

COVENANT TO BIND (CTB)

Procedure for CTB when one lot is encumbered by a Deed of Trust (mortgage) and the other lot is unencumbered (owned free and clear):

1. Complete the Sudden Valley CTB application.
2. Contact your Mortgage Company and make arrangements to change your Deed of Trust (mortgage) to encumber all the lots that you wish to combine. Make sure your Mortgage Company understands that the reason you want to do this is simply so you can get a reduction in your Association dues. Hopefully this will minimize any requirements of your Mortgage Company. This can be done in a variety of ways including:
 - a. Mortgage Company amends your existing Deed of Trust to include all the properties to be bound and then re-records the amended Deed of Trust.
 - b. Refinance your loan and include all the properties to be bound in the new Deed of Trust.
3. After the amended Deed of Trust has been recorded, have a Title Company prepare a Plat Certificate report for the lots to be bound. This report should show that the owner(s) are identical for all the lots and that any Deeds of Trust, mortgages, liens or other encumbrances apply to all the lots to be bound.
4. Complete the Covenant to Bind papers. The CTB needs to have the notarized signatures of the owner(s) Mortgage Company, any lien holders, etc. that are identified on the Plat Certificate report.
5. Have Sudden Valley staff review the completed application, Plat Certificate report and completed CTB papers. Sudden Valley will sign the CTB papers at this time.
6. Record the CTB papers at the Whatcom County Courthouse, 311 Grand Ave.
7. Return to Sudden Valley with the completed application, Plat Certificate report, and recorded CTB papers.
8. Pay a fee equal to (1) year's dues, assessments and special assessments in advance, for each lot to be absorbed by the consolidation. Bylaws reference: Article VI, Section 6(a)(vi).

COVENANT TO BIND (CTB)

Procedure for CTB when lots to be bound are unencumbered (owned free and clear):

1. Complete Sudden Valley CTB application.
2. Have a Title Company prepare a Plat Certificate or Lot Book Guarantee report for the lots to be bound. This report should show that the owner(s) are identical for all the lots and that there are no Deeds of Trust, mortgages, liens or other encumbrances on any of the lots to be bound.
3. Complete the CTB papers. The CTB needs to have the notarized signatures of the owner(s) that are identified on the Title Company report.
4. Have Sudden Valley staff review the completed application, Title Company report, and completed CTB papers. Sudden Valley will sign the CTB papers at this time.
5. Record the CTB papers at the Whatcom County Courthouse, 311 Grand Ave.
6. Return to Sudden Valley with the completed application, Title Company report and recorded CTB papers.
7. Pay a fee equal to one (1) year's dues assessments and special assessments in advance for each lot to be absorbed by the consolidation. Bylaws reference: Article VI, Section 6(a)(vi).

Exhibit A
IRREVOCABLE COVENANT TO BIND LOTS INTO
ONE MEMBERSHIP APPLICATION

Applicant's Name: _____
Mailing Address: _____

Telephone #: _____

LIST ALL LOTS TO BE CONSOLIDATED:

Parcel Number: _____
Division: _____
Lot: _____
 Developed **Undeveloped**

Parcel Number: _____
Division: _____
Lot: _____
 Developed **Undeveloped**

Parcel Number: _____
Division: _____
Lot: _____
 Developed **Undeveloped**

Parcel Number: _____
Division: _____
Lot: _____
 Developed **Undeveloped**

Parcel Number: _____
Division: _____
Lot: _____
 Developed **Undeveloped**

Parcel Number: _____
Division: _____
Lot: _____
 Developed **Undeveloped**

Office use only:

- _____ **Verify that dues are current on all lots to be consolidated.**
- _____ **Lots verified as contiguous using plat map.**
- _____ **Board/Designee approval of Lot Consolidation and Dues Reduction completed.**
- _____ **Verification of lot ownership received (Plat certificate or Lot book guarantee).**
- _____ **Copy of recorded Irrevocable Covenant to Bind Lots Into One Membership received.**
- _____ **Date Irrevocable Covenant to Bind Lots Into One Membership recorded.**
- _____ **One year's dues, assessments and special assessments paid in advance for each lot to be consolidated.**
- _____ **Copy of completed application sent to County.**

After recording return to:

DOCUMENT TITLE: IRREVOCABLE COVENANT TO BIND LOTS INTO ONE MEMBERSHIP

REFERENCE NUMBER(S) OF DOCUMENTS ASSIGNED OR RELEASED:

GRANTOR(S):

ADDITIONAL NAMES ON PAGE ____ OF DOCUMENT:

GRANTEE(S):

ADDITIONAL NAMES ON PAGE ____ OF DOCUMENT:

ABBREVIATED LEGAL DESCRIPTIONS:

Lot _____, Sudden Valley Div. No. _____; Lot _____, Sudden Valley Div. No. _____;
Lot _____, Sudden Valley Div. No. _____; Lot _____, Sudden Valley Div. No. _____;
Lot _____, Sudden Valley Div. No. _____; Lot _____, Sudden Valley Div. No. _____;
Lot _____, Sudden Valley Div. No. _____; Lot _____, Sudden Valley Div. No. _____

ASSESSOR'S PARCEL/TAX I.D. NUMBERS:

**IRREVOCABLE COVENANT TO BIND LOTS
INTO ONE LOT AND MEMBERSHIP**

I/we, _____ (the "owner")
am/are the fee title owner of the following described real property located in Whatcom County,
Washington.

Lot _____, Plat of "Sudden Valley, Division No. _____."
Whatcom County, Washington, as per the map thereof, recorded in Book
_____ of Plats, pages _____ to _____, in the Auditor's office of said
county and state.

Tax parcel number: _____

And

Lot _____, Plat of "Sudden Valley, Division No. _____,"
Whatcom County, Washington, as per the map thereof, recorded in Book
_____ of Plats, pages _____ to _____, in the Auditor's office of said
county and state.

Tax parcel number: _____

And

Lot _____, Plat of "Sudden Valley, Division No. _____,"
Whatcom County, Washington, as per the map thereof, recorded in Book
_____ of Plats, pages _____ to _____, in the Auditor's office of said
county and state.

Tax parcel number: _____

And

Lot _____, Plat of "Sudden Valley, Division No. _____,"
Whatcom County, Washington, as per the map thereof, recorded in Book
_____ of Plats, pages _____ to _____, in the Auditor's office of said
county and state.

Tax parcel number: _____

And

Lot _____, Plat of "Sudden Valley, Division No. _____,"
Whatcom County, Washington, as per the map thereof, recorded in Book
_____ of Plats, pages _____ to _____, in the Auditor's office of said
county and state.

Tax parcel number: _____

And

Lot _____, Plat of "Sudden Valley, Division No. _____,"
Whatcom County, Washington, as per the map thereof, recorded in Book
_____ of Plats, pages _____ to _____, in the Auditor's office of said
county and state.

Tax parcel number: _____

The above described lots shall hereinafter collectively referred to as the "Lots".

I/we acknowledge that in owning these _____ Lots, I/we have _____ memberships in the Sudden Valley Community Association ("SVCA") and am/are required to pay annual dues, assessments, and special assessments on each of the Lots. I/we also acknowledge that in owning these _____ Lots, I/we have the right to construct a single-family residence on each lot in accordance with the provisions of the restrictive covenants encumbering the Lots and in accordance with applicable provisions of the rules and regulations of Whatcom County.

I/we wish to consolidate the Lots into a single parcel of land for all purposes. I/we acknowledge that in so doing, I/we will be allowed only one single family residence on the Lots so bound. I/we also acknowledge that I/we will forfeit memberships in SVCA and will forfeit votes in the affairs of SVCA for all Lots bound except one. At the same time, I/we acknowledge that by consolidating the Lots into a single parcel of land, I/we will be charged annual dues, assessments, and special assessments by SVCA pursuant to the consolidated lot assessment formula established by the Board of Directors in the attached resolution .

NOW, THEREFORE, in consideration of the benefits to be derived hereby, the sufficiency of which is hereby acknowledged, I/we covenant and agree as follows:

1. **Covenant to Bind.** That the aforementioned Lots be and hereby are irrevocably bound and consolidated and shall henceforth become a single parcel of land for all purposes.
2. **Consolidated Membership.** That I/we hereby irrevocably forfeit memberships in the SVCA for all Lots bound except one and relinquish all rights associated therewith.
3. **Irrevocable Nature of Covenant.** That this covenant shall be irrevocable and the Lots shall not, under any circumstances, be divided, subdivided, platted or otherwise segregated into two or more lots.
4. **Binding on Future Owners.** This covenant shall run with the Lots, and shall be binding upon my/our heirs, devisees, executors, administrators, successors and assigns.
5. **Dues, Assessments, and Special Assessments Formulas.** In consideration of this Covenant, the Lots will be subject to the dues, assessments and special assessments according to the formula described in the attached resolution. I/we agree that this reduction in dues, assessments, and special assessments is adequate consideration for this Covenant.
6. **Non-Waiver.** SVCA shall have the right to enforce any violation of the Agreement or attempted violation of the Agreement by proceeding at law or in equity. Failure of SVCA to enforce any rights hereunder shall not be deemed to be, or constitute, a waiver of its rights at that time or at any time thereafter.
7. **Duration.** This Covenant shall continue in perpetuity unless an instrument terminating or amending this Agreement is filed of record with the Whatcom County Auditor's Office executed by both parties or their successors or assigns.
8. **Enforcement.** If I/we violate this Covenant, I/we agree that it shall be lawful for SVCA to prosecute and proceed at law or in equity against us or against any party hereafter holding title to such property. I/we agree that damages for breach shall include, at a minimum, the dues,

**RESOLUTION REGARDING ESTABLISHMENT OF ASSESSMENTS
FOR LOT CONSOLIDATIONS**

WHEREAS, the following definitions are used in this Resolution:

- a. The term "Assessments" means dues and assessments and special assessments.
- b. The term "Lot" as used herein refers either to an originally platted lot in Sudden Valley or a lot that has been previously consolidated.
- c. The term "Initial Consolidation" means a consolidation of two originally platted lots within Sudden Valley.
- d. The term "Secondary Consolidation" as used herein means (i) a consolidation of two Lots where at least one of the Lots being consolidated was previously involved in an Initial Consolidation or (ii) a consolidation involving more than two Lots.
- e. The term "Developed Lot" means a Lot that has a structure placed on it.
- f. The term "Developed Lot Assessment" means the Assessments imposed on a Developed Lot.

WHEREAS, Article VI, Section 6(a)(ii) of the Bylaws allows an owner who undertakes an Initial Consolidation to pay the Assessments for a single lot; and

WHEREAS, pursuant to Article VI, Section 6(a)(v), when an owner wishes to undertake a Secondary Consolidation, the Bylaws authorize the Board either to deny the Secondary Consolidation or to approve the requested Secondary Consolidation and to establish the reduction in Assessments, if any; and

WHEREAS, as SVCA members continue to consolidate lots within Sudden Valley, SVCA foregoes revenue that is critical to its ability to fulfill its responsibilities of maintaining the common areas and facilities for the benefit of all of its members; and

WHEREAS, the Board desires to strike a balance between density reduction (by continuing to allow Secondary Consolidations to occur) and revenue needs; and

WHEREAS, it is recognized that an *ad hoc* approach to establishing the reduction in Assessments for Secondary Consolidations does not allow members to adequately plan and, further, has the potential to result in inconsistent levels of assessments for similarly situated members; and

WHEREAS, the Board desires to establish a consistent framework for Assessments to be imposed with regards to Secondary Consolidations.

NOW, THEREFORE, it is hereby resolved as follows:

1. **Effective Date.** This resolution shall take effect on 11, 2017 (the "Effective Date").

2. **Prospective Effect.** In order not to disturb the settled expectations of SVCA members who undertook Secondary Consolidations prior to the Effective Date, the Board has determined that it is fair and equitable for this resolution to operate prospectively only. Thus, all Secondary Consolidations completed prior to the Effective Date shall not be affected by this resolution.

3. **No Change to Bylaws.** Nothing herein is intended to alter the Bylaws or to diminish or alter the Board's discretion to deny an application for a Secondary Consolidation.

4. **Assessment Adjustment for Secondary Consolidations.** Each completed Secondary Consolidation approved by the Board shall be subject to the total of the Assessments imposed on each of the Lots involved in the Secondary Consolidation, less a dollar amount equal to 50% of the Developed Lot Assessment. This calculation shall be performed according to the following formula:

Annual Assessment for Consolidated Lot = (Assessment for Lot A + Assessment for Lot B) – 50% of Developed Lot Assessment.

4.1 If more than two Lots are being consolidated, the formula would be adjusted to add any additional Lots on the right side of the equation. For example, in a four lot consolidation, the formula would be as follows:

Annual Assessment for Consolidated Lot = (Assessment for Lot A + Assessment for Lot B + Assessment for Lot C + Assessment for Lot D) – 50% of Developed Lot Assessment.

5. This Resolution was approved by a majority of the Board members in attendance at the regularly scheduled meeting on the date set forth below.

DATED this 14th day of September, 2017.

[Signature]
Director

[Signature]
Director

[Signature]
Director

Director

[Signature]
Director

Director

[Signature]
Director

Director

Director