

LIBERTY LAKE ESTATES TRUST

The name of this trust is THE LIBERTY LAKE ESTATES P. U. D. TRUST (hereinafter "Trust").

The initial Trustee is WALTER WORTHY.

The purpose of the Trust is to hold title to the Common Areas, including both the initial Common Areas and added Common Areas, of the Liberty Lake Estates Planned Unit Development ("LLE-PUD").

The beneficiaries of the Trust are the Owners of residential units in the LLE-PUD, including Walter Worthy, as the Sponsor of the LLE-PUD, as established by the Plat recorded in the office of the auditor of Spokane County, Washington, (the "Plat"), and the Declaration of Covenants, Conditions and Restrictions (the "Declaration"), recorded in the office of the auditor of Spokane County, Washington, and the Articles of Incorporation of the Liberty Lake Estates Homeowner's Association (the "Articles" and the "Association").

The further provisions of the Trust are as follows:

1. The Trust will hold legal title to the Common Area property that is conveyed to it, but will have no obligation to the beneficiaries of the Trust to maintain the property, provide insurance, pay real estate taxes, defend the integrity of the borders of the property, or otherwise take any affirmative action with respect to the property, except that the Trustee shall notify the Association of, and transmit to the Association, any notices or other documents that come to the Trustee by virtue of its ownership of the Common Area property.

2. The Trust will look to the Association for the payment of taxes and for providing liability insurance and such other insurance coverages as the Association may consider appropriate. If, due to circumstances not presently anticipated, the Trust incurs any expense from the ownership, maintenance or preservation of the property the Trust will look to the Association for reimbursement for any such expense. This provision is not intended to imply that the Trust has any duty to make any payment for the benefit of the property.

3. The Trust property shall consist of the Common Areas of the LLE-PUD. The Owners of residential units in the LLE-PUD shall have nonexclusive rights of ingress and egress over and across the Common Areas, and nonexclusive rights of enjoyment of the Common Areas appurtenant to every dwelling unit, all in

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1 accordance with the Declaration, Articles and Bylaws, and
2 subject to the following provisions.

3 a. The Association shall have the right to establish
4 uniform rules and regulations pertaining to the use of the
5 Common Areas, including establishing and enforcing parking
6 restrictions, and shall have a right to charge reasonable
7 admission and other fees for the use of recreational facilities
8 situated in the Common Areas, to limit the number of guests of
9 Owners using Common Area facilities, and to reasonably restrict
10 access to Common Area facilities for the general benefit of the
11 Owners.

12 b. The Trustee shall have the right to dedicate,
13 release, alienate or transfer all or any part of the Common
14 Areas to any public agency, authority, utility or other person
15 for purposes which have been approved by the Association and by
16 Spokane County.

17 c. The Sponsor of the LLE-PUD, Walter Worthy, and
18 his sales agents and representatives, and prospective purchasers
19 of Dwelling Units in the LLE-PUD shall enjoy the nonexclusive
20 use of the Common Area and common facilities without cost for
21 ingress, egress, use and enjoyment in order to facilitate the
22 sale of Dwelling Units. Any Owner of a Dwelling Unit shall have
23 the right to authorize the limited use of the Common Areas by a
24 real estate broker, or his authorized sales representatives, and
25 prospective purchasers, in the event of the offering of such
26 Dwelling Unit for sale, provided that no such uses by the
27 Sponsor, or a selling Dwelling Unit Owner, shall unreasonably
28 interfere with the enjoyment of the Common Areas by the other
29 Owners.

30 d. The Association, acting through its Board of
31 Directors, may suspend the rights and easements of any Owner of
32 a Dwelling Unit to make use of Common Areas and/or recreational
33 facilities for any period during which any assessment, common,
34 special, capital, reconstruction or otherwise, owed by such
35 Dwelling Unit Owner is delinquent, but only after notice of such
36 delinquency as provided in the Declaration, the Articles, the
Bylaws or the Rules and Regulations of the Association, provided
that the suspension of rights with respect to the Common Areas
shall not affect the obligation of a Dwelling Unit Owner to pay
assessments charged to him or his unit.

e. The ownership of the Common Areas is subject to
the rights of the Sponsor as set forth in the Declaration.

f. The Association shall have the right to
establish, construct, reconstruct, replace, repair or modify any
portion of the Common Areas in accordance with the original
design, or such modified design as may be established pursuant

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1 to the Declaration, Articles, Bylaws and/or Rules and
2 Regulations.

3 g. The Common Areas are held by the Trustee subject
4 to the rights of first mortgagees of Dwelling Units as provided
5 in the Declaration.

6 h. Agents of public entities, such as police
7 departments, fire departments, postal services and private
8 utilities, such as refuse collection facilities, expedited mail
9 services and the like, shall have a right to come upon the
10 Common Areas for the purpose of performing their respective
11 functions.

12 i. No Dwelling Unit Owner shall have a right to use
13 any part of the Common Areas for his exclusive use for any
14 purpose, including without limitation, storage of personal
15 property, including motor vehicles, boats, recreational vehicles
16 and like items.

17 j. It is recognized that the Common Area may have
18 more capacity to accept water run-off than is needed by the LLE-
19 PUD, and that such capacity may be sufficient to satisfy, in
20 whole or in part, the needs of other property and developments
21 in proximity to the LLE-PUD. The Sponsor reserves to himself,
22 for his own personal benefit, the right to allow others to use
23 the excess capacity of the Common Areas held by the Trust,
24 including both the initial Common Areas which are a part of
25 Phase I and such Common Areas as may be later conveyed to the
26 Trust as a part of Phase II and/or Phase III, and to receive,
27 for himself, and for his own personal benefit, and not for the
28 benefit of the Association or the Dwelling Unit Owners, such
29 payment or other compensation or benefits as may be paid or
30 provided by the entity receiving the right to make such use of
31 the Common Areas. Any costs incident to the granting of run-off
32 rights pursuant to this paragraph "j" will be paid by the
33 Sponsor.

34 k. No rights shall be granted to any third parties
35 which would impair or encroach upon the needs of the Association
36 or the Dwelling Unit Owners in Phases I, II and/or III.

1. This declaration of trust shall be construed in
conjunction with the Declaration, Articles and Bylaws so as to
carry out the intent and purposes thereof.

m. In any proceeding in court with respect the
enforcement or interpretation of this Trust Agreement or the
trust created hereby, the prevailing party shall be entitled to
costs and attorney fees in such amount as may be awarded by the
court in its discretion taking into account the merits and good
faith of the positions asserted by the parties.

