

RESTATED DECLARATION OF COVENANTS, CONDITIONS & RESRICTIONS
PLAT OF MILL CREEK ESTATES

This Restated Declaration is made on the date set forth below by the Mill Creek Estates Homeowners Association (the "Association").

Whereas, the Association consists of the real property legally described as: The Plat of Mill Creek Estates as recorded in Volume 47 of Plats, pages 55 and 56 records of Snohomish County, Washington.

All properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Mill Creek Estates Homeowners Association, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a simple title to any lot which is part of the Properties, including contract purchasers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be bought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The

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

Tract A of the Plat of Mill Creek Estates as recorded in Volume 47 of Plats, pages 55 and 56 records of Snohomish County, Washington.

Section 5. “Lot” shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. “Mortgage” shall include Deeds of Trust.

ARTICLE II PROPERTY RIGHTS

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

(a) the right of the Association to charge reasonable fees for the maintenance of the Common Area.

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of the Owners have been recorded.

(d) the right of the Association to grant easements in the Common Area and to deed portions of the Common Area in making property line adjustments so long as said grants do not materially affect the use of Common Area by the members of the Association.

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

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

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

unless the contract retains membership in the owner, in which event, the contract purchaser will not be a member.

Section 2. Voting Membership: Members shall be all owners, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE IV COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. 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: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

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

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment shall be fifty dollars (\$50.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased each year not more than 5% above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first lot to an owner, the maximum annual assessment may be increased above 5% by a vote of two-thirds (2/3) of the Owners who are voting in person or by proxy, at a meeting duly called for this purpose.

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

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessment authorized above, the Association may levy, in any assessments year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any

such assessment shall have the assent of two-thirds (2/3) of the votes of Owners who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Owners not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Owners or of proxies entitled to cast sixty percent (60%) of all the votes of the owners 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.

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

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessment on a Lot is binding upon the Association as of the date of its issuance. Prevailing assessment rates shall continue until new assessment rates are established.

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

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

ARTICLE V
ARCHITECTURAL CONTROL

A. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration, including significant front landscaping, be made until the plans and specifications showing the nature, kind, shape, height, materials and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Control Committee composed of three (3) or more representatives appointed by the Board.

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

C. Decisions of the ACC must be made by majority vote of all appointed representatives.

ARTICLE VI
RESTRICTION ON USE OF PROPERTY

Section 1. Building Use and Location.

(a) No Lot shall be used except for single family 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. No noxious or offensive frequently occurring activity shall be carried upon any Lot, nor shall anything be done or maintained which may be or may become an annoyance or nuisance to the neighborhood or detract from its value as a high-class residential district. If a Homeowner turns residence into a Rental, this does not relieve the Homeowner of the terms of this Declaration of CC&R's, and the Owner must inform the renters of the agreement.

(b) The total floor area of the main structure, exclusive of one story open porches and garages, shall be not less than 1100 square feet.

(c) No building shall be located on any Lot nearer to the front of the Lot line or nearer to the side street than the minimum building setback lines shown on the recorded plat. In any event, no building shall be located on any lot nearer than twenty (20) feet to the front Lot line or nearer than ten (10) feet to any side street line. A minimum total sideyard of five (5) feet shall be provided on each Lot with no less than ten (10) feet between the two dwellings. No dwelling shall be located on any Lot nearer than an average of fifteen (15) feet to the rear Lot line. For the purpose of this covenant, fireplaces, eaves, steps and open porches shall not be considered as part of a building, provided however, that this shall not be construed to permit any portion of a building on a Lot to encroach upon another Lot. In case of conflict between setbacks stated herein and the setback ordinances of Snohomish County, as they now exist or as they may hereafter be amended, the Snohomish County ordinances will control.

(d) All roofing material shall be of wood cedar shakes or approved laminate composition as specified by the ACC. Laminate composition approved is Certaineed Landmark TL asphalt

shingles, colors of Shenandoah and Country Gray. All roofing materials other than cedar shakes must be approved by the ACC in writing PRIOR to the commencement of construction.

(e) All siding material other than masonry shall be wood siding stained or painted with those colors commonly known as earth tones or traditional Cape Cod colors. ANY color shall require written approval by the ACC PRIOR to the commencement of work, UNLESS the color is repainted or stained with the same existing color. No water-stained, peeled or blistered, faded or uneven blotched or weathered siding is acceptable.

(f) All front entry walks and porches to be exposed aggregate concrete or wood porches with exposed surfaces of cedar.

(g) All driveways and parking areas shall be constructed of concrete or concrete aggregate unless written approval is obtained from the ACC. Additions or modifications must be of like material to the original.

(h) The location, color, size, design, lettering and other particulars of mail or paper delivery boxes shall be subject to approval of the Architectural Control Committee.

(i) All outside television and radio aerials and antennas or satellite dishes are prohibited without express written approval of the Architectural Control Committee. Satellite dishes must be placed in the most inconspicuous position possible, without compromising reception.

(j) No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication purposes nor any pole, tower or other structure supporting said outdoor overhead wires shall be erected, placed or maintained within the Properties. All purchasers of Lots within the Properties, their heirs, successors, and assigns shall use underground service wires to connect their premises and the structures built thereon to the underground electric or telephone utility facilities.

Section 2. Easements

(a) Portions of the rear or side yards of lots 11 through 14, and 16 through 30, have been designated on the final plat as a native growth protection easement. All cutting or clearing of trees in this area is prohibited, except as required for utilities or the control of dangerous or diseased trees and noxious plants. Maintenance of said native growth protection easements shall be the responsibility of the individual Lot owners.

(b) Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the rear five feet and the side two and one-half feet of each Lot. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvement in it shall be maintained continuously by the owner of the Lot, except for those improvements which a public authority or utility company is responsible.

(c) Maintenance of the landscaped grounds located on Tract "A" are to be provided by the Homeowner Association.

Section 3. Holiday Lighting and Decorations. All Holiday lighting and decorations must be removed 30 days following that Holiday.

Section 4. Temporary Structure.

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

(b) Any dwelling or structure erected or placed on any Lot in this subdivision shall be completed as to external appearance, including finish painting, within nine (9) months from date of start of construction unless, upon their review of a written request for an extension of time, the Architectural Control Committee grants such an extension.

Section 5. Signs. No sign of any kind permitted without written consent of the Board (Board of Directors) except for sale or rent signs of customary size and configuration and political signs. The governing documents may not prohibit the outdoor display of political yard signs by an owner or resident on the owner's or resident's property before any primary or general election. The governing documents MAY include reasonable rules and regulations regarding the placement and manner of display of political yard signs. Check with ACC for rules and regulations.

Section 6. Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. No structure or enclosure for the purpose of containing pets other than a fence at property line (as approved by the Architectural Control Committee) shall be allowed.

Section 7. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in clean and sanitary containers. Suitable containers for garbage, refuse and trash are required. Loose yard trash must be removed within twenty-four (24) hours. Trash, recycling and yard debris containers must be stored out of view from the road. All containers can be curbside twenty-four (24) hours previous to pick-up and must be back at storage within twenty-four (24) hours after pickup. Incinerators are prohibited.

Section 8. Water Supply. No individual water supply system shall be permitted on any Lot.

Section 9. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

Section 10. Sewage Disposal. Individual sewage disposal systems shall not be permitted on any Lot within the plat.

Section 11. Screening / Fencing. No fence, wall hedge or mass planting over 3 feet in height, other than foundation planting, shall be permitted to extend nearer to any street than the

minimum setback line; except that nothing shall prevent the erection of a necessary retaining wall, the top of which does not extend more than two feet above the finished grade at the back of said retaining wall. All fencing shall be built in accordance with the materials and dimensions outlined on Exhibit "A" attached hereto and by this reference made a part hereof, unless otherwise approved by the Architectural Control Committee.

Section 12. Exterior Maintenance. All yards and landscaping shall be maintained in a first class manner, free of weeds, trash, and other debris. Shrubs, flowers, and trees shall be regularly pruned. Fallen leaves, branches and other yard debris shall be disposed of on a bi-weekly basis. Lawns shall be mowed regularly. Dead, dying or diseased vegetation shall be removed from the Lot and appropriately disposed of. Vegetation shall be contained within a Lot and not be allowed to encroach upon neighboring property without the neighboring property owner's consent. Exterior walls and other surfaces of all structures on a Lot shall be kept in good condition and painted or stained as may be required to maintain its good condition. Must keep driveways, patios, sidewalks, etc. clean of debris, weeds, and/or moss and mildew growth. Must keep roofs and gutters cleaned and/or treated for moss and plant growth. Storage of debris, lawnmowers, mechanical equipment or discarded items in view from the street or neighboring properties is prohibited.

Section 13. Window Coverings. No newspapers, bed sheets or other make-shift window coverings shall be visible from the exterior of the structure.

Section 14. Parking. No commercial-type trucks above 1 ton, campers, trailers, motorhomes, or boats parked on a Lot, except in the garage. Any vehicles parked in back yard must be sight screened and approved by ACC. All parking areas must be concrete per Article VI, Section 1 (g). All RV's are permitted on driveway or street twenty-four (24) hours before and twenty-four (24) hours after a trip, not to exceed more than twice a month. RV's are not to be used for visitation without city permit, and not to exceed 72 hours. No cars, inoperative for reasons of mechanical failure, shall be parked and / or stored on any subject Lot or in the street right-of-way for more than 72 hours.

Section 15. Utility and/or Storage Shed. No shed shall be larger than 120 square feet and design needs to be approved by the ACC and conform to city regulations before construction. Paint and roof should match primary residence or be approved by ACC.

ARTICLE VII GENERAL PROVISIONS

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

(a) Enforcement of the restrictions, conditions, covenants, reservations, by the Association shall be subject to procedures to ensure fair treatment of the owner of the deficient property. The procedures shall include such protections as follows:

1. The ACC or Board shall notify the deficient property owner of non-compliance in writing, giving the owner thirty (30) days to correct each deficiency. Such written notice shall include at least the following: the names of the parties giving and receiving the notice, the specific deficiency, how it is to be corrected, the specific condition, covenant, reservation or provision being enforced and the date by which the correction shall be completed.
2. If the owner of the deficient property fully complies with the written notice within the thirty (30) day period, no further enforcement action will be taken.
3. If the owner of the deficient property does not cure the deficiency as outlined in #1 above, the owner shall respond in writing prior to the end of the thirty (30) day period, to the Board with the reason why they are unable to cure the deficiency, and include specific plans as to when and how the deficiency will be cured. Such plans shall be subject to approval by the Board.
4. If the owner of the deficient property does not cure the deficiency as outlined in #1 above, and does not make other written arrangements acceptable to the Board as in #3 above, the Board shall be authorized to proceed with further enforcement actions as follows: The Association, will give the deficient owner written notice of proposed enforcement action which shall be personally delivered or sent by Certified Mail, return receipt requested, to the owner of the deficient property giving the owner at least ten (10) days to cure the deficiencies.
5. If the deficiencies are not remedied within ten (10) days as outlined in #4 above, the Association, its agents and employees shall be authorized to enter upon the deficient Lot to make repairs and maintenance at reasonable times and to charge the owner for the cost of making such repairs and maintenance as may be necessary to place the lot in conformity with these covenants. The cost of such repairs and maintenance shall constitute a personal obligation of the owner of the deficient Lot as well as a lien against the Lot upon which the work was performed, prior to all other liens, except only (i) tax liens, and (ii) all sums unpaid on all mortgages of record against such Lot. Such liens may be foreclosed by a suit by the Association in like manner as a mortgage on real property.

(b) The Association or any owner or contract purchaser of a lot shall have the right to enforce these Covenants, Conditions and Restrictions by a proceeding at law or in equity against any person or persons violating or attempting to violate any Covenant, Condition, or Restriction, to restrain violation, to require specific performance and/or to recover damages, and against the land to enforce any lien created herein. The failure of the Association or any owner to enforce any Covenant, Condition or Restriction herein shall in no event be deemed a waiver of the right to do so thereafter. The Association's remedies are cumulative.

(c) In the event a suit, proceeding, arbitration or action of any nature whatsoever is instituted, including without limitation any proceeding under U.S. Bankruptcy Code, or the services of any attorney are retained to enforce any term, condition, or covenant of this Restated

Declaration, or to procure an adjudication, interpretation or determination of the rights of the parties, the prevailing party shall be entitled to recover from the other party, in addition to any award of costs or disbursements provided by statute, reasonable sums as attorney fees and costs and expenses, including paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection with such suit, proceeding, or action, including appeal or bankruptcy proceeding, which sum shall be included in any judgment or decree entered therein and such amounts awarded shall be in addition to all other amounts provided by law.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of ten (10) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by not less than seventy-five percent (75%) of the Lot Owners.

Section 4. Annexation. Additional residential property and Common Area may be annexed to the Properties with the consent of two-thirds of the Owners.

Section 5. Indemnification. To the fullest extent allowed by applicable Washington law, the Association shall indemnify every officer and director against any and all expenses, including, without limitation, attorneys' fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association may, at the discretion of the Board, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

May 8, 2007

MCEHA Board of Directors

Mill Creek Estates Homeowners Association