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WHATCOM COUNTY
WASHINGTON
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IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON
IN AND FOR WHATCOM COUNTY

SCOTT HILLIUS et al.,

Plaintiffs,

v.

18 PARADISE LLP et al.,

Defendants.

No. 20-2-00701-37

DECLARATION OF MATTHEW
DAVIS IN SUPPORT OF
RECONSIDERATION ON
MOTION FOR PARTIAL
SUMMARY JUDGMENT

Judge Robert E. Olson
February 26, 2021
Motions Calendar

I, MATTHEW DAVIS, hereby declare as follows:

1. I have personal knowledge of the facts set forth and am competent to testify thereto;
2. For the Court's convenience, this Declaration collects and attaches a number of exhibits that were filed with the Court in this Case. To maintain compliance with the requirements of CR 59, only exhibits that have been filed with the Court before and that therefore are properly before the Court are included. Where noted, some of the exhibits have additional highlighting.
3. Attached hereto as Exhibit 1 to Plaintiffs' Motion for Reconsideration is a true and correct copy of the June 24, 1992 Declaration of Restrictive Covenants for the Homestead PRD. This exhibit is from the October 26, 2020 Declaration of Matthew Davis in Support of Motion to Compel and it still bears the Footnote identifying it as Exhibit 4 to that Motion in the lower right corner. I have added a new footnote at the center of the page identifying it as Exhibit 1 to this motion, and I have highlighted the portions referenced in the Motion for Reconsideration.

- 1 4. Attached hereto as Exhibit 2 to Plaintiffs' Motion for Reconsideration is a true and correct copy
2 of the June 24, 1992 Maberry Plat. This exhibit is from the September 25, 2020 Declaration of
3 Matthew Davis in Support of Motion for Class Action Certification and it still bears the
4 Footnote identifying it as Exhibit 3 to that Motion in the lower right corner. I have added a new
5 footnote at the center of the page identifying it as Exhibit 1 to this motion, and I have highlighted
6 the portions referenced in the Motion for Reconsideration.
- 7 5. Attached hereto as Exhibit 3 to Plaintiffs' Motion for Reconsideration is a true and correct copy
8 of a 2019 Profit and Loss Statement for MJ Management's maintenance work. This exhibit is
9 from the September 25, 2020 Declaration of Matthew Davis in Support of Motion for Class
10 Action Certification and it still bears the Footnote identifying it as Exhibit 5 to that Motion in
11 the lower right corner. I have added a new footnote at the center of the page identifying it as
12 Exhibit 1 to this motion, and I have highlighted the portions referenced in the Motion for
13 Reconsideration.
- 14 6. Attached hereto as Exhibit 4 to Plaintiffs' Motion for Reconsideration is a true and correct copy
15 of a 2019 Profit and Loss Statement for MJ Management's maintenance operations. This exhibit
16 is from the January 2021 Declaration of Mick O'Bryan in Opposition to Summary Judgment
17 and it still bears the Footnote identifying it as Exhibit 4 to that Motion in the lower right corner.
18 I have added a new footnote at the center of the page identifying it as Exhibit 1 to this motion,
19 and I have highlighted the portions referenced in the Motion for Reconsideration.
- 20 7. Attached hereto as Exhibit 5 to Plaintiffs' Motion for Reconsideration is a true an correct copy
21 of the Lease Agreement between 18 Paradise and MJ Management as redacted by agreement
22 of the parties. This exhibit is from the December 21 Amended Declaration of Matthew Davis
23 in Support of Partial Summary Judgment and it still bears the Footnote identifying it as Exhibit
24 4 to that Motion in the lower right corner. I have added a new footnote at the center of the page
25 identifying it as Exhibit 1 to this motion, and I have highlighted the portions referenced in the
26 Motion for Reconsideration.
- 27

1 8. I hereby declare under penalty of perjury under the laws of the State of Washington that the
2 foregoing is true and correct.

3 DATED this 11th day of February, 2021 at Bellingham, Washington.

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6 Matthew F. Davis, WSBA No. 20939
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**MASTER DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS
AND RESERVATIONS FOR
HOMESTEAD, A PLANNED RESIDENTIAL DEVELOPMENT**

This Master Declaration of Covenants, Conditions, Restrictions and Reservations for Homestead, a planned residential development situate in the City of Lynden, Whatcom County, Washington, (hereinafter referred to as the "Declaration") is made this 19 day of June, 1992 by HOMESTEAD NORTHWEST, INC., a Washington Business Corporation which declares that the real property hereinafter described is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, reservations, licenses, easements, charges and liens hereinafter set forth which are established for the purpose of protecting the value and desirability of the real property.

**ARTICLE I
Interpretation**

1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a planned development on the property hereinafter described.

1.2 Covenant Running with the Land. It is intended that this Declaration shall be operative as a set of covenants running with the land or equitable servitudes which shall be binding on the Declarant, its successors and assigns, and all subsequent owners of the property together with their grantees, heirs, successors, executors, administrators, devisees or assigns all in the manner hereinafter set forth.

1.3 Definitions.

1.3.1 "Declarant". The Declarant is Homestead Northwest, Inc., a Washington Business Corporation which currently has its principal office at 506 W. Grover Street, Lynden, Washington, 98264.

1.3.2 "Association". The Association shall mean and refer to the Homestead Owners Association, its successors and assigns. The Association is not a Condominium Association.

1.3.3 "Property" shall mean the real property described on Exhibit A which is annexed hereto and by this reference incorporated herein together with such additions thereto as may hereafter be brought within the jurisdiction of this Declaration.

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1.3.4 "Lot" shall mean and refer to any numerically designated plot of land shown on any present or future subdivision map of the property.

1.3.5 "Condominium Unit" shall mean any Condominium Unit established by Declaration on any of the property pursuant to RCW 64.34 or any later condominium act adopted as law in the State of Washington.

1.3.6 "Parcel" shall mean a record Lot or a Condominium Unit within the Property.

1.3.7 "Owner" shall mean and refer to the record owner whether one or more persons or entities of fee simple title to any Lot or Condominium Unit which is a part of the Property including a contract buyer but excluding those having an interest merely as security for the performance of an obligation. Each Owner shall continuously provide the Declarant with a current mailing address and if the Common Open Space is later conveyed to the Association, the Owner shall continuously provide the Association with a current mailing address.

1.3.8 "Common Open Space" shall mean that certain real property described on Exhibit B which is annexed hereto and by this reference incorporated herein which is intended for the common use of all property owners in Homestead together with any later phased additions thereto. It may include both fee interests and easement rights.

1.3.9 "Board" shall mean the Board of Directors of the Homestead Owners Association.

ARTICLE II Property

2.1 Current Property. Property which is currently subject to this Declaration is more fully described on Exhibit A which is annexed hereto and by this reference incorporated herein.

2.2 Additional Property. The Declarant reserves the right through phasing to add additional property which shall be subject to these Declarations as it is acquired by the Declarant. As a condition of the initial and subsequent conveyance to them of a parcel, each Parcel Owner agrees and assents to phasing. Phasing may be accomplished by the Declarant filing a phasing amendment which refers to this document and paragraph and describes the added phased property.

2.3 Common Open Space. Current elements of Common Open Space are described on Exhibit B which is annexed hereto and by this reference incorporated herein. Common Open Space is intended for the common use of all Parcel Owners in Homestead. Details of ownership, management, maintenance and phasing of the Common Open

Space are described in Articles III and IV hereinafter set forth. The term "Common Open Space" as used herein does not and shall not include the golf course, clubhouse, R.V. storage and maintenance areas. It includes only the property described on Exhibit B and any phased amendments thereto.

ARTICLE III *Open Space*

3.1 Ownership by Declarant. It is the general intention of the Declarant to retain ownership of the Common Open Space so that it may be maintained by golf course maintenance personnel.

3.2 Easement and License Granted. So long as the Declarant, its successors or assigns (other than Parcel Owners or the Association) retain ownership of the Common Open Space, all Parcel Owners other than the Declarant shall have and are hereby granted a perpetual non-exclusive easement and license to use the Common Open Space subject to their payment of joint maintenance fees so that the Common Open Space may be properly managed and maintained. The easement and license granted is appurtenant to each parcel and shall not be separated therefrom.

3.3 Maintenance. So long as the Declarant or such heirs, successors or assigns continue to own and hold title to the Common Open Space, payments for costs and expenses shall be funded by joint maintenance fees provided by Parcel Owners other than the Declarant. The Declarant shall manage and maintain the Common Open Space. All costs and expenses of maintenance of and improvements to the Common Open Space shall be paid by the Declarant, its heirs, successors and assigns (other than the Parcel Owners or the Association). Maintenance also includes maintenance of entry signs and landscape, mail box surrounds, street light electrical power bills, and maintenance of lights not maintained by the City of Lynden.

3.4 Use Subject to Rules and Regulations. Parcel Owners, their guests and invitees shall have the right, easement and license to use the Common Open Space now and hereafter designated as part of the Homestead development all according to rules and regulations now or hereinafter promulgated by the Declarant. The Declarant reserves the right to close certain areas of the Common Open Space for maintenance and improvement and to close certain areas during certain hours of the day and establish other rules and regulations for the use and protection of the Common Open Space.

3.5 Maintenance Costs. In consideration of the easement and license granted to Parcel Owners herein, each Parcel Owner shall pay and by virtue of acquisition of any parcel in Homestead agrees for themselves and their heirs, successors and assigns to pay a monthly Joint Maintenance Fee (hereinafter the "fee") to

the Declarant which shall be fixed and thereafter modified by the Declarant on the following basis:

- (a) The initial fee shall be \$25.00 per parcel per month.
- (b) Fees shall be payable by a Parcel Owner from the time that he acquires a parcel. Fees shall be payable monthly in advance on the first day of each month.
- (c) Upon sale or conveyance of a parcel the duty to pay the fee shall transfer to the owner acquiring the parcel.
- (d) The duty to pay the maintenance fee shall be a covenant running with the land and shall bind not only the first owner acquiring a parcel from the Declarant but also his heirs, successors, and assigns.
- (e) The Declarant shall have the right and power to increase the maintenance fee each calendar year. Notices of fee adjustment shall be sent to Parcel Owners in December of each year where an adjustment has been made for the following calendar year.
- (f) The annual increase in maintenance fees over the previous calendar year base shall be limited to the percentage increase in the cost of living for all urban consumers in the Seattle/Tacoma area as published by the United States Department of Labor for the most recently published 12 month period available on the first day of December, or five (5%) percent, whichever is greater. (If such statistics are not published for the Seattle/Tacoma area then statistics for the nearest urban area for which statistics are published shall apply.)
- (g) Declarant reserves the right to waive all or a portion of the maintenance fee for a Parcel Owner and such waiver shall not operate as a waiver or estoppel as to all parcel owners.
- (h) In the event of the termination of ownership by any Owner the annual fee structure then in effect as established in the previous month of December shall apply to the purchaser (new Parcel Owner) and any subsequent Parcel Owners after initial acquisition shall be subject to annual adjustment of the fee for maintenance as provided for herein. Any joint maintenance fee not paid when due shall be delinquent.

3.6 Enforcement. In the event that any Parcel Owner fails to pay a fee when due that fee together with such interest thereon and cost of collection as hereinafter provided shall be a charge on the Owner's parcel and shall be a continuing lien on that parcel against which the fee is assessed. The delinquent fee together with such interest and costs of collection thereof including reasonable attorney's fees shall also be the personal obligation of the Parcel Owner at the time the Assessment fell due. If the maintenance fee is not paid within thirty (30) days

after its due date it shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum and the Declarant may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. Interest, costs and reasonable attorney's fees with respect to any such action shall be awarded to the prevailing party. No Parcel Owner may waiver or otherwise escape liability for payment of the joint maintenance fee as provided for herein by abandonment of his parcel.

3.7 Subordination of Lien to Mortgages. Where an institutional mortgagee or other owner obtains title to a parcel as a result of foreclosure or forfeiture of an institutional mortgage, such acquirer of title, its successor or assigns shall not be liable for payment of the aforementioned fees pertaining to any such parcel which became due prior to the acquisition of title in the manner referred to hereinabove. The Parcel Owner who incurred such fees shall nonetheless remain personally liable and responsible for payment of the fees. Mortgagee shall keep dues current after foreclosure.

3.8 Phasing. The Declarant reserves the right to phase and add to the Common Open Space for which the easement and license herein is granted by filing a phasing amendment to this document, said amendment having reference to the Auditor File Number of this document and setting forth the legal description of additional real property which is added to the Common Open Space. It is anticipated that the Common Open Space will ultimately consist of an easement and license with respect to at least eight acres of property. As a condition of conveyance to him of his parcel each Parcel Owner agrees for himself, his heirs, successors and assigns to permit and accept phasing of Common Open Space as provided for in this paragraph.

3.9 Relationship to the City of Lynden. Generally it is the policy of the City of Lynden never to acquire or maintain common grounds. All Parcel Owners should be aware of this.

3.10 Conveyance of Common Open Space to the Association. Any Parcel Owner now or hereafter acquiring an interest in any parcel in the Homestead development agrees by virtue of their acquisition of the parcel and for themselves, their heirs, successors and assigns to accept the conveyance of the Common Open Space from the Declarant, its heirs successors or assigns to the Association, if the Declarant desires to accomplish such a conveyance. In the event that the Declarant delivers a deed or deeds and/or transfers easement and license rights of the Common Open Space described herein and any phased additions thereto to the Association then and in such events on notice from the Declarant the easement and license provided for herein shall terminate and the duty of the Parcel Owners to pay maintenance and license fees as provided for in this Article shall terminate. The duty of the Declarant to maintain the Common Open Space and pay for all maintenance described hereinabove shall also

terminate therewith. The Parcel Owners shall then be required and agree to come together to further establish the Association to govern payment of common expenses and ownership, use, maintenance and operation of the Common Open Space maintaining the same high standard desired by and established by the Declarant herein.

ARTICLE IV
Owners Association

4.1 Established. There is hereby established an Owners Association to be known as the "Homestead Owners Association".

4.2 Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot or Condominium Unit in Homestead shall be, by virtue of such ownership, a member in the Homestead Owners Association. The foregoing is not intended to include persons or entities holding an interest merely as security for the performance of an obligation. No Owner shall have more than one membership except that he own more than one parcel in which case he shall have one membership for each parcel owned. Membership shall be appurtenant to and may not be separated from ownership of any parcel which is subject to assessment by the Association. Ownership of such a Lot or Condominium Unit shall be the sole qualification for membership.

4.3 Period of Declarant Ownership. So long as the Declarant or its successors or assigns other than Parcel Owners retains ownership of the Common Open Space, the Association shall operate in advisory capacity only to the Declarant. During this time the Association shall operate as an unincorporated association.

4.4 Power to Manage and Assess After Transfer to Association. In the event that the Declarant, its successors or assigns exercise their right and power to convey the Common Open Space to the Association in accordance with the provisions of Article III hereinabove, the Association shall have power to manage the Common Open Space and establish annual assessments and charges on each parcel. Assessments shall be the same and equal for each parcel.

4.4.1 Form of Association. In the event of transfer of the Common Open Space to the Association the Declarant shall notify all Members of a Special Meeting of the Association membership to be held within thirty (30) days of the transfer date. The agenda at the Special Meeting will include at a minimum, the following issues:

(a) Whether the form of the Association be change from an unincorporated association to a non-profit corporation.

(b) Election of the initial Board of Directors with a minimum number of seven (7) members or more. If there is

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a seven member Board two members shall be elected for a one year term, three members for a two year term and two members for a three year term.

4.4.2 Voting

4.4.2.1 Voting Owner. There shall be one (1) voting representative for each parcel. Declarant shall be considered an "Owner" as that term is used herein, and shall be the voting representative, with respect to any parcel owned by the Declarant. If a person (including the Declarant) owns more than one parcel, he shall have the votes for each parcel owned. The voting representative shall be designated by the Owner or Owners of each parcel by written notice to the Board, and need not be an Owner. The designation shall be revocable at any time by actual notice to the Board from a party having an ownership interest in a parcel, or by actual notice to the Board of the death or judicially declared incompetence of any party with an ownership interest in the parcel. This power of designation and revocation may be exercised by the guardian of a Parcel Owner, and the administrators or executors of an Owner's estate.

4.4.2.2 Joint Owner Disputes. The vote for a parcel must be cast as a single vote, and fractional votes shall not be allowed. In the event that joint Parcel Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. In the event more than one (1) vote is cast for a particular parcel, none of said votes shall be counted and the votes shall be deemed void.

4.4.2.3 Quorum. Fifty (50%) percent of all Parcel Owners or more, shall constitute a quorum at any meeting of the Association. This shall be a requirement for conducting any Association business.

4.4.3 Meetings and Notices of Meetings

4.4.3.1 Annual Meetings. There shall be an annual meeting of the Parcel Owners in the first quarter of each calendar year at such reasonable place and time as may be designated by written notice of the Board delivered to the Parcel Owners not less than ten (10) days and no more than sixty (60) days prior to the date fixed for the meeting. At the annual meeting there shall be presented a review of the financial records of the Association for the previous year itemizing receipts and disbursements and the allocation thereof to each Parcel Owner and the estimated expenses for the coming year. The Board at any time, or by written request of the Parcel Owners having at least twenty (20%) percent of the total votes, may require that an audit of the Association and management books and records be presented at any Special or Annual Meeting. The

Parcel Owner at his own expense may at any reasonable time make an audit of the books or records of the Board and/or the Association.

4.4.3.2 Special Meetings. Special Meetings of the Association may be called at any time for any reasonable purpose. Such meetings shall be called by written notice of the president of the Association upon the decision of the president, or after request signed by a majority of the Board, or by written request of the Parcel Owners having at least twenty (20%) percent of the total votes which notice shall be delivered not less than ten (10) days and not more than sixty (60) days prior to the date fixed for the meeting. The notice shall specify the date, time and place of the meeting and in general the matters to be considered.

4.4.4 Articles and Bylaws. The Association shall have power to adopt Articles of Incorporation, Bylaws and rules and regulations for operation of the Association not inconsistent with this Declaration. Upon concurrence of those Parcel Owners holding sixty (60) percent of the voting power of the Association at a regular or special meeting, amendments to the Articles, Bylaws and/or Rules and Regulations may be adopted by the same vote at a regular or special meeting similarly called. The Declarant may adopt initial Articles and Bylaws.

4.4.5 Management by the Board. At the expiration of the Declarant's management authority after the Common Open Space interests of the Declarant shall have been conveyed to the Association, administrative power and authority with respect to Association affairs shall vest in its Board of Directors. The Board of Directors shall be elected in the manner set forth hereinabove and after election the Board shall itself elect a president from among its members who shall preside over meetings of the Board and the meetings of the Association. A treasurer and secretary shall also be elected by the Board from among its members.

4.4.6 Authority of the Board. The Board shall have authority to manage the affairs of the Association and shall have all powers and authority permitted under this Declaration and under any Articles, Bylaws, rules and regulations as may be later adopted by the Association. The Board shall acquire and pay out of the common assessment fund hereinafter provided for all goods and services requisite for the proper functioning of the Association including, but not limited to:

- (a) Utility services for the Common Open Space;
- (b) Insurance as required for protection of Association affairs with respect to the Common Open Space and for fidelity if deemed necessary for Association officers and other employees;
- (c) The services of other persons or firms as required to properly manage the affairs of the Association;

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(d) Legal and accounting services necessary or proper in the operation of the Association affairs and administration of the Association or enforcement of this Declaration, the Articles, Bylaws, rules and regulations of the Association provided that no litigation shall be initiated by the Board without approval of a majority of the Parcel Owners at a special or regular meeting. Nonetheless, any action against the Association may be defended by the Board without any restriction.

(e) Painting, maintenance and repair in landscape and garden work for the Common Open Space;

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required to pay by law or which in its opinion shall be necessary for the proper operation of the Common Open Space;

(g) No capital improvements or additions for the purpose of restoring, repairing or replacing portions of the Common Open Space having a total cost in excess of Five Thousand (\$5,000.00) Dollars shall be paid by the Board without first obtaining the affirmative vote of a majority of Parcel Owners present at a meeting called for such purpose or if no such meeting is held then the written consent of a majority of Owners. Nothing contained herein shall be construed to give the Board authority to conduct and act of business for profit on behalf of any or all of the Parcel Owners;

(h) The Board shall have the right to contract for all goods and services, payment of which is to be made from the common funds of the Association.

(i) The Board may hold for the benefit of the Parcel Owners tangible and intangible personal property and real property on behalf of the Association.

4.5 Purpose of Assessment. The Assessments levied by the Association shall be exclusively for the services and facilities provided the Parcel Owners by the Association.

4.6 Amount of Annual Assessment. The amount of the annual Assessment shall be established by the Association. The total Assessment shall be equal to monies reasonably necessary to manage, maintain, and improve the common open space and to pay for the utilities, taxes, insurance, and administrative expenses of the Association. Each parcel shall bear an equal share of such Assessments which shall be established by the Members by majority vote at a Special Meeting of the Members on a date set by the Declarant in the year of conveyance of the Common Open Space to the Association and thereafter, at the annual meeting to be held in the first Quarter of each succeeding year on a specific date and time set by the Board of Directors of the Association. Assessments may be levied on a monthly or quarterly basis as determined by the Board.

4.7 Effect of Non Payment on Assessments. All Assessments together with such interest thereon and costs of collection thereof as hereinafter provided shall be a charge on the parcel

to which the Assessment is levied and shall be a continuing lien upon that parcel. Each Assessment together with such interest and costs of collection thereof (including reasonable attorney's fees) shall also be the personal obligation of the person who is the Owner of the parcel at the time the Assessment fell due. An Owner's personal obligation shall not pass to his successors in title unless expressly assumed by them. Any Assessment which is not paid when due shall be delinquent and if the Assessment is not paid within thirty (30) days after the due date it shall bear interest from the date of delinquency at the rate of twelve (12%) percent per annum until paid and the Association may bring an action of law against the Owner personally obligated to pay the same or foreclose the lien against the property. Interests, costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. No Owner may waiver or otherwise escape liability for the Assessments provided for herein by abandonment of this parcel.

4.8 Subordination of Lien to Mortgages. Lien of any Assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages. Sale or transfer of any lot shall not affect the limited Assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage pursuant to a decree of forfeiture or foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such Assessment as to the payment thereof which became due prior to such sale or transfer. No sale or transfer shall relieve such parcel from liability for any assessment thereafter becoming due or from the lien thereof.

4.9 Exempt Property. The following property subject to this Declaration shall be exempt from the Assessments created herein.

- (a) All properties held by the Declarant;
- (b) All properties dedicated to and accepted by local public authority.

4.10 Not a Condominium Association. Homestead Owners Association is not and shall not be a condominium association.

ARTICLE V Design Review Board

5.1 Establishment. A Design Review Board is hereby established for Homestead. The purpose of the Design Review Board is to review all building and landscape plans prior to commencement of construction on any Lot or Condominium Unit in Homestead. The Design Review Board shall be primarily interested in architecturally sound, harmonious and aesthetically pleasing design for the development so that property values may be promoted and protected.

5.2 Members. The initial members of the Design Review Board are Robert Libolt, James Wynstra, and Dick VandenBurg. In the event of the resignation of any of these members the Declarant shall have the right to appoint a replacement so that three members are on the Design Review Board at all times. In the event that the Common Open Space is conveyed by deed to the Association then the Association shall have the right to appoint the membership of the Design Review Board. The Design Review Board may be increased to five members in the discretion of the Declarant and after transfer of the Common Open Space to the Association, then in the discretion of the Board.

5.3 General Duties. To preserve the architectural and aesthetic appearance of the development to very high standard no buildings shall be erected or remodeled on any parcel nor shall any landscape be installed on any parcel until the construction plans and specifications and the structure's location on the parcel and any landscape plans have been evaluated and approved by the Design Review Board which shall evaluate the plans. Any plans submitted to the Design Review Board shall be accompanied by payment of \$100.00 review fee. The plans will be evaluated for quality of specified workmanship and materials, harmony of design with existing and anticipated structures and appropriate placement with regard to topography and finished grade elevation. No ancillary structure, fence or barrier shall be built on any parcel unless similarly approved. If the Design Review Board does not approve or disapprove in writing of any proposed plans and specifications within thirty (30) days after such plans and specifications have been submitted such plans and specifications will be deemed to have been expressly approved. Refusal to approve any plans or specifications may be based by the Design Review Board upon any grounds which are consistent with the purposes stated hereinabove including truly aesthetic considerations so long as such grounds are not arbitrary or capricious.

5.4 Restrictions and Guidelines. In making their evaluation the Design Review Board shall have regard for the general restrictions set forth in Article VI hereinafter. The Declarant may apply additional specific restrictions as to certain areas within Homestead by a separate filing. If there is such a filing then those guidelines along with those set forth herein shall guide the Design Review Board in making their determinations.

ARTICLE VI
General Restrictions

6.1 General Restrictions and Requirements. The following general restrictions and requirements shall apply to any parcel in Homestead:

6.1.1 Adjoining Agriculture. Any property owner in accepting a deed to a parcel in Homestead recognizes that the

property conveyed adjoins an area of intensive agricultural activities dominated by active dairy farming. Both the Declarant and the property Owner are determined to preserve the possibility of intensive agricultural and dairy operations so long as adjoining property is zoned for such activity. Therefore, the property Owner will not later object to the general nuisance of agricultural activities including, without limitation, noises caused by animals and mechanical devices and odors caused by sprays and manure storage, delivery, spreading or other causes.

6.1.2 Golf Course Lots; Easement. An easement is hereby reserved over the thirty (30) feet nearest the golf course of any parcel adjoining the golf course for purposes of ball recovery. No play shall be allowed in this area but players will be allowed to enter this area to recover balls. Therefore, no fencing of any kind or type is allowed in this area so that ball recovery may be possible.

6.1.3 Residential Use. Homestead is a planned residential development generally intended for residential use. Parcel Owners acquiring parcels in Homestead acknowledge the intention of the Declarant to develop a project of mixed residential uses. Areas of higher density may adjoin areas of lower density. In addition, the Parcel Owners understand that a convenience store not to exceed 2,000 square feet, a golf course clubhouse with pro shop and restaurant with banquet facilities of approximately 300 to 500 seats, a 40 unit or greater motel, an athletic club involving tennis and handball courts, golf course, driving range, weightlifting and other amenities will be built on the site. Other amenities may also be included. Parcel Owners acquiring a parcel in Homestead agree not to later object to the plan of development of the Declarant with respect to the Property.

6.1.4 No Temporary Buildings. No tents, trailers, commercial vans, shacks, tanks or temporary or accessory buildings or structures shall be erected or permitted to remain on any parcel without the written consent of the Design Review Board.

6.1.5 Antennae; Basketball Hoops. No property owner other than the Declarant or the Association shall maintain any aerial antenna or any satellite dish upon any parcel. Basketball hoops are allowed on any parcel subject to location approval by the Design Review Board.

6.1.6 Boats, Recreational Vehicles, Etc. No boats or recreational vehicles may be kept on any parcel except within a building totally isolated from public view provided that boats and recreational vehicles may be kept in driveways for not more than three (3) consecutive days (after which a minimum break of fourteen (14) days shall be required before the right arises again to park any such vehicles for three consecutive days) their removal shall be required. Inoperative, unsightly or improperly

licensed vehicles shall not be kept on a parcel except within a building totally isolated from public view. Any vehicles maintained on a parcel or on a public street in front of a parcel in violation of these rules shall be removed at the owner's expense.

6.1.7. Signs. No sign of any kind shall be displayed to the public view on any parcel provided that the Declarant and if the Declarant conveys title to the Common Open Space to the Association then the Board may by appropriate rule permit temporary placement of a sign at a designated space indicating that a parcel is for sale or lease. Further, provided that this section shall not apply to the Declarant or the Declarant's agent in exercising their rights of initial sale with respect to the properties.

6.1.8 Pets. All animals, which term includes livestock, domestic animals, poultry, reptiles or living creatures of any kind, shall be raised, bred, or kept in strict compliance with the laws and ordinances of the City of Lynden. All dogs or other animals outside buildings shall be kept on a leash under direct personal control of the Parcel Owner or occupant at all times.

6.1.9 Obnoxious or Offensive Activity. No obnoxious or offensive activity shall be carried on on any parcel nor shall anything be done thereon which may be or become an annoyance or nuisance to other owners and their guests.

6.1.10 Artificial Vegetation. No artificial grass, plants or other artificial vegetation shall be placed or maintained on the exterior portion of any parcel unless approved by the Design Review Board.

6.1.11 Clothesline Area. No portion of any parcel shall be used as a drawing or hanging area for laundry of any kind, it being the intention hereof that all such facilities shall be provided within buildings.

6.1.12 Miscellaneous. No weeds, underbrush or other unsightly growth shall be permitted to grow or remain upon any parcel and no refuse pile or unsightly object shall be allowed to be placed or suffered to remain thereon. In the event that any Parcel Owner shall refuse to keep his parcel free of weeds, underbrush, or refuse piles and in the event that he allows grasses and other vegetation to grow on the lot to a length of greater than six inches then the Declarant and/or the Association may enter the parcel and bring it into compliance with the provisions of this section. The Parcel Owner shall be charged a reasonable cost for this service and if the Parcel Owner shall refuse to pay then it may be enforced by lien and lawsuit in the same manner that the Declarant might enforce collection of maintenance fees in accordance with the terms of Article III

hereinabove and in the same manner in which the Association might enforce the payment of assessments in accordance with the provisions of Article IV herein.

ARTICLE VII
Cable Television and Security Service

7.1 Authority of the Declarant. The Declarant shall have the right to establish exclusive systems for the provision of cable television (CATV) services and a centralized security system service. The Declarant may establish and operate such systems itself or may enter into agreement with related or unrelated persons or entities for this purpose with any such agreements to be on such terms as the Declarant shall deem in its sole discretion to be in the best interest of the Parcel Owners. In the discretion of the Declarant any such systems for CATV services shall be mandatory for all Parcel Owners. Delivery of a centralized security system is optional to the Declarant.

7.2 Terms of Systems. The terms upon which the CATV and security systems are established and operated whether directly by the Declarant or by any party contracting with the Declarant for this purpose, the Declarant or any such party operating the CATV system or security systems or both, (being referred to herein as the "Operator") may include, but shall not be limited by or to the following:

7.2.1 Every parcel within the Property may be subject to a mandatory charge payable per parcel on the first day of each month or quarterly in advance of a specified dollar amount for cable television programming services and if separately arranged and agreed to, security services in such dollar amount subject to periodic adjustment.

7.2.2 The Declarant with respect to each parcel contained on the Property may impose assessments for CATV services which shall be due and payable as provided for in paragraph 7.2.1 and may collect the same and remit the amount collected to the Operator.

7.2.3 Every Parcel Owner hereby agrees that the Operator and its successors and assigns shall have a lien upon the Parcel Owner's parcel for the payment of CATV and if selected, security service fees (as the case may be).

7.2.4 Where an institutional mortgagee or other owner of a parcel obtains title to a parcel as a result of foreclosure of an institutional mortgage such acquirer of title, its successors and assigns shall not be liable for the payment of the aforementioned charges pertaining to any such parcel which become due prior to the acquisition of title in the manner provided hereinabove.

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7.2.5 The Declarant may exclude non residential property within the Property from the provisions of this Article and may further exclude residential property which in the determination of the Declarant has uses for CATV and security services inconsistent with the overall design of such services and the Property as a whole.

7.3 Easement for CATV and Security Services. The Declarant hereby reserves for itself and for any Operator and for any successors or assigns of any of the foregoing a perpetual, non exclusive easement, privilege and right, in and to and over, under, on, and across all of the Property for the purposes of erecting, installing, maintaining, operating and removing any and all equipment or other property associated with the CATV and/or security service systems provided that such access or use shall not unreasonably interfere with the reasonable use and enjoyment of the Property by the Parcel Owners.

7.4 Structures. Notwithstanding anything to the contrary in item 7.3 of this Article, the Declarant hereby reserves for itself and for any operators and for any successors or assigns of the foregoing, a right to erect, install, maintain, operate and remove from the property at any time and from time to time any satellite dish, tower or other such structure or equipment for the purpose of establishing or operating CATV and/or security service systems, provided that any such structures or equipment shall not unreasonably interfere with the reasonable use or enjoyment of the property by the Parcel Owners.

ARTICLE VIII General Provisions

8.1 Easements. The Declarant reserves for itself, its heirs, successors and assigns perpetual non exclusive easements which shall be covenants running with the land as follows:

8.1.1 An easement ten feet in width on each and every parcel adjoining all roadways dedicated to the City of Lynden for purposes of installing, maintaining, and improving utility services. Said utilities shall include without limitation, electrical power, natural gas, television cable, storm drainage systems, sanitary sewer systems, and water lines.

8.1.2 An easement to install, maintain and improve signage for the Homestead Planned Residential Development within the exterior seven feet of each and every lot, said signage not to interfere with entry driveways.

8.1.3 An easement to enter each and every parcel within the Homestead Planned Residential Development for the purposes of maintaining landscape and berms installed by the Developer. Generally, the duty to maintain berms shall lie with the lot owner, but particularly with respect to berms along public

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thoroughfares which affect the appearance of the entire planned residential development the Declarant shall have the right to enter and maintain such berms and to modify and improve the same to preserve the overall appearance of the Homestead Planned Residential Development.

8.2 Amendments.

8.2.1 Amendments by the Declarant. So long as the Declarant retains ownership of the Common Open Space the Declarant specifically reserves for itself, its successors and assigns the absolute, unconditional right to alter, modify, change, revoke, rescind or cancel any and all of the restrictive covenants contained in this Declaration or hereinafter included in any subsequent Declaration provided that nothing herein shall prejudice or otherwise impair the security of any mortgagee of record as to any lot or parcel. Within forty-five (45) days after any such change in the Declaration the Declarant shall provide written notice of the change to Parcel Owners.

8.2.2 Amendments by the Association. In the event that and after the Declarant conveys its interest in the Common Open Space to the Association then this Declaration may be amended at any time upon the affirmative vote in favor of the amendment of three-fourths (3/4) of the members of the Association at a duly held meeting of the Association where a quorum is present. Amendment to Article VII herein shall be made only upon 100% vote of all Parcel Owners.

8.3 Remedies for Violation. Violation for breach of any condition, covenant or restriction herein contained shall give the Declarant and/or the Association and/or the Parcel Owners in addition to all other remedies, the right to proceed at law or in equity to compel compliance of the terms of said conditions, covenants and restrictions and prevent the violation or breach of any of them and the expense of any such litigation shall be borne by the then owner of the subject parcel provided that such proceedings, results in findings that such Parcel Owner was in violation of the covenants, conditions and restrictions herein. Expenses of litigation shall include reasonable attorney's fees incurred by the prevailing party in seeking such enforcement. Failure by the Declarant, the Association, or any Parcel Owner to enforce any covenant, condition or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel the right to enforce the same thereafter.

8.4 Notices. Any notices required to be sent to any Parcel Owner or to the Declarant and/or the Association under the provisions of this Declaration shall be deemed to have been properly sent when mailed postage prepaid to the last known address of the Parcel Owner on the records of the Declarant and/or the Association at the time of mailing.

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EXHIBIT A

**LOTS 1 TO 33, MABERRY PLAT, SITUATE IN WHATCOM COUNTY,
WASHINGTON.**

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EXHIBIT B

**OPEN SPACE: "TRACT A" AS IT APPEARS ON THE FACE OF
MABERRY PLAT. SITUATE IN CITY OF LYNDEN, WHATCOM
COUNTY, WASHINGTON.**

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**SUPPLEMENTAL DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR
PLAT OF MABERRY**

This Supplemental Declaration of Covenants, Conditions, Restrictions and Reservations applies to Lots 1 through 33, Plat of Maberry, situate in City of Lynden, Whatcom County, Washington, and is made on this 19 day of JUNE, 1992, by HOMESTEAD NORTHWEST, INC., a Washington business corporation, owner of the above described real property (hereinafter referred to as the "Declarant").

The Declarant declares that the real property described above shall be held, transferred, sold, conveyed and occupied subject to these supplemental covenants, conditions, restrictions, reservations, licenses, easements, charges and liens hereinafter set forth which are established for the purpose of protecting the value and desirability of the real property. The following design guidelines are to be used by the Design Review Board for Homestead in accordance with and supplemental to the provisions of the Master Declaration of Covenants, Conditions, Restrictions and Reservations for Homestead, a Planned Residential Development, which is to be recorded simultaneously herewith. This supplemental design guideline is with respect to the above described property only. Other specific guidelines will apply to other areas of the Homestead Planned Residential Development.

The supplemental guidelines which shall apply to Lots 1 through 33 Plat of Maberry are as follows:

Size - 2200 sq.ft. plus garage, 30 ft. maximum height. Variances may be granted on Lots 1 to 9 and Lot 14 subject to Design Review Board approval.

Set backs - 25' front, 30' rear, 10' side (measured to roof eaves).

Lot Coverage - not to exceed 25%.

Roof - Roof pitches, materials, and colors will be subject to Design Review Board approval.
- Recommended roofing materials: cedar shakes or shingles, laminated asphalt (Timberline or equivalent).

Exterior Walls - high quality cedar sidings and shingles, 5 1/2" maximum, exposure board, stucco, or masonry products. Composite materials are discouraged but may be considered when compatible with architectural design.

Masonry - use of brick and rock is encouraged but must be integrated into design to avoid "pasted on" appearance. Material samples must be approved by Design Review Board.

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Garage Doors - two or three stalls, not more than two stall doors in one wall plane. 8' maximum door height, raised panel doors.

Windows - wood or vinyl trimmed with wood. Size, style and fenestration appropriate to design. Grids must be high quality.

Chimneys & Chases - raw metal pipe protrusions are prohibited. Designed chases are recommended. Roof protrusion to be located away from street view.

Exterior Colors - subtle colors appropriate to style and blended to existing neighborhood homes subject to Design Review Board approval.

Landscape - design must be approved and must be installed within nine months of construction. Specific lots may have required street trees and/or perimeter plantings.

Fencing - Courtyard fencing only attached to house; wood, stucco, or masonry; integrated to house design, rear yard only and only within 20 feet of the house; buffered with landscape. Variances may be granted for lots not exposed to common areas.

Driveway/sidewalks - paved areas must be divided using combinations of smooth concrete, exposed aggregate and/or masonry materials. Lot owner must install city sidewalk within six (6) months of lot purchase.

Out-Buildings - not permitted without variance from Design Review Board.

Antennas & Satellite Dishes - not permitted.

General: The intent of these guidelines is to assure that all homes built at Maberry will be constructed of high quality materials and designed to sound architectural standards. Variety of design is encouraged including both traditional and contemporary styling. While elements of individuality are desired, careful blending and integration of the neighborhood will be considered in the approval of any design. Designs by licensed architects are encouraged but not required. Much attention will be given to landscape design and quality.

IN WITNESS WHEREOF, the undersigned has executed this Supplemental Declaration at Lynden, Washington, the day and year first above written.

DECLARANT:

HOMESTEAD NORTHWEST, INC.

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By: 
James A. Wynstra, President

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06.17.92

920614406

MABERRY PLAT

A PORTION OF THE E 1/2 OF SEC 17, TWP 40 N, R 3 E, W.M.
CITY OF LYNDEN, WHATCOM COUNTY, WASHINGTON

TRACT NO.	ACRES	AREA (SQ. FT.)
1	16.790	1,160,000
2	13.500	920,000
3	14.725	1,000,000
4	14.725	1,000,000
5	14.725	1,000,000
6	14.725	1,000,000
7	14.725	1,000,000
8	14.725	1,000,000
9	13.425	910,000
10	13.884	935,000
11	18.622	1,275,000
12	14.230	965,000
13	14.780	1,005,000
14	12.150	825,000
15	12.240	830,000
16	16.270	1,105,000
17	15.290	1,040,000
18	16.270	1,105,000
19	15.430	1,045,000
20	11.810	805,000
21	14.840	1,005,000
22	15.880	1,075,000
23	15.795	1,065,000
24	17.770	1,205,000
25	11.065	750,000
26	15.200	1,030,000
27	13.825	930,000
28	13.380	910,000
29	15.200	1,030,000
30	15.200	1,030,000
31	15.200	1,030,000
32	15.200	1,030,000
33	15.200	1,030,000
34	15.200	1,030,000
35	15.200	1,030,000
36	15.200	1,030,000
37	15.200	1,030,000
38	15.200	1,030,000
39	15.200	1,030,000
40	15.200	1,030,000
41	15.200	1,030,000
42	15.200	1,030,000
43	15.200	1,030,000
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45	15.200	1,030,000
46	15.200	1,030,000
47	15.200	1,030,000
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89	15.200	1,030,000
90	15.200	1,030,000
91	15.200	1,030,000
92	15.200	1,030,000
93	15.200	1,030,000
94	15.200	1,030,000
95	15.200	1,030,000
96	15.200	1,030,000
97	15.200	1,030,000
98	15.200	1,030,000
99	15.200	1,030,000
100	15.200	1,030,000

A = 891920'
E = 425.00'
L = 834.77'



- 3/4" B&S W/OUT GRASS
- 3/4" B&S W/IN GRASS
- 3/4" B&S W/IN GRASS

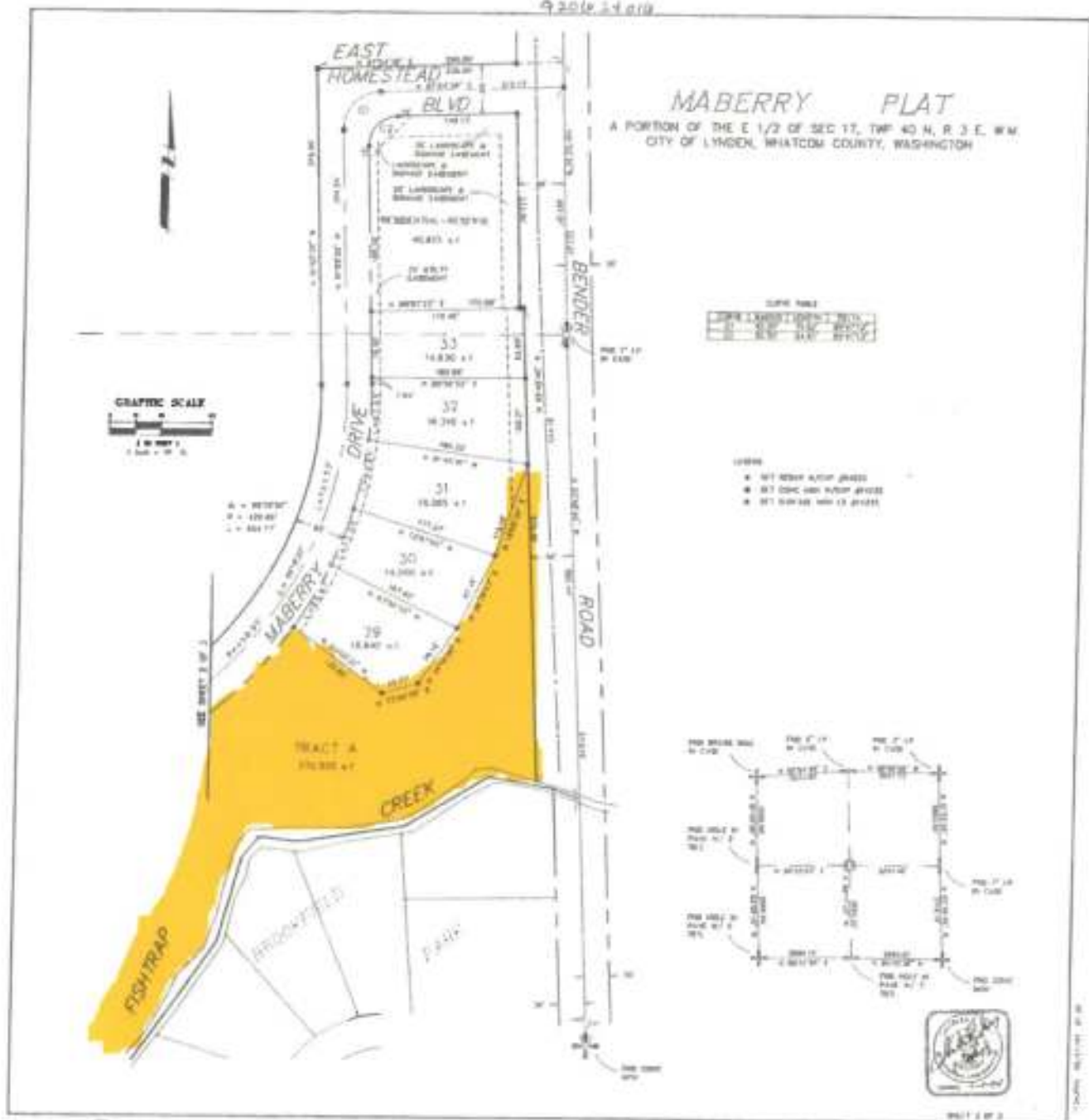


WEDEN ENGINEERING, INC.

10 GRAND AVENUE, SUITE 2
BELLINGHAM, WA 98220 371-4200

195 17 31 64

920614019



© WCDEN ENGINEERING, LLC

NO. 20240-1-0000, 2025-0
10/11/2024 10:00 AM



NO. 17-0000
10/11/2024 10:00 AM

Exhibit 3
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**Homestead Farms Golf Club
Joint Maintenance Fees
Profit & Loss
January through December 2019**

Income		
290-30	Joint Maintenance Fees	253,946.91
295-30	Assessment Fee	<u>35,600.99</u>
	Total Income	289,547.90
 Expense		
300-30	Lights/Fixtures	4,527.69
400-30	Flowers/Hanging Baskets	7,656.00
420-30	Fertilizers/Chemicals	3,017.60
430-30	Fuel & Oil	4,503.30
440-30	Office Supplies/Postage	2,018.29
470-30	Topsoli/Bark	2,364.57
480-30	Shop Supplies/Small Tools	1,859.75
515-30	Contract Labor	8,865.00
525-30	Repair & Maintenance - Equipment	4,657.60
535-30	Repair & Maintenance - Irrigation	1,220.25
555-30	Equipment Lease	13,237.39
565-30	Utilities - Electric	25,493.60
570-30	Utilities - Phone/Internet	2,715.90
575-30	Utilities - Water	4,735.50
580-30	Utilities - Trash/Recycling	9,609.93
840-30	Liability Insurance	1,881.25
960-30	WA State Excise Tax	3,752.91
965-30	Accounting	28,500.00
970-30	Salaries/Wages/Payroll Taxes - ADMIN	65,165.33
980-30	Salaries/Wages/Payroll Taxes - LABOR	<u>150,284.07</u>
	Total Expense	346,065.93
	 Net Income	 -56,518.04

Homestead Farms Golf Club
Profit & Loss - Property Management
January through December 2019

Cost Basis

	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	TOTAL
Primary Income/Expense													
Income													
230 Maintenance Fees	88,811.07	12,990.30	14,754.96	12,839.88	12,794.16	12,929.82	13,992.34	21,792.42	21,952.89	19,025.99	12,222.83	96,381.81	298,342.88
Total Income	88,811.07	12,990.30	14,754.96	12,839.88	12,794.16	12,929.82	13,992.34	21,792.42	21,952.89	19,025.99	12,222.83	96,381.81	298,342.88
Gross Profit	88,811.07	12,990.30	14,754.96	12,839.88	12,794.16	12,929.82	13,992.34	21,792.42	21,952.89	19,025.99	12,222.83	96,381.81	298,342.88
Expense													
400 Building Costs	0.00	0.00	0.00	7,084.00	1,217.47	0.00	432.47	80.27	0.00	0.00	0.00	0.00	9,314.74
410 Chemicals	0.00	0.00	0.00	0.00	83.09	181.47	0.00	22.44	0.00	0.00	0.00	0.00	286.56
420 Fertilizer	0.00	679.79	121.49	0.00	745.23	1,812.90	82.48	2,836.01	0.00	223.71	0.00	79.32	6,483.84
429 Fungicides	0.00	0.00	0.00	0.00	0.00	192.78	0.00	0.00	0.00	0.00	0.00	0.00	192.78
430 Gas/Oil	181.80	0.00	1,120.72	223.47	741.03	0.00	878.02	881.75	0.00	891.48	0.00	303.42	6,129.29
440 Office Supplies	113.83	88.49	85.42	287.18	341.08	316.79	31.19	94.80	114.34	0.00	18.52	10.81	1,093.83
441 Printing and Reproduction	87.26	0.00	37.26	0.00	0.00	0.00	178.27	0.00	0.00	0.00	0.00	0.00	365.53
444 Safety Equipment	3.00	0.00	0.00	0.00	36.72	0.00	0.00	0.00	0.00	0.00	0.00	0.00	36.72
446 Shop Supplies	471.30	29.44	0.00	0.00	80.08	72.82	57.48	16.79	88.10	0.00	4.32	32.88	856.42
451 Small Tools	0.00	203.86	0.00	0.00	717.25	0.00	0.00	361.03	22.36	190.00	0.00	0.00	1,592.74
459 Supplies	0.00	422.93	326.88	344.87	1,174.89	780.72	88.44	48.82	437.12	513.93	0.00	491.28	4,589.51
510 Computer Services	222.87	18.00	934.08	227.96	174.06	238.40	174.99	174.99	14.99	234.99	174.99	14.99	2,089.77
519 Computer Labor	3,993.80	0.00	0.00	1,245.15	2,578.20	0.00	0.00	2,590.00	3,842.52	0.00	0.00	0.00	14,000.57
525 Repair & Maint - Equipment	1,084.62	333.17	146.84	0.00	774.19	308.74	29.57	17.14	0.00	0.00	0.00	0.00	2,784.23
530 Repair & Maint - Building	105.00	314.94	2,885.89	41.03	0.00	178.29	827.88	0.00	248.88	0.00	0.00	0.00	4,451.91
532 Repair & Maint - Irrigation	0.00	181.42	0.00	0.00	1,808.00	0.00	0.00	0.00	437.63	0.00	0.00	0.00	2,426.63
540 Field Office	0.00	0.00	0.00	0.00	0.00	521.70	49.78	0.00	0.00	0.00	0.00	0.00	601.48
550 Equipment Lease	2,740.89	2,740.89	2,740.89	2,744.48	3,284.22	3,381.80	884.82	3,844.47	4,882.78	884.82	0.00	8,264.82	34,284.12
550 Equipment Rental	0.00	0.00	0.00	0.00	0.00	87.84	175.00	364.00	368.00	178.00	0.00	0.00	1,072.84
555 Utilities - Electric	2,232.38	2,521.79	1,887.98	2,872.74	4,128.49	2,188.48	315.63	3,848.48	3,324.00	4,134.09	2,544.87	1,888.16	31,007.88
570 Utilities - Telephone/Fax	118.81	378.82	207.71	422.30	818.22	467.24	357.78	832.16	269.17	382.88	369.79	489.38	3,283.89
575 Utilities - Water	941.89	0.00	944.21	396.89	401.80	834.22	477.40	861.88	878.99	0.00	834.22	414.14	4,129.54
580 Utilities - Trash/Recycling	0.00	0.00	114.92	27.31	42.72	35.32	71.01	78.52	9.89	327.41	0.00	15.31	611.48
745 Bank Charges	15.54	18.94	17.29	14.28	25.40	16.70	27.58	21.52	22.12	23.54	7.19	18.12	237.26
750 Credit Card Fees	64.80	64.80	64.80	64.80	64.80	64.80	64.80	64.80	64.80	64.80	64.80	64.80	777.60
754 Dues & Subscriptions	0.00	0.00	117.58	189.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	307.38
760 Education & Training	0.00	0.00	0.00	10.00	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.00
767 Insurance Expense	0.00	0.00	854.19	222.80	868.50	332.46	422.69	422.69	447.80	0.00	0.00	0.00	2,872.50
768 Interest & Fees Expense	1,078.54	1,894.71	918.89	624.89	1,237.79	1,000.00	1,000.00	1,161.29	1,161.29	818.88	1,842.79	643.99	8,272.40
775 O/S - Advertising	252.43	0.00	250.00	261.36	500.00	0.00	330.00	880.00	552.90	0.00	0.00	298.99	3,125.43
780 O/S - Legal	844.83	0.00	874.63	1,266.00	1,389.25	125.79	76.88	0.00	0.00	349.24	0.00	78.20	3,869.89
790 Consulting	19.00	0.00	1,999.99	190.00	820.00	412.38	0.00	0.00	0.00	0.00	0.00	0.00	3,431.37
806 Payroll Processing Fees	34.50	29.96	29.96	29.96	29.96	29.96	29.96	29.96	29.96	29.96	29.96	29.96	359.88
807 Medical Expenses	2,314.79	2,314.79	2,998.47	2,514.79	2,514.79	2,202.28	2,798.28	2,798.28	2,798.28	2,798.28	0.00	2,798.28	28,284.82
830 Travel/Amusement Fees	0.00	0.00	0.00	61.83	186.75	0.00	88.00	0.00	0.00	0.00	0.00	0.00	336.58
836 Guaranteed Payments	6,276.19	9,926.72	6,271.34	9,378.72	5,578.72	8,176.72	6,578.72	7,829.29	5,921.57	5,876.72	5,876.72	5,876.72	78,844.89
840 Management & Lease Fees	4,375.00	0.00	6,750.00	0.00	11,125.00	0.00	6,575.00	0.00	4,175.00	1,175.00	0.00	6,750.00	44,125.00
950 Taxes - State - Current	323.84	0.00	1,574.32	0.00	401.82	191.78	193.81	0.00	283.88	0.00	0.00	1,274.15	3,969.83

Homestead Farms Golf Club
 Profit & Loss - Property Management
 January through December 2018

Cash Basis

	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	TOTAL
910 - Payroll Expenses													
919 - Loss Payroll	8,522.15	8,290.31	14,891.22	10,948.06	21,486.80	24,751.71	25,029.84	26,516.01	21,471.14	15,781.07	18,273.51	9,051.88	211,788.62
940 - Payroll Tax	932.12	908.88	1,958.45	1,785.11	3,450.07	3,752.27	3,823.20	4,804.19	3,349.28	3,721.63	3,145.88	970.21	33,448.51
Fund 910 - Payroll Expenses	9,454.27	9,199.19	16,849.67	12,733.17	24,936.87	28,503.98	28,853.04	31,320.19	24,820.42	19,502.70	21,419.69	10,022.09	245,237.13
Total Expense	29,559.97	28,388.47	33,807.71	24,978.32	48,393.74	52,256.25	48,876.24	57,124.38	48,169.62	19,504.37	21,421.37	10,042.88	511,232.26
Net Ordinary Income	29,257.88	-13,584.17	-18,887.19	-22,028.22	-27,499.42	-27,342.82	-33,318.99	-48,404.82	-19,871.52	-21,928.82	-8,218.42	18,528.22	-281,869.67
Net Income	29,257.88	-13,584.17	-18,887.19	-22,028.22	-27,499.42	-27,342.82	-33,318.99	-48,404.82	-19,871.52	-21,928.82	-8,218.42	18,528.22	-281,869.67

MANAGEMENT AND LEASE AGREEMENT

This Agreement is entered into this ____ day of November, 2017, by and between 18 Paradise LLP, a Washington limited liability partnership, and MJ Management LLC, a Washington limited liability company.

BACKGROUND

- A. 18 Paradise LLP ("Owner") is the owner of various real property, personal property, and improvements located at 115 E. Homestead Ave., Suite C, Lynden, Washington ("Property"), as part of the Homestead Golf and Country Club Community.
- B. Owner has authority to manage various aspects of the Homestead Community, and is responsible for the maintenance and operations of various common areas and amenities that are serve the Homestead Community.
- C. Owner wishes to engage MJ Management, LLC ("Manager") to manage and operate the properties including all aspects of the golf club operations under the terms and conditions described in this Agreement.

NOW, THEREFORE, in consideration of the premises, the parties agree as follows:

SECTION 1. MANAGER'S RESPONSIBILITIES

1.1 Management. Manager shall lease, manage, operate and maintain the common areas, golf club operations and shall maintain the Property in an efficient and satisfactory manner. Manager shall act in a fiduciary capacity with respect to the matters subject to Manager's control and management under this Agreement.

1.2 Employees; Independent Contractors. Manager shall have in its employ at all times a sufficient number of capable employees, as employees of Manager and not of Owner, to enable it to properly and adequately manage, operate and maintain the Property or Manager shall engage such independent contractors as Manager deems necessary to supplement and complement Manager's employees. All matters pertaining to the employment, supervision, compensation, promotion and discharge of Manager's employees and others engaged by Manager for the operation and maintenance of the Property are the responsibility of Manager. Manager shall fully comply with all applicable laws and regulations having to do with workers' compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects in connection with the Property. This Agreement is not one of agency by Manager for Owner but one with Manager engaged with respect to the functions undertaken by or assigned to Manager under this Agreement independently in the business of managing properties on its own behalf, as an independent contractor.

1.3 Compliance with Laws, Mortgages, etc. Manager shall be responsible for management, operation and maintenance of the Property in compliance with federal, state and t h e laws of other applicable jurisdictions, ordinances, regulations and orders

relative to the leasing, management, operation, repair and maintenance of the Property and all Club Equipment, and with the rules, regulations or orders of the local fire inspection department, casualty insurance underwriter, or other similar agencies. Manager shall promptly remedy any violation of any such law, ordinance, rule, regulation or order which comes to its attention to the extent such remedy is within the control of Manager.

Manager shall not knowingly commit any act of default under the terms and conditions contained in any lease, space lease, mortgage, deed of trust or other security instruments affecting the Property, and shall promptly notify Owner of any such default which comes to the attention and knowledge of Manager, but Manager shall not be required to incur any liability on account thereof. Owner shall be responsible for providing Manager with a list of such obligations and the terms and conditions thereof.

1.4 Collection of Rents and Other Income. Manager will endeavor to collect all rents, fees and other charges which may become due at any time from any tenant, resident, club member, or from others, for services provided in connection with, or for the use of, the Property or any portion thereof. In addition, Manager will undertake to collect and identify any income due from miscellaneous services provided to Homestead residents or the public. All monies so collected shall be deposited in the account designated and controlled by the Manager.

1.5 Repairs. Manager shall attend to the making and supervision of all ordinary repairs, decorations and alterations to the Property. Manager shall not undertake to alter the Property in any material way without the express permission of the Owner. A material change is one which alters the property substantially or changes its use.

1.6 Capital Expenditures. Manager shall have the sole discretion and responsibility with respect to the purchase and installation of major items of new or replacement equipment that become fixtures of or are otherwise attached to the improvements (including, without limitation, elevators, heating or air-conditioning equipment, furniture and furnishings, carpets or other floor coverings.) All other equipment shall be maintained or replaced from the Manger's Account at the sole discretion of the Manager.

1.7 Service Contracts. Manager shall have sole discretion to enter into any contract for cleaning, maintaining, repairing or servicing the Property or any of the constituent parts of the Property.

1.8 Taxes. Owner shall be solely responsible for payment of real property taxes. All other taxes including personal property taxes, business and occupation tax, and all forms of sales and use tax shall be the responsibility of the Manager. Owner and Manager shall each be responsible for any income tax obligations that arise as a result of this Agreement.

1.9 Leasing. The Manager shall make every reasonable effort to manage the Property and operate the golf club operation to its fullest potential; provided, however, that nothing contained herein shall restrict the right of Manager, its officers, directors, shareholders, and employees, to own, operate and/or manage other properties that compete with or might be competitive with the Property.

1.10 Advertising. The Manager shall have sole discretion to prepare

advertising plans and promotional material to be used for the operations of the golf club; provided that Manager shall not use Owner's name in any advertising or promotional material without Owner's expressed prior approval in each instance. Advertising and promotional materials shall be prepared in full compliance with federal, state and local laws, ordinances, regulations and orders.

SECTION 2. TERM AND TERMINATION

2.1 Term.

2.2 Termination for Cause. The Owner may terminate this Agreement in the event Manager breaches any of its obligations to Owner under the terms of this Agreement (herein defined to be "Default"), and fails to cure such Default within thirty (30) days after receipt of written notice from Owner specifying the nature of such Default. Notice of termination or default for the purposes of this Section must be signed by persons authorized to so act on behalf of Owner or Manager, as the case may be.

2.3 Termination Without Notice. Dissolution or termination of the corporate existence of the Manager by merger, consolidation or otherwise; or cessation on the Manager's part to continue to do business; or bankruptcy, insolvency, or assignment for the benefit of the creditors of the Manager shall effect an immediate termination of the Agreement without notice. Action having for its purpose reorganization or reconstitution of the Manager may likewise effect an immediate termination at the discretion of the Owner. Whenever possible, Manager will give Owner notice of the aforementioned so that Owner may timely find new management.

SECTION 3. INSURANCE

3.1 Manager, at its expense, will obtain and keep in force adequate insurance against physical damage (e.g. fire and extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage or injury to property or persons which might arise out of the occupancy, management, operating or maintenance of the Property covered by this Agreement. Owner will be covered as an additional insured in all liability insurance maintained with respect to the Property, but may elect to obtain additional insurance at its own expense. Owner shall save Manager harmless from any liability on account of loss, damage or injury actually insured against by Manager.

SECTION 4. FINANCIAL REPORTING, RECORDKEEPING AND ACCOUNTING

All financial reporting, recordkeeping and accounting with respect to the Property and the ownership, leasing, management, operation, repair and maintenance thereof, as well as all collections and expenditures relating thereto shall be the responsibility of the Manager and shall be adequately maintained. Manager does not have any responsibility with regard to the Owner's

entity or its status.

SECTION 5. COMPENSATION AND EXPENSES

5.1 All costs of the maintenance of the Property and the operations related thereto shall be the responsibility of the Manager, including but not limited to:

(a) Cost to correct any violation of federal, state and municipal laws, ordinances, regulations and orders relative to the leasing, use, repair and maintenance of such Properties, or relative to the rules, regulations or orders of the local fire inspection department, the agency or board (state or local) of casualty insurance underwriters or other similar body, provided, that such cost is not a result of Manager's negligence.

(b) Actual and reasonable costs of making all repairs, decorations and alterations;

(c) Costs incurred by Manager in connection with any service agreement entered by Manager;

(d) Cost of collection of delinquent rentals or fees collected through a collection agency or other lawful means;

(e) Costs of capital expenditures;

(f) Cost of cash register, point of sale software, adding machines and other equipment of such type and use located at a Property and owned by the Owner;

(g) Leasing commissions payable to third parties;

(h) Cost of service contracts and cost of utilities;

(i) Cost of advertising; and

(j) Legal fees of attorneys provided such attorneys have been approved of by Owner in writing in advance of retention;

(k) Cost of outside audit as required by leases and other outside audits as may be requested by Owner in writing.

5.2 Costs Excluded. [REDACTED]

5.3 Compensation. [REDACTED]

[REDACTED]

SECTION 6. COOPERATION

Should any claims, demands, suits or other legal proceedings be made or instituted by any person against the Owner which arise out of any of the matters relating to this Agreement, the Manager shall give Owner all pertinent information and reasonable assistance in the defense or other disposition thereof. [REDACTED]

SECTION 7. NOTICES

All notices, demands, consents and reports provided for in this Agreement which are required to be in writing shall be given to the parties at the addresses set forth below or at such other address as they individually may specify thereafter in writing:

FOR OWNER: 18 Paradise LLP
2185 Kingsway, Vancouver, BC, Canada
V5N 2T4
Attention: Raymond Chou

And to: Mark Lackey
Belcher Swanson Law Firm, PLLC
900 Dupont Street
Bellingham, Washington 98225

FOR MANAGER: MJ Management, LLC
[name]
[address, not golf club]

And to: Karen Funston
Buri Funston Mumford, PLLC
1601 F Street
Bellingham, Washington 98225

Such notice or other communication may be mailed by United States registered or certified mail, return receipt requested, postage prepaid and may be deposited in a United States Post Office or a depository for the receipt of mail regularly maintained by the post office. Such

notices, demands, consents and reports may also be delivered by hand, or by any other method or means permitted by law.

SECTION 8 MISCELLANEOUS

8.1 No Assignment. This Agreement and all rights hereunder shall not be assignable by either party hereto.

8.2 Pronouns. The pronouns used in this Agreement referred to the Manager shall be understood and construed to apply whether the Manager be an individual, co-partnership, corporation or an individual or individuals doing business under a firm or trade name.

8.3 Amendments. Except as otherwise herein provided, any and all amendments, additions or deletions to this Agreement shall be null and void unless approved by the parties in writing.

8.4 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

8.5 Representations. Manager represents and warrants that it is fully qualified and licensed, to the extent required by law, to manage real estate and perform all obligations assumed by Manager hereunder.

8.6 Governing Law. This Agreement will be construed and the rights, duties, and obligations of the parties will be determined in accordance with the laws of the State of Washington.

8.7 Complete Agreement. This Agreement and Schedule A attached hereto and made a part hereof, supersedes and takes the place of any and all previous management agreements entered into between the parties hereto.

IN WITNESS WHEREOF the parties hereto have executed this Agreement the date and year first above written.

18 PARADISE, LLP

By: 

MJ MANAGEMENT, LLC

By: 
Mike C. [unclear]

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