



RETURN ADDRESS:

Pillar Rock, LLC
P.O. Box 633
Liberty Lake, WA 99019

Document Title:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PILLAR
ROCK ESTATES

Grantor(s):

1. PILLAR ROCK, LLC
2. PILLAR ROCK II, LLC
3. GJ, L.L.C.

Grantee(s):

1. PUBLIC

Legal Description:

Abbreviated Legal: Ptn. SW 1/4 20-25-42

Complete legal description on Exhibit "A", page 28.

Parcel Numbers:

25203.9011 and 25203.9060

**DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR PILLAR ROCK ESTATES**

This Declaration is made by PILLAR ROCK, LLC, a Washington limited liability company, as Declarant; and PILLAR ROCK II, LLC, a Washington limited liability company, and GJ, L.L.C., a Washington limited liability company, as Additional Owners. At the time of recording this Declaration, the Property referred to below is vested in Declarant and Additional Owners. American West Bank is a secured lender holding an interest in the Property and is executing this Declaration to subject its interest in the Property to the terms and provisions hereof.

Grantors do hereby declare and set forth covenants, conditions, restrictions, and reservations of easements to run with all of the lands described below as provided by law, which covenants, conditions, restrictions, and reservations of easements shall be binding upon all parties and persons claiming an interest in any of the property described hereafter, and which covenants, conditions, restrictions, and reservations of easements shall be for the benefit of and limitations upon all future owners, and being for the purpose of providing reasonably necessary services and keeping said real estate desirable, uniform and suitable in architectural design and use as specified herein.

The following disclosures and representations are made:

- A. The land affected by this Declaration, as of the date of execution of this Declaration, is located in Spokane County, State of Washington, and legally described on Exhibit "A" attached hereto and incorporated by this reference. Said real property is referred to below as the "Property."
- B. The Property has been platted into 64 separate Lots, as shown on the face of the Plat.
- C. Declarant intends by this document to impose upon the entire Property described herein, a mutually beneficial and enforceable common plan of reciprocal covenants, conditions, restrictions and reservations of easements.

**SECTION ONE
DEFINITIONS**

The following definitions shall apply in this Declaration, unless otherwise specifically provided in a particular instance:

1.1 "Architectural Committee" shall mean the committee appointed by Declarant until all Lots in the Property are sold to Owners other than the Declarant, and thereafter to the committee appointed by the Association, all pursuant to Section 7.

1.2 "Articles" shall mean the Articles of Incorporation of the Association or other organizational or charter documents of the Association.

1.3 "Assessments" shall mean those payments required of Owners or Association Members, including Regular, Special and Limited Assessments of the Association as further defined in this Declaration.

1.4 "Association" shall mean the Pillar Rock Estates Homeowners Association, a Washington non-profit corporation, its successors and assigns, established by Declarant to exercise the powers and to carry out the duties set forth in this Declaration or any Supplemental Declaration.

1.5 "Board" shall mean the Board of Directors or other governing board or individual, if applicable, of the Association.

1.6 "Builder" shall be an Owner, other than the Declarant (or successor Declarant) identified in the introductory paragraph of this Declaration, who acquires ownership of two or more Lots with the intention of improving those Lots with dwellings and reselling them to homeowners. Any Lot converted by a Builder for personal use shall not be counted in determining whether such Owner qualifies as a Builder.

1.7 "Common Area" shall mean any common areas designated on the face of the Plat and improvements constructed therein and the sanitary sewer facilities located in the Property and outside Lots. Except as provided below in this Declaration, every Owner has a right and easement of enjoyment to the Common Area that is appurtenant to the title to their Lot. At the time of execution of this Declaration, it is expected that Common Areas will consist of open space tracts designated on the Plat at Tract "A," Tract "B" and "Drainage Tract;" drainage swales and potentially a children's play area to be located in one or more open space tracts; portions of the sanitary sewer located in easements in public streets within the Property; and entry monuments to be located on easements on Lots in the Property.

1.8 "Declaration" or "Declarations" shall refer to these Covenants, Conditions, Restrictions and Reservations of Easements, as amended from time to time.

1.9 "Limited Assessment" shall mean a charge against a particular Owner and such Owner's Lot, directly attributable to the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration or any Supplemental Declaration, including interest thereon as provided in this

Declaration or a Supplemental Declaration.

1.10 "Member" shall mean each person or entity holding a membership in the Association.

1.11 "Lot" or "Lots" shall mean one or more lots as specified or shown on any Plat and/or by any Supplemental Declaration, upon which dwellings may be constructed, but shall not include the Common Area open space tracts. With respect to voting rights, Lot shall also mean a Lot so specified on any final plat or on any preliminary plat of the Property.

1.12 "Owner" shall mean and refer to the person or persons owning a Lot which is part of the Property, or any real property ownership therein, in fee simple absolute or qualified, as purchaser under a real estate contract, by way of leasehold, by way of periodic estate, or in any other manner in which real property may be owned, leased, or possessed in the State of Washington.

1.13 "Property" shall mean and refer to the land affected by this Declaration as of the date of execution of this Declaration, together with such additions thereto as may hereafter be brought within these Declarations by annexation. No annexation shall be effective until evidenced by recordation of a Declaration of Annexation, as provided in this Declaration.

1.14 "Regular Assessment" shall mean the portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments that are authorized and to be paid by each Owner to the Association, pursuant to the terms hereof or the terms of this Declaration or a Supplemental Declaration.

1.15 "Special Assessment" shall mean the portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments that are authorized and to be paid by each Owner to the Association, pursuant to the provisions of this Declaration or a Supplemental Declaration.

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SECTION TWO
PILLAR ROCK ESTATES HOMEOWNERS ASSOCIATION

Estates Homeowners Association, the "Association," shall be initially organized by Declarant as a Washington non-profit corporation under the provisions of the Washington Code relating to general non-profit corporations and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration.

2.2 Membership. Each Owner, by virtue of being an Owner and for so long as such ownership is maintained, shall be a Member of the Association and no Owner shall have more than one membership in the Association. Memberships in the Association shall be appurtenant to the Lot owned by such Owner. The memberships in the Association shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of Owner's title and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Association.

2.3 Voting. The period of time commencing with recordation of this Declaration and continuing so long as Declarant has the right to purchase or has purchased and owns any Lot including any preliminarily platted Lot in the Property shall be known as the "Initial Development Period." During the Initial Development Period, Declarant shall exercise and have all voting authority of the Association and/or shall delay activation of the Association and have the right to exercise all authority and perform all rights and obligations assigned to the Association. In its discretion, Declarant may relinquish its control rights under the preceding two sentences at any time before the Initial Development Period would otherwise terminate. Upon termination of Developer's exclusive control of voting rights for the Association, either by relinquishment or through sale of all Lots to third parties, voting in the Association shall be carried out by Members, including Declarant, who shall cast the votes attributable to the Lots that they own. The number of votes such Member may cast on any issue is determined by the number of Lots that the Member owns. Each Owner, including the Declarant, shall have one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall share the vote attributable to the Lot, but fractional voting will not be allowed. The right to vote may not be severed or separated from the ownership of the Lot, to which it is appurtenant, except that any Owner may give a revocable proxy to any person. Any sale, transfer of conveyance of such Lot to a new Owner shall operate automatically to transfer the appurtenant voting right to the new Owner.

2.4 Power and Duties of the Association. The Association shall have the powers of a corporation organized under the corporation laws of the State of Washington applicable to non-profit corporations, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws, and this Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under Washington law and under this Declaration, and the Articles and Bylaws, and to do and perform any and

all acts which may be necessary to, proper for, or incidental to the proper management and operation of the Common Area and the Association's other assets, and the affairs and the performance of the other responsibilities herein assigned, including without limitation:

2.4.1 Assessments. The power to levy Assessments on any Owner or any portion of the Property and to force payment of such Assessments, all in accordance with the provisions of this Declaration.

2.4.2 Right of Enforcement. The power and authority from time to time in its own name, on its own behalf, or on behalf of any Owner who consents thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or the Articles or the Bylaws, including the Association Rules adopted pursuant to this Declaration, and to enforce by injunction or otherwise, all provisions hereof.

2.4.3 Delegation of Powers. The authority to delegate its power and duties to committees provided any such committee shall contain at least two Directors of the Association; and to contract for the maintenance, repair, replacement and operation of the Common Area.

2.4.4 Licenses, Easements and Rights-of-Way. The power to grant and convey to any third party such licenses, easements and rights-of-way in, on or under the Common Area as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment of the Common Area, and for the preservation of the health, safety, convenience and the welfare of the Owners, for the purpose of constructing, erecting, operating or maintaining:

2.4.4.1 Lines, cables, wires, conduits or other devices for the transmission or provision of electricity or electronic signals for lighting, heating, power, telephone, television, communications or other purposes;

2.4.4.2 Sewers, storm drains, underground irrigation pipes, water drains and pipes, water supply systems, sprinkling systems, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities; and

2.4.4.3 Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing and landscaping abutting common areas, public and private streets or land conveyed for any public or quasi-public purpose including, but not limited to, bicycle pathways.

The right to grant such licenses, easements and rights-of-way are hereby

expressly reserved to the Association and may be granted at any time prior to twenty-one (21) years following execution of this Declaration.

2.4.5 Operation and Maintenance of Common Area. Operate, maintain, and otherwise manage or provide for the operation, maintenance and management of the Common Area, including the repair and replacement of all improvements within any portion of the Common Area.

2.4.6 Reserve Account. Establish and fund a reserve account with a reputable banking institution or savings and loan association, which reserve account shall be dedicated to the costs of repair, replacement, maintenance and improvement of the Common Area.

2.4.7 Taxes and Assessments. Pay all real and personal property taxes and Assessments separately levied against the Common Area or against the Association and/or any other property owned by the Association. Such taxes and Assessments may be contested or compromised by the Association, in its discretion.

2.4.8 Water and Other Utilities. Acquire, provide and/or pay for water, garbage disposal, refuse and rubbish collection, electrical, telephone and gas and other necessary services for the Common Area, and to manage all domestic, irrigation and amenity water rights and rights to receive water held by the Association, whether such rights are evidenced by license, permit, claim, stock ownership or otherwise.

2.4.9 Insurance. Obtain insurance from reputable insurance companies authorized to do business in the State of Washington, and maintain in effect any insurance policy the Board, in its discretion, deems necessary or advisable, including, without limitation fire and casualty insurance, public liability insurance, directors' and officers' liability insurance, and such other insurance, including motor vehicle insurance and Worker's Compensation insurance, to the extent necessary to comply with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association functions or to insure the Association against any loss from malfeasance or dishonest of any employee or other person charged with the management or possession of any Association funds or other property.

2.4.10 Architectural Committee. Subject to the right of Declarant to exercise total control of the development, including performing all functions of the Architectural Committee during the Initial Development Period as defined in Section 2.3, the Association shall appoint and remove members of the Architectural Committee. In any event, however, at least two Directors of the Association shall serve at all times on the Architectural Committee.

2.4.11 Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably advisable or necessary to enforce any of the provisions of the Declaration, or of the Articles or Bylaws, including, without limitation, the recordation of any claim of lien with the Spokane County Auditor, as more fully provided herein.

2.5 Personal Liability. To the fullest extent permitted by law, no Member of the Board, member of any committee of the Association, officer of the Association, the Declarant, nor the manager, if any, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the released persons, provided that such person, upon the basis of such information as may be possessed by such person, has acted in good faith without willful or intentional misconduct. If a released person has so acted, the Association shall indemnify and hold harmless said person from any damage, loss or prejudice aforesaid, including actual defense costs and attorney's fees.

SECTION THREE **ASSESSMENTS**

3.1 Covenant to Pay Assessments. Lots owned by the Declarant or a Builder will not be liable for general assessments. Otherwise, by acceptance of a deed or real estate contract for any Lot in the Property, each Owner of such Lot hereby covenants and agrees to pay when due all Assessments or charges made by the Association, including all Regular, Special and Limited Assessments and charges made against such Owner pursuant to the provisions of this Declaration or other applicable instrument.

3.1.1 Assessment Constitutes Lien. Such Assessments and charges together with interest, costs and reasonable attorneys' fees which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment or charge is made.

3.1.2 Assessment is Personal Obligation. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such property beginning with the time when the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to such Owner's successors in title unless expressly assumed by them but shall remain such Owner's personal obligation regardless of whether he or she remains an Owner.

3.2 Regular Assessments. Except as provided above in Section 3.1, all Owners are obligated to pay Regular Assessments to the treasurer of the Association on a schedule of payments established by the Declarant during the Initial Development Period and thereafter by the Board.

3.2.1 Purpose of Regular Assessments. The proceeds from Regular Assessments are to be used to pay for all costs and expenses incurred by the Association, including legal and attorneys' fees and other professional fees, for the conduct of its affairs, including without limitation the costs and expenses of construction, improvement, protection, maintenance, repair, management and operation of the Common Areas (except to the extent allocated to certain Lots and/or Owners by this Declaration), including all improvements located on such areas owned and/or managed and maintained by the Association, and an amount allocated to an adequate reserve fund to be used for repairs, replacement, maintenance and improvement of those elements for the Common Area, or other property of the Association that must be replaced and maintained on a regular basis (collectively "Expense").

3.2.2 Computation of Regular Assessments. The regular assessment for calendar year 2008 shall be \$120.00 per year. During that year only, Declarant shall pay any shortfall in meeting actual amounts required in connection with obligations to be paid by regular assessments, without provision for any reserve fund accumulation. Thereafter, the Association shall compute the amount of its expenses on an annual basis. The computation of Regular Assessments for 2009 and thereafter shall take place not less than thirty (30) or more than sixty (60) days before the beginning of each fiscal year of the Association. Should the Association not compute Regular Assessments for any upcoming year as contemplated above in this Section, the Regular Assessment amount applicable for the year then ending shall be deemed to have been computed and accepted for the upcoming year.

3.2.3 Amounts Paid by Owners. The Board can require, in its discretion or as provided in the Articles or Bylaws, payment of Regular Assessments in semi-annual or annual installments. The Regular Assessment to be paid by any particular Owner, for any given fiscal year after 2008 shall be computed as follows: Each Owner, other than the Declarant and each Builder (but with regard to a Builder until the date by which completion of the exterior of the dwelling on such Lot is required), shall be assessed and shall pay an amount computed by multiplying the Association's total advance estimate of expenses by the fraction produced by dividing the finally platted Lots attributable to the Owner by the total number of finally platted Lots in the Property subject to payment of the Assessments.

3.3 Special Assessments.

3.3.1 Purpose and Procedure. Pursuant to the obligation of Declarant in Section 3.2.2 to cover assessment requirements above the amount specified for Owners, there shall be no special assessments required of any Owners through the end of 2008. In the event that the Board shall determine that its respective Regular Assessment for a given calendar year after 2008 is or will be inadequate to meet the expenses of the

Association for any reason, including but not limited to costs of construction, reconstruction, unexpected repairs or replacement of improvements upon the Common Area, attorneys' fees and/or litigation costs, other professional fees, or for any other reason, the Board shall determine the approximate amount necessary to defray such expenses and levy a Special Assessment against the Property which shall be computed in the same manner as Regular Assessments. No Special Assessment shall be levied which exceeds twenty percent (20%) of the budgeted gross expenses of the association for the fiscal year, without the vote or written assent of the Owners representing a majority of the votes of the Members of the Association. The Board shall, in its discretion, determine the schedule under which such Special Assessment will be paid.

3.3.2 Consistent Basis of Assessment. Every Special Assessment levied by and for the Association shall be levied and paid upon the same basis as that prescribed for the levying and payment of Regular Assessments for the Association.

3.4 Limited Assessments. Notwithstanding the above provisions with respect to Regular and Special Assessments, the Board may levy a Limited Assessment against a Member as a remedy to reimburse the Association for costs incurred in bringing the Member and/or such Member's Lot into compliance with the provisions of the governing instruments for the Property, including any actual costs, consultant charges and attorneys' fees. This shall expressly include the authority to levy assessments against any Lot Owner in violation of any of the requirements imposed on such Lot Owner under this Declaration. Such assessment may be made in an amount up to fifty dollars (\$50.00) per day (or its equivalent value as compared with January 1, 2008 dollars, as adjusted periodically by the Board in its reasonable discretion), for each violation which remains uncorrected after thirty (30) days' written notice given to such Owner from the Association. Notwithstanding anything above to the contrary, a limited assessment may be assessed against an Owner for damage to any Lot or portion of the Common Area within the Property caused by reason of the negligence or willful misconduct of such Owner, such Owner's resident tenant, or such Owner's family and guests, both minor and adult; provided such liability shall not be absolute but shall be an obligation recoverable from such Owner's available insurance and shall constitute a lien against such Owner's Lot only.

3.5 Uniform Rate of Assessment. Unless otherwise specifically provided herein, Regular and Special Assessments shall be fixed at a uniform rate per Lot for all members of the Association.

3.6 Assessment Period. Unless otherwise provided in the Articles or Bylaws, the Assessment period, the "fiscal year", shall commence on January 1 of each year and terminate December 31 of such year. The first Assessment shall be pro-rated according to the number of months remaining in the fiscal year and shall be payable in advance.

3.7 Notice and Assessment Due Date. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Lot subject thereto, and to any person in possession of such Lot. The due dates for installment payment of Regular Assessments and Special Assessments shall be the first day of each month unless the Board establishes some other due date. Each monthly installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each delinquent installment payment a late charge equal to ten percent (10%) of the delinquent installment. In addition, each installment payment which is delinquent for more than twenty (20) days shall accrue interest at twelve percent (12%) per annum calculated the date of delinquency to and including the date full payment is received by the Association. The Association may bring an action against the delinquent Owner and may foreclose the lien against such Owner's Lot as more fully provided herein. Each Owner is personally liable for Assessments, together with all interest, costs and attorneys' fees, and no Owner may exempt such Owner from such liability by a waiver of the use and enjoyment of the Common Areas, or by lease or abandonment of such Owner's Lot.

3.8 Estoppel Certificate. The Association, upon at least five (5) days prior written request, shall execute, acknowledge and deliver to the party making such request, a statement in writing stating whether or not, to the knowledge of the Association, a particular Lot is in default under the provisions of this Declaration, and further stating the dates to which any Assessments have been paid by the owner. Any prospective purchaser or mortgagee of the Owner's Lot may rely upon any such certificate delivered pursuant to this paragraph.

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SECTION FOUR

ENFORCEMENT OF ASSESSMENTS; LIENS; PROCEEDINGS

4.1 Right to Enforce. The Association has the right to collect and enforce its Assessments pursuant to the provisions hereof. Each Owner of a Building Lot, upon becoming an Owner of such Building Lot, shall be deemed to covenant and agree to pay each and every Assessment provided for in this Declaration and agrees to the enforcement of all Assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorney's fees in addition to any other relief or remedy obtained against such Owner. The Board or its authorized representative may enforce the obligations of the Owners to pay such assessments by commencement and maintenance of a suit or nonjudicial foreclosure

sale pursuant to Section 4.3 to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable with or without foreclosing or waiving the lien hereinafter provided.

4.2 Assessment Liens.

4.2.1 Creation. There is hereby created a claim of lien with power of sale on each and every Building Lot to secure payment of any and all Assessments levied against such Building Lot pursuant to this Declaration together with interest thereon at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association making the Assessment in connection therewith, including costs and reasonable attorney's fees incurred. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on such respective Building Lots upon recordation of a claim of lien with the Spokane County Auditor. Such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Building Lot and Assessments on any Building Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

4.2.2 Claim of Lien. Upon default of any Owner in the payment of any Regular, Special or Limited Assessment issued hereunder, the Association may cause to be recorded in the office of the Spokane County Auditor a claim of lien. The claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Building Lot(s) against which the same have been assessed, and the name of the record Owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction or relief of such delinquent sums and charges. The Association may demand and receive the cost of preparing and recording such release before recording the same.

4.3 Method of Foreclosure. Such lien may be foreclosed by appropriate action in court or by sale by the Association establishing the Assessment, its attorney or other person authorized to make the sale. Such sale shall be conducted in accordance with the provisions of the Revised Code of Washington applicable to the exercise of powers of sale and/or foreclosure as permitted by law, as though the Owner were the Grantor, and the Association were the beneficiary designated under a deed of trust executed on Deed of Trust form LPB #22, as in effect as of the date of recording this Declaration. No part of the Property is used for agricultural or for farming purposes. The Board is hereby authorized to appoint an attorney, title company or any other person or entity qualified to act as a Trustee in the State of Washington as trustee for the purpose of conducting such sale or foreclosure.

4.4 Required Notice. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of a claim of lien, whether judicially, by power of sale or otherwise, until the expiration of thirty (30) days after the following have been completed: a copy of such claim of lien has been deposited in the United States mail, certified or registered, postage prepaid to the Owner of the Building Lot(s) described in such claim of lien; a copy of the claim of lien has been sent to the person in possession of such Building Lot(s) in like fashion as a copy was sent to the Owner (or a copy has been posted on the Lot); and the claim of lien has been recorded by the Association in the Office of the Spokane County Auditor.

4.5 Subordination to Certain Trust Deeds and Mortgages. The lien for the Assessments provided for herein in connection with a given Building Lot shall be subordinate to the lien of a deed of trust or mortgage that is of record as an encumbrance against an Owner's Building Lot prior to the recordation of a claim of lien for any Assessments. Except as provided in this paragraph with respect to a trustee or mortgagee who acquires title to or a security interest in a Building Lot, the sale or transfer of any Building Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim of lien, on account of the Assessments becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Declaration. No mortgagee or beneficiary under a deed of trust will be required to collect assessments. Nothing in this Declaration makes failure to pay any assessment a default under any mortgage.

SECTION FIVE **MORTGAGE PROTECTION**

5.1 PRIORITY OF MORTGAGES. Any lien created under this Declaration upon a Lot for Assessments shall be subject to the rights of the secured party in the case of any indebtedness secured by mortgage, deed of trust, or real estate contract which were made in good faith and for value upon the Lot which was recorded with the Spokane County, Washington Auditor prior to the recording of a claim of lien pursuant to Section Four. Except as provided in the preceding sentence, where any such mortgagee, beneficiary of a deed of trust, or contract vendor, or other purchaser of a Lot within the Property, obtains possession of a Lot as the result of a mortgage foreclosure, deed of trust sale, or contract forfeiture, such possessor and his, her or its successors and assigns, shall not be liable for any Assessments chargeable to such Lot which became due prior to such possession, but will be liable for any Assessments accruing after such possession.

5.2 EFFECT OF DECLARATION AMENDMENTS. No amendment of this Declaration shall be effective to modify, change, limit, or alter the rights expressly

conferred herein upon mortgagees, beneficiaries of deeds of trust, or contract vendors, in this instrument with respect to any unsatisfied mortgage, deed of trust, or contract duly recorded unless the amendment shall be consented to, in writing, by the holder of such security instrument.

SECTION SIX **EASEMENTS**

6.1 **RESERVATION OF EASEMENTS.** Declarant expressly reserves for themselves, the successor Owners of Lots within the Property, reciprocal, nonexclusive and perpetual easements, including rights of access for ingress and egress, for construction, maintenance, repair, replacement, reconstruction, operation and related functions for the following:

a. **Utility Easements.** Declarant reserves easements for themselves, and their successor Owners of Lots within the Property, and for all utility purveyors, both private and governmental, including electricity, natural gas, telephone, television, cable, communications lines, and any similar utilities or services that may now or hereafter become available to serve the Property. The easements reserved under this paragraph shall be fifteen feet in width, around the outer boundary of the Property, not including common Lot boundaries between Lots. Ten (10) foot wide non-exclusive utility easements are also reserved along common Lot boundaries (with 5 feet of such easements running on either side of such common boundaries). Owners shall be responsible for all costs associated with installation of utilities upon their Lots.

b. **Drainage Easements.** Declarant reserves easements for itself, for the Association, and for the benefit of real property located south of and across 12th Avenue from the Property for the purposes of transporting and conveying stormwater and drainage runoff over, on, under and across the Property in ditches, pipes, flumes, swales, and related equipment and apparatus and to transport the same to the drainage and utility area shown as "Drainage Tract" on the face of the Plat. Any portions of this reserved easement that is or will be located within Lots shall be described in a separately recorded instrument defining such portion of the easement or depicted on the face of the Plat. Such portions of this easement are expected to include portions of buried stormwater pipelines and related equipment and apparatus that may run along one or more boundaries of adjoining Lots and into the portions of the storm drainage system located within streets in the Property.

c. **Sanitary Sewer Easements.** Declarant reserves easements for itself, for the Association, for the City of Spokane and other governmental entities having jurisdiction thereof, to enter upon portions of the Property, including Building Lots, as may be reasonably necessary, to inspect, maintain, operate, repair, replace and reconstruct the sanitary sewer, including all pipes, manholes, connections, and related equipment

and apparatus that may belong to the Association and lead to the sanitary sewer pumping facility located within the Common Area designated as "Drainage Tract" on the face of the Plat. Said sanitary sewer system is expected to be constructed primarily within public streets within the Plat and, though the system will connect to public facilities owned by the City of Spokane, is expected to be a private sewer with respect to portions of the facilities located within the Property.

d. Entry Monuments. Easements are reserved at locations shown on the face of the Plat for placement and maintenance of one or more entry monuments at locations where streets enter the Property. Said easements will be located within Building Lots at those locations. While the Association will be responsible for maintaining the monuments themselves, the Owners of the affected Building Lots will be responsible for maintaining landscaping and approved landscaping improvements, including providing irrigation, for all areas around said entry monuments and located within the Owners' respective Building Lots.

SECTION SEVEN **ARCHITECTURAL CONTROL**

7.1 Creation. During the Initial Development Period as described in Section 2.3, Declarant shall have all right and authority to appoint all members of the Architectural Committee and to perform all functions of the Architectural Committee hereunder, unless Declarant shall sooner relinquish such authority to the Association in a written document signed by an authorized representative of Declarant. Thereafter, the Association shall have an Architectural Committee consisting of that number of persons, no fewer than three nor more than five individuals, specified from time to time by resolution of the Board, at least two (2) of whom shall also be members of the Board.

7.2 Approval of Plans by Architectural Committee. No building, fence, wall, or other structure shall be commenced, erected, or maintained upon the Project, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and harmony of external design and location in relation to surrounding structures and topography by the Architectural Committee. In the event the Architectural Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it or if no suit to enjoin the erection of such structures has been commenced prior to the completion thereof, approval will not be required, and this Section Seven will be deemed to have been fully complied with.

7.3 Specification of Reasons of Disapproval. The Architectural Committee shall have the right to disapprove any plans and specifications submitted hereunder because of any of the following:

7.3.1 The failure of such plans or specifications to comply with any of the Property restrictions;

7.3.2 Failure to include information in such plans and specifications as may have been reasonably requested;

7.3.3 Objection to the exterior design, appearance, or materials of any proposed structure;

7.3.4 Incompatibility of any proposed structure or use with existing structures or uses upon other Building Lots in the vicinity;

7.3.5 Objection to the location of any proposed structure upon any Building Lot or with reference to other Building Lots in the vicinity;

7.3.6 Objection to the grading plan for any Building Lot;

7.3.7 Objection to the color scheme, finish, proportions, style of architecture, height, bulk, or appropriateness of any proposed structure;

7.3.8 Objection to parking areas proposed for any building on the grounds of (a) incompatibility to proposed uses and structures on such Building Lots or (b) the insufficiency of the size of parking areas in relation to the proposed use of the Building Lot; or

7.3.9 Any other matter which, in the judgment of the Architectural Committee would render the proposed structure, structures, or uses inharmonious with the general plan of improvement of Property or with structures or uses located upon other Building Lots in the vicinity.

In any case where the Architectural Committee shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based. In any such case, the Architectural Committee shall, if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval.

7.4 Unapproved Construction: Remedies. If any structure shall be altered, erected, placed, or maintained upon any Building Lot, or any new use commenced on any Building Lot, otherwise than in accordance with the plans and specifications approved by the Architectural Committee pursuant to the provisions of this Section 7, such alteration,

erection, maintenance, or use shall be deemed to have been undertaken in violation of this Section 7 and without the approval required herein, and upon written notice from the Architectural Committee, any such structure so altered, erected, placed or maintained upon any Building Lot in violation hereof shall be removed or realtered, and any such use shall be terminated, so as to extinguish such violation, and the cost thereof shall be a binding, personal obligation of such Owner as well as a lien (enforceable in the same manner as a mortgage) upon the Building Lot in question. The lien provided in this Section 7.4 shall not be valid as against a bona fide purchaser (or bona fide mortgagee) of the Building Lot in question unless a suit to enforce said lien shall have been filed in a court of record in Spokane County prior to the recordation among the land records of Spokane County of the deed (or mortgage) conveying the Building Lot in question to such purchaser (or subjecting the same to such mortgage).

7.5 Certificate of Compliance. Upon completion of the construction or alteration of any structure in accordance with plans and specifications approved by the Architectural Committee, the Architectural Committee shall, upon written request of the Owner thereof, issue a certificate of compliance in form suitable for recordation, identifying such structure and the Building Lot on which such structure is placed, and stating that the plans and specifications, the location of such structure and the use or uses to be conducted thereon have been approved and that such structure complies therewith. Preparation and recording of such certificate shall be at the expense of such Owners. Any certificate of compliance issued in accordance with the provision of this Section 7.5 shall be prima facie evidence of the facts therein stated, and as to any title insurer, such certificate shall be conclusive evidence that all structures on the Building Lot, and the use or uses described therein comply with all the requirements of this Section Seven, and with all other requirements of this Declaration as to which the Architectural Committee exercises any discretionary or interpretive powers.

7.6 Building Location. All structures shall be placed upon each Building Lot so as to make the structures compatible with other structures or uses upon other Building Lots in the Property, as determined by the Architectural Committee in its discretion.

7.7 No Waiver of Future Approvals. The approval of the Architectural Committee 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 Architectural Committee, 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. The decision of the Architectural Committee shall be final.

SECTION EIGHT

DWELLING AND USE RESTRICTIONS

8.1 LAND USE AND BUILDING TYPE.

(a) Responsibility for Compliance with Applicable Requirements. Owners and their builders shall be responsible for assuring that all requirements imposed by this Declaration, any Recorded Notice to the Public covering the Property, and applicable building and zoning codes, as well as any other covenants applicable to the Property are met. Approval of any submittal by the Architectural Committee shall not be considered any representation that any other requirements are met.

(b) Dwelling Size. Except as may be approved by the Architectural Committee, any dwelling on any Lot shall be constructed and designed as a single-family dwelling for single-family occupancy. The ground floor of the main structure, exclusive of open porches and garage, will not be less than one thousand two (1,200) square feet for a one-story dwelling, nor less than one thousand (1,000) feet for a dwelling with more than one story. For purposes of this provision, a dwelling with a basement, including a daylight basement, will be considered a dwelling of one story.

(c) Roofs. Roof slopes shall be between 5:12 and 9:12, unless a variance is granted by the Architectural Committee, based upon compelling reasons. Roofs shall overhang walls a minimum of 6 inches.

Roof materials shall be fire retardant and as approved by applicable governmental authorities. Subject to governmental approval, the following roof materials are permitted: tile, slate, fire-retardant, dimensional shake shingles, architectural composition shingles and lighter laminated shingles. Untreated cedar shakes or shingles shall not be permitted.

(d) Construction. Dwellings must be newly stick built on site. No mobile dwellings and no manufactured dwellings or factory built housing, as that term is defined in RCW 43.22.450 as in effect at the time of execution of this Declaration, will be permitted. Nor may any existing used houses be moved from outside the Property to any Lot within the Property.

(e) Antennae and Satellite Dishes. No antenna, satellite dish or other device for the transmission or reception of radio, television, satellite signals or other form of signal transmission or reception shall be erected, used or maintained outdoors and above ground, whether attached to a building or otherwise, on any Lot, unless: i. such device is not visible from neighboring Lots, streets or surrounding properties; or ii. the device is virtually indistinguishable from, or is no more visible and unusual than structures, devices or improvements such as heat pumps, air conditioning units, barbecue grills, patio furniture and garden equipment which are allowed within the Property; or iii. the device is

no larger than three (3) feet in diameter.

(f) Exterior Wall Colors and Materials. Owners and/or Builders shall obtain prior approval of exterior colors for buildings from the Architectural Committee. Exterior colors shall be warm, earth tones and shall be in compliance with requirements imposed by Spokane County. Bright and dramatic colors are discouraged and, even if permitted by Spokane County, may be rejected in the discretion of the Architectural Committee. Non-mirrored glass shall be utilized on all structures on all Lots.

Exterior surfaces must generally be made of materials that provide an outer skin that will withstand weather extremes. Brick, stone, wood, Hardiplank®, metal or vinyl siding, composite siding, and similar materials as may be approved by the Architectural Committee, in its discretion, are acceptable on sides of dwellings facing streets. The same materials may be used on sides of dwellings not facing streets and, additionally, other materials of lesser grade, such as T-111 siding, may be used on sides of dwellings not facing streets so long as approved by the Architectural Committee, in its discretion.

Avant garde or highly trendy contemporary styles such as post-modernism or deconstructivism and high technology materials or materials commonly associated with commercial or industrial buildings are strongly discouraged, and may be rejected by the Architectural Committee, in its sole discretion.

(g) Outbuildings and Storage. In addition to the dwelling structure, each Owner shall be entitled to construct no more than one outbuilding, in addition to the garage with the house, which outbuilding will not exceed 200 square feet. Any such outbuilding shall comply with the height, setback, roof and other requirements for dwellings. Except as may be approved by the Architectural Committee, any such outbuilding shall tie aesthetically to the architecture, materials and finish of the dwelling.

(h) Fencing. It is understood that easements run along common Lot boundaries. Accordingly, any Owners constructing fences along such lines shall be responsible for repair, construction or reconstruction of same in the event any work is required in connection with the reserved easements or utilities utilizing them. Further, no Owner shall be entitled to construct a fence in any location higher than the fence height approved by applicable governmental authorities. Any fence proposed to be located on a Lot may be rejected if, in the opinion of the Architectural Committee, the view from another Lot would be impaired or obstructed. Further, fencing materials and grades shall be approved by the Architectural Committee, in its sole discretion, prior to any fence construction.

(i) Underground Utilities. All utilities, including utility extensions and/or services constructed or installed in each Lot, inclusive of those installed for the house and any outbuilding, must be underground installations.

8.2 VEHICLE AND EQUIPMENT RESTRICTIONS. No trailer, camper, mobile dwelling, motor coach, recreational vehicle, commercial vehicle, bus, truck (other than standard size pickup truck), inoperable vehicle, boat, or similar equipment, and no vehicles which are in an extreme state of disrepair, or part of any of the foregoing, shall be stored or kept on any streets, drives or roadways adjacent to any Lots, or on any other areas within the entire Property outside of the Owner's Lot. Further, any of the foregoing items kept within a Lot shall be stored or kept in an enclosed building or within an area completely screened from view outside the Lot by landscaping, as approved by the Architectural Committee. Commercial vehicles shall not include sedans, service vans, or standard size pickup trucks that are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicle shall be unobtrusive and inoffensive. No noisy or smoky vehicles shall be operated in the Property. The foregoing shall not preclude visitors to owners of Lots within the Property from temporarily parking campers, mobile dwellings, motor coaches or recreational vehicles within the driveway or, so long as they do not interfere with vehicle traffic, along the street adjacent to the Lot, temporarily while visiting for no longer than 14 consecutive days and 21 total days during a year.

8.3 BUSINESS USE PROHIBITED. No trade, craft, business, or commercial or manufacturing enterprise or activity of any kind, other than a professional business conducted from an office inside the dwelling and which does not generate customer traffic, shall be conducted or carried on upon any Lot within the Property. This Section 8.4 is specifically intended to prohibit maintenance or operation of day care, group dwelling, extended care, asylums, or any other caretaking-for-hire facilities, except to the extent such may be required to be permitted by applicable law. In addition, no goods, equipment, vehicles, materials or supplies used in connection with any business or commercial activity shall be permitted, kept, parked, stored, dismantled, or repaired on any Lot or street within the Property.

8.4 NUISANCE PROHIBITED. No noxious, noisy or offensive trade or activity shall be carried on in any part of the Property, nor will anything be done in any part of the Property that may constitute an annoyance or nuisance to residents of any part of the Property or to the neighborhood in general. No Lot within the Property shall be used as a dump for trash or rubbish of any kind, and all garbage or other waste shall be kept in acceptable sanitary containers for proper disposal. To be acceptable, containers must be vermin proof and fly proof receptacles. Any receptacle visible from outside the dwelling on the Lot (except cans placed outside temporarily for curbside garbage pick-up) must be so constructed as to blend in with any be harmonious with the natural surroundings, as determined and approved by the Architectural Committee in its discretion. No waste, including rocks, dirt, lawn, or shrubbery clippings shall be dumped into the roadways or ditches or onto any Lots, including vacant Lots, within the Property. The foregoing provisions shall not be construed as prohibiting Owners from using lawn clippings as garden mulch and/or as part of a property conducted composting operation, so long as

conducted within the Lot and so long as no such activity creates odors which can be detected from outside the Lot.

8.5 TEMPORARY STRUCTURES. No structure of a temporary character, trailer, mobile dwelling, basement, tent, shack, garage, barn, or other outbuildings shall be used on any Lot at any time as a dwelling, either temporarily or permanently.

8.6 TIME OF COMPLETION. Any dwelling or structure erected or placed on any Lot in the Property shall be completed as to exterior appearance within twelve (12) months from the date of commencement of construction, and all construction debris shall be removed from the Property within thirty (30) days of completion of construction. Provided, the Architectural Committee may extend the time requirement for completion on behalf of any Owner upon a showing of good cause, in the sole discretion of the Architectural Committee.

8.7 ANIMALS/PETS. No animals, livestock, poultry or birds of any kind shall be raised, bred or kept in any Lot or dwelling, or on any portion of the Property, except that no more than three (3) usual and ordinary household pets, such as dogs, cats, or birds may be kept outdoors, provided that they are not kept, bred or maintained for any commercial purposes, and that they are kept under reasonable control at all times. Keeping dogs under reasonable control shall include keeping dogs contained within the Owner's Lot when not on a leash, either by sufficient fencing, an "invisible fence" type restraint system, or other equally effective means of containing the dog within the Lot. Outside an Owner's Lot, all dogs must be restrained on leashes.

Owners shall keep their dogs from barking excessively in any area where such barking can be heard from outside the Lot. Continued barking after receipt of three warnings from the Architectural Committee and/or an owner of another Lot who is being affected by the noise of such barking shall be considered excessive barking and a nuisance, entitling such affected owner and/or Architectural Committee to take appropriate action to assure that such excessive barking is eliminated. Barking no more than occasionally to alert the Owners of the need to let the dog into a house, to warn of strangers coming to the Lot, and the like shall be permitted. Leaving a dog outside the dwelling for prolonged periods while the dog is frequently barking will be also be considered excessive.

NO PIT BULLDOGS SHALL BE PERMITTED ANYWHERE ON THE PROPERTY BY ANY PERSON FOR ANY REASON AT ANY TIME, PIT BULL being defined as the American Stafford Shire Terrier by the American Kennel Club or the Stafford Shire Bull Terrier by the A.K.C., or the American Pit Bull Terrier by the United Kennel Club.

8.8 SIGNS. No sign of any kind shall be displayed to the public view on any Lot

within the Property, except that one professional appearing sign advertising the Property for sale or for rent may be placed by an Owner, builder, or a licensed real estate broker. This provision regarding signs shall not apply during initial development and construction within the Property, to Declarant's advertising associated with the Property, and shall also not apply to any entrance signs at the entry to the Property that may be installed by Declarant or the Owners acting collectively.

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SECTION NINE **REPAIR AND MAINTENANCE**

9.1 **OWNER'S MAINTENANCE RESPONSIBILITIES.** Each Owner shall have responsibility for maintaining the exterior of their dwelling and all other buildings and improvements located upon their Lot in good condition and repair and to cause all garbage, refuse and debris to be properly disposed of and not permitted to accumulate thereon. Maintenance of an Owner's Lot shall include maintenance of drainage swales shown on the face of the Plat, including maintaining such swale in accordance with the design specifications approved by Spokane County and irrigating the same to make sure proper vegetative cover (approved as lawn) is maintained in good condition. Owners will also comply with any maintenance requirements that may be established from time to time by the Architectural Committee. The color and brand of any paint, stain, oil, or other preservative applied to the exterior of any dwelling or outbuilding must first be approved by the Architectural Committee. Additionally, Owners shall be responsible for providing exterior landscaping and maintenance upon the portions of their Lots immediately surrounding their houses, which shall be maintained in good condition and repair. In the event that the exterior of any dwelling falls below the standards established, and exterior maintenance shall be deemed necessary by the Architectural Committee, the same shall have the authority to send written notice to the Owner of such dwelling setting forth the maintenance deemed necessary, and in the event such maintenance is not satisfactorily performed within forty-five days of receipt of such notice, the Architectural Committee shall be entitled to perform or contract for the performance of all such necessary maintenance and the costs thereof shall be a Special Assessment against the Lot as provided for herein.

9.2 **EASEMENT FOR AND MAINTENANCE OF COMMON AREA TRACTS.** Declarant acknowledges a perpetual easement for three Common Area tracts, Tracts "A," "B" and "Drainage Tract," for the benefit of the Association on behalf of all Owners in the Property, including the play area to be constructed and maintained in Tract A. Said easements are shown on the face of the Plat and are confirmed and reserved and

conveyed for the benefit of Owners of Lots in the Property. Declarant will complete initial construction of improvements in the Tracts, including required stormwater drainage facilities and a play area in Tract A. Thereafter, the Association shall assume responsibility for maintaining said Tracts, including the drainage facilities and play areas, in accordance with plans and requirements imposed by Spokane County. Such obligations will not, however, include obligations to provide irrigation that are imposed on specified Owners of certain Lots pursuant to Section 6.1.b.

9.3 **DRAINAGE FACILITIES.** Included within Common Area Tracts are certain drainage facilities to be constructed within the Property in accordance with plans and specifications approved by the Spokane County Engineer's Office (the "Drainage Improvements"). The Association shall be responsible for maintaining the Drainage Improvements (except for provisions related to irrigating certain Common Area Tracts imposed on specified Owners of certain Lots pursuant to Section 6.1.b.), including paying the cost thereof, through assessments imposed on all Lots within the Property. Maintenance of the Drainage Improvements constitutes an obligation running with all portions of the Property, including any additional real property that may be subsequently annexed. Notwithstanding anything in this Declaration to the contrary, provisions regarding maintenance of the Drainage Improvements imposed hereunder, or by any separate covenant required by Spokane County, shall not be subject to amendment or modification without the approval of Spokane County. Maintenance of Drainage Improvements shall include maintenance of the common area improvements constituting drainage facilities in accordance with the Operations Manual prepared by Storhaug Engineering and approved by the Spokane County Engineer. Compliance with these requirements will include establishment and accumulation of reserves for anticipated maintenance and repair obligations as provided in such approved plans and Operations Manual.

SECTION TEN **DAMAGE/DESTRUCTION**

10.1 **DAMAGE TO DWELLINGS.** In the event of any destruction of any dwelling or dwellings, it shall be the duty of the Owner of the particular dwelling or dwellings to restore and repair the same to its original former condition as promptly as practical under the supervision of the Architectural Committee. The dwelling or dwellings shall be reconstructed or rebuilt substantially in accordance with the original construction plans, unless the Owner shall have first obtained approval of new construction plans from the Architectural Committee.

SECTION ELEVEN **ANNEXATION**

11.1 ANNEXATION OF ADDITIONAL PARCELS. Additional parcels may be annexed to the Property and become subject to this Declaration by either of the following methods:

(a) **By Declarant.** Real property abutting any portion of the initial Property may be annexed by Declarant within ten (10) years of the effective date of this Declaration.

(b) **Other Annexations.** In addition to the method for annexation provided in the preceding paragraph, upon the vote or written assent of two-thirds of the total votes of Owners.

11.2 PROCEDURE. In the case of an Annexation under Subsection 11.1 (a), the Declarant shall prepare and record a Declaration of Annexation; and in the case of an Annexation under Subsection 11.1 (b), the Owner of the property to be annexed shall prepare and record a Declaration of Annexation. The party responsible for preparing an Annexation shall be responsible for all costs and charges associated with preparing and recording such Declaration of Annexation, including charges for surveying the property to be annexed.

11.3 RIGHTS OF OWNERS OF ANNEXED PROPERTY. Upon annexation of any additional property, the annexed parcel shall become subject to this Declaration without the necessity of amending individual sections hereof.

Declarant reserves the right to himself, his successors and assigns, the right to grant to the Owners of Lots in any annexed property, such non-exclusive easements as may be necessary to the completion of the development of such annexed property and the annexation thereof into the Property in accordance with the intent of this Declaration; provided, however, that any easements shall be consistent with and provided in areas which are used or provided for such purposes in other portions of the Property.

SECTION TWELVE **DURATION AND AMENDMENT**

12.1 DURATION. This Declaration shall continue in full force and effect for a period of thirty-five (35) years from the date hereof, after which time the same shall be automatically renewed for successive terms of ten (10) years each, unless a Declaration of Termination is recorded, meeting the requirements for an amendment as set forth hereafter. All properties within the Property shall continue to be subject to this Declaration during the term hereof regardless of sale, conveyance or encumbrance.

12.2 AMENDMENT. This Declaration may only be amended after written

approval of Owners of two-thirds of the Lots. Notwithstanding the foregoing, any amendment made to this Declaration shall have no force or effect on the interest of an existing mortgagee, the beneficiary of a deed of trust, or a contract vendor, which interest is recorded prior to such amendment unless or until their written consent thereto has been obtained.

12.3 MISCELLANEOUS PROVISIONS.

(a) Enforcement. The Architectural Committee, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the project shall have the right to enforce, in proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorney fees as are ordered by the court.

(b) Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or non-enforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision thereof.

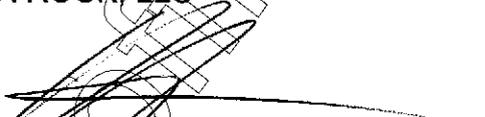
(c) No Waiver. Lack of enforcement of any portion of this Declaration, including its covenants and restrictions shall not be considered a waiver of the provision, or a waiver of the right to enforce such provision in the future.

(c) Effective Date. This Declaration shall take effect upon recordation.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, have executed this Declaration this 22 day of February 2008.

DECLARANT:

PILLAR ROCK, LLC

By: 
Printed Name: Kevin Rudeen
Title: Manager

ADDITIONAL OWNERS:

PILLAR ROCK II, LLC

By: 
Printed Name: Kevin Rudeen
Title: Manager

Unofficial Document

GJ, L.L.C.

By:  2/28/08

Printed Name: Greg Jeffreys

Title: Managing Member

SECURED LIENHOLDER:

AMERICAN WEST BANK

By: 

Printed Name: Stephanie Sartell

Title: Commercial Credit Analyst/Lender

Unofficial Document

STATE OF WASHINGTON }
 } ss.
COUNTY OF SPOKANE }

On this 22nd day of February 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Kevin Rudeen to me known to be the Manager of PILLAR ROCK, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

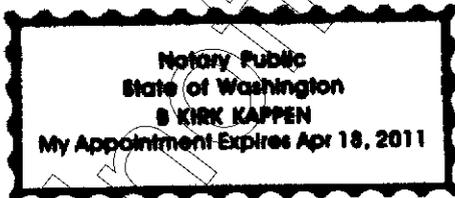


[Signature]
Notary Public in and for the State of Washington, residing at Liberty Lake, WA
Printed Name: B. Kirk Kappen
My commission expires: April 18, 2011

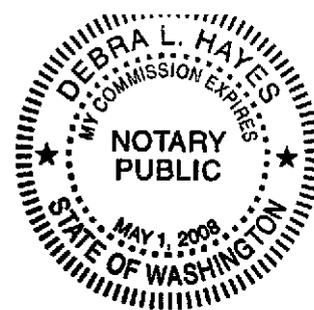
STATE OF WASHINGTON }
 } ss.
COUNTY OF SPOKANE }

On this 22nd day of February 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Kevin Rudeen to me known to be the Manager of PILLAR ROCK II, LLC, a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.



[Signature]
Notary Public in and for the State of Washington, residing at Liberty Lake, WA
Printed Name: B. Kirk Kappen
My commission expires: April 18, 2011



STATE OF WASHINGTON }
 } ss.
COUNTY OF SPOKANE }

On this 28th day of February 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Greg Jeffreys to me known to be the Managing Member of GJ, L.L.C., a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Debra L. Hayes
Notary Public in and for the State of
Washington, residing at Spokane, WA.
Printed Name: Debra L. Hayes.
My commission expires: 05-01-08.

STATE OF WASHINGTON }
 } ss.
COUNTY OF SPOKANE }

On this 4th day of March 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Stephane Sarkis to me known to be the Comm Analyst / Leader of AMERICAN WEST BANK, a Washington corporation, the corporation that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Amanda J. Gonzalez
Notary Public in and for the State of
Washington, residing at Spokane.
Printed Name: AMANDA J. GONZALEZ.
My commission expires: 10/05/07.

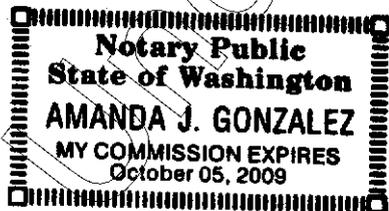


EXHIBIT "A"

LEGAL DESCRIPTION FOR PROPERTY

A parcel of land situate in North 1/2 of the Southwest 1/4 of Section 20, Township 25 North, Range 42 East of the Willamette Meridian, Spokane County, Washington and being more particularly described as follows:

COMMENCING at the Southwest Corner of said Section 20; thence North $00^{\circ}06'15''$ West along the West line of said Southwest 1/4 for 1,315.12 feet to the intersection with the south line of said North 1/2; thence, along said south line, North $89^{\circ}43'59''$ East, 553.25 feet; thence North $00^{\circ}16'01''$ West, 27.00 feet to the intersection with the north right-of-way line of 12th Avenue, said point also being the **TRUE POINT OF BEGINNING**; thence through the following calls to 5/8" Rebar with a Yellow Plastic Cap inscribed EMR PLS 42441; thence North $00^{\circ}34'25''$ East, 153.23 feet; thence North $44^{\circ}28'47''$ East, 112.10 feet; thence North $27^{\circ}50'23''$ West, 83.45 feet; thence North $61^{\circ}57'37''$ East, 36.00 feet; thence South $27^{\circ}50'23''$ East, 47.63 feet; thence North $75^{\circ}05'39''$ East, 99.17 feet; thence South $23^{\circ}14'56''$ East, 70.55 feet; thence North $81^{\circ}25'57''$ East, 52.09 feet; thence North $15^{\circ}55'26''$ West, 63.34 feet; thence North $78^{\circ}37'25''$ East, 100.94 feet; thence North $32^{\circ}03'39''$ West, 69.71 feet; thence North $57^{\circ}56'21''$ East, 38.00 feet; thence South $32^{\circ}03'39''$ East, 61.94 feet; thence North $52^{\circ}34'52''$ East, 120.59 feet; thence South $38^{\circ}14'07''$ East, 46.46 feet; thence North $26^{\circ}20'42''$ East, 132.34 feet; thence North $30^{\circ}48'13''$ East, 60.07 feet; thence North $71^{\circ}57'14''$ East, 43.54 feet; thence North $89^{\circ}44'19''$ East, 105.86 feet; thence North $00^{\circ}15'41''$ West, 70.32 feet; thence North $89^{\circ}44'19''$ East, 38.00 feet; thence South $00^{\circ}15'41''$ East, 88.51 feet; thence North $88^{\circ}21'26''$ East, 288.82 feet; thence North $73^{\circ}29'00''$ East, 175.86 feet; thence South $48^{\circ}37'45''$ East, 133.97 feet; thence North $25^{\circ}33'34''$ East, 63.47 feet; thence South $58^{\circ}14'56''$ East, 98.78 feet; thence along a non-tangent curve to the Right with a delta of $5^{\circ}36'37''$, an arc length of 28.79 feet, a radius of 294.00 feet, a chord bearing of North $36^{\circ}25'33''$ East, and a chord length of 28.78 feet; thence North $39^{\circ}13'53''$ East, 23.06 feet; thence South $51^{\circ}23'34''$ East, 38.00 feet; thence South $39^{\circ}13'53''$ West, 23.47 feet; thence along a curve to the left with a delta of $13^{\circ}17'35''$, an arc length of 59.39 feet, a radius of 256.00 feet, a chord bearing of South $32^{\circ}35'05''$ West, and a chord length of 59.26 feet; thence South $72^{\circ}49'02''$ East, 125.41 feet; thence South $34^{\circ}01'20''$ West, 54.92 feet; thence South $23^{\circ}13'01''$ East, 127.34 feet; thence North $52^{\circ}43'23''$ East, 68.70 feet; thence South $23^{\circ}15'45''$ East, 79.82 feet; thence North $46^{\circ}04'13''$ East, 137.83 feet; thence South $51^{\circ}06'27''$ East, 188.33 feet; thence along a curve to the Right with a delta of $49^{\circ}11'41''$, an arc length of 219.80 feet, a radius of 256.00 feet, a chord bearing of South $26^{\circ}30'36''$ East, and a chord length of 213.11 feet; thence along a curve to the Right with a delta of $12^{\circ}49'48''$, an arc length of 6.72 feet, a radius of 30.00 feet, a chord bearing of South $04^{\circ}30'08''$ East, and a chord length of 6.70 feet; thence North $89^{\circ}34'56''$ East, 19.66 feet; thence North $89^{\circ}34'56''$ East, 19.49 feet; thence along a non-tangent curve to the Left with a delta of $39^{\circ}59'31''$, an arc length of 20.94 feet, a radius of 30.00 feet, a chord bearing of South $31^{\circ}14'47''$ East, and a chord length of 20.52 feet to a point on the East Line of said Southwest 1/4 of said Section 20; thence North $00^{\circ}25'04''$ West along said East Line, 936.18 feet; thence North $89^{\circ}57'19''$ West, 120.42 feet; thence North $56^{\circ}56'05''$ West, 35.13 feet; thence South $88^{\circ}43'39''$ West, 140.01

feet; thence South 01°04'14" East, 163.79 feet; thence North 89°31'37" East, 71.78 feet; thence South 00°14'35" East, 239.93 feet; thence South 81°36'57" West, 93.16 feet; thence North 51°55'22" West, 199.00 feet; thence South 39°13'53" West, 87.06 feet; thence North 51°23'34" West, 38.00 feet; thence North 39°13'53" East, 104.98 feet; thence North 58°23'37" West, 199.20 feet; thence North 84°34'47" West, 123.71 feet; thence South 00°25'04" East, 18.19 feet; thence along a curve to the Right with a delta of 13°08'00", an arc length of 27.05 feet, a radius of 118.03 feet, a chord bearing of South 06°08'56" West, and a chord length of 27.00 feet; thence North 77°05'36" West, 36.00 feet; thence along a nontangent curve to the Left with a delta of 13°02'58", an arc length of 18.68 feet, a radius of 82.03 feet, a chord bearing of North 06°06'25" East, and a chord length of 18.64 feet; thence North 00°25'04" West, 40.58 feet; thence South 89°34'56" West, 235.00 feet; thence South 00°25'04" East, 80.62 feet; thence along a curve to the Left with a delta of 13°55'20", an arc length of 19.93 feet, a radius of 82.00 feet, a chord bearing of South 07°22'44" East, and a chord length of 19.88 feet; thence South 68°01'13" West, 36.22 feet; thence along a nontangent curve to the Right with a delta of 16°15'40", an arc length of 33.49 feet, a radius of 118.00 feet, a chord bearing of North 08°32'55" West, and a chord length of 33.38 feet; thence North 00°25'04" West, 9.97 feet; thence South 89°44'19" West, 213.11 feet; thence South 00°15'41" East, 41.88 feet; thence South 89°44'19" West, 38.00 feet; thence North 00°15'41" West, 65.74 feet; thence South 89°44'19" West, 109.71 feet; thence North 00°15'41" West, 28.45 feet; thence South 75°03'45" West, 84.12 feet; thence South 13°03'41" East, 69.83 feet; thence along a curve to the Left with a delta of 8°30'58", an arc length of 12.19 feet, a radius of 82.00 feet, a chord bearing of South 17°19'10" East, and a chord length of 12.18 feet; thence South 21°34'39" East, 4.10 feet; thence South 68°25'19" West, 36.00 feet; thence North 21°34'39" West, 4.10 feet; thence along a curve to the Right with a delta of 8°30'58", an arc length of 17.54 feet, a radius of 118.00 feet, a chord bearing of North 17°19'10" West, and a chord length of 17.52 feet; thence North 13°03'41" West, 43.89 feet; thence South 68°49'59" West, 156.86 feet; thence South 08°24'47" West, 116.46 feet; thence South 71°24'51" West, 91.21 feet; thence along a non-tangent curve to the Left with a delta of 23°19'12", an arc length of 104.19 feet, a radius of 256.00 feet, a chord bearing of South 20°24'03" East, and a chord length of 103.48 feet; thence South 32°03'39" East, 6.41 feet; thence South 57°56'21" West, 38.00 feet; thence North 32°03'39" West, 6.41 feet; thence along a curve to the Right with a delta of 17°13'45", an arc length of 88.41 feet, a radius of 294.00 feet, a chord bearing of North 23°26'47" West, and a chord length of 88.07 feet; thence South 89°49'01" West, 135.83 feet; thence South 50°36'05" West, 128.31 feet; thence South 27°50'23" East, 76.95 feet; thence South 62°00'22" West, 36.00 feet; thence North 27°50'23" West, 77.05 feet; thence South 63°45'49" West, 184.50 feet; thence South 00°06'15" East, 55.55 feet; thence South 04°44'51" West, 102.05 feet; thence along a nontangent curve to the Right with a delta of 11°37'13", an arc length of 59.42 feet, a radius of 293.00 feet, a chord bearing of South 79°26'32" East, and a chord length of 59.32 feet; thence South 14°18'15" West, 36.03 feet; thence along a non-tangent curve to the Left with a delta of 22°37'11", an arc length of 101.46', a radius of 257.00 feet, a chord bearing of North 84°39'10" West, and a chord length of 100.80 feet; thence South 00°06'15" East, 163.51 feet to the intersection with the north right-of-way line of 12th Avenue; thence, along said north right-of-way line, North 89°43'59" East, 252.32 feet to the **POINT OF BEGINNING**,

Said parcel containing 17.03 Acres, more or less.