1ST AMENDMENT
TO
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
MORNINGSIDE

(Phase I)

THIS DECLARATION is made on the date hereinafter set forth by DAHM DEVELOPMENT, INC., a Washington Corporation ("Declarant"), who is the owner of certain land situated in the State of Washington, County of Spokane, known as Morningside, the initial Phase of which is known as Phase I, which is more particularly described on Exhibit "A" attached hereto and incorporated herein.

THIS 1ST AMENDMENT amends the Declaration of Covenants, Conditions and Restrictions of Morningside, recorded October 31st, 1994 under recording #9410310022, Volume 1666, which reads as follows:

Section 5. Lot shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties.

is hereby amended to read as follows:

Section 5. Lot shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, specifically excluding therefrom any properties described in Section 4 of the above referenced Declaration, including but not limited to Tracts "A", "B", "C", "D", AND "E" described therein, unless any of said property described in said Section 4 shall ever become used for residential purposes, or for purposes other than those described in Section 4 or uses specifically related thereto. In the event any said properties are subsequently used for residential or other purposes, they shall immediately become subject to the Declaration as any other Lot in the subdivision.

It is anticipated that Tract E will be purchased by Vera Irrigation District No. 15 for a water storage tank location, and so long as Tract E is held by Vera Irrigation District No. 15, its successors and assigns, for such a use, Tract E shall not be subject to these covenants, conditions and restrictions.

IN WITNESS WHEREOF the undersigned, being the Declarant herein, have hereunto set its hand and seal this 27th day of December, 1994.

DAHM DEVELOPMENT, INC.

By: [Signature]
RICHARD T. DAHM, It's President
My appointment expires: 11/15/49.

Notary Public in and for the State of Washington, residing at Spokane.

Notary Public.

Time: 5:30 PM.

Given under my hand and official seal the day and year last above written.

Oath stated that he is authorized to execute the said instrument.

Certified that the foregoing instrument, for the use and purposes therein mentioned, and on corporation to be the free and voluntary act and deed of said instrument to be the foregoing instrument, and acknowledged the said instrument under the duly commissioned and sworn, personally appeared Richard J. Dahm, Notary Public in and for the State of Washington, undersigned, a Notary Public in and for the State of Washington, before me, the 23rd day of December, 1994.

County of Spokane.

State of Washington.