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

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

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

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

d. The Association, acting through its Board of Directors, may suspend the rights and easements of any Owner of a Dwelling Unit to make use of Common Areas and/or recreational facilities for any period during which any assessment, common, special, capital, reconstruction or otherwise, owed by such Dwelling Unit Owner is delinquent, but only after notice of such 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.

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

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

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

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

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

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

  l. 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.

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n. Any action arising out of this agreement shall be brought in the Superior Court of the State of Washington for Spokane County.

o. This Trust can be amended or revoked only with the approval of the Association and the Owners, by the same vote that is needed to amend the Declaration.

4. On dissolution of the Association, and on the termination of the functioning of the LLE-PUD as a residential community, this Trust shall be liquidated and all property which is owned by the Trust, which will consist of the Common Areas of the LLE-PUD, will, without act or deed, be vested in the then Owners of the residential units of the LLE-PUD, in equal shares, subject to restrictions, reservations and easements of record, including, without limitation, such rights, if any, as may have been granted to a third party to make use of the said property to accept water run-off from other property.

5. In the event of the death, disability or resignation of Walter Worthy, Karen Worthy or such person as may be designated by the Association, shall serve as successor trustee.

DATED this ___ day of June, 1990.

[Signature]
WALTER WORTHY

STATE OF WASHINGTON )
) ss.
County of Spokane )

I certify that I know or have satisfactory evidence that WALTER WORTHY signed this instrument and on oath stated that he was authorized to execute the instrument as the Trustee of THE LIBERTY LAKE ESTATES P.U.D. TRUST, and acknowledged it to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED this ___ day of June, 1990.

[Signature]
NOTARY PUBLIC in and for the State of Washington, residing at Spokane My Commission Expires: 07/25/93

William E. Donahue
Auditor
Spokane, County, Wash.

PEACE

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