibility of maintenance and repair is borne by the Lot Owner, then the Board of Directors and the Lot Owner may agree in advance in writing that the Lot Owner shall be solely responsible for reconstruction and repair after casualty and shall be entitled, with the assistance of the Board of Directors, to apply for and use any applicable insurance proceeds. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Board of Directors.
  - (b) If the amount of the estimated costs of reconstruction and repair is \$500,000.00 or less, (as estimated by the Board of Directors) then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors, provided, however, that upon request of a Mortgagee that is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner provided in subpart (c) hereof.
  - (c) If the estimated costs of reconstruction and repair of the buildings or other improvement is more than \$500,000.00, then costs and expenses so incurred from the construction fund shall be disbursed from time to time as the work progresses upon approval by an engineer or architect (hereinafter referred to as the "Reconstruction Supervisor") licensed to practice in the State of Washington and employed by the Board of Directors to supervise such work. The Reconstruction Supervisor shall



be required to furnish a certificate giving a brief description of the services rendered and materials furnished by various contractors, subcontractors, materialmen, the Reconstruction Supervisor, or other persons who have rendered services or furnished materials in connection with the work, and stating that: (a) the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to the Reconstruction Supervisor for the services and materials described; and (c) the cost as estimated by the Reconstruction Supervisor for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the sum so requested.

10.9 Insurance Premiums during Construction. It is anticipated that, during the initial construction of the Residences, there will be a period of time whereby some, but not all, of the Residences will be fully constructed and/or occupied. During this time, they will be covered by course of construction/builder's risk insurance policy. At the time that a Residence is no longer covered by course of construction/builder's risk insurance policy, the Association has the duty to obtain insurance pursuant to section 10.2 above. The insurance premiums associated with the existing Residences (that no longer are covered by course of construction/builder's risk insurance policy) will be a Specially Allocated Assessment per section 9.5 and will be allocated equally amongst all Lot Owners.

## ARTICLE XI

### 11. CONDEMNATION.

11.1 Condemnation Affecting Whole Lot. If a Lot is acquired by condemnation, or if a part of a Lot is acquired by condemnation leaving the Lot Owner with a remnant of a Lot that may not practically or lawfully be used for any purpose permitted by this Declaration, the award must compensate the Lot Owner for the Lot Owner's Lot and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, all that Lot's Allocated Interests are automatically reallocated to the remaining Lots in proportion to the respective Allocated Interests of those Lots before the taking, and the Association shall promptly prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Lot remaining after part of a Lot is taken under this Subsection is thereafter a Common Element.

11.2 Condemnation of Part of Lot. Except as provided in section 11.1 hereof, if part of a Lot is acquired by condemnation, the award must compensate the Lot Owner for the reduction in value of the Lot and its appurtenant interest in the Common Elements, whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides that Lot's Allocated Interests shall not be affected unless a Residence cannot be built upon the affected Lot as a result of the condemnation, then section 11.1 shall apply.

11.3 Condemnation of Common Elements. If part of the Common Elements is acquired by condemnation, the portion of the award attributable to the Common Elements taken shall be paid to the Lot Owners based on their respective Allocated Interests in the Common Elements unless the Association at a Special Meeting for such purpose, decides otherwise.

11.4 Association Necessary Party to Proceeding. The Association, through its Board of Directors, shall be a necessary party to any condemnation proceedings affecting more than one Lot or portions of the Common Elements and shall, to the extent feasible, act as a fiduciary on behalf of and in the best interest of any and all Lot Owners affected by such proceedings. Should the Association not act on the Lot Owners' behalf in a condemnation proceeding, the affected Lot Owners may individually or jointly act on their own behalf.

11.5 Complete Taking. In the event of a complete taking of the Community, or in the event that the taking by the condemning authority is so substantial as to render the remainder of the Community unsuitable or undesirable for use by the remaining Lot Owners, then the Community shall (in the case of complete taking) or may (as to a partial taking) be terminated in accordance with the terms and conditions of RCW 64.90.030(1), and Article XII hereof.

11.6 Reconstruction and Repair. Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XI hereof, provided that the Board may retain and apply such portion of each Lot Owner's share of the condemnation award as is necessary to discharge said Lot Owner's liability for any special Assessment arising from the operation of Article XI.

11.7 Notice to Eligible Mortgagees. The Board of Directors shall promptly give written Notice to all Eligible Mortgagees of the pendency of any condemnation proceedings affecting any portion of the Community.

11.8 Payment of Award. When a Lot Owner becomes entitled to receipt of a condemnation award, or of any portion of such an award, or of any payment in lieu of such an award, then any such payment shall be made payable jointly to such Lot Owner and to the holders of any Mortgages encumbering such Owner's Lot, as their interest may appear.

## ARTICLE XII

### 12. COMPLIANCE WITH LAW AND CONVENANTS.

12.1 Compliance by Lot Owners and Occupants. Each Lot Owner, tenant or other Occupant of a Lot shall comply strictly with the provisions of the Governing Law and the Governing Documents and Bylaws. All remedies provided to the Association in this Article may be enforced against any tenant or other Occupant of a Lot.

12.2 Hearing to Determine Lot Owner's Liability. A Lot 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 Enforcement by Association. The Board shall have primary responsibility for maintaining and enforcing compliance with the Governing Documents and Bylaws.

12.4 Tenants and Other Occupants Subject to Rights and Responsibilities of Lot Owners.

12.4.1 General Principles. Any Tenant or other Occupant of a Lot shall be deemed to be bound by all portions of the Governing Documents and Bylaws that are binding upon the Lot Owner thereof, other than the direct obligation to pay Common Expense Assessments to the Association. All rights, remedies and procedures available to the Association when dealing with Lot Owners under the Governing Documents or Bylaws shall be available to the Association when dealing with any tenant or other Occupant of a Lot Owner.

12.4.2 Remedies against Tenants. If a tenant of a Lot Owner violates the Governing Documents, in addition to exercising any of its power 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 tenant and 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 (10) days after the Association notifies the tenant and Lot Owner of that violation.

12.5 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, including whether to compromise any claim for unpaid Assessments or other claim made by or against it.

12.6 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 a judgment for the reasonable attorney's fees and costs incurred in such litigation by such prevailing party.

### ARTICLE XIII

#### 13. LIMITATION OF LIABILITY.

13.1 Liability of Directors and Officers. In the performance of their duties, officers and board members must exercise the degree of care and loyalty to the Association required of an officer or director of a corporation organized, and are subject to the conflict of interest rules governing directors and officers, under Chapter 24.06 RCW.

13.2 Indemnification of Officer 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 (s)he is or was a director or officer, against amounts paid in settlement incurred by him/her in connection with such action, suit or proceeding if she/he acted in good faith and in a manner she/he reasonably believed to be in, or not opposed to, the best interest of the Community or the Association, to the fullest extent authorized by RCW 23B.17.030, 23B.08.320, 23B.08.500-.600, and any amendments thereto, irrespective of the fact that the Association is not incorporated under RCW Chapter 23B. See RCW 64.90.405(2)(n).

### ARTICLE XIV

#### 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 Community 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 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 Owners of Lots to which at least sixty-seven percent (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 sixty-seven percent (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 an action that, in the opinion of the Board, would have a material adverse effect on lenders, without Notice to all Eligible Mortgagees, approval by Owners of Lots to which at least sixty-seven percent (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 sixty-seven percent (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 (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, and the procedures specified in subsection 14.4.2 hereof must be followed. 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 Common Expense 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 periodic common charges before default with the lender to which the Association's income has been assigned, or increase its common charges 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 must be consistent with the provisions of RCW 64.90.50(3).

## ARTICLE XV

### 15. EASEMENTS AND SPECIAL DECLARANT RIGHTS.

#### 15.1 Easements for Lots, Lot Owners and Association Functions.

- 15.1.1 Easements for Lots. Each Lot has an unrestricted, perpetual easement in and through the Common Elements and, subject to the provisions of RCW 64.90.405(2)(f) and 64.90.465, each Lot Owner has an unrestricted

perpetual right of ingress and egress from his or her Lot over the Common Elements.

15.1.2 Easements for Association Functions. There is hereby reserved 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 and Bylaws.

15.1.3 Easements 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 as set forth on the Plat Map.

15.1.4 Right of Access. The Association, and County and their respective agents shall have a perpetual and non-exclusive easement and right, without liability to the Lot Owner, for ingress/egress through any Lot (other than any portion thereof upon which a structure has been erected) for the purpose of maintaining any and all Common Elements, and exercising their rights hereunder, including, but not limited, to easements for utilities, sanitary sewer, storm sewer, power, water, telephone service, cable television and gas, owned by or given for the benefit of the Association, or County, and for the purpose of enforcing any restrictions contained in this Declaration, as applicable.

15.1.5 Utility Easements. Non-exclusive easements for utilities (including drainage, sewers, water pipes, utility facilities and services, water supply, electricity, gas, telephone, communications and television) are hereby reserved over, under, upon, in and through all roadways, alleyways, private lanes, walkways, and over, under, upon, in and through those certain portions of Lots in which they are and/or shall be installed, laid, constructed, repaired and renewed, operated, maintained and inspected. This reservation of easements is for the benefit of the Declarant and its successors or assigns, as well as for the benefit of the Association, County, Puget Sound Energy, Cascade Natural Gas Company, Verizon, Comcast, and any other purveyors of such services as herein before described, as well as any of their successors in interest. To the extent there is a utilities conflict, the County shall have priority.

15.1.6 Easement for Sign. The Association shall have a non-exclusive permanent easement over and across a portion of certain Lots for the purpose of building, constructing and maintaining a sign for the Community. The Association shall have the right to relocate the sign at their discretion. The Lot Owners of the Lots shall be prohibited from interfering or affecting the visibility of the sign in any way. The easement is generally depicted on the attached Declarant Map.

15.1.7 Easement for Lot 4. Lot 4 shall have a non-exclusive permanent easement, twenty feet in width, over and across a portion of Lot 3 for ingress and egress and utilities as depicted on the attached Declarant Map. Lot 4 shall be solely responsible for all maintenance of said easement.

15.2 Easements for Declarant. The 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 Encroachments. Encroachments into the platted boundaries of a Lot resulting from errors in the engineering, surveying or original construction, from shifting or settlement of constructed improvements, for building projections and/or overhangs, from repair or reconstruction following partial or total destruction, and from other similar causes shall be permitted to remain in place for so long as the encroaching structure continues to exist within the Lot, and shall not be deemed to create a condition of unmarketable title with respect to the Lot upon which the encroachment exists.

15.4 Easements Shown on Plat Map. The easements shown on the Plat Map are for the benefit of the Lot Owners and Occupants of Lots, for utility providers, and for the County as noted on the Plat Map. These easements are non-exclusive easements and are subject to Rules established by the Association.

15.5 Special Declarant Rights.

15.5.1 General Reservation of Special Declarant Rights. Pursuant to RCW 64.90.225(1)(g), the Declarant has reserved the Special Declarant Rights described in RCW 64.90.010(51).

15.5.2 Time Limits on the Exercise of Special Declarant Rights. Except with respect to the rights of Declarant Control of the Association which are governed by subsection 7.1, Special Declarant Rights shall terminate upon the sale to a Purchaser of the last Lot that may be created by 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

### 16. AMENDMENT OF DECLARATION.

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

## ARTICLE XVII



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, with the requisite approval of Eligible Mortgagees and other lienholders as may be required by law, or by Article XIV hereof, provided that County of Skagit must also consent to such action before it may become effective.

#### ARTICLE XVIII

#### 18. MISCELLANEOUS.

18.1 Notice. Notice shall be given as required under RCW 64.90.515.

18.2 Severability. All provisions of the Governing Documents 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 document, or application to other Persons or circumstances is not affected.

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

18.4 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.

18.5 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.

18.6 Effective Date. This Declaration shall take effect upon recording.

DATED this 22<sup>nd</sup> day of APRIL, 2021.

MONSTER 8, LLC

[Signature]  
By: monster 8  
Its: president

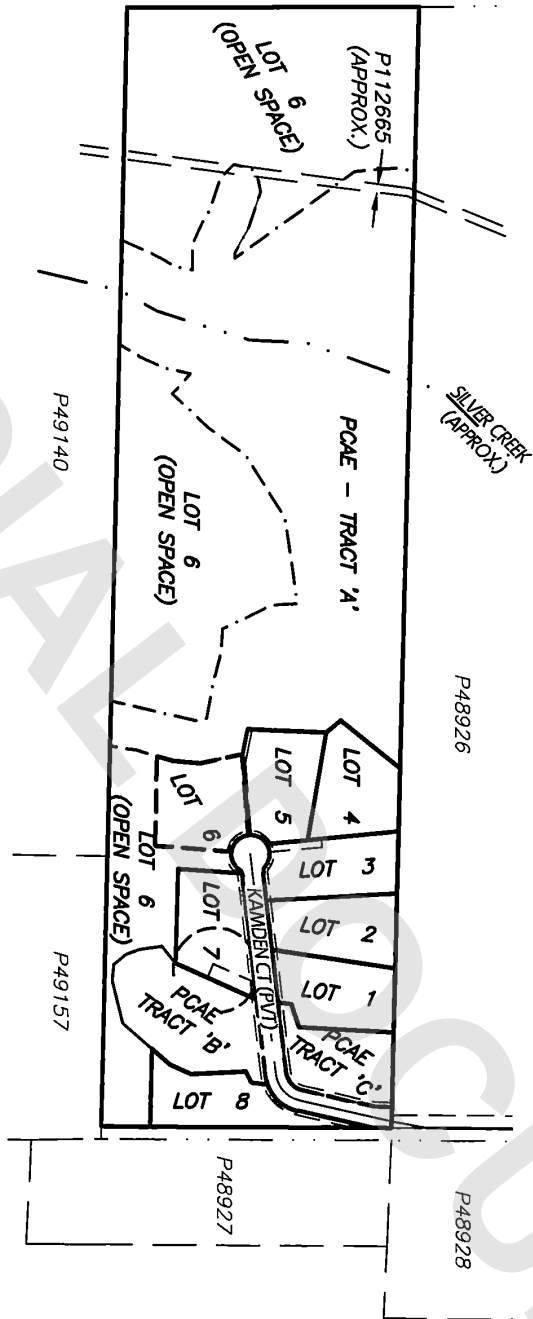


A circular notary seal for Sherri M. Vander Yacht, a Notary Public in the State of Washington. The seal features a rope-like border. Inside the border, the text "SHERRI M VANDER YACHT" is at the top, "COMMISSION EXPIRES" is on the right, "NOTARY PUBLIC" is in the center with a small decorative flourish, and "STATE OF WASHINGTON" is at the bottom. The expiration date "12-09-2021" is located at the bottom center.

EXHIBIT A  
DECLARATION MAP

# EXHIBIT - 'A'

SITUATE IN A PORTION OF THE SW 1/4 AND SE 1/4 OF THE SW 1/4 OF SECTION 5,  
TOWNSHIP 36 NORTH, RANGE 4 EAST, W.M., SKAGIT COUNTY, WASHINGTON



PSE



**PACIFIC SURVEYING  
& ENGINEERING, INC.**

909 Squakam Way, Suite 111 | BELLEVUE, WA 98225  
T: 360.671.7387 | F: 360.671.4685  
WWW/PSESURVEY.COM | INFO@PSESURVEY.COM

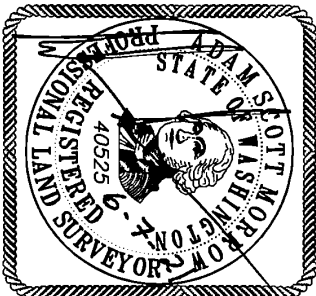
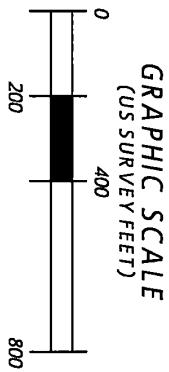
DWG: 2018346\_svk\_CQ&R'S.dwg

DATE: 4/21/21

JOB#: 2018346

SCALE: 1"=400'

SHEET: 1 OF 1





**Pacific Surveying & Engineering, Inc**  
land surveying • civil engineering • consulting • environmental  
909 Squalicum Way #111, Bellingham, WA 98225  
Phone 360.671.7387 Facsimile 360.671.4685 Email [info@psurvey.com](mailto:info@psurvey.com)

**EXHIBIT 'B'**

**LEGAL DESCRIPTION**

SILVER CREEK ESTATES LONG CARD PL 07-0240, ACCORDING TO THE MAP THEREOF,  
RECORDED UNDER SKAGIT COUNTY AUDITOR'S FILE NO. 202106080046,

SITUATE IN THE SKAGIT COUNTY, WASHINGTON.

