

When Recorded, Return to:

Quadrant Homes
Attn: Sales Lien Coordinator
14725 SE 36th St. Suite 200
Bellevue, WA 98009



200709250066
Skagit County Auditor

9/25/2007 Page 1 of 5 11:41AM

LAND TITLE OF SKAGIT COUNTY

122155-5

DECLARATION OF LIEN RIGHTS

Grantor: 1) <u>Mary Petty</u>	2) <u>Daniel Walters</u>
<input type="checkbox"/> Additional on page _____	
Grantee: 1) <u>Quadrant Homes</u>	2) _____
<input type="checkbox"/> Additional on page _____	
Legal Description:	Lot 55, "SKAGIT HIGHLANDS, DIVISION II," as per plat recorded on April 4, 2006, under Auditor's File No. 200604040052, records of Skagit County, Washington. Situate in the City of Mount Vernon, County of Skagit, State of Washington.
Additional on : <u>N/A</u>	
Assessor's Tax Parcel ID #: <u>4887-000-055-0000 P124275</u>	
Reference Nos. of Documents Released or Assigned: _____	

NOTICE IS HEREBY GIVEN that, pursuant to the Purchase and Sale Agreement by and between Grantor and Grantee dated as of February 10, 2007 (the "Purchase Agreement"), this Declaration of Lien Rights is made by the undersigned against certain property located in Skagit County as more specifically described above and incorporated by this reference (the "Property").

Grantor has agreed that the Property shall be used as Grantor's primary residence for one calendar year immediately following the date of recording of the deed conveying the Property to Grantor (the "Occupancy Milestone"). Grantor has also agreed that if Grantor does not use the property as Grantor's primary residence until the Occupancy Milestone, then Grantee shall have a valid and perfected lien upon the Property in an amount equal to: (i) in the case of a sale or other transfer of fee title to the Property, the amount of the appreciation of the Property since the date on

which Grantor acquired title to the Property, or (ii) in the case of a lease or other occupancy agreement (a "Lease"), the greater of: (a) the actual rent or economic consideration, or (b) fair market rental value of the Property (in either case, "Rent") payable to or for the benefit of Grantor during the term of the Lease. For purposes of these provisions, the term "appreciation" shall mean the difference between (i) the fair market value of the Property at the time of Grantor's transfer thereof, less customary costs of such transfer, and the consideration paid by Grantor to Grantee to acquire the Property. The foregoing amounts are collectively referred to herein as the "Community Preservation Lien", which in no case shall be less than \$25,000.00. The Community Preservation Lien shall be inchoate upon recording of this Declaration of Lien Rights.

If Grantor does not occupy the Property as Grantor's primary residence until the Occupancy Milestone, the Community Preservation Lien shall be automatically executing, automatically perfected, and relate back to the recording of this Declaration of Lien Rights upon the earlier of: (i) one day prior to a transfer of any legal or beneficial interest in or to the Property from Grantor to any other person or entity *except* any transfer by Grantor: (a) to a family trust controlled by the Grantor; (b) made by Grantor's estate, surviving spouse or child upon the death of any Grantor; (c) of a security interest granted to a licensed and regulated institutional lender pursuant to a deed of trust or upon foreclosure of such security interest; (d) where the spouse of Grantor becomes the only co-owner of the Property; (e) relating to a decree of dissolution of marriage or legal separation, or property settlement agreement relating thereto; (f) necessary to accommodate a job transfer required by Grantor's employer (not including Grantor if Grantor is self-employed); (g) necessitated by a medical or financial emergency, proof of which has been delivered to Grantee and has been approved by Grantee in its reasonable discretion, or (h) necessitated by another "hardship" situation, proof of which has been delivered to Grantee and has been approved by Grantee in its reasonable discretion, or (ii) the date on which Grantor ceases to use the Property as Grantor's primary residence.

This Declaration of Lien Rights and the Community Preservation Lien shall at all times be and remain subordinate to any security interest granted by Grantor to any licensed and regulated institutional lender in connection with the purchase of the Property, and to any refinance of the obligation secured by such security interest. The Community Preservation Lien may be foreclosed by Grantee in the same manner as foreclosure of a deed of trust pursuant to Revised Code of Washington Title 61, Chapter 24. Grantee shall be entitled to collect all reasonable attorneys' fees and costs incurred by Grantee in enforcing and foreclosing this Lien.

Should the Grantor continuously use the Property as the Grantor's primary residence until expiration of the Occupancy Milestone, upon such expiration this Declaration of Lien Rights and Community Preservation Lien shall automatically terminate and be released.

EXECUTED as of the day and year first above written.

QUADRANT HOMES, Grantee

By BreAnn Cline

Name BreAnn Cline

Its Regional Sales Operations Manager



200709250066

Skagit County Auditor

Reviewed, Acknowledged and Accepted

By Mary Petty

Name Mary Petty

Grantor

Reviewed, Acknowledged and Accepted

By Daniel L. Walters

Name Daniel Walters

Grantor

Mary Petty as
Power of Attorney

STATE OF WASHINGTON

COUNTY OF KING

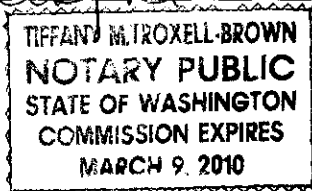
} ss.

On this day personally appeared before me BreAnn Cline, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged such instrument to be the free and voluntary act and deed of such corporation, for the uses and purposes therein mentioned, and on oath stated that he/she was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 10th day of

August

, 2007



Tiffany M. Troxell-Brown

Printed Name Tiffany M. Troxell Brown

NOTARY PUBLIC in and for the State of Washington, residing at
Maple Valley

My Commission Expires March 9, 2010

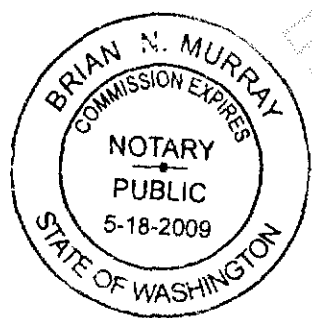


200709250066
Skagit County Auditor

STATE OF WASHINGTON }
COUNTY OF Skagit } SS.

On this day personally appeared before me Mary Petty,
to me known to be the individual described in and who executed the within and foregoing
instrument, and acknowledged that he/she/they signed the same as his/her/their free and
voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 14th day of
September, 2007

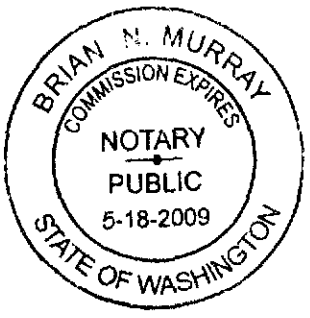


Brian N. Murray
Printed Name Brian N. Murray
NOTARY PUBLIC in and for the State of Washington,
residing at Bothell, WA
My Commission Expires 5-18-2009

STATE OF WASHINGTON }
COUNTY OF Skagit } SS.

On this day personally appeared before me Daniel Walters as POA Mary Petty,
to me known to be the individual described in and who executed the within and foregoing
instrument, and acknowledged that he/she/they signed the same as his/her/their free and
voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 14th day of
September, 2007



Brian N. Murray
Printed Name Brian N. Murray
NOTARY PUBLIC in and for the State of Washington,
residing at Bothell, WA
My Commission Expires 5-18-2009

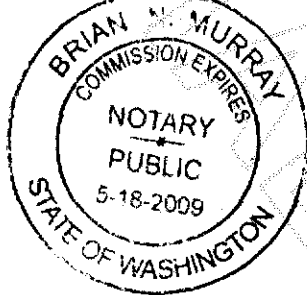


State of: WA
County of: Skagit

On this 14th day of September, 2007, before me personally appeared MARY E PETTY to me known to be the individual who executed the foregoing instrument as Attorney in Fact

For DANIEL L. WALTERS and acknowledged that he/she signed the same as HER free and voluntary act and deed as Attorney in fact for said principal 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 said principal is now living and is not insane.

Given under my hand official seal the day and year last above written.



Brian Murray
Notary Public in and for the State
Of Washington, residing at
Bethel, WA
My appointment expires
5-18-2009

ACKNOWLEDGEMENT-ATTORNEY IN FACT



200709250066
Skagit County Auditor

9/25/2007 Page

5 of

5 11:41AM