

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR  
CANDLE RIDGE, CITY OF STANWOOD**

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THIS DECLARATION is made on this 12 day of October, 1998, by Donald H. Leavitt, Manager, Stanwood Investments, L.L.C., ("Declarant"), the owner of certain real property situated in the State of Washington, located in the City of Stanwood, Washington and known as the plat of Candle Ridge, which property is more specifically described in Exhibit A attached hereto and incorporated herein by reference ("Candle Ridge").

**DESCRIPTION OF DECLARATION**

Declarant desires to develop the plat of Candle Ridge as a residential community. Declarant also desires to create common areas and facilities for the benefit of Candle Ridge to provide for the preservation of the natural values in the plat of Candle Ridge.

Declarant desires to subject the property described in Exhibit A and as shown on Exhibit B to this Declaration and to each of the covenants, conditions, restrictions and easements set forth herein.

This Declaration establishes a plan for the private ownership of lots and the buildings constructed thereon, for the dedication of certain areas to municipal corporations and the City of Stanwood, and all the remaining land and related easements, hereafter defined and referred to as the Common Areas. The authority to manage the plat of Candle Ridge, its individual Lots and Common Areas, shall reside in the Declarant, until such authority is delegated by Declarant to Candle Ridge Association ("Association") as set forth in this Declaration. The Association shall be created by Declarant for the purpose of maintaining and administering the Common Areas, and administering and enforcing these covenants, conditions, restrictions, and collecting and disbursing the assessments and charges hereinafter created. During the Development Period, as that term is herein defined, the Declarant shall be the sole Member of the Association. At the termination of the Development Period, all the Owners shall immediately become Members of the Association. During the Development Period no Owner, other than the Declarant if the Declarant is an Owner, shall be entitled in any way to either be a Member of the Association or to have any right respecting the governance or decision-making of the Association.

This Declaration contemplates a plan for the development of Candle Ridge and certain real property adjacent thereto (the "Adjacent Property"). Accordingly, the Declarant may, from time to time during the Development Period, on Declarant's sole signature and without the need for any action by the Association or the owners of land subject to this Declaration, subject the Adjacent Property or any portion thereof to this Declaration, with the consent of the owner of the Adjacent Property, by an appropriate recording. However, nothing herein requires the Declarant to add any of the Adjacent Property to Candle Ridge or otherwise subject any or all of the Adjacent Property to this Declaration.

**NOW, THEREFORE**, Declarant hereby covenants, agrees, and declares that all of Candle Ridge, as defined herein and described in Exhibit A hereto, and all improvements now existing or hereafter constructed thereon are, and will be, held, sold, and conveyed subject to and burdened by the following covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of Candle Ridge for the benefit of the Owners thereof, their heirs, successors, grantees, and assigns. All provisions of this Declaration shall be binding upon all parties having or acquiring any right, title,

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or interest in Candle Ridge or any part thereof, and shall inure to the benefit of the Owners thereof and to the benefit of the Association and are intended to be and shall in all respects be regarded as covenants running with the land.

**ARTICLE 1**

**DEFINITIONS**

Section 1.1.            "Adjacent Property" shall mean and refer to any or all that certain real property which is legally described herein

Section 1.2.            "Architectural Control Committee" shall mean and refer to the duly appointed Committee of the Association as further described in Section 3.7 and as sometimes referred to herein as the "Committee."

Section 1.3.            The term "assessment" shall mean and refer to Owner Assessments, special assessments, and all other monies due, owing, and collected by the Association for its operation and the maintenance of the Common Areas, more fully described in Article 4.

Section 1.4.            "Association" shall mean and refer to the Candle Ridge Association, a Washington nonprofit corporation, its successors and assigns.

Section 1.5.            "Association Action" shall mean and refer to a written corporate action of the Association in the form of either a bylaw or resolution duly passed by either the Board or the Members.

Section 1.6.            "Basics" shall mean and refer to all previously approved plans which have been submitted to the Architectural Control Committee.

Section 1.7.            "Board" shall mean and refer to the board of directors of the Association.

Section 1.8.            "Building Setback line" shall mean and refer to the various lines designed as "BSBL" on the face of the final plat, short plat, or other analogous recorded plan or map, or the building setback lines required by law if stricter, beyond which no structures, filling, grading or other obstructions are permitted as set forth in Section 6.2 hereof.

Section 1.9.            The term "charge(s)" as used herein shall mean and refer to all Noncompliance Charges and other charges and fees levied by the Association as more fully described in Article 6.

Section 1.10.           "Common Areas" shall mean and refer to all easements, Tracts and any improvements thereto that are owned by the Association for the benefit of all the owners and subjected to this Declaration by an appropriate recording, or reserved for use by the Association and the Owners on the face of the recorded final plat of Candle Ridge. The Common Areas of Candle Ridge shall be as listed in Exhibit B which exhibit shall consist of the final

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recorded plat map for the Property. Upon recording of the final plat for the Property, The Declarant shall attach Exhibit B hereto by appropriate recorded Amendment to this Declaration. In addition to the Common Areas listed in Exhibit B, the declarant may add to the Common Areas without the need of approval from the Association or Owners during the Development Period by a deed, easement, or other conveyance to the Association for such purpose, or by recording a Supplementary Declaration, or other Amendment to this Declaration.

Section 1.12. "Declarant" shall mean and refer to Stanwood Investments, L.L.C., its successors and assigns, if such successors or assigns should acquire all or substantially all of the then undeveloped portions of the Candle Ridge Plat from Declarant for the purpose of development (excluding Participating Builders).

Section 1.13. "Declaration" shall mean and refer to this instrument, as the same may be supplemented or amended from time to time.

Section 1.14. "Development Period" shall mean and refer to that period of time beginning on the date of this Declaration and ending whenever any of the following first occurs: (i) ten (10) years from the date hereof; (ii) one (1) year after completion of construction of all single family dwellings and the sale of said dwellings to the initial Owner/occupant on all of the building sites within Candle Ridge, including, without limitation, any building sites within any Adjacent Property added to Candle Ridge in accordance with the provisions of this Declaration subsequent to the date this Declaration is recorded; or (iii) upon receipt of written notice from Declarant to the Association in which Declarant elects to terminate the Development Period.

Section 1.15. "Candle Ridge" or the "Property" shall mean and refer to that certain real property which is legally described on Exhibit A, attached hereto, and any or all of the Adjacent Property if hereafter brought within the terms and conditions hereof by an appropriate recording in accordance with Article 10.

Section 1.16. "Governing Documents" shall mean and refer to this Declaration, Supplementary Declarations, the Articles of Incorporation and Bylaws of the Association, rules and regulations of the Association, if any, and rules and procedures of the Architectural Control Committee as any of the foregoing may be amended from time to time.

Section 1.17. "Lot" shall mean and refer to any legally segmented and alienable portion of Candle Ridge created through subdivision or any other legal process for dividing land and subjected to this Declaration by an appropriate recording, with the exception of dedicated rights of way, Common Areas and/or Tracts.

Section 1.18. "Members" shall mean and refer to a member or members of the Association, which, during the Development Period, shall consist of the Declarant as the sole member of the Association, and upon the termination of the Development Period shall then consist of only and all the Owners.

Section 1.19. "Mortgage" shall mean and refer to any recorded mortgage or deed of trust encumbering one or more of the Lots. "First Mortgage" shall mean and refer to a Mortgage with priority over all other Mortgages. "Mortgagee" shall mean and refer to the holder or

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beneficiary of a Mortgage, and "First Mortgagee" shall mean and refer to the holder of beneficiary of a First Mortgage.

Section 1.20. "Noncompliance Charge(s)" shall mean and refer to those charges and fees levied by the Association against any Owner for noncompliance with any of the rules, regulations, or guidelines as more fully set forth in Article 6.

Section 1.21. "Owner" shall mean and refer to the recorded Owner (whether one or more persons or entities) of fee simple title to any Lot, including the Declarant, Contract sellers, and Participating Builders, but excluding Mortgagees or other persons or entities having such interest merely as security for the performance of any obligation; provided that, purchasers or assignees under Contracts shall be deemed Owners as against their respective sellers or assignors. Where the chain of title to a Lot involves a holder of fee simple title and more than one Contract purchaser, the last Contract purchaser in such chain of title, (i.e., the one who is not also a Contract seller), shall be considered the "Owner" for purposes of this Declaration.

Section 1.22. "Owner Assessment(s)" shall mean, during the Development Period, the assessment of each Lot determined necessary by the Association to manage and provide for the maintenance of Candle Ridge and its Common Areas, and; after the termination of the Development Period, shall mean the homeowner association dues assessed annually or more frequently against each Owner by the Association, more fully described below in Article 4.

Section 1.23. "Participating Builder" shall mean and refer to a person or entity that acquires a portion of the Candle Ridge Plat for the purpose of improving such portion for immediate resale to individual Owners.

Section 1.24. "Single Family" shall mean and refer to a single housekeeping unit which includes not more than four (4) adults who are legally unrelated.

Section 1.25. "Supplementary Declaration" shall mean and refer to any recorded declaration of covenants, conditions, restrictions and easements which subjects all or part of the Adjacent Property to the terms and conditions of this Declaration or otherwise amends or modifies any term or condition of this Declaration.

Section 1.26. "Tract" shall mean and refer to any land subjected to this Declaration by an appropriate recording, with the exception of Lots and dedicated rights of way.

**ARTICLE 2**

**DECLARANT**

Section 2.1. Declarant's Reservation of Powers Pursuant to these Covenants. In addition to the powers expressly granted to Declarant hereunder, the Declarant has the authority under this Declaration and hereby reserves to itself during the Development Period all of the powers and rights granted by this Declaration to the Association, for the purpose of administering and enforcing ant and all provisions hereof, until such time as the Declarant shall delegate

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the same to the Association in accordance with the provisions of Section 2.2 hereof. Without limitation, during the Development Period the Declarant shall: (1) establish and operate the Association as a nonprofit corporation for the purposes set forth in its Articles of Incorporation and this Declaration; (2) manage the Association as its sole Member with all the rights and powers granted to the Association in the Governing Documents; and (3) exercise in Declarant's discretion those additional powers which are specifically granted to the Declarant by this Declaration, which powers include, but are not limited to, the right to dedicate, transfer and convey all or any part of the Common Areas and utilities thereon to the City of Stanwood or to a park department thereof, the right to subject the Adjacent Property or any portion thereof to this Declaration, and the right to amend any of the Governing Documents.

Section 2.2. Delegation to Association. During the Development Period, and following the recording of the Declaration and formation of the Association, the Declarant shall delegate, convey or otherwise assign to the Association the Declarant's interest in the Common Areas within Candle Ridge. The conveyance of Common Areas by Declarant to the Association shall also be deemed a delegation by Declarant to the Association of all powers and obligations of the Declarant under this Declaration to manage and administer such Common Areas together with the authority to administer and enforce this Declaration, and to collect and disburse the assessments and charges hereinafter created. The Declarant's interest, powers and obligations as such shall thereupon vest in the Association without the necessity of any acceptance thereof by the Association. The Liability of Declarant under this Declaration with respect to any property, powers or obligation shall cease upon the conveyance, delegation or other assignment thereof to the Association. During the Development Period, the time and manner of such delegation, conveyance or other assignment shall be sole within the discretion of the Declarant; provided, however, that Declarant shall complete the delegation, conveyance or other assignment of all of its interest in the Common Areas within Candle Ridge and all of Declarant's powers and obligations under this Declaration at the Termination of the Development Period.

Section 2.3. Declarant's Right to Reclaim Power Delegated to Association. During the Development Period, the Declarant shall have the authority, in its sole discretion, to revoke and reclaim any and all of the powers delegated and granted to the Association under the Declaration. The Declarant may revoke its conveyance or assignment of the obligations as described herein by giving written notice to the Association and to the Owners of such revocation. In the case of such re-conveyance to the Declarant, all funds being held by the Association for maintenance, taxes, insurance, etc. (including any reserves) shall be immediately transferred to an account specified by Declarant. In such event, or if Declarant conveys all powers and obligations hereunder to the Association except the obligation to maintain the Common Areas, then, at Declarant's request, the Association shall establish at Declarant's request, the Association shall establish an account on which Declarant has signing authority and into which all assessments collected by the Association thereafter for maintenance of the Common Areas shall be deposited, promptly after such collection by the Association.

**ARTICLE 3  
ASSOCIATION**

Section 3.1. Description and Nature of Association. Declarant shall form the Association contemporaneous with the recording of this Declaration. The Association shall be a nonprofit corporation organized and existing under the Laws of the State of Washington charged

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with the duties and vested with the powers prescribed by law and set forth in the Governing Documents, as they may be amended from time to time; provided, however, that no Governing Documents other than this Declaration shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. During the Development Period, Declarant shall be the sole Member of the Association, and no Owner, other than Declarant if it is an Owner, shall have any right to membership in the Association nor shall such Owner have any right respecting the governance or decision-making of the Association. Accordingly, during the Development Period, the Association shall not be deemed a "Homeowners Association" for purposes of RCW 64.38 et seq. However, upon the termination of the Development Period as provided herein, all Owners shall become Members of the Association as set forth in Section 3.3 below and it is the intent of this Declaration that the Association shall at that time become a "Homeowners Association" for purposes of RCW 64.38 et seq. The Articles of Incorporation of the Association shall provide for its perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. In that event, all of the property, powers and obligations of the Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association, and such vesting shall thereafter be confirmed and evidenced by appropriate conveyances and assignments by the Association pursuant to and in accordance with the Washington State Nonprofit Corporation Act, RCW Chapter 24.03 et seq. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles of Incorporation and Bylaws of the Association as if they had been made to constitute the governing documents of the unincorporated association.

Section 3.2. Association Board. During the Development Period, the Declarant, or Declarant's designee, shall be the sole director and Board member of the Association, and shall have all the powers of the Board set forth herein and in the Articles of Incorporation. At the termination of the Development Period, the Declarant shall select a temporary Board of Directors of the Association consisting of not fewer than three (3) persons, who need not be Owners, to manage the Association. The Temporary Board shall have the full authority to manage the Association under the Governing Documents and shall be subject to all provisions of the Governing Documents. The terms of the temporary board selected by the Declarant shall be for one (1) year, after which the Board shall be elected from among the Owners as provided in the bylaws of the Association. (*Note 1*).

Section 3.3. Membership. During the Development Period, the Declarant shall be the sole member of the Association as provided in Section 3.1 above. Upon the date of termination of the Development Period, every Owner, including the Declarant if an Owner, and only Owners, shall be a Member of the Association; provided, however, that if any lot is held jointly by two (2) or more persons, the several Owners of such interest shall designate one of their number as the "Member." The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Following termination of the Development Period, membership in the Association shall be appurtenant to and may not be separated from fee simple title to, or a Contract purchaser's interest in, any Lot, and upon transfer of the Owner's fee simple title to, or upon the execution and delivery of documents constituting a Contract sale of, any Lot, the membership and certificate of membership in the Association shall ipso facto transfer to the grantee, Contract purchaser, or new Contract purchaser, as the case may be. Following the termination of the Development Period, ownership of fee simple title to, or a Contract purchaser's interest in, any such Lot or Lots shall be the sole qualification for member-

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ship in the Association.

Section 3.4. Number of Votes. During the Development Period the Declarant shall be the only Member of the Association and the only person or entity entitled to vote on Association matters. Following termination of the Development Period, each Member shall have one (1) vote on all matters submitted to the membership of the Association for each lot owned by him within Candle Ridge, other than the Declarant, who shall have four (4) votes for each Lot owned.

Section 3.5. Owner's Compliance with Governing Documents. By acceptance of a deed to a Lot, recording of a Contract conveying possession to a Lot, or any other means of acquisition of an ownership interest in a Lot, the Owner thereof covenants and agrees, on behalf of, himself and his heirs, successors, and assigns, to observe and comply with all terms of the Governing Documents and all rules and regulations duly promulgated pursuant to this Declaration and/or Association Action.

Section 3.6. Bylaws, Rules and Regulations. The Board, on behalf of the Association, shall have the power to adopt, modify, and amend rules and regulations governing Candle Ridge. The rules and regulations shall apply uniformly to all Owners, except as specifically provided herein. The Board shall have the power to enforce the rules and regulations on behalf of the Association and may prescribe penalties for the violation of such rules and regulations, including but not limited to suspension of the right to use the Common Areas or portions thereof. Any such rules and regulations shall become effective thirty (30) days after promulgation and shall be mailed to all Owners prior to their effective date. A copy of the rules and regulations then in force shall be retained by the Secretary of the Association. The Declarant on behalf of the Board may adopt the initial Bylaws and rules and regulations. "The Bylaws of the Association may be amended in accordance with the provisions of those Bylaws." (*Note 2*)

Section 3.7. Architectural Control Committee. Within thirty (30) days of the recording of this Declaration, Declarant shall appoint an Architectural Control Committee (hereinafter "Committee") of not less than three (3) and not more than five (5) persons. The members of the Committee need not be Owners. During the Development Period, the Declarant may remove any member of the Committee from office at any time. A member of the Committee shall not be entitled to any compensation for services performed pursuant to this Declaration. After expiration of the Development Period, the Board shall appoint members to the Committee, who need not be Members of the Association, as vacancies occur. The Architectural Control Committee, any member thereof, the Association, its Directors or officers, and the Declarant shall not be liable to any Owner, occupant, building [*builder*] or developer for any damages, loss or prejudice suffered or claimed on account of any action or failure to act of the Committee or a member thereof, provided that the member has, in accordance with the actual knowledge possessed by him, acted in good faith.

3.7.1. Jurisdiction and Purposes. The Committee shall review proposed plans and specifications for construction of all residences and other structures within Candle Ridge, and including any additions, exterior alterations, landscaping, clearing, painting and excavation. The Owner shall submit architectural plans and specifications to the Committee for its review, together with a site plan for the lot.

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3.7.2. Approval Procedures. A preliminary application for approval must be submitted in writing by the Owner to the Committee at the registered office of the Association. Within fifteen (15) working days following the receipt of a preliminary application, the Committee shall notify the Owner in writing as to whether the application is complete and, if not, of any additional information that may be required before the Committee can review the application. The application must, in form and substance, comply with the Committee's rules and procedures. For major construction, materials required by the Committee may include, but not necessarily be limited to: (1) a plot plan indicating location of all improvements; (2) drawings showing elevations, exterior materials and exterior color schemes of all improvements; and (3) certification of square footage contained within the structure and each floor thereof, notwithstanding the existence of "Basics" as defined in Article 1 hereof. In the case of a minor addition or remodeling, changes of existing exterior color scheme or exterior material, or any other work which does not create a substantial change to existing structures or substantial addition of new structures, the Owner shall submit to the Architectural Control Committee such plans and specifications for the proposed work as the Committee determines to be necessary to enable it to evaluate the proposal. The Committee shall review the application in accordance with the provisions of this Section 3.7 as soon as possible after a complete application has been filed. The Architectural Control Committee shall render its decision with respect to the proposal within twenty (20) working days after it has received all materials required by it with respect thereto. The decision of a majority of the members of the Committee shall be the decision of the Committee. One copy of approved plans will remain in the Committee's files. All disapproved plans will be returned to the Owner.

3.7.3. Failure of Committee to Take Action. Except as provided in Section 3.7.5. below, in the event that the Committee fails to respond to an Owner's complete and properly submitted application within sixty (60) days after the Committee has notified the Owner that the application is complete, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, formal written approval will not be required, and the provisions for approval shall be deemed to have been fully complied with.

3.7.4. Committee's Obligation. The Committee, in its deliberations and in the discharge of its obligations hereunder, shall act objectively and fairly in making decisions concerning various plans, specifications, and plot plans submitted to it by various Owners for consideration in accordance with the provisions of this Declaration. Further, the determinations of the Committee as to noncompliance shall be in writing, signed by the Committee, and shall set forth in reasonable detail the reason for noncompliance. The Committee may approve, approve with conditions, or disapprove an application or any part thereof, on any grounds which it considers relevant. In all cases, the ultimate responsibility for satisfying all local building codes and governmental requirements rests with the Owner. The Committee, Association, and Declarant shall be held harmless from any claims arising from any claims arising from building requirements not complied with.

3.7.5. Exemptions and Variances from Requirements. The Committee may, upon application, grant exemptions and variances from the rules and procedures of the Committee described herein and the requirements of Section 6.2 of this Declaration when the party requesting such exemption or variance establishes to the satisfaction of the Committee that the improvement or other matters which are desired by the applicant are compatible with the overall character of the development. Requests for an exemption or variance shall be submitted

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in writing to the Committee and shall contain such information as the Committee shall from time to time require. The Committee shall consider applications for exemption or variance and shall endeavor to render its decisions within twenty (20) days after notice to the Owner of proper submission. The failure of the Committee to approve an application for an exemption or variance shall constitute disapproval of such application.

3.7.6. Failure of Owner to Comply. If an Owner fails to comply with the rules and procedures of the Committee or the plans and specifications as approved by the Committee, then such Owner shall, at the election of the Association's Board exercised after thirty (30) days' written notice to such Owner, be considered in violation of this Declaration. In that event, the Board shall be empowered to assess a charge against the Owner commensurate with the violation, which charge shall constitute a lien against such Lot, enforceable as provided herein and/or pursue any other remedy at law including, but not limited to, an action for specific performance.

3.7.7. Authorized Action. The Committee may render its decisions only by written instrument setting forth the action taken by the members consenting thereto. The Committee may act without the necessity of a meeting so long as a majority of its members consent to the Committee's action.

3.7.8. Non-waiver. Consent by the Architectural Control Committee to any matter proposed to it and within its jurisdiction under these covenants shall not be deemed to constitute a precedence or waiver impairing its rights to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

3.7.9. Effective Period of Consent. The Committee's consent to any proposed work shall automatically be revoked one (1) year after issuance unless construction of the work has been commenced or the Owner has applied for and received an extension of time from the Architectural Control Committee, and shall automatically be revoked eighteen (18) months after issuance unless all work has been completed.

**ARTICLE 4**

**ASSOCIATION BUDGET. ASSESSMENTS. AND LIENS**

Section 4.1. Owner's Covenants to Pay Assessments. By acquisition of any ownership interest in a lot, the Owner thereof covenants and agrees thereby, on behalf of himself and his heirs, successors, and assigns, to pay the Association, in advance, all Owner Assessments, special assessments, and all other monies due, owing, and collected by the Association for its operation and the maintenance of the Common Areas, levied as provided herein.

Section 4.2. Association Budget. During the Development Period, the Association may, at its own discretion prepare an annual operating budget setting forth the assessments necessary to meet the costs and expenses of the Association. The funds required to meet the Association's costs and expenses during the Development Period shall be raised from Owner

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Assessments assessed against each Owner as hereafter provided. Following the termination of the Development Period, the Association shall prepare, or cause the preparation of, an operating budget for the Association at least annually, in accordance with generally accepted accounting principles. The operating budget shall set forth all sums required by the Association, as estimated by the Association, to meet its annual costs and expenses, including but not limited to all management and administration costs (including legal fees, if any), operating and maintenance expenses of the Common Areas, and services furnished to or in connection with the Common Areas, including the amount of all taxes and assessments levied against, and the cost of liability and other insurance on, the Common Areas, and including charges for any services furnished by or to the Association; the cost of utilities and other services; and the costs of funding all reserves established by the Association. The funds required to meet the Association's annual expenses shall be raised from Owner Assessments assessed against each Owner as provided hereafter. The Association may revise the operating budget after its preparation at any time and from time to time, as it deems necessary or advisable in order to take into account and defray additional costs and expenses of the Association. When prepared, the operating budget shall be delivered to each Owner, along with an invoice for such Owner's share of the Owner Assessments.

Section 4.3. Budget Ratification. Following the termination of the Development Period, and within thirty days after adoption by the Board of Directors of any proposed regular or special budget of the Association, the Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) or more than sixty (60) days after mailing of the summary. Unless at that meeting the Owners of a majority of the votes in the Association or any larger percentage specified in the Governing Documents reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

Section 4.4. Levy of Owner Assessments. During the Development Period, the Association shall have the authority to levy, in advance on every Owner, Owner Assessments to meet the costs and expenses of the Association without the necessity of enacting or creating an operating budget. The amount of each Owner's Owner Assessment shall be the amount of the Association's actual or anticipated costs and expenses divided by the sum of the number of Lots, excluding any Lot then owned by the Declarant. Upon the termination of the Development Period, in order to meet the costs and expenses projected in its operating budget, the Association shall by Association Action determine and levy Owner Assessments in advance on every Owner. The amount of each Owner's Owner Assessment shall be the amount of the Association's operating budget divided by the sum of the number of Lots. The Association shall make reasonable efforts to determine the amount of the Owner Assessment payable by each Owner for an assessment period at least thirty (30) days in advance of the beginning of such period and shall at that time prepare a roster of the Owners and the Owner Assessment allocated to each, which shall be open to inspection by any Owner upon reasonable notice to the Association. Notice of the Owner Assessments shall thereupon be sent to each Owner; provided, however, that notification to an Owner of the amount of the Owner Assessments shall not be necessary to the validity thereof. The omission by the Association, before the expiration of any assessment period, to fix the amount of the Owner Assessments hereunder for that of the next period shall not be deemed a waiver or modification in any respect of the provisions of this Article or a release by any Owner from obligation to pay the Owner Assessments, or any installment thereof, for that or

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any subsequent assessment period, but the Owner Assessments fixed for the preceding period shall continue until a new assessment is fixed. Upon any revision by the Association of the operating budget during the assessment period for which such budget was prepared, the Association shall, if necessary, revise the Owner Assessments levied against the Owners and give notice to each Owner.

Section 4.5. Payment of General Assessment. Upon Association Action, installments of Owner Assessments may be collected on a monthly, quarterly, semi-annual, or annual basis. Any Owner may prepay one or more installments on any assessment levied by the Association without penalty.

Section 4.6. Initial Assessment and Increases. The initial assessment of Owner Assessments for calendar year 1998 shall be Two Hundred Dollars and NO/100 (\$200.00) per Lot. Notwithstanding anything to the contrary herein, the Association may not, except by a vote of two-thirds (2/3) of the total outstanding votes in the Association, increase Owner Assessments for any calendar year in excess of twenty percent (20%) of the previous calendar year's Owner Assessments.

Section 4.7. Commencement of Assessments. Liability of an Owner for Owner Assessments and special assessments shall commence on the earlier of (1) the first day of the month following the date upon which any instrument of transfer to such Owner becomes operative (such as the date of a deed or the date of a recorded Contract for the sale of any Lot) or (2) the first day of the calendar month following Owner's occupancy of such Lot; provided, however, that the Declarant, its successors and assigns, shall not be liable for any assessments with respect to any Lot unless such Lot is occupied as a single family residence. The Association may in its rules and regulations provide for an administratively convenient date for commencement of Owner Assessments and special assessments that is not more than ninety (90) days after the effective date established above. The due dates of any special assessment payments shall be fixed by Association Action authorizing such special assessment.

Section 4.8. Certificates of Assessment Payment. Upon request, the Board shall furnish written certificates certifying the extent to which assessment payments (including Owner Assessments) on a specified Lot are paid and current to the date stated therein. A reasonable charge may be made by the Association for the issuance of such certificate

Section 4.9. Special Assessments. In addition to the Owner Assessments authorized by this Article, the Association may, by Association Action, levy a special assessment or assessments at any time, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, inordinate repair, or replacement of a capital improvement located upon or forming a part of the Common Areas, including necessary fixtures and personal property related thereto, or for such other purpose as the Association may consider appropriate; provided, however, that any such special assessment in excess of \$250 per Lot, or any series of related assessments in one calendar year which in the aggregate exceed \$250 per Lot, must have the prior favorable vote of two-thirds (2/3) of the total outstanding votes in the Association.

Section 4.10. Nondiscriminatory Assessment. No assessment shall be made at any time which may unreasonably discriminate against any particular Owner or group of Owners in favor of other Owners. However, a special assessment may be made against a particular Owner by a two-thirds (2/3) majority vote of the Board, if, after the Association gives notice that the Owner has failed to comply with this Declaration, including without limitation failure to main-

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tain such Lot in a condition comparable to the other Lots, the Association elects to expend funds to bring such Lot or Owner's performance into compliance with this Declaration.

Section 4.11. Effect of Nonpayment of Assessments and Charges. If any assessment payment (including Owner Assessments), Noncompliance Charge under Article 6, or other charges to Owners provided herein is not made in full within sixty (60) days after it was first due and payable, the unpaid amounts shall constitute a lien against the Lot assessed and shall bear interest from such due date at a rate of two percent (2%) per month, or such other rate as may be set by the Board and which shall in any event be reduced so as not to exceed the highest rate then permitted by law. By acceptance of a deed to a Lot, recording of a Contract therefor, or any other means of acquisition of an Ownership interest, and whether or not it shall be so expressed in any such deed or other instrument, each Owner shall be deemed to grant thereby to the Association, its agents and employees, the right and power to bring all actions against such Owner personally for the collection of such assessment, Noncompliance Charge, or other charge as a debt, and to enforce the liens created by this Declaration in favor of the Association by foreclosure of the continuing liens in the same form of action as is then provided for the foreclosure of a mortgage on real property. The liens provided for in this Declaration shall be for the benefit of the Association, and the Association shall have the power to bid at any lien foreclosure sale and to acquire, hold, lease, mortgage, and convey the Lot foreclosed against.

Section 4.12. Lien to Secure Payment of Assessments and Charges. Declarant hereby creates in the Association perpetually the power to create a lien in favor of the Association against each Lot, to secure to the Association the payment to it of all Owner Assessments, special assessments, Noncompliance Charges, and other charges together with interest, costs, and attorneys' fees; and Declarant hereby subjects all Lots perpetually to such power of the Association. Such lien shall arise in accordance with the terms of this Declaration without the necessity of any further action by the Association, and any such lien when created shall be a security interest in the nature of a mortgage in favor of the Association. Such lien shall become a continuing lien in the amount stated in the charge (including Noncompliance Charges) or assessment (including Owner Assessments) from the time of the charge or assessment, but expiring pro rata as the charge or assessment payments are made, and shall also be the personal obligation of the person or entity who is the Owner of the Lot at the time of the assessment or levy of the charge. The personal obligation to pay a prior assessment or charge shall not pass to successors in interest unless expressly assumed by them; provided, however, that in the case of a sale or contract for the sale of any Lot which is charged with the payment of an assessment or charge, the person or entity who is the Owner immediately prior to the date of such sale shall be personally liable for the amounts of the monthly installments or charges due prior to said date, and the new Owner shall be personally liable for monthly installments or charges becoming due or levied on or after such date. The foregoing limitation on the duration of the personal obligation of an Owner to pay assessments or charges shall not, however, affect the validity or duration of the continuing lien for unpaid assessments or charges against the respective Lot.

Section 4.13. Suspensions for Nonpayment of Assessments and Charges. If an Owner shall be in arrears in the payment of any assessment or charge due, or shall otherwise be in default of the performance of any terms of the Governing Documents of the Association for a period of sixty (60) days, said Owner's voting rights shall without the necessity of any further action by the Association, be suspended (except as against foreclosing secured parties) and shall remain suspended until all payments, including interest thereon, or brought current and any oth-

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er default is remedied. No Owner is relieved of liability for assessments or charges by non use of the Common Areas or by abandonment of a Lot.

Section 4.14. Reserves for Replacement. As a common expense, the Association shall establish and maintain a reserve fund for replacement, restoration or refurbishment of the Common Areas and any improvements thereon. Such fund shall be deposited with a banking institution. The reserve fund shall be expended only for the purpose of effecting the replacement, restoration or refurbishment of the Common Areas and any improvements and community facilities thereon, and to any sidewalks, parking areas, or pathways developed as a part of Candle Ridge, equipment replacement, and for operating contingencies of a nonrecurring nature. The Association may establish such other reserves for such other purposes as it may from time to time consider to be necessary or appropriate. The proportional interest of any Owner in any such reserves shall be considered and appurtenance of his Lot and shall not be separately withdrawn, assigned, or transferred from the Lot to which it appertains.

Section 4.14.1. Certain Areas Exempt. The Common Area Tracts and all dedicated roadways, walkways and the like, shall be exempt from assessments by the Association

**ARTICLE 5**

**SUBORDINATION OF LIENS**

Section 5.1. Intent of Provisions. The provisions of this Article 5 apply for the benefit of each Mortgagee.

Section 5.2. Mortgagee's Non liability. A Mortgagee shall not, by reason of its security interest only, be liable for the payment of any assessment (including Owner Assessments) or charge (including Noncompliance Charges), nor for the observance or performance of any covenant or restriction, excepting only those enforceable by equitable relief and not requiring the payment of money, and except as hereafter provided.

Section 5.3. Mortgagee's Rights During Foreclosure. During foreclosure of a Mortgage, including any period of redemption, a Mortgagee may upon written notice to the Board exercise any or all of the rights and privileges of the Owner of the encumbered Lot, including but not limited to the right to vote in the Association to the exclusion of the Owner's exercise of such rights and privileges; provided, however, that the Owner's rights shall prevail so long as the Owner is contesting, by judicial action, the Mortgagee's right to foreclose the Mortgage.

Section 5.4. Mortgagee as Owner. At such time as Mortgagee shall become the Owner of the Lot previously encumbered by the Mortgage, the Mortgagee shall be subject to all of the terms and conditions of this Declaration, including the obligation to pay for all assessments and charges in the same manner as any Owner.

Section 5.5. Mortgagee's Title Free and Clear of Liens. A mortgagee of a First Mortgage acquiring title to a Lot through foreclosure, deed in lieu of foreclosure or equivalent method, shall acquire title to the encumbered Lot free and clear of any lien authorized by or arising out of the provisions of this Declaration, insofar as such lien secures the payment of any assessment or charge due but unpaid be-

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fore the final conclusion of any such proceeding, but not including the expiration date of any period of redemption. The Association may treat any unpaid assessments or charges against a Lot foreclosed against as an expense of the Association pursuant to Section 4.2, even though the Association may continue to seek to collect the assessment or charges from the responsible party.

Section 5.6. Survival of Assessment and Charges Obligation. After the foreclosure of a security interest in a Lot, any unpaid assessments or charges shall continue to exist and remain as a personal obligation of the Owner against whom the same was levied, and the Association shall use reasonable efforts to collect the same from such Owner.

Section 5.7. Subordination of Assessment and Charge Liens. The liens for assessments and charges provided for in this Declaration shall be subordinate to the lien of any First Mortgage, and the Association will, upon request, execute a written subordination document to con-firm such priority. The sale or transfer of any Lot or of any interest therein shall not affect the liens provided for in this Declaration except as otherwise specifically provided for herein, and in the case of a transfer of a Lot for purposes of realizing a First Mortgage, liens shall arise against the Lot for any assessment payments or levied charges coming due after the date of completion of such transfer.

**ARTICLE 6**

**USE COVENANTS, CONDITIONS, AND RESTRICTIONS**

Section 6.1. Authorized Uses. Lots in Candle Ridge shall be used solely for Single Family residential purposes, and related facilities normally incidental to a residential community. During the Development Period, no Lot or Tract shall be further subdivided without Declarant's prior written approval. Thereafter, no Lot or Tract shall be further subdivided, except as permitted in this Declaration without prior approval conferred by Association Action.

Section 6.2. Approval of Building or Clearing Plans Required. No house, garage, building, fence, deck, patio, wall, kennel, dog run, or other structure shall be commenced, erected, or maintained upon a Lot or any other portion of Candle Ridge nor shall any exterior addition to or change or alteration therein be made, nor shall a Lot be cleared or excavated for use, nor shall any tree (with the exception of alder) eight (8) inches or more in diameter on any lot, measured five (5) feet above ground level, be cut, until after the details and written plans and specifications showing the nature, kind, shape, height, materials, colors, and location of the same, to the extent applicable, shall have been submitted to and approved in writing by the Architectural Control Committee. Any structure or action so approved must be completed as to external appearance, including finished staining of a structure, within six (6) months after the date construction is commenced unless the Committee elects to grant an extension. Any violation of any term, condition or provision of this article 6 by an Owner shall subject the Owner to imposition of charges in accordance with Section 6.2.9 below. Although the Architectural Control Committee shall have full authority to approve or disapprove of any specific proposal, including the authority to grant exceptions to and variances from the requirements of this Article 6 pursuant to Subsection 3.7.5, above, the following general restrictions shall apply to Candle Ridge.

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Section 6.2.1. Building Permits. No structures, filling, grading or obstruction, including but not limited to decks, patios, outbuildings or overhangs, shall be permitted beyond the Building Setback Lines or within any drainage easement area as shown on the face of the final plat or within any Common Area unless otherwise approved by the Committee and by the City of Stanwood, and all other appropriate governing authorities. In addition, construction of fencing shall not be permitted beyond the Building Setback Lines unless otherwise approved by the Committee and the City of Stanwood and all other appropriate governing authorities.

Section 6.2.2. Building Materials. All exterior materials must be approved for use by the Architectural Control Committee. Roofing materials must be a good grade of laminated composition with a 30 year minimum life or comparable to "Architectural 235" (Laminated Composition). All other roofing materials must be approved by the Architectural Control Committee. All siding materials must be cedar, redwood or other exterior wood materials excepting plywood siding of any type whatsoever, with one exception: plywood siding may be used in soffit areas. Window frames must be of wood, approved vinyl, or milled in white, silver, bronze or taupe anodized aluminum. Types and colors of exterior paint and stain, including doors must be submitted to the Committee for approval. The exterior of all construction on any Lot shall be designed, built and maintained in such a manner as to blend in with the natural surroundings and landscaping within Candle Ridge. The use of "bright hard" stains or paint are not allowed except by written approval of the Architectural Control Committee. Exterior trim, fences, doors, railings, decks, eaves, gutters and the exterior finish of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structure they adjoin.

Section 6.2.3. Landscaping and Fencing. Front, side and rear yards shall be fully landscaped within six (6) months after the date of the issuance of a certificate of occupancy for the residence on the Lot. In the event of undue hardship due to weather conditions or otherwise, this provision may be extended for a reasonable length of time upon written approval by the Architectural Control Committee. "Fencing" shall mean any barrier or wall other than natural living organic vegetation, including trees and shrubs. Plantings or site obscuring fences shall not exceed four (4) feet in height in the front yard or on the side Lot lines forward of the building line with the greatest setback from the front of the Lot. No fence erected within Candle Ridge shall be over six (6) feet in height. Fences shall be well constructed of wood materials and shall not detract from the appearance of the home located upon the Lot. No fence, wall, hedge or shrub planting which obstructs sight lines of elevations between two (2) and (6) feet above the roadway shall be placed or permitted to remain on any corner lot within the triangle formed by the street property lines and the line connecting them at points twenty (20) feet from the intersection of the street lines, or, in the case of a rounded property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any Lot within ten (10) feet from the intersection of a street property line with the edge of a driveway or alley pavement. No trees shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight line. All fences, open and solid, are to meet the standards set by the Committee and must be approved by the Committee prior to construction.

Section 6.2.4. Floor Areas. Only one single Family home not to exceed two (2) stories in height plus basement and a private garage shall be permitted on each Lot. If a home is built on a Lot, it must include a garage for not less than two (2) cars which is fully enclosed; the garage may be attached or detached (no carports). The foregoing provisions shall not exclude construction of a private greenhouse, storage unit, private swimming pool or a shelter or porch for the protection of such swimming pool, or for the storage of a boat and/or camping trailer kept for personal use, provided the location of such structures is in conformity with the applicable municipal regulations, is compatible in design and decoration with the resi-

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dence constructed on such Lot and has been approved by the Architectural Control Committee. One-story homes shall include no less than 1,700 gross square feet of living space. Two-story homes shall include no less than 2,000 gross square feet of living space. "Living space" shall not include porches, decks, balconies, garages or outbuildings. As noted above, the Architectural Control Committee may accept variances from the floor area requirements of this subsection pursuant to Section 3.7.5, above.

Section 6.2.5.            Contractor. No home may be constructed on any Lot by other than a contractor licensed as a general contractor under the statutes of the State of Washington without the prior approval of the Architectural Control Committee.

Section 6.2.6.            Time for Completion. Construction of any building on any Lot shall be completed within twelve (12) months from the beginning of construction as to present a finished appearance when viewed from any angle. In the event of undue hardship due to weather conditions or otherwise, this provision may be extended for a reasonable length of time upon written approval from the Architectural Control Committee. Failure to fulfill the foregoing covenants shall entitle the Association to levy a special assessment against such Lot in the amount of Five Hundred Dollars (\$500) for each additional month or portion thereof the covenant remains unfulfilled, as liquidated damages. The Association may make this assessment by delivering written notice to the Owner or Participating Builder and after providing the Owner an opportunity to be heard by the Board, or the appropriate committee. The parties acknowledge and agree that the actual damages which might be incurred by the Declarant and the other Owners in the event of a breach of the foregoing covenants are difficult and impractical to determine precisely; however, the amount of damages fixed by this provision is a reasonable estimate of those actual damages as of the date hereof. During the Development Period, Declarant shall be entitled to receive these liquidated damages; after the Development Period, the Association shall be so entitled.

Section 6.2.7.            Driveways. All driveways and parking areas shall be paved with concrete or exposed aggregate. All driveways and parking areas on a Lot shall be approved concrete from the residence of such Lot (measured in a radius from the garage door of such residence), extending twenty (25) feet. The remaining distance to the dedicated or private roadways of the Candle Ridge plat, can be asphalt, with approval from the Architectural Control Committee.

Section 6.2.8.            Pruning and Vegetation Removal. No tree (with the exception of alder) outside the building footprint which are eight (8) inches or more in diameter when measured five (5) feet above ground shall be cut without the prior approval of the Committee. However, any tree which in the opinion of a qualified forester is a danger in its surroundings must be removed by the Owner. Additionally, any tree which is, or which may grow to unreasonably obstruct the view of a neighbor, may be removed or topped by first requesting permission from, and securing written approval of the Owner, or if the Owner does not agree, with the approval of the Committee after an appropriate hearing, in either event, at the expense of the Owner requesting the removal or topping. The Committee's discretion in this regard shall be exercised with regard to both preservation of view and to retention of attractive trees and plantings. In addition, pruning of such trees by the Owners, including Participating Builders, within Candle Ridge shall be permitted only upon prior written approval of the Architectural Control Committee. Such approval shall be granted only after the Committee has determined that the proposed pruning will not endanger soil stability, will not adversely affect the tree or trees to be pruned, and will not violate any applicable governmental rules and regulations and permits, or other binding restriction. All Owners, including Participating Builders, shall comply fully with all such rules, regulations, agreements or other binding restrictions, and shall not rely on Declarant in any way whatsoever for such compliance. The Committee shall require that any pruning be done in a competent and workmanlike manner, Notwithstanding the foregoing, the Association may, in addi-

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tion, perform maintenance within any dedicated right of way or Common Area from time to time. Such maintenance may include the right to remove branches from large coniferous trees and to remove mid-story growth. The right of the Association to perform such maintenance work may be exercised by or assignable to individual Owners.

Section 6.2.9. Violations: Noncompliance Charges. If any Owner is determined by the Committee to be in violation of any term, condition or provision of this Article 6, the Committee shall notify the Owner in writing of the violation and the Owner shall have five (5) business days to correct the violation or respond in writing to the Committee. If, in the sole discretion of the Committee, the Owner does not correct the violation or does not satisfy the Committee that the violation is justified, reasonable, or that adequate steps have been made to correct the violation, the Committee has the authority to take action against the Owner and the Lot by the assessment and imposition of a charge against the Owner ("Noncompliance Charge"), which charge shall not exceed five hundred dollars (\$500.00) per day. From the date the charge is levied by the Association, the Noncompliance Charge shall constitute a continuing lien against the Lot as set forth in Article 4. In addition to the lien rights, lien foreclosure remedies, and debt collection actions provided in Article 4, the Association may separately or contemporaneously pursue all other rights and remedies provided at law or equity for violation of any provision of this Declaration, including specific performance and/or injunctive relief. By acceptance of a deed to a Lot, recording of a contract therefore, or any other means of acquisition of an Ownership interest, and whether or not it shall be so expressed in any such deed or instrument, each Owner expressly agrees that the Noncompliance Charges provided herein represent a reasonable mechanism and charge to assist the Association in the Management of Candle Ridge and the enforcement of this Declaration.

Section 6.3. Leasing Restrictions. No Lot or portion thereof may be leased or rented by any party, without the prior written approval of the Board in accordance with Section 6.17, below.

Section 6.4. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot; provided, however, that dogs, cats or other conventional household pets may be kept if they are not kept, bred or maintained for any commercial purposes. No domestic pet may be kept if it is a source of annoyance or nuisance. The Board shall have the authority to determine whether a particular pet is a source of annoyance or a nuisance, and such determination shall be final and conclusive. Pets shall be registered, licensed, and inoculated from time to time as required by law.

Section 6.5. Commercial Uses. No trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Lot without prior written approval from the Architectural Control Committee, excepting the right of any home builder and the Declarant to construct residences on any Lot, to store construction equipment and materials on said Lots in the normal course of said construction, and to use any single family residence as a sales office or model home for purposes of sale in Candle Ridge.

Section 6.6. Vehicle Storage. No storage of goods, vehicles, boats, trailers, trucks, campers, recreational vehicles or other equipment or device shall be permitted in open view from the street or from any Lot, except this provision shall not preclude temporary (less than seventy-two (72) hours) parking of vehicles on the designated driveway areas adjacent to garages on the Lots. No Owner shall permit any vehicle which is in an extreme state of disrepair to be abandoned or to remain parked upon any Lot or Common Area or on any street for a period in excess of forty-eight (48) hours. A vehicle shall be deemed to be in an "extreme state of disrepair" when its presence offends the occupants of the neighborhood, multiple Owners, or when in the opinion of the Association and/or the Architectural Control Committee the presence of a vehicle in disrepair

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is offensive to the neighborhood. Upon forty-eight (48) hours' notice to the Owner of a lot where an improperly parked or stored vehicle, boat, or other equipment is located, the Association has authority to have removed at the Owner's expense any such items visible from the street.

Section 6.7. Garbage. Each Lot and all improvements thereon shall be maintained free from litter, junk or unsightly containers, equipment, appliances or other materials, trash, refuse, dead or fallen trees, dead or unsightly underbrush, junk or unsightly vehicles, and accumulation of building materials and equipment, with regard both to the appearance presented thereby and danger of fire and other hazards to health created thereby; provided, however, that the reasonable storage of materials and equipment on a building site during construction and necessary thereto shall be allowed. All refuse shall be kept in sanitary containers which shall be concealed from view and regularly emptied. Garbage and rubbish shall be regularly and promptly removed unless properly composted, and such removal shall be handled so that no garbage can or other receptacle will be visible from any place outside the Lot on which the same is located, except on days of trash collection. The Association may establish a location and facility for the temporary storage of recyclable materials.

Section 6.8. Mining Prohibited. No portion of Candle Ridge shall be used for the purpose of boring, mining, quarrying, or exploring for or removing oil or other hydrocarbons, minerals, gravel, or earth.

Section 6.9. Signs. Except for entrance, street, directional, traffic control, and safety signs, and such promotional signs as may be maintained or approved by Declarant or the Association, no signs or advertising devices of any character shall be posted or displayed in Candle Ridge; provided, however, that one temporary real estate sign not exceeding twenty-four (24) inches in height and thirty-six (36) inches in length may be placed upon any Lot by the Owner, the Declarant or by a licensed real estate agent or attached to any residence placed upon the market for sale or lease. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Lot or residence. This restriction shall not prohibit the temporary placement of political signs on any Lot by the Owner thereof during any general or special election.

Section 6.10. No Obstruction of Easements. No structure, planting or other material shall be placed or permitted to remain upon Candle Ridge which may damage or interfere with any drainage easement or the installation or maintenance of utilities, or which may unreasonably change, obstruct, or retard direction or flow of any drainage channels. No decorative planting, structure, or fence may be maintained within an easement area unless specifically approved by the Architectural Control Committee. The easement area of each Lot and all improvements on each easement area shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

Section 6.11. Antennas and Service Facilities. Exterior antennas shall not be permitted to be placed upon the roof of any structure or on any Lot so as to be visible from the street in front of said Lot. Clotheslines and other service facilities shall be screened so as not to be viewed from the street or Common Area. Satellite dish installation is prohibited excepting those satellite dishes that are screened from the roadways and surrounding residences to a degree acceptable to the Architectural Control Committee.

Section 6.12. Owners Maintenance Responsibilities. All maintenance, upkeep, and repair of individual Lots and homes shall be the sole responsibility of the individual Owners thereof, and in no way shall it be the responsibility of the Association, its agents, officers or directors. Owners shall maintain their Lots and homes in good repair and in clean, sightly, and sanitary condition at all times. Without limitation as to the foregoing, each Owner shall be obligated to keep his Lot and home in a clean, sightly and sanitary condition and maintain the landscaping on his Lot in a healthy and attractive state and in a manner comparable to that on

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the other Lots in Candle Ridge. No storage of firewood shall be permitted in front yards or in view from any roadway within Candle Ridge. After thirty (30) days' written notice to an Owner from the Association of such Owner's failure to so maintain his home or Lot, and after approval of a two-thirds (2/3) vote by the Board or other Association committee to which such oversight responsibility shall have been delegated, the Association shall have the right, through its agents and employees, to enter upon any Lot which has been found to violate the foregoing standards in order to restore the home or Lot to such standards. The cost of such work shall be borne solely by the Owner of the Lot through a special assessment against such Owner and his Lot.

Section 6.13. Weapons. No firearms of any kind or nature, including rifles, handguns, bows, slingshots, BB guns, slings, traps or any other like weapon, shall be used or discharged within Candle Ridge except by authorized governmental officials. No hunting shall be permitted within Candle Ridge.

Section 6.14. Nuisances Prohibited. No noxious or offensive activity shall be conducted in any portions of Candle Ridge nor shall anything be done or maintained therein in derogation or violation of the laws of the State of Washington, Snohomish County, City of Stanwood, or any other applicable governmental entity. Nothing shall be done or maintained on any portion of Candle Ridge which may be or become an annoyance or nuisance to the neighborhood or detract from the value of the Candle Ridge community. The Association shall determine by Association Action whether any given use of a Lot unreasonably interferes with the rights of the other Owners to the use and enjoyment of their respective Lots, or of the Common Areas, and such determination shall be final and conclusive.

Section 6.15. General View Preservation. Notwithstanding the compliance of plans with all other provisions of this Declaration, the Committee may require the placement of a planned house or other structure on a Lot, and its height, to be modified for the purpose of preserving light, air and view afforded structures on surrounding Lots; provided, however, that such altered placement or height not substantially decrease the utility of the Owner's Lot, or substantially increase his expense as a percentage of his overall improvement costs, in the good faith judgment of the Committee. In addition, at the request of any Owner, the Board may require that trees or other vegetation on another Owner's Lot be pruned, trimmed or, if deemed necessary in the good faith judgment of the Board, moved or removed for the purpose of preserving light, air and view afforded structures on such requesting Owner's Lot; provided, however, that the expense of same shall be borne solely by the requesting Owner; provided, further, that the Board shall first determine that such pruning, trimming, moving, or removing shall not substantially decrease the aesthetic value of the Lot to the Owner of the Lot whose vegetation is pruned, trimmed, moved or removed, in the good faith judgment of the Board.

Section 6.16. Swimming Pools. All swimming pools and related structures shall be constructed according to accurate plans having the prior approval of the Committee. In reviewing the same, the Committee shall give consideration to the resulting altered appearance of the area, adequacy of fencing for the security of children, and reasonable preservation of quiet neighbors. Pools shall be set back at least ten (10) feet from property lines measured from the inner wall of the tank.

Section 6.17. Relief from Provisions. In cases where an Owner has made a factual showing that strict application of the provisions of this Article 6 would work a severe hardship upon him, the Board by Association Action may grant the Owner relief from any of such provisions; provided, however, that such relief shall be limited by its scope or by conditions to only that necessary to relieve the hardship, and provided further, that no such relief shall be granted if

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the condition thereby created would, in the reasonable judgment of the Board, violate the provisions of Section 6.14 of this Article or adversely affect the Association's right or ability to enforce any provision of this Declaration in the future. The decision of the Board in granting or denying such relief shall be final and conclusive. Nothing in this Section 6.17 shall diminish the the authority of the Architectural Committee to grant variances and exceptions for matters within the purview of Section 6.2, as more fully described in Subsection 3.7.5, above.

**ARTICLE 7**

**COMMON AREAS AND DECLARANT'S RESERVED RIGHTS**

Section 7.1. Title to Common Areas. Declarant may from time to time during the Development Period convey to the Association by deed or easement the Common Areas designated on a final plat or other recorded map or plan of Candle Ridge. Upon its creation as a Common Area, every Common Area shall be subject to an easement of common use and enjoyment in favor of the Association and Owners, their heirs, successors, and assigns, in accordance with the terms and conditions of the Governing Documents. Such easement shall be appurtenant to and shall not be separated from ownership of any Lot and shall not be assigned or conveyed in any way except upon the transfer of title to such Lots, and then only to transferee of such title and shall be deemed so conveyed whether or not it shall be so expressed in the deed or other instrument conveying title. Certain rights of use, ingress, egress, occupation, and management authority in the Common Areas set forth elsewhere in this Declaration shall be reserved to Declarant for the duration of the Development Period. No building, wall, fence, paving, landscaping or construction of any type shall be erected or maintained by any Owner of a Lot so as to trespass or encroach upon any Tracts, Common Areas, open space and/or native growth protection easements.

Section 7.2. Owners' Common Rights. Owners shall have equal rights to use the Common Areas, unless certain Common Areas are specifically designated as limited Common Areas for the exclusive use of a particular Lot or Lots on the face of a final plat, short plat, or other analogous plan or map, or in an amendment to this Declaration or in a Supplementary Declaration. All easements for ingress, egress, utilities, and use of facilities, unless other specifically limited, shall exist in favor of all Owners.

Section 7.3. Maintenance of Common Area. The Association shall maintain, repair, replace, improve, and otherwise manage all of the Common Areas so as to keep in good repair and condition and shall conduct such additional maintenance, repair, replacement, construction, or reconstruction as may be determined pursuant to Association Action to promote the recreation, health, safety, and welfare of the Owners. The Association is specifically granted the right to assess the Owners for such costs as provided in Sections 4.4 and 4.10 hereof.

Section 7.4. Government Agreements. The rights granted and the provisions contained in this Declaration, the Articles and Bylaws of the Association, and all other Governing Documents, are subject to and shall be construed in support of any agreement made by the Declarant or the Association with any local, county, or state governmental entity regarding the creation, maintenance, and ownership of any Tracks and/or Common Areas.

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**ARTICLE 8**

**INSURANCE; CASUALTY LOSSES; CONDEMNATION**

Section 8.1. Insurance Coverage. The Association shall obtain and maintain at all times as an Association expense a policy or policies and bonds written by companies licensed to do business in Washington required to provide:

Section 8.1.1. Insurance against loss or damage by fire and other hazards covered by the standard extended coverage endorsement in an amount as near as practicable to the full insurable replacement value (without deduction for depreciation) of landscaping and improvements located in the Common Areas, with the Association named as insured as trustee for the benefit of Owners and Mortgagees as their interests appear.

Section 8.1.2. General comprehensive liability insurance insuring the Association, the Owners, and Declarant against any liability to the public or to the Owners and their guests, invitees, licensees, or tenants, incident to the ownership or use of the Common Areas.

Section 8.1.3. Worker's compensation insurance to the extent required by applicable laws.

Section 8.1.4. Fidelity coverage naming the Association as an obligee to protect against dishonest acts by the Board, Association officers, committees, managers, and employees of any of them, and all others who are responsible for handling Association funds, in an amount equal to three months general assessments on all Lots, including reserves.

Section 8.1.5. Such other insurance as the Association deems advisable, including without limitation directors and officers error and omission insurance; provided that, notwithstanding any other provisions herein, the Association shall continuously maintain in effect casualty, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for similar projects established by Federal National Mortgage Association, Governmental National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, and Veterans Administration, so long as any of them is a Mortgagee or Owner, except to the extent such coverage is not available or has been waived in writing by all applicable agencies.

Section 8.2. Casualty Losses. In the event of substantial damage to or destruction of any of the Common Areas, the Association shall give prompt written notice of such damage or destruction to the Owners and to the holders of all First Mortgages. Insurance proceeds for damage or destruction to any part of the Common Areas shall be paid to the Association as a trustee for the Owners, or its authorized representative, including an insurance trustee, which shall segregate such proceeds from other funds of the Association.

Section 8.3. Condemnation. In the event any part of the Common Areas is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, the Association shall give prompt notice of any such proceeding or purposed acquisition to the Owners and to the holders of all First Mort-

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gages who have requested from the Association notification of any such proceeding or proposed acquisition. All compensation, damages, or other proceeds there from, shall be payable to the Association.

**ARTICLE 9**

**ENFORCEMENT**

Section 9.1. Right to Enforce. The Association, the Declarant during the Development Period, or any Owner following the termination of the Development Period, shall have the right to enforce, by any appropriate proceeding at law or in equity, all covenants, conditions, restrictions, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure or forbearance by any person or entity so entitled to enforce the provisions of this Declaration to pursue enforcement shall in no event be deemed a waiver of the right to do so thereafter.

Section 9.2. Remedies Cumulative. Remedies provided by this Declaration are in addition to, cumulative with, and are not in lieu of other remedies proved by law. There shall be, and there is hereby created, a conclusive presumption that any breach or attempted breach of the covenants, conditions, and restrictions herein cannot be adequately remedied by an action at law or exclusively by recovery of damages.

Section 9.3. Covenants Running with the Land. The covenants, conditions, restrictions, liens, easements, enjoyment rights, and other provisions contained herein are intended to and shall run with the land and shall be binding upon all persons purchasing, leasing, sub-leasing, or otherwise occupying any portion of Candle Ridge, their heirs, executors, administrators, successors, grantees, and assigns. All instruments, granting or conveying any interest in any Lot shall be subject to this Declaration.

**ARTICLE 10**

**AMENDMENT AND REVOCATION**

Section 10.1. Amendment by Declarant or Association. During the Development Period, Declarant shall have the sole authority, on its sole signature and without the need for any action by the Association or Owners, to amend this Declaration, and to record one or more Supplementary Declarations to extend the provisions of this Declaration to the Adjacent Property, with the consent of the owner of such Adjacent Property. Upon recording of a Supplementary Declaration, the Governing Documents shall immediately become applicable to the real property described therein. Following the termination of the Development Period, this Declaration may also be amended at any time by an instrument executed by the Association for and on behalf of the Owners; provided that such amendments shall have received the prior approval of a vote of the Owners having seventy-five percent (75%) of the total outstanding votes in the Asso-

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ciation. Notwithstanding any of the foregoing, the prior written approval of a majority of all Mortgagees who have requested from the Association notification of amendment shall be required for any material amendment to the Declaration or the Association's Bylaws of any of the following: voting rights, assessments, assessment liens, and subordination of such liens; reserves for maintenance, repair, and replacement of Common Areas; insurance or fidelity bonds; responsibility for maintenance and repair; reallocation of interest of the Common Areas, or rights to their use; convertibility of Lots into Common Areas or of Common Areas to Lots; imposition of any restrictions on the right of an Owner to sell or transfer his Lot; any action to terminate the legal status of the Association after substantial destruction or condemnation occurs; or any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of First Mortgages.

Section 10.2. Effective Date. Amendments shall take effect only upon recording with the Snohomish County Auditor or any successor recording office.

**ARTICLE 11**

**GENERAL PROVISIONS**

Section 11.1. Taxes. Each Owner shall pay without abatement, deduction or offset, all real and personal property taxes, general and special assessments, including local improvement assessments, and other charges of every description levied on or assessed against his Lot, or personal property located on or in the Lot. The Declarant, the Association, or any such entity which collects assessments from the Owners for such purposes, shall likewise pay without abatement, deduction, or offset, all of the foregoing taxes, assessments, and charges levied or assessed against the Common Areas.

Section 11.2. Transfer of Certain Utilities. Utility Repair Easement. During the Development Period, Declarant, and/or the Association, may transfer and convey any sewer, water, storm drainage, or other general utility improvement in Candle Ridge to any public or private body for ownership and maintenance, together with any necessary easements relating thereto, and each Lot shall become burdened and benefited thereby. After termination of the Development Period, the Association may transfer and convey such property and easements.

Section 11.3. Non-Waiver. No waiver of any breach of the Declaration shall constitute a waiver of any other breach, whether of the same of any other covenant, condition, or restriction.

Section 11.4. Attorneys' Fees. In the event of a suit or action to enforce any provisions of this Declaration or to collect any money due hereunder or to foreclose a lien, the unsuccessful party in such suit or action shall pay to the prevailing party all costs and expenses, including title reports, and all attorneys' fees that the prevailing party has incurred in connection with the suit or action, in such amounts as the court may deem to be reasonable therein, and also including all costs, expenses and attorney's fees incurred in connection with any appeal from the decision of a trial court or any intermediate appellate court. The venue of any action described above shall be Snohomish County, Washington.

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Section 11.5. No Abandonment of Obligation. No Owner, through his non-use of any Common Area, or by abandonment of his Lot, may avoid or diminish the burdens or obligations imposed by this Declaration.

Section 11.6. Interpretation. The captions of the various articles, sections and paragraphs of this Declaration are for convenience of use and reference only and do not define, limit, augment, or describe the scope, content or intent of this Declaration or any parts of this Declaration.

Section 11.7. Severability. Invalidation of anyone of these covenants, conditions, restrictions, easements, or provisions by judgment or court order shall in no way affect any other of the same, all of which shall remain in full force and effect.

Section 11.8. Notices. All notices, demands, or other communications ("Notices") permitted or required to be given by this Declaration shall be in writing and, if mailed postage prepaid by certified or registered mail, return receipt requested, shall be deemed given two (2) days after the date of mailing thereof, or on the date of actual receipt, of sooner, otherwise, Notices shall be deemed given on the date of actual receipt. Notices to any Owner may be given at any Lot owned by such Owner; provided, however, that an Owner may from time to time by Notice to the Declarant, during the Development Period, or to the Association designate such other place or places or individuals for the receipt of future Notices. If there is more than one Owner of a Lot, Notice to anyone such Owner shall be sufficient. The address of Declarant and of the Association shall initially be 301 - 116th Avenue Southeast, Suite 570, Bellevue, Washington 98004. If the address of Declarant or the Association is changed, Notice shall be given to all Owners. If this Declaration calls for the approval of a party, including without limitation, the Architectural Control Committee, the Declarant, or an Owner, it shall not be effective unless set forth in writing and signed by such party.

Section 11.9. Neutral Gender. Every use of gender specific pronoun herein, unless specifically referring to a named individual, shall be interpreted as encompassing both genders.

Section 11.10. Applicable Law. This Declaration shall be construed in all respects under the laws of the State of Washington.

Section 11.11. Conflict. In the event of any conflict between the provisions of this Declaration and the provisions of the Association's Articles of Incorporation, Bylaws or rules and regulations, the provisions of this Declaration shall be controlling.

IN WITNESS WHEREOF, the undersigned have executed this Declaration the day and year first above written.

**Original Signed: Stanwood Investments L.L.C.**

**By: Donald H. Levitt, Manager**

**Notarized by: T. S. Cooper, Bellingham, WA**

**On the 12<sup>th</sup> day of October, 1998**

**Footnotes:**

**Note 1: As amended August 6, 2004.**

**Note 2: As amended August 6, 2004.**