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DOCUMENT TITLE(s):

1. RESERVATION OF EASEMENT AND COVENANT FOR MAINTENANCE OF CRITICAL AREA AND HOMEOWNERS ASSOCIATION MEMBERSHIP

REFERENCE NUMBER(s) OF DOCUMENTS ASSIGNED OR RELEASED:

Additional numbers on page _____ of the document

GRANTOR(s):

1. SAUK MOUNTAIN VILLAGE, L.L.C., a Washington Limited Liability Company

GRANTEE(s):

1. SAUK MOUNTAIN VIEW ESTATES NORTH - PHASE III/IV HOMEOWNERS ASSOCIATION

ABBREVIATED LEGAL DESCRIPTION:

Ptn SAUK MOUNTAIN VIEW ESTATES NORTH, PHASE I – WILDFLOWER
and
Ptn. NW NE 18-35-5 and ptn. SW 7-35-5

Complete legal description is on page 20 of the document

ASSESSOR'S PROPERTY TAX PARCEL ACCOUNT NUMBER(s):

4813-000-001-0000 (P120306); 350518-1-002-0300 (P113138)

This cover sheet is for the County Recorder's indexing purposes only.
The Recorder will rely on the information provided on the form and will not read the document to verify the accuracy or completeness of the indexing information provided herein.

**RESERVATION OF EASEMENT AND
COVENANT FOR MAINTENANCE OF CRITICAL AREA
AND HOMEOWNERS ASSOCIATION MEMBERSHIP**

THIS RESERVATION OF EASEMENT AND DECLARATION OF COVENANT FOR MAINTENANCE OF CRITICAL AREA AND HOMEOWNERS ASSOCIATION MEMBERSHIP (Declaration) is made on this 8TH day of July, 2005 by all of the owners of the property listed in Exhibit A, hereinafter referred to collectively as the "Declarants".

RECITALS

- A. The properties listed in Exhibit A (the "Properties") are the locations of planned or proposed future plats that will benefit from lot density calculations based on Tract SMV-B according to the plat of Sauk Mountain View Estates North – Phase I – Wildflower recorded under Skagit County Recording Number 200305090001.
- B. The Plat of Sauk Mountain View Estates North – Phase I – Wildflower recorded under Skagit County Recording Number 200305090001 benefits from lot density calculations based on Tract SMV-B.
- C. Due to the benefits to be derived by the later recorded plats, the Properties subject to this covenant hereby agree to share in the maintenance obligations of said Tract SMV-B, according to the terms of this covenant and the *Notice of Protected Critical Area Subject to Sedro-Woolley Municipal Code Chapter 17.65 and Conservation Easement* recorded herewith.
- D. NOW THEREFORE, all Declarants agree to subject their respective portion of the Properties to the terms, covenants and conditions as hereinafter set forth.
- E. NOW THEREFORE, all Declarants hereby agree that upon any form of land division action upon any one or more parcel listed in Exhibit A where the result is an increase in the total number of parcels making up the Properties, all of the resulting parcels, lots or dwelling units, shall continue to be subject to the terms hereinafter set forth. Further upon such division, each resulting parcel, lot or unit shall become a member of the homeowners association provided for herein and subject to all provisions of this declaration. Each such parcel, lot, or unit shall be held, sold, and conveyed subject to and together with the following restrictions, covenants and conditions.
- F. NOW THEREFORE, all Declarants agree that lots within the Plat of Sauk Mountain View Estates North – Phase I – Wildflower shall be specifically excluded from membership in the Association provided for in this Declaration, but shall share in the maintenance obligations for Tract SMV-B as provided for in Article XI. The authorized representative of the Plat of Wildflowers Community Homeowners

Association, Sauk Mountain View Estates, North shall execute this document for the purpose of approving this limited obligation.

ARTICLE I GENERAL PROVISIONS

Section 1.1 – RUN WITH THE LAND. These covenants, restrictions and conditions hereinafter set forth are for the benefit of all of the above-described real properties and for each owner of any portion thereof and shall run with the land and shall be binding on all parties having or acquiring any right, title, or interest in said Properties or any part thereof, and shall inure to the benefit of and pass with said property and each and every parcel thereof and shall apply to and bind the successors in interest of any owner thereof.

Section 1.2 – AREA COVERED. The area covered by these Covenants is the list of properties as detailed in Exhibit A and as graphically shown in Exhibit B.

Section 1.3 – GENERAL FEATURES. The Properties listed in Exhibit A as of the date of this Declaration of Covenant are located in the city of Sedro Woolley in Skagit County, Washington.

Section 1.4 – TRANSFER OF DECLARANT'S RIGHTS AND POWERS. All rights of any Declarant shall automatically pass to any person or entity acquiring substantially all of the ownership of any one or more of the parcels listed in Exhibit A, whether before or after any land division action. In the event of such an acquisition, all references to Declarant herein shall mean the purchaser of such property. Also, in such event, the original Declarant (named in Exhibit A) shall have no further rights, obligations or liabilities hereunder, except if applicable as a Declarant or member with regard to any lots or parcels actually retained.

Section 1.5 – AMENDMENT. This declaration may be amended by an instrument signed by not less than owners representing eighty percent (80%) of all lots or parcels making up the Properties at the time of such an amendment. Notwithstanding any other provision herein, this covenant may not be amended within three years of the recording date if any of the Declarants still owns one or more lot or parcel within the Properties at the time of an amendment without all such Declarant's (if any) prior written consent. However, the initial board member of the Association shall have the ability to amend this declaration without the approval of any Declarant or any owner until the initial board member resigns from the Board. Further any amendment to this covenant shall be approved in writing by the city of Sedro Woolley Planning Department prior to becoming effective. All amendments to this declaration must be recorded with the Skagit County Recording Office to become effective.

Section 1.6 – SEVERABILITY. Invalidation, modification or amendment of any one or more provision of this covenant by judgment or court order shall not, in any way, affect any of the other provisions which shall remain in full force and effect.



ARTICLE II EASEMENTS

Section 2.1 – COMMON AREA EASEMENT. The common area is Tract SMV-B (Protected Critical Area) as shown on the Plat of Sauk Mountain View Estates North – Phase I – Wildflower recorded under Skagit County Auditor’s File Number 200305090001. Every present and future owner of a parcel or lot within any of the Properties shall have the right to an easement for the use and enjoyment of the Common area, with the exception of the Private Trail Area, subject to such uniform rules and restrictions as may be adopted by the Board of Directors and the *Notice of Protected Critical Area Subject to Sedro-Woolley Municipal Code Chapter 17.65 and Conservation Easement* recorded herewith. The Common area cannot be alienated, conveyed, mortgaged or conveyed without the written consent of at least seventy-five percent (75%) of the Owners and obtaining any plat amendment or other governmental approval required by law, including the consent of the City of Sedro-Woolley. For the purposes of this Declaration, “Owner” shall be defined to include the fee titleholder to any parcel or lot whether an entire parcel as shown in Exhibit A or a portion thereof, as well as contract purchasers of such lots or parcels, but not contract sellers.

Section 2.2 – EASEMENT APPURTENANT. The easement granted herein is appurtenant to all portions of the Properties and is for the benefit of all Owners, and together with all restrictions, reservations, covenants or designations herein, is hereby declared to be a covenant running with the land. Said easement, being appurtenant to and for the benefit of all portions of the Properties, shall pass together with any and all restrictions, reservations, covenants, and/or designations contained in this document or hereafter adopted, whether mentioned or not mentioned in the instrument of conveyance of any portion of the Properties.

Section 2.3 – PUBLIC EASEMENT TO NON-PRIVATE TRAILS. The Owners hereby grant an easement for construction, use and maintenance to the City of Sedro-Woolley for the presently and future constructed non-private, public trails within Tract SMV-B (Protected Critical Area) as shown on the Plat of Sauk Mountain View Estates North – Phase I – Wildflower recorded under Skagit County Auditor’s File Number 200305090001.

Section 2.4 – SHARING OF MAINTENANCE AND REPAIR COSTS. The Owners hereby covenant and agree, and bind themselves, their heirs, successors and assigns by their acceptance of any conveyance of an interest in any lot or parcel within the Properties either by deed or contract, to bear and pay the costs of repair, maintenance and upkeep of the Common Area subject to the provisions of this Declaration.

Owners of all lots or parcels within the Properties shall be responsible for a portion of the maintenance costs for stormwater drainage facilities used by such lots or parcels. These facilities may be outside the boundaries of the Properties. The portion of the expense to be born by the lots or parcels shall be calculated based on the ratio of the number of lots or parcels within the Properties served compared to the total number of lots or parcels served by such stormwater drainage facilities. The association provided for herein shall have the sole discretion to



determine the proportional use and to allocate the costs to the appropriate parcels or lots within the Properties.

Owners of all lots or parcels within the Properties may be responsible for a portion of the maintenance costs for other common areas as may be provided for in documents to be recorded after this Declaration as deemed necessary by a particular Declarant for their particular plat, subdivision or other land division action. The association provided for herein shall have the sole discretion to allocate the costs to the appropriate parcels or lots within the Properties.

ARTICLE III
SAUK MOUNTAIN VIEW ESTATES NORTH - PHASE III/IV
HOMEOWNERS ASSOCIATION

Section 3.1 – FORM OF ASSOCIATION. The Owners of lots or parcels within the Properties shall constitute the Sauk Mountain View Estates North - Phase III/IV Homeowners Association, (the “Association”) which will be a nonprofit corporation formed under the laws of the State of Washington, provided, that from and after the formation of such nonprofit corporation, the rights and duties of the Owners and of the corporation shall continue to be governed by the provisions of this Declaration.

Section 3.2 – ARTICLES AND BYLAWS. Before the Transition Date, the initial board of directors of the Association (the “Board”) will adopt Articles of Incorporation and Bylaws to supplement this Declaration, to provide for the administration of the Association and the Property and for other purposes not inconsistent with this Declaration. The initial Association Board, without the necessity of obtaining the consent of any Owner, may amend the Articles and Bylaws from time to time until the Transition Date.

Section 3.3 – QUALIFICATION FOR MEMBERSHIP. Each Owner shall be a member of the Association and shall be entitled to one membership for each lot or parcel owned; provided, that if a lot or parcel has been sold on contract, the contract purchaser shall exercise the rights of an Owner for purposes of the Association, this Declaration, and the Bylaws, except as otherwise limited, and shall be the voting representative unless otherwise specified. Ownership of a lot or parcel shall be the sole qualification for membership in the Association.

Section 3.4 – TRANSFER OF MEMBERSHIP. The Association membership of each Owner shall be appurtenant to the lot or parcel giving rise to such membership, and shall not be assigned, transferred, pledged, hypothecated, conveyed, or alienated in any way except upon the transfer of the lot or parcel. Any transfer of title to a lot or parcel shall operate automatically to transfer the membership in the Association to the new Owner.

Section 3.5 – NUMBER OF VOTES. The total initial voting power of all Owners shall be six (6) votes with one for each parcel listed in Exhibit A, except Tract SMV-B. The voting power of all owners shall be subject to adjustment each time any land division action affecting any of the Properties is recorded which changes the total number of lots or parcels. Should two or more



dwelling units, intended for occupancy as other than a single family residence (for example, a duplex residential building) be completed on a single lot or parcel, the Owner of the lot or parcel shall be entitled to one vote for each completed dwelling unit. At all times, the total voting power shall be equal to the total of all those lots or parcels without a completed residence plus the number of completed dwelling units within the Properties.

Section 3.6 – VOTING REPRESENTATIVES. An Owner may, by written notice to the Board, designate a voting representative for the lot or parcel. The designated voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from a Person having an ownership interest in a lot or parcel, or by actual notice to the Board of the death or judicially declared incompetence of any Person with an ownership interest in the lot, except in cases in which the Person designated is a Mortgagee of the lot. This power of designation and revocation may be exercised by the guardian of an Owner, the attorney-in-fact for the Owner under a durable power of attorney, and/or the administrator or executor of an Owner's estate. If no designation has been made, or if a designation has been revoked and no new designation has been made, the voting representative of each lot or parcel shall be the group composed of all of its Owners. If a lot or parcel is owned by husband and wife and only one of them is at a meeting, the one who is present will represent the marital community.

3.6.1 Joint Owner Disputes. The vote for a lot or parcel must be cast as a single vote and fractional votes are not allowed. If joint Owners are unable to agree among themselves how their vote shall be cast, before the vote is taken, they shall lose their right to vote on the matter in question.

3.6.2 Pledged Votes. An Owner may, but shall not be obligated to, pledge his vote on all issues or on certain specific issues to a Mortgagee; provided, however, that if an Owner is in default under a Mortgage on his lot for ninety (90) consecutive days or more, the Owners' Mortgagee shall automatically be authorized to state in writing at any time thereafter that the lot Owner has pledged his or her vote to the Mortgagee on all issues arising after such statement and during the continuance of the default. If the Board has been notified of any such pledge to a Mortgagee, only the vote of the Mortgagee will be recognized on the issues that are subject to the pledge.

Section 3.7 – ANNUAL AND SPECIAL MEETINGS. There shall be an annual meeting of the Owners in the first month of each fiscal year at such reasonable place and time as may be designated by written notice from the Board delivered to the Owners no less than thirty (30) days before the meeting. Special meetings may be called as allowed for in the Bylaws.

ARTICLE IV NOTICES FOR ALL PURPOSES

Section 4.1 – FORM AND DELIVERY OF NOTICE. All notices given under the provisions of the Declaration or the Bylaws or rules or regulations of the Association shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, the notice shall be



deemed to have been delivered on the third day of regular mail delivery after a copy has been deposited in the United States mail, first class, postage prepaid, addressed to the person entitled to such notice at the most recent address known to the Board. Mailing addresses may be changed by notice in writing to the Board. Notices to the Board shall be given to the president or secretary of the association.

Section 4.2 – NOTICES TO MORTGAGEES. Any mortgagee of a lot may file with the secretary of the Board a written request that it be given copies of notices. Until the mortgagee withdraws the request and satisfies the mortgage of record, the Board shall send to the requesting Mortgagee a copy of (1) all notices of meetings of the Association; (2) all other notices sent to the Owner of the lot covered by the mortgagee's mortgage; and (3) any financial statements. The provisions of this Section 4.2 shall prevail over any inconsistent provisions in the Declaration or in the Articles or Bylaws.

ARTICLE V RESERVATION OF RIGHTS AND POWER OF ATTORNEY

Section 5.1 – RESERVATION OF RIGHTS. The Declarants as a group hereby reserve unto themselves, their heirs, successors and assigns, certain rights in the Developments and Common Areas, and the rights reserved are hereby expressly declared to be covenants running with the land, binding on all Owners. The rights reserved are as follows:

- A. The right to form a private, non-profit corporation for the benefit of the Owners of property within the Development (the homeowners association) and to incorporate the same under the laws of the State of Washington, with the duties and powers discussed in Article VII of this declaration, subject to change, expansion, or modification as provided for herein.
- B. The right to execute and record additional easements, covenants or similar documentation with regard to the Properties consistent with final Plat(s) or other land division actions as approved by the city of Sedro Woolley.
- C. For one year from the recording date of this Declaration, Declarants, as a group, reserve the right to modify or amend this Declaration by recording such modification or amendment with the Skagit County Auditor, and providing copies of said document to all other Owners at the time of said amendment or modification. Any such amendment shall require the written approval of the city of Sedro Woolley.
- D. Declarants reserve the right to increase the membership in the Association to include the owners of lots of recorded plats or subdivisions or parcels created by any land division action within the Properties described in Exhibit A and the following provisions shall apply:



- i) all expenses, including but not limited to maintenance, insurance and other administrative costs, for all plats will be shared evenly by all of the lots or parcels within the Properties, and
- ii) each Owner of a lot in any plat or any parcel shall be entitled to one vote in any matter voted upon by the membership of the Association.

E. Each Owner irrevocably appoints the Declarant, or the Declarant's successor and assigns, as his/her true and lawful attorney-in-fact in his name, place and stead, to execute and acknowledge and record any and all instruments necessary or beneficial for carrying out any of the rights reserved above in this Article V.

IT IS EXPRESSLY UNDERSTOOD AND INTENDED THAT THE FOREGOING POWERS OF ATTORNEY GRANTED IN ARTICLE V ARE COUPLED WITH AN INTEREST, ARE IRREVOCABLE, AND SHALL SURVIVE CONVEYANCE OF ANY PORTIONS OF THE PROPERTIES, WHETHER OR NOT MENTIONED IN ANY CONVEYANCE DOCUMENT.

ARTICLE VI ADMINISTRATION OF PROPERTY

Section 6.1 – TRANSITION DATE. The "Transition Date" shall be the date control of the Property passes from Declarants to the Association. The Transition Date will be the earlier of (i) the date designated by Declarants in a written notice to the Owners which date may be at Declarants' election any date after this Declaration has been recorded or (ii) five (5) years after any Declarant first conveys a lot in a recorded plat or subdivision or a parcel created by any land division action with a home to a person other than an assignee of Declarant's rights hereunder. For purposes of the foregoing clause (ii), however, transfer of title to a lot by Declarant to any person or entity purchasing the lot for constructing a Structure and selling it to a person intending to reside in the completed structure shall be ignored and title to any lot owned by such a person or entity shall not be deemed transferred to a purchaser who intends to reside on the lot in a completed structure.

Section 6.2 – DECLARANTS' POWERS UNTIL TRANSITION DATE. Until the Transition Date, Declarants shall have the full power of attorney to exercise all of the rights, duties and functions of the Board of Directors and the officers of the Association, including but not limited to reviewing and approving building and landscaping plans, the adoption of rules and regulations, contracting for the purchase of goods and services, buying insurance and collecting and expending all assessments and other Association funds. Declarants may at such times as they deem appropriate select and from time to time replace an interim board of three directors, who need not be Owners and who shall have all the powers, duties, and functions of the Board. Declarants shall have the power to contract with an experienced professional managing agent and delegate to the managing agent such powers and duties as are desirable or appropriate. Any contract made by Declarants, or managing agent, or the board prior to the Transition Date (including management contracts) that would otherwise extend beyond the Transition Date shall be terminable by the Board after the Transition Date upon thirty (30) days notice.



Section 6.3 – TRANSFER OF ADMINISTRATION. On the Transition Date the authority and responsibility to administer and manage the Association, subject to this Declaration and the Articles and Bylaws shall pass to the Association. A Board of not fewer than three Directors elected from among the Owners shall govern the Association. The First Board (that is, the first Board elected by the Owners) will have three directors. Declarants, or the Board will call a meeting of the Association to be held before the Transition Date for the purpose of electing the First Board.

ARTICLE VII AUTHORITY OF THE BOARD

Section 7.1 – ADOPTION OF RULES AND REGULATIONS. The Board is empowered to adopt, amend and revoke on behalf of the Association detailed administrative rules and regulations necessary or convenient from time to time to insure compliance with this Declaration and to promote the comfortable use, value and enjoyment of the Property. The rules and regulations of the Association shall be binding upon all Owners and occupants and all other Persons claiming an interest in a lot except a governmental entity.

Section 7.2 – ENFORCEMENT OF DECLARATION, Etc. The Board shall have the power and the duty to enforce the provisions of this Declaration, the Articles, the Bylaws and the rules and regulations of the Association for the benefit of the Association as well as any Declaration of Covenants, Conditions and Restrictions (CC&R's) that may be recorded against any of the properties in the future. (See Article XIII.) The failure of any Owner to comply with the provisions of this Declaration, the Articles, the Bylaws, CC&R's (if any) or the rules and regulations of the Association will give rise to a cause of action in the Association (acting through the Board) and/or any aggrieved Owner for recovery of damages, for injunctive relief, or for both. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, the Articles, the Bylaws, CC&R's or the rules and regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs, and attorney's fees in the amount awarded by the Court.

Section 7.3 – GOODS AND SERVICES. The Board shall acquire and pay for as common expenses of the Association all goods and services reasonably necessary or convenient for the efficient and orderly functioning of the Common Areas and Common Area Facilities other than lots. The goods and services shall include (by way of illustration and not limitation) policies of insurance and fidelity bonds, legal and accounting services, maintenance, repair, landscaping, gardening and general upkeep, and all supplies, materials, fixtures, and equipment that are in the Board's judgment necessary or desirable for the operation of the Properties and enjoyment of it by the Owners. The Board may hire such full-time or part-time employees as it considers desirable.

ARTICLE VIII BUDGET AND ASSESSMENT FOR COMMON EXPENSES



Section 8.1 – FISCAL YEAR, PREPARATION OF BUDGET. The Board may adopt such fiscal year for the Association as it deems to be convenient. Unless another year is adopted, the fiscal year will be the calendar year. Within thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the charges (including common expenses, and special charges for particular lots and reserves) to be paid during such year, shall make provision for creating, funding and maintaining reasonable reserves for contingencies and operations (including, but not limited to, maintenance of Common Area Facilities), and shall take into account any expected income and any surplus available from the prior year's operating fund. If the sum estimated and budgeted at any time proves inadequate for any reason (including non-payment for any reason of any Owner's assessment), the Board may at any time levy a further assessment, which shall be assessed to the Owners in like proportions.

Notwithstanding the provisions of this Section 8.1, until Declarants' management authority under Article VI terminates, Declarants may elect to collect neither the full budgeted assessment nor any assessments for reserve funds, and instead may collect and expend only the actual costs of operation.

Section 8.2 INITIAL DECLARANT ASSESSMENT. Upon the recording of this Declaration, each Declarant listed in Exhibit A shall be assessed the amount of two hundred fifty dollars (\$250.00) per parcel owned for the purpose of supporting the Common Areas and the Association set up costs during the time prior to the collection of the initial home assessments on lots or parcels sold with homes.

Section 8.3 – INITIAL HOME ASSESSMENT. Upon the initial closing of each home on a lot to a homebuyer (not a speculative builder), the buyer of each lot shall be assessed the amount of one hundred dollars (\$100.00) for the purpose of supporting the Common Areas during the time prior to the first regular assessment for the lot.

Section 8.4 – REGULAR ASSESSMENTS. Each Owner, by acceptance of a deed to a lot or parcel, whether or not it is stated in the deed, is deemed to covenant and agree to pay to the Association all assessments and charges against the lot pursuant to the Declaration. The sums required by the Association for common expenses as reflected by the annual budget and any supplemental budgets shall be equally assessed to each lot and its respective Owner, in the ratio that each lot bears to the number of lots in the Association at the beginning of each fiscal year.

Section 8.5 – SPECIAL ASSESSMENTS. In addition to the regular assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the written assent of seventy percent (70%) of the Owners. Exception: Items of repair in the amount of two thousand dollars (\$2,000.00) or less may be included in an annual or supplemental budget without the written assent of owners.



Section 8.6 – MULTIPLE DWELLING UNITS. Should two or more dwelling units, intended for occupancy as other than a single family residence (for example, a duplex residential building) be constructed on a single lot or parcel, the lot or parcel shall be subject to one assessment (whether initial, regular, or special) per dwelling unit to be assessed as if each dwelling unit were on a separate lot or parcel.

Section 8.7 – NOTICE OF ASSESSMENT. The Association through the board shall give each lot Owner not less than 30 days notice of any assessment, before it shall be due.

Section 8.8 – PROCEEDS BELONG TO ASSOCIATION. All assessments and other receipts received by the Association shall belong to the Association.

Section 8.9 – FAILURE TO ASSESS. Any failure of the Board to make the budget and assessments hereunder before the expiration of any fiscal year for the next fiscal year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owners from the obligation to pay assessments during that or any subsequent year, and the annual assessment amount established for the preceding fiscal year shall continue until a new assessment is prospectively established whether for all or a portion of the year.

Section 8.10 – CERTIFICATE OF UNPAID ASSESSMENTS. Upon the request of any Owner or Mortgagee or prospective Mortgagee of a lot or parcel, the Board will furnish a certificate in a recordable form stating the amount, if any, of unpaid assessments charged to the lot or parcel. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchases and Mortgagees of the lot or parcel who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

Section 8.11 – DECLARANT/SPECULATIVE BUILDER EXEMPTION. Notwithstanding any other provision herein, the Declarants, developers and speculative builders are exempt from any charges or assessments by the Homeowners Association, (with the exception of the Initial Declarant Assessment), regardless of whether such charges are monthly, quarterly, or annual or after specific charges, until the time that a home on a lot is occupied.

ARTICLE IX LIEN AND COLLECTION OF ASSESSMENTS

Section 9.1 – ASSESSMENTS ARE A LIEN, PRIORITY. All unpaid sums assessed by the Association for the share of the common expenses are chargeable to any lot, any sums specially assessed to any lot under the authority of this Declaration or the Bylaws and any charge or expense otherwise imposed pursuant to this Declaration shall constitute a lien on the lot and all its appurtenances from the date the assessment becomes due and until fully paid. The lien for such unpaid assessments or sums shall be subordinate to tax liens on the lot in favor of any assessing or special district, and to all sums unpaid on all First Mortgages of record, but, to the extent permitted by applicable law shall have priority over all other liens against the lot. A First Mortgage that obtains possession through a Mortgage foreclosure or deed of trust sale, or



a purchaser at a foreclosure sale, shall take the lot free of any claims for the share of common expenses or assessments by the Association chargeable to the lot which became due before such possession, but will be liable for the common expenses and assessments that accrue after the taking of possession. The lot's past-due share of common expenses or assessments shall become new common expenses chargeable to all of the Owners, including the Mortgagee or foreclosure sale purchaser and their successors and assigns, in proportion to the number of lots owned by each of them. Notwithstanding any of the foregoing, however, the previous Owner or real estate contract purchaser shall continue to be personally liable for past due assessments as provided in Section 10.3. For purposes of this Section, "Mortgage" does not include a real estate contract and "Mortgagee" does not include the vendor or the assignee or designee of a vendor of a real estate contract.

Section 9.2 – LIEN MAY BE FORECLOSED. The lien for delinquent assessments may be foreclosed by suit by the board in like manner as the foreclosure of a mortgage of real property. The Board, acting on behalf of the Association shall have the power to bid on the lot at the foreclosure sale, and to acquire and hold, lease, encumber, and convey the same.

Section 9.3 – ASSESSMENTS ARE PERSONAL OBLIGATIONS. In addition to constituting a lien on the lot, all sums assessed by the Association chargeable to any lot, together with interest, late charges, costs and attorney fees in the event of delinquency, shall be the joint and several personal obligations of the Owner and any contract purchaser of the lot when the assessment is made and their grantees. Suit to recover personal judgment for any delinquent assessments shall be maintainable without foreclosing or waiving the liens securing them.

Section 9.4 – LATE CHARGES AND INTEREST ON DELINQUENT ASSESSMENTS. The Board may from time to time establish late charges and a rate of interest to be charged on assessments that may thereafter become delinquent. In the absence of another established, nonusurious rate, delinquent assessments shall bear interest at the rate of 12% per annum from the due date. If an annual assessment against a lot is not paid when due, the managing agent or the Board may elect to declare all assessments against the lot to be immediately due and payable.

Section 9.5 – RECOVERY OF ATTORNEY'S FEES AND COSTS. In any action to collect delinquent assessments, the prevailing party shall be entitled to recover as a part of its judgment a reasonable sum for attorneys fees and all costs and expenses reasonably incurred in connection with the action, in addition to taxable costs permitted by law.

Section 9.6 – REMEDIES CUMULATIVE. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies that may be available under the law although not expressed herein, either concurrently or in any order.

Section 9.7 – NO AVOIDANCE OF ASSESSMENTS. No Owner may avoid or escape liability for assessments provided for herein by abandoning his lot.



ARTICLE X
FAILURE OF BOARD TO INSIST ON STRICT PERFORMANCE NOT A WAIVER

The failure of the Board in any instance to insist upon the strict compliance with this Declaration or Bylaws or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or institute any action, shall not be construed as a waiver or a relinquishment for the future of any term, covenant, condition, or restriction. The receipt by the Board of payment of any assessment from any Owner, with knowledge of any breach by the Owner, shall not be a waiver of the breach. No waiver by the Board of any requirement shall be effective unless expressed in writing and signed by the Board. This Article also extends to the Declarants, Declarants' managing agent and the interim board of directors exercising the power of the Board before the Transition Date.

ARTICLE XI
THE PLAT OF SAUK MOUNTAIN VIEW ESTATES NORTH, PHASE I
(WILDFLOWER)

Section 11.1 – GENERAL EXPLANATION. The Plat of Sauk Mountain View Estate North, Phase I – Wildflower (hereinafter "Wildflower") is made up of 61 lots as further described in Exhibit C and other common area features. Wildflower lots are obligated by the declaration recorded under Skagit County Auditor's File Number 200305090002 and the *Notice of Protected Critical Area Subject to Sedro-Woolley Municipal Code Chapter 17.65 and Conservation Easement* recorded herewith, to share in the maintenance obligations for Tract SMV-B as described above. This Article XI is intended to explain how Wildflower owners shall meet their obligations for this tract.

Section 11.2 – MAINTENANCE ASSESSMENT. As part of each annual budget for the Association, the board shall estimate the annual costs of maintenance of Tract SMV-B. This estimate shall include, but not be limited to landscaping and trail maintenance and repairs, insurance, litter control and the removal of dangerous trees as determined necessary by the board. The estimate shall be increased by any prior shortfalls in the budget or in payments received and decreased by any prior year budget overages as they relate to the costs of the Tract. The estimated amount shall be divided by the total number of lots or parcels within the Properties as of the assessment date plus the number or lots within Wildflower that are occupied or sold with a home (not those owned by a developer or speculative builder) as of the assessment date for a per lot assessment for the maintenance of Tract SMV-B.

Section 11.3 – WILDFLOWER ASSESSMENT. The Wildflower share of the assessment for maintenance of Tract SMV-B shall be divided among the included lots within Wildflower and then billed to the owner of each such lot within Wildflower. The balance of the estimated costs shall be included in the annual budget for the Association and assessed to those lots and/or parcels.

Section 11.4 – NOTICE OF ASSESSMENT. The Association through the board shall give each Wildflower lot owner not less than 30 days notice of any assessment, before it shall be due.



Section 11.5 – LIEN RIGHTS. The Association shall have the same lien rights described in Article IX against all lots and lot owners within Wildflower.

Section 11.6 – FAILURE TO ASSESS. Any failure of the Board to make the budget and Wildflower assessments hereunder before the expiration of any fiscal year for the next fiscal year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Wildflower lot owners from the obligation to pay assessments during that or any subsequent year, and the annual Wildflower assessment amount established for the preceding fiscal year shall continue until a new Wildflower assessment is prospectively established whether for all or a portion of the year.

Section 11.7 – CERTIFICATE OF UNPAID ASSESSMENTS. Upon the request of any Owner or Mortgagee or prospective Mortgagee of a lot, the Board will furnish a certificate in a recordable form stating the amount, if any, of unpaid Wildflower assessments charged to the Wildflower lot. The certificate shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the certificate in favor of all purchases and Mortgagees of the lot who rely on the certificate in good faith. The Board may establish a reasonable fee to be charged to reimburse it for the cost of preparing the certificate.

ARTICLE XII ARCHITECTURAL STANDARDS

Section 12.1 – ESTABLISHMENT OF ARCHITECTURAL CONTROL COMMITTEE. An Architectural Control Committee (ACC) is hereby established for the Properties and shall substantially follow the requirements; procedures and performances standards set forth in this Declaration and any CC&R's that are recorded later.

The initial ACC for the Plat shall be the Declarants, by and through the Declarants' designee, who shall perform the functions of the ACC as set forth herein. The Declarants shall retain the responsibility for performing the functions of the ACC until the Transition Date or until the Declarants surrender that responsibility prior to that time, in a written document recorded with the Skagit County Recording Office. Upon the termination or expiration of the right of the Declarants to act as the ACC, the Association, acting through its Board of Directors, shall designate a minimum of two (2), but not more than five (5) Owners who shall, by majority action, perform the responsibilities of the ACC. In the event the Owners are not designated, the Homeowners' Association Board of Directors may temporarily perform the function of the ACC.

Section 12.2 – AUTHORITY OF ACC. No structure shall be erected, placed or altered on any lot until the building plans, with respect to the exterior design, materials and specifications and color schemes have been approved in writing by the ACC, as to the quality of materials, color schemes, harmony of exterior design with existing structures, location of structure on a lot with reference to topography, elevation and relation to structures on adjacent lots. The authority of the ACC is to be exercised in a reasonable manner with the goal of insuring consistent



architectural standards for the benefit of the Owners. Fencing shall be treated as a structure for the purposes of ACC review.

Section 12.3 – SUBMISSION OF DATE TO ACC AND APPROVAL BY ACC. All applications to the ACC for approval shall be in writing and shall be supplemented by such supporting data, as the ACC shall reasonably require. The ACC's approval or disapproval shall be in writing; any disapproval by the ACC shall specify reasons for the disapproval. Submittals by or on behalf of lot owners shall include a plot plan drawn to scale reflecting the location of any and all structures within the lot and relevant elevations. In addition, the submittal shall depict or describe the design of the structure with sufficient detail that the ACC is able to identify and review that design as well as describe the type and color scheme of all exterior materials.

In the event the ACC fails to approve or disapprove a complete application submitted to it within forty-five (45) days after the receipt of the complete application or supplemental information reasonably requested by the ACC, further approval from the ACC for the structure or improvement identified in the application will not be required and the lot Owner shall be deemed to have complied with this Covenant unless, prior to the completion of the structure, the lot Owner or his/her contractor has made material changes from the application submitted to the ACC and/or failed to comply with the plans and specifications submitted to the ACC or local building official.

Section 12.4 – DECLARANTS' EXEMPTION. Initial homes and fences on lots or parcel which are built by any Declarant or their successor shall be exempt from the requirement for ACC review.

ARTICLE XIII USE RESTRICTIONS TO BE ENFORCED BY ASSOCIATION

Section 13.1 – GENERAL EXPLANATION. Because the Properties are subject to different ownership interests each with its own vision for development of their portion of the properties, it is not feasible to set out the use restrictions for each project at this time. However, each Declarant shall have the right to record what they deem to be the appropriate CC&R's at or around the time when their project is completed and recorded.

Section 13.2 – ENFORCEMENT OF CC&R'S. Because the owners of lots and parcels within all portions of the Properties will be members of the Sauk Mountain View Estates South Phase III/Phase IV Homeowners Association and to avoid the need for additional "sub-associations," it is hereby agreed by all Declarants for themselves and their successors that the Association shall have the express power to enforce the requirements of the various CC&R's as recorded for each such project as the lots or parcels are added to the Association.

DATED this 8th day of July, 2005

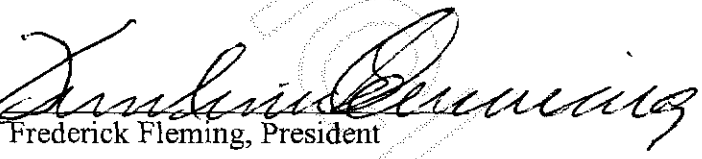


DECLARANTS:


DUKE'S HILL LLC

By 
Kevin McGoffin, Authorized Member

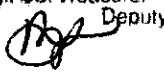
SAUK MOUNTAIN VILLAGE LLC

By 
Frederick Fleming, President

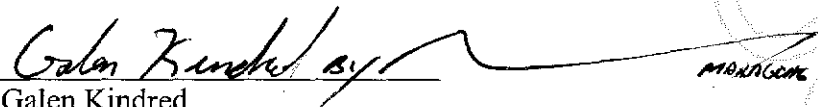
GRANDVIEW HOMES LLC

By 
Scott Wammack, Managing Member

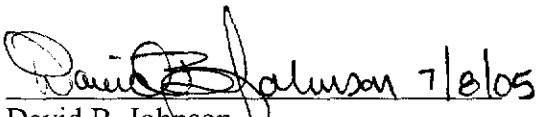
SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

JUL 18 2005
Amount Paid \$
Skagit Co. Treasurer
By  Deputy

GALEN KINDRED, INDIVIDUALLY


Galen Kindred *MANAGING MEMBER*

SAUK MOUNTAIN VIEW ESTATES PHASE III/IV HOMEOWNERS ASSOCIATION

 7/18/05
David B. Johnson
Initial Board Member


200507180165
Skagit County Auditor

Approved as to the obligations in Article XI:

THE PLAT OF WILDFLOWERS COMMUNITY HOMEOWNERS ASSOCIATION, SAUK
MOUNTAIN VIEW ESTATES, NORTH

Frederick G. Flemming

Frederick G. Flemming
President/Declarant

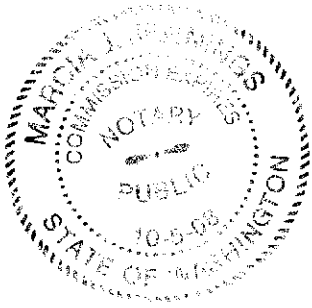
STATE OF WASHINGTON)
)
COUNTY OF Skagit)ss.

On this day personally appeared before me Kevin B. McGoffin, to me known to be the Managing Member of DUKE'S HILL LLC., the Washington limited liability company that executed the within and foregoing instrument, and acknowledged to me the said instrument was 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 the said instrument for and on its behalf.

SUBSCRIBED AND SWORN TO before me by Kevin B. McGoffin on this 12 day of July, 2005.

Marcia J. Jennings

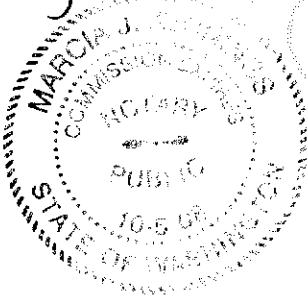
PRINTED NAME: Marcia J. Jennings
NOTARY PUBLIC in and for the State of Washington
residing at Sedro Woolley
My commission expires: 10/15/2008



STATE OF WASHINGTON)
)ss.
COUNTY OF Skagit)

On this day personally appeared before me Frederick G. Flemming, to me known to be the President of THE PLAT OF WILDFLOWERS COMMUNITY HOMEOWNERS ASSOCIATION, SAUK MOUNTAIN VIEW ESTATES, NORTH that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said Association for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on its behalf.

SUBSCRIBED AND SWORN TO before me by Frederick G. Flemming on this 12th day of July, 2005.

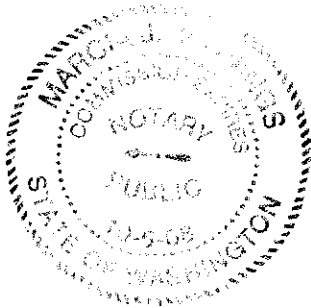


Marcia J Jennings
PRINTED NAME: Marcia J. Jennings
NOTARY PUBLIC in and for the State of Washington
residing at Sedro Woolley
My commission expires: 10/5/2008

STATE OF WASHINGTON)
)ss.
COUNTY OF Skagit)

On this day personally appeared before me Frederick G. Flemming, to me known to be the President Member of SAUK MOUNTAIN VILLAGE LLC, the Washington limited liability company that executed the within and foregoing instrument, and acknowledged to me the said instrument was 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 the said instrument for and on its behalf.

SUBSCRIBED AND SWORN TO before me by Frederick G. Flemming on this 12th day of July, 2005.



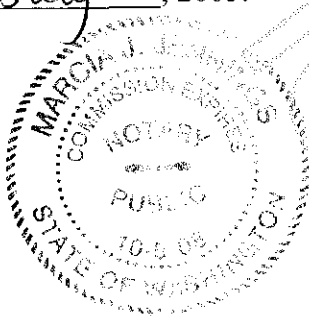
Marcia J Jennings
PRINTED NAME: Marcia J. Jennings
NOTARY PUBLIC in and for the State of Washington
residing at Sedro Woolley
My commission expires: 10/5/2008



STATE OF WASHINGTON)
)ss.
COUNTY OF Skagit)

On this day personally appeared before me Scott Wammack, to me known to be the Managing Member of Grandview Homes LLC, the Washington corporation that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on its behalf.

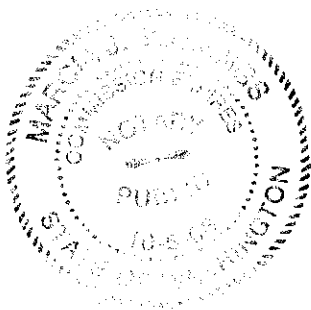
SUBSCRIBED AND SWORN TO before me by Scott Wammack on this 11th day of July, 2005.



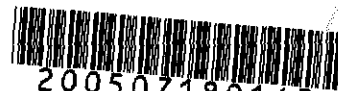
Marcia J. Jennings
PRINTED NAME: Marcia J. Jennings
NOTARY PUBLIC in and for the State of Washington
residing at Sedro Woolley
My commission expires: 10/5/2008

STATE OF WASHINGTON)
)ss.
COUNTY OF Skagit)

On this 11th day of July, 2005 before me personally appeared Scott Wammack who executed the within instrument as Attorney in Fact for Galen Kindred and acknowledged to me that he signed and sealed the same as his free and voluntary act and deed as attorney in fact for Galen Kindred for the uses and purposes therein mentioned, and on oath stated that the power of attorney authorizing the execution of this instrument has not been revoked and that the said Galen Kindred is now living and is mentally competent.



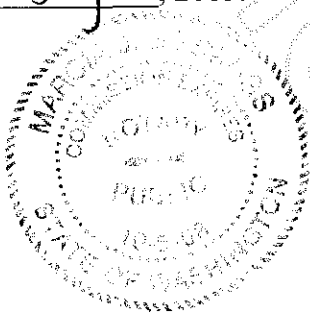
Marcia J. Jennings
PRINTED NAME: Marcia J. Jennings
NOTARY PUBLIC in and for the State of Washington
residing at Sedro Woolley
My commission expires: 10/5/2008



STATE OF WASHINGTON)
)ss.
COUNTY OF Skagit)

On this day personally appeared before me David B. Johnson, to me known to be the Initial Board Member of the Sauk Mountain View Estates North Phase III/IV Homeowners Association, the Washington non-profit corporation that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on its behalf.

SUBSCRIBED AND SWORN TO before me by Scott Womack on this 8th day of July, 2005.



Marcia J. Jennings
PRINTED NAME: Marcia J. Jennings
NOTARY PUBLIC in and for the State of Washington
residing at Sedro Woolley
My commission expires: 10/5/2008



Exhibit A

PROPOSED 4 LOTS – PHASE 3

THE WEST 280.01 FEET OF THE NORTH 90 FEET OF THE SOUTH 150.00 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 5 EAST OF W.M.

SITUATE WITHIN IN THE CITY LIMITS OF SEDRO-WOOLLEY, SKAGIT COUNTY, WASHINGTON.

PROPOSED 91 LOTS – PHASE 4 (67 LOTS- PHASE 4 / 24 LOTS – PHASE 4A)

PARCELS 1,2,3 AND 4 OF THE S-W LAND CO. L.L.C. LOT LINE ADJUSTMENT, AS RECORDED UNDER A.F. NO. 980529110, RECORDS OF THE SKAGIT COUNTY AUDITOR'S OFFICE, EXCEPT THOSE PORTION OF PARCELS 1 AND 2 LYING WITHIN TRACT SMV-A IN THE PLAT OF "SAUK MOUNTAIN VIEW ESTATES NORTH-PHASE 1-WILDFLOWER", AS RECORDED UNDER A.F. NO. 200305090001, RECORDS OF THE SKAGIT COUNTY AUDITOR'S OFFICE, ALSO EXCEPT THE SOUTH 150.00 FEET OF PARCEL 4;

ALSO, AND TOGETHER WITH, THE EAST 834.83 FEET OF THE WEST 1114.84 FEET OF THE SOUTH 208.56 FEET OF THE NORTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 5 EAST OF W.M., EXCEPT THAT PORTION DEDICATED FOR PORTOBELLO AVENUE;

ALSO, AND TOGETHER WITH, TRACT A, AS SHOWN IN THE PLAT OF "SAUK MOUNTAIN VIEW ESTATES-NORTH-A PLANNED RESIDENTIAL DEVELOPMENT-PHASE 2" AS RECORDED UNDER A.F. NO. 200401290095, RECORDS OF THE SKAGIT COUNTY AUDITOR'S OFFICE;

ALSO, AND TOGETHER WITH, THAT PORTION OF TRACT B OF SAID PHASE 2, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID TRACT B; THENCE SOUTH 88°19'18" WEST ALONG THE NORTH LINE OF TRACT B AND THE NORTH LINE OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 5 EAST OF W.M., 187.55 FEET; THENCE SOUTH 01°34'04" EAST, 122.53 FEET; THENCE SOUTH 34°15'11" EAST, 352.93 FEET; THENCE SOUTH 27°09'01" EAST, 72.51 FEET; THENCE NORTH 87°54'05" EAST, 11.04 FEET; THENCE NORTH 02°05'55" WEST, 308.90 FEET; THENCE NORTH 15°09'09" WEST, 181.05 FEET TO THE POINT OF BEGINNING.

SITUATE WITH THE CITY LIMITS OF SEDRO-WOOLLEY, SKAGIT, COUNTY, WASHINGTON



Exhibit C

Lots I through 61, inclusive, of the Plat of Sauk Mountain View Estates, North, Phase I, Wildflower according to the plat thereof recorded under Skagit County Auditor's File No. 200305090001, records of Skagit County, Washington.



200507180165

Skagit County Auditor