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UPON RECORDING RETURN TO:
CENTEX REAL ESTATE CORP
2320 - 130th AVE NE
BELLEVUE, WA . 98005

RECORDED

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DEAN V. WILLIAMS, AUDITOR
SNOHOMISH COUNTY

George Gallagher

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR SILVER FIRS PHASE II

SILVER FIRS DIVISION 6A-II

THIS DECLARATION is made this 15th day of October, 1992 by CENTEX REAL ESTATE CORPORATION, a Nevada corporation (hereinafter "Declarant").

RECITALS

1. Declarant is owner of those certain properties located in Snohomish County more specifically described in **Exhibit A** of this Declaration (hereinafter "Properties"). Declarant has developed certain portions of the Properties, such portions being more specifically described in **Exhibit B** of this Declaration (hereinafter "Platted Properties").

2. Declarant and Declarant's predecessor in title have previously recorded certain Declarations of Covenants, Conditions and Restrictions affecting the Platted Properties under the following Snohomish County recording numbers:

7802240291	8605140309	8904190260
7808250287	8610080374	8905310499
7809140142	8805190085	8911150440
8405010094	8806080375	9003150522
8405160087	8906080376	

(hereinafter "Platted Properties CCRs").

3. All Lot Owners of the Platted Properties are entitled to be members of and are subject to the rules and regulations and the Bylaws of the Silver Firs Homeowners Association, a nonprofit Association duly incorporated in the state of Washington, but are not entitled to be members of nor be subject to the rules and regulations of the Silver Firs Homeowners Association Phase II, as described below.

4. Declarant now desires to create a new phase in the development of the Properties excepting therefrom the Platted Properties, which phase and the properties thereunder shall hereinafter be referred to as "Silver Firs Phase II," and which will not be subject to the Platted Properties CCRs, and the Lot Owners of which will not be part of the Silver Firs Homeowners Association.

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5. Declarant desires to form a new homeowners association to which only the Lot Owners of Silver Firs Phase II will be members, hereinafter "Silver Firs Homeowners Association Phase II," and to establish new covenants, conditions and restrictions affecting Silver Firs Phase II only. Each and every lot in Silver Firs Phase II shall be subject to these Declarations and to the Bylaws of the Silver Firs Homeowners Association Phase II.

NOW, THEREFORE, Declarant hereby declares that all of the following described Properties:

Plat of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington, under Snohomish County Auditor's file number 9210125003.

and any additional property as may hereafter be brought under the jurisdiction of this Declaration

shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, established to protect the value and desirability of the said plat and for the benefit of the owners of lots in the plat.

These easements, restrictions, covenants and conditions shall run with the land and shall inure to the benefit of and be binding upon all parties, their heirs, successors and assigns, having any right, title or interest in the described plat or any part thereof.

ARTICLE I.

DEFINITIONS

1. "Association" shall mean Silver Firs Homeowners Association Phase II, a Washington nonprofit corporation, its successors and assigns.

2. "Board" shall mean the Board of Directors of the Association as provided for in the Bylaws of the Association.

3. "Bylaws" shall mean the Bylaws of Silver Firs Homeowners Association Phase II, and all amendments thereto.

4. "Common Area" shall mean all real property and interests in real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, and shall in all events exclude each of the lots within the plat.

The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

Tracts 5023,5024,5025,5026, and 5027 of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington under Snohomish County Auditor's file number 9210125003

5. "Declarant" shall mean Centex Real Estate Corporation, a Nevada corporation, and its successors and assigns if such successors or assigns should acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant.

6. "Declaration" shall mean this Declaration and any amendments thereto.

7. "Platted Lot(s)" shall mean any plot of land described in and shown on any recorded subdivision map of the Properties, excluding Common Areas and areas deeded to governments or public agencies.

8. "Unplatted Lot(s)" shall mean the remaining unplatted balance of the 1722 lots approved in the April 2, 1979 Rezone contract between Hillis Homes, Inc. and Snohomish County, and the Master Plan for Development incorporated therein.

9. "Lot(s)" shall mean both Platted Lot(s) and Unplatted Lot(s).

10. "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any lot in the Properties including any person or entity holding a vendee's interest under a real estate contract for the sale of any such lots, but excluding those having such interest merely as security for the performance of an obligation.

11. "Properties" shall mean Silver Firs Phase II, including that certain real property described above as Plat of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington under Snohomish County Auditor's file number 9210125003, and such additional property as may hereafter be brought within the jurisdiction of the Association, as more specifically described in Article X.5 of this Declaration.

ARTICLE II.

PROPERTY RIGHTS

1. Owners' Easement of Enjoyment

Every Owner shall have a nonexclusive right and easement in common with all Owners, of enjoyment in and to the Common Area. This easement 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 admission and other fees for the use of any recreational facility 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:
 - (1) any period during which any assessment against his Lot remains unpaid; and
 - (2) for a period not to exceed sixty (60) days, for any infraction of its 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 of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded.
- d. the right of the Association to mortgage, pledge or deed in trust all or any part of the Common Area as security for money borrowed or debts incurred. No such mortgage, pledge or deed in trust shall be effective unless an instrument agreeing to such mortgage, pledge or deed or trust signed by two-thirds (2/3) of each class of members has been recorded.
- e. the right of the Association to adopt rules governing the appropriate use and treatment of Common Area and facilities;
- f. the right of the Association to require from an Owner(s) reimbursement to the Association for damages caused to Common Areas or Lots due to that Owner(s)'s negligence or willful acts.

2. Delegation of Use

Any Owner may delegate 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, in accordance with the Bylaws of Silver Firs Homeowners Association Phase II.

ARTICLE III.

OWNERS ASSOCIATION

1. Establishment

There is hereby created an association to be called **Silver Firs Homeowners Association Phase II ("Association")**.

2. Form of Association

The Association shall be a nonprofit corporation formed and operated pursuant to Title 24, Revised Code of Washington.

3. Membership

Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of any Lot.

4. Voting

A. Voting Membership

The Association shall have two classes of voting memberships:

Class A. Class A members shall be all Owners of Platted Lots, with the exception of Declarant, and shall be entitled to one (1) vote for each Platted Lot owned. When more than one person holds an interest in any Platted Lot, all such persons shall be members entitled to one (1) aggregate vote for each such lot owned.

Class B. The Class B member(s) shall be the Declarant, who 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 the earlier of one of the following events:

- (1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (2) on December 31, 2007.

B. Number of Votes

Except as provided above, the total voting power of all Owners shall equal the number of Lots at any given time and the total number of votes available to Owners of any one Lot shall be one (1) vote. When ownership in one Lot is in joint Owners, the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. If more than one vote is cast for a particular Lot, none of those votes shall be counted and those votes shall be deemed void.

The vote for any Lot must be cast as a single vote. Fractional votes shall not be allowed.

C. Voting Representative

There shall be one (1) voting representative of each Lot. Declarant shall be the voting representative for each Lot owned by Declarant. Owner shall be the voting representative for each Lot owned by Owner. Declarant and Owners may designate a voting representative other than themselves and who need not be an Owner, by written notice to the Board. Such designation shall be revocable at any time by actual notice to the Board.

5. Bylaws of Association

A. Adoption of Bylaws

Bylaws for the administration of the Association and Properties shall be adopted by the Owners at a regular or special meeting or by the Board of Directors. Notice of the time, place and purpose of such meeting shall be delivered to each Owner at least ten (10) days prior to such meeting. Amendments to the Bylaws may be adopted by the Owners at a regular or special meeting similarly called. Declarant may adopt the initial Bylaws.

B. Provisions of Bylaws

The Bylaws shall be deemed to contain provisions identical to those provided in this Declaration, and may contain supplementary provisions not inconsistent with the provisions in this Declaration. To the extent any inconsistencies arise between the Bylaws and the Declaration, the Declaration shall control. The Bylaws shall establish such provisions for quorum, ordering of meetings and giving of notices as may be required for the proper administration of the Association and the Properties.

ARTICLE IV.

MANAGEMENT OF ASSOCIATION

1. Administration of the Properties

The Owners covenant and agree that the administration of the Properties shall be in accordance with the provisions of this Declaration and the Bylaws of the Association.

2. Management by Declarant

The Properties shall be managed by the Declarant until the earlier of:

- a. one hundred twenty (120) days after all Class B membership terminates; or

- b. the date on which Declarant elects to permanently relinquish all of its authority under this section by written notice recorded in the Snohomish County Auditor's office; or

Declarant or a managing agent selected by Declarant, shall have the power and authority to exercise all the rights, duties and functions of the Board, including but not limited to enacting reasonable administrative rules, contracting for required services, property and insurance, and collecting and expending all assessments and Association funds.

3. Management by Advisory Board

Declarant may select an Advisory Board comprised of persons who own or are purchasers of Lots. This Advisory Board shall have full authority and all rights, responsibilities, privileges, and duties to manage the Properties as may be delegated from time to time by the Declarant, and shall be subject to all provisions of this Declaration and the Bylaws of the Association. Declarant may at any time terminate this Advisory Board.

4. Management by Elected Board

At the expiration of Declarant's management authority as defined above, administrative power and authority shall vest in a Board of Directors elected from among the Lot Owners. The number, term, duties and powers and all matters relating to the organization of the Board shall be specified in the Bylaws. The Board may delegate all or any portion of its administrative duties to a manager, a managing agent, or as may be provided in the Bylaws.

ARTICLE V.

COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessment

The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) annual assessments or charges; and
- (b) special assessments for capital improvements, reconstruction or other special purposes.

The annual and special assessment shall be established and collected as hereinafter provided. The annual and special assessments or charges, together with interest, costs, and reasonable attorney's fees incurred in the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made.

2. Purpose of Assessments

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area.

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 Sixty Dollars (\$60.00) per Lot.

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 without a vote of membership as long as such increase is not more than five (5) percent above the maximum assessment for the previous year.

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 five (5) percent only 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.

The Board may fix the annual assessment at an amount not in excess of the maximum.

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 any capital improvements 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.

5. Notice of 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 of the Association not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast forty (40) percent 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 sixty (60) days following the preceding meeting.

6. Uniform Rate of Assessment

Both annual and special assessments must be fixed at uniform rate for all Lots and may be collected on a monthly basis, except that Unplatted Lots may be assessed at a lower amount to be set by the Board.

7. Date of Commencement of Annual Assessments

The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board 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. 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.

8. Effect of Nonpayment of Assessment and 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 six (6) percent per annum. The Association may foreclose the lien against the Lot by judicial or nonjudicial procedures, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of the assessment. 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.

9. Subordination of Assessment Liens to Mortgages

The liens for assessments created under this Declaration shall be subject to the rights of the secured party in the case of indebtedness secured by first lien mortgages which were made in good faith and for value upon the Lot. Sale or transfer of any Lot pursuant to foreclosure, or to any proceeding in lieu thereof, of any such mortgages shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such sale or transfer, however, shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

10. During the period in which the Declarant retains the authority under these Declarations and the Bylaws to elect a majority of the Board of Directors, the Declarant will subsidize the Association to the extent that the expenses of the Association exceed the revenues raised by the collection of assessments.

ARTICLE VI.

ARCHITECTURAL CONTROL

1. Improvements Subject to Architectural Control

No clearing, grading, construction or placing of any building, fence, wall, substantial landscaping or other structure shall be commenced, executed 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 location 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 an Architectural Control Committee. In the event the Architectural Control Committee fails to approve or disapprove of such design and location within thirty (30) days after such plans and specifications are submitted to it for approval, approval will not be required and full compliance with this Article will be deemed to have been met.

Except that, any and all construction of improvements performed by Declarant shall not be subject to this provision.

2. Qualifications, Number and Term of Members of the Architectural Control Committee ("Committee")

The Committee shall be composed of three (3) or more members to be appointed by the Board, to serve until removed by the Board. The members so appointed need not be members of the Association.

Except that, as to the Plat of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington under Snohomish County Auditor's file number 9210125003 and all other plats annexed into the jurisdiction of this Declaration, Declarant in its sole capacity shall have the right to exercise all the powers and duties of the Committee until ninety (90) percent of all Lots are sold.

3. Purpose

The purpose of the Committee is to protect the property value of the Lots and to prevent unsightly conditions on the Properties.

4. Powers

The Committee shall have the right to:

- (a) establish guidelines, procedures and requirements for the construction or alteration of any and all improvements to be erected or placed on any Lot or building site on the Properties, including but not limited to requirements for elevation plans,

specifications, plot plan, lot grading plans, workmanship and materials, height restrictions and building setback restrictions;

(b) review submittals required by Committee from Owner or his representative in connection with the construction or alteration of any improvements on the Properties and approve or disapprove such submittals in the context of the guidelines, procedures and requirements established by the Committee;

(c) recommend and approve the construction of walls, rockeries, fences, or other structures for the purpose of screening portions of the Properties from public view, minimizing noise factors, increasing aesthetic value or for other reasons that would contribute to the enjoyment, convenience and benefit of all Owners of the Properties, and establish the requirements for the size, height, plans and specifications, color and materials of such structures.

5. Procedure for Architectural Committee Approval

The following procedures shall be applicable in obtaining approval from the Committee for any construction subject to the requirements described in this Article:

A. Request for Approval

Requests for approval shall be submitted to the Committee at the Association headquarters or at the address specified by the Committee in a Notice of Change of Address which shall be recorded in the Department of Records and Elections in Snohomish County, Washington.

Each request for approval shall be accompanied with all the plans and specifications required by the Committee.

B. Review By Committee

Within thirty (30) days of the submission of the request for approval, the Committee shall review the application and give its approval or disapproval, and in the case of disapprovals, shall set out specific reasons for the disapproval in reasonable detail.

C. Limitation

In the event of the performance of any construction, addition, alteration, placing or change of any structures where request for approval was not first submitted to the Committee in writing, the Committee shall have six (6) months from the date of the completion of the same to give written notice to the Owner requiring his compliance with the provisions of this Article. If such notice is not given within this time, the Owner shall not be liable for the requirement of approval by the Committee as defined in this Article, as to such structure.

6. Nonliability for Approval of Plans

Architectural Control Committee approval of plans shall not constitute a representation, warranty or guarantee, whether express or implied, that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications neither the Architectural Control Committee, the members thereof, the Association, any member thereof, the Board nor Declarant assumes any liability or responsibility therefore, or for specifications. Neither the Committee, any member thereof, the Association, the Board nor Declarant shall be liable to any member, Owner, occupant, or other person or entity for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, or (b) the construction or performance of any work, whether or not pursuant to the approved plans, drawings and specifications.

7. Declarant Exemption

The Architectural Control Committee shall have no authority, power or jurisdiction over Lots owned by Declarant, and the provisions of this Article 7 shall not apply to Lots owned by Declarant until such time as Declarant conveys title to the Lot to a purchaser thereof. This Section 7 shall not be amended without Declarant's written consent set forth on the amendment.

ARTICLE VII.

RESTRICTIONS APPLICABLE TO ALL PROPERTIES

- 1. The following restrictions are applicable to all Properties:**
 - A. All roofing material shall be cedar shake or approved equal.**
 - B. All siding material shall be wood or brick, unless approved by Architectural Control Committee.**
 - C. No living unit will be less than 750 square feet living area, exclusive of garage.**
 - D. No mobile, manufactured or modular housing shall be permitted except as otherwise provided by this Declaration.**
 - E. All driveways and parking bays shall be constructed of concrete or asphalt paving.**
 - F. The location; color, size, design, lettering and other particulars of mail or paper delivery boxes shall be subject to the approval of the Committee.**

G. No satellite dishes or other outside television, radio and ham radio antennas will be installed without prior approval of the Committee.

H. No outside 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.

I. No solid fence shall be constructed beyond the front building setback line, or beyond the side building setback lines in connection with corner Lots. Only ornamental fences shall be allowed in the front yard and corner lot setback.

J. All boats, boat trailers, travel trailers, motorized and non-motorized campers and other such recreational vehicles shall be stored behind the primary structure or sight screened unless a variance is granted by the Committee. No car, inoperative for reasons of mechanical failure, shall be parked outside of a garage and/or stored on any Lot or in the street right-of-way for more than 72 hours.

K. Except for subdivision or neighborhood identification signs at entrances stating name of subdivision or neighborhood only, no sign of any kind shall be displayed to the public view on any Lot except one professional sign of not more than one square foot, one 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 sales period.

L. Any dwelling or structure erected or placed on any Lot in this subdivision shall be completed as to external appearance including finishing 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 Committee grants such an extension.

M. All Fences shall be constructed of wood or approved substitute material.

2. Waiver or Modification of Restrictions

The Committee may waive or modify any of the restrictions contained in this Article in the event the Committee finds that an extreme hardship will be imposed by such restrictions, but such a waiver or modification will be granted only if the Committee determines conclusively that the waiver or modification does not have a significant adverse effect on the surrounding properties or the general plan of the development.

3. Right of Entry for the Purpose of Verifying Compliance with Restrictions

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Any agent or officer of the Association may at any reasonable predetermined hour or hours, upon twenty-four (24) hours' notice during construction or exterior remodeling, enter and inspect the Lot and the improvements thereon to determine compliance with the provisions in this Article. The Association, and any of its agents and officers, shall not be deemed guilty of any manner of trespass for such entry or inspection.

4. Evidence of Compliance With Restrictions

Records of the Association with respect to compliance with the provisions of this Article shall be conclusive evidence as to all matters shown by such records. After the expiration of six (6) months following the completion of any construction, addition, alteration or change to any building on the building site, in the absence of any notice to comply or in the absence of any suit to enjoin such work within said period, then and in that event, said structure, work improvement or alteration shall be deemed to be in compliance with the provisions of this Article.

ARTICLE VIII.

MAINTENANCE OBLIGATIONS OF OWNER

1. Maintenance of Exteriors

Owner of any Lot in the Properties shall maintain the Lot and the improvements situated thereon in a neat trimmed condition satisfactory to the Board. Satisfactory yard landscaping should be completed within nine (9) months of an Owner's closing on a Platted Lot. In the event an Owner fails to do so, the Association, after approval by two-thirds (2/3) vote of the Board, shall have the right through its agents and employees, to enter upon said Lot to repair, maintain and restore the Lot and the exterior of the buildings and other improvements thereon. The cost of such exterior maintenance shall be added to and become a part of the assessment to which said Lot is subject.

2. Owner's Obligation To Maintain Certain Plantings

When the Association has permitted an Owner to plant a portion of the Common Area abutting the Owner's Lot, according to the Owner's landscaping design, the Owner shall thenceforth be obligated to maintain that portion of the Common Area encompassed by Owner's landscaping design. The Association shall have the right to elect to maintain such landscaped area and to charge the expense for the maintenance to the Owner as an assessment to be collected in the manner provided in Article V. Such right shall be exercised only after reasonable notice to the Owner.

"Reasonable notice," as that term is used in this Article, shall mean mailing certified mail to the last known address of the Owner shown on the books of the Association not less

than ten (10) days before entry on such Owner's Lot is made or maintenance of Owner's landscaping in the Common Area is undertaken as provided in this Article.

ARTICLE IX.

RESTRICTION ON USE OF PROPERTY BY OCCUPANTS

1. The following restrictions shall apply to the use of any Properties subject to this Declaration:

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. Temporary, "model home" real estate sales offices will be considered a residential use until all houses have been built and sold on all Lots.

B. Easements for installation and maintenance of utilities; easements for drainageways and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, 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 easement areas. The easement area in each Lot and all improvements in the easement area shall be maintained continuously by the Owner, except for those improvements whose maintenance is the responsibility of a public authority or utility company.

C. 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.

D. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or any other out-building shall be used on any Lot at any time as a residence, either temporarily or permanently.

E. 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 on any Lot, provided that they are not kept, bred or maintained for any commercial purpose.

F. 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.

G. No individual water supply system shall be permitted on any Lot.

H. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind; no oil wells, tanks tunnels, mineral excavations or shafts; no derricks or other structures designed for use in boring for oil or natural gas shall be permitted, erected or maintained in or upon any Lot.

I. No individual sewage disposal system shall be permitted on any Lot.

J. Each Lot shall be subject to an easement of 2 1/2 feet on the side property lines and 5 feet on the rear property line for surface water drainage. Swales established within these easements shall not be changed by Owner without Owner first submitting to the Committee a written request for approval, together with all required plans and specifications for such changes, and without the approval of the Committee.

ARTICLE X.

GENERAL PROVISIONS

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, reservation, liens or 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 thereafter.

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.

3. Term

The covenants and restrictions of this Declaration shall run with and bind the Properties, 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.

4. Amendments by Declarant

During any period in which Declarant retains the authority to appoint and remove a majority of the directors and officers of the Association, Declarant may amend this Declaration by an instrument in writing filed and recorded in the Land Records of Snohomish County, Washington, without the approval of any member or mortgagee; provided, however, that: (i)

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in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot or of the Common Area as set forth in this Declaration or if such amendment adversely affects the title to any Lot, such amendment shall be valid only upon the written consent thereto by two-thirds (2/3) of the then-existing members affected thereby; or (ii) in the event that such amendment would materially and adversely affect the security title and interest of any mortgagee, such amendment shall be valid only upon the written consent thereto of two-thirds (2/3) of mortgagees so affected. Any amendment made pursuant to this section shall be certified by Declarant as having been duly approved by Declarant, and such members and mortgagees if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner by acceptance of a deed or other conveyance to a Lot, agrees to be bound by such amendments as are permitted by this section and further agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Development:

- (i) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith;
- (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots subject to this Declaration;
- (iii) if such amendment is required by any Governmental Mortgage Agency to enable such entity to make or purchase mortgage loans on any Lot subject to this Declaration;
- (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration; or
- (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration.

5. Amendments by Association

Amendments to this Declaration, other than those authorized by Section 4 above, shall be proposed and adopted in the following manner:

- a. Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each member of the Association.
- b. At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board or by members of the Association. Such amendment must be approved by members holding at least two-thirds (2/3) of the total votes in the Association provided, however that: (i) any amendment which materially and

adversely affects the security title and interest of any mortgagee must be approved by such mortgagee, and (ii) during any period in which Declarant has the right to appoint and remove officers and directors of the Association, such amendment must be approved by Declarant.

c. The agreement of the required percentage of the Owners and, where required, the Declarant and any mortgagee, to any amendment of this Declaration shall be evidenced by their execution of such amendment, or, in the alternative, and provided that Declarant does not then have the right to approve such amendment, the sworn statement of the President and any Vice President or Secretary of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the amendment itself.

6. Annexation

Additional land within the area described in **Exhibit A** excepting therefrom all lands described in **Exhibit B**, may be annexed by the Declarant without the consent of the members within twenty (20) years of the date of this Declaration.

Annexation shall be effective upon any or all of the following:

- a. proper application of a Formal Plat with the Department of Planning in Snohomish County, including but not limited to a subdivision map or a survey delineating the Lots and Common Areas therein;
- b. recording of the Declaration of Covenants, Conditions and Restrictions describing all lands being annexed under the jurisdiction of this Declaration; and/or
- c. recording of the final approved Formal Plat of the lands being annexed.

7. Attorney-in-Fact

Each Owner, by the mere act of becoming an Owner or contract purchaser of a Lot, shall irrevocably appoint the Association as his attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Property, to deal with the Property upon damage or destruction, and to secure insurance proceeds.

ARTICLE XI.

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers or guarantors of first mortgages of Lots in the Development. The provisions of this Article apply to both the Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

1. Notices of Action

An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the residence number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

- a. any condemnation loss or any casualty loss which affects a material portion of the Development or which affects any Lot on which there is a first mortgage held, insured, or guaranteed by such eligible holder;
- b. any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;
- c. any lapse, cancellation or material modification of any insurance policy maintained by the Association; or
- d. any proposed action which would require the consent of a specified percentage of eligible mortgagees.

2. Special Governmental Mortgage Agency Provisions

So long as required by a Governmental Mortgage Agency, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the total members of the Association entitled to vote thereon consent, the Association shall not:

- a. by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);
- b. change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Lot;

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c. by act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residences, Lots and of the Common Area. (The issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision.)

d. fail to maintain insurance as required by this Declaration; or

e. use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

3. Right To Pay Delinquent Charges

Failure of an Owner to pay assessments levied by the Association shall not constitute a default under an insured mortgaged. First mortgagees may, however, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement for the Association. Mortgagees shall have no obligation to collect assessments from Owners.

4. No Priority

No provision of this Declaration or by Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

5. Amendment by Board

Should any Governmental Mortgage Agency subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board of Directors, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

6. HUD or Veterans Administration Approval

As long as the Declaration has an option unilaterally to subject additional property to this Declaration as provided in Article X, Section 6, the following actions shall require the prior approval of HUD or the Veterans Administration so long as HUD or the Veterans Administration is guaranteeing any mortgage in the Development:

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- a. annexation of additional property to the Development, except for annexation by Declarant pursuant to a plan of annexation previously approved by HUD or the Veterans Administration;
- b. dedication of Common Areas to any public entity; and
- c. material amendment of the Declaration, Bylaws or Articles of Incorporation.

7. Failure of Mortgagee To Respond

Any mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the mortgagee within thirty (30) days of the date of the Association's request.

8. Association Books and Records

The Association shall make available to first mortgagees of Lots, and insurers or guarantors of any such first mortgage, current copies of this Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

9. Mortgagee Provisions Regarding Breach

A breach by an Owner of any of the covenants, conditions and restrictions contained herein shall not affect, impair, defeat or render invalid the lien, charges or encumbrance of any first mortgage made for value which may then exist on any Lot; provided, however, that in the event of a foreclosure of any such first mortgage, or if the holder of the note secured by such first mortgage acquires title to a Lot in any manner whatsoever in satisfaction of the indebtedness, then the purchaser at the foreclosure sale or note holder acquiring title in lieu thereof shall, upon acquiring title, become subject to each and all of the covenants, conditions and restrictions contained herein, but free from the effects of any breach occurring prior thereto.

10. Professional Management

In the event that Declarant or the Association enters into any contract with any person or entity to provide management or maintenance services to the project, such contract shall not exceed a reasonable term and shall provide that the Association shall have the right to terminate the contract for cause upon thirty (30) days' written notice and without cause upon ninety (90) days' written notice, without payment of a termination fee or penalty.

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DATED: Oct. 15, 1992.

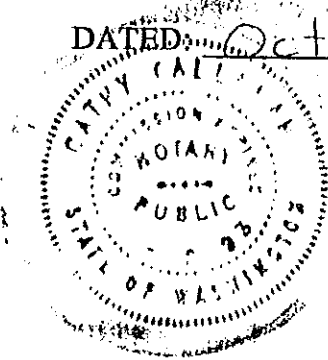
CENTEX REAL ESTATE CORPORATION,
a Nevada corporation

By [Signature]
Division President

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me Robert J. Fogarty, who I know to be, or have satisfactory evidence that s/he is, the Division President of CENTEX REAL ESTATE CORPORATION; who, under oath, stated that s/he was authorized to sign on its behalf the within and foregoing DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVER FIRS PHASE II; and acknowledged it to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

DATED: Oct. 15, 1992



Cathy Callahan
NOTARY PUBLIC in and for the State of
Washington
My commission expires: 2-22-93

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After Recording Return to
Centex Real Estate Corp
2320. 30th Ave NE #200
Bellevue, WA 98005

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RECORDED

AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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FOR SILVER FIRS PHASE II

SILVER FIRS DIVISION 6A-II

BOB FORRELLER AND THE
SNOHOMISH COUNTY, WA

9411220348

EM528/SS

Chicago Title Ins. Co.

THIS DECLARATION is made this 21st day of November, 1994 by CENTEX REAL ESTATE CORPORATION, a Nevada corporation (hereinafter "Declarant").

RECITALS

1. Declarant recorded on October 15, 1992, with the Snohomish County Division of Records and Elections at Volume 2636, Page 0336, under Recording Number 9210150293, the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVER FIRS PHASE II, Silver Firs Division 6A-II ("Declaration of Covenants/Silver Firs Phase II, Division 6A-II").

2. Declarant now desires to amend the Declaration of Covenants/Silver Firs Phase II, Division 6A-II by striking in its entirety the Declaration of Covenants/Silver Firs Phase II, Division 6A-II, as recorded on October 15, 1992, with the Snohomish County Division of Records and Elections at Volume 2636, Page 0336, under Recording Number 9210150293, and by substituting in place thereof the REVISED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVER FIRS PHASE II - Division 6A-II attached hereto.

NOW, THEREFORE, pursuant to the provisions of Article X, Section 4 of the Declaration of Covenants/Silver Firs Phase II, Division 6A-II, Declarant hereby amends the Declaration of Covenants/Silver Firs Phase II, Division 6A-II as follows:

(1) the Declaration of Covenants/Silver Firs Phase II, Division 6A-II, as recorded on October 15, 1992, with the Snohomish County Division of Records and Elections at Volume 2636, Page 0336, under Recording Number 9210150293, is struck in its entirety, and

(2) the REVISED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVER FIRS PHASE II - Division 6A-II as set forth in pages 3 of 4 and 4 of 4 attached hereto is substituted in place thereof.

DATED: November 21, 1994.

CENTEX REAL ESTATE CORPORATION,
a Nevada corporation

By [Signature]
Robert J. Fogarty,
Division President

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me Robert J. Fogarty, who I know to be, or have satisfactory evidence that he is a Division President of CENTEX REAL ESTATE CORPORATION; who, under oath, stated that he was authorized to sign on its behalf the within and foregoing AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVER FIRS PHASE II, SILVER FIRS DIVISION 6A-II, and acknowledged it to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

SUBSCRIBED AND SWORN to before me this 21 day of November,

1994.



[Signature]
(Signature)
Cathy Callahan
(Please print name legibly)

NOTARY PUBLIC in and for the State of Washington, residing at Everett H.
My commission expires 2-22-97.

REVISED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SILVER FIRS PHASE II
SILVER FIRS DIVISION 6A-II

THIS DECLARATION is made this 21st day of November, 1994 by CENTEX REAL ESTATE CORPORATION, a Nevada corporation (hereinafter "Declarant").

RECITALS

1. Declarant is developer of the development located in Snohomish County known as Silver Firs Phase II. As of October 15, 1992, Declarant was the owner of that certain property within Silver Firs Phase II known as Silver Firs Division 6A-II ("Silver Firs Division 6A-II"), as more specifically described below.

2. Silver Firs Phase II, Division 6A-1 is subject to the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVER FIRS PHASE II ("Declaration of Covenants/Silver Firs Phase II") as follows: (1) Silver Firs Division 6A-1 dated May 15, 1992, recorded with the Snohomish County Division of Records and Elections at Volume 2581, Page 2365, under Recording Number 9206050329, as subsequently amended.

3. Declarant now desires, pursuant to Article X, Section 6 of the Declaration of Covenants/Silver Firs Phase II, to annex the property known as Silver Firs Division 6A-II, and to make Silver Firs Division 6A-II subject to the provisions of the Declaration of Covenants/Silver Firs Phase II.

NOW, THEREFORE, pursuant to Article X, Section 6 of the Declaration of Covenants/Silver Firs Phase II, Declarant hereby annexes and declares that all of the following described Silver Firs Division 6A-II:

Plat of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington, under Snohomish County Auditor's file number 9210125003

shall be held, sold and conveyed subject to the easements, restrictions, covenants, and conditions set forth in the Declaration of Covenants/Silver Firs Phase II, established to protect the value and desirability of the said plat and for the benefit of the owners of lots in said plat.

These easements, restrictions, covenants and conditions shall run with the land and shall inure to the benefit of and be binding upon all parties, their heirs, successors and assigns, having any right, title or interest in the described plat or any part thereof;

and DECLARANT FURTHER DECLARES that all of the following described property shall be included within the definition of Common Area as set forth in Article I, Definition 4 ("Common Area") of the Declaration of Covenants/Silver Firs Phase II:

Tracts 5023, 5024, 5025, 5026, and 5027 of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington, under Snohomish County Auditor's file number 9210125003;

and DECLARANT FURTHER DECLARES that all of the following described property shall be included within the definition of Properties as set forth in Article I, Definition 11 ("Properties") of the Declaration of Covenants/Silver Firs Phase II :

Plat of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington, under Snohomish County Auditor's file number 9210125003.

DATED: November 21st, 1994.

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RECORDED

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with recording error in
CENTEX Real Estate Corp.
2320 - 130th Ave NE
Billsville WA 98005

28

DEAN V. WILLIAMS, AUDITOR
SNOHOMISH COUNTY

George Hattler

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR SILVER FIRS PHASE II

SILVER FIRS DIVISION 6A-II

9210150293

THIS DECLARATION is made this 15th day of October, 1992 by CENTEX REAL ESTATE CORPORATION, a Nevada corporation (hereinafter "Declarant").

RECITALS

1. Declarant is owner of those certain properties located in Snohomish County more specifically described in Exhibit A of this Declaration (hereinafter "Properties"). Declarant has developed certain portions of the Properties, such portions being more specifically described in Exhibit B of this Declaration (hereinafter "Platted Properties").

2. Declarant and Declarant's predecessor in title have previously recorded certain Declarations of Covenants, Conditions and Restrictions affecting the Platted Properties under the following Snohomish County recording numbers:

7802240291	8605140309	8904190260
7808250287	8610080374	8905310499
7809140142	8805190085	8911150440
8405010094	8806080375	9003150522
8405160087	8906080376	

(hereinafter "Platted Properties CCRs").

3. All Lot Owners of the Platted Properties are entitled to be members of and are subject to the rules and regulations and the Bylaws of the Silver Firs Homeowners Association, a nonprofit Association duly incorporated in the state of Washington, but are not entitled to be members of nor be subject to the rules and regulations of the Silver Firs Homeowners Association Phase II, as described below.

4. Declarant now desires to create a new phase in the development of the Properties excepting therefrom the Platted Properties, which phase and the properties thereunder shall hereinafter be referred to as "Silver Firs Phase II," and which will not be subject to the Platted Properties CCRs, and the Lot Owners of which will not be part of the Silver Firs Homeowners Association.

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5. Declarant desires to form a new homeowners association to which only the Lot Owners of Silver Firs Phase II will be members, hereinafter "Silver Firs Homeowners Association Phase II," and to establish new covenants, conditions and restrictions affecting Silver Firs Phase II only. Each and every lot in Silver Firs Phase II shall be subject to these Declarations and to the Bylaws of the Silver Firs Homeowners Association Phase II.

NOW, THEREFORE, Declarant hereby declares that all of the following described Properties:

Plat of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington, under Snohomish County Auditor's file number 9210125003.

and any additional property as may hereafter be brought under the jurisdiction of this Declaration

shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, established to protect the value and desirability of the said plat and for the benefit of the owners of lots in the plat.

These easements, restrictions, covenants and conditions shall run with the land and shall inure to the benefit of and be binding upon all parties, their heirs, successors and assigns, having any right, title or interest in the described plat or any part thereof.

ARTICLE I

DEFINITIONS

1. "Association" shall mean Silver Firs Homeowners Association Phase II, a Washington nonprofit corporation, its successors and assigns.

2. "Board" shall mean the Board of Directors of the Association as provided for in the Bylaws of the Association.

3. "Bylaws" shall mean the Bylaws of Silver Firs Homeowners Association Phase II, and all amendments thereto.

4. "Common Area" shall mean all real property and interests in real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners, and shall in all events exclude each of the lots within the plat.

The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as follows:

Tracts 5023, 5024, 5025, 5026, and 5027 of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington under Snohomish County Auditor's file number 9210125003

5. "Declarant" shall mean Centex Real Estate Corporation, a Nevada corporation, and its successors and assigns if such successors or assigns should acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant.

6. "Declaration" shall mean this Declaration and any amendments thereto.

7. "Platted Lot(s)" shall mean any plot of land described in and shown on any recorded subdivision map of the Properties, excluding Common Areas and areas deeded to governments or public agencies.

8. "Unplatted Lot(s)" shall mean the remaining unplatted balance of the 1722 lots approved in the April 2, 1979 Rezone contract between Hillis Homes, Inc. and Snohomish County, and the Master Plan for Development incorporated therein.

9. "Lot(s)" shall mean both Platted Lot(s) and Unplatted Lot(s).

10. "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any lot in the Properties including any person or entity holding a vendee's interest under a real estate contract for the sale of any such lots, but excluding those having such interest merely as security for the performance of an obligation.

11. "Properties" shall mean Silver Firs Phase II, including that certain real property described above as Plat of Silver Firs Division 6A-II recorded in volume 54 of Plats, Pages 31 through 36 in Snohomish County, Washington under Snohomish County Auditor's file number 9210125003, and such additional property as may hereafter be brought within the jurisdiction of the Association, as more specifically described in Article X.5 of this Declaration.

ARTICLE II.

PROPERTY RIGHTS

1. Owners' Easement of Enjoyment

Every Owner shall have a nonexclusive right and easement in common with all Owners, of enjoyment in and to the Common Area. This easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

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a. the right of the Association to charge reasonable admission and other fees for the use of any recreational facility 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:

(1) any period during which any assessment against his Lot remains unpaid; and

(2) for a period not to exceed sixty (60) days, for any infraction of its 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 of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded.

d. the right of the Association to mortgage, pledge or deed in trust all or any part of the Common Area as security for money borrowed or debts incurred. No such mortgage, pledge or deed in trust shall be effective unless an instrument agreeing to such mortgage, pledge or deed or trust signed by two-thirds (2/3) of each class of members has been recorded.

e. the right of the Association to adopt rules governing the appropriate use and treatment of Common Area and facilities;

f. the right of the Association to require from an Owner(s) reimbursement to the Association for damages caused to Common Areas or Lots due to that Owner(s)'s negligence or willful acts.

2. Delegation of Use

Any Owner may delegate 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, in accordance with the Bylaws of Silver Firs Homeowners Association Phase II.

ARTICLE III.

OWNERS ASSOCIATION

1. Establishment

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There is hereby created an association to be called Silver Firs Homeowners Association Phase II ("Association").

2. Form of Association

The Association shall be a nonprofit corporation formed and operated pursuant to Title 24, Revised Code of Washington.

3. Membership

Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of any Lot.

4. Voting

A. Voting Membership

The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners of Platted Lots, with the exception of Declarant, and shall be entitled to one (1) vote for each Platted Lot owned. When more than one person holds an interest in any Platted Lot, all such persons shall be members entitled to one (1) aggregate vote for each such lot owned.

Class B. The Class B member(s) shall be the Declarant, who 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 the earlier of one of the following events:

- (1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (2) on December 31, 2007.

B. Number of Votes

Except as provided above, the total voting power of all Owners shall equal the number of Lots at any given time and the total number of votes available to Owners of any one Lot shall be one (1) vote. When ownership in one Lot is in joint Owners, the vote for such Lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any Lot. If more than one vote is cast for a particular Lot, none of those votes shall be counted and those votes shall be deemed void.

The vote for any Lot must be cast as a single vote. Fractional votes shall not be allowed.

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C. Voting Representative

There shall be one (1) voting representative of each Lot. Declarant shall be the voting representative for each Lot owned by Declarant. Owner shall be the voting representative for each Lot owned by Owner. Declarant and Owners may designate a voting representative other than themselves and who need not be an Owner, by written notice to the Board. Such designation shall be revocable at any time by actual notice to the Board.

5. Bylaws of Association

A. Adoption of Bylaws

Bylaws for the administration of the Association and Properties shall be adopted by the Owners at a regular or special meeting or by the Board of Directors. Notice of the time, place and purpose of such meeting shall be delivered to each Owner at least ten (10) days prior to such meeting. Amendments to the Bylaws may be adopted by the Owners at a regular or special meeting similarly called. Declarant may adopt the initial Bylaws.

B. Provisions of Bylaws

The Bylaws shall be deemed to contain provisions identical to those provided in this Declaration, and may contain supplementary provisions not inconsistent with the provisions in this Declaration. To the extent any inconsistencies arise between the Bylaws and the Declaration, the Declaration shall control. The Bylaws shall establish such provisions for quorum, ordering of meetings and giving of notices as may be required for the proper administration of the Association and the Properties.

ARTICLE IV.

MANAGEMENT OF ASSOCIATION

1. Administration of the Properties

The Owners covenant and agree that the administration of the Properties shall be in accordance with the provisions of this Declaration and the Bylaws of the Association.

2. Management by Declarant

The Properties shall be managed by the Declarant until the earlier of:

- a. one hundred twenty (120) days after all Class B membership terminates; or

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b. the date on which Declarant elects to permanently relinquish all of its authority under this section by written notice recorded in the Saobomish County Auditor's office; or

Declarant or a managing agent selected by Declarant, shall have the power and authority to exercise all the rights, duties and functions of the Board, including but not limited to enacting reasonable administrative rules, contracting for required services, property and insurance, and collecting and expending all assessments and Association funds.

3. Management by Advisory Board

Declarant may select an Advisory Board comprised of persons who own or are purchasers of Lots. This Advisory Board shall have full authority and all rights, responsibilities, privileges, and duties to manage the Properties as may be delegated from time to time by the Declarant, and shall be subject to all provisions of this Declaration and the Bylaws of the Association. Declarant may at any time terminate this Advisory Board.

4. Management by Elected Board

At the expiration of Declarant's management authority as defined above, administrative power and authority shall vest in a Board of Directors elected from among the Lot Owners. The number, term, duties and powers and all matters relating to the organization of the Board shall be specified in the Bylaws. The Board may delegate all or any portion of its administrative duties to a manager, a managing agent, or as may be provided in the Bylaws.

ARTICLE V.

COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessment

The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) annual assessments or charges; and
- (b) special assessments for capital improvements, reconstruction or other special purposes.

The annual and special assessment shall be established and collected as hereinafter provided. The annual and special assessments or charges, together with interest, costs, and reasonable attorney's fees incurred in the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made.

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2. Purpose of Assessments

The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area.

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 Sixty Dollars (\$60.00) per Lot.

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 without a vote of membership as long as such increase is not more than five (5) percent above the maximum assessment for the previous year.

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 five (5) percent only 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.

The Board may fix the annual assessment at an amount not in excess of the maximum.

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 any capital improvements 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.

5. Notice of 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 of the Association not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast forty (40) percent 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 sixty (60) days following the preceding meeting.

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6. Uniform Rate of Assessment

Both annual and special assessments must be fixed at uniform rate for all Lots and may be collected on a monthly basis, except that Unplanned Lots may be assessed at a lower amount to be set by the Board.

7. Date of Commencement of Annual Assessments

The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board 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. 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.

8. Effect of Nonpayment of Assessment and 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 six (6) percent per annum. The Association may foreclose the lien against the Lot by judicial or nonjudicial procedures, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of the assessment. 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.

9. Subordination of Assessment Liens to Mortgages

The liens for assessments created under this Declaration shall be subject to the rights of the secured party in the case of indebtedness secured by first lien mortgages which were made in good faith and for value upon the Lot. Sale or transfer of any Lot pursuant to foreclosure, or to any proceeding in lieu thereof, of any such mortgages shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No such sale or transfer, however, shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

10. During the period in which the Declarant retains the authority under these Declarations and the Bylaws to elect a majority of the Board of Directors, the Declarant will subsidize the Association to the extent that the expenses of the Association exceed the revenues raised by the collection of assessments.

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ARTICLE VI

ARCHITECTURAL CONTROL

1. Improvements Subject to Architectural Control

No clearing, grading, construction or placing of any building, fence, wall, substantial landscaping or other structure shall be commenced, executed 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 location 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 an Architectural Control Committee. In the event the Architectural Control Committee fails to approve or disapprove of such design and location within thirty (30) days after such plans and specifications are submitted to it for approval, approval will not be required and full compliance with this Article will be deemed to have been met.

Except that, any and all construction of improvements performed by Declarant shall not be subject to this provision.

2. Qualifications, Number and Term of Members of the Architectural Control Committee ("Committee")

The Committee shall be composed of three (3) or more members to be appointed by the Board, to serve until removed by the Board. The members so appointed need not be members of the Association.

Except that, as to the Plat of Silver Firs Division 6A-II recorded in volume 34 of Plats, Pages 31 through 36 in Snohomish County, Washington under Snohomish County Auditor's file number 9210125003 and all other plats annexed into the jurisdiction of this Declaration, Declarant in its sole capacity shall have the right to exercise all the powers and duties of the Committee until ninety (90) percent of all Lots are sold.

3. Purpose

The purpose of the Committee is to protect the property value of the Lots and to prevent unsightly conditions on the Properties.

4. Powers

The Committee shall have the right to:

- (a) establish guidelines, procedures and requirements for the construction or alteration of any and all improvements to be erected or placed on any Lot or building site on the Properties, including but not limited to requirements for elevation plans,

specifications, plot plan, lot grading plans, workmanship and materials, height restrictions and building setback restrictions;

(b) review submittals required by Committee from Owner or his representative in connection with the construction or alteration of any improvements on the Properties and approve or disapprove such submittals in the context of the guidelines, procedures and requirements established by the Committee;

(c) recommend and approve the construction of walls, rockeries, fences, or other structures for the purpose of screening portions of the Properties from public view, minimizing noise factors, increasing aesthetic value or for other reasons that would contribute to the enjoyment, convenience and benefit of all Owners of the Properties, and establish the requirements for the size, height, plans and specifications, color and materials of such structures.

5. Procedure for Architectural Committee Approval

The following procedures shall be applicable in obtaining approval from the Committee for any construction subject to the requirements described in this Article:

A. Request for Approval

Requests for approval shall be submitted to the Committee at the Association headquarters or at the address specified by the Committee in a Notice of Change of Address which shall be recorded in the Department of Records and Elections in Snohomish County, Washington.

Each request for approval shall be accompanied with all the plans and specifications required by the Committee.

B. Review By Committee

Within thirty (30) days of the submission of the request for approval, the Committee shall review the application and give its approval or disapproval, and in the case of disapprovals, shall set out specific reasons for the disapproval in reasonable detail.

C. Limitation

In the event of the performance of any construction, addition, alteration, placing or change of any structures where request for approval was not first submitted to the Committee in writing, the Committee shall have six (6) months from the date of the completion of the same to give written notice to the Owner requiring his compliance with the provisions of this Article. If such notice is not given within this time, the Owner shall not be liable for the requirement of approval by the Committee as defined in this Article, as to such structure.

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6. Nonliability for Approval of Plans

Architectural Control Committee approval of plans shall not constitute a representation, warranty or guarantee, whether express or implied, that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications neither the Architectural Control Committee, the members thereof, the Association, any member thereof, the Board nor Declarant assumes any liability or responsibility therefore, or for specifications. Neither the Committee, any member thereof, the Association, the Board nor Declarant shall be liable to any member, Owner, occupant, or other person or entity for any damage, loss or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, or (b) the construction or performance of any work, whether or not pursuant to the approved plans, drawings and specifications.

7. Declarant Exemption

The Architectural Control Committee shall have no authority, power or jurisdiction over Lots owned by Declarant, and the provisions of this Article 7 shall not apply to Lots owned by Declarant until such time as Declarant conveys title to the Lot to a purchaser thereof. This Section 7 shall not be amended without Declarant's written consent set forth on the amendment.

ARTICLE VII

RESTRICTIONS APPLICABLE TO ALL PROPERTIES

1. The following restrictions are applicable to all Properties:
 - A. All roofing material shall be cedar shake or approved equal.
 - B. All siding material shall be wood or brick, unless approved by Architectural Control Committee.
 - C. No living unit will be less than 750 square feet living area, exclusive of garage.
 - D. No mobile, manufactured or modular housing shall be permitted except as otherwise provided by this Declaration.
 - E. All driveways and parking bays shall be constructed of concrete or asphalt paving.
 - F. The location, color, size, design, lettering and other particulars of mail or paper delivery boxes shall be subject to the approval of the Committee.

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G. No satellite dishes or other outside television, radio and ham radio antennas will be installed without prior approval of the Committee.

H. No outside 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.

I. No solid fence shall be constructed beyond the front building setback line, or beyond the side building setback lines in connection with corner Lots. Only ornamental fences shall be allowed in the front yard and corner lot setback.

J. All boats, boat trailers, travel trailers, motorized and non-motorized campers and other such recreational vehicles shall be stored behind the primary structure or sight screened unless a variance is granted by the Committee. No car, inoperative for reasons of mechanical failure, shall be parked outside of a garage and/or stored on any Lot or in the street right-of-way for more than 72 hours.

K. Except for subdivision or neighborhood identification signs at entrances stating name of subdivision or neighborhood only, no sign of any kind shall be displayed to the public view on any Lot except one professional sign of not more than one square foot, one 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 sales period.

L. Any dwelling or structure erected or placed on any Lot in this subdivision shall be completed as to external appearance including finishing 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 Committee grants such an extension.

M. All Fences shall be constructed of wood or approved substitute material.

2. Waiver or Modification of Restrictions

The Committee may waive or modify any of the restrictions contained in this Article in the event the Committee finds that an extreme hardship will be imposed by such restrictions, but such a waiver or modification will be granted only if the Committee determines conclusively that the waiver or modification does not have a significant adverse effect on the surrounding properties or the general plan of the development.

3. Right of Entry for the Purpose of Verifying Compliance with Restrictions

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Any agent or officer of the Association may at any reasonable predetermined hour or hours, upon twenty-four (24) hours' notice during construction or exterior remodeling, enter and inspect the Lot and the improvements thereon to determine compliance with the provisions in this Article. The Association, and any of its agents and officers, shall not be deemed guilty of any manner of trespass for such entry or inspection.

4. Evidence of Compliance With Restrictions

Records of the Association with respect to compliance with the provisions of this Article shall be conclusive evidence as to all matters shown by such records. After the expiration of six (6) months following the completion of any construction, addition, alteration or change to any building on the building site, in the absence of any notice to comply or in the absence of any suit to enjoin such work within said period, then and in that event, said structure, work improvement or alteration shall be deemed to be in compliance with the provisions of this Article.

ARTICLE VIII.

MAINTENANCE OBLIGATIONS OF OWNER

1. Maintenance of Exteriors

Owner of any Lot in the Properties shall maintain the Lot and the improvements situated thereon in a neat trimmed condition satisfactory to the Board. Satisfactory yard landscaping should be completed within nine (9) months of an Owner's closing on a Platted Lot. In the event an Owner fails to do so, the Association, after approval by two-thirds (2/3) vote of the Board, shall have the right through its agents and employees, to enter upon said Lot to repair, maintain and restore the Lot and the exterior of the buildings and other improvements thereon. The cost of such exterior maintenance shall be added to and become a part of the assessment to which said Lot is subject.

2. Owner's Obligation To Maintain Certain Plantings

When the Association has permitted an Owner to plant a portion of the Common Area abutting the Owner's Lot, according to the Owner's landscaping design, the Owner shall thenceforth be obligated to maintain that portion of the Common Area encompassed by Owner's landscaping design. The Association shall have the right to elect to maintain such landscaped area and to charge the expense for the maintenance to the Owner as an assessment to be collected in the manner provided in Article V. Such right shall be exercised only after reasonable notice to the Owner.

"Reasonable notice," as that term is used in this Article, shall mean mailing certified mail to the last known address of the Owner shown on the books of the Association not less

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than ten (10) days before entry on such Owner's Lot is made or maintenance of Owner's landscaping in the Common Area is undertaken as provided in this Article.

ARTICLE IX.

RESTRICTION ON USE OF PROPERTY BY OCCUPANTS

1. The following restrictions shall apply to the use of any Properties subject to this Declaration:

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. Temporary, "model home" real estate sales offices will be considered a residential use until all houses have been built and sold on all Lots.

B. Easements for installation and maintenance of utilities; easements for drainageways and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structures, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, 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 easement areas. The easement area in each Lot and all improvements in the easement area shall be maintained continuously by the Owner, except for those improvements whose maintenance is the responsibility of a public authority or utility company.

C. 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.

D. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or any other out-building shall be used on any Lot at any time as a residence, either temporarily or permanently.

E. 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 on any Lot, provided that they are not kept, bred or maintained for any commercial purpose.

F. 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.

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G. No individual water supply system shall be permitted on any Lot.

H. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind; no oil wells, tanks, tunnels, mineral excavations or shafts; no derricks or other structures designed for use in boring for oil or natural gas shall be permitted, erected or maintained in or upon any Lot.

I. No individual sewage disposal system shall be permitted on any Lot.

J. Each Lot shall be subject to an easement of 2 1/2 feet on the side property lines and 5 feet on the rear property line for surface water drainage. Swales established within these easements shall not be changed by Owner without Owner first submitting to the Committee a written request for approval, together with all required plans and specifications for such changes, and without the approval of the Committee.

ARTICLE X.

GENERAL PROVISIONS

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, reservation, liens or 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 thereafter.

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.

3. Term

The covenants and restrictions of this Declaration shall run with and bind the Properties, 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.

4. Amendments by Declarant

During any period in which Declarant retains the authority to appoint and remove a majority of the directors and officers of the Association, Declarant may amend this Declaration by an instrument in writing filed and recorded in the Land Records of Snohomish County, Washington, without the approval of any member or mortgagee; provided, however, that: (i)

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in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot or of the Common Area as set forth in this Declaration or if such amendment adversely affects the title to any Lot, such amendment shall be valid only upon the written consent thereto by two-thirds (2/3) of the then-existing members affected thereby; or (ii) in the event that such amendment would materially and adversely affect the security title and interest of any mortgagee, such amendment shall be valid only upon the written consent thereto of two-thirds (2/3) of mortgagees so affected. Any amendment made pursuant to this section shall be certified by Declarant as having been duly approved by Declarant, and such members and mortgagees if required, and shall be effective only upon recordation or at such later date as shall be specified in the amendment itself. Each Owner by acceptance of a deed or other conveyance to a Lot, agrees to be bound by such amendments as are permitted by this section and further agrees that, if requested to do so by Declarant, such Owner will consent to the amendment of this Declaration or any other instruments relating to the Development:

- (i) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with the provisions of any applicable governmental statute, rule or regulation or any judicial determination which shall be in conflict therewith;
- (ii) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any Lots subject to this Declaration;
- (iii) if such amendment is required by any Governmental Mortgage Agency to enable such entity to make or purchase mortgage loans on any Lot subject to this Declaration;
- (iv) if any such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots subject to this Declaration; or
- (v) if such amendment is necessary to correct a scrivener's error in the drafting of this Declaration.

5. Amendments by Association

Amendments to this Declaration, other than those authorized by Section 4 above, shall be proposed and adopted in the following manner:

a. Notice of the subject matter of the proposed amendment shall be included in the notice of the meeting of the Association at which such proposed amendment is to be considered and shall be delivered to each member of the Association.

b. At such meeting, a resolution adopting a proposed amendment may be proposed by either the Board or by members of the Association. Such amendment must be approved by members holding at least two-thirds (2/3) of the total votes in the Association provided, however that: (i) any amendment which materially and

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adversely affects the security title and interest of any mortgagee must be approved by such mortgagee, and (ii) during any period in which Declarant has the right to appoint and remove officers and directors of the Association, such amendment must be approved by Declarant.

c. The agreement of the required percentage of the Owners and, where required, the Declarant and any mortgagee, to any amendment of this Declaration shall be evidenced by their execution of such amendment, or, in the alternative, and provided that Declarant does not then have the right to approve such amendment, the sworn statement of the President and any Vice President or Secretary of the Association attached to or incorporated in the amendment executed by the Association, which sworn statement shall state unequivocally that the agreement of the required parties was lawfully obtained. Any such amendment of this Declaration shall become effective only when recorded or at such later date as may be specified in the amendment itself.

6. Annexation

Additional land within the area described in Exhibit A excepting therefrom all lands described in Exhibit B, may be annexed by the Declarant without the consent of the members within twenty (20) years of the date of this Declaration.

Annexation shall be effective upon any or all of the following:

- a. proper application of a Formal Plat with the Department of Planning in Snohomish County, including but not limited to a subdivision map or a survey delineating the Lots and Common Areas therein;
- b. recording of the Declaration of Covenants, Conditions and Restrictions describing all lands being annexed under the jurisdiction of this Declaration; and/or
- c. recording of the final approved Formal Plat of the lands being annexed.

7. Attorney-in-Fact

Each Owner, by the mere act of becoming an Owner or contract purchaser of a Lot, shall irrevocably appoint the Association as his attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Property, to deal with the Property upon damage or destruction, and to secure insurance proceeds.

ARTICLE XI

MORTGAGE PROVISIONS

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The following provisions are for the benefit of holders, insurers or guarantors of first mortgages of Lots in the Development. The provisions of this Article apply to both the Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

1. Notices of Action

An institutional holder, insurer, or guarantor of a first mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, guarantor and the residence number, therefore becoming an "eligible holder"), will be entitled to timely written notice of:

- a. any condemnation loss or any casualty loss which affects a material portion of the Development or which affects any Lot on which there is a first mortgage held, insured, or guaranteed by such eligible holder;
- b. any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first mortgage, upon request, is entitled to written notice from the Association of any default in the performance by an Owner of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;
- c. any lapse, cancellation or material modification of any insurance policy maintained by the Association; or
- d. any proposed action which would require the consent of a specified percentage of eligible mortgagees.

2. Special Governmental Mortgage Agency Provisions

So long as required by a Governmental Mortgage Agency, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least two-thirds (2/3) of the total members of the Association entitled to vote thereon consent, the Association shall not:

- a. by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);
- b. change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner of a Lot;

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c. by act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Residences, Lots and of the Common Area. (The issuance and amendment of architectural standards, procedures, rules and regulations or use restrictions shall not constitute a change, waiver or abandonment within the meaning of this provision.)

d. fail to maintain insurance as required by this Declaration; or

e. use hazard insurance proceeds for any Common Area losses for other than the repair, replacement or reconstruction of such property.

3. Right To Pay Delinquent Charges

Failure of an Owner to pay assessments levied by the Association shall not constitute a default under an insured mortgaged. First mortgagees may, however, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement for the Association. Mortgagees shall have no obligation to collect assessments from Owners.

4. No Priority

No provision of this Declaration or by Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the cases of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

5. Amendment by Board

Should any Governmental Mortgage Agency subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board of Directors, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

6. HUD or Veterans Administration Approval

As long as the Declaration has an option unilaterally to subject additional property to this Declaration as provided in Article X, Section 6, the following actions shall require the prior approval of HUD or the Veterans Administration so long as HUD or the Veterans Administration is guaranteeing any mortgage in the Development:

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a. annexation of additional property to the Development, except for annexation by Declarant pursuant to a plan of annexation previously approved by HUD or the Veterans Administration;

b. dedication of Common Areas to any public entity; and

c. material amendment of the Declaration, Bylaws or Articles of Incorporation.

7. Failure of Mortgagee To Respond

Any mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the mortgagee within thirty (30) days of the date of the Association's request.

8. Association Books and Records

The Association shall make available to first mortgagees of Lots, and insurers or guarantors of any such first mortgage, current copies of this Declaration, and the Articles of Incorporation, Bylaws, rules and regulations, books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal weekday business hours or under other reasonable circumstances.

9. Mortgagee Provisions Regarding Breach

A breach by an Owner of any of the covenants, conditions and restrictions contained herein shall not affect, impair, defeat or render invalid the lien, charges or encumbrance of any first mortgage made for value which may then exist on any Lot; provided, however, that in the event of a foreclosure of any such first mortgage, or if the holder of the note secured by such first mortgage acquires title to a Lot in any manner whatsoever in satisfaction of the indebtedness, then the purchaser at the foreclosure sale or note holder acquiring title in lieu thereof shall, upon acquiring title, become subject to each and all of the covenants, conditions and restrictions contained herein, but free from the effects of any breach occurring prior thereto.

10. Professional Management

In the event that Declarant or the Association enters into any contract with any person or entity to provide management or maintenance services to the project, such contract shall not exceed a reasonable term and shall provide that the Association shall have the right to terminate the contract for cause upon thirty (30) days' written notice and without cause upon ninety (90) days' written notice, without payment of a termination fee or penalty.

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DATED: Oct 15, 1992.

CENTEX REAL ESTATE CORPORATION,
a Nevada corporation

By [Signature]
Division President

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me Robert J. Fench who I know to be, or have satisfactory evidence that s/he is, the Division President of CENTEX REAL ESTATE CORPORATION; who, under oath, stated that s/he was authorized to sign on its behalf the within and foregoing DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SILVER FIRS PHASE II; and acknowledged it to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned.

DATED: Oct 15, 1992



Cathy Callahan
NOTARY PUBLIC in and for the State of
Washington
My commission expires: 2-22-93

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