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INDEXING DATA

DOCUMENT TITLE: Termination of Previous Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Daystar Estates and Declaration of New Covenants, Conditions, Restrictions and Reservation of Easements

REFERENCE NUMBERS: 4665662

GRANTOR: Daystar Estates, LLC, a limited liability company
GRANTEE: Daystar Estates, LLC, a limited liability company

ABBREVIATE LEGAL: Portion E 1/2 Section 13, Township 24 N, Range 42 EWM
(full legal on Exhibit "A")

TAX PARCEL(S): 24134.9086; 9087; 9088; 9089; 9090; 24134.9091; 9092; 24131.9093;
24134.9094; 9095; 24134.9096; 9097; 9098; 9099; 9100

** (CORRECTED)

TERMINATION OF PREVIOUS DECLARATION OF COVENANTS AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR DAYSTAR ESTATES AND DECLARATION OF NEW COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS

KNOW ALL MEN BY THESE PRESENTS that **Daystar Estates, LLC** ("Declarant") does hereby revoke and terminate those certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Daystar Estates, recorded December 13, 2001, under Auditor's File No. 4665662, and does hereby declare and set forth new covenants, conditions and restrictions to run with the land as legally described on Exhibit "A" attached hereto and incorporated herein by this reference, which covenants, conditions and restrictions, (hereinafter

**THIS DOCUMENT IS BEING RE-RECORDED TO CORRECT A TYPOGRAPHICAL ERROR IN SECTION 24.5.1



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referred to as the "Covenants"), shall be binding upon all parties and persons claiming an interest in any of the property described on Exhibit "A", and which Covenants shall be for the benefit of and limitation upon all future owners of said real estate. The land affected by these Covenants is hereinafter referred to as the "Property", or, individually, as a "Parcel or Lot". The Declarant hereby declares, creates and sets forth the Covenants as follows:

1. Fully Protected Residential Area. Except as may be otherwise specifically provided herein, the Property shall be used only for single family residences with the usual outbuildings. No commercial activities shall be allowed, except that (a) in-home businesses are allowed if said in-home business does not generate, on average, more than three (3) business related round trips per work day and; (b) non-retail agricultural activities are allowed. No parcel shall be subdivided to a size which is less than its current acreage.

2. Vehicles. Except as specifically provided otherwise herein, boats, trailer houses, mobile homes, camping trailers, commercial trucks, buses, automobile bodies or other similar vehicles or equipment may not be parked on the common access road(s) or left standing on a Parcel (*outside of a private garage or storage building*) for more than ninety-six (96) hours in any one month, provided however, that such equipment or vehicles may be parked in the private garage of any owner, as long as the garage doors can be closed to conceal such vehicles or equipment from public view. Automobile bodies, parts, wheels, tires, and the like shall be stored in a fully enclosed structure, concealed from public view. One (1) boat and trailer and one (1) horse trailer may be stored or left standing outside of and next to a garage or storage building on any Parcel.

3. Land Use and Building Type. No used or secondhand buildings may be placed either temporarily or permanently upon any Parcel. No buildings shall be erected, altered, placed, or permitted to remain on any Parcel other than one detached single family dwelling not to exceed two stories in height and a private garage for not less than two (2) automobiles, boats, trailers and the like, for family use, and two (2) outbuildings, not including structures under 240 square feet and as approved by Declarant. No mobile homes, modular homes or manufactured homes are allowed.

4. Building Requirements. No residence shall be permitted on any Parcel of a size less than 1600 square feet of living space for a single story house measured at the exterior foundation walls. Residences consisting of one and a half stories shall not be less than 1800 square feet total on the first and second floor combined, measured in the same manner; a two story residence shall not be less than 1000 square feet on the main floor. All square footage set forth herein shall not include garages, open porches, carports and the like. Declarant shall have the right to approve any residential structures or outbuildings and therefore no such structures shall be constructed until Declarant has approved the designs and plans. Declarant shall have fifteen (15) days to advise an owner of Declarant's rejection of any such designs or plans. If Declarant does not give written notice of such objection within fifteen (15) days after Declarant has received the plans, then the plans shall be deemed approved.



Any residence or other structure erected or placed on any Lot shall be a "stick-built" home (*no manufactured or modular homes are allowed*) and shall be completed as to external appearance, including finished painting, within nine (9) months after the date of commencement of construction. Exterior surfaces will be of materials that are compatible with a surrounding natural landscape and must be compatible with and harmonize with the aesthetic character of the Community, as established and approved by the Board. Natural materials, such as wood siding or fiberboard, cedar shingles, stone or brick are preferred, but good quality vinyl siding (as determined in the sole discretion of the Board) is also permitted. All roofing material must be either tile, asphalt composition, metal roofs with an earthen tone baked enamel finish or architectural composition roofing, all with a manufacturer's guarantee of thirty (30) years or greater. No wood shake or wood shingle roofs or reflective metal roofs are allowed.

5. **Basements.** Due to the reports of ponding of water in the area and high groundwater tables in this area, a geotechnical report shall be completed for any Lot which the Owner wishes to construct a basement, as required by *Spokane County Engineers Office*. All mitigating measures that may be recommended for Lots approved for a basement shall be a requirement of any building permit for said Lot.

6. **Landscaping.** All front yard landscaping must be completed as soon as possible but no later than ninety (90) days after completion of construction. In the event of undue hardship due to weather conditions, this time requirement for completion may be extended for a reasonable period of time upon written approval of the Declarant. All side and rear yard landscaping must be completed within one (1) year from the date of closing of the purchase of the residence by the Owner from the builder. Landscaping shall be of a drought resistant and native type species whenever possible. With water conservation in mind, irrigated and manicured lawn areas will be kept to a minimum, with a recommended irrigated and manicured lawn area to be 3000 square feet. Use of surface water is encouraged to increase the irrigation limitations. Owner shall place a minimum of 20 drought resistant/native species trees on the property within six (6) months of purchase. Evergreen trees shall have at least 1 and ½ inch trunk diameter at the time of planting and deciduous trees shall be a minimum of 5 feet tall at the time of planting. Large orchards, plantings and pastures shall utilize a separate surface water system for irrigation. All irrigation systems shall be low volume systems with the use of drip systems used wherever possible. Water conservation should at all times be adhered to. (Lawn and irrigation requirements may be exceeded if the lot owner installs a separate surface water, storm water or other non potable water source for irrigation only purposes). In any event, irrigation and water usage will follow guidelines as outlined in the appropriate governmental regulations.

7. **Driveways.** Driveways, (*meaning the access lanes from public roads or private easement roads in the Community which lead to the dwelling on a Lot*) shall be constructed of concrete or asphalt material, as a minimum standard, prior to occupancy of a dwelling on a Lot.

8. **Erosion Control.** A temporary erosion and sedimentation control plan is to be prepared to best management practices currently accepted within the civil engineering profession



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and shall address limits on amount and duration of disturbed areas prior to commencement of building of any dwelling. A system shall be put in place to eliminate soil tracking onto the private and public roadways from the construction site.

9. Outbuildings. Not more than two outbuildings are permitted on each Parcel, including a detached garage or a play house. Building design and construction, including roofing and siding, must be compatible with the house. No quonset type buildings are allowed. Any outbuildings shall be located within the setbacks set forth in Paragraph 10 and sizes as set forth in Paragraphs 3 and 4 of these Covenants. No outbuildings may be used for permanent or temporary residence purposes, as is set forth in Paragraph 13, hereinafter. All structures are subject to Declarant's approval, as set forth in Paragraph 4, above.

10. Setbacks. Except as may otherwise be agreed in writing between the owners of adjoining Parcels, no buildings of any kind shall be located closer than twenty-five (25) feet from the common boundary between the Parcels and one hundred (100) feet from the private road(s). Swimming pools, tennis courts, sport courts, screened porches, garages or utility sheds shall also be subject to these setback requirements.

11. Utilities Shall be Underground. In the interest of public health and in the interest of avoiding the presence of unsightly poles and structures, all utilities (*except any existing overhead lines*) shall be buried in accordance with the best standard practices presently in use for burying of such utilities. Propane tanks must be concealed or hidden from view.

12. Nuisances. No noxious or offensive activity shall be carried on upon any Parcel, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighbors or the neighborhood. Offensive activities shall include motor cross activities and also the use of snowmobiles, off-road vehicles or motorcycles in a habitually noisy or offensive manner.

13. Temporary Structures. No structure of a temporary character, no mobile home, no trailer, no basement, no tent, no shack, no garage, no barn, and no other building or outbuilding shall be used on any Parcel at any time as a residence either temporarily or permanently.

14. Signs. No signs of any kind shall be displayed to the public view on any Parcel except (i) one sign designating family name; (ii) one sign advertising the property for sale or rent; (iii) signs used by a builder to advertise the property during construction and sales period; (iv) one sign to advertise a permitted in-home business or permitted non-retail agricultural activity; and (v) political cards during an election campaign. No permitted sign as described herein shall exceed three feet in any dimension.

15. Lighting/Address Numbers. Security lights shall not be installed as to be a nuisance. All residences must have an address sign in full view from the Private Road as per Spokane County Fire Department requirements.



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16. Domestic Animals. Only domestic animals shall be allowed, and no exotic cats or animals are allowed. A maximum number of adult dogs per household shall be in keeping with Spokane County animal control ordinances though with the understanding that said dogs shall not be allowed to run off the owner's property. Dogs which are classified as "vicious or potentially dangerous" (as defined by the Spokane County Animal Control or Spokane County Ordinances) shall not be allowed. One large domestic animal shall be permitted for every 1 fenced acre of land in any Parcel. A maximum of 10 fowl shall be allowed, with the exception that a Property Owner may raise more than ten (10) wild birds for release. No animals shall be kept which habitually make loud or disturbing noises or create uncontrollable dust, and owners shall ensure that their dogs are not allowed to bark in any manner as may annoy or becomes a nuisance to the other Parcel owner. All animals shall be kept for the use and pleasure of the occupants and not for commercial purposes. Animals must be fed, watered and sheltered under the same setback restrictions as are set forth in Paragraph 10, above, but fencing for said animals is not subject to these setback restrictions.

One primary objective of the Community is to permit the raising of large animals commensurate with a healthy family environment. Whether the animals are horses, beef or dairy cattle, llamas, goats, sheep, or other permitted animals, they must be housed, controlled, and maintained in a fashion which prevents them from becoming a nuisance to neighbors or their guests. Aggressive stallions, bulls, dogs, or exotic animals, for example, would not be in keeping with this covenant.

All pastures and grounds shall be kept in a neat and clean condition free of debris and noxious weeds. Excess animal waste shall be cleaned or treated by the Owner so as to not have any excessive offensive odors.

17. Fencing. No barbed wire or corrugated fiberglass fences shall be erected on any Lot. Colored (brown and green) chain link fencing for sports facility enclosures and dog containment shall be allowed. No fence shall exceed six (6') feet in height. Perimeter fences shall be post and rail style. All fencing shall be permanent in nature and shall be erected and maintained in conformance with fencing in the subdivision and the architecture of the dwelling. Fencing style may be altered upon approval of the Declarant.

To facilitate access to bridle trails and access to the common facilities of this Association, fencing along exterior property boundaries shall be placed on the actual property boundary unless there is a common easement defined, in which case the fence shall be located on the easement boundary. Fences shall be approved by the Board prior to installation.

18. Bridle Trails. There is reserved to the Declarant, the Association and all Lot Owners, an easement fifteen (15') feet in width for use as a bridle trail and footpath, as shown on the Plat. Said easement shall lie seven and one-half (7 ½) feet on either side of the common interior property lines of those Lots in the Community as shown on the Plat. All perimeter fencing along the common interior property lines of those Lots in the Community shall be placed on the 7.5 foot



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easement setback line, and said fences shall be maintained by the individual Lot Owners. These Bridle Trail Easements shall be maintained by the Association. Refer to the Plat for the location of the Bridle Trails.

19. Maintenance, Conveyance of Common Areas to Association

19.1 Association's Responsibility. The Association shall maintain and keep in good repair the Common Areas. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all bridle trails, landscaping and improvements situated on the Common Areas and Tracts. The Association shall also maintain: (i) landscaping originally installed by the Declarant which is on Common Areas owned in fee by the Association or on property where an easement has been granted to the Association; and (ii) all facilities, (including but not limited to private roads, drainage retention ponds, swales and any/all other associated drainage facilities) serving the Community which are not maintained by a public entity, and which are on Common Areas owned in fee by the Association or on property where an easement has been granted to the Association or to Spokane County. The foregoing maintenance shall be performed consistent with the Community-Wide Standard and in accordance with Sections 19.4 and 19.5, regarding private roads and storm water facilities. In the event that there are real estate taxes on the Common Areas and the same become delinquent, the total amount of delinquent taxes shall be divided equally among all Owners and said portions shall be a lien on said Owner's Lot. In the alternative, the Association may, in its sole discretion, declare the debt to be a debt of the Association and levy a Special Assessment to collect the cost of payment thereof.

19.2 Damage Caused by Owner. In the event that the Association determines that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the family, guests, lessee, contractor or invitees of any Owner, the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

19.3 Conveyance of Common Areas by Declarant to Association. The Declarant may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other property interest. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Areas to be maintained by the Association. Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section.

19.4 Private Roads and Associated Storm Water Facilities. Any private roads transferred and conveyed to the Association or over which Owners have an easement for a common roadway, shall be kept free and clear for motor vehicle use and shall be maintained and repaired in a workmanlike and reasonable manner so that motor vehicles will always be able to use the private roadways without undue inconvenience. Said maintenance and repair of the private roadways shall



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include, but not be limited to, filling of potholes, plowing with reasonable prudence when it snows, repairing breakage or damage to the road surface and the like, as well as repair and maintenance of any ditches or culverts as needed to ensure proper drainage of surface water, and any other commonly described standards for roadway maintenance. **WARNING:** Spokane County shall have no obligation or responsibility to build, improve, maintain, or otherwise service said private roads or storm water systems contained within or providing service to the Community and the associated appurtenances contained within, or to enforce any public street related duties in regard to said private roads. By accepting a plat of the Community or subsequently by allowing a building permit to be issued on property on a private road, Spokane County assumes no obligation for said private roads or storm water system and the Owners and Declarant hereby acknowledge that the County has no obligation of any kind or nature whatsoever to establish, examine, survey, construct, alter, repair, improve, maintain, provide drainage or snow removal on the private roads. This requirement is and shall run with the land and shall be binding upon the Declarant and the owners, their heirs, successors or assigns, including the obligation to participate in the maintenance of the private roads and storm water system as provided herein.

19.5 Storm Water Facilities/Drainage Retention Ponds. In furtherance of Section 12.1, Association's Responsibility, set forth hereinabove, any storm water facilities or drainage retention ponds which are located on the Lot of any Owner or within a Tract shall be maintained as outlined in the Daystar Estates Operation & Maintenance Manual by the Association in operational condition at all times, with no noxious weeds. Failure to maintain said storm water facilities and drainage retention ponds in the above-prescribed manner shall constitute a default by the Association under these Covenants and Spokane County or the Lot Owner may then perform such maintenance at the Association's sole cost and expense. Spokane County shall have a lien on the lots on which such maintenance has been performed for the cost of work, plus any attorneys fees and other related costs, which lien may be foreclosed as a mortgage on the subject Lot(s). If an individual Lot Owner performs such maintenance on behalf of the defaulting Association, then said Lot Owner shall have a right of action against the Association for the cost of such maintenance, together with said Lot Owner's costs and attorneys' fees.

Spokane County Public Works Department may require a third-party inspection of the on-site drainage facilities. In such cases, the Owner shall be responsible for submitting an inspection report to the Spokane County Engineer. Periodic inspection of the drainage facilities are required, one in the spring prior to snow melt and one in the fall prior to snow. Records should be kept of these inspections noting date and any items requiring action. The reports do not need to be submitted to Spokane County. In addition to the inspections, an inspection should be made after a major runoff event that might impact the structures.

All swale and evaporation ponds and conveyance ditches should be periodically inspected and mowed and any trash or debris removed. The conveyance ditches should be checked for trash or debris buildup and kept clean. Mowing is required when the grass height exceeds twelve (12") inches.



In the event major repairs are required due to heavy runoff, the Association should consider notifying a civil engineer.

20. Natural Drainage Easements. Drainage easement areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers or storm drains, or alter topographic conditions affecting drainage on or off the Lot.

The Association shall adhere to the terms and conditions of the Daystar Estates Operation and Maintenance Manual at all times.

21. Hazardous Materials. The presence, use, disposal, storage, or release of any hazardous substances on or in the Property is prohibited. Owners shall not do, nor allow anyone else to do anything affecting the Property that is in violation of any environmental law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of hazardous substances that are generally recognized to be appropriate to normal use and maintenance of the Property, including agricultural activities.

22. Septic System. Each Lot in the Community shall be serviced by its own individual septic system until such time as public sewer is available, if ever. If public sewer ever becomes available, each Lot Owner, at that time, will be subject to all rules and regulations now or subsequently imposed by Spokane County regarding its sewer system. If sewer is approved for this area, each Owner shall disconnect and disable his or her septic system according to state and county regulations and hook up to the County sewer system, and thereafter pay to Spokane County all charges allocated to his or her Lot for operation and maintenance of the sewage system.

23. Garbage and Refuse Disposal. No Parcel shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers. All incinerators and other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition, and shall be concealed from public view by either being set in the ground, by being placed in a building or placed behind a screen or other barrier.

24. Insurance Coverage. The Board of Directors or the duly authorized agent of the Association shall have the authority to and shall obtain or cause to be obtained insurance as follows:

24.1. The Board shall obtain insurance on all insurable buildings and, where the Board deems there to be a reasonable risk, other substantial structures, whether or not such buildings or structures are located on the Common Areas and which the Association is obligated to maintain. Insurance on buildings shall provide, at a minimum, fire and extended coverage, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any



such hazard. Insurance on other substantial structures shall cover those risks deemed advisable by the Board and shall be in such amounts as are deemed advisable by the Board. The Board may insure other types of improvements, including entry monuments, landscaping, and the like, as it deems advisable. With respect to such other improvements, the Board shall determine the risks to be insured and the amounts of insurance to be carried.

24.1.1 The Board shall obtain a public liability policy applicable to the Common Areas, covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00).

24.1.2 The Board is hereby authorized to contract with or otherwise arrange to obtain the insurance coverage required hereunder through the Declarant and to reimburse Declarant for the cost thereof, and Declarant shall be authorized, but not obligated, to purchase such insurance coverage for the benefit of the Association and the Owners upon Declarant and the Association agreeing upon the terms and conditions applicable to reimbursement by the Association for costs incurred by Declarant in obtaining such coverage. Notwithstanding anything contained in this Declaration to the contrary, the Board shall not be required to comply with the provisions of this Article 20 if the Board has contracted for or otherwise arranged to obtain the required insurance coverage through the Declarant.

24.1.3 Premiums for all insurance shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement costs.

24.1.4 In the event insurance premiums in connection with the insurance required by this Article 7 become prohibitive, in the judgment of the Board, the Board may, with approval of seventy-five (75%) percent of the Total Association Vote, reduce the amount of the required insurance, self-insure itself, or discontinue the insurance all together.

24.2. Policy Requirements. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association as trustee for the respective benefited parties. Such insurance shall be governed by the provisions hereinafter set forth:

24.2.1 All policies shall be written with a company authorized to do business in Washington.

24.2.2 Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.



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24.2.3 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, Occupants, or their Mortgagees, and the insurance carried by the Association shall be primary.

24.2.4 All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement if these are reasonably available and all insurance policies shall be reviewed annually by one or more qualified persons, at least one of whom must be in the real estate industry and familiar with construction in Spokane County.

24.3 Other Insurance. In addition to the other insurance required by this Article 24, the Board shall obtain worker's compensation insurance, if and to the extent necessary to satisfy the requirement of applicable laws. The Board may, in its discretion, obtain a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds, if reasonably available. The Association shall obtain additional insurance coverage, if and to the extent necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs, or the U.S. Department of Housing and Urban Development.

24.4 Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots, and each Owner covenants and agrees with all other Owners and with the Association that each Owner shall, at a minimum, carry fire and extended coverage casualty insurance on the Lot and all structures constructed thereon in an amount sufficient to cover the full replacement costs of any repair or reconstruction in the event of damage or destruction from any such hazard.

24.5 Damage and Destruction -- Insured by Association.

24.5.1 Immediately after damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition and location that existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes. The Board of Directors shall have the enforcement powers specified in ~~Section 20.2~~ of this Declaration necessary to enforce this provision.

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24.5.2 Any damage or destruction to property covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within sixty (60) days after the



casualty, at least seventy-five (75%) percent of the Total Association Vote otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

24.5.3 If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Association's members, levy a special assessment against all Owners in proportion to the number of Lots owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

24.5.4 In the event that it should be determined by the Association, in the manner described above, that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Community by the Association in a neat and attractive condition.

24.6 Damage and Destruction -- Insured by Owners. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Lot and remove all debris therefrom within seventy-five (75) days after such damage or destruction. In the event of noncompliance with this provision, the Board of Directors shall have all enforcement powers specified herein.

24.7 Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the Persons who are responsible hereunder, or be a common expense of the Association.

25. Assessments.

25.1 Purpose of Assessment (Homeowners Dues). The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of Lots, including the maintenance of real and personal property, including the private roads, drainage facilities, security gates or gateways, all as may be more specifically authorized from time to time by the Board of Directors.



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25.2 Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) annual assessments or charges; (ii) special assessments, such assessments to be established and collected as hereinafter provided; and (iii) specific assessments established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines imposed in accordance with the terms of this Declaration.

25.2.1 All such assessments, together with (i) late charges, (ii) interest set by the Board, not to exceed the maximum rate permitted by law (*but not to exceed eighteen (18%) percent per annum*), and (iii) costs, including, without limitation, reasonable attorneys' fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made.

25.2.2 Each such assessment, together with late charges, interest, costs, including, without limitation, reasonable attorneys' fees actually incurred, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due. Each Owner shall be personally liable for the portion of each assessment coming due while the Owner of a Lot, and each grantee of an Owner shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessment of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

25.2.3 The Association shall, within five (5) days after receiving a written request therefore and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. Such certificate shall be binding upon the Association as of the date of issuance.

25.2.4 Annual assessments shall be levied equally on all similarly situated Lots (*as determined by the Board*). However, during the Development Period, the Board may establish greater or lesser assessments for Lots owned by Declarant or builders. Assessments shall be paid in such manner and on such dates as may be fixed by the Board on January 1st of each year. Unless otherwise provided by the Board, the Assessment shall be paid in annual installments. There shall also be a one time Initial Sale Assessment of \$250.00 when Declarant closes the initial sale of a Lot to a third party, which Initial Sale Assessment shall be due and payable at the time of closing of the sale from Declarant to the new Owner of the Lot(s). The Initial Sale Assessment shall be in addition to any other assessments then due from Owners of Lots in the year that the initial sale from Declarant is closed.

25.3 Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which shall include a capital reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each



Owner within thirty (30) days after adoption by the Board of Directors of any proposed regular or special budget of the Association. The Board shall set a date for a meeting of the Owners to consider ratification of the budget not less than fourteen (14) days or more than sixty (60) days after mailing of the summary. Unless at that meeting the Owners of a majority of the votes in the Association are allocated or any larger percentage specified in the governing documents reject the budget, in person or by proxy, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors.

25.4 Revised Budget. If the financial circumstances of the Association materially change during any year, the Board may prepare a revised budget for the balance of the year. Notice of said revised budget shall be given to each Owner and a meeting of the Owners to consider ratification of the revised budget shall be held as set forth in Section 25.3, above.

25.5 Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments for expenses such as, but not limited to, capital improvements from time to time if approved at a meeting by two-thirds (2/3) of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

25.6 Lien for Assessments. All sums assessed against any Lot pursuant to this Declaration, together with late charges, interest, costs, including, without limitation, reasonable attorneys' fees actually incurred, as provided herein, shall be secured by a lien on such Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (i) liens for ad valorem taxes; or (ii) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the records of Spokane County and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument. All other Persons acquiring liens or encumbrances on any Lot after the recording of this Declaration shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

25.7 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment or installment thereof delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include interest set by the Board from time to time, on the principal amount due, late charges, costs of collection, including, without limitation, reasonable attorneys' fees actually incurred, and any other amounts provided or permitted by law.



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25.7.1 In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against such Owner personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property.

25.7.2 The lien provided for in this Article 25 shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same.

25.7.3 No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot.

25.7.4 All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

25.8 Specific Assessments. The Board shall have the power to levy specific assessments pursuant to this Section as, in its discretion, it shall deem appropriate. Fines levied pursuant to Section 26 of this Declaration and the costs of maintenance or repair performed by the Association, on behalf of a defaulting Owner who is responsible for said maintenance or repair under this Declaration, shall be specific assessments.

25.8.1 Expenses of the Association which benefit less than all of the Lots may, in the Board's discretion, be specifically assessed equitably among all of the Lots which are benefited according to the benefit received.

25.8.2 Expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

25.9 Budget Deficits during Declarant Control. For so long as the Declarant has the authority to appoint the directors and officers of the Association, Declarant may: (i) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (*but specifically not including an allocation for capital reserves*), and the sum of the annual, special and specific assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes from the Association in favor of the Declarant, or (ii) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the Community.



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26. Enforcement. Each Owner and Occupant shall comply strictly with the Association's Bylaws, rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to such Owner's Lot, if any. The Board of Directors may impose fines or other sanctions, which shall be collected, as provided herein, for the collection of assessments. Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or, in a proper case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record a notice of violation of the Declaration, Bylaws, rules and regulations, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

27. Severability. If any of these Covenants should be held invalid by order or judgment of any competent court, such invalidity shall in no way affect any of the other provisions hereof and such other provisions shall remain in full force and effect.

28. Term of Covenants/Amendments. These Covenants shall run with the land and shall be binding upon all owners of the Parcels described on Exhibit "A" and all persons claiming under them until August 1, 2020, at which time said Covenants shall be automatically extended for a successive period of ten (10) years unless an instrument signed by a majority of the owners of the Parcels has been recorded agreeing to change the Covenants in whole or in part. These Covenants may be amended only by a written instrument signed by a majority of the owners of the Parcels, and said amendment shall then be recorded. All owners shall have one (1) vote for each Parcel owned by said owner.

Executed as of the day and year first above-written.

DECLARANT:

DAYSTAR ESTATES LLC

By 
Michael E. Schmitz - Manager

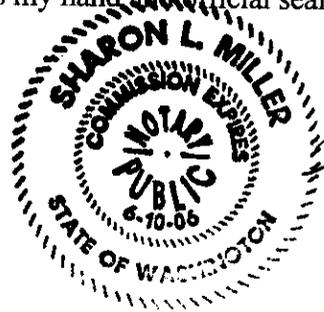


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STATE OF WASHINGTON)
) ss.
County of Spokane)

On this 9th day of July, 2003, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael E. Schmitz to me known to be the Manager Daystar Estates, LLC, the limited liability company that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

Witness my hand and official seal hereto affixed the day and year first above written.



Sharon L. Miller
Notary Public in and for the State
Of Washington, residing at Spokane
My Appointment Expires: 6-10-06

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EXHIBIT "A"

The Southeast Quarter (SE ¼) of Section 13 Township 24 North, Range 42 E.W.M. EXCEPT the South 20 rods of the Southeast Quarter of the Southeast Quarter (SE ¼ SE ¼), ALSO EXCEPT the East 30 feet of the North 20 rods of the Northeast Quarter (NE ¼) of the Southeast Quarter (SE ¼) conveyed to Spokane County for a public road. ALSO EXCEPT the South 660 feet of the West 330 feet of the Southwest Quarter (SW ¼) of the Southeast Quarter (SE ¼); and the South 20 rods of the Southeast Quarter (SE ¼) of the Northeast Quarter (NE ¼) of Section 13, Township 24 North, Range 42 E.W.M.

Unofficial Document