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Skagit County Auditor

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DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATIONS
FOR
OAK HILL LANE PLAT

TITLE OF DOCUMENT:

DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND
RESERVATIONS FOR OAK HILL LANE PLAT

DOCUMENT AMENDED:

AF # 200904150071

GRANTOR:

COMMONWEALTH HOLDINGS LLC

GRANTEE:

THE GENERAL PUBLIC

ABBREV. LEGAL DESCRIPTION:

LOTS 2-A, 2-B, 3-A, 3-B, 4-A, 4-B, 5-A, 5-B, 6-A,
6-B, 7-A, 7-B, 8-A & 8-B OAK HILL LANE PLAT,
AF # 201005270125

FULL LEGAL APPEARS:

P. 1

TAX PARCEL NOS.:

P62391, P128544, P128547, P128548,
P128549, P38167, P128550, P128553

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ARTICLE I

IDENTIFICATION OF DECLARANT AND PROPERTY; PURPOSE

1.1. Identification of Declarant and Property.

COMMONWEALTH HOLDINGS LLC, a Washington Limited Liability Company hereinafter referred to as the "Declarant," is the owner in fee simple of the land described in Section 1.2 hereof, together with all improvements, easements, rights and appurtenances thereunto belonging (all collectively referred to hereinafter as "the Property"). Declarant has submitted the Property to the provisions of Chapter 16, Burlington Municipal Code (hereinafter referred to as the "Ordinance"), and has thus created from such Property a Subdivision project known as "Oak Hill Lane Plat".

1.2. Reference to Subdivision Plat.

Concurrently herewith, the Declarant has recorded with the Auditor of Skagit County, Washington a certain subdivision plat map for a subdivision known as "Oak Hill Lane Plat" [the "Subdivision"], showing the location and dimensions of various lots and/or tracts and Common Areas within the Subdivision, together with other necessary information. This subdivision plat map is hereinafter referred to as the "Plat Map". This Declaration of Covenants thus benefits and burdens the following described real property: Lots 2-A, 2-B, 3-A, 3-B, 4-A, 4-B, 5-A, 5-B, 6-A, 6-B, 7-A, 7-B, 8-A & 8-B, Oak Hill Lane Plat, as per the map thereof recorded at Auditor's File No. 201005270125, records of Skagit County, Washington.

1.3. Purpose.

This Declaration, together with the Plat Map referred to herein, state covenants, conditions, restrictions and reservations intended by the Declarant to effect a common plan for the development of the Property mutually beneficial to all of the described Lots. With respect to the Lots described above in Section 1.2 hereof, this Declaration shall be deemed to completely supersede and replace the Declaration of Covenants for Oak Street Short Plat recorded at Auditor's File No. 200904150071. These covenants, conditions, restrictions, reservations and plan are intended to become, and by the recordation of this instrument shall be conclusively deemed to be legal and equitable servitudes which shall run with the land of the Property and shall be binding upon the entire Property and upon each such Lot therein as a parcel of realty, and upon its Owners, their family members, their heirs, personal representatives, successors and assigns, and their tenants, licensees and other lawful occupants, 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, or of any forfeiture, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

ARTICLE II

DEFINITIONS

2.1. "Assessment" means all sums chargeable by the Association against a Lot including, without limitation: (a) Regular and Special Assessments for Common Expenses, charges, and fines imposed by the



Association; (b) interest and late charges on any delinquent account; and (c) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Owner's account.

2.2. "Association" or "Owners Association" means the nonprofit corporation incorporated at the direction of the Declarant to manage the Common Areas of this Subdivision and enforce the provisions of the Governing Documents.

2.3. "Board of Directors" means the body with primary authority to manage the affairs of the Association.

2.4. "Common Areas" means those portions of the property within the Subdivision so designated on the Plat Map, along with any other real property owned by the Association or for which the Association has maintenance responsibilities under this Declaration. Common Areas are further defined and described in Article V hereof.

2.5. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves; without limitation, such expenses include those necessary or desirable for maintaining, repairing, replacing, insuring or managing the Common Areas, along with taxes, other insurance, professional services and all other goods and services provided by the Association to its members.

2.6. "Common Expense liability" means the liability for Common Expenses allocated to each Lot pursuant to Section 10.6 of this Declaration.

2.7. "Community" means all the Property within the Subdivision, along with all the improvements constructed therein, the Association, and all other institutions and things serving the Owners of Lots therein.

2.8. "Conveyance" means any transfer of the ownership of a Lot, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.

2.9. "Declarant" means the entity, person or group of persons acting in concert who (a) executes this Subdivision Declaration, or (b) reserves or succeeds to any Special Declarant Right under the Declaration.

2.10. "Declarant control" means the right of the Declarant or persons designated by the Declarant to appoint and remove officers and members of the Board of Directors or to veto or approve a proposed action of the Board or Association pursuant to Sections 8.1 and 16.6 of this Declaration.

2.11. "Declaration" means this document, which facilitates the creation of this Subdivision; the term also includes any lawful amendments to this document.

2.12. "Design Guidelines" means the standards developed by the Board of Directors pursuant to Article IX hereof, and any standards established by the Declarant.



2.13. "Development Plan" means any formal plan of development, however termed under the Ordinance, approved by the City of Burlington. The term also includes any amendments thereto approved by applicable governmental entities.

2.14. "Duplex Building" means a building containing two Dwellings constructed on adjacent Lots in which a party wall provides support for both Dwellings and separates each Dwelling from the other Dwelling in the building.

2.15. "Dwelling" means the principal housing structure constructed within a Lot within a Duplex Building.

2.16. "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

2.17. "Governing Documents" means the Declaration, the Plat Map, the Bylaws of the Association along with any Rules and Regulations adopted by the Board of Directors.

2.18. "Limited Common Expenses" are portions of the Common Expenses for which one or more, but fewer than all Lot Owners may become liable under the terms of the Governing Documents.

2.19. "Lot" means a physical portion of the Subdivision designated for separate ownership, the boundaries of which are depicted on the Plat Map.

2.20. "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, not the vendor, of a Lot under a real estate contract.

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

2.22. "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.

2.23. "Property" or "the Property" means all the real property described as being contained within the Plat Map and, where appropriate, includes all real property which may be from time to time either added to the Subdivision by the Declarant or acquired by the Association pursuant to Section 8.3.3 hereof.

2.24. "Purchaser" means any person, other than the Declarant or a dealer, who by means of a disposition acquires a legal or equitable interest in a Lot other than (a) a leasehold interest, including renewal options, of less than twenty years at the time of creation of the Lot, or (b) as security for an obligation.

2.25. "Real property" means any fee, leasehold or other estate or interest in, over, or under land, including structures, fixtures, and other improvements thereon and easements, rights and interests appurtenant thereto which by custom, usage, or law pass with a conveyance of land although not described in the contract of sale or instrument of conveyance.

2.26. "Residential purposes" means use for dwelling or recreational purposes, or both.



2.27. "Special Declarant Rights" means rights reserved for the benefit of the Declarant to: (a) Complete improvements indicated on the Plat Map; (b) maintain sales offices, management offices, signs advertising the Subdivision, and models; (c) use easements through the Common Areas for the purpose of making improvements within the Subdivision; (d) appoint or remove any officer of the Association or any member of the Board of Directors; or (e) to veto or approve a proposed action of the Board or Association during any period of Declarant Control reserved in this Declaration. In this Subdivision, Special Declarant Rights are described in Section 16.6 hereof.

2.28. "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is required to maintain property in a decent, safe and sanitary condition, in keeping with the standards of the Community.

ARTICLE III

DESCRIPTION OF LAND AND AMENITIES

3.1. Land.

The land on which the Lots, Common Areas and other improvements of this Subdivision are located is situated at 420, 422, 425, 427, 431, 433, 434, 436, 447, 449, 452, 453, 454 & 455 Oak Hill Lane, Burlington, Skagit County, Washington, and is more particularly described on the Plat Map. These Covenants affect all Lots of the Plat Map.

3.2. Development Plan.

The Community will be developed in accordance with the conditions of approval imposed by the City of Burlington for this project in City Plat File No. 1-10 and with the terms of that certain Contract Rezone for the Property included herewith recorded at Auditor's File No. 200903310037, Records of Skagit County, Washington. The Association has perpetual responsibility for maintenance of all the Common Areas of this Community for the common benefit of the Lot Owners.

3.3. Amenities.

The Subdivision contains a private road, drainage facilities, a basketball court, children's play area, and three (3) guest parking spaces, all depicted on the Plat Map.

ARTICLE IV

LOTS

4.1. Number and Location.

The Subdivision contains fourteen (14) Lots which are depicted on the Plat Map. The location of those Lots and their dimensions are shown on the Plat Map. Each Lot contains improvements consisting of one-half of a duplex building, with private yards, fences and attached garages.



4.2. Construction of Dwellings and Other Improvements Within Lots.

4.2.1. Initial Construction by Declarant.

Dwellings and related improvements such as fencing and accessory structures have been or will be constructed within the Lots by or under the direction of the Declarant, according to a common design scheme established by the Declarant.

4.2.2. No Modification Absent Approval by Board of Directors.

To protect the architectural integrity of the buildings within the Community, no person other than the Declarant shall paint or otherwise alter the appearance of any portion of a building on a Lot, or make any addition, alteration or improvement in or to any portion of a building within a Lot, other than for normal Upkeep, which is visible from the exterior of the Lot (excluding areas within a Dwelling's building envelope which are visible from the exterior only because of the transparency of glass doors, walls or windows), without the prior written consent of the Board of Directors. Any addition, alteration or improvement upon any Lot existing in violation of the Governing Documents is expressly declared to be a nuisance and shall be removed or altered by the Lot's Owner to conform to the Governing Documents within thirty days after written notice of the violation has been provided to the Owner by the Board of Directors.

4.2.3. Fences.

Except for the perimeter and privacy fencing installed by the Declarant or by the Association, no fence shall be installed without the written approval of the Board of Directors. Fences are subject to the Design Guidelines of the Community.

4.2.4. Governmental Permits.

Approval by the Board of Directors shall not relieve an Owner from the obligation to obtain any required governmental permits from the City of Burlington. The Owner shall deliver all approvals and permits required by law to the Board of Directors, as appropriate, prior to the commencement of any construction requiring such approval or permit. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement to any Lot or improvement located on any Lot requires execution by the Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an Officer, without incurring any liability on the part of the Board of Directors or the Association to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having a claim for personal injury or property damage arising therefrom.

4.2.5. Timing of Construction.

Any person obtaining approval of the Board of Directors as required by Section 9.2 hereof shall commence construction or alteration in accordance with plans and specifications approved within six months after the date of approval and shall substantially complete any construction or alteration within eighteen months after the date of approval, or within such other period as specified in the approval. Construction shall not be deemed to be completed until the improvement is finished, the Lot has been cleaned of construction debris and the Lot has been landscaped. Notwithstanding the foregoing, the Board of Directors's approval may provide for a different period during which to commence or complete construction.



If any such person does not commence work within six months after approval, or such other time period determined by the Board, then approval shall lapse.

4.2.6. No Deviation from Plans.

Any person obtaining approval of the Board of Directors shall not deviate materially from the approved plans and specifications without the prior written consent of the Board. Such person shall notify the Board when the alterations or improvements are complete. Approval of any particular plans and specifications or design does not waive the right of the Board to disapprove such plans and specifications, or any elements or features thereof, if such plans and specifications are subsequently submitted for use in any other instance or by any other person.

4.2.7. No Permanent Construction Within Easements.

No permanent building structure shall be constructed within the easements on the Lots depicted on the Plat Map. Landscaping may be planted within such easement areas, but may be subject to removal when easement access rights are exercised. Replacement thereof will be at the expense of the Lot Owner.

4.3. Upkeep of Dwellings.

4.3.1. Association's Responsibility.

The Association shall initially have no responsibility for Upkeep of any portion of the Lots or Dwellings. However, the Association shall have the authority to provide Upkeep, or to build reserves for Upkeep to be performed in the future, on such portions of the Dwellings or Lots that the Association, by vote or agreement of owners holding at least 50% of the voting power in the Association, may hereafter elect to maintain.

4.3.2. Owners' Responsibility.

Each Lot Owner shall, at his or her sole expense, have the right and the duty to keep the entire Dwelling structure, including without limitation its roof, gutters, down-spouts and drain lines, the foundation and its drains, the exterior walls, windows, doors and all the equipment, appliances, and fixtures contained therein in good order, condition and repair and shall do all exterior and interior painting, repairing, replacing and/or redecorating at any time necessary to maintain the good appearance and condition of the Dwelling. All drain lines shall be maintained to their point of connection with common lines. Each Owner shall also be responsible for properly maintaining all landscaping and yard areas within the Lot, and for the Upkeep of the driveway, the garage area, all decks and any and all other exterior portions of the Dwelling not maintained by the Association, along with individual heating, ventilating or air-conditioning equipment, wherever located, installed for the sole and exclusive use of the Lot, and of any hot tub or other structure, device or equipment lying outside the Dwelling but lying within the Lot. This Section shall not be construed as permitting any interference with or damage to the structural integrity of a building or interference with the use and enjoyment of either the Common Areas or of any other Lot(s), nor shall it be construed to limit the powers or obligations of the Board hereunder. See also Sections 8.4 and 5.10 hereof.



4.4. Interior Alterations and Improvements.

Subject to the provisions of this Declaration and other provisions of law, a Lot Owner may make any improvements or alterations to the interior portions of a Dwelling that do not affect the structural integrity or mechanical or electrical systems of any other Lot or the Common Areas, or lessen the support of any portion of the Community.

4.5. Damaged Improvements - Reconstruction is Mandatory - Remedies for Noncompliance.

4.5.1. Mandatory Reconstruction of Damaged Improvements.

If a Dwelling or other major improvement located upon a Lot is damaged or destroyed, the Owner thereof shall restore the site by repairing or reconstructing such building or improvement to a condition and appearance equal to or better than its condition immediately prior to such damage or destruction. Unless the Board of Directors permits a longer time period, such work must be commenced within four months after the casualty and must be substantially completed within twelve months after the casualty. The four-month period may be extended for a reasonable period thereafter in the event that repairs or reconstruction have not commenced because of factors beyond the control of the Owner, provided that the Owner has exercised and does thereafter continue to exercise due diligence in an effort to commence required work. The exterior appearance of the Dwelling, as it existed immediately prior to the casualty, shall be maintained or re-created during reconstruction, except as may be authorized by the Board of Directors under Section 9.2 hereof.

4.5.2. Remedies for Noncompliance.

The architectural scheme of design for the entire Community would be harmed in the event that a Dwelling were not repaired or reconstructed following its damage or destruction. An Owner's failure to properly rebuild damaged improvements shall constitute a nuisance for which the remedy of damages at law shall be considered inadequate. The Association or any aggrieved Owner may sue to abate such nuisance.

ARTICLE V

COMMON AREAS

5.1. Common Areas.

The Common Areas of the Subdivision, depicted on the Plat Map, consist of Tract A (consisting of a private roadway and drainage system), Tract B (consisting of a children's play area, basketball court and guest parking spaces), and Easement Areas on each Lot, which are depicted on the Plat Map as burdening the Lots with easements for ingress, egress and utilities. The Common Area Tracts contain the improved roadway surface of Oak Hill Lane, the stop sign at North Oak Hill Lane, the curbs, gutters and sidewalks adjacent to Oak Hill Lane and all drainage facilities associated with Oak Hill Lane, as well as the utility corridors depicted on the Plat Map.



5.2. No Partition.

The Declarant has allocated to each Lot in the Subdivision an equal undivided interest in the Common Areas, which interest shall be conclusively presumed to be a perpetual appurtenance to such Lot, and which interest may not be severed from, mortgaged or conveyed separately from the Unit. Any purported severance, mortgaging or conveyance shall be void. Each affected Lot Owner shall be considered a tenant in common with all other affected Lot Owners with respect to the Common Areas, which shall be owned on an undivided basis by those Lot Owners. The Tracts and other Common Areas shall remain undivided and shall not be abandoned by act or omission, and no Lot Owner or other person may bring any action for partition or division of any of the Common Areas, and no separate deed from the Declarant conveying Common Elements to the Lot Owners or to the Association will be required.

5.3. Schedules for Preventative Maintenance - Establishment of Reserves.

The Board, with the assistance of the Association's Manager and/or other competent professionals, shall develop a schedule of routine Preventative Maintenance for all components of the Common Areas which require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified contractors to conduct such inspections and Preventative Maintenance.

5.4. Reserves for Major Repairs and Replacement.

The Board shall periodically undertake an analysis of the adequacy of the Association's reserve fund; such analysis should (i) conservatively ascertain the probable remaining useful life of each component of the Common Areas which will require replacement or major repairs, (ii) liberally estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve budget which would, when funded, eliminate the necessity for the imposition of a special assessment upon the Owners within the foreseeable future.

5.5. No Interference with Common Areas.

No Lot Owner shall obstruct any of the Common Areas nor shall any Lot Owner place or cause or permit anything to be placed on or in any of the Common Areas without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Areas except with the prior written consent of the Board of Directors.

5.6. Right of Access.

Each Lot Owner shall afford to the Association, and to its agents or employees, access through the Owner's Lot as may be reasonably necessary for the purposes of maintenance, repair and replacement of the Common Areas. If damage is inflicted on the Lot or its any improvements or appurtenances as a result of such activities, the Association shall be liable for the repair thereof.

ARTICLE VI

MAINTENANCE OF COMMON AREAS



6.1. Association's General Maintenance Responsibility.

The Board shall develop a schedule of routine maintenance for all components of the Common Areas which require Upkeep, establishing appropriate times during each year when such maintenance should occur. The Board should also periodically undertake an analysis of the adequacy of the Association's reserve fund; such analysis should (i) ascertain the probable remaining useful life of each component of the Common Areas which will require replacement or major repairs, (ii) estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve budget which would, when funded, minimize the necessity for the imposition of a special assessment upon the Owners within the foreseeable future.

6.2. Upkeep of Roadway - Pervious Pavement Requires Special Care.

The Roadway is constructed from a special "pervious" material which allows water to seep through its surface to flow into portions of an integral subsurface Stormwater System. The Roadway thus requires special types of routine maintenance. Maintenance procedures shall include, but not be limited to, cleaning the pervious concrete road surface with vacuum trucks and/or street sweepers, or employing other practices to remove or prevent leaves, needles, or other foliage from collecting and clogging either the road surface or the other Drainage Facilities described below in Section 6.3 hereof. Such maintenance shall be performed not less frequently than annually. The owner of Lot 1, Oak Street Short Plat, is required to contribute to the costs of Upkeep to the Roadway, under a Joint Maintenance Agreement described in Section 16.1.3 hereof.

6.3. Upkeep of Common Stormwater Drainage Facilities.

All necessary Upkeep of those portions of the Stormwater System lying within the Drainage Easements depicted on the Platting Documents shall be conducted by the Association in accordance with provisions of the DOE Stormwater Management Manual for Western Washington ["DOE Stormwater Manual"], as the same may be updated from time to time. At a minimum, in accordance with provisions appearing on the face of the Plat Map, the Drainage Facilities, including the private roadway, shall be inspected at least once each year, and a Preventative Maintenance program shall be developed and implemented.

6.4. Perpetual Existence - Rights of the City of Burlington.

The restrictions contained in this Article VI shall exist in perpetuity. No changes in the uses described herein for any of the Common Areas may occur without the advance written approval of the City of Burlington. The City reserves the right to enter upon the Property to inspect the stormwater system and to perform necessary maintenance thereto should the Association fail to do so.

ARTICLE VII

OWNERS ASSOCIATION

7.1. Name and Form of Association.

The name of the Association shall be the "Oak Hill Lane Association." The Association has been or will be 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 of said corporation shall be governed by the



provisions of the Homeowners Association Act and of this Declaration. The Association shall remain organized as a profit or nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Homeowners Association Act, Chapter 64.38 RCW, the Homeowners Association Act shall control. Because Oak Hill Lane Community Association is responsible, under the terms of this Declaration of Covenants, for Upkeep of all the Common Areas within the Oak Street Short Plat, Oak Hill Lane Community Association shall succeed to all the rights, responsibilities, assets and liabilities, if any, of "Oak Hill Lane Association" described in Section 7.1 of the Declaration of Covenants for Oak Street Short Plat recorded at Auditor's File No. 200904150071.

7.2. Lapse of Corporate Status - Personal Lot-Owner Liability Created.

7.2.1. Association Must Remain Incorporated.

The Association shall have perpetual existence. The Lot Owners shall not permit its corporate charter to be dissolved or abandoned, nor may the Association's obligations under this Declaration of Covenants with respect to the Common Areas be altered or abandoned absent the advance written approval of the City of Burlington.

7.2.2. Corporation Protects Owners - Owners Personally Liable Upon Abandonment.

Should the corporate charter for the Association be dissolved for any reason in violation of the foregoing, the Lot Owners shall become jointly and severally liable for all obligations imposed upon the Association under these Covenants. The corporate status of the Association is designed to protect all the Lot Owners from personal liability, to the maximum extent permitted by law.

7.3. Powers & Duties of Association.

7.3.1. Duties & Responsibility of Association.

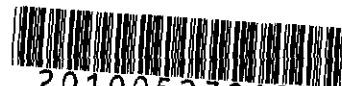
The business of the Association shall be to maintain, repair and replace the Common Areas of the project, to provide necessary insurance coverage, and to enforce provisions of the Governing Documents to preserve the long-term value of the Property for the benefit of the Lot Owners.

7.3.2. Statutory Powers Exercised by Board of Directors.

The Association shall have, through its Board of Directors, all powers available to condominium associations under the Homeowners Association Act. Such powers are set forth with particularity in the Bylaws of the Association.

7.3.3. Power to Assign Future Income.

The Association shall have the power to assign its right to future income (including the right to receive common expense assessments), provided that any specific assignment is approved by the vote or agreement of Owners holding a majority of the voting power of the Association.



7.4. Membership an Appurtenance.

The Owner of each Lot in the Community shall be a member of the Association, and such membership shall be an inseparable appurtenance to the Owner's Lot.

7.5. Membership and Voting Rights.

Membership and voting rights are specified in the Articles of Incorporation and Bylaws of the Association.

7.6. Bylaws of Association.

Bylaws for the administration of the Association and for other purposes not inconsistent with the Homeowners Association Act and this Declaration of Covenants shall be adopted by Board of Directors of the Association.

7.7. Perpetual Existence - Rights of City of Burlington.

The Association shall have perpetual existence; it may not be dissolved or abandoned, nor may the Association's obligations under this Declaration of Covenants with respect to the Common Areas be altered or abandoned absent the advance written approval of the City, following a public hearing before the Planning Commission. Should the corporate charter for the Association be dissolved for any reason in violation of the foregoing, the Association shall become a partnership under which the Lot Owners shall be jointly and severally liable for all obligations imposed upon the Association under these Covenants.

ARTICLE VIII

MANAGEMENT OF ASSOCIATION

8.1. Management by Declarant.

The Declarant has reserved the rights to (a) appoint and remove the Officers and members of the Board of Directors of the Association, and (b) veto or approve a proposed action of the Board or the Association, for a period of time known as the "Declarant Control Period". Limitations on the Declarant Control Period are specified in Section 5.1 of the Bylaws.

8.2. Authority of the Board.

8.2.1. General Authority.

The Board, for the benefit of the Subdivision and the Owners, shall enforce the provisions of the Governing Documents and shall have all powers and authority granted to the Board or the Association under the Homeowners Association Act and this Declaration which are not expressly subject to the approval of the Owners.



8.2.2. Incurring and Payment of Common Expenses.

The Board shall acquire and shall pay for, as Common Expenses, all goods and services deemed necessary or desirable for the proper functioning of the Association.

8.2.3. Acquisition of Property.

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

8.2.4. 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 Owners or any of them.

8.2.5. Board as Attorney in Fact.

Each Owner, by the act of becoming an Owner of a Lot, shall be deemed to have irrevocably appointed the Board of Directors 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 grant licenses and easements, and to secure and distribute condemnation awards and/or insurance proceeds affecting the Common Areas.

ARTICLE IX

PERMITTED USES

9.1. Permitted Uses.

9.1.1. Residential Use.

The Lots in this Community shall be used for permanent residential purposes only, whether on an ownership, rental or lease basis and for common social, recreational or other reasonable uses normally incident to such purposes. Parts of a Dwelling may also be used for a professional office or other low impact commercial use, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority, and so long as such use does not generate any appreciable levels of client or customer traffic, bulk shipping and/or receiving, or noise or other disturbance to other lawful occupants of the Community. As a condition to consenting to such office use, the Board may require the Lot Owner to pay any increase in the rate of insurance for the Association which may result from such office use, and to provide proof of adequate personal/business liability insurance coverage.

9.1.2. Commercial Use.

Other than the home business uses authorized in Section 9.1.1 hereof, there shall be no commercial uses permitted on the property.



9.1.3. Temporary Structures - Service Sheds Excepted.

No structure of a temporary character, and no trailer, shack, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot except in connection with construction activities, and then only during such time periods for construction as provided in Section 4.2.5 hereof. Small service sheds designed to contain gardening equipment and/or other small items, may be constructed and maintained within rear yard areas, following the written approval of the Board of Directors on a case by case basis, provided that any such structure shall be constructed and painted in a manner consistent with the architectural and color scheme of the Dwelling within the Duplex Building and further provided that the Owner of such structure shall provide proper and consistent Upkeep to the structure; approval to maintain such a structure shall be revoked in the event that proper Upkeep is not provided.

9.1.4. Vehicle Parking and Use.

Parking of vehicles in driveways shall be permitted. Driveway parking areas are restricted to use for parking of operable, properly registered automobiles, light trucks and family vans; other items and equipment may be parked or kept therein only if expressly permitted by Rules and Regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors, which shall have the authority to adopt further Rules and Regulations governing vehicle parking and use. Garage parking spaces are restricted to use for parking of automobiles, motorcycles, light trucks, family vans and other similar vehicles, and for storage of such other items that pose no unreasonable health, safety or fire risks to persons or property. Vehicles shall be operated in a safe and responsible manner within the Community. Vehicle repairs other than ordinary light maintenance are not permitted within the Community; to protect the functionality of the Stormwater System, no oil changes are permitted. There shall be no use of guest parking spaces for home office customers, nor shall there be any use of any guest parking space by any one car for more than 24 hours; nor shall there be any use of a guest parking space by a vehicle owned by or leased to an Occupant of the Community. The Board may require removal of any inoperative or unregistered vehicle, and any other equipment or item improperly stored in parking spaces. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof, under such reasonable procedures as may be provided by Rules and Regulations adopted by the Association.

9.1.5. Private Yard Areas Within Lots.

Any portions of the yard areas of a Lot that are not maintained by the Association shall be maintained by the Lot's Owner in a neat and tidy manner, consistent with any rules and regulations adopted by the Board of Directors.

9.1.6. Interference with Association Personnel.

No person shall engage or direct any employee of the Association on any private business of the Owner or otherwise direct, supervise or in any manner attempt to assert control over such employee during the hours such employee is employed by the Association.

9.1.7. Effect on Insurance.

Nothing shall be done or maintained in any Lot or in the Common Areas which will increase the rate of insurance on the Common Areas or Lots without the prior written consent of the Board. No Owner



shall permit anything to be done or maintained in his or her Lot or in the Common Areas which will result in the cancellation of insurance on any Lot or any part of the Common Areas.

9.1.8. Signs.

Initially, no sign of any kind shall be displayed to the public view on or from any Lot or the Common Areas without the prior consent of the Board; provided that this section shall not apply to Declarant or Declarant's agents, nor shall it be deemed to prohibit the Owner of a Lot from displaying a sign for a period of time in which the Lot is for sale or rent. No signs advertizing home businesses are permitted. The Board may by resolution establish further policies regarding signs, to reflect the sentiments of the Community while giving due regard to traditional democratic rights of free speech, religion and expression of Persons owning or occupying Lots in the Community. The Board's judgment in such matters shall be conclusive, except as to matters controlled by applicable Federal or State law.

9.1.9. Animals.

The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Lot or upon the Common Areas, except that the keeping of small birds, aquarium fish, well-behaved dogs and/or cats and other well-behaved domestic animals which are quiet and do not normally leave the Lot is permitted, subject to Rules and Regulations adopted by the Board of Directors. The owner of any animal maintained on the Property shall exercise appropriate control over the animal, and shall clean up after such animal and shall not permit deposits of fecal matter, urinary residue or foodstuffs from or for such animal to remain anywhere on the Common Areas. Any Lot Owner who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Association, each Lot Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Community. All animals shall be registered and inoculated as required by law. The Board may at any time require the removal of any animal which it finds is or has become an unreasonable source of annoyance, and may exercise this authority for specific animals even though other animals are permitted to remain. The Board may also adopt rules and regulations governing pets, which may restrict the number and type of animals that may be permitted within a Lot.

9.1.10. Noise.

No person shall cause any unreasonably loud noise anywhere in the Community, nor shall any person permit or engage in any activity, practice or behavior for the purpose of causing annoyance, discomfort or disturbance to any person lawfully present on any portion of the Property. Quiet hours shall be observed from 10:00 p.m to 6:00 a.m., during which only minimal noise shall be permitted to emanate from any Lot.

9.1.11. Offensive or Illegal Activity.

No noxious, offensive or illegal activity shall be carried on in any Lot or Common Areas, nor shall anything be done therein which may be or become an unreasonable source of annoyance or nuisance to other Owners. No firearms or explosive devices may be discharged within the Community



9.1.12. Compliance with Environmental Laws.

Use of the Lots and Common Areas of this Community may be subject to various federal, state and local laws, regulations and guidelines now in effect and/or hereafter enacted, relating to or affecting the Property, concerning the impact on the environment of construction, land use, and the maintenance and operation of structures located thereon. No Lot Owner shall cause, or permit to be caused, any act or practice by negligence, or omission, or otherwise, that would adversely affect the environment or do anything or permit anything to be done that would violate any of the said laws, regulations or guidelines. The foregoing shall cover all requirements whether or not foreseeable at the present time and regardless of their expense.

9.1.13. 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 Areas any petroleum distillates, liquid or aromatic hydrocarbons, medical wastes or infectious biological agents, acids, caustics, carcinogens, mutagens, heavy metals, or any other inflammable, toxic, explosive, radioactive, or other type of substance which may be hazardous to either the Community or to the public health or safety, or the health or safety of any lawful occupants of the Community, any and all such substances being known herein as Hazardous Substances.

9.1.14. Trash and Recycling Facilities.

Garbage and recycling containers shall be maintained so as to be not visible from the roadway, except on scheduled collection days. Trash and garbage shall not be permitted to accumulate within a Lot other than in approved containers.

9.1.15. Open Fires.

Open burning is not permitted on the Property, except that outdoor fireplaces, grills and chimneys may be used if equipped with fire screens to prevent the discharge of embers or ashes.

9.1.16. Lighting.

Exterior lighting on the Dwellings shall be maintained in accordance with the common scheme for such lighting established during initial construction of the Dwellings by the Declarant. Exterior lighting should be generally unobtrusive and shielded from direct view, so that it does not shine into windows of other Dwellings.

9.1.17. Clotheslines.

No clotheslines may be installed within portions of the Lot that are visible from the roadway or from other Dwellings.

9.1.18. Television and Radio Antennas, Dishes.

Per published regulations of the Federal Communications Commission, Satellite TV antennas/dishes 1 meter or less (approximately 36") in diameter may be installed within portions of the Lot that are not generally visible from the roadway. Larger satellite dishes and other types of reception or



transmission antennas may be installed within a Lot only if reasonably screened from view from other Dwellings and the Common Areas. Ham radio and "citizens band" antennas may be used for transmission purposes only so long as they do not cause interference with electronic equipment of neighboring property owners.

9.1.19. Construction Activities.

This Section shall not be construed as forbidding any work involved in the construction or Upkeep of any portion of the Property so long as such work is undertaken and carried out (i) with the minimum practical disturbance to persons occupying other portions of the Property; (ii) in such a way as does not violate the rights of any person under other provisions of this Declaration of Covenants; and (iii) in accordance with all applicable restrictions in the Rules and Regulations, the resolutions of the Board of Directors and the other provisions of this Declaration of Covenants. The Board of Directors may approve temporary structures for construction purposes which may otherwise be in violation of the Governing Documents or the Rules and Regulations.

9.1.20. Uses by Declarant.

Nothing in the Governing Documents shall be construed to prohibit the Declarant or its designees from using any Lot owned by the Declarant (or any other Lot with the permission of the Owner thereof) or any portion of the Common Areas for promotional, marketing, display or customer service purposes (such as a visitors' center) or for the closing of sales of Lots. Further, the Declarant specifically reserves the right to operate a construction office or a rental, brokerage and management office at any time on Lots owned or leased by the Declarant (or any other Lot with the permission of the Owner thereof) and on any portion of the Common Areas, to the extent permitted by law. The Declarant may assign its rights under this subsection to or share such rights with one or more other persons, exclusively, simultaneously or consecutively with respect to the Common Areas and Lots owned or leased by the Declarant or such persons.

9.1.21. Lease Restrictions.

With the exception of an institutional lender in possession of a Lot following a default under a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Lot Owner shall be permitted to lease all or any portion of a Lot for periods of less than thirty days, except in cases of pre-closing or post-closing occupancy agreements to facilitate *bona fide* lot sales. Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration of Covenants, the Bylaws and Rules and Regulations, 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 real party in interest. All leases shall be in writing. A lease, as defined herein, shall include month-to-month rentals. Any tenant or subtenant of any portion of a Lot shall be deemed to have assumed all the responsibilities of an Owner under this Section of the Declaration of Covenants.

9.1.22. Assignment or Subletting.

The assignment or subleasing of a Lot shall be subject to the same limitations as are applicable to the leasing or renting thereof. An Owner or tenant may not exempt himself or herself from any liability under this Declaration of Covenants or the Bylaws or Rules and Regulations by assigning or subleasing the occupancy rights to his or her Lot.



9.2. Architectural Control.

9.2.1. General Authority of Board of Directors.

To assure the health, safety and enjoyment of persons lawfully using any portion of this Community, and to promote visual harmony within the Community, the Board of Directors shall have the power and the duty to enforce architectural control over the improvements constructed within the Community, and may adopt Design Guidelines for any and all items of construction within the Community. The Board shall regulate the external design, signage, appearance, use and maintenance of the Property in accordance with the provisions of the Declaration of Covenants and any Design Guidelines. No construction within the Community may occur absent the approval of the Board of Directors.

9.2.2. Uniform Appearance of Duplex Buildings.

Generally, no improvements may be constructed which will alter those portions of a Dwelling which constitute the front of a Duplex Building. In the event that a change to the front of a Dwelling is proposed, including changes to the paint colors of siding and/or trim, the consent of the other Lot Owner in the affected Duplex Building shall be a prerequisite to an application to the Board for approval of such improvements.

9.2.3. No Liability for Architectural Review.

Neither the Declarant nor the Board of Directors shall be liable to any party for any good faith action or failure to act under the provisions of this Declaration.

ARTICLE X

ASSESSMENTS AND LIENS FOR COMMON EXPENSES

10.1. Assessments for Common Expenses.

10.1.1. Liability of Lots - Association Assesses Developed Lots.

Except as provided in Section 10.1.4 hereof, the total amount of the estimated funds required to pay the Common Expenses of the Association set forth in the Annual Budget adopted by the Board of Directors for each fiscal year shall be assessed equally against the Lots containing completed Buildings in the manner prescribed in Section 10.2 hereof. All expenses associated with Lots containing uncompleted Buildings shall be borne by the Declarant or the Owner(s) of such Lot(s), as appropriate.

10.1.2. Timing of Payments.

Until changed by resolution of the Board of Directors, Assessments against each Lot for its share of the Common Expenses shall be due and payable on the first day of the month of February. The Board may adopt further payment policies which permit payment in installments under conditions to be determined by the Board. The Declarant will determine when the first Assessments will be made.



10.1.3. Special Assessments.

The Board of Directors may levy a Special Assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time, but by statute, the Budget Ratification process described in Section 10.2 must be undertaken by the Board with respect to any such Assessment.

10.1.4. Limited Common Assessments.

(a) To the extent that any Common Expense is caused by the negligence or misconduct of any Lot Owner, the Association may, subject to the provisions of the Bylaws, levy a Limited Common Assessment for that expense against the Owner's Lot. In addition and without limitation, the liability of a Lot Owner to pay for expenses associated with any Upkeep provided by the Association to such Lot, including work performed within any Easement Area within the Lot, any other costs, fees, charges, insurance deductibles or fines imposed or incurred by the Association associated with the Lot under this Declaration of Covenants, along with any costs and/or attorney's fees recoverable under the Governing Documents, and interest on any delinquent account shall be deemed a Limited Common Assessment which, unless otherwise directed by the Board, shall be due and payable within thirty (30) days following their imposition.

(b) Upon a resolution approved by at least a majority of all possible votes in the Association, any portions of the Common Expenses which vary among the Lots based upon divergent usage of services or facilities, or other factors which justify differential assessment rates, may be assessed differentially among the Lots.

10.1.5. Owners Personally Liable for Common Expenses.

Each Assessment shall be the joint and several obligation of the Owner(s) of the Lot to which the same are assessed as of the time the Assessment is due. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums. No Lot Owner may exempt himself or herself from liability with respect to the Common Expenses by waiver of the enjoyment of the right to use any of the Common Areas or by leasing, rental or abandonment of his or her Lot or otherwise. The failure or delay of the Board of Directors to adopt the Annual Budget for any year shall not constitute a waiver or release in any manner of a Lot Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, and in the absence of an Annual Budget or adjusted Annual Budget, each Owner shall continue to pay (with or without notice) an Assessment at the rate established for the preceding fiscal year until an Assessment is made under a current Annual Budget or adjusted Annual Budget and notice thereof has been sent to the Lot Owner.

10.2. Budget for Common Expenses.

Not less than 45 days prior to the Annual meeting of the Association, or at such other time as may be deemed necessary or desirable by the Association's accountant, the Board shall prepare an Annual Budget which shall estimate the Common Expenses, described generally in the Covenants, to be paid during such year. The Budget shall also contain provisions for creating, funding and maintaining reasonable reserves for capital improvements, replacements, major repairs and the amount(s) of any deductible from insurance policies obtained by the Association, and shall further take into account any expected income and any surplus



available from the prior year's operating fund. Income to support the expense items in the Budget shall be derived from assessments against the Lots in the Community, but may also include other sources of revenue which may be available to the Association from time to time.

10.3. Meeting of Association to Ratify Budget.

Within thirty days after adoption of any proposed budget for the Association, the Board of Directors shall provide a summary of the budget to all the Owners and shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners to which a majority of the votes in the Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. Pursuant to RCW 64.38.025(3), this procedure shall be deemed to govern both general assessments and special assessments; this Section of this Declaration may not be amended without the advice of counsel, since its terms are controlled by law.

10.4. Liability Following Conveyance of Lot.

A selling Lot Owner shall not be liable for the payment of any part of the Common Expenses assessed against his or her Lot subsequent to a sale, transfer or other conveyance by him of such Lot. The purchaser of a Lot shall be jointly and severally liable with the selling Lot Owner for all unpaid Assessments against the Lot up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Lot Owner the amounts paid by the purchaser therefore. The holder of a mortgage or other purchaser of a Lot who obtains the right of possession of the Lot through foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Lot Owners, including such mortgagee or other purchaser of the Lot. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Lot prior to the date of such sale as provided above.

10.5. Lien for Assessments.

The Association shall have a lien on a Lot for any unpaid Assessments levied against a Lot from the time the Assessment is due. If an Assessment is payable in installments, the Association has a lien for the full amount of the Assessment from the time the first installment thereof is due.

10.6. Perfection of Lien.

Recording of this Declaration of Covenants constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments shall be required to perfect the Association's lien, the Association may record a notice of claim of lien for Assessments under this section in the real property records of the county in which the Subdivision is located.

10.7. Priority of Lien.

A lien under this Section shall be prior to all other liens and encumbrances on a Lot except: (a) Liens and encumbrances recorded before the recording of the Declaration of Covenants; (b) a mortgage on the Lot



recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Lot.

10.8. Enforcement of Lien.

The lien arising under this section shall be enforced judicially by the Association or its authorized representative in the manner set forth in chapter 61.12 RCW. The Association or its authorized representative shall have the power to purchase the Lot at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. The Association may elect to take a deed in lieu of foreclosure in any such proceeding.

10.9. Limitation of Lien Enforcement.

A lien for unpaid Assessments and the personal liability for payment thereof is extinguished unless proceedings to enforce the lien are instituted within six years after the amount of the Assessments sought to be recovered becomes due.

10.10. Rent Subject to Lien for Assessments.

From the time of commencement of an action by the Association to foreclose a lien for nonpayment of delinquent Assessments against a Lot that is not occupied by the Owner thereof, the Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Lot as and when due. If the rental is not paid, the receiver may obtain possession of the Lot, refurbish it for rental up to a reasonable standard for rental units in this type of project, rent the Lot or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Lot and its improvements, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession and collect rents under this subsection, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Association of the foregoing rights shall not affect the priority of preexisting liens on the Lot.

10.11. Remedies Cumulative.

The remedies provided are cumulative and the Board may pursue them concurrently, along with any other remedies which may be available under the law although not expressed herein.

10.12. Statement of Unpaid Assessments.

The Association, upon written request, shall furnish to a Lot Owner or a mortgagee a statement signed by an officer or authorized agent of the Association setting forth the amount of unpaid Assessments against that Lot.

ARTICLE XI

INSURANCE MATTERS



11.1. Authority, Name of Insured.

The Board of Directors may obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors.

11.2. Deductible.

The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association as a Common Expense. Funds to cover the deductible should be included in the Association's operating reserve account.

11.3. Insurance for Lot Owners.

11.3.1. Property Insurance - Townhouse Policy.

Each Lot Owner shall promptly obtain, at such Owner's expense, a "townhouse owner's policy" of property insurance which covers the Owner's Dwelling, its bathroom, laundry and kitchen equipment, all fixtures and cabinets, together with all included electrical and plumbing fixtures and equipment, any heating and ventilating and other equipment. The policy may also cover the Owner's furniture, furnishings, clothing or other personal property supplied or installed by the Owner. Such coverage shall be provided on a 100% replacement value basis, subject to a deductible not to exceed 2% of such replacement value, absent the written approval of the Board of Directors. Both Owners in each Duplex Building are encouraged to obtain insurance from the same carrier in order to avoid gaps in or duplication of coverage. The Association will not maintain insurance covering any of the Owners' property.

11.3.2. Liability Insurance.

Each Owner should also obtain liability coverage insuring against all risks normally covered under a policy providing insurance for a dwelling constructed in a "zero lot line" or "townhouse" project.

11.3.3. Association Named Additional Insured.

Each policy should also designate the Association as an additional insured for any coverage for which the Association may be so designated.

11.3.4. Waiver of Right to Make Cash Settlement in Lieu of Rebuilding.

The policy shall provide that no loss may be adjusted to provide a cash payment to the Owner in lieu of rebuilding the Dwelling absent the consent of the Association; see Section 4.5.2 hereof for justification.

11.3.5. Certificate of Insurance to Association.

An insurer that has issued an insurance policy under this Section shall issue a certificate or memorandum of insurance to the Association at the inception of coverage, and for each renewal thereof, and shall also provide the Association with a notice of any cancellation or non-renewal thereof.



ARTICLE XII

CONDEMNATION

In the event that Common Areas of the Subdivision are or become subject to eminent domain proceedings, the Association shall be a necessary party to such proceedings.

ARTICLE XIII

COMPLIANCE WITH LAW AND COVENANTS

13.1. Compliance by Owners and Occupants.

Each Owner and occupant of a Lot shall comply strictly with the provisions of the Governing Documents. All remedies provided the Association in this Article may be enforced against any tenant or other occupant of a Lot.

13.2. Liability for Conduct Causing Common Expense.

Each Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her family or his or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Board of Directors. See Section 10.8.1 hereof.

13.3. Enforcement by Association.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in the Governing Documents.

13.4. Remedies Cumulative.

A suit to recover a money judgment for unpaid Assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment. All rights, remedies and privileges granted to the Association, the Board of Directors or any Owner pursuant to any term, provision, covenant or condition of the Governing Documents or the Act shall be deemed to cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the Governing Documents or the Act or at law or in equity.

13.5. Occupants Subject to Rights and Responsibilities of Owners.

Any tenant or other Occupant of an Owner shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner, with the exception of the obligation to pay the dues, assessments and other charges owing by the Owner to the Association. All rights, remedies and procedures available to the Association when dealing with Owners under the Governing Documents shall be available to the Association when dealing with any tenant of an Owner. In addition, the Association shall have the



right (but not the obligation) to terminate the lease of a tenant who, following a proceeding under Section 7.10 of the Bylaws, has been found to have violated the Governing Documents; the Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right.

ARTICLE XIV

LIMITATION OF LIABILITY

14.1. No Liability for Equipment Failure, Etc.

Except to the extent covered by insurance obtained by the Board pursuant to Article XI, neither the Association nor the Board nor the Declarant shall be liable for any failure of any equipment or services obtained by the Board, or for injury or damage to person or property caused by the elements, or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of liability for Common Expense Assessments shall be claimed or allowed for any such injury or damage, or for such inconvenience or discomfort.

14.2. No Bailment.

Neither the Board of Directors, the Association, any Owner nor the Declarant shall be considered a bailee of any personal property stored or placed on the Common Areas (including property located in vehicles parked on the Common Areas), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, nor shall they be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE XV

MORTGAGEE PROTECTION

Any representative of a Mortgagee or the institutional insurer of any mortgage may attend and address any meeting which a Lot Owner may attend. Mortgagees shall have the right to receive copies of the Association's Governing Documents, minutes of meetings and financial statements, upon payment of reasonable search and reproduction costs.

ARTICLE XVI

EASEMENTS AND SPECIAL DECLARANT RIGHTS

16.1. Easements for Lots and Lot Owners.

16.1.1. In General.

Each Lot has an easement in and through each other Lot and the Common Areas for utilities and for lateral and/or subjacent support.



16.1.2. Specific Easement Shown on Plat Map.

Easements shown on the Plat Map are hereby confirmed. Any easement shown on the Plat Map which benefits one or more Lots in the Project, or which benefits any third parties or any real property not included within the Project, confers various rights and benefits upon such third parties or owner(s) of any such real property, and may also impose obligations upon the Association. Reference should be made to the Plat Map.

16.1.3. Road Maintenance Agreement Affecting Use of Oak Hill Lane.

A Road Maintenance Agreement has been recorded with the Auditor for Skagit County, at Auditor's File No. _____, to address maintenance costs and procedures affecting Oak Hill Lane. The Road Maintenance Agreement obligates the Association to be responsible for providing Upkeep to Oak Hill Lane, and obligates the owner of Lot 1, Oak Street Short Plat, to contribute five percent (5%) of the total costs of such Upkeep. Reference should be made to the Road Maintenance Agreement for further details.

16.2. Easements for Duplex Dwellings on Adjacent Lots.

Dwellings in Duplex Buildings constructed on adjacent Lots share common improvements and facilities, which require that all such Lots be perpetually benefitted and burdened, as the case may be, by the following additional easements and covenants:

16.2.1. Interior Boundary Walls - Party Walls.

All Dwellings have been constructed such that each Dwelling includes at least one separately-framed interior wall abutting upon the common boundary separating the Lots sharing such common boundary; both such walls shall share a common foundation. Those portions of the walls and foundations which serve both Dwellings in the Duplex Building shall at all times be considered party walls. Each Lot has an easement of support over the foundation areas on adjacent Lots for maintenance of and Upkeep to the Lot's portions of the party wall. The costs of Upkeep to such foundations shall be borne equally by the Owners of the Dwellings served thereby. Each interior wall abutting upon the common boundary shall be deemed to exist to provide lateral support and protection from the elements for the adjacent Dwelling. Each such interior wall shall be perpetually maintained by the Owner of its Dwelling for such purposes.

16.2.2. Roofs, Gutters & Siding.

The Owner of each Dwelling shall be responsible for the maintenance, repair and replacement of that portion of the siding materials and the common roof and gutter system as is located or installed upon or attached to the Dwelling, except to the extent that the Association may elect to provide such Upkeep. Each Lot has an easement over all structural members of the Dwelling on the adjacent Lot, for the purpose of supporting the roof structure on the Lot. An easement is granted over all portions of all roofs in the Community and all portions of all Lots that are necessary to provide access to such roofs to facilitate Upkeep of such roofs by Owners and/or the Association.



16.2.3. Shared Fencing, Entrance Areas and Walkways.

Any shared entry area within or adjacent to a Duplex Building, along with any fence, private landscaping or other improvements constructed along the common boundary line between two Lots, exist for the benefit of the Dwellings served thereby. Each Owner of a Dwelling which shares any such facilities shall be jointly responsible for the maintenance, repair and replacement of those facilities, except to the extent that the Association may elect to provide such Upkeep.

16.2.4. Lien for Upkeep Expenses.

If an Owner fails to properly maintain, repair or replace any of the improvements which are the responsibility of such Owner under this Section 16.2, or to pay his or her fair share of a shared obligation after thirty (30) days written notice, then the Association or the other Lot Owner may have such work done, by licensed, bonded contractors, on the account of the responsible Owner. The responsible Owner's obligation to pay such costs of maintenance, repair or replacement shall constitute an equitable lien, in favor of the party actually paying such costs, against the responsible Owner's Lot; said lien, if not paid within thirty (30) days following delivery by mail of a reasonably itemized invoice therefor, may be foreclosed in the manner of a mortgage on real property. If the Association performs such work, the costs thereof shall constitute a Limited Common Assessment against the Lot, as provided in Section 10.8.1 hereof.

16.2.5. Encroachments.

Each Lot has an easement over an adjoining Lot for encroachments resulting from errors in 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, but not from any construction undertaken by the Lot Owner undertaken without the approval of the Board of Directors which inadvertently or intentionally causes an encroachment. Any permitted encroachments 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.

16.3. Easement for Association Functions and Utilities.

16.3.1. Easement for Association Functions.

There is hereby granted and reserved to the Association, or its duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, the Bylaws, or the Rules and Regulations.

16.3.2. Easement for Utilities.

A non-exclusive perpetual blanket easement is hereby granted over and through the Property for ingress, egress, installation and Upkeep of any utility lines, pipes, wires, ducts, conduits and/or other facilities and equipment for providing to any portion of the Property utilities of any type, whether public or private; such easement is hereby granted to any person installing or providing Upkeep for such utilities. Any pipes, conduits, lines, wires, transformers or any other apparatus necessary for the provision or metering of any utility may be installed, maintained or relocated where permitted by the Declarant or where approved by resolution of the Board of Directors. See the Plat Map for further details.



16.4. Easement for Emergency Access.

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

16.5. Easements for Declarant.

The Declarant reserves to itself and its any lawful successors an easement through the Common Areas for any and all activities necessary or desirable to complete the development of the Community or for exercising Special Declarant Rights.

16.6. Special Declarant Rights.

The Declarant has reserved the following Special Declarant Rights for the purpose of furthering and completing the development of the Subdivision: To complete any improvements indicated on the Plat Map or described earlier in the Declaration; to maintain sales offices, management offices, signs advertising the Subdivision, and models on the Property, all in such location or locations as the Declarant may unilaterally determine; to use easements through the Common Areas for the purpose of making improvements within the Subdivision; and to appoint or remove any officer of the Association or any member of the Board of Directors, or to veto or approve a proposed action of the Board or Association during the Declarant Control Period described in Section 8.1 hereof; the Declarant shall be deemed to hold a proxy from all Lot Owners during the Declarant Control Period for such purposes. Upon any sale or conveyance in bulk of all the Lots in the Plat Map, the Purchaser shall succeed to all these special Declarant Rights.

ARTICLE XVII

AMENDMENT OF DECLARATION

17.1. Procedure for Amendment of Declaration.

Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Except in cases of amendments that may be adopted by the Declarant unilaterally pursuant to Section 17.3 hereof, amendments may be adopted only at a meeting of the Owners if at least sixty-seven percent (67%) of the votes in the Association are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty-seven percent (67%) of the votes in the Association consent in writing to such amendment. In all cases, the amendment when adopted shall bear the acknowledged signature of the President of the Association, who shall certify that the amendment was properly adopted.

17.2. Recordation Required.

Every amendment to the Declaration must be recorded with the County Auditor and is effective only upon recording. An amendment shall be indexed in the name of the Subdivision and shall contain a cross-reference by recording number to the Declaration and each previously recorded amendment thereto.



17.3. Amendments by Declarant.

The Declarant may unilaterally adopt and file amendments to the Declaration and to the Plat Map for so long as the Declarant is the Owner of any Lot in the Subdivision or until the expiration of the time limit for the exercise of any Development Rights or Special Declarant Rights reserved by the Declarant, in order to conform them to the actual location of any of the constructed improvements, to establish, vacate and relocate utility easements, access road easements and parking areas, to satisfy the requirements of any title insurance company or institutional lender, or to correct any nonmaterial technical errors contained in the Governing Documents or to alter, expand upon or clarify provisions of same.

ARTICLE XVIII

MISCELLANEOUS

18.1. Notices for All Purposes, Delivery.

18.1.1. Any notice permitted or required to be delivered under the provisions of the Declaration or the Bylaws may be delivered either personally or by mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board in writing, or to the most recent address known to the Board. Notice to the Owner of any Lot shall be sufficient if mailed to his or her Lot if no other mailing address has been given to the Board. Mailing addresses may be changed from time to time by notice in writing to the Board. Notice to be given to the Association may be given to Declarant until the initial Board has been constituted and thereafter shall be given to the President or Secretary of the Association, or to its Registered Agent.

18.1.2. New Lot Owners must supply their names and addresses, along with the names and addresses of their respective Mortgagees, to the Secretary of the Association promptly after conveyance.

18.2. Severability.

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof, if the remainder complies with the Act and furthers the common plan of this Subdivision

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. Effective Date.

This Declaration shall take effect upon recording.

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DATED this 27th day of MAY, 2010.

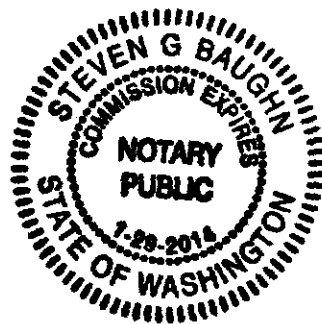
DECLARANT:
COMMONWEALTH HOLDINGS LLC

By Kendall D. Gentry
Its Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I hereby certify that I know or have satisfactory evidence that Kendall D. Gentry is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Manager of the Declarant, COMMONWEALTH HOLDINGS LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: May 27, 2010.



Steven G. Baughn
NOTARY PUBLIC for the State of
Washington. My Commission
expires 01-29-2014



201005270126
Skagit County Auditor