

MAY 17 2010

COUNTY AUDITOR  
SPOKANE COUNTY WA

After recording return to:

BRIAN C. BALCH  
LAYMAN, LAYMAN & ROBINSON, PLLP  
601 S. DIVISION STREET  
SPOKANE, WA 99202-1335

COURTESY RECORDING ONLY  
NO LIABILITY FOR VALIDITY  
AND/OR ACCURACY ASSUMED  
BY STEWART TITLE

Reference # (if applicable): \_\_\_\_\_  
Grantor(s): (1) Valley Springs Development, L.L.C. (2) \_\_\_\_\_  
Additional Grantor(s) on pg. 1 Additional Grantee(s) on pg. \_\_\_\_\_  
Legal Description (abbreviated): Portion of the Southeast Quarter of S 36, T 26 N, R 43 E  
Additional legal(s) on page 27  
Assessor's Tax Parcel ID#: A portion of APN# 36364.9077

**DECLARATION ESTABLISHING  
COVENANTS, CONDITIONS, AND RESTRICTIONS FOR  
VALLEY SPRINGS**

This Declaration is made this 13 day of May 2010 by VALLEY SPRINGS DEVELOPMENT, L.L.C., a Washington limited liability company ("Declarant"); and GEORGE O. ZIEGWIED and CAROLYN S. ZIEGWIED, Trustees, or their successors in trust, under the Ziegwied Living Trust dated March 22, 2007 and MARIAN J MEREDITH, a married woman, as her separate estate. WASHINGTON TRUST BANK, a corporation, also holds a security interest in the Property referred to below and is executing this document as an additional Grantor in connection with that interest.

**ARTICLE I: GENERAL PROVISIONS**

1.1 Real Property Description. Declarant and Owner are the owners of all of the real property intended to be platted as Phase I of a development under the name "Valley Springs" located in Spokane County, Washington, and legally described on Exhibit "A" attached hereto. Said real property is sometimes referred to below as the "Property."

1.2 Development and Construction. Declarant intends to develop the Property as separate Building Lots for single-family home purposes. Upon recordation of this Declaration, Grantors submit and subject the Property, together with all improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto (all of which constitute a part of the Property as hereinafter defined), to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights contained within this Declaration, all of which shall run with the land.

1.3 Conditions. Any purchaser of a Building Lot within the Property acknowledges that said Building Lot is subject to zoning and subdivision ordinances and regulations and such other governmental ordinances and regulations, and approvals hereunder as may be in effect or as may from time to time be imposed. It is solely the purchaser's obligation to become familiar and comply with the same.

## ARTICLE II: DECLARATION

Grantors hereby declare that the Property, including each Building Lot or portion thereof, is and/or shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms, covenants, conditions, easements and restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale thereof, and to enhance the value, desirability and attractiveness thereof. The terms, covenants, conditions, easements and restrictions set forth herein shall run with the land, and with each estate therein, and shall be binding upon all persons having or acquiring any right, title or interest in said real property or any Building Lot, or portion thereof; shall inure to the benefit of and be binding upon Grantors, Grantors' successors in interest and each grantee or owner and such grantee's or owner's respective successors in interest, and may be enforced by Declarant, by any owner or such owner's successors in interest, against any other owner, tenant or occupant of said real property.

Notwithstanding the foregoing, no provision of this Declaration shall be construed so as to prevent or limit Declarant's right to complete development of the Property and to construct improvements thereon, nor Declarant's right to maintain model homes, construction, sales or leasing offices or similar facilities (temporary or otherwise) on any portion thereof, nor Declarant's right to post signs incidental to construction, sales or leasing.

## ARTICLE III: DEFINITIONS

3.1 "Architectural Committee" shall mean the committee created by Declarant or an Association pursuant to Article X hereof, and may be referred to herein as the "Committee."

3.2 "Articles" shall mean the Articles of Incorporation of the Association or other organizational or charter documents of the Association.

3.3 "Assessments" shall mean those payments required of Owners or Association Members, including Regular, Special and Limited Assessments of the Association as further defined in this Declaration.

3.4 "Association" shall mean the Valley Springs Homeowners Association, a Washington non-profit corporation, its successors and assigns, established by Declarant to exercise the powers and to carry out the duties set forth in this Declaration or any amendment hereto.

3.5 "Board" shall mean the Board of Directors or other governing board or individual, if applicable, of the Association.

3.6 "Building Lot" shall mean each plot of land designated as such on the Plat. Building Lots do not include Common Area.

3.7 "Common Area" shall mean all real property in which the Association holds an interest or which is held or maintained, permanently or temporarily, for the common use, enjoyment and benefit of the Owners. Every Owner has a right and easement of enjoyment to the Common Area that is appurtenant to the title to their Building Lot. Common Area may be established from time to time by Declarant on any portion of the Property by describing it on a Plat, by granting or reserving it in a deed or other instrument, or by designating it pursuant to this Declaration or any Supplemental Declaration. Common Area may include easement and/or license rights. At the time of execution of this Declaration, the Common Areas are intended to consist of approximately twenty-two (22) tracts designated as Common Areas on the Plats of the entire Property once finalized, some or all of which may be utilized for purposes of drainage facilities, including ponds; private roads dedicated within the Plat or Plats of the Property once finalized and any drainage improvements located within the areas dedicated for such private roads; two approximated eight-foot wide landscaped entry medians, with one intended to be constructed within Columbia Drive adjacent to the point Columbia Drive enters the Property and the other intended to be constructed within Columbia Drive adjacent to the point Columbia Drive intersects with Thierman Road; one or more entry statements and related landscaping improvements intended to be constructed at some or all of the points where roads enter the Property; and a perimeter fence to be installed by Declarant along at least the West border of the Building Lots in the Property lying directly East of Thierman Road. Portions of drainage facilities, including 208 drainage swales located within Building Lots shall not, however, be considered Common Areas, but shall be maintained as part of an Owner's Building Lot as more fully explained and discussed in Section 11.3.1.

3.8 "Declarant" shall mean and refer to Declarant, VALLEY SPRINGS DEVELOPMENT, L.L.C., a Washington limited liability company, and its successors and assigns, who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Building Lots acquired by such successor or assign, in an Assignment of Declarant Rights that is recorded with the Spokane County, Washington Auditor.

3.9 "Declaration" as referred to below shall mean this Declaration as it may be amended from time to time and any reference to "Declaration" or "Declaration" made after this Section 3.9 shall be considered to refer to this Declaration.

3.10 "Grantors" shall mean Declarant, VALLEY SPRINGS DEVELOPMENT, L.L.C., a Washington limited liability company; and Owner, and GEORGE O. ZIEGWIED and CAROLYN S. ZIEGWIED, Trustees, or their successors in trust, under the Ziegwied Living Turst dated March 22, 2007 and MARIAN J. MEREDITH, a married woman, as her separate estate dealing in his separate property; and WASHINGTON TRUST BANK, a corporation.

3.11 "Limited Assessment" shall mean a charge against a particular Owner and such Owner's Building Lot, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration or any Supplemental Declaration, including daily assessment amounts (Section 7.4) and interest thereon (Section 7.7) as provided in this Declaration or a Supplemental Declaration.

3.12 "Member" shall mean each person or entity holding a membership in the Association.

3.13 "Owner" shall mean the person or other legal entity, including Grantors and Primary Builders, which acquires fee simple interest of record to a Building Lot that is covered by this Declaration, as well as purchasers under real estate contracts, but excluding those having an interest merely as security for the performance of an obligation.

3.14 "Plat" shall mean any subdivision plat covering any portion of the Property as recorded at the office of the County Auditor, Spokane County, Washington, as the same may be amended by duly recorded amendments thereof.

3.15 "Primary Builder" shall mean a person or entity whom purchases one or more Building Lots for the purpose of constructing homes for resale to consumers in the ordinary course of its business and whom is designated as such in a Designation of Primary Builder Rights recorded with the Spokane County, Washington Auditor. Status as a Primary Builder shall automatically terminate when such person or entity no longer owns any Building Lots within the Property. At the time of recording this Declaration, Hayden Homes, LLC, an Oregon limited liability company, has entered into a purchase and sale agreement with Declarant to acquire a number of Building Lots within the Property. In the event that Hayden Homes, LLC acquires any Building Lot within the Property, Hayden Homes, LLC shall be considered a Primary Builder without any further action of Declarant or any of the other Grantors and without the need for Declarant to record a Designation of Primary Builder Rights, and shall continue to be a Primary Builder until Hayden Homes, LLC no longer owns or has any right to acquire any Building Lots within the Property. Hayden Homes, LLC shall have the right to assign, either in whole or part, its rights as a Primary Builder to any person or entity that acquires one or more of the Building Lots owned by Hayden Homes, LLC for the purpose of constructing homes for resale to consumers in the ordinary course of its business.

3.16 "Regular Assessment" shall mean the assessment levied against each Owner to pay for the costs and expenses incurred or expected to be incurred by the Association in performing its obligations under this Declaration more particularly set forth in Section 7.2.1 below.

3.17 "Special Assessment" shall mean the portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments, which are authorized, and to be paid by each Owner to the Association, pursuant to Section 7.3 below.

#### ARTICLE IV: USE AND CONSTRUCTION RESTRICTIONS

4.1 Use of Individual Building Lots. No Building Lot or dwelling shall be constructed, occupied or used except for new, site constructed single family residences, and not to exceed 2 stories in height inclusive of the main level containing the garage entrance for the dwelling, but excluding any basement levels below that, by the owners, their tenants, and social guests. No dwelling on any Building Lot shall be constructed until it has been approved as required in Section 4.10. Among other things, the Architectural Control Committee shall have discretion to condition approval on meeting size requirements determined by the Architectural Control Committee to be appropriate for any particular Lot.

No trade, business, profession, commercial or manufacturing enterprise or activity (other than home occupation) shall be conducted therein. As used in this paragraph, the term "home occupation" shall mean only an occupation, profession or craft, carried on within a dwelling by the owner, which activity does not change the residential character of the dwelling, is conducted in such a manner as to not create any outward appearance of a business in the ordinary meaning of the term, as may be further defined by Spokane County Regulations.

Provided, however, nothing in this Section shall prevent Declarant or any Primary Builder from using a residence within the Property to conduct business and sell Building Lots or homes, on a temporary basis only until the last Building Lot or house is sold.

4.2 Restrictions as to Building Materials Covering Outside Walls. No residence or structure shall be built on any Building Lot with materials for siding or roofing that have not been approved by the Architectural Committee.

4.3 Nuisances. No noxious, illegal or offensive activities shall be carried on in any Building Lot or dwelling, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the owners of his respective Building Lot, or that shall in any way increase any rate of insurance for any owner within the Property, or cause any insurance policy to be canceled or to cause a refusal to renew the same or otherwise conflict with the spirit of this Declaration in establishing a peaceful, residential community within the Property.

In the interest of public health and sanitation, and so that all of the Property may be benefited by a decrease in the hazards of stream pollution and by the protection of water supplies, recreation, wildlife and other public uses thereof, no Owner will use such Owner's Building Lot or Buildings Lots for any purpose that would result in the pollution of any waterway, including any intermittent stream that flows through or is adjacent to such Building Lot by refuse, sewage or other material that might tend to pollute the waters of any such stream or streams, or otherwise impair the ecological balance of the Property. Any violation of this provision shall be considered a nuisance.

4.4 Vehicle and Equipment Restrictions. Campers, boats, personal watercraft, boat and personal watercraft trailers, recreational vehicles, commercial vehicles, or other types of non-passenger vehicles, equipment, implements, or accessories may not be kept or stored on any public or private streets within the Property or on any Building Lot, except as provided below:

(a) Campers, boats, personal watercraft, boat and personal watercraft trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be stored or kept within an enclosed garage, or on the side of the home, provided that it is fully screened from view by a screening structure or fencing approved by the Architectural Committee; and

(b) Campers, boats, personal watercraft, boat and personal watercraft trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be temporarily kept on the public or private

streets within the Property or on a paved driveway located on a Building Lot for a period not to exceed forty-eight (48) hours and only for purposes of cleaning, preparation for use and unloading.

No inoperable automobile, and no vehicle which is in an extreme state of disrepair, shall be permitted to remain upon any Building Lot, dedicated street or other area within the Property, other than temporarily for emergency repairs, unless placed or maintained within an enclosed garage. Commercial vehicles shall not include sedans, service vans or standard size pickup trucks that are used for both business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be reasonably unobtrusive and inoffensive. No noisy or smoky vehicle shall be operated on the Property. No off-road unlicensed motor vehicle shall be maintained or operated within the Property, except as reasonably necessary to the execution and the rights and duties of Declarant under this Declaration.

No vehicles may be kept or parked on other than a temporary basis on any of the public or private streets within the Property. Parking for purposes other than actual loading or unloading or preparation for use shall not be considered temporary. In any event, parking a vehicle longer than forty-eight (48) hours without removal for a period in excess of twenty-four (24) hours shall not be considered temporary.

4.5 Signs. No signs shall be displayed to the public view on any Building Lots or on any portion of the Property. "For Sale" or "For Rent" signs shall be allowed, provided they do not exceed five (5) square feet in size. The foregoing restrictions shall not be deemed to prohibit the display of (a) political signs no more than ninety (90) days in advance of the election to which they pertain and fifteen (15) days after the election or (b) the flag of the United States by an Owner or occupant of a Lot if the flag is displayed in a manner consistent with federal flag display law, 4 U.S.C. § 1 et seq. and RCW 64.38.055.

4.6 Animals. No animals, livestock, poultry or birds of any kind shall be raised, bred or kept in any Building Lot or dwelling, or on any portion of the Property; except that no more than two (2) usual and ordinary household pets, such as dogs, cats, or birds may be kept outdoors, provided that they are not kept, bred or maintained for any commercial purposes, and that they are kept under reasonable control at all times. Keeping dogs under reasonable control shall include keeping dogs contained within the Owner's Building Lot when not on a leash, either by sufficient fencing, an "invisible fence" type restraint system, or other equally effective means of containing the dog within the Building Lot. Outside an Owner's Building Lot, all dogs must be restrained on leashes.

Owners shall keep their dogs from barking excessively in any area where such barking can be heard from outside the Building Lot. Continued barking after receipt of three warnings from the Architectural Committee and/or an owner of another Building Lot who is being affected by the noise of such barking shall be considered excessive barking and a nuisance, entitling such affected owner and/or Architectural Committee to take appropriate action to assure that such excessive barking is eliminated. Barking no more than occasionally to alert the Owners of the need to let the dog into a house, to warn of strangers coming to the Building Lot, and the like shall be permitted. Leaving a dog outside the dwelling for prolonged periods while the dog is frequently barking will be also be considered excessive.

**NO PIT BULLDOGS SHALL BE PERMITTED ANYWHERE ON THE PROPERTY BY ANY PERSON FOR ANY REASON AT ANY TIME, PIT BULL being defined as the American Stafford Shire Terrier by the American Kennel Club or the Stafford Shire Bull Terrier by the A.K.C., or the American Pit Bull Terrier by the United Kennel Club.**

Notwithstanding anything above in this Declaration to the contrary, service animals or other similar designation for animals as may hereafter be enacted by laws regarding disabilities and/or handicapping conditions, shall not be considered in interpreting or enforcing this subparagraph, but shall be permitted within the Property to the full extent permitted or required under applicable law, rule, regulation or legal requirement.

4.7 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from each Building Lot at each owner's expense, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view from the dedicated streets, except garbage cans may be placed curbside commencing with the day before pickup and must be removed from curbside no later than the day following pickup.

4.8 Right to Lease. Except for a dwelling in possession of a lender following a default in a first mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of foreclosure, dwellings on Building Lots shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupants of the dwelling are provided customary hotel service such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Subject to the foregoing restrictions and any subsequent amendments to this Section that may hereafter be adopted, Owners of Building Lots shall have the absolute right to rent out the dwellings (but not less than the entire dwelling) provided that the rental agreement is made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration. Any failure on the part of any tenant to comply with this Declaration shall constitute a default under the terms of such rental agreement and a violation of this Declaration by the Owner of the Building Lot. Notwithstanding anything above in this Section to the contrary, it is Grantors' intention that the Property primarily consist of Owner-occupied dwellings at full development. Should the Declarant, during the Initial Development Period described in Section 5.1, or the requisite number of Owners required to amend this Declaration thereafter, decide to limit, restrict or otherwise regulate leasing of dwellings and/or Building Lots, such change shall be permitted so long as it does not operate to impair any existing lease or rental agreement covering any dwelling on any Building Lot.

4.9 Yard Landscaping. Within six (6) months of completion of construction of the exterior of each dwelling, the front yard of each Building Lot and any side yard fronting a flanking street shall be landscaped by each Owner in substantial conformity with those dwellings already built and landscaped and approved by the Architectural Committee. Thereafter, within three years of completion of the exterior of each such residence, the remaining portions of the yard shall be landscaped in substantial conformity and harmony with the landscaping required in the front yard and in accordance with plans submitted to and approved by the Architectural Committee. In addition to other landscaping, all front and side yards abutting streets or roads within the Property shall incorporate trees adjacent to such streets or roads as approved by the Architectural Committee. It is anticipated that red

maple or similar trees will be approved and suitable for this purpose, will be located adjacent to such streets and roads in parking strips, and will be spaced at intervals to create a uniform appearance along all streets and roads within the Property.

4.10 Alteration and/or Improvements to Property. With the exception of Declarant's work and actions to further the completion of the Property, and any homes or other improvements constructed by Primary Builders, no residence, building, fence, wall, obstruction, balcony, screen patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind, shall be commenced, erected, painted or maintained within the Property, nor shall any alteration or improvement of any kind be made thereto until the plans for the same (including all colors and finishes to be used) have been approved in writing by the Architectural Committee, described in Article 9 below and hereinafter referred to as the "Committee." Plans and specifications showing the nature, color, materials and location of such improvements or alterations shall be submitted to Declarant or the Committee, as applicable, for approval as to the external appearance of the proposed construction. Further, no construction shall be commenced on any Building Lot until the Declarant or Committee shall have approved in writing, the proposed construction item on the Building Lot. No permission or approval shall be required to rebuild in accordance with the original approved plans, including colors and finishes, or to rebuild in accordance with plans previously approved by Declarant or the Committee for that Building Lot.

4.11 Restriction Against Raising Height of Grade. Neither the Owner nor any person or persons claiming under the Owner shall or will at any time raise the grade of any Building Lot or Building Lots herein conveyed above the grade established or to be established by Declarant unless approved by the Declarant or Architectural Committee, as applicable.

4.12 Building Lots to be Kept in Good Repair. Each Owner shall keep all improvements on their Building Lots and the grounds surrounding such improvements in good order and repair, including but not limited to, the seeding, watering and mowing of all lawns, the pruning and cutting of all trees and shrubbery, proper maintenance of septic systems, and the painting (or other appropriate external care) of all buildings, structures and other improvements; all in a manner and with such frequency as is consistent with good property management. All Owners shall be responsible for maintaining any portion of drainage improvements, including drainage swales, located within their Building Lots in accordance with all applicable legal and approved design requirements and in good operating condition.

Responsibility for maintenance of lawns, trees and shrubbery required by the preceding paragraph shall include responsibility for watering the same as needed to maintain them in a healthy condition, free from weeds and other noxious plant materials, and not permitting grasses to exceed four inches (4") in height. It shall also include responsibility for removal and replacement of dead, diseased or damaged trees, shrubs and other landscaping, subject to obtaining a tree removal permit if required by municipal ordinances.

If any Owner fails to properly perform his or her maintenance responsibility, the Association may, but is not obligated to, perform such maintenance responsibilities on behalf of such Owner and assess the Owner for a Limited Assessment; provided, however,

that except when entry is required due to an emergency situation, the Association shall provide the Owner with reasonable notice and an opportunity to cure the problem prior to exercising this remedy.

4.13 Single-Family. No structures or buildings of any kind shall be erected, altered, placed or permitted to remain on any Building Lot other than one detached dwelling for single family occupancy only, and one private attached or detached garage designed to house at least two automobiles. Driveways from garages will be fully improved to the street, with driveways to be of a hard surface material, such as exposed aggregate, asphalt or concrete.

4.14 Restrictions as to Roof Construction. All roofs shall be constructed of 30-year architectural composition shingles of good quality, or tile or comparable alternate product, as approved by Declarant or the Architectural Committee, as applicable.

4.15 Mail Boxes, etc. Mail boxes and newspaper receptacles shall be placed as and to the extent required by the U.S. Postal Service.

4.16 Fences, Walls. No fence, wall, hedge or mass planting that operates as a sight-obscuring line or structure may extend nearer to a street on the front yard side of the Building Lot than the minimum setback line of the dwelling as constructed. However, nothing in this subparagraph shall prevent Declarant's erection of a perimeter fence as Declarant shall determine along some or all of the perimeter of the Property; nor the erection of a necessary retaining wall or placement of a fence on a side yard facing a street by an Owner other than Declarant, so long as the fence is not extended toward the front yard side of the Building Lot any further than is permitted in the preceding sentence. No wire, cyclone or metal fencing of any kind shall be placed so as to be visible from outside any Building Lot. A cyclone fence for purposes for constructing a dog run, or similar enclosure, shall be permitted so long as the same is screened from view from outside the Building Lot by permitted fencing, sight-obscuring landscaping, or similar screening.

4.17 Antennas and Dishes. No radio, citizens band, or other communication antenna shall be erected upon any Building Lot or dwelling except for standard television antennas and/or dishes that are reasonably unobtrusive and inoffensive or as may be required to be permitted by law. With regard to the foregoing, each Owner shall have the right to install a "Protected Antenna" (as defined by the provisions of 47 C.F.R. § 1.4000 (FCC Rule) as it now exists or is hereafter amended or replaced, or any other federal, state or local law, code, rule or regulation that preempts, prohibits or limits restrictions on, or conditions to, the installation, maintenance or repair of telecommunications equipment desired by an Owner. Otherwise, the Association shall have the right to regulate other kinds of antennas, dishes or receiving devices and to approve, condition or deny requests therefore.

4.18 Temporary Structures. No trailer, basement, tent, shack, garage, barn, camper or other outbuilding or any structure of a temporary character erected or placed on any Building Lot shall at any time be used as a residence.

4.19 Exterior Lighting. All exterior lighting shall be non-glare and approved by the Architectural Committee prior to installation.

4.20 Completion Time. The Owner of any Building Lot other than any of Grantors or Primary Builders shall commence construction of a dwelling therein with 18 months of becoming an Owner as defined in Section 3.13 of this Declaration. The exterior of each dwelling, including the garage, shall be completed within 12 months of the commencement of construction thereon. For purposes of this provision, commencement of construction shall be considered to have started when a building permit is issued by applicable government authorities. Commencement of construction may be extended for either commencement of construction or completion of construction in the discretion of the Architectural Committee for up to six additional months for reasons shown by the Owner which the Architectural Committee determines justify such extension.

ARTICLE V: VALLEY SPRINGS  
HOMEOWNERS ASSOCIATION

5.1 Organization of Valley Springs Homeowners Association. Valley Springs Homeowners Association, the "Association", shall be initially organized by Declarant as a Washington non-profit corporation under the provisions of the Washington Code relating to general non-profit corporations and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Notwithstanding anything in this Declaration to the contrary, so long as any of Grantors owns any Building Lot in the Property (the "Initial Development Period"), Declarant shall have the right to perform all functions to be performed under this Declaration by the Association as well as all functions to be performed by the Architectural Committee. This shall include, without limitation, administration of the Declaration, performance of architectural control functions, levying and collection of Assessments, and similar matters. This right shall continue until the sooner of such date as Declarant gives written notice that it is relinquishes this right or on such date as Grantors, including Declarant, have sold all Building Lots in the Property to Owners other than Grantors.

5.2 Membership. Each Owner, by virtue of being an Owner and for so long as such ownership is maintained, shall be a Member of the Association. Memberships in the Association, shall be appurtenant to the Building Lot owned by such Owner. The memberships in the Association shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of Owner's title and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Association.

5.3 Voting. Voting in the Association shall be carried out by Members, including Grantors and Primary Builders, who shall cast the votes attributable to the Building Lots that they own. The number of votes such Member may cast on any issue is determined by the number of Building Lots that the Member owns. Each Owner, including each of Grantors, shall have one vote for each Building Lot owned. When more than one person or entity holds an interest in any Building Lot, all such persons/entities shall share the vote attributable to the Building Lot, but fractional voting will not be allowed. The right to vote may not be severed or separated from the ownership of the Building Lot, to which it is appurtenant, except that any Owner may give a revocable proxy to any person. Any sale, transfer of conveyance of such Building Lot to a new Owner shall operate automatically to transfer the appurtenant voting right to the new Owner.

5.4 Power and Duties of the Association. The Association shall have the powers of a corporation organized under the corporation laws of the State of Washington applicable to non-profit corporations, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws, and this Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under Washington law and under this Declaration, and the Articles and Bylaws, and to do and perform any and all acts which may be necessary to, proper for, or incidental to the proper management and operation of the Common Area and the Association's other assets, and the affairs and the performance of the other responsibilities herein assigned, including without limitation:

5.4.1 Assessments. The power to levy Assessments on any Owner or any portion of the Property and to force payment of such Assessments, all in accordance with the provisions of this Declaration.

5.4.2 Right of Enforcement. The power and authority from time to time in its own name, on its own behalf, or on behalf of any Owner who consents thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or the Articles or the Bylaws, including the Association Rules adopted pursuant to this Declaration, and to enforce by injunction or otherwise, all provisions hereof.

5.4.3 Delegation of Powers. The authority to delegate its power and duties to committees, provided any such committee shall contain at least two Directors of the Association; and to contract for the maintenance, repair, replacement and operation of the Common Area.

5.4.4 Licenses, Easements and Rights-of-Way. The power to grant and convey to any third party such licenses, easements and rights-of-way in, on or under the Common Area as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment of the Common Area, and for the preservation of the health, safety, convenience and the welfare of the Owners, for the purpose of constructing, erecting, operating or maintaining:

5.4.4.1 Lines, cables, wires, conduits or other devices for the transmission or provision of electricity or electronic signals for lighting, heating, power, telephone, television, communications or other purposes;

5.4.4.2 Sewers, storm drains, underground irrigation pipes, water drains and pipes, water supply systems, sprinkling systems, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities; and

5.4.4.3 Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing and landscaping abutting common areas, streets or land conveyed for any public or quasi-public purpose including, but not limited to, bicycle pathways.

The right to grant such licenses, easements and rights-of-way are hereby expressly reserved to the Association and may be granted at any time prior to twenty-one (21) years following execution of this Declaration.

5.4.5 Operation and Maintenance of Common Area. Operate, maintain, and otherwise manage or provide for the operation, maintenance and management of the Common Area, including the repair and replacement of all improvements within any portion of the Common Area.

5.4.6 Reserve Account. Establish and fund a reserve account with a reputable banking institution or savings and loan association, which reserve account shall be dedicated to the costs of repair, replacement, maintenance and improvement of the Common Area.

5.4.7 Taxes and Assessments. Pay all real and personal property taxes and Assessments separately levied against the Common Area or against the Association and/or any other property owned by the Association. Such taxes and Assessments may be contested or compromised by the Association, in its discretion.

5.4.8 Water and Other Utilities. Acquire, provide and/or pay for water, garbage disposal, refuse and rubbish collection, electrical, telephone and gas and other necessary services for the Common Area, and to manage all domestic, irrigation and amenity water rights and rights to receive water held by the Association, whether such rights are evidenced by license, permit, claim, stock ownership or otherwise.

5.4.9 Insurance. Obtain insurance from reputable insurance companies authorized to do business in the State of Washington, and maintain in effect any insurance policy the Board, in its discretion, deems necessary or advisable, including, without limitation fire and casualty insurance, public liability insurance, directors' and officers' liability insurance, and such other insurance, including motor vehicle insurance and Worker's Compensation insurance, to the extent necessary to comply with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association functions or to insure the Association against any loss from malfeasance or dishonest of any employee or other person charged with the management or possession of any Association funds or other property.

5.4.10 Architectural Committee. Appoint and remove members of the Architectural Committee, subject to the provisions of this Declaration; provided, after the Initial Development Period described in Section 5.1, at least two Directors of the Association shall serve at all times on this Committee.

5.4.11 Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably advisable or necessary to enforce any of the provisions of the Declaration, or of the Articles or Bylaws, including, without limitation, the recordation of any claim of lien with the Spokane County Auditor, as more fully provided herein.

5.5 Personal Liability. To the fullest extent permitted by law, no Member of the Board, member of any committee of the Association, officer of the Association, the Declarant,

nor the manager, if any, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the released persons, provided that such person, upon the basis of such information as may be possessed by such person, has acted in good faith without willful or intentional misconduct. If a released person has so acted, the Association shall indemnify and hold harmless said person from any damage, loss or prejudice aforesaid, including actual defense costs and attorney's fees.

#### ARTICLE VI: RIGHTS TO COMMON AREAS

6.1 Use of Common Area. Every Owner shall have a right to use the Common Area, which right shall be appurtenant to and shall pass with the title to every Building Lot. The Common Area cannot be mortgaged or conveyed without the consent of the Owners of at least two-thirds (2/3) of the Building Lots, excluding Declarant. If ingress or egress to any residence is through the Common Area, any conveyance or encumbrance of such portion of the Common Area will be subject to such Building Lot Owner's easement. In furtherance of the development plan for the Property, Declarant and the Association shall have the right to create easements and construct improvements on the Common Area, including but not limited to providing utility and private drainfield or drainfield access, crossings, walkways, trails, open space, and other improvements deemed desirable by the Association and/or Declarant.

6.2 Drainage Facilities. The initial Common Areas include private roads and drainage facilities within the private roads and Common Area tracts, as shown on the face of the Plat or to be shown on Plats of subsequent phases of development of the Property. Construction of the private roads, drainage facilities and drainage tracts within the Property (the "Road and Drainage Improvements") have been required to be completed in conformance with plans approved by the Spokane County Engineer's Office. The Association shall be responsible for maintaining the Road and Drainage Improvements, including paying the cost thereof, through assessments imposed on all Building Lots presently within or hereafter annexed into the Property. Maintenance of the Road and Drainage Improvements constitutes an obligation running with all portions of the Property, including any additional real property subsequently annexed. Notwithstanding anything in this Declaration to the contrary, provisions regarding maintenance of the Road and Drainage Improvements imposed hereunder, or by any separate covenants required by Spokane County, shall not be subject to amendment or modification without the approval of Spokane County. Maintenance of the Drainage Improvements shall include obligations established by the Operation and Maintenance Manual ("O&M Manual") as prepared by the design engineer, Landworks Engineering, Inc. Compliance with the O&M Manual will include establishment and accumulation of reserves for anticipated maintenance and repair obligations as provided in such O & M Manual.

#### ARTICLE VII: ASSESSMENTS

7.1 Covenant to Pay Assessments. By acceptance of a deed or real estate contract to any Building Lot or other portion of the Property, and except as provided in the next sentence, each Owner of such portion of the Property hereby covenants and agrees to pay when due all Assessments or charges made against the Association, including all Regular,

Special and Limited Assessments and charges made against such Owner pursuant to the provisions of this Declaration or other applicable instrument. Notwithstanding the foregoing, Grantors shall not be obligated to pay any Assessments made by the Association, including Regular, Special or Limited Assessments with regard to any portion of the Property, including Building Lots, owned by any of Grantors. Further, any Primary Builder owning one or more Building Lots in the Property, shall, with regard to each such Building Lot, be exempt from payment of any Regular or Special Assessments during the first year the Primary Builder owns such Building Lot; shall be responsible for an amount equal to 75% of the scheduled Regular and Limited Assessments otherwise applicable to such Building Lot during the second year such Primary Builder is an Owner of such Building Lot, if applicable; and be responsible for the full amount of all applicable Assessments with regard to such Building Lot should the Primary Builder continue to be an Owner thereafter.

7.1.1 Assessment Constitutes Lien. Such Assessments and charges together with interest, costs and reasonable attorneys' fees which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment or charge is made.

7.1.2 Assessment is Personal Obligation. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such property beginning with the time when the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to such Owner's successors in title unless expressly assumed by them, but shall remain such Owner's personal obligation regardless of whether he or she remains an Owner and shall also remain a lien against the affected Building Lot(s) except to the extent expressly provided herein. It is expected that all delinquent assessments will be fully paid and brought current at any time ownership of a Building Lot is transferred.

7.2 Regular Assessments. Except as provided above with regard to Grantors, and except for the limitations made for the benefit of Primary Builders stated above, all Owners are obligated to pay Regular Assessments to the treasurer of the Association on a schedule of payments established by the Board. An Owner acquiring a Building Lot during a calendar year will pay a prorated share of assessments for that year at the time of acquisition.

7.2.1 Purpose of Regular Assessments. The proceeds from Regular Assessments are to be used to pay for all costs and expenses incurred by the Association, including legal and attorneys' fees and other professional fees, for the conduct of its affairs, including without limitation the costs and expenses of construction, improvement, protection, maintenance, repair, management and operation of the Common Areas, including all improvements located on such areas owned and/or managed and maintained by the Association, amounts incurred as a result of violations of this Declaration, to the extent for any reason are not recovered in Limited Assessment payments, and an amount allocated to an adequate reserve fund to be used for repairs, replacement, maintenance and improvement of those elements for the Common Area, or other property of the Association that must be replaced and maintained on a regular basis (collectively "Expense").

7.2.2 Computation of Regular Assessments. The regular assessment for calendar years 2010 and 2011 shall be \$480.00 per Building Lot owned. During those years only, Declarant shall pay any shortfall in meeting actual amounts required in

connection with obligations to be paid by regular assessments, without provision for any reserve fund accumulation. Thereafter, the Association shall compute the amount of its expenses on an annual basis. The computation of Regular Assessments for 2009 and thereafter shall take place not less than thirty (30) or more than sixty (60) days before the beginning of each fiscal year of the Association. Provided, in the event Regular Assessment amount computations are not made for any year, the amount computed for the immediately preceding year shall continue to apply.

7.2.3 Amounts Paid by Owners. The Board can require, in its discretion or as provided in the Articles or Bylaws, payment of Regular Assessments in semi-annual or annual installments. The Regular Assessment to be paid by any particular Owner, for any given fiscal year after 2010 shall be computed as follows: the total Regular Assessment amount shall be based on the Association's total advanced estimate of expenses required for the applicable fiscal year and then allocated equally among all Building Lots then subject to Regular Assessments in the Property, but taking into account any discounted Assessment amount for which a Primary Builder may then be obligated in connection with any Building Lot owned by it.

### 7.3 Special Assessments.

7.3.1 Purpose and Procedure. Pursuant to the obligation of Declarant in Section 7.2.2 to cover assessment requirements above the amount specified for Owners, there shall be no special assessments required of any Owners through the end of 2011. In the event that the Board shall determine that its respective Regular Assessment for a given calendar year after 2011 is or will be inadequate to meet the expenses of the Association for any reason, including but not limited to costs of construction, reconstruction, unexpected repairs or replacement of improvements upon the Common Area, attorneys' fees and/or litigation costs, other professional fees, or for any other reason, the Board shall determine the approximate amount necessary to defray such expenses and levy a Special Assessment against the Property which shall be computed in the same manner as Regular Assessments. No Special Assessment shall be levied which exceeds twenty percent (20%) of the budgeted gross expenses of the association for the fiscal year, without the vote or written assent of the Owners representing a majority of the votes of the Members of the Association. The Board shall, in its discretion, determine the schedule under which such Special Assessment will be paid.

7.3.2 Consistent Basis of Assessment. Every Special Assessment levied by and for the Association shall be levied and paid upon the same basis as that prescribed for the levying and payment of Regular Assessments for the Association.

7.4 Limited Assessments. Notwithstanding the above provisions with respect to Regular and Special Assessments, the Board may levy a Limited Assessment against a Member as a remedy to reimburse the Association for costs incurred in bringing the Member and/or such Member's Building Lot into compliance with the provisions of the governing instruments for the Property, including any actual costs, consultant charges and attorneys' fees. This shall expressly include the authority to levy assessments against any Building Lot Owner in violation of any of the requirements imposed on such Building Lot Owner under this Declaration. Such assessment may be made in an amount up to fifty dollars (\$50.00) per day (or its equivalent value as compared with January 1, 2010 dollars, as adjusted periodically by

the Board in its reasonable discretion utilizing changes in a published consumer price index of its choosing), for each violation which remains uncorrected after thirty (30) days' written notice given to such Owner from the Association. Notwithstanding anything above to the contrary, a limited assessment may be assessed against an Owner for damage to any Building Lot or portion of the Common Area within the Property caused by reason of the negligence or willful misconduct of such Owner, such Owner's resident tenant, or such Owner's family and guests, both minor and adult.

7.5 Uniform Rate of Assessment. Unless otherwise specifically provided herein, Regular and Special Assessments shall be fixed at a uniform rate per Building Lot for all members of the Association.

7.6 Assessment Period. Unless otherwise provided in the Articles or Bylaws, the Assessment period, the "fiscal year", shall commence on January 1 of each year and terminate December 31 of such year. The first Assessment shall be pro-rated according to the number of months remaining in the fiscal year and shall be payable in advance.

7.7 Notice and Assessment Due Date. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Building Lot subject thereto, and to any person in possession of such Building Lot. The due dates for installment payment of Regular Assessments and Special Assessments shall be the first day of each month unless some other due date is established by the Board. Each monthly installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each delinquent installment payment a late charge equal to ten percent (10%) of the delinquent installment. In addition, each installment payment which is delinquent for more than twenty (20) days shall accrue interest at twelve percent (12%) per annum calculated the date of delinquency to and including the date full payment is received by the Association. The Association may bring an action against the delinquent Owner and may foreclose the lien against such Owner's Building Lot as more fully provided herein. Each Owner is personally liable for Assessments, together with all interest, costs and attorneys' fees, and no Owner may exempt such Owner from such liability by a waiver of the use and enjoyment of the Common Areas, or by lease or abandonment of such Owner's Building Lot.

7.8 Estoppel Certificate. The Association, upon at least five (5) days prior written request, shall execute, acknowledge and deliver to the party making such request, a statement in writing stating whether or not, to the knowledge of the Association, a particular Building Lot is in default under the provisions of this Declaration, and further stating the dates to which any Assessments have been paid by the owner. Any such certificate delivered pursuant to this paragraph may be relied upon by any prospective purchaser or mortgagee of the Owner's Building Lot.

## ARTICLE VIII: ENFORCEMENT OF ASSESSMENTS; LIENS; PROCEEDINGS

8.1 Right to Enforce. The Association has the right to collect and enforce its Assessments pursuant to the provisions hereof. Each Owner of a Building Lot, upon becoming an Owner of such Building Lot, shall be deemed to covenant and agree to pay each and every Assessment provided for in this Declaration and agrees to the enforcement of all Assessments in the manner herein specified. In the event an attorney or attorneys are

employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorney's fees in addition to any other relief or remedy obtained against such Owner. The Board or its authorized representative may enforce the obligations of the Owners to pay such assessments by commencement and maintenance of a suit pursuant to paragraph 8.3 to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

## 8.2 Assessment Liens.

8.2.1 Creation. There is hereby created a claim of lien with power of sale on each and every Building Lot to secure payment of any and all Assessments levied against such Building Lot pursuant to this Declaration together with interest thereon at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association making the Assessment in connection therewith, including costs and reasonable attorney's fees incurred. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on such respective Building Lots upon recordation of a claim of lien with the Spokane County Auditor. Such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Building Lot and Assessments on any Building Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

8.2.2 Claim of Lien. Upon default of any Owner in the payment of any Regular, Special or Limited Assessment issued hereunder, the Association may cause to be recorded in the office of the Spokane County Auditor a claim of lien. The claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Building Lot(s) against which the same have been assessed, and the name of the record Owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction or relief of such delinquent sums and charges. The Association may demand and receive the cost of preparing and recording such release before recording the same.

8.3 Method of Foreclosure. Such lien may be foreclosed by appropriate action in court or by sale by the Association establishing the Assessment, its attorney or other person authorized to make the sale. Such sale shall be conducted in accordance with the provisions of the Washington Code applicable to the exercise of powers of sale permitted by law, as though the Association were a beneficiary designated under a deed of trust executed on Deed of Trust form LPB #22, as in effect as of the date of recording this Declaration. The Board is hereby authorized to appoint its attorney, any officer or director of the Association, or any title company authorized to do business in Washington as trustee for the purpose of conducting such sale or foreclosure.

8.4 Required Notice. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of the notice of

delinquency and claim of lien, whether judicially, by power of sale or otherwise, until the expiration of thirty (30) days after the following have been completed: a copy of such claim of lien has been deposited in the United States mail, certified or registered, postage prepaid to the Owner of the Building Lot(s) described in such notice of delinquency and claim of lien; and to the person in possession of such Building Lot(s), and a copy thereof is recorded by the Association in the Office of the Spokane County Auditor.

8.5 Subordination to Certain Trust Deeds and Mortgages. The lien for the Assessments provided for herein in connection with a given Building Lot shall be subordinate to the lien of a deed of trust or mortgage that is of record as an encumbrance against an Owner's Building Lot prior to the recordation of a claim of lien for any Assessments. Except as provided in this paragraph with respect to a trustee or mortgagee who acquires title to or a security interest in a Building Lot, the sale or transfer of any Building Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim of lien, on account of the Assessments becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Declaration. No mortgagee or beneficiary under a deed of trust will be required to collect assessments. Nothing in this Declaration makes failure to pay any assessment a default under any mortgage.

#### ARTICLE IX: ARCHITECTURAL COMMITTEE

9.1 Creation. While any of Grantors continues to own or have any contract right to purchase any Building Lot within the Property, Declarant shall have all right and authority to appoint all members of the Architectural Committee and to perform all functions of the Architectural Committee hereunder, unless Declarant shall sooner relinquish such authority to the Association in a written document signed by an authorized representative of the Declarant. Thereafter, the Association shall have an Architectural Committee comprised of at least three members, at least two of whom shall also be members of the Board.

9.2 Review of Proposed Construction. The Architectural Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to this Declaration, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Committee. The Board shall have the power to determine, by rule or other written designation consistent with this Declaration, which types of improvements shall be submitted for Architectural Committee review and approval.

9.3 Architectural Committee Decisions. Decisions of the Architectural Committee and the reasons therefore shall be transmitted by the Architectural Committee to the Applicant at the address set forth in the application for approval within thirty (30) calendar days after filing all materials required by the Architectural Committee, failing which, the application shall be considered approved.

9.4 No Waiver of Future Approvals. The approval of the Architectural Committee of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Architectural Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever

subsequently or additionally submitted for approval or consent. The decision of the Architectural Committee shall be final.

9.5 Architectural Approval not Equivalent of Government Approval. Each Owner acknowledges that approval of any item or matter by the Architectural Committee is not the equivalent of receipt of any applicable governmental approval, or evidence of compliance with any laws, ordinances, or other legal requirements. Each Owner shall be and remain solely responsible for complying with all such governmental requirements, including obtaining and fulfilling obligations under appropriate permits for construction, alteration, and remodeling of any improvements on their Building Lot.

9.6 Right to Adopt Design Guidelines. The right is reserved to the Architectural Committee to adopt and revise, from time to time, design guidelines, consistent with the use and construction restrictions stated in Article 4, and providing further detail and specification regarding colors, materials, landscape specifications, and similar matters. Any person acquiring ownership of a Building Lot shall have a right to receive a copy of the current design guidelines at the time of acquisition of their Building Lot. Any person acquiring ownership of any such Building Lot shall be entitled to rely upon the provisions in the design guidelines received on the date of their acquisition of such Building Lot, so long as such dwelling and initial structure are completed within the time limits specified under Section 4.20. Thereafter, design guideline changes will govern and control further modifications or additional construction of improvements on such Building Lot; provided, no modification shall prevent repair or reconstruction of any improvement which complied with design guidelines at the time of original installation.

#### ARTICLE X: ANNEXATION OF ADDITIONAL PROPERTIES

10.1 By Declarant. Declarant may, in Declarant's sole discretion, deem it desirable to annex additional real property to the Property. Additional real property may be annexed to the Property and brought within the provisions of this Declaration as provided herein by Declarant, at any time, and from time to time, without the approval of any Owner or the Association so long as any of Grantors are the Owner of any Building Lot or other portion of the Property. The use and development of such additional real property shall conform to all applicable land use regulations, as such regulations are modified by variances.

10.2 By the Association. In addition to the provisions concerning annexations by Declarant specified in Section 10.1 above, additional real property may be annexed to the Property, subject to the same conditions by the Association upon the exercise by Members of at least two-thirds (2/3) of the votes of the Association.

10.3 Rights and Obligations of Owners of Annexed Property. Subject to the provisions hereof, upon recording of a Supplemental Declaration as to any additional real property, all provisions contained in this Declaration shall apply to the additional real property in the same manner as if it were originally covered by this Declaration.

10.4 Method of Annexation. The addition of additional real property to the Property authorized under Sections 10.1 and 10.2 shall be made by filing of record a Supplemental Declaration or other similar instrument with respect to the annexed property, which shall be

executed by Declarant or the Owner thereof and which shall annex such property to the Property.

10.5 Deannexation. Declarant may delete all or a portion of the real property described on Exhibit "A," or any previously annexed real property, from the Property and from coverage of this Declaration and jurisdiction of the Association, so long as Declarant has an interest in such property to be deleted, and provided that a Supplemental Declaration of Deletion of Property is recorded in the Office of the Spokane County Auditor in the same manner as a Supplemental Declaration of Annexation. Members other than Declarant as described above shall not be entitled to deannex all or any portion of the Property except on the favorable vote of two-thirds (2/3) of all members of the Association and written approval of Declarant so long as any of Grantors owns any portion of the property described on Exhibit "A" or any other real property which is then part of the Property.

10.6 In the event there is ever a separate class of membership held by Declarant, such as a "Class B" membership, then notwithstanding anything in this Declaration to the contrary, annexation of additional properties, dedication of Common Area, and amendment of this Declaration will require prior approval of the United States Department of Housing and Urban Development and the Veterans Administration.

#### ARTICLE XI: EASEMENTS

11.1 Easements of Encroachment: There shall be reciprocal appurtenant easements of encroachment as between each Building Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Building Lots due to minor unintentional wrongful placement or settling or shifting of the improvements including but not limited to structures, walkways, paths, sidewalks and driveways constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Easements of encroachment shall be valid only so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the improvements. Provided, however, in no event shall a valid easement for encroachment occur due to the willful act or acts of an Owner. In the event a structure on any Building Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Building Lot agree that minor encroachments over adjoining Building Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this paragraph.

11.2 Easements of Access: All Owners of Building Lots will have a perpetual easement for access, ingress and egress over the Common Areas that may be designated as pathways, trails, or other routes created for access or travel. This easement shall run with the land. Such easements may be used by Declarant, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, and such other purposes reasonably necessary for the use and enjoyment of a Building Lot or Common Area.

11.3 Drainage and Utility Easements. Grantors expressly reserve for the benefit of all the Property reciprocal easements of access, ingress and egress for all Owners to and from their respective Building Lots for installation and repair of utility services, for drainage of water over, across and upon adjacent Building Lots, and Common Areas, resulting from the normal use of adjoining Building Lots or Common Areas, and for necessary maintenance and repair of

any improvement including fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees and landscaping. Notwithstanding anything expressly or impliedly contained herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Declarant for the installation and maintenance of utilities and drainage facilities that are required for the development of the Property. In addition, Grantors hereby reserve for the benefit of the Association the right to grant additional easements and rights-of-way over the Property, as appropriate, to utility companies and public agencies as necessary or expedient for the proper development of the Property until close of escrow for the sale of the last Building Lot in the Property to an Owner other than any of Grantors.

11.3.1 Improvement of Drainage and Utility Easement Areas. The Owners of Building Lots are hereby restricted and enjoined from constructing any improvements upon any drainage or utility easement areas as shown on the Plat of the Property or otherwise designated in any recorded document which would interfere with or prevent the easement from being used for such purpose. Provided, however that the Owner of such Building Lots and Declarant, the Association or designated entity with regard to the landscaping easement described in this Article, shall be entitled to install and maintain landscaping on such easement areas, and also shall be entitled to build and maintain fencing on such easement areas subject to approval by the Architectural Committee, so long as the same would not interfere with or prevent the easement areas from being used for their intended purposes. Provided further, that any damage sustained to improvements on the easement areas as a result of legitimate use of the easement area shall be the sole and exclusive obligation of the Owner of the Building Lot whose improvements were so damaged. Finally, the Owners of Building Lots within which portions of drainage facilities or improvements are located, including drainage swales, shall cause such items to be maintained in accordance with all applicable legal and approved design requirements and in good operating condition.

## ARTICLE XII: MISCELLANEOUS

12.1 Term. The easements created hereunder shall be perpetual, subject only to extinguishment by the holders of such easements as provided by law. The covenants, conditions, restrictions and equitable servitudes of this Declaration shall run for a term of twenty (20) years from the date this Declaration is recorded, unless amended as herein provided. Thereafter, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by members holding at least two-thirds (2/3) of the voting power of the Association and such written instrument is recorded with the Spokane County Auditor.

12.2 Amendment. Except where a greater percentage is required by express provision in this Declaration, the provisions in this Declaration may be amended at any time by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying and attesting that such amendment has been approved by the vote or written consent of Owners representing more than two-thirds (2/3) of the votes of Owners of Building Lots, together with approval as required below in this Section 12.2. Any amendment of this Declaration shall also require the consent of Declarant, so long as Declarant, Owner or any Primary Builder is an Owner of any Building Lot. Further, any amendment of this Declaration shall also require the consent of each Primary Builder that then is an Owner of at least two Building Lots. Any such amendment, once being fully executed by an authorized

representative of the Declarant or an officer of the Association confirming that the requisite approval stated above has been obtained, shall be effective upon its recordation with the Spokane County Auditor.

12.3 Notices. Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association, as provided in this paragraph.

12.4 Enforcement and Non-Waiver.

12.4.1 Right of Enforcement. Each Owner of any Building Lot (including a Primary Builder that then is an Owner of any Building Lot), Declarant, and the Association shall have the right to enforce any or all of the provisions of portion of the Property and any Owner.

12.4.2 Violations and Nuisances. The failure of any Owner of a Building Lot to comply with any provision hereof, or with any provision of the Articles or Bylaws of the Association, is hereby declared a nuisance and will give rise to a cause of action by Declarant, the Association or any Owner of a Building Lot(s) within the Property for recovery of damages or for negative or affirmative injunctive relief or both. However, any other provision to the contrary notwithstanding, only Declarant, the Association, the Board, or a duly authorized agent of any of them, may enforce by self-help any of the provisions hereof only if such self-help is preceded by reasonable notice to the Owner.

12.4.3 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration and any or all enforcement procedures in law or equity.

12.4.4 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

12.4.5 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the right to enforce any such provision.

12.5 Limitation of Restrictions on Declarant. Notwithstanding anything in this Declaration to the contrary, rights are reserved to Declarant to perform Declarant's intended work in connection with improvements, development and marketing of the Property and the construction of the improvements thereon. The completion of that work in the sale of Building Lots is recognized as beneficial to the establishment and enhancement of the Property as a residential community. In order that Declarant's work may be completed in an expeditious and cost-effective manner, nothing in this Declaration will be interpreted to:

12.5.1 prevent Declarant, its contractors, or subcontractors, from doing on the Property or any Building Lot, whatever is reasonably necessary or advisable in connection with completion of Declarant's intended work; or

12.5.2 prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Property, such structures as may be reasonable and appropriate for the conduct of Declarant's business in completing its work, establishing the Property as a residential community, and marketing and disposing of the same in Building Lots by sale, lease or otherwise; or

12.5.3 prevent Declarant from maintaining such sign or signs on any portions of the Property as may be necessary or appropriate, in Declarant's reasonable discretion, for the sale, lease or disposition of the Property or any portion thereof.

12.6 Rights of Primary Builders. Notwithstanding anything in this Declaration to the contrary, each Primary Builder shall have the rights set forth in this Section 12.6:

12.6.1 Each Primary Builder shall have the right to construct and maintain upon portions of the Common Area and any Building Lots owned by the Primary Builder such facilities and activities as the Primary Builder, in its sole opinion, may require or desire in connection with the construction or sale of homes and Building Lots within the Property, including, but not limited to, business and construction offices (within homes or garages or in free standing trailers), signs, banners, billboards, flags, model units and sales offices (within homes or garages or in free standing trailers). Each Primary Builder shall have easements over the Common Area for access to and use of such facilities at no charge. Provided, should any work or activity performed by or under a Primary Builder in any portion of the Common Area damage or disrupt any improvements upon or features within such portion of the Common Area, the Primary Builder shall be and remain solely responsible for all actions and expenses associated with restoring the same as nearly as practicable to the condition it was in prior to commencement of such work or other activity.

12.6.2 To the extent provided in Article VII, Primary Builders have limited exemptions from Regular Assessments and Special Assessments. Primary Builders will not be exempt from Limited Assessments imposed in connection with Building Lots owned by the Primary Builder that may be imposed pursuant to Section 7.4.

12.6.3 A Primary Builder may obtain advance approval for any building plan proposed for construction on any of the Building Lots and, if granted, a Primary Builder shall not thereafter be required to have any plans for proposed construction of a dwelling on any Building Lot be approved by the Architectural Committee, the Declarant or any of the other Grantors. Otherwise, a Primary Builder is not exempt from the approval requirements or other provisions in this Declaration related to construction of improvements within the Property including compliance with Sections 4.10 and 9.2 of this Declaration.


12.7 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed and governed under the laws of the State of Washington.

12.8 Restrictions Severable. Notwithstanding the provisions of the foregoing paragraph, each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

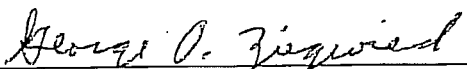
IN WITNESS WHEREOF the parties have hereunto set their hands and seals this 13 day of May 2010.


**DECLARANT:**

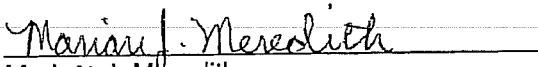
VALLEY SPRINGS DEVELOPMENT, L.L.C.

By:   
Printed Name: BRYAN WALKER  
Title: MEMBER

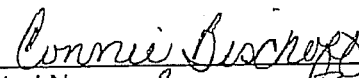
**OWNERS:**

  
George O. Ziegwer GZ

  
Carolyn S. Ziegwer CZ

  
Marian J. Meredith  
MM

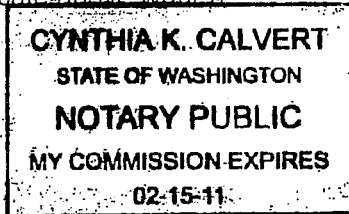
WASHINGTON TRUST BANK

By:   
Printed Name: CONNIE BISCHOFF  
Title: SRVP

STATE OF WASHINGTON )  
 )ss.  
COUNTY OF SPOKANE )

On this 14 day of May 2010 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Bryan Walker to me known to be the member of VALLEY SPRINGS DEVELOPMENT, L.L.C., a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written

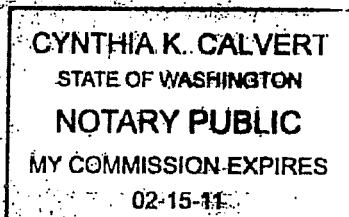


Cynthia K. Calvert  
NOTARY PUBLIC in and for the State  
of Washington, residing at Spokane Valley  
My commission expires: 2-15-11  
Cynthia K. Calvert  
Printed Name

STATE OF WASHINGTON )  
 )ss.  
COUNTY OF SPOKANE )

On this day personally appeared before me GEORGE O. ZIEGWIED and CAROLYN S. ZIEGWIED to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 14 day of May 2010

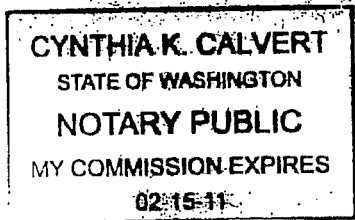


Cynthia K. Calvert  
NOTARY PUBLIC in and for the State  
of Washington, residing at Spokane Valley  
My commission expires: 2-15-11  
Cynthia K. Calvert  
Printed Name

STATE OF WASHINGTON )  
 )ss.  
COUNTY OF SPOKANE )

On this day personally appeared before me ~~MARIAN~~ J. MEREDITH to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that she signed the same as her free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 14 day of May 2010  
2010.

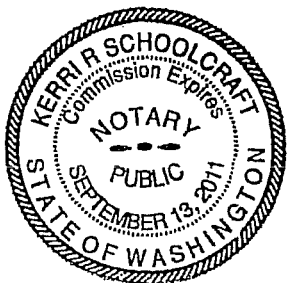


Cynthia K. Calvert  
NOTARY PUBLIC in and for the State  
of Washington, residing at Spokane Valley  
My commission expires: 2-15-11  
Cynthia K. Calvert  
Printed Name

STATE OF WASHINGTON )  
 )ss.  
COUNTY OF SPOKANE )

On this 13<sup>th</sup> day of May 2010 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Connie Bischoff to me known to be the SRVP of WASHINGTON TRUST BANK, a corporation, the corporation that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the corporation, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.



Kerri Schoolcraft  
NOTARY PUBLIC in and for the State  
of Washington, residing at Spokane  
My commission expires: 9-13-11  
Kerri Schoolcraft  
Printed Name

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

THAT PORTION OF THE SOUTHEAST 1/4 OF SECTION 36, TOWNSHIP 26 NORTH, RANGE 43 EAST, W.M., SPOKANE COUNTY, WASHINGTON DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF LOT 5, BLOCK 1 OF THE FINAL PLAT OF NORTHWOOD 6th FIRST ADDITION AS RECORDED IN BOOK 21 OF PLATS, PAGE 11, UNDER AUDITOR'S FILE NO. 9302250430, SPOKANE COUNTY, WASHINGTON; THENCE S.87°37'25"W., ALONG THE NORTH LINE OF THE SOUTHEAST 1/4 OF SECTION 36, T.26N., R.43E., W.M., SPOKANE COUNTY, WASHINGTON, 1307.58 FEET; THENCE S.02°28'50"E., 50.00 FEET; THENCE S.67°37'53"E., 139.31 FEET; THENCE S.32°06'37"E., 37.58 FEET; THENCE S.49°08'50"E., 133.96 FEET; THENCE S.63°45'57"E., 74.78 FEET; THENCE S.39°48'40"E., 262.91 FEET; THENCE S.28°09'21"E., 193.14 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT THE RADIUS OF WHICH BEARS N.12°09'51"W., A DISTANCE OF 257.50 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 9°41'01" AN ARC DISTANCE OF 43.52 FEET; THENCE S.87°31'10"W., 147.61 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, THE RADIUS OF WHICH BEARS N.68°02'54"E., A DISTANCE OF 30.00 FEET; THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 70°31'44" AN ARC DISTANCE OF 36.93 FEET; THENCE S.87°31'10"W., 99.00 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, THE RADIUS OF WHICH BEARS N.02°28'50"W., A DISTANCE OF 30.00 FEET; THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 70°31'44" AN ARC DISTANCE OF 36.93 FEET; THENCE S.87°31'10"W., 747.78 FEET TO THE EAST RIGHT OF WAY LINE OF THIERMAN ROAD; THENCE S.02°28'50"E., ALONG SAID EAST RIGHT OF WAY LINE, 79.13 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT THE RADIUS OF WHICH BEARS S.49°08'20"E., A DISTANCE OF 27.50 FEET; THENCE ALONG SAID CURVE TO THE RIGHT, THROUGH A CENTRAL ANGLE OF 46°39'30" AN ARC DISTANCE OF 22.39 FEET; THENCE N.87°31'10"E., 36.33 FEET; THENCE N.81°49'18"E., 55.40 FEET; THENCE N.87°31'10"E., 709.54 FEET; THENCE S.02°28'50"E., 120.00 FEET; THENCE S.87°31'10"W., 66.09 FEET; THENCE S.17°53'51"E., 210.39 FEET; THENCE N.52°43'41"E., 138.92 FEET TO THE BEGINNING OF A CURVE TO THE LEFT THE RADIUS OF WHICH BEARS N.61°28'39"E., A DISTANCE OF 216.00 FEET; THENCE ALONG SAID CURVE TO THE LEFT, THROUGH A CENTRAL ANGLE OF 8°32'01", AN ARC DISTANCE OF 32.17 FEET; THENCE S.37°03'22"E., 267.96 FEET; THENCE N.52°44'06"E., 788.48 FEET TO A POINT ON THE WEST LINE OF THE EAST 863 FEET OF THE NORTH 1/2 OF THE SOUTHEAST 1/4 OF SAID SECTION 36; THENCE N.02°43'25"W., ALONG SAID WEST LINE, 760.60 FEET TO THE POINT OF BEGINNING.

AREA=23.73 ACS.