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R. ORDLU

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AFTER RECORDING RETURN TO:

Shergar Land Corporation
c/o Bradford N. Cattle
2707 Colby Avenue, #1001
Everett, WA 98201

96 MAY 29 PM 2:40

AUDITOR
SNOHOMISH COUNTY, WASH.
DEPUTY _____

**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR REGATTA ESTATES**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR THE PLAT OF REGATTA ESTATES (this "Declaration of Covenants") is made on this 29th day of May, 1996, by SHERGAR LAND CORPORATION, a Washington corporation, hereinafter referred to as "Declarant."

RECITALS

A. Declarant is the owner of real estate located in Snohomish County legally described in Exhibit A attached hereto and incorporated herein by this reference. This real property is commonly referred to and will hereinafter be referred to as the Plat of Regatta Estates. The Plat of Regatta Estates consists of seventy-eight (78) lots and certain common features including open space tracts.

B. This Declaration of Covenants, Conditions, Restrictions and Easements for the Plat of Regatta Estates (hereinafter referred to as CC&R's) will relate to the Plat of Regatta Estates. The Plat of Regatta Estates is recorded under Snohomish County recording number 9602215004 at Volume 61 of Plats, on pages 9-16, Records of Snohomish County.

C. Declarant will convey the lots included within the Plat of Regatta Estates subject to certain protective covenants, conditions, restrictions, reservations, liens, easements and charges as hereinafter set forth.

NOW, THEREFORE, Declarant hereby declares that all of the lots within the Plat of Regatta Estates shall be held, sold and conveyed subject to and together with the following easements, restrictions, covenants and conditions together with the restrictions (etc.) recorded on the face of the Plat, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property.

**NO EXCISE TAX
REQUIRED**

MAY 29 1996

**ARTICLE I
GENERAL PROVISIONS**

Section 1.1 - RUN WITH THE LAND. These easements, covenants, restrictions and conditions hereinafter set forth are for the benefit of the above-described real property and for each owner of any portion thereof and shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in said properties or any part thereof, and shall inure to the benefit of and pass with said property and each and every parcel thereof and shall apply to and bind the successors in interest any owner thereof.

Section 1.2 - AREA COVERED. The area covered by these Covenants is the Plat of Regatta Estates, as identified above and described in Exhibit A. For the purposes of this Declaration of Covenants Lots within the Plat of Regatta Estates are separated into Divisions as follows: Division 1 includes Lots 2 through 20; Division 2 includes Lots 21 through 54 and Lots 60 and 61; Division 3 includes Lots 55 through 59; Division 4 includes Lots 62 through 74; Division 5 includes Lots 75 through 78; and Division 6 which includes Lot 1. →

Section 1.3 - General Features. The Plat of Regatta Estates, as of the date of this Declaration of Covenants is located in unincorporated Snohomish County, in the boundaries of the Mukilteo School District. It is serviced by the Alderwood Water District for public water and sewer service and is located in the general vicinity of the Alderwood Water District sewer treatment plant.

Section 1.4 - AMENDMENT. These CC&R's may be amended by an instrument signed by not less than seventy percent (70%) of the owners of all lots of the Plat of Regatta Estates. Further, any amendment must be recorded. In no event shall any amendments require more onerous restrictions than those contained herein as to any existing structure unless the same is unanimously approved by all owners. Further, there shall be no amendment that alters the separate nature of the Architectural Control Committees for each separate Division or creates an assessment formula or allocation which requires Lots in one Division to pay expenses which are not reasonably related to Lots in that Division.

Section 1.5 - SEVERABILITY. Invalidation, modification or amendment of any one (1) of these Covenants contained herein by judgment or court order shall not, in any way, effect any of the other provisions which shall remain in full force and effect.

**ARTICLE II
EASEMENT**

Section 2.1 - EASEMENT FOR INSTALLATION/MAINTENANCE OF UTILITIES. Easements for installation and maintenance of utilities are reserved as shown in the Plat of Regatta Estates. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the maintenance of utilities

or other common facilities, or which may change the direction of flow of drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority, utility company or the homeowners' association is responsible. Further, with respect to any road easement and/or any other utility easement described by this Declaration there shall be the additional right to make all necessary slopes for cuts and fills; and the right to continue to drain said roads and ways over and across any lot or lots where the water might take a natural course upon reasonable grading pursuant to improvement for dedication or the roads and ways shown herein. Following reasonable grading of the roads and ways shown herein, no drainage waters on any lot or lots shall be diverted or blocked from their natural course so as to discharge upon any road right-of-way or hamper proper road drainage. Easements for common facilities may also extend over, under and across real property outside of the Plat of Regatta Estates.

ARTICLE III USE RESTRICTIONS

Section 3.1 - RESIDENTIAL CHARACTER OF PROPERTY-TYPE OF CONSTRUCTION. No lot shall be used except for residential purposes. Manufactured homes and/or non-site built structures, such as, but not limited to modular homes, shall not be allowed. Further, no building shall be erected, placed or permitted to remain on any lot other than one detached single-family dwelling with a minimum of a double attached or detached private garage. No storage sheds shall be allowed to be placed or permitted on the lot unless its style and construction conforms to the general style of the residence itself and does not detract from the general appearance. The final decision as to what is permissible shall vest in the Architectural Control Committee.

Section 3.2 - EXTERIOR MATERIALS. Exterior materials including, without limitation, roofing materials, building siding materials and fencing shall be approved by the applicable Architectural Control Committee pursuant to Article V.

Section 3.3 - COMPLETION OF CONSTRUCTION. Any dwelling or structure erected or placed on any lot in this subdivision shall be completed as to external appearance, including finish painting, within nine months from date of start of construction.

Section 3.4 - LANDSCAPE/FENCES AND HEDGES. All front yard landscaping must be completed within a six (6) month period of time from the date of issuance of an occupancy permit for a residence constructed on a lot. As defined in this section, "fencing" shall mean any barrier or wall. All side yard and back yard fences shall not exceed a height of six (6) feet or the maximum height permitted by applicable regulation, whichever is less. Front yard decorative fences shall not exceed four (4) feet in height. Fences shall be well constructed and shall not detract from the appearance of the development. Lot Owners with Lots abutting Picnic Point Road shall maintain, within their respective Lots, the Regatta Estates perimeter fencing insofar as that fencing also constitutes a fence for that Lot. The Homeowner's Association shall also maintain that perimeter fencing from the standpoint of its structure and appearance to the exterior of Regatta Estates along Picnic Point Road.

Section 3.5 - DAMAGE AND CONSTRUCTION DEBRIS DUE TO CONSTRUCTION ACTIVITIES. All lot owners will be responsible for any and all damage to street, ditches, storm drainage or any other damage resulting from dwelling construction activities and also for providing clean up of the streets, and construction site, if necessary as a result of construction activities. In the event that the owner does not make such repairs within 30 days following the completion of construction activities or within 15 days following written notice by the Declarant, the Declarant reserves the right to proceed with said repairs and to collect the cost of doing so from the owner through due process of law not to exclude any applicable lien rights. In the event that the owner does not clean up any construction debris within three (3) days following written notice by the Declarant, the Declarant may then proceed with the clean up and collect the cost of doing so from the owner through due process of law not to exclude any applicable lien rights.

Section 3.6 - TRAILERS/MOTORHOMES. Lot owners at no time shall keep or permit to be kept on their premises or street area any house trailers, trucks (excluding pick-up trucks of one ton or less), campers, travel trailers, mobile homes, boats or boat trailers, or trailers of any kind, as well as motorbikes, ski and/or snow mobiles, unless housed within a garage or out of sight from the street and reasonably screened from any residences located within the plat.

Section 3.7 - VEHICLES IN DISREPAIR. No goods, equipment or vehicle (including buses or trailers of any description) shall be dismantled or repaired outside any building or residential lot. In addition, no owner shall permit any vehicle which is in a state of disrepair to remain parked outside of an enclosed garage upon any lot or upon the street for a period of an excess of forty-eight (48) hours. A vehicle will be deemed in a state of disrepair when it has not been moved for a period of forty-eight (48) hours and is not operable in its then present condition.

Section 3.8 - ANTENNAS AND SERVICE FACILITIES. No radio or television antennas, clotheslines and other service facilities shall be placed on a lot within the Plat of Regatta Estates; provided, however, an antenna dish with a diameter not exceeding twenty-four (24) inches may be acceptable if its location on the property is approved by the Architectural Control Committee. All exposed fireplaces shall be of brick or quarry stone material or the same as the exterior and specifically not cement block.

Section 3.9 - BUSINESS AND COMMERCIAL USE. No visible or audible trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any lot nor shall any goods, construction equipment, materials or supplies used in connection with any trade, service or business be placed outside on any lot at any time excepting the right of any home builder and the Declarant to construct residences on any lot and to store construction equipment on said lots in the normal course of construction. Home occupation use of residences may be allowed if municipal regulations permit such use; provided, however, the home occupation use shall in no way affect the appearance of the residential structure and/or garage, shall be fully enclosed without outside storage and shall not create noise, vibration, smoke, dust, odors, heat, light or glare beyond which is acceptable in a residential area.

Section 3.10 - OFFENSIVE ACTIVITIES. No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Further, no lot shall be used in a fashion which unreasonable interferes with the other lot owners' right to the use and enjoyment of their respective properties.

Section 3.11 - RUBBISH AND TRASH No lot shall be used or maintained as a dumping ground for rubbish, debris, salvage, garbage, trash, equipment, cars, vehicles or other waste; trash, garbage or other waste shall not be kept except in sanitary containers. No yard rakings such as rocks, roots, dead grass and other materials accumulated as a result of landscaping shall be dumped on any other lot or streets. The proper removal and disposal of all such materials shall be the sole responsibility of individual lot owners.

Section 3.12 - SIGNAGE. 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 signs used by a builder to advertise the property during the construction and sales period.

Section 3.13 - DRILLING, MINING, ETC. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

Section 3.14 - MAINTENANCE OF STRUCTURES AND GROUNDS. Each owner shall maintain his lot and residence thereon in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard.

Section 3.15 - NO FIREARMS/MOTORCYCLES. No firearms of any kind shall be used within the property except by appropriate government officials. Muffled, licensed motorcycles shall be permitted on the property and roadways except trails, therein. Muffled trailbikes, snowmobiles and similar vehicles are permitted within the boundaries of the individual lots. Nonmuffled motorcycles, motorbikes, trailbikes, snowmobiles or similar vehicles are prohibited on any portion of the property whether licensed or unlicensed.

Section 3.16 - COMPLIANCE WITH APPLICABLE STATUTES, REGULATIONS AND ORDINANCES. Notwithstanding anything stated herein, each lot owner(s) shall be responsible for compliance with all applicable federal, state, county and/or governmental statutes, ordinances and regulations, and any amendments thereto relating in any way to the ownership and/or improvement of the lots within the Plat of Regatta Estates.

ARTICLE IV
HOMEOWNER'S ASSOCIATION

Section 4.1 - ESTABLISHMENT. A homeowner's association consisting of the owners of lots contained within the Plat of Regatta Estates shall be established to manage, repair, operate and replace the common facilities owned in common by the owners of the lots in the Plat of Regatta Estates.

Section 4.2 - COMPLIANCE WITH LAWS. The homeowner's association of the Plat of Regatta Estates shall be conducted in accordance with the requirements and powers set forth in Chapter 64.38 RCW.

Section 4.3 - COMMON FACILITIES. Initially, upon recordation of the final Plat of Regatta Estates or as soon thereafter as may be necessary to finalize installation and construction of the common facilities, the following shall be managed, maintained, repaired and controlled by the Homeowner's Association.

All common features and facilities shown on the face of the recorded Plat; landscaping, fencing and signage in common areas.

The Homeowners' Association may, upon proper action of the Association, procure or develop such other common facilities as may be deemed desirable.

Section 4.4 - INITIAL ASSESSMENT. Upon recordation of the final Plat of Regatta Estates, each lot shall be assessed the amount of Thirty Six dollars (\$36.00) for the purposes of supporting the common facilities, utilities and/or services necessary for the Plat of Regatta Estates. The initial assessment shall be prorated for the portion of the calendar year remaining after final plat recording. In subsequent years after the initial assessment year, the Board of Directors of the Homeowner's Association shall set the amount of the annual assessment. Assessments shall be established based upon the anticipated expenses budgeted for a particular budgetary period. Expenses which form the basis for a particular Division's assessment shall be those reasonably related to that particular Division. Assessments for lots in different Divisions may vary but assessment formulae shall be based upon each lot, irrespective of the Division in which it is located, paying a fair and equitable share of the expenses reasonably related to that lot.

4.4.1 Each lot owner shall be obligated to pay assessments in full, within thirty (30) days of written notification of amount, unless prorated by the Board of Directors in which case the assessments shall be paid according to the terms established by the Board of Directors. Any unpaid assessments shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid.

4.4.2 In addition to constituting a lien on the lot against which the assessment is charged, each assessment, including interest, late charges, costs and attorney fees in the event of a delinquency, shall be the joint and several personal debt and obligation of the fee owner or

owners and contract purchasers of the lot for which they are assessed as of the time the assessment is made. The lien created by the assessment may be foreclosed pursuant to the procedure set forth in chapter 61.12 RCW to the extent that procedure is not inconsistent with the applicable provisions of this Declaration. The judgment obtained in a foreclosure proceeding shall include attorney fees reasonably incurred along with all costs incurred in preparation for and prosecuting the action in addition to taxable costs permitted by law.

4.4.3 The lien of assessment against a lot shall be subject to tax liens and subject to the rights of a lender secured by a mortgage or deed of trust which was made in good faith and for value; provided, however, a lender shall be responsible for assessments, or portions thereof, that become due after a lender becomes entitled to possession of the lot from enforcement of a security interest or other conveyance.

ARTICLE V ARCHITECTURAL STANDARDS

Section 5.1 - ESTABLISHMENT OF ARCHITECTURAL CONTROL COMMITTEES.

An Architectural Control Committee (ACC) is hereby established for each Division of the Plat of Regatta Estates. The ACC's of each Division shall operate separately for its own Division but shall follow the requirements, procedures and performance standards set forth in this Declaration of Covenants, Conditions, Restrictions and Easements.

5.1.1 The initial ACC for each Division shall be the Declarant, by and through the Declarant's designee, who shall perform the functions of the ACC as set forth herein. The Declarant shall retain the responsibility for performing the functions of the ACC until 100% of the lots in a particular Division have been sold or until the Declarant surrenders that responsibility prior to that time, in a written document in recordable form. Upon the termination or expiration of the right of the Declarant to act as the ACC, the Homeowner's Association, acting through its Board of Directors, shall designate up to five (5) lot owners of the particular Division of the Plat of Regatta Estates who shall, by majority action, perform the responsibilities of the ACC; where a Division contains less than five (5) lots, the Homeowners' Association shall appoint a lesser number of lot owners to constitute that Divisions ACC. In the event the lot owners are not designated, the Homeowners' Association may temporarily perform the function of the ACC.

Section 5.2 - AUTHORITY OF ACC. No structure shall be erected, placed or altered on any lot within the Plat of Regatta Estates until the building plans, with respect to the exterior design, materials and specifications, including without limitation, color, has been approved in writing by the ACC, as to the quality of materials, color, harmony of exterior design with existing structures, location of structure on a lot with reference to topography, elevation and relation to structures on adjacent lots. The authority of the ACC is to be exercised in a reasonable manner with the goal of insuring consistent architectural standards for the benefit of the owners of lots in the Plat of Regatta Estates. Fencing shall be treated as a structure for the purposes of ACC review.

Section 5.3 - SUBMISSION OF DATE TO ACC AND APPROVAL BY ACC. All applications to the ACC for approval shall be in writing and shall be supplemented by such supporting data as the ACC shall reasonably require. The ACC's approval or disapproval shall be in writing; any disapproval by the ACC shall specify reasons for the disapproval. Submittals by or on behalf of lot owners shall include a plot plan drawn to scale reflecting the location of any and all structures within the Lot and relevant elevations. In addition, the submittal shall depict or describe the design of the structure with sufficient detail that the ACC is able to identify and review that design as well as describe the type and color scheme of all exterior materials.

5.3.1 In the event the ACC fails to approve or disapprove a complete application submitted to it within forty-five (45) days after the receipt of the complete application or supplemental information reasonably requested by the ACC, further approval from the ACC will not be required and the Lot Owner shall be deemed to have complied with this Covenant unless, prior to the completion of the structure, the Lot Owner or his/her contractor has made material changes from the application submitted to the ACC and/or failed to comply with the plans and specifications submitted to the ACC or local building official.

ARTICLE VI ENFORCEMENT

Section 6.1 - ENFORCEMENT. The Homeowners' Association or any person or persons owning any real property located within the Plat of Regatta Estates, shall have the right to commence a proceeding, as hereinafter described, against a person and/or entity violating or attempting to violate any covenant contained herein and further, to prevent him/her/it or them from so doing and/or to recover any damages and/or other costs resulting from such violation(s) and/or attempted violation(s). All such disputes and/or controversies of every kind that might arise out of this Declaration of Covenants, Conditions, Restrictions and Easements as to the existence, construction, validity, interpretation or meaning, performance, non-performance, operation, breach, continuance or termination thereof shall be submitted to arbitration according to the following procedures:

6.1.1 The Homeowners' Association or any Owner and/or party may demand arbitration by serving on the other owner(s) a written notice, including, a description of the issues in dispute, along with the name of a "Designated Arbitrator." Such notice shall also state, in substance, that unless within twenty (20) days after its service, the parties served therewith shall serve a written response upon the party giving notice, the relief requested may be granted by the "Designated Arbitrator" pursuant to the terms and conditions of Section 1.3 of this Declaration of Covenants, Conditions, Restrictions and Easements for the Plat of Regatta Estates.

6.1.2 The responding party(ies) will serve on the owner(s) initiating the arbitration process a written response to each issue within twenty (20) days of receiving the arbitration demand; the responding party will either agree to the "Designated Arbitrator" or

submit the name of its own "Designated Arbitrator." The responding party(ies) will be deemed to have accepted the "Designated Arbitrator" identified by the complaining party in the event he/they fail to submit the name of their own "Designated Arbitrator" within the twenty (20) day time period for response;

6.1.3 If the parties can not agree on an Arbitrator, the two (2) "Designated Arbitrators" shall within thirty (30) days of being named, together select an independent Arbitrator, who shall be solely responsible for determining the issues;

6.1.4 All "Designated Arbitrators" shall be individuals licensed to practice law within the State of Washington and further shall have practiced law for a minimum of seven (7) years;

6.1.5 The "Designated Arbitrator" and/or arbitrator selected by the "Designated Arbitrators" shall schedule a hearing regarding the demand and/or complaint within sixty (60) days of the date he or she was named as the "Designated Arbitrator." The Arbitration Hearing relating to the issues will be conducted according to the Washington State Mandatory Arbitration Rules, Chapter 7.04, RCW, and the appropriate Snohomish County local court rules. This shall include, without limitation, the authority of the "Designated Arbitrator" to find the "responding party(ies)" in default for failing to respond to the demand and/or complaint. In addition, the arbitrator shall have the authority to impose sanctions, including, without limitation, striking a parties' "pleadings" should that party fail to comply with an Order and/or request of the Arbitrator including, without limitation, paying a deposit to cover the cost of arbitrator's fees, prior to the actual hearing taking place. In addition, as indicated below, neither party shall have the right to seek a Trial de Novo. The rights of the parties shall include, without limitation, the right of the prevailing party to reduce the award and/or decision issued by the Arbitrator to judgment pursuant to the aforementioned statutes and/or court rules;

6.1.6 Each party shall bear its own arbitration costs and expenses. In addition, if requested by the designated arbitrator, each side shall, in a timely manner, prepay any reasonable deposit requested by the arbitrator to insure that the arbitrator's fees are paid. As indicated above, the arbitrator shall have the authority to strike the pleadings and/or position of the party failing to comply with said request; and

6.1.7 Nothing in this section shall be deemed to give the Arbitrator any authority, power or right to alter, change, amend, modify, add to or subtract from any of the provisions of this Declaration of Covenants, Conditions Restrictions and Easements. Further, all of the parties involved will be bound by the determination of the Arbitrator. The determination of such Arbitrator will be final and binding upon the parties hereto, subject only to the right to appeal such decision to the Snohomish County Superior Court on the basis that the decision of the Arbitrator is arbitrary and capricious;

6.1.8 Service of any written notice, description and/or demand, upon a party pursuant to the foregoing arbitration provisions shall either be served personally upon the party or to the party by certified mail return receipt requested, postage prepaid.

ARTICLE VII
NON-PROTEST COVENANT

Section 7.1 - FUTURE DEVELOPMENT/SUBDIVISION OF LOT 1. With the exception of Lot 1, all lots within the Plat of Regatta Estates are in their final developed size and configuration. Lot 1, however, is an over-sized lot which the Declarant intends, at some time in the future, to subdivide. The owners of Lots in the Plat of Regatta Estates shall take ownership subject to the right of the Declarant and/or its successors to further subdivide Lot 1 pursuant to applicable rules, ordinances and/or regulations of the governmental entity regulating development of the same. Accordingly, no lot owner shall have the right to protest and/or object to the Declarant or its successors efforts to subdivide said real property so long as such subdivision is being requested and/or completed consistent with the rules and regulations of the municipality regulating development at the time of such subdivision.

DATED this 29^R day of May, 1996.

DECLARANT:
SHERGAR LAND CORPORATION
A Washington Corporation

By *A. Latif Lakhani*
A. Latif Lakhani, President

STATE OF WASHINGTON)
) ss.
COUNTY OF SNOHOMISH)

On this day personally appeared before me A. Latif Lakhani, to me known to be the President of Shergar Land Corporation, the corporation that executed the within and foregoing instrument, and acknowledged to me the said instrument was the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument for and on its behalf.

SUBSCRIBED AND SWORN TO before me by A. Latif Lakhani on this 29th day of May, 1996.

Bradford N. Cattle
PRINTED NAME: Bradford N. Cattle
NOTARY PUBLIC
in and for the State of Washington.
My commission expires: April 30, 2000

