



AFTER RECORDING RETURN TO:

R. and S. Land Development Company
Attention: Terry Sullivan, % PO Box 30487, Spokane, WA 99223

MS1099

Document Title: Declaration of Covenants

Grantor: R. and S. Land Development Company

Grantee: The Public

Legal Description: *Lots 1-10, Block 1, Lots 1-4, Block 2, and Lots 1-6, Block 3, Laurelhurst Place, situate in Government Lot 13 of Section 4, Township 24 North, Range 43 East, Willamette Meridian, county of Spokane, State of Washington*

Assessor's Tax Parcel Number: 34042.2149

County Reference Number: PS-1772-95; PUDS-1-95

**DECLARATION of PROTECTIVE COVENANTS, CONDITIONS,
RESTRICTIONS, RESERVATIONS and EASEMENTS**

Laurelhurst Place

Planned Unit Development
(Phase I.)

Spokane, Washington

THIS DECLARATION is made on the date hereinafter set forth by R. and S. Land Development Company ("Declarant"), with reference to the following Preamble.

= PREAMBLE =

Section A. WHEREAS Declarant is the owner of real property, developmental Phase I. of which is described below, hereinafter be referred to as "*Laurelhurst Place*" (the "Property"), legally described as:



LOTS 1-10, BLOCK 1, LOTS 1-4, BLOCK 2, LOTS 1-6, BLOCK 3, *Laurelhurst Place*, situate in Government Lot 13 of Section 4, Township 24 North, Range 43 East, Willamette Meridian, County of Spokane, State of Washington, together with the real property described as "Common Area" under Section 1.10 hereof.

Section B. WHEREAS Declarant desires to create a corporation under the General Non-profit Corporation Law of the State of Washington, to which shall be delegated and assigned the powers and duties of maintaining the common area in *Laurelhurst Place*, collecting the assessments and charges pertaining to the costs of operation thereof and conducting other business affairs of such corporation.

Section C. WHEREAS Declarant shall cause the creation of said corporation and will then set the entity into operation as "*Laurelhurst Place* Homeowners' Association."

Section D. WHEREAS Declarant intends to develop the above-described Lots (and other Lots on adjacent property, which, when later developed, shall be included under the provisions of a like Declaration) and thereafter to convey them to other owners, subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, as enumerated herein.

Section E. WHEREAS Declarant hereby declares that the Property (and any residential structures built thereon) shall be held, sold, conveyed, encumbered, leased, hypothecated, used, occupied and improved in accordance with the provisions contained herein and for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Property, the provisions of this Declaration, as set forth herein, shall:

- (1) Run with the Property and be binding upon all persons having any right, title or interest therein, or any part thereof, including their heirs, successors, assigns, executors and administrators;
- (2) Inure to the benefit of every portion of the Property and any interest therein; and
- (3) Be subject to enforcement by Declarant, the Homeowners' Association or any other Owner in the Property, as provided for herein.

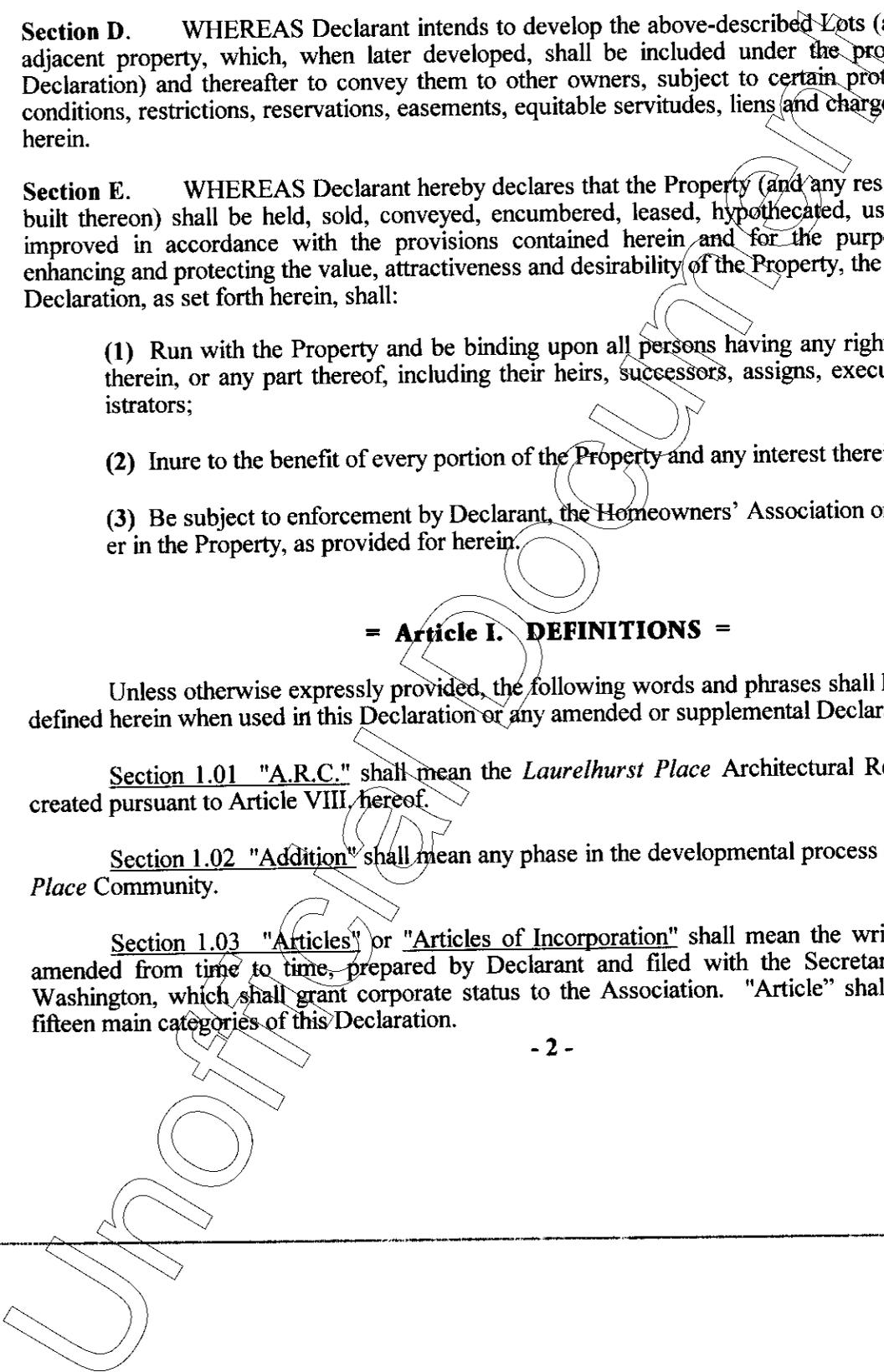
= Article I. DEFINITIONS =

Unless otherwise expressly provided, the following words and phrases shall have the meanings defined herein when used in this Declaration or any amended or supplemental Declaration:

Section 1.01 "A.R.C." shall mean the *Laurelhurst Place* Architectural Review Committee, created pursuant to Article VIII, hereof.

Section 1.02 "Addition" shall mean any phase in the developmental process of the *Laurelhurst Place* Community.

Section 1.03 "Articles" or "Articles of Incorporation" shall mean the written document, as amended from time to time, prepared by Declarant and filed with the Secretary of the State of Washington, which shall grant corporate status to the Association. "Article" shall mean one of the fifteen main categories of this Declaration.





Section 1.04 "Assessment" shall mean all sums chargeable by the Association against a Lot, including, without limitation: (a) Regular Assessments for an Owner's share of ordinary costs of maintaining the Common Area and conducting the business activities of the Association (as enumerated in Section 4.3 hereof); (b) Special Assessments for an Owner's share of extraordinary costs of maintaining the Common Area, conducting the business activities of the Association, along with charges and fines imposed by the Association under Section 7.15 hereof; (c) interest and late charges on any delinquent Assessment; and (d) costs of collection, including reasonable attorneys' fees, incurred by the Association in connection with the collection of a delinquent Assessment.

Section 1.05 "Association" shall mean *Laurelhurst Place* Homeowners' Association (including its successor and assigns), a corporation formed under the General Non-profit Corporation Law of the State of Washington, which shall be responsible for the maintenance and operation of the Common Area in the Community, and which is authorized hereby to impose and collect Assessments. The voting members of the Association shall be Lot Owners, whose membership is an automatic function and obligation of ownership of a Lot/Dwelling in the Community.

Section 1.06 "Association Maintenance Fund" shall mean the account created for receipts and disbursements relative to the Association's business activities, pursuant to Section 4.02 hereof.

Section 1.07 "Board" or "Board of Directors" shall mean a committee of Owners who serve as members of the Board of Directors of the Association, whose duty is to manage the affairs of the Association.

Section 1.08 "By-laws" shall mean the By-laws of the Association provided herein, as they may be amended from time to time.

Section 1.09 "Close of Sale" shall mean the date on which a deed or real estate contract is recorded with the County Auditor's Office, conveying a Lot/Dwelling to the new Owner .

Section 1.10 "Common Area (s)" shall mean: (a) all the real property (and Improvements thereon) depicted on the Plat Map of this phase and such areas in subsequent phases of the Property, including, without limitation, any landscape or drainage areas, fences, recreational facilities, private roadways/sidewalks, parking areas, entrance/exit/access ways owned by the Association and dedicated for its exclusive use; and (b) real property required by this Declaration to be conveyed or leased to the Association. The Common Area for Phase I is described on the Plat Map as:

Tract "A," Tract "B" and Tract "C," together with Hogan Lane, 56th. Lane and Helena Lane.

Other Common Areas designated on the Plat Map of subsequent phases of the Property's development will also be governed by like provisions of this Declaration. Declarant shall provide the Improvements for all Common Areas, and will make them collectively available to the Association as the respective phases are developed.

Section 1.11 "Community" shall mean all the respective phases of development of the Property, collectively and individually referred to as "*Laurelhurst Place*."

Section 1.12 "Declarant" shall mean R. and S. Land Development Company, a general partnership, its successors and any Person to which it shall have assigned any rights and duties hereunder by express written document.



Section 1.13 "Declaration" or "Declaration of Covenants" shall mean the entirety of this document (i.e., Declaration of Covenants, Conditions, Restrictions, Reservations and Easements), as amended from time to time, which shall subject the Community to the jurisdiction and control of the Association.

Section 1.14 "Dwelling Unit/Dwelling/Residence" shall mean a structure that is designed and intended for use and occupancy as a single family home on a Lot. A "Unit" shall mean any of the foregoing, when used hereinafter, and shall include the Lot.

Section 1.15 "Director" shall mean an Owner who serves as a member of the Board.

Section 1.16 "Family" shall mean: (a) a group of natural persons related to each other by marriage or adoption; or (b) a group of natural persons, not all so related, who maintain a common household in a Dwelling Unit in the Community.

Section 1.17 "First Deed of Trust" shall mean a deed or trust or mortgage recorded prior to the due date of any Assessment.

Section 1.18 "First Mortgagee" shall mean a mortgagee which is a bank or savings and loan association, established mortgage company, any other entity chartered under federal or state laws, a corporation or insurance company, or any federal or state agency which holds or owns a first deed of trust on a Lot.

Section 1.19 "First Occupant" shall mean the initial Owner or any other Person who occupies or possesses a Dwelling Unit in the Community.

Section 1.20 "Governing Documents" shall mean this Declaration, Articles of Incorporation, By-laws, Plat Map, rules and regulations of the Association and other written instruments by which it is granted authority to exercise any of the powers provided for therein to maintain, manage or otherwise affect the Property under its jurisdiction, along with any duly authorized and recorded amendments, supplements and exhibits thereto.

Section 1.21 "Improvement" shall mean a non-structural, physical element, any structure or appurtenance thereto of every type and kind, including, but not limited to, buildings, outbuildings, roadways/walkways, sprinkler systems, recreational facilities, driveways, parking areas, fences, signs, poles, screening/retaining walls, stairways, decks/patios, landscaping, windbreaks, hedges, plantings, trees/shrubbery, exterior lighting, gateways/gates and other such items provided by Declarant or the Association.

Section 1.22 "Landscape Maintenance Areas" shall mean those parts of the Common Area which are owned in fee and maintained by the Association, and include, without limitation, landscaped islands and strips appurtenant to an entry/exit way, lawns and other landscape areas installed by Declarant or the Association in the Common Area of the Community.

Section 1.23 "Lease" shall mean any written agreement for the rental of a Dwelling Unit.

Section 1.24 "Lot" shall mean any home site shown on the Plat Map of the Property that is capable of separate conveyance, the ownership of which shall obligate the Owner to: (a) membership in the Association; and (b) pay Assessments to the Association. It, and any Dwelling thereon, shall be considered a "Unit" for the purposes of this Declaration.



Section 1.25 "Manager" shall mean the person or agency appointed by Declarant or the Board to act as the Association's agent, and who/which shall be delegated certain duties and powers.

Section 1.26 "Member" shall mean any Person holding membership in the Association through ownership of a Lot/Dwelling.

Section 1.27 "Mortgage," "Mortgagee," "Mortgagor" shall mean any mortgage, deed of trust or other conveyance of a Lot, Dwelling or other portion of the Property to secure the performance of any obligation, which shall be reconveyed upon completion of such performance. The terms "Deed of Trust" or "Trust Deed," when used herein shall be synonymous with the term "Mortgage." The term "Mortgagee" shall mean a Person or entity to whom a mortgage is made and shall include the beneficiary of a Deed of Trust. The term "Mortgagor" shall mean a Person or entity who mortgages his/her Lot to another, and shall include the Trustor of a Deed or Trust. The term "Trustor" shall be synonymous with "Mortgagor," and the term "Beneficiary" shall be synonymous with "Mortgagee."

Section 1.28 "Notice of Hearing" shall mean written notice of a hearing at which the Owner involved shall have an opportunity to be heard in person (or have a personal representative speak in his/her behalf) in the presence of the Board of Directors.

Section 1.29 "Officer" shall mean a Person who is empowered to act as either the President, Vice President (if such an office is instituted by the Board of Directors), Secretary or Treasurer of the Association. Collectively, the Officers shall be designated as the "Executive Officers."

Section 1.30 "Owner" shall mean any Person or entity, including Declarant, holding fee simple interest of record to any Lot/Dwelling. "Owner" shall also include the family, guests, invitees, licensees and lessees of an Owner, and persons holding a contract vendee's interest in a Lot or Dwelling, and shall exclude persons of entities having interest merely as security for the performance of an obligation. If a Lot/Dwelling is sold under a recorded contract for sale to a purchaser, that purchaser, rather than the fee owner, shall be considered an "Owner," and the fee owner would be considered a "Mortgagee."

Section 1.31 "Person" shall mean a natural individual with the legal right to hold title to a Lot/Dwelling.

Section 1.32 "Phases" or "Phases of Development" of the Property shall mean the different, adjacent groups of Lots and Improvements that the Declarant develops at separate times in the process of developing all the Lots and Common Areas of the *Laurelhurst Place* Community.

Section 1.33 "Plat Map" or "Plat" shall mean the recorded map prepared by or for Declarant, showing the surface of the Property (for each phase of *Laurelhurst Place*) and the division thereof into Lots, Blocks, private right-of-ways and Common Areas.

Section 1.34 "Property" shall mean all of the real property described in paragraph "A" of the Preamble hereto, and other such property depicted on the Plat Map and so described in the Declaration of subsequent phases of development of the Community.

Section 1.35 "Real Property" shall mean any fee, leasehold or other estate interest in, or under land, including structures, fixtures, and other improvements thereon, and easements, servitudes, rights and interests appurtenant thereto, which by custom, usage or law pass with a conveyance of land, although not described in the contract of sale or instrument of conveyance. "Real Property" includes parcels, with or without boundaries, and spaces that may be filled with air or water.



Section 1.36 "Residential Use" shall mean use which is limited by law, covenant or otherwise to primarily residential or recreational purposes.

Section 1.37 "Record," "Recorded," "Filed" or "Recordation" shall mean, with respect to any document, the recording of a document in the office of the Auditor of the County of Spokane, State of Washington.

Section 1.38 "Reserve Fund" shall mean that portion of the Association Maintenance Fund that is dedicated for the accumulation of excess funds that can, at the Board's discretion, be used to fund unusual or emergency financial needs of the Association.

Section 1.39 "Turnover" or "Turnover of the Association" shall mean the date when Declarant relinquishes control and management of the Association to the new Board of Directors, at the time as provided in Section 2.08 hereof.

= Article II. ASSOCIATION ELEMENTS and MEMBERSHIP =

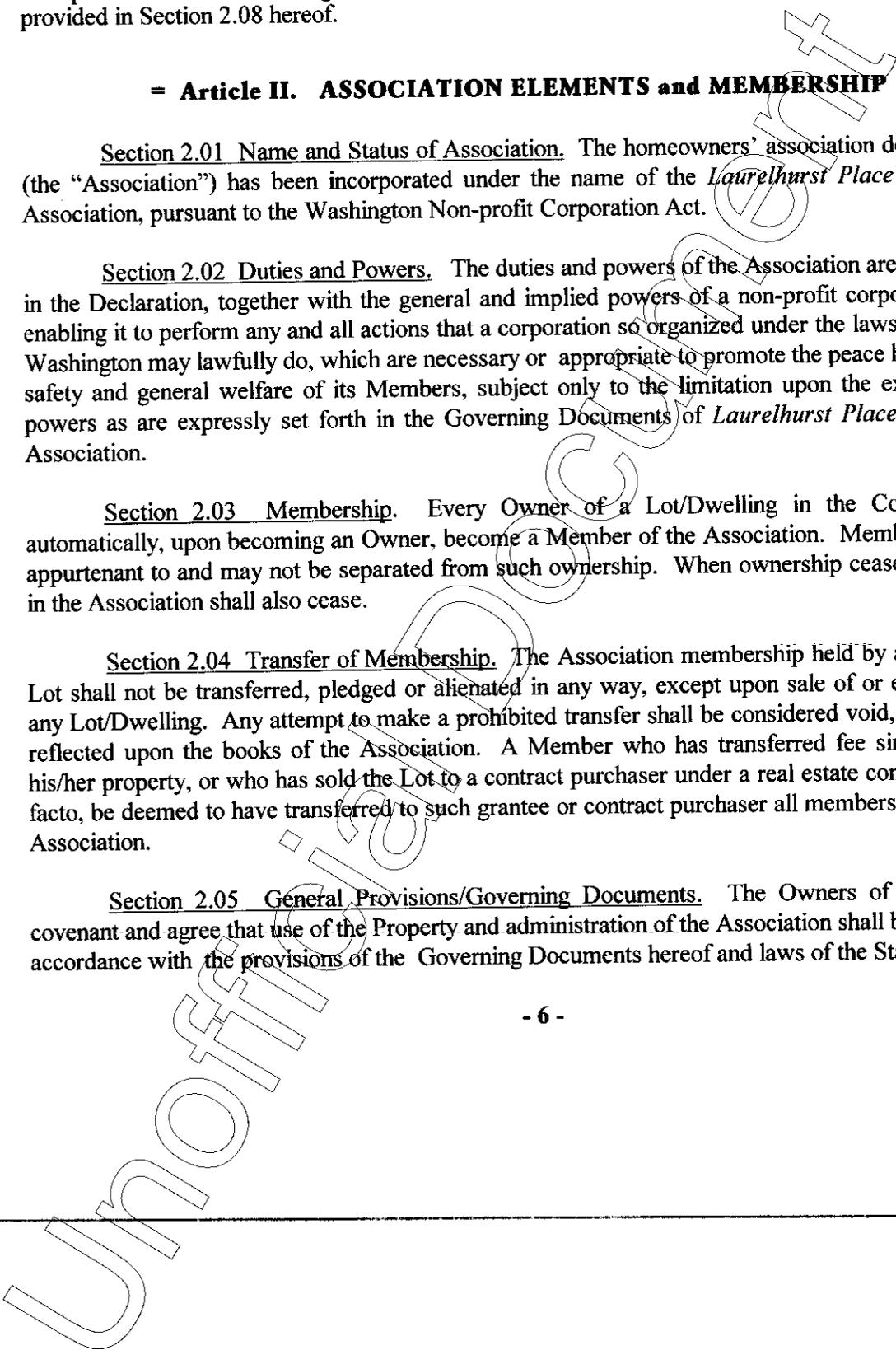
Section 2.01 Name and Status of Association. The homeowners' association described herein (the "Association") has been incorporated under the name of the *Laurelhurst Place Homeowners' Association*, pursuant to the Washington Non-profit Corporation Act.

Section 2.02 Duties and Powers. The duties and powers of the Association are those set forth in the Declaration, together with the general and implied powers of a non-profit corporation, thereby enabling it to perform any and all actions that a corporation so organized under the laws of the State of Washington may lawfully do, which are necessary or appropriate to promote the peace health, comfort, safety and general welfare of its Members, subject only to the limitation upon the exercise of such powers as are expressly set forth in the Governing Documents of *Laurelhurst Place Homeowners' Association*.

Section 2.03 Membership. Every Owner of a Lot/Dwelling in the Community shall automatically, upon becoming an Owner, become a Member of the Association. Membership shall be appurtenant to and may not be separated from such ownership. When ownership ceases, membership in the Association shall also cease.

Section 2.04 Transfer of Membership. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except upon sale of or encumbrance of any Lot/Dwelling. Any attempt to make a prohibited transfer shall be considered void, and will not be reflected upon the books of the Association. A Member who has transferred fee simple interest to his/her property, or who has sold the Lot to a contract purchaser under a real estate contract shall, ipso facto, be deemed to have transferred to such grantee or contract purchaser all membership rights in the Association.

Section 2.05 General Provisions/Governing Documents. The Owners of Lots/Dwellings covenant and agree that use of the Property and administration of the Association shall be done in strict accordance with the provisions of the Governing Documents hereof and laws of the State of Washing-





ton, or any of them as they are amended from time to time. Each Owner, tenant or occupant of a Lot/Dwelling shall comply with the provisions of the Governing Documents and the Association's rules, regulations, decisions and resolutions, as lawfully amended; and failure to comply therewith shall be grounds for an action to recover sums due for damages and/or for injunctive relief. The Governing Documents may provide (and be enforced in respect thereto) other rules and regulations for the use, occupancy and management of the Property not inconsistent herewith.

Section 2.06 Voting Class of Members. There shall be only one class of voting membership, which shall be comprised of any Person or entity who owns a Lot/Dwelling in the Community. Each such Owner shall be entitled to one (1) vote for each Unit owned, except that Declarant shall retain all votes for each phase of development of *Laurelhurst Place* until Turnover of the Association occurs, as provided herein. Until such time, any vote, action or decision required of the Association or Board of Directors, as provided by the Governing Documents or amendments thereto, shall be made by Declarant. When more than one Person or entity hold an interest in a Lot or Dwelling, all such Owners shall be considered Members. The vote for such Members shall be exercised as they determine, but in no event shall more than one vote be cast with respect to each such Lot or Dwelling.

Section 2.07 Officers and Directors. The initial Officers and Directors of the Association will be selected by Declarant, and they will serve until Turnover of the Association occurs. With due notice and in advance of such a time, a Special Meeting shall be called to nominate and elect a new set of Officers and Directors. Upon request of an Owner, the President of the Association shall provide the names of the current Officers and Directors.

Section 2.08 Turnover of Association by Declarant. As soon as practicable after Close of Sale to the First Occupant of the final Dwelling Unit constructed in the Community, Declarant shall arrange, with the help of a Transition Team comprised of Members to transfer the control and administration of the Association to a new, duly elected set of Officers and Directors. At such time, all accounts, billings, outstanding obligations, etc., shall be turned-over by Declarant in a "current" condition.

Section 2.09 Voting Requirements. Except as otherwise expressly provided in this Declaration or By-laws, any action by the Association which requires pre-approval shall require the vote or written consent of the prescribed majority of the Members, provided, however, that any matter subjected to a vote which would change the relative voting powers, or the relative rights and/or obligations of the Members, shall require the vote or written consent of the prescribed majority of the voting power of the membership as of the date of such a vote.

Section 2.10 Membership Meetings. Regular Meetings and Special Meetings of the Members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the By-laws of the Association.

Section 2.11 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, the initial members of which shall be selected by Declarant, and which shall conduct Board meetings, in accordance with the provisions of the By-laws of the Association.



Section 2.12 Use of Agent. The Board of Directors, on behalf of the Association, may contract with a management agent for the performance of maintenance and repair of the Common Areas, along with administration of other business activities of the Association, as the Board may determine.

= Article III. OWNERS' RIGHTS and OBLIGATIONS =

Section 3.01 Owners' Easements of Enjoyment. Every Owner shall have a non-exclusive right and easement of ingress and egress and of enjoyment in, to and over the Common Area which shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:

- (a) The right of Declarant to annex additional Common Area and Lots to the Property as subsequent phases of the Community are developed.
- (b) The right of the Association to reasonably limit the number of guests of Owners permitted to use the Common Area facilities.
- (c) The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area, including, but not limited to, the right and obligation of the Association to enforce all parking restrictions within the Common Area, as set forth in Section 3.02 hereof, and the right to reasonably limit the use of the Association's recreational facility.
- (d) The right of the Association, in accordance with the Governing Documents, and with the vote or written consent of two-thirds (2/3rds) of the voting power of the Members, to borrow money for the purpose of improving the Common Area and its facilities and Improvements; and to mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of such mortgagee shall be subordinated to the rights of the Owners.
- (e) Subject to the provisions of Article VI. hereof, the right of the Association to dedicate, release, alienate or transfer all of any part of the Common Area to any public agency, authority, utility or other Person for such allowable purposes, and subject to such conditions as may be agreed to by the Members. With the exception of conveyance for utilities serving the Common Area, no such dedication, release, alienation or transfer shall be effective unless first approved by the voting power of the Association membership, and after certification that such approvals have been obtained and by recording such document with the Spokane County Auditor.
- (f) The right of Declarant or its sales agents, representatives and prospective purchasers to the non-exclusive use of the Common Area in order to examine or show the Property for sale and to offer Dwelling Units for sale, until all the Lots and Dwellings have been sold; provided, however, that such use shall not unreasonably interfere



with the rights and enjoyment of the Owners.

(g) The right of the Board to suspend the rights and easements of any Member, and the Persons deriving such rights and easements of any Member, for use and enjoyment of the recreational facility located in the Common Area, for any period during which the payment of any Regular or Special Assessment owed remains delinquent, and, after Notice and Hearing, to suspend such rights and easement for the period set forth in the By-laws, for any violation of the Governing Documents, it being understood that any suspension for non-payment of an Assessment or breach of such restrictions shall constitute a waiver of discharge of the Member's obligation to pay Assessments as provided herein.

(h) The rights and reservation of Declarant as set forth in Article XI. hereof.

(i) The right of the Association, by action of the Board, to reconstruct, replace or refinish any Improvement or portion thereof in the Common Area, in accordance with the original design, finish or standard of construction of such improvement, or of general improvements within the Property; and not in accordance with such original design, finish or standard of construction only with the voting majority of the membership.

(j) The right of the Association to replace destroyed trees and other vegetation, and to thereafter replant trees, shrubs and ground cover in the Common Area.

(k) The right of the Association, acting through the Board, to reasonably restrict access to portions of the Common Area.

Section 3.02 Easements for Parking. Subject to the provisions of this Declaration pertaining to parking, the Association, through its officers, committee and agents is hereby empowered to establish "VISITOR PARKING" and "NO PARKING" areas within the Common Area, as well as to enforce any parking limitations, including the removal of any violating vehicles. The private roadways shall be used for temporary parking only and will be designated as "NO PARKING" areas. "VISITOR PARKING" will be located and designated where Declarant determines that it will fit into the traffic and parking plan for the Community. It shall be the respective Owner's obligation to insure that their visitors comply with the parking rules of *Laurelhurst Place Homeowners' Association*.

Section 3.03 Easements for Vehicular Traffic. In addition to the general easements for use of the Common Area reserved herein, there shall be, and Declarant hereby reserves and covenants for itself and all future Owners, non-exclusive easements appurtenant for vehicular traffic over all private roadways within the Property, subject to the parking limitations set forth herein. Declarant reserves the right to grant similar easements to Owners of Lots that are later annexed to the Community.

Section 3.04 Easements for Public Service Use. In addition to the foregoing easements over the Common Area, there shall be, and Declarant reserves and covenants for itself and all future Owners, easements for public services, including, but not limited to, the right of police, firemen, other emergency vehicles, and refuse employees to enter upon any part of the Common Area.



Section 3.05 Waiver of Use. No Owner may exempt him/herself from personal liability for Assessments duly levied by the Association, nor release the Lot/Dwelling or other property owned by the Owner from the liens and charges hereof, by waiver of use and enjoyment of the Common Area and the facilities thereon, or by abandonment of any Lot/Dwelling.

Section 3.06 Real Property Taxes. Each Owner shall execute such instruments and take such action as may be reasonably specified by the Association, to obtain separate real estate tax assessment of each Lot/Dwelling. If any taxes or Assessments may, in the opinion of the Association, nevertheless be a lien on the Common Area, or any part thereof, they may be paid by the Association, and each Owner shall be obligated to pay or reimburse the Association for any such taxes and assessments levied by the County Assessor or other taxing authority against the Common Area and attributable to his/her own Lot/Dwelling or interest in the Common Area.

Section 3.07 Maintenance Obligations of Owners. It shall be the duty of each Owner, at his/her sole cost and expense, subject to the provisions of this Declaration regarding the Architectural Committee's approval, to maintain, repair, and restore areas subject to his exclusive control in a neat, sanitary and attractive condition. Areas subject to the exclusive control of an Owner shall be deemed to include, without limitation, the Owner's Dwelling and areas of the Lot, if any, which are not defined as a portion of the Landscape Maintenance Area. In the event that any Owner shall permit any Improvement, which is the responsibility of such Owner to maintain, to fall into disrepair or not to be so maintained so as to create a dangerous, obstructed, unsafe, unsightly or unattractive condition, or to otherwise violate this Declaration, the Board shall have either the right to seek any remedies at law or in equity which it may have, and the right, but not the duty, after Notice and Hearing, to enter upon such Owner's Lot to make such repairs or to perform such maintenance, and the cost thereof shall be charged to the Owner. Said cost shall be a Special Assessment and shall create a lien enforceable in the same manner as Regular Assessments, as set forth in Article IV. of this Declaration.

Section 3.08 Duty to Rebuild Resulting from Damage to or Destruction of Dwelling Unit. If all or any portion of any Lot or Dwelling is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of said Lot or Dwelling to rebuild, repair or reconstruct said Residence and/or to restore said Lot in a manner that will return it to the appearance and condition existant before the casualty occurred.

Section 3.09 Time Limitation. The Owner of any damaged Dwelling, the Association and the A.R.C. shall be obligated to proceed with all due diligence hereunder in the reconstruction process described in Section 3.08. The responsible party shall commence reconstruction within sixty (60) days after the damage occurred and shall complete the reconstruction within one hundred twenty (120) days after commencement of construction, unless prevented by causes beyond their reasonable control.

= Article IV. COVENANT for MAINTENANCE ASSESSMENTS =

Section 4.01 Creation of the Lien and Personal Obligation of Assessments and Charges.
The Owner of each Lot/Dwelling hereby covenants and agrees to pay to the Association: (1) Regular Assessments and (2) Special Assessments. Such Assessments, together with any interest expense, costs and reasonable attorney's fees provided for hereinafter, shall be a charge against the Lot and con-



tinuing lien until payment is made. Each such Assessment shall be a personal obligation of the Owner of record as of date the Assessment fell due. The personal obligation for a delinquent Assessment shall not pass to an Owner's successor in title, unless expressly assumed by such successor and with the written permission of the President of the Association.

Section 4.02 Establishment of the Association Maintenance Fund. As soon as practical after filing of the Articles of Incorporation with the Secretary of State, Declarant shall select a local commercial bank as the repository for funds received by the Association. A checking account shall be established for the Association Maintenance Fund. No funds other than those payable to the Association shall be deposited to the Maintenance Fund, and no expenses other than those provided for in the initial Operating Budget of the Association shall be paid therefrom.

Use of Special Assessment funds shall be restricted to payment of the respective, specific expense items and shall not be used for payment of expenses relating to Regular Assessments.

Section 4.03 Purpose of Assessments. Assessments levied by the Association shall be used exclusively: to promote the recreation, health, safety and welfare of the Owners; for maintenance of the Common Areas/Improvements; and to pay the costs of the Association's business affairs. Such maintenance shall include, but is not limited to, the costs for care of the lawn, shrubbery, planter beds, flowering plants, maintenance of any masonry monumentation, fencing and sprinkler system, permanent signage, entryway gate operator system, sidewalks/roadways, sewer/water systems, along with the cost of electricity for lighting in the Common Areas. The business affairs shall include, but are not limited to, the usual and customary activities and responsibilities to operate and administer a Homeowners' Association, (including reasonable management fees, banking and postage costs, insurance premiums, filing fees for the Association's Annual Report with the Secretary of State, preparation of an annual corporate income tax return, legal or other specialized expenses deemed necessary by the Board).

Section 4.04 Initial/Maximum Assessment; Method of Payment; Due Dates; Special Provisions; and Increases. Assessments are intended to reflect the annual costs incurred for the foregoing expenses, part of which are affected by causes beyond normal projections (e.g. damage to the Common Area or unregulated water consumption). Accordingly, one year's operating expenses may exceed previous experience. Such eventualities may be included in the compilation of a budget. The initial Regular Assessment will be determined by Declarant and communicated to all Owners in advance of Close of Sale of the first Lot. The maximum Regular Assessment will be decided by the Board of Directors that takes office after Turnover of the Association by Declarant.

Due dates for payment of Regular Assessments shall be established by Declarant and communicated to each Owner in advance of the first due date. Regular Assessments shall commence as of the date of Close of Sale or the date of First Occupancy, whichever occurs first. It shall be the prerogative of Declarant to determine reduced rates for Regular Assessments that apply during the construction period of a Dwelling and for Lots that do not require the services included in the Regular Assessment (e.g., lawn care and water usage). After formulation, such rates shall be provided in writing by Declarant, upon an Owner's request.

Increases to the Regular Assessment shall be governed by the following conditions:

- (a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Regular Assessment may be increased each year not more than ten percent (10%) above the maximum initial Regular Assessment without a vote of the membership.

Unofficial



(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Regular Assessment may be increased (for economic reasons) beyond the above-referenced percentage by a vote of two-thirds (2/3rds) of the Members who vote in person or by proxy, at a meeting called for this purpose.

(c) The Board of Directors may fix the annual Regular Assessment at an amount not in excess of the amount needed for maintenance and operation of the Common Areas and the Association.

Section 4.05 Special Assessments. In addition to the Regular Assessments and charges authorized above, the Association may levy, in any year, a Special Assessment applicable to that period only, for the purpose of defraying, in whole or part, a projected shortage of the Maintenance Fund, costs of any unfunded repairs to or reconstruction costs of a capital improvement in the Common Area, provided (WITH THE EXCEPTION OF THE PROVISIONS OF ARTICLE XV.) that there is a two-thirds (2/3rds) vote of the Members, voting in person or by proxy at a meeting duly called for the purpose of deciding to install an additional Improvement to the Common Area. In addition to the preceeding causes for Special Assessments, an Owner shall be liable for a Special Assessment if, by determination of the Board of Directors, an Owner, his/her family member, guest or invitee, has caused damage to the Common Area, either by willful or negligent act. Such an Assessment shall be due in accordance with the provisions of Sections 5.01/5.02 hereof.

Section 4.06 Assessment for Creation of Reserve Fund. Creation or increase of a Reserve Fund shall be funded by increases to the Regular Assessment, as determined by the annual budgeting process, rather than by Special Assessments, except in the case of an emergency.

Section 4.07 Uniform Rate of Assessment. All Assessments and charges shall be uniform as to as to each Lot. The records of the Association will be maintained so that an equitable division of Assessments and charges can be determined.

Section 4.08 Subordination of the Lien to Mortgages. The lien of Assessment provided for herein shall be inferior, junior and subordinate to the lien of all first mortgages (and trust deeds) now or hereafter placed upon the title of any Lot or Dwelling Unit. The sale or transfer of any Lot or Dwelling shall not affect the Assessment lien. However, any sale or transfer which is subject to a mortgage or deed of trust, pursuant to a judgment or decree of foreclosure under such encumbrance or any proceeding in lieu of foreclosure, shall extinguish the lien of Assessment, as to amounts thereof, which become due prior to such sale or transfer; and such lien shall attach to the net proceeds of sale, if any, remaining after such encumbrance and other prior liens and charges have been satisfied. No sale or transfer shall relieve such property from liability for any Assessment thereafter becoming due or from the liening thereof.

Section 4.09 Exempt Property. The following property shall be exempt from the Assessments described herein:

- (a) All property expressly dedicated to and accepted by a local public authority; and
- (b) Any Common Area.

Section 4.10 Association Budget. The Board of Directors shall approve an Annual Budget for operation of the Association, which shall indicate the specific or anticipated costs of operation for the Association's next fiscal year. Such budget shall include, among other expenses, the cost of legal and



accounting fees, management fees, banking fees, electricity and maintenance of the improvements in the Common Areas, postage, other liabilities incurred by the Association under this Declaration, the payment of any deficit remaining from a previous period, and the creation of any reasonable contingency or other surplus funds, which shall be accumulated in a restricted Reserve Fund, deemed necessary by the Board. A copy of the Annual Budget shall be made available to each Owner by the Board; with each First Occupant being entitled to receive a copy from the closing agent at the Close of Sale.

= Article V. ENFORCEMENT of MAINTENANCE ASSESSMENTS =

Section 5.01 Enforcement of Unpaid Assessments. Any Regular or Special Assessment not paid within thirty (30) days after the due date shall be considered delinquent and shall bear interest from the due date until paid at the rate of twelve per cent (12%) per annum. If any such Assessment or installment thereof is not paid within thirty (30) days after it is due, the Owner responsible therefor may be required further by the Board of Directors to pay each month a late charge of Twenty-Five Dollars (\$25.00) or five percent (5%) of the amount of the delinquent Assessment or installment, whichever is greater. The Association may bring an action at law against such a delinquent Owner and/or foreclose the lien against the Lot. In which case, the Association shall be entitled to recover the highest interest allowed by law, along with costs and reasonable attorney's fees for such a collection. No Owner shall waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his/her Lot/Dwelling.

If any installment of an Assessment is not paid within thirty (30) days after its due date, the Board may mail an Acceleration Notice to the Owner and to each First Mortgagee of a Lot which has requested a copy of the notice. The notice shall specify: (1) the fact that the installment is delinquent; (2) the action required to cure the default, which action shall include paying all installments coming due during the period allowed to cure the default; (3) a date, not less than thirty (30) days from the date the notice is mailed to the Owner, by which such default must be cured; (4) that failure to cure the default on or before the date specified in the notice will result in acceleration of the balance of the installments of the Assessment for the then-current fiscal year and sale of the Lot/Dwelling; and (5) the legal description of the property. If the delinquent installments of an Assessment and the charges thereon are not paid in-full on or before the date specified in the Notice, the Board may, at its option without further demand, enforce the collection of the full Assessment and all charges thereon in any manner authorized by law and this Declaration.

Section 5.02 Notice of Assessment. No action shall be brought to enforce any Assessment lien, unless at least thirty (30) days has expired following the date a Notice of Assessment is deposited in the United States mail, certified or registered, postage prepaid to the Owner, and a copy thereof has been recorded by the Association in the office of the Spokane County Auditor. The Notice of Assessment must recite a good and sufficient legal description of any such Lot, the record Owner or reputed Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid assessment at twelve percent (12%) per annum, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant. Such Notice of Assessment shall be signed and acknowledged by an Officer of the Association. For purposes of this Section 5.02, an Acceleration Notice given under Section 5.01 here-



of shall be deemed to be a Notice of Assessment if recorded in the office of the Spokane County Auditor.

Section 5.03 Foreclosure Sale. Any such sale provided for above may be conducted by the Board of Directors, its attorneys or other persons authorized by the Board, and in accordance with the provisions of the laws of the State of Washington for judicially and non-judicially foreclosing mortgages. The Association, through duly authorized agents, shall have the power to bid on the Lot/Dwelling at foreclosure sale, and to acquire and hold, mortgage and convey the same.

Section 5.04 Curing of Default. Upon the timely curing of any default for which a Notice of Assessment or Acceleration Notice was filed by the Association, the Officers thereof shall record an appropriate Release of Lien, upon payment by the defaulting Owner of a fee to be determined by the Association, but not to exceed One Hundred Fifty Dollars (\$150.00), to cover the cost of preparing and recording such release. A certificate, executed and acknowledged by any two (2) members of the Board, stating the indebtedness secured by the lien upon any Lot created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request at a reasonable fee determined by the Board.

Section 5.05 Cumulative Remedies. The assessment liens and the rights to foreclosure and sale thereunder shall be apply in addition to, and not in substitution for, all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgement for unpaid Assessments, as above provided herein.

Section 5.06 Mortgagee Protection. Notwithstanding all other provisions hereof, no lien created under this Article IV., nor any breach of this Declaration, nor the enforcement of any provision hereof, shall defeat or render invalid the rights of the Beneficiary under any recorded first Deed of Trust upon a Lot or Dwelling made in good faith and for value; provided that after such Beneficiary or some other Person obtains title to such Lot or Dwelling by judicial foreclosure or by way of the powers set forth in such Deed of Trust, such Lot shall remain subject to this Declaration and payment of all Assessments accruing subsequent to the date such Beneficiary or other Person obtains title and claims for a share of unpaid Assessments re-allocated to all Owners, including each Lot or Dwelling foreclosed.

= **Article VI. COMMON AREAS** =

Section 6.01 Common Area. The Common Area shall include all the real property and improvements thereon within the Common Area described in Section 1.10 hereof, along with any other such property developed in subsequent phases of development of *Laurelhurst Place*, all of which shall be dedicated to the common use and enjoyment of Owners. The Common Area shall be owned, operated, maintained (WITHOUT FINANCIAL CONTRIBUTION FROM ANY LOCAL MUNICIPALITY) and insured by the Association for the use and benefit of Owners, subject to reasonable rules and regulations enacted in accordance with the By-laws. Notwithstanding the transfer of the Common Area to the Association, the Declarant and its successors in interest reserve the right to



right to ingress and egress over and onto the Common Area for the purpose of completing the installation of Improvements therefor.

Section 6.02 Partition of Common Area Prohibited. Regardless of the possible dissolution of the Association and the conveyance of fee title to the Common Area to the Association, no Owner shall bring any action for partition or division of any part of the Common Area, it being agreed that this restriction is necessary for the preservation of the rights of the Owners to operate, manage, use and enjoy the Common Area.

Section 6.03 Subservient Estate. The Common Area is hereby declared subservient to the interests of the Owners and shall not be sold.

Section 6.04 Damage by Member. Damage to or destruction of all or any portion of the Common Area shall be handled in the following manner:

a) In the event of damage or destruction to the Common Area, and the insurance proceeds are insufficient to effect total restoration, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed.

(b) If the insurance proceeds are within Five Thousand Dollars (\$5,000.00) of being sufficient to effect total restoration to the Common Area, then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed, and the difference between the insurance proceeds and the actual cost shall be levied as a Special Assessment, in accordance with the provisions of Section 4.05 hereof.

(c) If insurance proceeds are insufficient by more than Five Thousand Dollars (\$5,000.00) to effect total restoration to the Common Area, then by written consent or vote of a majority of the voting power (present in person or by proxy at a meeting duly called for such purpose, written notice of which shall be sent to all members not less than thirty [30] days nor more than sixty [60] days in advance of the meeting) of the Association, the Members shall determine whether to: (1) rebuild and restore in substantially the same manner as the Improvements existed prior to damage, and to raise the necessary funds over the insurance proceeds by levying a Special Assessment against all the Lots/Dwellings; (2) rebuild and restore in a way which utilizes available insurance proceeds and an additional amount not in excess of Five Thousand Dollars (\$5,000.00) and which is assessable equally to all Owners but which is less expensive than replacing these Improvements in substantially the same manner as they existed prior to being damaged; or (3) subject to the provisions of the Articles, not rebuild and to distribute the available insurance proceeds equally to the Owners and Mortgagees of Lots/Dwelling, as their interest may appear.

(d) Each Member shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance proceeds which may be sustained by reason of the negligence or willful misconduct of said Member or the Persons deriving their right and easement of use and enjoyment of the Common Area from said Member, or of his respective family and guest, both minor and adult. The Association reserves the right, acting through the



Board, after Notice and Hearing, to: (1) determine whether any claim shall be made upon the insurance maintained by the Association; and (2) charge a Special Assessment equal to the increase, if any, in the insurance premium directly attributable to the damage caused by such Member or the person for whom such Member may be liable, as described herein. In the case of joint ownership of a Lot, the liability of such Owners shall be joint and several, except to the extent that the Association has previously contracted in writing with such joint Owners to the contrary. After Notice and Hearing, the cost of correcting such damage extent not reimbursed to the Association by insurance, shall be a Special Assessment against the Lot/Dwelling and may be collected as provided herein for the collection of Regular Assessments.

Section 6.05 Title to Common Area. Declarant covenants for itself, its successors, and assigns that it will convey to the Association fee simple title to the Common Area described in Section 1.10 hereof, free and clear of any encumbrances and liens, subject to reservations, easements, covenants, conditions, contracts and encumbrances then of record, including those set forth in this Declaration. Declarant shall similarly convey the Common Area that may exist in subsequent phases of the Property's developmental plan.

Section 6.06 Condemnation. If all or any part of the Common Area shall be taken or condemned by any public authority, sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this section shall apply. The Board shall be authorized to negotiate the condemnation award, which shall be deposited in the Maintenance Fund Account, subject to disbursement or other use, according to an agreement supported by two-thirds (2/3rds) of the voting power of the Association. All compensation, damage or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award," shall be payable to the Association. The Board shall also provide each Owner and First Mortgagee with a written notice of the commencement of any such condemnation proceeding and of any proposed sale or deposition in lieu or in avoidance of such proceeding. In the event that less than the entire Common Area is taken or condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the rights, title interests, privileges, duties and obligations of an Owner and Mortgagee in, to or with respect to the Common Area not so taken or condemned, shall continue in full force and effect, as provided in this Declaration.

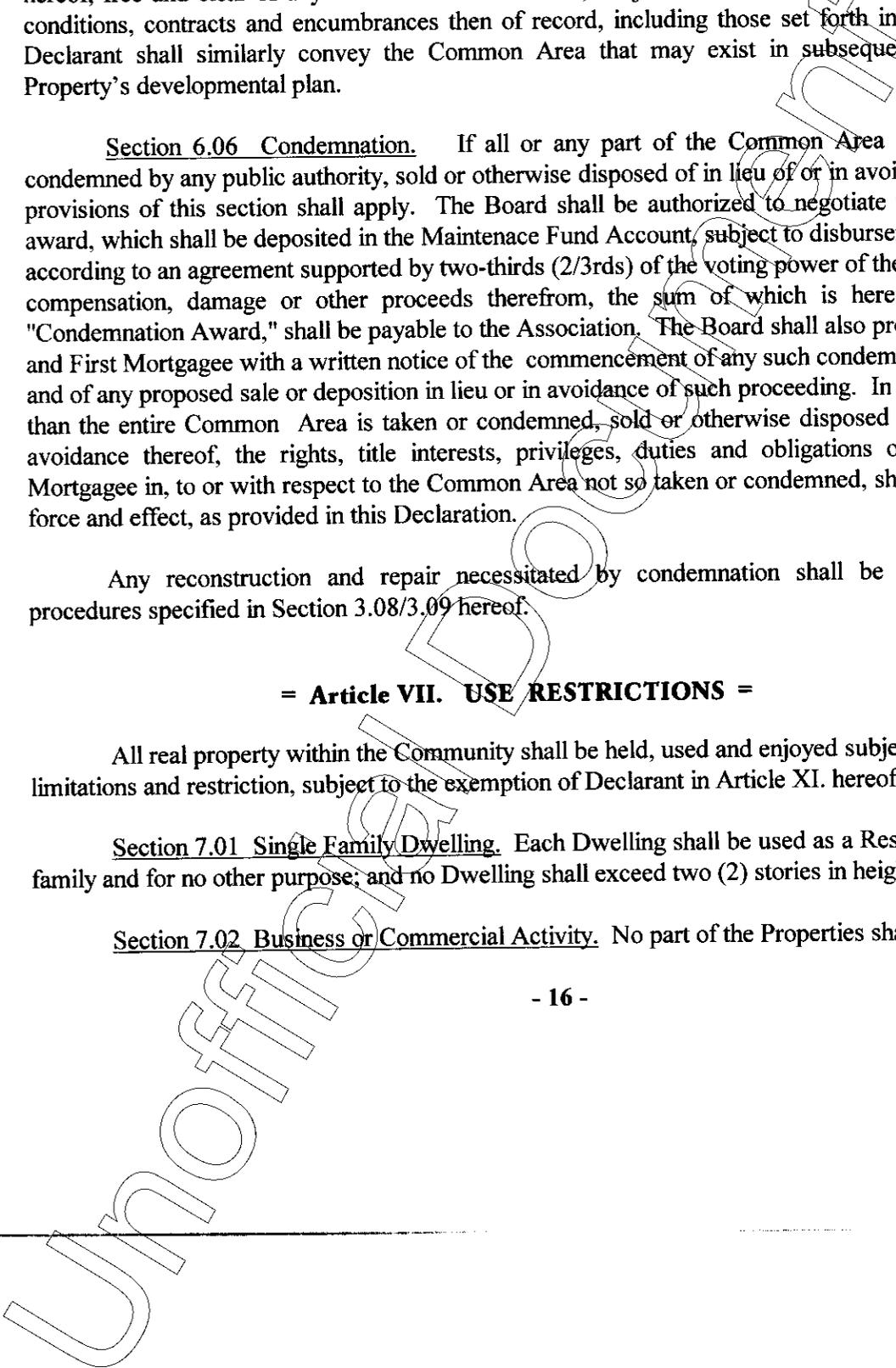
Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 3.08/3.09 hereof.

= Article VII. USE RESTRICTIONS =

All real property within the Community shall be held, used and enjoyed subject to the following limitations and restriction, subject to the exemption of Declarant in Article XI. hereof:

Section 7.01 Single Family Dwelling. Each Dwelling shall be used as a Residence for a single family and for no other purpose; and no Dwelling shall exceed two (2) stories in height.

Section 7.02 Business or Commercial Activity. No part of the Properties shall ever be used or





caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending or other such non-residential purposes; except Declarant, its successors or assigns, may use any portion of the Properties for a model home/sales office site during the initial sales period for Residences constructed in the Community.

Section 7.03 Nuisances. No noxious or offensive activity (including, but not limited to, the repair of motor vehicles) shall be carried on, in or upon any Lot or the Common Area, nor shall anything be done therein which may be or become an unreasonable annoyance or nuisance to any other Owner. The Board of Directors shall have the right to determine, in accordance with the By-laws, if any noise, odor, interference or activity producing such noise, odor or interference constitutes a nuisance.

Section 7.04 Signs. No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion of the Properties or any Lot, without the prior written consent of the A.R.C., except: (a) one sign for each Dwelling, of not larger than five (5) square feet, advertising the Dwelling for sale or rent; or (b) signs regardless of size, used by Declarant, its successors or assigns to advertise the properties during construction and sales period. All signs and billboards and the conditions promulgated for the regulation thereof shall conform to the requirements of all applicable governmental ordinances.

Section 7.05 Parking and Vehicular Restrictions. No Owner shall park, store or keep on a Lot or in the Common Area any large commercial type vehicle, inoperable vehicle or any other vehicular equipment or accessories, mobile or otherwise, deemed to be a nuisance by the Board, so as to be visible from anywhere in the Properties. No Owner shall conduct repairs or restoration of any motor vehicle, boat, trailer or other vehicle upon any portion of any Lot or upon the Common Area, except wholly within the Owner's garage; provided, however, that such activity shall at no time be permitted if it is determined by the Board or its agent to be a nuisance. Vehicles owned, operated or within control of any Owner shall be regularly parked in the garage of such Owner. It is the obligation of the Owners to instruct guests to use VISITOR PARKING areas if they choose not to park in the respective Owner's driveway.

Section 7.06 Animals. No animals or birds of any kind shall be raised, bred or kept in any part of the Property, except that no more than two (2) usual and ordinary household pets (e.g., a dog, cat or bird) may be kept within a Dwelling Unit, provided that they are not kept, bred or maintained for commercial purpose or in unreasonable quantities, nor in violation of the rules and regulations adopted by the Association, as provided in the By-laws. The Association, acting through the Board of Directors, shall have the right to prohibit, by verbal or written request of an Owner, any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner. Any animal belonging to an Owner, an occupant, licensee, tenant or invitee within the Community must be kept on a leash, held by a person capable of controlling the animal, when it is allowed outside the Owner's Residence.

Furthermore, any Owner shall absolutely be liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animal brought into or kept upon the Properties by an Owner or by Members of his/her family, tenants or guests; and it shall be the absolute duty and responsibility of each such Owner to



clean-up after such animals which have used any portion of the Common Area or a Lot. No vicious dog, as determined by the Board of Directors, shall be allowed to visit or remain on the Property.

Section 7.07 Trash. No rubbish, trash, garbage or other waste material shall be kept or permitted on any Lot or Common Area, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the Properties, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Such containers shall be exposed to the view of neighboring Lots only when set out for a reasonable period of time, not to exceed twelve (12) hours before and after scheduled trash collection hours.

Section 7.08 Completion of Construction. Each Dwelling constructed on any Lot shall be completed as to external appearance, including finished exterior painting, within nine (9) months after the date of issuance of a building permit.

Section 7.09 Temporary Buildings. No outbuilding, basement, tent, shack, shed or other temporary building or Improvement of any kind shall be placed upon any portion of the Properties either temporarily or permanently without the prior approval of the A.R.C. No garage, trailer, camper, motor home or recreation vehicle shall be used as a Residence in the Properties, either temporarily or permanently.

Section 7.10 Common Area Facilities. Nothing shall be altered or constructed in or removed from the Common Area or Landscape Maintenance Area except upon the written consent of the Board of Directors of the Association.

Section 7.11 External Installation of Equipment/Appurtenances. No radio station or shortwave operators of any kind shall operate from any Lot or Dwelling Unit. No exterior radio antenna, "C.B." antenna or satellite TV antenna, other than one less than twenty-four inches (24") in diameter and mounted on a Residence in a location acceptable by the A.R.C., shall be permitted on the Properties. No fence or wall shall be erected, altered or maintained on any Lot in the Community, except with the prior approval of the A.R.C.; nor shall an exterior clothes line shall be erected or maintained on any Lot in the Community.

Section 7.12 Adverse Effect on Insurance Coverage. Nothing shall be done or kept in the Community that will increase the rate or adversely effect insurance on any property insured by the Association without the approval of the Board, nor shall anything be done or kept in the Community that would result in the cancellation of insurance on any property insured by the Association or which would be in violation of any law.

Section 7.13 Further Subdivision; Leasing. No Owner shall further partition or subdivide a Lot; provided, however, that this provision shall not be construed to limit the right of an Owner to: (1) rent or lease a Dwelling by means of a written lease or rental agreement, subject to the restrictions of this Declaration, so long as the Residence is not leased for transient or hotel purposes; (2) sell a Dwelling; or (3) transfer or sell a Dwelling to more than one person or as community property. The terms of

any such lease or rental agreement shall provide that it is subject in all respects to the provisions of this Declaration, the Articles of Incorporation and By-laws of the Association. Any failure by the lessee of a Dwelling to so comply shall constitute a default under the lease or rental agreement. An Owner's failure to pay a duly charged Assessment may be cured by payment of the lessee without default.

Section 7.14 Drainage. There shall be no interference with the established drainage pattern over any Lot within the Community, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the A.R.C. For the purposes hereof, "established drainage" is defined as the drainage which exists at the time that such a Lot is conveyed to a purchaser from Declarant, or that which is shown on the Plat Map or any plans approved by the A.R.C., which may include drainage from the Common Area over any Lot in the Community.

Declarant or its representatives shall have the right, for a period of five (5) years after initial conveyance of a Lot, to enter any such Lot to correct a drainage condition that adversely affects any other part of the Community.

Section 7.15 Violation of Governing Documents. There shall be no violations of the restrictions of this Declaration or of the rules and regulations of the Association adopted in accordance with the provisions of the By-laws. If any Owner, his/her family, guest, licensee, lessee or invitee violates any such restrictions, the Board may impose a reasonable Special Assessment upon such Owner for each violation and may suspend the voting privileges of such Owner, as further provided in the By-laws. Such Special Assessment shall be collectable in the same manner as Regular Assessments hereunder, but the Board shall give such Owner a Notice and Hearing before invoking any such Special Assessment or suspension.

Section 7.16 No Warrant of Enforceability. While Declarant has no reason to believe that any of any of the restrictive covenants contained in this Article VII, or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot or Dwelling Unit in the Property on reliance of one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof, and, by acquiring the Unit, agrees to hold Declarant harmless therefrom.

= Article VIII. ARCHITECTURAL REVIEW COMMITTEE =

Section 8.01 Composition of the A.R.C. The A.R.C. shall initially be comprised of Declarant and two appointees of its choice. After "Turnover," the A.R.C. shall be composed of three (3) qualified appointees of the Chairperson of the Board of Directors.

Section 8.02 The Review Process. Design plans for each Residence proposed for construction in the Community shall require written approval of the A.R.C prior to commencement of construction. The A.R.C. shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration, and shall perform such other duties as assigned from time to time by the Board, including the inspection of construction-in-progress to assure its conformance with plans approved by



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the committee. After being presented with a full set of professionally drawn design plans, exterior color samples or description, plot plan and landscape plan for a proposed Residence, the A. R.C. shall provide a written response as to the acceptability of the plans within five (5) business days thereafter. Such review shall include consideration of compatibility with the general exterior design of surrounding Dwellings in the Community. The A.R.C. may require such detail in plans and specifications submitted for its review as it deems proper.

Section 8.03 Committee Guidelines. The A.R.C.'s review of design plans shall include, but is not limited to, the following items:

- (a) Siting and location of the Residence on the Lot, so that it does not detract from the beauty, wholesomeness and attractiveness of any Common Area or the enjoyment thereof by a Member.
- (b) Compatibility with the exterior design "theme" initially established in the Addition by Declarant, and with that of other finished homes.
- (c) Front yard, side yard and rear yard setbacks that conform to those approved by the Spokane County Planning Department.
- (d) Compliance with minimum finished areas in the Residence, which shall be: one thousand two hundred (1,200) square feet of finished main floor living area, exclusive of open porches and garages, for one-story homes; eight hundred (800) square feet of finished main floor living area and four hundred (400) square feet of additional finished living area, as determined above, on the second level of a two-story/one and one-half story home; and six hundred (600) square feet of finished living area on each of the upper two levels of a multi-/split-level home.
- (e) Presence of (at least) a double garage (20 feet by 20 feet minimum), equipped with an automatic garage door opener and sheet-rocked to the Spokane County Fire Code.
- (f) Roof covering with a 25 year minimum manufacturer's rating; and exterior siding (excluding vinyl or metal) that is of uniform material with the A.R.C.'s initial selections.
- (g) Double-wall construction on the front elevation, with cedar and masonry trim, aggregate concrete front porch/walkway and aggregate or paver brick trim designed into the driveway.
- (h) Front/side/back yard landscape design that is compatible with the standards and designs of the initial Residences and which includes an automatic irrigation system, a photocell-activated masonry yard light and a "signature" tree (the species of which shall be selected by Declarant) in a uniform location in the front yard. After determination by Declarant, a specification list containing the minimum numbers for front yard plantings and other general aspects of a landscape plan shall be made available for inclusion in each final landscape design.

NOTE: All areas indicated as sewer, water or drainage easements on the Lots of *Laurelhurst Place* Plat Map shall be landscaped and maintained as grass areas only.



Section 8.04 Meeting of the A.R.C. The A.R.C. will meet as necessary to perform its duties hereunder. The A.R.C. may, from time to time, by resolution unanimously adopted in writing, designate an A.R.C. representative (who may, but need not, be one of its members) to take any action or perform any duties for and on its behalf. In the absence of such designation, the vote of at least two (2) members of the A.R.C., taken with or without a meeting, shall constitute an act of the A.R.C.

Section 8.05 No Waiver of Future Approvals. The approval by the A.R.C. 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 A.R.C., 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.

Section 8.06 Compensation of Members. The members of the A.R.C. shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

Section 8.07 Non-liability of A.R.C. Members. Neither Declarant, the A.R.C., any member of it, the Board nor their duly authorized representatives, shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the A.R.C.'s duties hereunder, unless due to the willful misconduct or bad faith of the A.R.C. The A.R.C. shall review and approve or disprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Properties generally. The A.R.C. shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, exterior color schemes, finishes and materials and other similar features. The A.R.C.'s approval or disapproval shall be based solely on the considerations set forth in this Article VIII.; and the A.R.C. shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plan or design from the standpoint of structural safety or conformance with any building or ordinances.

= Article IX. INSURANCE =

Section 9.01 Casualty Insurance. The Association shall keep all Improvements and fixtures of the Common Area insured against loss or damage by fire and extended coverages for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property, whether real or personal, owned by the Association, against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Area shall be written in the name of, and the proceeds thereof shall be payable to the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried. Premiums for all insurance carried by the Association are to be included in the Regular Assessments made by the Board of Directors.

Unofficial



Section 9.02 Insurance Obligation of Owners. In the event the Association does not maintain blanket casualty insurance upon the Dwelling Units, then each Owner shall insure his/her entire Dwelling against loss or damage by fire and extended coverage or by any other casualty, under the standard form of extended endorsement now in use by the State of Washington or under such other insurance that may be required by any Mortgagee of a Residence. All such insurance shall be in an amount as near as practicable to the full replacement value of the Residence, without deduction for depreciation or coinsurance. *Laurelhurst Place Homeowners' Association* shall be named as an "Additional Insured" under the coverage of each Owner's standard insurance policy. Additionally, each Owner shall, within thirty (30) days after Close of Sale of his/her Dwelling Unit, and thereafter at least ten (10) days prior to the expiration, termination, cancellation or modification of any existing policy, furnish to the Association duplicate copies of policies or certificates thereof, showing that such insurance is currently in force, in accordance with this Section. All such policies shall contain a provision that the same shall not be cancelled or terminated except upon at least thirty (30) days written notice to the Association, and each Owner shall notify the Association of such existence or non-existence of an assignment of such insurance maintained by said Owner upon the Close of Sale of his/her Dwelling.

Section 9.03 Replacement or Repair of Property. In the event of damage to or construction of any part of the Common Area Improvements, the Association shall repair or replace the same from the insurance proceeds available, or distribute such insurance proceeds, subject to the provisions of Section 6.4 of this Declaration. If such insurance proceeds are insufficient to cover the additional cost of repair or replacement not covered by the insurance proceeds, the funding shall come from a Regular Assessment made against such an Owner.

Section 9.04 Waiver of Subrogation. All policies of physical damage insurance maintained by the Association shall provide, if reasonably possible, for waiver of: (1) any defense based on co-insurance; (2) any right of setoff, counter-claim, apportionment, proration or contribution by reason of other insurance not carried by the Association; (3) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors or employees of any insured; (4) any rights of the insurer to repair, rebuild or replace, and, in the event any Improvement is not repaired, replaced or rebuilt following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured or the fair market value thereof; or (5) notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Lot/Dwelling. As to each policy of insurance maintained by the Association which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Owners, Declarant, any Manager, and the agents or employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

Section 9.05 Liability and Other Insurance. The Association shall have the power and the duty to, and shall obtain, comprehensive public liability insurance, including medical payments, liquor liability insurance, and malicious mischief, for at least One Million Dollars (\$1,000,000.00) per occurrence, insuring against liability for bodily injury, death and property damage arising out of the activities



of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The Association may also obtain, through the Board, Worker's Compensation insurance and other liability insurance as it may deem desirable, insuring each Owner, the Association, its Officers, the Board and any Manager from liability in connection with the Common Area. All insurance policies shall be reviewed at least annually by the Board of Directors, and the limits increased at its discretion. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board, the Officers of the Association, any Manager and volunteers against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. Notwithstanding any other provision herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the requirements for planned unit developments, established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), the Veterans' Administration ("VA") and/or the Federal Housing Administration ("FHA"), so long as any of which is Mortgagee or an Owner of a Lot or Dwelling Unit in the Properties, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA, VA and/or FHA as applicable.

Section 9.06 Waiver of Claim Against the Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Officers, the Board of Directors and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

= Article X. RIGHTS of MORTGAGEES =

Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of any mortgagee of a Lot or Dwelling made in good faith and for value, provided that after the foreclosure of any such mortgage, such Lot or Dwelling shall remain subject to this Declaration, as amended. Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce various lenders to participate in financing the sale of Lot or Dwelling, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Declaration, these added restrictions shall control):

Section 10.01 Written Notice of Default. Each first mortgagee of a mortgage encumbering any Lot or Dwelling, upon filing a written request for notification with the Board, is entitled to written notification from the Association of any default by the mortgagor of such Lot or Dwelling in the performance of such mortgagor's obligations under this Declaration, which default is not cured within thirty (30) days after the Association learns of such default. For purposes of this Declaration, a "first mortgagee" shall mean a mortgagee of a mortgage with first priority over other mortgages on a Lot or Dwelling.

Section 10.02 Condition of Title. Each first mortgagee of a mortgage encumbering any Lot or

Unofficial



Dwelling, which obtains title to such property, pursuant to judicial foreclosure or the powers provided in such mortgage, shall take title to such Lot or Dwelling free and clear of any claims for unpaid Assessments or charges against such a property which accrued prior to the time such holder acquired title to such Lot or Dwelling.

Section 10.03 Obligations of Mortgagees/Owners. Unless at least two-thirds (2/3rds) of the first mortgagees (based upon one vote for each mortgage owned) or two-thirds (2/3rds) of the Owners, other than Declarant, have given their prior written approval, neither the Association nor the Owners shall:

Sub-Section 10.03.01 By act or omission, seek to abandon or terminate the development of the Property as a planned unit development; or

Sub-Section 10.03.02 Change the method of determining the obligations, Assessments or charges, other than the Special Assessments or late charges imposed by the Board, in accordance with the provisions of this Declaration, which may be levied against any Owner; or

Sub-Section 10.03.03 By act or omission, seek to abandon, part ition,subdivide, encumber, sell or transfer the Common Area. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Area under this Declaration shall not be deemed a transfer within the meaning of this clause); or

Sub-Section 10.03.04 Fail to maintain or cause to be maintained fire and extended coverage insurance on the Common Area, as provided in Section 9.01 hereof.

Section 10.04 Access to Records/Meetings. First mortgagees, upon written request, shall have the right to: (1) examine the books and records of the Association during normal business hours; (2) require from the Association the submission of annual financial reports and other financial data; (3) receive written notice of all meetings of the Owners; and (4) designate, in writing, a representative to attend all such meetings.

Section 10.05 Notice of Amendment. All first Mortgagees shall be given: (a) thirty (30) days written notice prior to the effective date of any proposed, material amendment to this Declaration, the Articles of Incorporation or By-laws of the Association, prior to any abandonment or termination of the Properties, and prior to the effective date of any termination of any agreement for professional management of the Properties, following a decision of the Owners to assume self-management of the Properties; and (b) immediate notice following any damage to or destruction of the Common Area or any Dwelling Unit if such loss or destruction exceeds Ten Thousand Dollars (\$10,000.00) and as soon as the Board learns of any threatened condemnation proceeding or proposed acquisition of any portion of the Common Area or any Dwelling Unit.

Section 10.06 Mortgagee's Options. First Mortgagees may, jointly or singly, pay taxes or



other charges which are in default and which may or have become a charge against any Common Area and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property, and first Mortgages making such payments shall be owed immediate reimbursement therefor from the Association.

= Article XI. DECLARANT EXEMPTION =

Section 11.01 Scope of Declarant's Activities. Declarant, its successors or assigns will undertake the work of developing all of the Lots, Common Areas and Landscape Maintenance Areas included within the Community. The completion of that work is essential to the establishment and welfare of *Laurelhurst Place* as a first-class residential community. In order that such work may be completed and thereby establish the Property as fully-occupied residential community as rapidly as possible, no Owner nor the Association shall do anything to interfere with, and nothing in this Declaration shall be understood or construed to prevent Declarant, its representative, successors, assigns or its contractors and subcontractors from:

- (a) Doing on any Lot owned by Declarant whatever it determines to be necessary or advisable in connection with the completion of said work; or
- (b) Erecting, constructing and maintaining on any Common Area or any Lot or portion thereof owned or controlled by Declarant, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing the Properties as a residential community and disposing of the same in Lots by sale; or
- (c) Conducting on any Lot, owned or controlled by Declarant, its business of developing, grading and installing Improvements in the Properties as a residential community; or
- (d) Maintaining such signage on the Common Area or any Lot owned or controlled by Declarant, as may be necessary in connection with the sale, lease or other marketing of Lots and Dwelling Units in the Properties; or
- (e) Establishing at any time prior to acquisition of title to a Lot in a Phase of Development by a purchaser from Declarant, additional licenses, reservations and rights-of-way of itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Properties.

= Article XII. DURATION and AMENDMENT =

Section 12.01 Duration. The covenants and restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Association or any Owner, respective legal representative, heirs, successive Owners and assigns for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination, meeting the requirements of an amendment to this



Declaration, as set forth in Section 12.02, has been recorded, thereby changing or terminating such document in whole or part. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Lot/Dwelling from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effect.

Section 12.02 Amendment. The Governing Documents are subject to amendment in accordance with the provisions of this Section 12.02 Notice of the subject matter of a proposed amendment, in reasonably detailed form, shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at an Association meeting. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members representing not less than seventy-five per cent (75%) of the voting power of the Association, provided that the specified percentage of the voting power of the Association necessary to amend a specified provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision. A copy of each amendment shall be certified by at least two (2) Officers of the Association, and the amendment shall be effective when the certificate of amendment is recorded. Prior to amendment of Sub-Sections 12.02.01-12.02.06, written approval must be obtained from at least seventy-five per cent (75%) of the record holders of the first mortgages or deeds of trust pertaining to the Lots or Dwellings in the Community at the time of such amendment, based upon one (1) vote for each mortgage or deed of trust owned.

Sub-Section 12.02.01 Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrances as provided herein.

Sub-Section 12.02.02 Any amendment which would require a mortgagee after it has acquired a Unit through foreclosure to pay more than its proportionate share of any unpaid Assessment(s) accruing after such foreclosure.

Sub-Section 12.02.03 Any amendment which would or could result in an encumbrance being cancelled by forfeiture, or in the individual Unit not being separately assessed for tax purposes.

Sub-Section 12.02.04 Any amendment relating to the insurance provisions as set out in Article IX. hereof, or to the application of insurance proceeds as set out in the same Article hereof.

Sub-Section 12.02.05 Any amendment which would or could result in termination or abandonment of the Property as a planned unit development, or in the partition or subdivision of a Unit, in any manner inconsistent with the provisions of this Declaration.

Sub-Section 12.02.06 Any amendment which would subject any Owner to a right of first refusal or other such restriction in favor of the Association, if such Owner exercises his right to sell, transfer or otherwise convey his/her Dwelling.



A certificate, signed and sworn to by two (2) Officers of the Association, that the required number of Owners and/or mortgagees/deed of trust holders has either voted for or consented in writing to any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact.

Section 12.03 Amendment by Declarant. Declarant reserves the right to amend the Declaration as may be necessary to comply with regulations or requirements of the Federal Home Loan Mortgage Corporation ("EMC"), Federal National Mortgage Association ("FNMA") or Federal Housing Administration ("FHA") to enable the holders of first mortgages or deeds of trust to sell the security documents to a secondary mortgage market, if such amendment, in Declarant's sole opinion, allows for efficient functioning of the Association, the Property or the Plat.

Sub-Section 12.03.01 If Declarant, at its option, determines that it is necessary so to amend the Declaration, then Declarant, on behalf of all Lot Owners in the Association, is hereby authorized to execute and to have recorded (or filed, in the case of the Articles) said required amendment or amendments. All Lot Owners hereby grant to Declarant a full and complete power of attorney to take any and all actions necessary to effectuate and record said amendment or amendments and agree that said amendment or amendments shall be binding upon their respective Lots and upon them and their heirs, personal representatives, successors and assigns to the same extent as if they had personally executed said amendment or amendments. All Owners hereby acknowledge and agree that the power of attorney granted herein shall be deemed coupled with an interest and shall be irrevocable.

Section 12.04 Duration of Declarant's Rights. Declarant's rights under this Article XII. shall exist until the last Lot owned by Declarant has been conveyed to its First Occupant by a home builder or until such earlier time that Declarant chooses to effect Turnover to the Association.

= Article XIII. ANNEXATION of ADDITIONAL PROPERTY =

If additional real property is annexed to the Property, and such additional real property shall become subject to this Declaration by the following method:

Section 13.01 Additions by Declarant. If, after recording of this Declaration, Declarant, its successors or assigns shall develop, or cause to be developed, additional real property, which adjoins the Properties ("Annexed Property"), Declarant or its successors or assigns shall have the right from time to time to add such Annexed Property or any portion or portions thereof to the Properties and to bring such Annexed Property within the general plan for development of the Community without the approval of the Association, its Board of Directors, or Members. Declarant may, with respect to such Annexed Property, record a Supplemental Declaration which shall include the essence of this Declaration.

Section 13.02 Title to Additional Common Area. Prior to the Close of Sale of any Lot within the Annexed Property, title to the Common Area, if any, within said Annexed Property shall be conveyed to the Association free and clear of any and all encumbrances and liens, subject to reservations,



easements, covenants, conditions, and restrictions then of record, including those set forth herein.

Section 13.03 Notice of Addition of Property. The additions authorized under Section 13.01 hereof shall be made by filing of record a Plat thereof with the Office of the County Auditor. Such recordation shall extend the general plan of development referenced in this Declaration and shall constitute and effectuate the annexation of the Annexed Property described therein and, subject to the provisions of Section 13.01, thereupon said Annexed Property shall become and constitute a part of the Community, become subject to this Declaration and be encompassed within the general plan of development; and the Owners of Lots in said Annexed Property shall automatically become Members of the Association. Such Annexation may contain such additions and modifications of the covenants, conditions, restrictions, reservation of easements, and equitable servitude contained in this Declaration as may be necessary to reflect the different character, if any, of the Annexed Property, or as Declarant may deem appropriate in the development of the Annexed Property, and as are not inconsistent with the general development plan referenced in this Declaration. In no event, however, shall such an Annexation revoke, modify, or add to the covenants, conditions, restrictions, reservation of easements, or equitable servitude established by this Declaration, as the same shall pertain to the real property originally covered by this Declaration. No addition of territory shall substantially increase Assessments.

= Article XIV. GENERAL PROVISIONS =

Section 14.01 Enforcement. This Declaration, the Articles of Incorporation and the By-laws may be enforced as follows:

- (a) Breach of any of the covenants contained in the Declaration or the By-laws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by any Owner, including Declarant, or by the Association or the successors-in-interest of the Association. Any judgement rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in an amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs.
- (b) The result of every act or omission whereby any of covenants contained in this Declaration or the By-laws are violated in whole or in part is hereby declared to constitute a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association or its successors-in-interest.
- (c) The remedies herein provided for breach of the covenants contained in this Declaration or in the By-laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.
- (d) The failure of the Association or any Owner to enforce any of the covenants contained in this Declaration or in the By-laws shall not constitute a waiver of the right to enforce the same thereafter.



(e) A breach of the covenants, conditions or restrictions contained in this Declaration on in the By-laws shall not affect or impair the lien or charge of any bona fide First Mortgage or Deed of Trust made in good faith and for value on any residential Lot or the improvements thereon; provided, however, that any subsequent Owner of such property shall be bound by such covenants, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

Section 14.02 Severability. Invalidation of any of these covenants or reservations by judgement or court order shall in no way effect any other provisions which shall remain in full force and effect.

Section 14.03 Interpretation. The provisions of this Declaration shall be generally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of the Landscape Maintenance Area and the Common Area. The article and section heading have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. The singular shall include the plural and the plural shall include the singular, and the masculine, feminine and neuter shall each include the masculine, feminine and neuter gender in one's reading hereof.

Section 14.04 No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Properties to the public or for any public use.

Section 14.05 Constructive Notice and Acceptance. Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Properties does and shall be conclusively deemed to have consented and agreed to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such Person acquired an interest in the Properties, or any portion thereof.

Section 14.06 Reservation of Easements. Reciprocal, non-exclusive easements (as indicated on the Plat Map) are hereby reserved for the benefit of the adjoining Lot Owners for the control of Lot surface water, and maintenance and repair of the utilities. Declarant expressly reserves for the benefit of all of the real property in the Community and the Owners of the Association, reciprocal, non-exclusive easements for access, ingress and egress over all Lots, and over the Common Area, for the purposes and the enjoyment of the Lots in accordance with this Declaration, including without limitation, for installation and repair of utility services, for drainage over, across and upon adjacent Lots for surface water control resulting from the normal use of adjoining Lots and the private roads and for maintenance and repair of the Landscape Maintenance Areas.

Section 14.07 Notices. Any notice 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 by mail, it shall be deemed to have been delivered forty-eight (48) hours after of copy of 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 such address has been given to the Association. An address change may be accomplished by the Owner



giving written notice thereof to the Association's Secretary or President.

Section 14.08 No Representation or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Properties, any portion thereof or any Improvement thereon, its physical condition, zoning, compliance with applicable law, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a planned unit development, except as specifically and expressly set forth in this Declaration.

Section 14.09 No Public Right of Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public or for any public use.

Section 14.10 Conflict of Documents. In the event of any conflict that exists among the components of the Governing Documents, the provisions of this Declaration shall prevail. Thereafter, the priority that shall be followed to further resolve any such conflict shall be as follows: Plat Map, Articles, By-laws, and rules and regulations of the Association. Notwithstanding the foregoing, any provision in any of the Governing Documents which serves to protect a mortgagee shall have priority over any inconsistent provision in that document or any other component of the Governing Documents.

Section 14.11 Mandatory Arbitration of Disputes. Any claim or controversy that arises out of or relates to this Declaration, including any term contained herein or alleged breach of it, will be submitted to settlement by arbitration in the City and County of Spokane, Washington, in accordance with the rules then pertaining to the American Arbitration Association. Judgement upon the award rendered may be entered into the Spokane Superior Court in the State of Washington.

= Article XV. SPECIAL PROVISION =

As a requirement of the Spokane County Engineer, storm water from the adjacent plat of LAURELHURST ESTATES is collected in an underground storm water piping system which transports it to a collection pond in the main Common Area of *Laurelhurst Place*. An easement for access over this storm water drainage line in the Property has been granted to the City and County of Spokane, as well as to Declarant, so long as it is an Owner, for the purpose of providing access to perform repairs or maintenance in the case of an emergency involving the storm water system. Declarant has therefor accepted (by way of a Storm Water Private Maintenance Agreement with the Public Works Department of the City of Spokane and the Spokane County Engineer), on behalf of *Laurelhurst Place Homeowners' Association*, the maintenance and repair obligation of the storm water system within the perimeter of the Property. Spokane County shall be responsible for maintenance and repair of the drywells within the drainage pond area. The Homeowners' Associations of *Laurelhurst Place* and LAURELHURST ESTATES shall be responsible (on a 50/50 basis) for maintenance and repair of all other aspects of the drainage facilities located outside the county right-of-way. The City and County of Spokane shall have no obligation whatsoever for maintenance and repair of this system outside the public right-of-way (i.e., East 53rd. Avenue). Resultantly, the two municipalities shall be held harmless by Declarant and the Association for damage or complaints alleged to be related to said storm water system.

