

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
PLAT OF MILL CREEK HIGHLANDS

ORIGINAL

THIS DECLARATION, made on the date hereinafter set forth by Countrywood Homes, Inc., hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the Owner of certain property in Mill Creek Highlands, City of Mill Creek, County of Snohomish, State of Washington, which is more particularly described as:

The Plat of Mill Creek Highlands, recorded in Volume 48 of Plats, Pages 228-229 records of Snohomish County, Washington under recording number 8810055003, a copy of which is attached hereto and marked Exhibit "A".

NOW THEREFORE; Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions herein referred to as CC&Rs, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. Additional Lands Which May Be Annexed: Shall mean those lands identified in Article VII Section 4 which may be subjected to these CC&Rs and the owners of lots therein brought within the jurisdiction of the Association in the manner as therein provided.

Section 2. "Association" shall mean and refer to Mill Creek Highlands Homeowner's Association, its successors and assigns.

Section 3. "Board of Directors": The Board of Directors of the Homeowner's Association shall be the governing body of the Association and shall have such power and shall be subject to such restrictions as shall be provided in this document and/or as provided in the Articles of Incorporation and Bylaws of the Association or as the same may be amended. During the development period all of the authority of the Board of Directors and of the Association shall be vested in the Declarant.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot shall be Tracts A and B of said Plat of Mill Creek Highlands. Upon additional properties being brought within the jurisdiction of the Association the

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Real properties in each Plat that is designated to be owned by the Association shall be deeded to the Association before the conveyance of the first lot in the added Plat.

Section 5. "Declarant" shall mean and refer to Countrywood Homes, Inc.

Section 6. Development Period. The development period shall be that time from the present until such time as Class B membership terminates under Article III Section 2 hereof, or until the Development Period is terminated by Developer whichever first occurs.

Section 7. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 8. "Mortgage" shall include Deeds of Trust.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 10. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II PROPERTY RIGHTS

Section 1. Owners Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association to charge reasonable fees for the maintenance of the landscaped grounds situated upon the Common Area;
- (b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;
- (c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of members has been recorded.
- (d) the right of the Association and of the Developer during the Development Period, to grant easements in the common area and to deed portions of the Common Area in making property line adjustments so long as said grants do not materially affect the use of the Common Area by the members of the Association.

- (e) the right of the Developer to permanently maintain a sign in the Common Area from the date hereof for the purpose of advertising this and other projects. Section 6 Article VI does not apply to said sign.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. If an owner sells a lot on real estate contract, the membership of the owners shall terminate and the contract purchasers shall become a member, unless the contract retains membership in the owners, in which event, the contract purchasers will not be a member.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on December 31, 2000.

Section 3. For the purpose of determining the total votes outstanding in Class A and Class B membership at any given time all lots included in the Plat of Mill Creek Highlands as well as all lots contained in an approved preliminary Plat of the Additional Lands which may be annexed or, any part thereof, will be included, whether or not final Plat approval has been received. It is provided, however that once total votes in Class A membership equal total votes in Class B membership addition of additional lots will not revive Class B membership.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed

therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements. Such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, protection and welfare of the residents in the Properties and for the improvement, beautification and maintenance of the Common Areas.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Hundred Eighty and No/100 Dollars (\$180.00).

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.
- (b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the Maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.
- (c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for 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 any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting

shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the first conveyance thereof from Declarant and shall be payable on date of closing of purchase of the lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Prevailing assessment rates shall continue until new assessment rates are established.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of 6 percent per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinated to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V ARCHITECTURAL CONTROL

A. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the

Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Board.

B. The Architectural Control Committee's approval or disapproval as required in these Covenants shall be in writing. Except for violations of those restrictions contained in Article VI hereof, in the event the Committee or its designated representatives fail to approve or disapprove within 30 days after a complete set of plans and specifications had been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof; approval will not be required and the related Covenants shall be deemed to have been fully complied with.

C. The initial Architectural Control Committee shall consist of Dennis Kohloff, Donald M. Jasper and Donald F. Kline. The tenure of these members shall automatically terminate when the declarant sells the last lot owned by it in the Plat of Mill Creek Highlands or when declarant sells the last lot owned by it in the Additional Lands described in Exhibit B, which are annexed as herein provided whichever last occurs. In the event that any two of the committee concur in the action to be taken it shall not be necessary for the third committee member to participate.

ARTICLE VI RESTRICTIONS ON USE OF PROPERTY

Section 1. Building Use and Location

- (a) No lot shall be used except for residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling not to exceed two stories in height and a private garage for not more than three cars. It is provided, however, that the foregoing provisions shall be no more restrictive than the zoning and use provisions of the governing public authority as they now exist or as they may hereafter be amended or imposed. Temporary, "model homes", real estate sales offices will be considered a residential use until all houses have been built and sold on all subject lots.
- (b) The total first floor area of the main structure, exclusive of one story open porches and garages, shall be not less than 1100 square feet.
- (c) No building shall be located on any lot nearer to the front lot line or nearer to the side street than the minimum building setback lines shown on the recorded plat. In any event, no building shall be located on any lot nearer than 25 feet to the front lot line or nearer than 25 feet to any side street line. A minimum sideyard of 5 feet shall be provided on each lot with no less than 10 feet between any two dwellings. No dwelling shall be located on any lot nearer than an average of 25 feet to the rear lot line. For the purpose of this covenant, fireplaces, eaves, steps and open porches shall not be considered as part of a building, provided however, that this shall not be construed to permit any portion of a building on a lot to encroach upon another lot. In case of conflict between the setbacks stated herein and the setback ordinances of the City of Mill Creek, as they

now exist or as they may hereafter be amended, the City of Mill Creek ordinances will dominate.

- (d) Unless other materials are approved by the Architectural Control Committee all roofing material shall be of wood cedar shakes.
- (e) Unless other materials are approved by the Architectural Control Committee all siding material other than masonry shall be wood siding stained with those colors commonly known as earth tones or traditional Cape Cod colors. Any other color shall be used only with the approval of the Architectural Control Committee.
- (f) All front entry walks and porches to be of exposed aggregate concrete or wood porches with exposed surfaces of cedar.
- (g) All driveways and parking areas shall be constructed of concrete or asphalt paving.
- (h) The location, color, size, design, lettering and other particulars of mail or paper delivery boxes shall be subject to approval of the Architectural Control Committee.
- (i) All outside television and radio aerials and antennas or satellite dishes are prohibited without express written approval of the association or the Architectural Control Committee.
- (j) No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication purposes nor any pole, tower or other structure supporting said outdoor overhead wires shall be erected, placed or maintained within the properties. All purchasers of lots within the properties, their heirs, successors, and assigns shall use underground service wires to connect their premises and the structures built thereon to the underground electric or telephone utility facilities.

Section 2. Easements.

- (a) The north 30 feet of lots 8 through 15 of the Plat of Mill Creek Highlands are designated on said Plat as a cutting preserve. The owner of each said lot is prohibited from cutting or clearing trees in said cutting preserve except as the same may be deemed a danger to residential improvements, or as the same may become diseased, or as cutting or clearing may be required for the installation or maintenance of utilities. In the event that any existing trees are cut or removed for the foregoing reasons they shall be replaced with coniferous or deciduous trees six to eight feet in height as measured after installation. The Mill Creek Highlands Homeowner's Association shall administer these provisions relating to the cutting preserve.
- (b) Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the rear five feet and the side two and one-half feet of each lot. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements

in it shall be maintained continuously by the owner of the lot, except for those improvements which a public authority or utility company is responsible.

- (c) Maintenance of the landscaped grounds located in the Common Area are to be provided by the Homeowner's Association.

Section 3. Open Space.

Tracts A and B are dedicated as open space to the Homeowners Association. The vegetation within these tracts (both trees and undergrowth) may not be cut, pruned, covered by fill, removed or damaged without express permission from the City of Mill Creek, which permission must be obtained in writing.

Section 4. Nuisances.

No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. All boats, boat trailers, travel trailers, non-motorized campers and other such recreational vehicles will be sight screened and/or stored behind primary structure unless a variance is granted by the Architectural Control Committee. No cars, inoperative for reasons of mechanical failure, shall be parked and/or stored on any subject lot or in the street right-of-way for more than 72 hours.

Section 5. Temporary Structure.

- (a) No structure of a temporary character, trailer, basement, tent, shack, garage, barn or any other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently.
- (b) Any dwelling or structure erected or placed on any lot in this subdivision shall be completed as to external appearance, including finish painting, within nine (9) months from date of start of construction unless, upon their review of a written request for an extension of time, the Architectural Control Committee grants such an extension.

Section 6. Signs. Except as provided in Article II Section 1e no sign of any kind shall be displayed to the public view on any lot except one professional sign of not more than five square feet advertising the property for sale or rent, or signs used by a builder to advertise the property during the construction and sale period.

Section 7. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. No structure or enclosure for the purpose of containing pets other than a fence at property line (as approved by the Architectural Control Committee) shall be allowed.

Section 8. Garbage and Refuse Disposal. No lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition.

Section 9. Water Supply. No individual water supply system shall be permitted on any lot.

Section 10. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

Section 11. Sewage Disposal. Individual sewage disposal systems shall not be permitted on any lot within the plat.

Section 12. Screening. Unless otherwise approved by the Architectural Control Committee, based on special conditions it shall find to exist; and except for Lot 1 Division II and except for corner lots; no fence, wall hedge or mass planting over 3 feet in height, other than foundation planting, shall be permitted to extend nearer to any street than the minimum setback line; however, nothing shall prevent the erection of a necessary retaining wall, the top of which does not extend more than two feet above the finished grade at the back of said retaining wall. Except for the fencing along the park, all fencing shall be built in accordance with the materials and dimensions outlined on Exhibit "B" attached hereto and by this reference made a part hereof, unless otherwise approved by the Architectural Control Committee.

ARTICLE VII GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so hereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the lot owners.

Section 4. Annexation. Additional lands constituting a plat adjacent to the boundaries of the Plat of Mill Creek Highlands may be annexed to the Homeowners Association and additional lands adjacent any plat that has then been annexed to the Homeowners Association may be likewise annexed to the Homeowners Association. The annexation may be

performed by the developer at any time up to twenty (20) years from the date of execution of these CC&Rs. Said annexation shall become effective only upon a recording with the Auditor of Snohomish County, Washington of a declaration by the Developer, or its successors or assigns; which declaration shall be under oath, shall identify the tract or tracts to be annexed by Plat name and any other information as may be appropriate to identify the same. Said declaration shall contain a recital to the effect that by the Declaration the property described therein is subjected to these CC&Rs.

Upon the recording of said declaration the Plat described therein shall be subject to these CC&Rs to the same extent as though it had been contained in the Plat of Mill Creek Highlands and the lot owners in said annexed property described therein shall have all of the rights and be subject to all of the obligations to the same extent as the lot owners of the Plat of Mill Creek Highlands.

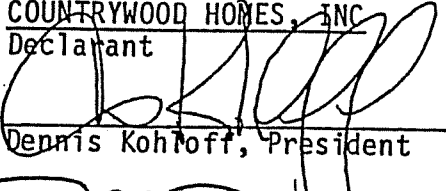
The Plat of Mill Creek South as recorded in volume 48 of Plats pages 31-32 records of Snohomish County, Washington and the Plat of the Highlands at Mill Creek recorded in volume 48 of Plats pages 228-229 each, at the election of the property owners in each plat may be annexed to the Mill Creek Highlands Homeowners Association provided that 100 percent of the homeowners in the plat to be annexed shall request said annexation. The request for annexation shall be by written petition signed by all the homeowners in said plat to be annexed. Said petition shall contain a statement to the effect that all petitioning parties agree to be bound by the Articles of Incorporation, By Laws and Resolutions of the Board of Directors of the Mill Creek Highlands Homeowners Association, and irrevocably commit their properties in the plat to be annexed to these CC&Rs and in event of any inconsistency between the existing Covenants, Conditions and Reservations for the plat to be annexed and the CC&Rs for the Plat of Mill Creek Highlands the CC&Rs for the Plat of Mill Creek Highlands shall prevail. The signature of each person signing said petition shall be acknowledged in the manner required for deeds. Upon receipt of the petition the Board of Directors of the Mill Creek Highlands Homeowners Association shall review the petition to insure that all lot owners in the plat to be annexed have signed the same and upon confirming that they have shall pass a resolution approving said annexation. The resolution shall be attached to the petition and recorded with the Auditor of Snohomish County, Washington. Upon the passing of said resolution by the Board of Directors the homeowners and the properties in the annexed plat shall be entitled to all of the rights and be subject to all the obligations of members of the Homeowners Association. The Board of Directors may reject any petition not received within 20 years of the date of execution appearing on these CC&Rs.


Section 5. FHA/VA Approval. In the event Declarant pre-qualifies the properties for FHA/VA approval as long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veteran's Administration: Annexation of additional properties, dedication of Common Area, and amendment of this Declaration of Covenants, Conditions and Restrictions.

Section 6. Conflicts. In the event of any conflict or inconsistencies between these CC&R's and the Articles of Incorporation and/or Bylaws of the Association the provisions of the CC&R's shall prevail.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 1st day of December 19 88.

COUNTRYWOOD HOMES, INC
Declarant


Dennis Kohloff, President

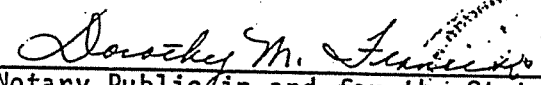

Donald M. Jasper, Secretary

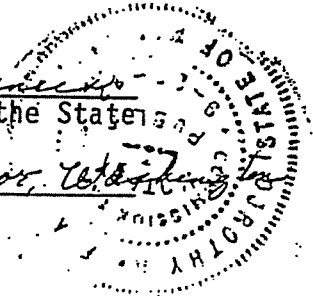
STATE OF Washington

County of King

On this 1st day of December, A.D. 19 88, before me, the undersigned, a Notary Public in and for the State of WASHINGTON duly commissioned and sworn personally appeared DENNIS KOHLOFF and DONALD M. JASPER to me known to be the President and Secretary, respectively, of COUNTRYWOOD HOMES, INC. the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated the they authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

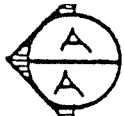
WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.


Notary Public in and for the State of Washington residing at Alderwood Manor, Cedarburg, WA



CWH#8

EXHIBIT B



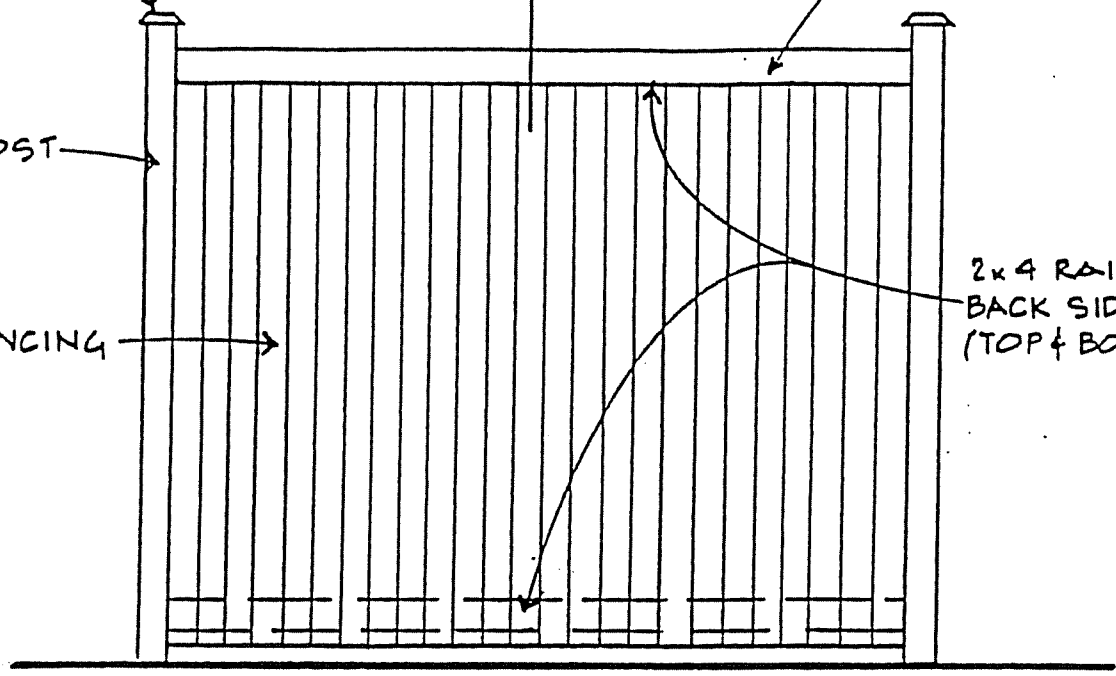
POST CAP

1x4 FASCIA @ FRONT SIDE TOP ONLY

4x4 POST

1x4 FENCING

2x4 RAIL @ BACK SIDE (TOP & BOTTOM)



FRONT ELEVATION

1x4 FASCIA

2x4 RAIL

1x4 FENCING

2x4 RAIL - HOLD UP 2" FROM BOTTOM

2"

SECTION A-A

TIGOR TITLE INSURANCE CO.

88 DEC 12 PM 4:25

DEAN V. WILLIAMS, AUDITOR
SNOHOMISH COUNTY, WASH.
DEPUTY
Dean Williams

RECORDED

FENCE DETAIL

1/2" = 1'-0"

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