

RETURN ADDRESS:

Race Bannon Ventures, LLC
9676 Evergreen Drive
Bellevue, WA 98004



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Skagit County Auditor

12/22/2011 Page 1 of 16 3:00PM

WASHINGTON STATE RECORDER'S Cover Sheet (RCW 65.04)

DOCUMENT TITLE(S) (or transactions contained therein): Declaration of Covenants, Conditions, Restrictions, Easements and Reservations for Ambleside
REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED: n/a <input type="checkbox"/> Additional reference #s on page ___ of document(s)
GRANTOR(S) (Last name first, then first name and initials) Race Bannon Ventures, LLC <input type="checkbox"/> Additional names on page ___ of document
GRANTEE(S) (Last name first, then first name and initials) Ambleside Homeowners Association <input type="checkbox"/> Additional names on page ___ of document
LEGAL DESCRIPTION (abbreviated: i.e., lot, block, plat or section, township, range) Plat of Ambleside PL07-0680 in Section 36, Township 36N, Range 01E, W.M. <input type="checkbox"/> Additional legal is on page ___ of document
ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER P46841, P46842, P46934 <input type="checkbox"/> Assessor Tax # not yet assigned

SKAGIT COUNTY WASHINGTON
REAL ESTATE EXCISE TAX

DEC 22 2011

Amount Paid \$ 0
By MG Skagit Co. Treasurer Deputy

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS AND RESERVATIONS FOR AMBLESIDE

THIS DECLARATION AND COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS AND RESERVATIONS FOR Ambleside (the "Declaration") is made by Race Bannon Ventures, LLC, a Washington limited liability company ("Declarant") as of this 22nd day of November, 2011.

RECITALS

A. Declarant is the owner of certain real property (the "Property") in Skagit County, Washington, legally described as: The north 1/2 of the southeast 1/4 of the southeast 1/4; and government lots 4 and 5, in section 36, township 36 north, range 1 east, WM.; except Guemes Island Road along a northerly portion of the east line thereof; also except other county road rights-of-way, if any.

B. The Property is subdivided as shown in the Plat for Ambleside, recorded under Recording No. 2011222017 in the records of Skagit County, Washington (the "Plat").

C. Declarant wishes to subject the Property to this Declaration.

DECLARATION

NOW, THEREFORE, Declarant declares that the Property, subject to all restrictions and easements of the Plat, shall be held, transferred, sold, conveyed, leased, used and occupied subject to the covenants, conditions, restrictions, easements, assessments, and liens hereinafter set forth which are for the purpose of protecting the value and desirability of and which shall touch and concern and run with title to the Property and which shall be binding on all parties having any right, title, or interest in the Property or any portion thereof, and their respective heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1. DEFINITIONS

Section 1.1 Words Defined. In this Declaration and any amendments hereto, the following terms shall have the following meanings and all definitions shall be applicable to the singular and plural forms of such terms:

1.1.1 "Approval of the Owners" shall be defined as the affirmative vote of the Owners of two-thirds or more of the Lots (e.g., four or more Lots if there are six Lots) with the voting rights assigned to the Owner of each Lot as set forth in Section 4.4 and following the procedures for voting set forth in Sections 4.5– 4.7.

1.1.2 "Architectural Control Committee" shall mean the Board acting in such capacity or a single person or committee appointed by the Board to act in such capacity. References to the Board in its capacity as the Architectural Control Committee shall be deemed to refer to the Architectural Control Committee as the context requires.

1.1.3 "Association" shall mean Ambleside Homeowners Association described in Article 4 of this Declaration, its successor and assigns.

1.1.4 "Board" shall mean the Board of Directors of the Association, and "Directors" shall mean members of the Board of Directors.

1.1.5 "Bylaws" shall mean the duly adopted bylaws of the Association as amended from time to time.

1.1.6 "Common Areas" shall mean the real property (including the improvements and facilities thereon) described as all areas of the Property outside the Lots, which will be conveyed by Declarant to the Association and held for the common use and enjoyment of the members of the Association, but shall not include any streets or other areas now or hereafter dedicated for public use.

1.1.7 "Construction" and "Constructed" shall mean any construction, reconstruction, erection or alteration of any Structure, except wholly interior alterations to a then existing Structure.



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1.1.8 "Declarant" shall mean Race Bannon Ventures, LLC, or such successor or assign as Declarant may designate by a writing recorded in the records of the Auditor of Skagit County.

1.1.9 "Declaration" shall mean this Declaration of Covenants, Conditions, Restrictions, Easements, and Reservations for Ambleside, as it may from time to time be amended.

1.1.10 "First Mortgage" and "First Mortgagee" shall mean, respectively, (a) a recorded mortgage on a Lot that has legal priority over all other Mortgages thereon, and (b) the holder of a First Mortgage.

1.1.11 "Lot" shall mean Lot 1, Lot 2, Lot 3, Lot 4, Lot 5, and Lot 6 as identified on the Plat of the Property. Common Areas shall not be considered Lots notwithstanding any "Lot" designation on the Plat (such as Lot 7 which is Common Area and not a "Lot").

1.1.12 "Mortgage" shall mean a recorded mortgage or deed of trust that creates a lien against a Lot and shall also mean a real estate contract for the sale of a Lot.

1.1.13 "Mortgagee" shall mean the beneficial owner or the designee of the beneficial owner of an encumbrance on a Lot created by a mortgage or deed of trust and shall also mean the vendor, or the designee of a vendor, of a real estate contract for the sale of a Lot.

1.1.14 "Owner" shall mean the record owner, whether one or more Persons, of fee simple title to a Lot within the Property, including a contract purchaser entitled to beneficial possession.

1.1.15 "Person" shall mean an individual, corporation, partnership, limited liability company, association, trustee, or other legal entity.

1.1.16 "Plat" shall mean the recorded plat of Ambleside and any amendments, corrections or addenda thereto subsequently recorded.

1.1.17 "Property" shall mean the land described in the Recitals and such additions thereto as may hereafter be subjected to the terms of the Declaration, and all improvements and structures now or hereafter placed on the land.

1.1.18 "Structure" shall mean all improvements and structures of any kind including, but not limited to, a building, fence, wall, driveway, walkway, patio, garage, storage shed, carport, mailboxes, basketball hoop, play equipment, climbing apparatus, swimming pool, rockery, dog run, landscaping, or other product of construction efforts on or in respect to the Property.

1.1.19 "Transition Date" shall be as defined in Section 4.9.

Section 1.2 Form of Words. The singular form of words shall include the plural and the plural shall include the singular. Masculine, feminine, and neuter pronouns shall be used interchangeably.

ARTICLE 2. COMMON AREAS AND EASEMENTS

Section 2.1 Use. Each Owner shall have the right to use the Common Areas in common with all other Owners. The right to use the Common Areas shall be appurtenant to and pass with the ownership of each Lot and shall extend not only to each Owner, but also to his agents, tenants, members of his household, invitees, and licensees. The right to use the Common Areas shall be governed by the provisions of this Declaration, the Bylaws, and the rules and regulations of the Association.

Section 2.2 Transfer or Rezone of the Common Areas. The Common Areas may not be abandoned, partitioned, subdivided, rezoned, encumbered, sold, or transferred by the Association, provided that:

(a) With Approval of the Owners and in compliance with any restrictions on the face of the Plat, the Common Areas or a portion thereof may be transferred or dedicated to, or encumbered for the benefit of, a "nonprofit nature conservancy corporation" as that phrase is defined in RCW 64.04.130;



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(b) The Open Space designations of OS-PA and OS-RO applicable to the Common Areas may only be removed or changed to a different open space designation with Approval of the Owners and in compliance with Skagit County Code §14.18.310

(c) The Association may (and to the extent required by law, shall) grant to utility service providers (including communication companies) easements for utilities; and

(d) The Association may grant free access to the Common Areas to police, fire, and other public officials.

Section 2.3 Alteration of Common Areas. Subject to the rights of easement holders, there shall be no alteration of the Common Areas and no construction, reconstruction, removal, repair, or replacement of the Structures upon the Common Areas, including without limitation landscaping, or any other area owned or required to be maintained by the Association ("Common Area Construction"), provided that:

(a) If the Common Area Construction requires (i) an increase in the annual assessment described in Section 7.1 by an amount equal to or greater than Ten Thousand Dollars (\$10,000.00) per Lot for one or more years; or (ii) a special assessment as described in Section 7.4 in an amount equal to or greater than Ten Thousand Dollars (\$10,000.00) per Lot, then such Common Area Construction shall be permitted with the unanimous written approval of the Owners;

(b) If the Common Area Construction: (i) requires an increase in the annual assessment described in Section 7.1 by an amount less than Ten Thousand Dollars (\$10,000.00) per Lot for one or more years, or a special assessment as described in Section 7.4 in an amount less than Ten Thousand Dollars (\$10,000.00) per Lot; or (ii) does not require an increase in the annual budget or a special assessment, then such Common Area Construction shall be permitted with the Approval of the Owners; and

(c) If the Common Area Construction is a result or arises from the imposition of governmental requirements, a court order or any other legal requirements outside the control of the Association or the Board, then such Common Area Construction shall be permitted upon the approval of the Board.

Section 2.4 Common Area Easements. Declarant hereby creates and reserves the following easements across the Common Areas for the benefit of the Lots as described below:

(a) For the benefit of each Lot, an easement for vehicular access across the driveway shown on the face of the Plat and connecting such Lot to Ambleside Loop (the "Driveway Easements") including installation, maintenance, use, repair and replacement of the driveway, provided, however, that, as shown on the Plat, Lot 5 and Lot 6 share the same Driveway Easement (the "Shared Driveway Easement");

(b) For the benefit of each Lot, an easement for installation, maintenance, use, repair and replacement of septic lines and a septic drainfield shown on the face of the Plat and serving such Lot (the "Septic Easements");

(c) For the benefit of each Lot, an easement for the installation, maintenance, use, repair and replacement of one well head, one reserve well head, and water lines to such wells and reserve wells, shown on the face of the Plat and serving such Lot (the "Well Easements"), provided, however, that no more than 833 gallons of water per day shall be drawn from each well; and

(d) For the benefit of each Lot, an easement for installation, maintenance, use, repair and replacement of the following utility services serving each Lot where such utilities are located as shown on the face of the Plat: electricity, cable, telephone, high-speed internet and any other underground utilities (the "Utility Easements").

2.4.1 Relocation of Well Easement. In the event of a Well Failure, the Owner of the affected Lot may install a new well in the well reserve areas of the Common Areas, as applicable, and the Well Easement shall be automatically relocated to the new location. A "Well Failure" shall mean the failure of the well serving the Lot to produce a quantity of potable water reasonably sufficient to support residential use or to meet applicable health and other regulations. An Owner's right to relocate the Well Easement shall be conditioned upon the approval of the Board to do so. The Board shall not unreasonably withhold its approval to relocate the Well Easement if the Owner shows that all of the following are true: (i) a Well Failure exists; (ii) Owner has made reasonable efforts to repair or replace the well in place or shows that efforts to make such repairs or replacement would be futile; (iii) the new location of



the Well Easement proposed by Owner is reasonable; (iv) Owner's plan to restore the Common Areas in connection with the relocation of the well is reasonably acceptable, and (v) Owner demonstrates to the Board that Owner has the financial means to pay the costs associated with relocation of the Well Easement (collectively the "Relocation Conditions"). The Owner proposing to relocate the Well Easement serving such Owner's Lot shall provide such information as may be reasonably requested by the Board to confirm that the Relocation Conditions have been satisfied. Each Owner shall be solely responsible for the costs of the relocation of the well serving its Lot and any related changes to the Well Easement. In the event of such relocation, the Owner shall promptly restore any damage to the Common Areas caused by such relocation. The Owner relocating its Well Easement shall, at its expense, cause an administrative amendment to the Plat to be prepared reflecting such relocation for signature by the Board and recording in the real property records of Skagit County, Washington. The Owner shall pay all costs related to such amendment to the Plat including recording fees and any other applicable governmental charges.

2.4.2 Maintenance of the Common Area Easements. Maintenance and repairs of all Structures in the Common Area Easements, including, without limitation, driveways, utility lines, wells and septic systems, shall be the sole responsibility and at the sole expense of the Owner of the Lot benefited by such Common Area Easement.

2.4.3 Common Area Easements Obligations. Each Owner exercising its rights under its Common Area Easements shall use and shall cause its agents and contractors to use reasonable care in carrying out any construction or repair in the Common Area Easements and shall restore the Common Areas, to the extent reasonably practicable, to the condition they were immediately prior to such work, and shall indemnify, defend, and hold harmless Declarant, the Association, and the other Owners from any and all claims for injuries and/or damages suffered by any person caused by exercise of the Common Area Easement rights of such Owner. All work performed within a Common Area Easement shall be conducted in a workmanlike manner, free and clear of liens.

Section 2.5 Maintenance of the Common Areas and Common Area Structures. The initial Structures located in the Common Areas for use by all Lots (the "Common Area Structures") are: fire hydrant(s) as identified on the Plat, a water storage tank (for fire-fighting water supply as identified on the Plat), and a gravel access road identified as "Ambleside Loop" on the Plat (which connects to the Driveway Access Easements). Maintenance and repairs of the Common Areas and Common Area Structures (with the exception of the Structures in the Common Area Easements) shall be the responsibility of the Association.

ARTICLE 3. CONSTRUCTION ON LOTS AND USE OF LOTS.

Section 3.1 Uniformity of Use and Appearance. One of the purposes of this Declaration is to assure within the Property a uniformity of use and quality of workmanship, materials, design, maintenance and location of Structures with respect to topography and finish grade elevation. It is in the best interests of each Owner that such uniformity of use be maintained as hereinafter provided. Notwithstanding anything herein set forth, the Construction of any Structure shall comply with the more restrictive of either (i) the terms and conditions of this Declaration or (ii) the laws, codes, ordinances and regulations of any governmental entity having jurisdiction.

Section 3.2 Submission and Approval of Plans

3.2.1 Construction. No Structure shall be Constructed or caused to be Constructed on any Lot unless the Plans for the Structure have been approved in writing by the Architectural Control Committee. The Architectural Control Committee's approval of any Plans shall not constitute any warranty or representation whatsoever by the Architectural Control Committee or any of its members that such Plans were examined or approved for engineering or structural integrity or sufficiency or compliance with applicable governmental laws, codes, ordinances and regulations, and each Owner hereby releases any and all claims or possible claims against the Board, the Architectural Control Committee, or any of them, and their heirs, successors and assigns, or of any nature whatsoever, based upon engineering or structural integrity or sufficiency or compliance with applicable governmental laws, codes, ordinances and regulations.

3.2.2 Submission. At least 45 days before the earlier of: (a) commencing Construction of any Structure on any Lot or (b) applying for any permit to Construct any Structure on any Lot, the Owner shall submit to the Architectural Control Committee two complete sets of detailed building, construction, surface water runoff control and specifications and a site plan showing the location of all proposed Structures (the plans, specifications and site plans are individually and collectively referred to herein as the "Plans").



3.2.3 Approval. The Architectural Control Committee may withhold its approval in its sole discretion, by reason of its dissatisfaction with the location of the Structure on the Lot, color scheme, finish, architecture, height, impact on view from another Lot or Lots, appropriateness of the proposed Structure or materials used therein, or any other aspect of the Plans. The Architectural Control Committee's approval or disapproval of Plans shall be made within 45 days of submission of a complete set of Plans, shall be in writing, and approval shall be evidenced by written endorsement on such Plans, one copy of which shall be delivered to the owner of the Lot upon which the Structure is to be Constructed. If the Architectural Control Committee fails to approve or disapprove Plans within 45 days of submission to the Architectural Control Committee of a complete set of Plans, then such Plans shall be deemed to be approved except for violation of those restrictions specifically set forth in Sections 3.3 through 3.5. Except for violation of those restrictions specifically set forth in Sections 3.3 through 3.5, if the Board or Architectural Control Committee has not provided an Owner with written notice of objections to any Construction within six (6) months after its completion, Architectural Control Committee approval shall not be required and the related covenants under this Declaration shall be deemed to have been fully complied with. After delivery by the Board or Architectural Control Committee of a notice of objections to a Lot Owner, the Board shall be entitled to take whatever action the Board deems reasonably appropriate to enforce the provisions of the Declaration, including, without limitation, commencing an action against the Owner.

Section 3.3 Lot Restrictions.

3.3.1 Floor Area. The floor area of the main house Structure on each Lot, exclusive of open porches, carports, and garages shall be not less than 1,500 square feet.

3.3.2 Local Codes. All Structures shall be constructed in accordance with Skagit County and other applicable Codes.

3.3.3 Setback, Maximum Height, and Minimum Yard Requirements. Each Lot shall be subject to the setback, maximum height and minimum yard requirements set by Skagit County, which may be modified by an approved variance by Skagit County, and by the prior approval of the Architectural Control Committee. In addition, all Structures other than fences shall be setback at least 20 feet from the Lot lines fronting along the shoreline bluff.

3.3.4 Grades, Slopes and Drainage. Each Owner of a Lot shall accept the burden of, and shall not in any manner alter, modify or interfere with, the established drainage pattern and grades, slopes and courses related thereto over any Lot or Common Area without the prior approval of the Architectural Control Committee, and then only to the extent and in the manner specifically approved. No structure, plantings, or other materials shall be placed or permitted to remain on or within any grades, slopes, or courses, nor shall any other activities be undertaken that may damage or interfere with established slope ratios, create erosion or sliding problems, or obstruct, change the direction of, or retard the flow of water through drainage channels.

Section 3.4 Appearance.

Unless otherwise approved by the Architectural Control Committee, the following design/construction requirements shall apply.

3.4.1 General Style. Construction will generally be in a "San Juan Island" architectural style, using earth-tone colors and natural or natural looking materials wherever possible on the exterior.

3.4.2 Roofing. Composition roofs shall be permitted provided that the composition material has a minimum life of 30-years and is an architectural dimensional style shingle. Non-natural roofing materials, including without limitation tile and metal, shall also be permitted.

3.4.3 Siding. All siding materials shall be of natural materials such as stone, wood, or slate, provided that synthetic materials that imitate natural materials and masonry materials such as brick and stucco may be used with the approval of the Architectural Control Committee. T-111 siding or similar quality siding shall not be permitted. All paints or natural finishes shall be in those colors commonly known as earth tones.

3.4.4 Entry Walks, Porches and Decks and Parking Pads. All front entry walks and parking pads shall be constructed of exposed aggregate concrete, gravel, brick, or pavers, and all decks and wood porches shall be constructed of cedar, synthetic wood products such as "trex deck", or pressure-treated materials.



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3.4.5 Driveways. All driveways and Driveway Access Easements shall be gravel.

3.4.6 Exterior Lighting. All exterior lighting must be from down-shielded light sources. Lighting must be limited to those areas in reasonable proximity to structures or areas allowing for normal ingress and egress from such structures, such as on or along decks, walkways, and courtyards, all as determined by the Architectural Control Committee. Exterior light fixtures must be approved by the Architectural Control Committee.

3.4.7 Landscaping. In general, landscaping should be in keeping with the natural style of Guemes Island and the landscaping should consist predominantly of vegetation native to Guemes Island. All landscaping plans must be submitted for the approval of the Architectural Control Committee.

Section 3.5 Use Restrictions.

3.5.1 Residential Use. The Lots shall be used only for single family residential purposes and no businesses, other than a home office, shall be allowed. Only one single family residence (and such accessory structures including, without limitation, guest cottages, as are approved pursuant to Article 3) shall be constructed on each Lot. The Board may approve any legally permitted commercial activities otherwise prohibited by this paragraph only if the Board determines that only normal residential activities would be observable in connection with such commercial activity.

3.5.2 Maintenance of Buildings and Lots. Each Owner shall, at the Owner's sole expense, keep the interior and exterior of the Structures on the Owner's Lot, as well as the Lot, in a clean and sanitary condition, free of rodents and pests, and in good order, condition and repair and shall do all redecorating, painting, landscaping, and maintenance at any time necessary to maintain the appearance and condition of the Structures and the Lot. All repainting or re-staining that changes the exterior color, any change in type of roof or roof color, and any exterior remodeling or changes shall be subject to prior review and approval by the Architectural Control Committee.

3.5.3 Completion of Construction. Any Structure erected or placed on any Lot shall be completed as to external appearance within nine months from the date Construction is started; however, with good cause shown, the Board may extend this term. The building area shall be kept reasonably clean and in workmanlike order, free of litter, during the construction period with a garbage can or other garbage disposal facility on the site during such period. Debris may not be deposited on any other Lot or Common Area. All construction debris, stumps, trees, etc. must be periodically removed from each Lot by the builder or Owner and such debris shall not be dumped in any area within the Property unless approved by the Board. All landscaping shall be completed within six months from the date of the substantial completion of the Structure constructed thereon; however, with good cause shown, the Board may extend this term.

3.5.4 Parking and Storage of Vehicles and Storage of Other Large Items. Overnight parking of boats, trailers, motorcycles, commercial vehicles, mobile homes, campers or other recreational vehicles or equipment, regardless of weight, overnight parking of any other vehicles with a gross vehicle weight in excess of 9,000 pounds, and large propane tanks, shall not be allowed on any part of the Property or on public streets within the Property, excepting only within areas designated for such purposes by the Board or within the confines of an enclosed garage or screened area on the Owner's Lot, the plans of which shall have been reviewed and approved by the Architectural Control Committee before construction. No portion of the vehicle or propane tank may project beyond the screened area. Vehicles may not be used for storage of materials for more than forty-eight (48) hours without approval from the Board. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked on the Owner's Lot (unless screened from view) for a period in excess of forty-eight (48) hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board reasonably determines that its presence offends the occupants of the area due to its appearance or continued inoperability. Should any Owner fail to remove such vehicle within five (5) days following the date on which notice is mailed to him or her by the Board, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner.

3.5.5 Signs. No sign of any kind shall be displayed to the public view on or from any Lot without the prior approval of the Board, except for "For Rent" or "For Sale" signs in a form not prohibited by any rules and regulations of the Board or Skagit County. This Section shall not apply to the Declarant. The restrictions contained in this Section shall not prohibit the temporary placement of "political" signs on any Lot by the Owner, subject to reasonable



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regulations adopted by the Architectural Control Committee relating to size and length of display.

3.5.6 Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept or permitted within any Lot or Common Areas. Notwithstanding the foregoing, so long as not kept, bred, or raised for commercial purposes and reasonably controlled so as not to be a nuisance, the following animals are permitted on the Lots:

- (a) A reasonable number of legally permitted pets (other than those pets specifically described below) which are kept indoors at all times;
- (b) No more than three domestic cats on any one Lot;
- (c) No more than three domestic dogs on any one Lot, provided that Pit Bulls or Pit Bull mixes, Rottweilers or Rottweiler mixes, Dobermans or Doberman mixes, and any "Dangerous" dogs shall not be permitted to be kept on the Lots at any time. A dog shall be considered "Dangerous" if it has ever inflicted any bite on any human or domestic animal either on public or private property, or that chases or approaches a person upon the streets, sidewalks or on public or private grounds in a menacing fashion or apparent attitude of attack, or with a known propensity, tendency, or disposition to attack unprovoked, to cause injury, or to otherwise threaten the safety of humans or domestic animals. Any dog that shows or has shown such tendencies on any occasion shall be removed from the Lots in an immediate fashion;
- (d) A reasonable number of domestic poultry or rabbits (not including roosters), provided that domestic poultry or rabbits are appropriately housed in a coop or other similar enclosure; and
- (e) Upon Approval of the Board, a reasonable number of legally permitted small farm animals, as long as they are housed in an appropriate enclosure.

Any inconvenience, damage or unpleasantness caused by pets shall be the responsibility of their respective Owners. No animal shall be permitted to roam the Property unattended, and each dog shall be kept on a leash while outside a Lot. Dog runs and doghouses and other similar enclosures shall be fully screened or fenced from view from any Lot, and shall not be visible from the street. All animals shall be controlled so as not to be a nuisance to any Owner. Any unrestrained or barking dog shall constitute a nuisance. An Owner or occupant will be required to remove a pet upon receipt of the third written notice from the Board of violations of any rule, regulation or restriction governing pets within the Property. All animal enclosures must be kept in a clean, neat and odorfree condition at all times. Notwithstanding anything set forth herein all Owners shall comply with all applicable governmental laws, codes, ordinances, and relations pertaining to animals.

3.5.7 Prohibited Structures. No manufactured homes shall be placed on any Lot. All Structures shall be of a permanent nature and no temporary trailer, mobile home, tent, garage, outbuilding or similar structure shall be placed on any Lot, except with the approval of the Architectural Control Committee incident to and during the construction of the first permanent Structure on the Lot. Notwithstanding the foregoing, this Section shall not prohibit the placement of recreational Structures on any Lot, such as a tent used by the invited guests of an Owner ("Recreational Structure"), provided that:

- (a) The Recreational Structure only remains on the Lot for two weeks or less; and
- (b) The Owner does not repeatedly place Recreational Structures on the Lot and timely remove such Recreational Structures from the Lot, in an attempt to circumvent the more general prohibition on temporary Structures set forth in this Section, with the Board having the authority to determine if an Owner is attempting to circumvent the more general prohibition.

3.5.8 Clothes Lines. No washing, rugs, clothing, apparel or any other article shall be hung from the exterior of any Structure or on a Lot so as to be visible from the streets and roadways adjoining the Lots.

3.5.9 Radio and Television Aerials and Satellite Dishes. No rotary beams, separate towers or other similar devices shall be constructed on any Lot without the written approval of the Architectural Control Committee. All radio, television, or other aerial and satellite dish installations must receive prior written approval from the Architectural Control Committee; provided, however, that satellite dishes less than three feet in diameter and located at ground level shall be permitted.

3.5.10 Trash Containers and Debris. All trash shall be placed in sanitary containers screened so as not to be visible from adjoining Structures or streets or roadways. No



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Lot or any portion thereof shall be used as a dumping ground for trash or rubbish of any kind. Yard rakings, dirt and debris resulting from landscaping work or Construction shall not be dumped onto adjoining lots or streets or roadways. Organic Compost facilities may be kept upon the Lots provided they are kept in a clean, neat, odorless and sanitary condition.

3.5.11 Offensive Activity. Unless otherwise approved by the Board, and except in-home day care for not more than four children, provided that there shall be no external signage of such activity, no trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind, including day schools, nurseries, or church schools shall be conducted or permitted on any Lot, nor shall goods, equipment, vehicles or materials used in connection therewith, be kept, parked, stored, dismantled or repaired outside of any Lot or any street within the Property. No noxious activity, including but not limited to the creation of excessive levels of noise, shall be carried on in any Lot, nor shall anything be done therein which may be or become an annoyance or nuisance to other Owners or tenants.

3.5.12 Underground Utilities. No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunications purposes nor any pole, tower, or other structure supporting said outdoor overhead wires shall be erected, placed or maintained within the Property. All Owners shall use underground service wires to connect any Structure to electric or telephone utility facilities.

3.5.13 Damage. Any damage to streets, Plat improvements, entry structure, fences, landscaping, mailboxes, lights and lighting standards by Owners, their children, contractors, agents, visitors, friends, relatives, or service personnel shall be repaired and restored to like new condition by such Owner within twelve (12) working days from the date of occurrence of such damage.

3.5.14 Noisemaking Devices. Except with the consent of the Board, no noisemaking devices shall be installed or maintained on any Lot, other than security and fire alarms.

3.5.15 Wood Piles. No wood piles shall be located within the front yard setback or otherwise in a location visible from the street, unless such wood piles are stacked and uncovered or covered by a Structure the Plans for which have been approved by the Architectural Control Committee in accordance with the specifications of Article 3 of this Declaration.

3.5.16 Fences. Fences, walls, hedges, or mass plantings over three feet in height, shall be permitted along the boundaries of the Lots with the approval of the Architectural Control Committee. Other fences for purposes of enclosing limited areas within each Lot, such as dog runs and child play areas, shall be allowed if approved by the Architectural Control Committee.

3.5.17 Pest Control. No Owner shall permit any thing or condition to exist upon any portion of the Property that will induce, breed or harbor infectious plant or animal disease or noxious insects or vermin.

3.5.18 Leasing and Rental of the Structure. No Owner may lease or rent any Structure on the Owner's Lot for a period of less than thirty (30) days. All leases or rentals shall be by written lease agreement, which shall provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, Articles of Incorporation, and Bylaws of the Association, and that any failure by the lessee or tenant to comply with the terms of such documents shall be a default under the lease. If the Board finds that a lessee or tenant has violated any provision of such documents, the Board may require the Owner to terminate such lease or rental agreement. Other than the foregoing, there is no restriction on the right of any Owner to lease or rent the Structures on his or her Lot.

3.5.19 Climbing Apparatus or Play Equipment. No climbing apparatus or play equipment shall be Constructed or caused to be Constructed on any Lot unless the Plans for such Structure have been approved in writing by the Architectural Control Committee in accordance with the provisions of Article 3 of this Declaration.

ARTICLE 4. AMBLESIDE HOMEOWNERS ASSOCIATION.

Section 4.1 Form of Association. The Owners of Lots within the Property shall constitute the members of Ambleside Homeowners Association, a Washington nonprofit corporation to be formed by Declarant. The rights and duties of the members and of the Association shall continue to be governed by the provisions of this Declaration, and the Association's Articles of Incorporation and Bylaws.



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Section 4.2 Board of Directors. The affairs of the Association shall be governed by a Board of Directors (the "Board"). The initial Board shall be as described in the Articles of Incorporation of Ambleside Homeowners Association and shall serve until the Transition Date. Except, however, so long as Declarant owns any Lot within the Plat, the initial Board shall continue to function in its capacity as the Architectural Control Committee, as more particularly set forth in Article 3. At such time as the last Lot owned by Declarant is sold, the duties of the Board set forth in Article 3, in its capacity as the Architectural Control Committee, shall be assumed by the Board elected to serve after the Transition Date. After the Transition Date, the Board shall consist of such numbers of members as provided for in the Articles of Incorporation and Bylaws of the Association. Subject to any specific requirements hereof, the Board shall have authority to establish operating rules and procedures. In the event of death or resignation of any member or members of the Board, the remaining member or members, if any, shall have full authority to appoint a successor member or members. Members of the Board shall not be entitled to any compensation for services performed as Directors pursuant to this Declaration. Upon the Transition Date and without further action by any person or persons, (i) the term of the initial Directors or their successors shall end, and (ii) the initial Directors and their then successors shall be released from any and all liability whatsoever for claims arising out of or in connection with this Declaration, excepting only claims arising prior to the Transition Date.

Section 4.3 Qualification for Membership. Each owner of all or a portion of the fee interest in a Lot (including Declarant) shall be a member of the Association. Ownership of a Lot shall be the sole qualification for membership in the Association. Membership shall be appurtenant to and may not be separate from Ownership of any Lot, and shall not be assigned, transferred, pledged, hypothecated, conveyed or alienated in any way except upon the transfer of title to the Lot and then only to the transferee of title to the Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to a Lot shall operate automatically to transfer the membership in the Association to the persons constituting the new Owners.

Section 4.4 Voting Rights. The Owners shall be entitled to one (1) vote for each Lot owned; provided, that if a Lot has been sold on contract, the contract purchaser shall exercise the rights of an Owner. When more than one person holds an ownership interest in any Lot, all such persons shall be members of the Association, but their vote with respect to the Lot owned by them shall be limited to one (1) vote.

Section 4.5 Voting. If a Lot is owned by more than one person and only one of them is present or represented at a meeting, the one who is present or represented will represent the Owner. The vote for a Lot must be cast as a single vote, and fractional votes shall not be allowed. If joint owners are unable to agree among themselves how their vote shall be cast, they shall lose their right to vote on the matter in question. An Owner may, by written notice to the Board, designate a voting representative for the Lot. The designated voting representative need not be an Owner. The designation may be revoked at any time by written notice to the Board from any Person having an ownership interest in a Lot, 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 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 shall be the group composed of all of its Owners. Unless otherwise expressly provided in this Declaration, a quorum is present throughout any meeting of the Association if the Owners to which thirty-four percent (34%) of the votes of the Association are allocated are present in person or by proxy at the beginning of the meeting.

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Section 4.6 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 90 consecutive days or more, the Owner's Mortgagee shall automatically be authorized to declare at any time thereafter that the Owner has pledged his vote to the Mortgagee on all issues arising after such declaration 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 4.7 Annual and Special Meetings. Within one year following recording of the final Plat, on a date selected by the Board, there shall be a meeting of the members of the Association and thereafter there shall be an annual meeting of the members of the Association in each fiscal year at such reasonable place and time as may be designated by written notice from the Board delivered to the Owners not less than 14 nor more than 60 days in advance of the meeting. At the first such meeting after the Transition Date, and at each annual meeting thereafter, the Owners shall elect by majority vote individuals to serve as Directors until a successor is elected at the next annual meeting. Until the Transition Date, the directors

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appointed by the Declarant shall serve as the Directors. Each Lot shall be entitled to one vote for each Director. The voting for Directors shall be noncumulative. The financial statement for the preceding fiscal year (if any) and the budget the Board has adopted for the pending fiscal year shall be presented at the annual meeting for ratification by the members, as more specifically provided in Section 7.1. Special meetings of the members of the Association may be called at any time upon not less than 14 days prior written notice to all Owners, for the purpose of considering matters which require the Approval of the Owners, or for any other reasonable purpose. Any First Mortgagee of a Lot may attend or designate a representative to attend the meetings of the Association.

Section 4.8 Books and Records. The Board shall cause to be kept complete, detailed, and accurate books and records of the receipts and expenditures (if any) of the Association, in a form that complies with generally accepted accounting principles. The books and records, authorizations for payment of expenditures, and all contracts, documents, papers, and other records of the Association shall be available for examination by the Lot Owners, Mortgagees, and the agents or attorneys of either of them, during normal business hours and at any other reasonable time or times.

Section 4.9 Transition Date. The "Transition Date" shall be the date control of the Board passes from the initial Board to the Association. Prior to the Transition Date, Declarant shall be entitled to exercise all rights and powers of the Board and the Association and shall have control over any action which would otherwise require Approval of the Owners. At Declarant's option, the Transition Date will be either: (i) the date designated by Declarant in a written notice to the Owners, which date may be by Declarant's election any date after this Declaration has been recorded; or (ii) the 180th day after Declarant has transferred title to all Lots in the Property.

ARTICLE 5. NOTICES FOR ALL PURPOSES.

All notices given under the provisions of this Declaration 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 may be given to any Director or mailed to the following address:

Board of Directors
c/o Race Bannon Ventures, LLC
Ambleside Homeowners Association
9676 Evergreen Drive
Bellevue, WA 980034

The Board's address may be changed from time to time by the execution and recording of an instrument in the real property Records of Skagit County, Washington which (i) refers to this Declaration and this Article 5 and (ii) sets forth the Board's new address.

ARTICLE 6. AUTHORITY OF THE BOARD

Section 6.1 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 the general guidelines of this Declaration to promote the comfortable use and enjoyment of the Property and to govern the operation and procedures of the Association. The rules and resolutions may, without limitation, authorize voting by proxy or mail, or both, on Association matters. The rules and regulations of the Association shall be binding upon all Owners and occupants and all other Persons claiming any interest in the Property.

Section 6.2 Enforcement of Declaration, Etc. The Board shall have the power to enforce the provisions of this Declaration, and the rules and regulations of the Association for the benefit of the Association. The failure of any Owner to comply with the provisions of this Declaration, or the rules and regulations of the Association will give rise to a cause of action in the Association (acting through the Board) and any aggrieved Owner for recovery of damages, or injunctive relief, or both. If a legal action is brought to interpret or enforce compliance with the provisions of this Declaration, or the rules or regulations of the Association, the prevailing party shall be entitled to judgment against the other party for its reasonable expenses, court costs, and attorneys' fees in the amount awarded by the Court.



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Section 6.3 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 Association and maintenance of all portions of the Common Areas not maintained by public utility companies or a governmental entity and of any planter islands and other landscaping, including street trees, associated with Ambleside Loop, or any public road, if any, inside the Plat. The goods and services shall include (by way of illustration and not limitation) irrigation systems for landscaping maintenance, utility services for the Common Areas; policies of insurance; and maintenance, repair, landscaping, gardening and general upkeep of the Common Areas. The Board may hire such employees as it considers necessary.

Section 6.4 Protection of Common Areas. The Board may spend such funds and take such action as it may from time to time deem necessary to preserve the Common Areas, settle claims, or otherwise act in what it considers to be the best interests of the Association.

ARTICLE 7. BUDGET AND ASSESSMENT FOR COMMON EXPENSES.

Section 7.1 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. As soon as the Board in its discretion deems advisable after formation of the Association, and prior to the expiration of each fiscal year thereafter, the Board shall establish a budget for the Association, which shall include, without limitation, the costs of maintaining the Common Area during the ensuing fiscal year, and shall mail a summary of the budget to all of the Owners. Within thirty days after adoption by the Board, the Board 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, and the ratification shall require Approval of the Owners. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board. The Board shall then assess each Lot within the Property with its pro rata share, based upon the number of Lots then within the Property, of such estimated costs. The Board, at its election, may require the Owners to pay the amount assessed in equal monthly or quarterly installments or in a lump sum annual installment. The Board shall notify each Owner in writing at least ten days in advance of each assessment period of the amount of the assessment for said period, which notice shall be accompanied by a copy of the budget upon which the assessment is based. The assessments levied by the Board shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and for the improvement and maintenance of the Common Areas and provision of other goods and services described in Section 6.3, including without limitation the amount of all taxes and assessments levied against, and the cost of liability and other insurance on, the Common Areas; the cost of utilities and other services; and the cost of funding all reserves established by the Board, including, when appropriate, a general operating reserve and a reserve for replacements.

Section 7.2 Certificate of Unpaid Assessments. Any failure by the Board or the Association to make the budget and assessments hereunder before the expiration of any fiscal year for the ensuing 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 assessment amount and payment method established for the preceding fiscal year (if any) shall continue until a new assessment is established. Upon the request of any Owner or Mortgagee or prospective Owner or prospective Mortgagee of a Lot, the Board will furnish a statement of the amount, if any, of unpaid assessments charged to the Lot. The statement shall be conclusive upon the Board and the Association as to the amount of such indebtedness on the date of the statement in favor of all purchasers and Mortgagees of the Lot who rely on the statement in good faith. All assessments and other receipts received by the Association shall belong to the Association.

Section 7.3 Initial Contribution. Annual Assessments. Upon the first sale of each Lot by Declarant, the purchaser of such Lot shall make a start-up contribution to the Association in the amount of One Thousand Dollars (\$1,000.00) which amount shall be added to the Association's reserve fund but may be expended by the Board in the same manner as funds paid in the form of assessments. The initial annual assessment (which is in addition to the start-up fee) shall be two hundred dollars (\$200) per year and shall be prorated for any partial year at the time of purchase of the Lot.

Section 7.4 Special Assessments: Capital Improvements. In addition to the annual assessments 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 alteration of the Common Areas and the cost of construction, reconstruction, removal, repair, or replacement of the Structures upon the Common Areas, including without limitation



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landscaping, or any other area owned or required to be maintained by the Association, provided that such alteration, construction, reconstruction, removal, repair or replacement has been approved pursuant to Section 2.3(a) or 2.3(b), as applicable, or is permitted under Section 2.3(c).

ARTICLE 8. LIEN AND COLLECTION OF ASSESSMENTS.

Section 8.1 Assessments Are a Lien; Priority. All unpaid sums assessed by the Association for the share of the common expenses chargeable to any Lot and any sums specially assessed to any Lot under the authority of 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 shall be subordinate to tax liens on the Lot in favor of any assessing unit and/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 Mortgagee that obtains possession through a Mortgage foreclosure or deed of trust sale, or by taking a deed in lieu of foreclosure or 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 Lot 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 shall continue to be personally liable for past due assessments as provided in Section 8.3. 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 8.2 Lien May Be Foreclosed. The lien for delinquent assessments may be foreclosed by suit by the Board, acting on behalf of the Association, 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 in the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage, and convey the same.

Section 8.3 Assessments are Personal Obligations. In addition to constituting a lien on the Lot, all sums assessed by the Association and chargeable to any Lot together with interest, late charges, costs and attorneys' fees in the event of delinquency, shall be the joint and several personal obligations of the Owner 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. At such time as an Owner no longer has an interest in a Lot, it shall be released and discharged from any obligations under this Agreement accruing thereafter.

Section 8.4 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 delinquent for a period of more than 10 days after the date when due. In the absence of another established, nonusurious rate, delinquent assessments shall bear interest at the rate of 12% per annum. If an installment on an assessment against a Lot is not paid when due, the Board may elect to declare the entire assessments against the Lot for the remainder of the fiscal year to be immediately due and payable.

Section 8.5 Remedies Cumulative. The remedies provided herein are cumulative and the Board may pursue them, and any other remedies which may be available under law although not expressed herein, either concurrently or in any order.

Section 8.6 No Avoidance of Assessments. No Owner may avoid or escape liability for assessments provided for herein by abandoning his or her Lot.

ARTICLE 9. FAILURE OF BOARD TO INSIST ON STRICT PERFORMANCE NO WAIVER.

The failure of the Board in any instance to insist upon the strict compliance with this Declaration or rules and regulations of the Association, or to exercise any right contained in such documents, or to serve any notice or to 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 an 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 for the Board.



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ARTICLE 10. LIMITATION OF LIABILITY.

So long as a Director, Architectural Control Committee member, or Association member, or Declarant, acting on behalf of the Board or the Association, has acted in good faith, without willful or intentional misconduct, upon the basis of such actual information as is then possessed by such Person, then such Person shall not be personally liable to any Owner, or to any other Person, including the Association, for any damage, loss, or prejudice suffered or claimed on account of any act, omission, error, or negligence of such Person; provided that this Article shall not apply to the extent the liability of such Person for such act, omission, error, or negligence is covered by any insurance actually obtained by the Board.

ARTICLE 11. INDEMNIFICATION.

Each Director, Architectural Control Committee member, and Declarant shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which such person may be a party, or in which such person may become involved, by reason of holding or having held such position, or any settlement thereof, whether or not such person holds such position at the time such expenses or liabilities are incurred, except to the extent such expenses and liabilities are covered by insurance actually obtained by the Board and except in such cases wherein such Director, Architectural Control Committee member or Declarant is adjudged guilty of willful misfeasance in the performance of his or her duties.

ARTICLE 12. INSURANCE.

At such times as the Board deems appropriate, the Board shall cause the Association to purchase and maintain as a common expense a policy or policies which the Board deems necessary or desirable to provide casualty insurance; comprehensive liability insurance; with such deductible provisions as the Board deems advisable; insurance, if available, for the protection of the Association's Directors, and representatives from personal liability in the management of the Association's affairs; and such other insurance as the Board deems advisable. The Board shall review the adequacy of the Association's insurance coverage at least annually.

ARTICLE 13. DAMAGE AND REPAIR OF DAMAGE TO PROPERTY.

In the event of any casualty, loss or other damage to the Common Area for which the then current assessments by the Board are insufficient to repair, or restore or for which there are not insurance proceeds or insufficient insurance proceeds available to the Board for such restoration or repair, the Board may make a special assessment against each Lot within the Property for its pro rata share of the cost and expenses to repair and/or restore the Common Areas. The special assessment shall be payable, at the determination of the Board, in either monthly or quarterly installments or in a single lump sum amount. The Board shall notify each Lot Owner of any such special assessment not less than 20 days prior to the date such special assessment or the first installment thereon is due and payable, which notice shall be accompanied by a reasonably detailed statement of the Board's estimated costs and expenses of repairing and/or restoring the Common Areas.

ARTICLE 14. AMENDMENTS OF DECLARATION.

After the Transition Date, any Lot Owner may propose amendments to this Declaration to the Board. A majority of the members of the Board may cause a proposed amendment to be submitted to the members of the Association for their consideration. If an amendment is proposed by Owners of one-third or more of the Lots, then, irrespective of whether the Board concurs in the proposed amendment, it shall be submitted to the members of the Association for their consideration at their next regular or special meeting for which timely notice may be given. Notice of a meeting at which an amendment is to be considered shall include the text of the proposed amendment. The Approval of the Owners shall be required for all amendments. Once an amendment has been adopted by the Approval of the Owners, the amendment will become effective when a certificate of the amendment, executed by a member of the Board, has been recorded in the real property Records of Skagit County, Washington.

ARTICLE 15. ANNEXATION AND SUBDIVISION.

Residential property, including Common Areas, may be annexed or added to the Property by Declarant at any time prior to the Transition Date. Thereafter, residential property other than Common Areas may be annexed or added to the Property only by Approval of the Owners. Except with the Approval of the Owners and in accordance with all applicable laws and



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regulations, no Lot shall be subdivided, combined with another Lot, or have its boundary lines adjusted.

ARTICLE 16. DURATION.

The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Owners, their respective legal representatives, heirs, successors, and assigns, for a period of 20 years from the date this Declaration is recorded, after which time the covenants, conditions and restrictions shall be automatically extended for successive periods of 10 years each unless an instrument signed by at least as many Owners as is required to obtain an Approval of the Owners has been recorded agreeing to terminate in whole or in part, the covenants, conditions and restrictions.

ARTICLE 17. RESERVATION OF DECLARANT'S RIGHT TO AMEND.

Section 17.1 Amendment by Declarant. Declarant reserves the right to amend the Declaration as may be necessary to comply with Federal Home Loan Mortgage Corporation ("FMC") or Federal National Mortgage Association ("FNMA") or Federal Housing Administration ("FHA") regulations or requirements as necessary to enable the holders of first mortgages or deeds of trust to sell first mortgages or deeds of trust to FHLMC or FNMA or if such amendment is necessary to secure funds or financing provided by, through or in conjunction with FHLMC or FNMA or FHA or, if such amendment is necessary, in Declarant's sole opinion, for the efficient functioning of the Association, the Property, or the Plat.

Section 17.2 Authorization to Amend. If Declarant, at its option, determines that it is necessary so to amend the Declaration, then Declarant, on behalf of all Owners in the Association, is hereby authorized to execute and to have recorded (or filed, in the case of the Articles) said required amendment or amendments. All Owners hereby grant to Declarant a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment or amendments and agree that said amendment or amendments shall be binding upon their respective Lots and upon them and their heirs, personal representatives, successors and assigns to the same extent as if they had personally executed said amendment or amendments. All Owners hereby acknowledge and agree that the power of attorney granted herein shall be deemed coupled with an interest and shall be irrevocable.

Section 17.3 Duration. Declarant's rights under this Article 17 shall exist until the last Lot owned by Declarant is sold or the Transition Date, whichever is later.

ARTICLE 18. SEVERABILITY.

The provisions of this Declaration shall be independent and severable, and the unenforceability of any one provision shall not affect the enforceability of any other provision, if the remainder affects the common plan.

ARTICLE 19. EFFECTIVE DATE.

This Declaration shall be effective upon recording.

ARTICLE 20. ASSIGNMENT BY DECLARANT.¹⁵

Declarant reserves the right to assign, transfer, sell, lease, or rent all or any portion of the Property and reserves the right to assign or delegate all or any of its rights, duties, and obligations created under this Declaration.

Race Bannon Ventures, LLC
a Washington limited liability company

By: *Phil Greger*
(Printed Name)
Its: Member/Manager



STATE OF WASHINGTON)
COUNTY OF King) ss.

On this day personally appeared before me Phil Greger, to me known to be the member/manager of Race Bannon Ventures, LLC, the limited liability company who executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act 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.

GIVEN under my hand and official seal this 22nd day of November, ²⁰¹¹ 2008.

Kimberly J White
(Signature)

Kimberly J White
(Print Name)

Notary Public in and for the State of
Washington, residing at Kirkland WA
My commission expires 1/9/2014

