08/15/2008 01:59:22 PM 5707561
Recording Fee $70.00 Page 1 of 29
Covenant STEWART, TITLE OF SPOKANE
Spokane County Washington

RETURN ADDRESS

Brian C. Balch
Layman Layman & Robinson PLLP
601 S. Division St.
Spokane, WA 99202-1335

Please Type or Print Neatly & Clearly All Information

Document Title(s)
Covenants, Conditions & Restrictions STW0808-005

Reference Number(s) of Related Documents:

COURTESY RECORDING ONLY
NO LIABILITY FOR VALIDITY
AND/OR ACCURACY ASSUMED
BY STEWART TITLE

Grantor(s) (Last Name, First & Middle Initial)
North Division Complex, LLC

Grantee(s) (Last Name, First & Middle Initial)
The Public

Legal Description (Abbreviated form is acceptable) i.e. Section/Township/Range/1/4 Section
Ptn SE1/4 Section 14, Township 26N Range 42E

Assessor's Tax Parcel ID Number: 26144.9098, 26144.9097

The County Auditor will rely on the information provided on this form. The Staff will not read the document to verify the Accuracy or completeness of the indexing information provided herein.

Sign below only if your document is Non-Standard.

I am requesting an emergency non-standard recording for an additional fee as provided in RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some parts of the text of the original document. Fee for non-standard processing is $50.

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RETURN ADDRESS:

BRIAN C. BALCH
LAYMAN, LAYMAN & ROBINSON, PLLP
601 S. DIVISION STREET
SPOKANE, WA 99202-1335

Document Title:

DECLARATION ESTABLISHING COVENANTS, CONDITIONS, AND RESTRICTIONS FOR PRAIRIE BREEZE

Grantor(s):

1. North Division Complex, L.L.C.

Grantee(s):

1. The Public

Legal Description:

Complete legal description on Exhibit "A," page 28

Parcel Number:

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DECLARATION ESTABLISHING COVENANTS, CONDITIONS, AND RESTRICTIONS FOR PRAIRIE BREEZE

This Declaration is made this 13th day of August 2008 by North Division Complex, L.L.C., a Washington limited liability company, referred to as "Declarant."

ARTICLE I: GENERAL PROVISIONS

1.1 Real Property Description. Declarant is the Owner of all that real property located in Spokane County, Washington, as described on Exhibit "A" attached hereto, sometimes referred to below as the "Property" and sometimes referred to below as "Prairie Breeze."

1.2 Development. Declarant intends that the Property will be developed and marketed as separate Building Lots for residential purposes. Upon Recordation of this Declaration, Declarant submits and subjects the Property, together with all buildings, improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto (all of which constitute a part of The Property as hereinafter defined), to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights contained herein, all of which shall run with the land.

1.3 Conditions. Any purchaser of a Building Lot within the Property acknowledges that said Building Lot is subject to zoning and subdivision ordinances and regulations and such other governmental ordinances and regulations, and approvals hereunder as may be in effect or as may from time to time be imposed. It is solely the purchaser's obligation to become familiar and comply with the same.

ARTICLE II: DECLARATION

Declarant hereby declares that the Property, and each Building Lot, parcel or portion thereof, is and/or shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms, covenants, conditions, easements and restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale thereof, and to enhance the value, desirability and attractiveness thereof. The terms, covenants, conditions, easements and restrictions

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set forth herein shall run with the land, and with each estate therein, and shall be binding upon all persons having or acquiring any right, title or interest in said real property or any Building Lot, parcel or portion thereof; shall inure to the benefit of and be binding upon Declarant, Declarant's successors in interest and each grantee or Owner and such grantee's or Owner's respective successors in interest, and may be enforced by Declarant, by any Owner or such Owner's successors in interest, against any other Owner, tenant or occupant of said real property.

Notwithstanding the foregoing, no provision of this Declaration shall be construed so as to prevent or limit Declarant's right to complete development of the Property and to construct improvements thereon, nor Declarant's right to maintain model homes, construction, sales or leasing offices or similar facilities (temporary or otherwise) on any portion thereof, nor Declarant's right to post signs incidental to construction, sales or leasing.

ARTICLE III: DEFINITIONS

3.1 "Architectural Committee" shall mean the committee created by the Declarant or an Association pursuant to Article X hereof, and may be referred to herein as the "Committee."

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

3.3 "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.

3.4 "Association" shall mean the Prairie Breeze 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.

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

3.6 "Building Lot" shall mean one or more lots within a Parcel as specified or shown on any Plat and/or by any Supplemental Declaration, upon which dwellings and related improvements may be constructed, but shall not include any common are tracts shown on the Plat. With respect to Association voting rights, Building Lot shall also mean a residential building lot so specified on any final plat, or any proposed residential building lot shown on any preliminary plat of the Property.

3.7 "Builder" shall be an Owner who acquires ownership of two or more

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Building Lots with the intention of improving those Building Lots with dwellings and reselling them to homeowners. Any Building Lot converted by a Builder for personal use shall not be counted in determining whether such Owner qualifies as a Builder.

3.8 "Common Area" shall mean all real property in which the Association holds an interest or which is held or maintained, permanently or temporarily, for the common use, enjoyment and benefit of the Owners. Every Owner has a right and easement of enjoyment to the Common Area that is appurtenant to the title to their Building Lot. Declarant may grant or otherwise establish one or more easements in Common Area tracts for purposes of access for entry into and exit from one or more of the Building Lots in the Property. Declarant may establish Common Area from time to time by Declarant on any portion of the Property by describing it on a Plat, by granting or reserving it in a deed or other instrument, or by designating it pursuant to this Declaration or any Supplemental Declaration. Common Area may include easement and/or license rights.

At the time of execution of this Declaration, it is expected that Common Areas will consist of the following:

a) Open space areas that may be set out as separate tracts in which drainage improvements, sanitary sewer improvements, and/or other improvements may be constructed, and which may be landscaped or maintained as natural areas, in accordance with the plans approved by the City of Spokane;

b) A private sewer system including the sewer mains, lift station, and related equipment and apparatus, which may be constructed within a Common Area tract; and

c) Entry monuments within easement areas and/or Common Area tracts that may be established at one or more of the entry points to the Property.

3.9 "Declarant" shall mean NORTH DIVISION COMPLEX, L.L.C., a Washington limited liability company, the owner of the Property. The term "Declarant" shall also include the successors in interest of the Declarant, so long as such successor is expressly designated as the successor Declarant by the immediately preceding Declarant.

3.10 "Declaration" shall mean this Declaration as it may be amended from time to time.

3.11 "Limited Assessment" shall mean a charge against a particular Owner and such Owner's Building 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.

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

3.13 "Owner" shall mean the person or other legal entity, including Declarant, which acquires fee simple interest of record to a Building Lot that is covered by this Declaration, as well as purchasers under real estate contracts.

3.14 "Plat" shall mean any subdivision plat covering any portion of the Property as recorded at the office of the County Auditor, Spokane County, Washington, as the same may be amended by duly recorded amendments thereof.

3.15 "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.

3.16 "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.

ARTICLE IV: USE AND CONSTRUCTION RESTRICTIONS

4.1 Use of Individual Building Lots. Except as provided below in this Section 4.1, no dwelling shall be constructed, occupied or used on any Building Lot except for a new, site constructed single family residence, not to exceed 2 stories in height above natural grade. No dwelling shall have less than 900 square feet of living area above the basement level. For purposes of this provision, living area within a dwelling shall exclude carports, garages, unenclosed balconies and patios, breezeways and similar areas constructed above ground level, as well as all basement areas.

No trade, business, profession, commercial or manufacturing enterprise or activity (other than home occupation) shall be conducted on any Building Lot or in any dwelling therein. As used in this paragraph, the term "home occupation" shall mean only an occupation, profession or craft, carried on within a dwelling by the Owner, which activity does not change the residential character of the dwelling, is conducted in such a manner as to not create any outward appearance of a business in the ordinary meaning of the term, as may be further defined by The City of Spokane's Regulations.

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Nothing in this Section shall prevent the Declarant or a Builder from using a residence within the development to conduct business and sell Building Lots or dwellings, on a temporary basis only until the last Building Lot or dwelling is sold.

4.2 Restrictions as to Building Materials. No residence or structure shall be built on any Building Lot using materials for siding or roofing that have not been approved by the Architectural Committee.

4.3 Nuisances. No noxious, illegal or offensive activities shall be carried on in any Building Lot or dwelling, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of such Owner's Building Lot, or which shall in any way increase any rate of insurance for any Owner within the Property, or cause any insurance policy to be canceled or to cause a refusal to renew the same or otherwise conflict with the spirit of this Declaration in establishing a peaceful, residential community within the Property.

In the interest of public health and sanitation, and so that all of the Property may be benefited by a decrease in the hazards of stream pollution and by the protection of water supplies, recreation, wildlife and other public uses thereof, no Owner will use such Owner's Building Lot or Buildings Lots for any purpose that would result in the pollution of any waterway that flows through or is adjacent to such Building Lot by refuse, sewage or other material that might tend to pollute the waters of any such stream or streams, or otherwise impair the ecological balance of the Property. Any violation of this provision shall be considered a nuisance.

4.4 Vehicle and Equipment Restrictions. No vehicle of any kind, including the items listed at the end of this paragraph, as well as automobiles, motorcycles and the like shall be allowed to be kept or stored on any portion of any Common Area; and none of the following items listed in this paragraph shall be kept or stored on any Building Lot in any location that is not enclosed in a garage or otherwise screened from view outside the Building Lot in a manner acceptable to and approved by the Architectural Committee in its sole discretion: travel trailer, camper, motor home, recreational vehicle, boat and trailer, commercial vehicle, bus, or truck (except for purposes of loading and unloading of passengers or personal property).

No inoperable automobile, and no vehicle which is in an extreme state of disrepair, shall be permitted to remain upon any Building Lot, street or other Common Area within the Property, other than temporarily for emergency repairs, unless placed or maintained within an enclosed garage. Commercial vehicles shall not include sedans, service vans or standard size pickup trucks that are used for both business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be reasonably unobtrusive and inoffensive. No noisy or smoky vehicle shall be operated on the Property. No off-road unlicensed motor vehicle shall be maintained or operated within the Property, except as reasonably necessary to the

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execution and the rights and duties of the Declarant under this Declaration. No goods, equipment, material, supplies or vehicles used in connection with any trade, service, or business whenever conducted, shall be kept parked, stared, dismantled, or repaired outdoors on any Building Lot, or any dedicated street within the Property.

No vehicles may be kept or parked on the streets within the Property on more than a temporary basis. Continuous parking for more than 48 hours, or parking more than 21 days in any calendar year will not be considered temporary. No vehicles may be placed or kept on any portion of the Common Area, other than the private road, at any time.

4.5 Signs. Except as provided below, no signs shall be displayed to the public view on any Building Lots or on any portion of the Property. "For Sale" or "For Rent" signs shall be allowed, provided they do not exceed five (5) square feet in size. Notwithstanding the foregoing, nothing in this Declaration shall restrict the ability of the Declarant, any builder purchasing a Building Lot from the Declarant, or any marketing agent engaged by the Declarant or one of the foregoing builders to install and maintain signs on or about the Property in connection with promoting the Property and Building Lots in the Property, constructing homes, or for similar purposes.

4.6 Animals. No animals, livestock, poultry or birds of any kind shall be raised, bred or kept in any Building Lot or dwelling, or on any portion of the Property; except that no more than two (2) 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 Building 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 Building Lot. Outside an Owner's Building Lot, all dogs must be restrained on leashes. Any dog kennel or similar structure for enclosing dogs within a Building Lot must be approved in advance by the Architectural Committee, in its discretion.

Owners shall keep their dogs from barking excessively in any area where such barking can be heard from outside the Building Lot. Continued barking after receipt of three warnings from the Architectural Committee and/or an Owner of another Building 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 Building 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.

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NO DOGS WITHIN WOLF OR PIT BULL BREEDING SHALL BE PERMITTED ANYWHERE ON THE PROPERTY BY ANY PERSON FOR ANY REASON AT ANY TIME. Prohibited dogs include, but are not necessarily limited to, the American Stafford Shire Terrier or Stafford Shire Bull Terrier as defined by the American Kennel Club, the American Pit Bull Terrier as defined by the United Kennel Club, Rottweilers, Doberman Pinchers, and wolf-crosses.

4.7 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from each Building Lot at each Owner's expense, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall be kept in sanitary containers. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view from the dedicated streets.

4.8 Right to Lease. Except for a dwelling in possession of a lender following a default in a first mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of foreclosure, no dwelling on any Building Lot shall be rented by the Owner thereof for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupants of the dwelling are provided customary hotel service such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Subject to the foregoing restrictions, the Owners of the respective Building Lots shall have the absolute right to rent out the dwellings (but not less than entire dwelling) provided that the rental agreement is made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration. Any failure on the part of any tenant to comply with these covenants shall constitute a default under the terms of such rental agreement.

4.9 Landscaping. Not later than six months after the exterior of each residence is completed, the front yard and any side yard fronting a road or street on such Building Lot shall be completely landscaped by each Owner in substantial conformity with plans which have been approved by the Architectural Committee, in its discretion, with the goal that landscaping on each Building Lot will harmonize and be compatible with landscaping for all other Building Lots and dwellings. Thereafter, within one year of completion of the exterior of each such residence, the remaining portions of the yard shall be landscaped, likewise in conformity with plans approved by the Architectural Committee, and in conformity with the landscaping required in the front yard.

4.10 Restriction Against Raising or Lowering Height of Grade. Neither an Owner nor any person or persons claiming under an Owner may, at any time, raise or lower the grade of any Building Lot or Building Lots herein conveyed above the grade established or to be established by Declarant unless approved by the Architectural Committee.

4.11 Building Lots to be kept in Good Repair. Each Owner shall keep all

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improvements on their Building Lots in good order and repair, including but not limited to, the seeding, watering and mowing of all lawns, the pruning and cutting of all trees and shrubbery, and the painting (or other appropriate external care) of all buildings, structures and other improvements; all in a manner and with such frequency as is consistent with good property management. Garage interiors shall be maintained in a clean and orderly manner so as to avoid the danger of fire and an unsightly appearance from outside the Building Lot when garage doors are open. If any Building Lot ceases to be occupied by the Owner thereof at any time, including occupancy by a tenant under a lease pursuant to Section 4.8 or while the Building Lot remains unoccupied and vacant, the Owner thereof shall engage a professional lawn care and maintenance service providing care and service on their Building Lot during customary time periods for yard maintenance, with mowing and weeding to be performed at least every other week. Failure to provide such service shall constitute a violation of this Declaration.

4.12 Residential Structures. No structures or buildings of any kind shall be erected, altered, placed or permitted to remain on any Building Lot other than one detached single-family dwelling, one private attached garage per Building Lot designed to house at least two automobiles as provided in Section 4.13, and up to one accessory building per Building Lot, as permitted in Section 4.14.

4.13 Garages. All dwellings shall have an enclosed attached garage designed to house at least two automobiles, with fully improved driveways to the street; and with said driveways to be of a hard surface material, such as exposed aggregate, asphalt, or concrete. The Architectural Committee, in its discretion, may require larger garages.

4.14 Accessory Buildings. Accessory buildings shall not be permitted without prior approval of the Architectural Committee, in its discretion. No more than one accessory building shall be permitted on any Building Lot and no accessory building may be larger than 720 square feet. Any such accessory building shall be placed within the rear or interior side yard of the Building Lot and shall be constructed in design and material consistent with the architecture, materials, exterior appearance and color scheme of the dwelling on such Building Lot. Any approved ancillary building may be required to be reduced in size, screened from view from neighboring lots or streets by appropriate landscaping or other mechanisms, or otherwise be conditioned so as to minimize the visual and aesthetic impact created by such buildings from entryways to the Property and from other Building Lot.

4.15 Fences, Walls. No fence, wall, hedge or mass planting, other than foundation planting, may extend nearer to a street than the minimum setback line of the dwelling as constructed. However, nothing in this subparagraph shall prevent the erection of a necessary retaining wall. When approved, fences may be constructed of vinyl, cedar or similar material approved by the Architectural Committee in its discretion; but no wire, cyclone or metal fencing of any kind shall be erected or

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maintained by the Owner of a Building Lot.

4.16 Antennas and Dishes. Each Owner shall have the right to install a Protected Antenna (as defined by the provisions of 47 C.F.R. § 1.4000 ("FCC Rule") as it now exists or is hereafter amended or replaced, or any other federal, state or local law, code, rule or regulation that preempts, prohibits or limits restrictions on, or conditions to, the installation, maintenance or repair of telecommunications equipment desired by an Owner) (but no other kind of antenna, dish or receiving device) within their Building Lot, subject to such reasonable rules and regulations as the Board may adopt; provided, however, the Association may prohibit the installation of a Protected Antenna by Owners if the Association provides a central antenna system that complies with the FCC Rule or any other law, ordinance, rule or regulation that permits such prohibition. If the provisions of this Section conflict with any applicable federal, state or local law, ordinance, rule or regulation, the terms of such law, ordinance, rule or regulation shall prevail, but the conditions and limitations set forth in this Section shall be enforced to the maximum extent permitted by law. The above prohibitions are intended to apply, to the extent permissible, to the installation and maintenance of antennas, dishes or other receiving devices.

4.17 Temporary Structures. No trailer, basement, tent, shack, garage, barn, camper or other outbuilding or any structure of a temporary character erected or placed on any Building Lot shall at any time be used as a residence.

4.18 Completion Time. Each owner acquiring a Building Lot shall commence construction of a dwelling thereon within 12 months of acquiring such ownership. Thereafter, the exterior of each dwelling, including the garage, shall be completed within 12 months of commencement of construction thereon. For purposes of this provision, commencement of construction shall be considered to have started when applicable government authorities issue a building permit. Construction time periods may be extended for either commencement of construction or completion of construction in the discretion of the Architectural Committee for up to 12 additional months for reasons shown by the Owner which the Architectural Committee determines justify such extension.

4.19 Alteration and/or Improvements to Property. With the exception of work carried out through or on behalf of Declarant to further the completion of the Property, no residence, building, fence, wall, obstruction, balcony, screen patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind, shall be commenced, erected, painted, repainted, reconstructed, remodeled, or maintained within the Property, nor shall any alteration or improvement of any kind be made thereto until plans therefore, including a description of the materials, appearance, color and construction methods and construction methods have been approved in writing by the Architectural Committee. Plans and specifications showing the nature, construction methods, color, materials and location of such improvements, alterations or work shall be submitted to the Declarant during the

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Initial Development Period as described in Section 5.3, and thereafter to the Architectural Committee for approval. Notwithstanding the foregoing requirements regarding repainting or reconstructing approved structures, no permission or approval shall be required to repaint any approved structure with the original colors, or to rebuild a damaged structure in accordance with the originally approved plans and colors, or to repaint or rebuild, as applicable, utilizing such other plans and colors as may have previously been approved by the Declarant during the initial development period or thereafter by the Architectural Committee, as applicable.

In addition to other specific requirements for construction of the dwelling contained herein, or which may be adopted in any Design Guidelines as provided in this Declaration, the following requirements must be met. All dwellings on any Building Lots shall utilize double wall construction on at least the front entry side of the dwelling. All dwellings shall incorporate landscaping improvements or permitted ancillary structures at or near the front of the dwelling and in conformity with plans approved by Declarant during the initial development period and thereafter by the Architectural Committee. Standards for the foregoing may be incorporated into Design Guidelines approved by Declarant during the initial development period and thereafter by the Architectural Committee.

In reviewing plans and proposals for alteration and/or improvements to portions of the Property, the Architectural Committee shall have discretion to approve or deny plans submitted based on the specific provisions stated above in this Article IV, as well as the discretion to determine that alterations or changes need to be made in any proposed plans to provide for aesthetic appeal, harmony of the proposed improvements with the remainder of the Property and proposed improvements on the remainder of the property, and similar considerations. So long as the Architectural Committee operates in good faith, the Architectural Committee shall have the discretion to approve or deny any proposal that, in the subjective opinion of the member of the Architectural Committee do or do not meet the criteria stated in this paragraph.

4.20 Painting of Dwellings. Except with regard to the allowance for repainting dwellings or structures, prior to painting any dwelling or permitted accessory building on any Building Lot, the Owner shall submit plans for prior approval to the Architectural Committee specifying the paint and color proposed to be utilized. Colors and paint may be rejected by the Architectural Committee in its discretion, in order to protect and preserve the value and aesthetic harmony of the entire Property, including the Owner's Building Lot.

ARTICLE V: PRAIRIE BREEZE HOMEOWNERS ASSOCIATION

5.1 Organization of Prairie Breeze Homeowners Association. Prairie Breeze

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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.

5.2 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 Parcel, Building Lot or other portion of the Property 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.

5.3 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 Building Lot within 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 (including the right to appoint the member or members of the Architectural Committee) or, in its discretion, shall have authority to delay activation of the Association and perform all functions and exercise all authority assigned to the Association. In its discretion, Declarant may relinquish its voting control rights at any time before the Initial Development Period would otherwise terminate. Upon termination of Declarant's exclusive control of voting rights for the Association, either by relinquishment or through sale of all Building Lots to third parties, voting in the Association shall be carried out by Members, including Declarant, who shall cast the votes attributable to the Building Lots that they own. The number of votes such Member may cast on any issue is determined by the number of Building Lots that the Member owns. Each Owner, including the Declarant, shall have one vote for each Building Lot owned. When more than one person holds an interest in any Building Lot, all such persons shall share the vote attributable to the Building Lot, but fractional will not be allowed. The right to vote may not be severed or separated from the ownership of the Building 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 Building Lot to a new Owner shall operate automatically to transfer the appurtenant voting right to the new Owner.

5.4 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

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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:

5.4.1 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.

5.4.2 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.

5.4.3 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.

5.4.4 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:

5.4.4.1 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;

5.4.4.2 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

5.4.4.3 Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing and landscaping abutting Common Areas, public streets or land conveyed for any public or quasi-public purpose (with Declarant to pay and provide for initial installation of any of these items required in order to complete the Plat of the Property).

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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.

5.4.5 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.

5.4.6 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.

5.4.7 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.

5.4.8 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.

5.4.9 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.

5.4.10 Architectural Committee. Subject to the right of Declarant to exercise total control of the development, including appointing the Members of the Architectural Committee to act as such during the Initial Development

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Period as defined in Section 5.3 above, 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.

5.4.11 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.

5.5 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.

ARTICLE VI: RIGHTS TO COMMON AREAS

6.1 Use of Common Area. Every Owner shall have a right to use the Common Area, which right shall be appurtenant to and shall pass with the title to every Building Lot. The Common Area cannot be mortgaged or conveyed without the consent of the Owners of at least two-thirds (2/3) of the Building Lots, excluding Declarant. If ingress or egress to any residence is through the Common Area, any conveyance or encumbrance of such portion of the Common Area will be subject to such Building Lot Owner's easement. In furtherance of the development plan for the Property, the Declarant and the Association shall have the right to create easements and construct improvements on the Common Area, including but not limited to providing utility access, walkways, trails, open space, and other improvements deemed desirable by the Association and/or Declarant.

6.2 Sanitary Sewer and Drainage Facilities. The initial Common Areas include private sanitary sewer facilities (including sewer mains, a lift station, and related equipment and apparatus) (collectively ("Private Sewer"), drainage facilities and improvements in Building Lots, and drainage facilities within Common Area Tracts (collectively "Drainage Facilities"). The Private Sewer is to be maintained in accordance with plans approved by the City of Spokane, and the Drainage Facilities are to be maintained in accordance with plans approved by Spokane County.

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Maintenance obligations shall include grading, shaping, landscaping, irrigation and other improvements, as applicable, to the Drainage Facilities; and contracting with a qualified and licensed contractor to assure ongoing inspection and maintenance (to include at least annual inspection and testing of the lift station and periodic inspection of the sewer mains and other components), repair, replacement and reconstruction, as necessary, of the Private Sewer. Private Sewer maintenance shall include the obligation to repair and restore, as nearly as practicable to the condition they were in prior to any damage or work, any public streets that may be damaged as a result of any work on, or operation or maintenance of, the Private Sewer. The Private Sewer has been required to be completed in conformance with plans approved by the City of Spokane, and the Drainage Facilities have been required to be completed in conformance with plans approved by Spokane County. The Association shall be responsible for paying all costs and expenses associated with the maintenance and repair obligations referred to above. Maintenance of all portions of the Private Sewer and Drainage Facilities constitutes an obligation running with all portions of the Property, including any additional real property subsequently annexed. Notwithstanding anything in this Declaration to the contrary, provisions regarding maintenance of the Private Sewer imposed hereunder, or by any separate covenants required by the City of Spokane, shall not be subject to amendment or modification without the approval of the City of Spokane. Further notwithstanding anything in this Declaration to the contrary, provisions regarding maintenance of the Drainage Facilities imposed hereunder, or by any separate covenants required by Spokane County, shall not be subject to amendment or modification without the approval of Spokane County. Maintenance of the Private Sewer and Drainage Facilities shall include obligations established by the Operation and Maintenance Manual ("O&M Manual") as prepared by the design engineer, David Evans & Associates, Inc., dated August 2007. Compliance with the O&M Manual will include establishment and accumulation of reserves for anticipated maintenance and repair obligations as provided in such Manual. Notwithstanding anything in this Declaration to the contrary, maintenance of any portions of any Drainage Facilities located within the borders of any Building Lots shall be the primary responsibility of the Owner of the Building Lot where situated. Un-permitted alteration of any such Drainage Improvements shall be considered a failure to maintain. Failure to so maintain said Drainage Facilities will constitute a failure to properly maintain such Owner's Building Lot as required by Section 4.11. Further, notwithstanding anything in this Declaration to the contrary, should any portion of any Drainage Facilities in any Owner's Building Lot fail to comply with the above while Declarant retains any potential liability for restoring or correcting such non-compliance, including any obligations imposed by any governmental authorities related to bonds or approvals, then the initial Declarant and any successor Declarant shall have a right to enforce the Building Lot Owner's obligation to restore and then maintain such portions of such Drainage Facilities in like fashion as is afforded to the Association, including performing work, imposing a Limited Assessment, and perfecting a lien and collecting such Assessment and all attorney's fees and costs associated therewith.

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ARTICLE VII: ASSESSMENTS

7.1 Covenant to Pay Assessments. Building Lots owned by the Declarant and Builders will not be liable for Regular or Special Assessments. Otherwise, by acceptance of a deed or real estate contract for any Building Lot in Prairie Breeze, each Owner of such Building 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.

7.1.1 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.

7.1.2 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.

7.2 Regular Assessments. Except as provided above in Section 7.1, 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.

7.2.1 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, 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").

7.2.2 Computation of Regular Assessments. The regular assessment for calendar years 2008 and 2009 shall be $360.00 per year. During those years only, Declarant or Declarant's successor, and any Builder with regard to

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Building Lots owned by them, 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, with Declarant and Builders to allocate such items based on the number of Building Lots then owned by each of them. Thereafter, the Association shall compute the amount of its expenses on an annual basis. The computation of Regular Assessments for 2010 and thereafter shall take place not less than thirty (30) or more than sixty (60) days before the beginning of each calendar year of the Association. Should the Association fail to make the computations and compute the Regular Assessment amount for any year, the amount that applied during the year then ending shall continue to apply.

7.2.3 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 calendar year after 2008 shall be computed as follows: Each Owner, other than the Declarant and each Builder (but with regard to a Builder only until the date by which completion of the exterior of the dwelling on such Building 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 Building Lots attributable to the Owner by the total number of finally platted Building Lots in the Property subject to payment of the Assessments.

7.3 Special Assessments.

7.3.1 Purpose and Procedure. Pursuant to the obligation of Declarant in Section 7.2.2 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 (with the same Owners of Building Lots being exempt from Special Assessments as are exempt from Regular Assessments). No Special Assessment shall be levied which exceeds twenty percent (20%) of the budgeted gross expenses of the association for the calendar 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.

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7.3.2 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.

7.4 Limited Assessments. Notwithstanding the above provisions with respect to Regular and Special Assessments, the Board may levy a Limited Assessment against any Member as a remedy to reimburse the Association for costs incurred in bringing the Member and/or such Member's Building Lot into compliance with the provisions of the governing instruments for Prairie Breeze, including any actual costs, consultant charges and attorneys' fees. This shall expressly include the authority to levy assessments against any Building Lot Owner in violation of any of the requirements imposed on such Building 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, 2007 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 Building 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 Building Lot only.

7.5 Assessment Period. Unless otherwise provided in the Articles or Bylaws, the Assessment period, the calendar 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 year and shall be payable in advance.

7.6 Notice and Assessment Due Date. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Building Lot subject thereto, and to any person in possession of such Building 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 Building Lot as

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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 Building Lot.

7.7 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 Building 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 Building Lot may rely upon any such certificate delivered pursuant to this paragraph.

ARTICLE VIII: ENFORCEMENT OF ASSESSMENTS; LIENS; PROCEEDINGS

8.1 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 pursuant to paragraph 8.3 to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

8.2 Assessment Liens.

8.2.1 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

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Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

8.2.2 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.

8.3 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 Association were a beneficiary designated under a deed of trust executed on Deed of Trust form LPB #22, as in effect on the date of recording this Declaration, incorporating herein all provisions related to the rights of the beneficiary under a Deed of Trust, including those provisions related to a right of sale and ability to pursue and conduct a non-judicial deed of trust foreclosure. No portion of the Property is used primarily for agricultural purposes. For purposes of this provision and implementation of remedies available under a deed of trust, the Building Lot Owner shall be considered the Grantor, the Association shall be considered the Beneficiary, and Transnation Title Company, or such other qualified entity as the Board of the Association may subsequently appoint, shall be considered the Trustee.

8.4 Required Notice. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of the notice of delinquency and 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 notice of delinquency and claim of lien; and to the person in possession of such Building Lot(s), and a copy thereof is recorded by the Association in the Office of the Spokane County Auditor.

8.5 Subordination to Certain Trust Deeds and Mortgages. The lien for the Assessments provided for herein in connection with a given Building Lot shall be

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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.

ARTICLE IX: ARCHITECTURAL COMMITTEE

9.1 Creation. During the Initial Development Period as described in Section 5.3, 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 the Declarant shall sooner relinquish such authority to the Association in a written document signed by an authorized representative of the 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.

9.2 Review of Proposed Construction. The Architectural Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to this Declaration, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Committee. The Board shall have the power to determine, by rule or other written designation consistent with this Declaration, which types of improvements shall be submitted for Architectural Committee review and approval.

9.3 Architectural Committee Decisions. Decisions of the Architectural Committee and the reasons therefor shall be transmitted by the Architectural Committee to the Applicant at the address set forth in the application for approval within thirty (30) calendar days after filing all materials required by the Architectural Committee, failing which, the application shall be considered approved.

9.4 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

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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.

ARTICLE X: ANNEXATION OF ADDITIONAL PROPERTIES

10.1 By Declarant. Declarant intends to develop the property described on Exhibit A, and may, in Declarant's sole discretion, deem it desirable to annex additional real property to the Property covered by this Declaration. Additional real property may be annexed to the Property and brought within the provisions of this Declaration as provided herein by Declarant, its successors or assigns, at any time, and from time to time, without the approval of any Owner or the Association. The use and development of such additional real property shall conform to all applicable land use regulations; as such regulations are modified by variances.

10.2 By the Association. In addition to the provisions concerning annexations by Declarant specified in Section 11.1 above, additional real property may be annexed to the Property, subject to the same conditions by the Association upon the exercise by Members of at least two-thirds (2/3) of the votes of the Association.

10.3 Rights and Obligations of Owners of Annexed Property. Subject to the provisions hereof, upon recording of a Supplemental Declaration as to any additional real property, all provisions contained in this Declaration shall apply to the additional real property in the same manner as if it were originally covered by this Declaration.

10.4 Method of Annexation. The addition of additional real property to the Property authorized under Sections 10.1 and 10.2 shall be made by filing of record a Supplemental Declaration or other similar instrument with respect to the annexed property, which shall be executed by Declarant or the Owner thereof and which shall annex such property to the Property.

10.5 Deannexation. Declarant may delete all or a portion of the real property described on Exhibit A, or any previously annexed real property, from the Property and from coverage of this Declaration and jurisdiction of the Association, so long as Declarant has an interest in such property to be deleted, and provided that a Supplemental Declaration of Deletion of Property is recorded in the Office of the Spokane County Auditor in the same manner as a Supplemental Declaration of Annexation. Members other than Declarant as described above shall not be entitled to deannex all or any portion of the Property except on the favorable vote of two-thirds (2/3) of all members of the Association and written approval of Declarant so long as Declarant owns any portion of the property described on Exhibit "A" or any other real property which is then part of the Property.

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10.6 In the event there is ever a separate class of membership held by the Declarant, such as a "Class B" membership, then notwithstanding anything in this Declaration to the contrary, annexation of additional properties, dedication of Common Area, and amendment of this Declaration will require prior approval of the United States Department of Housing and Urban Development and the Veterans Administration.

ARTICLE XI: EASEMENTS AND DRAINAGE IMPROVEMENTS

11.1 Easements of Encroachment: There shall be reciprocal appurtenant easements of encroachment as between each Building Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Building Lots due to minor unintentional wrongful placement or settling or shifting of the improvements including but not limited to structures, walkways, paths, sidewalks and driveways constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Easements of encroachment shall be valid only so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the improvements. Provided, however, in no event shall a valid easement for encroachment occur due to the willful act or acts of an Owner. In the event a structure on any Building Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Building Lot agree that minor encroachments over adjoining Building Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this paragraph.

11.2 Easements of Access: All Owners of Building Lots will have a perpetual easement for access, ingress and egress over the Common Area, including but not limited to provide access to and from Building Lots from streets, cul-de-sacs and walkways, but only to the extent separate easements therefore are expressly granted by Declarant. Such easements may be used by the Declarant, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Building Lot or Common Area.

11.3 Drainage and Utility Easements. Declarant expressly reserves for the benefit of all the Property, reciprocal easements of provision of utilities, including rights to access, ingress and egress, and the right to reasonably perform inspection, maintenance, repair and reconstruction work, for all Owners and all utility providers, as well as an easement for drainage of water over, across and upon portions of the Property within drainage improvements as shown on the face of the Plat or as may be approved by applicable governmental authority, resulting from the normal use of Building Lots or Common Areas, and for necessary maintenance and repair of any improvement including fencing, retaining walls, lighting facilities, sidewalks, drainage facilities, and other improvements required to be constructed or maintained by any governmental authority. Notwithstanding anything expressly or impliedly contained

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herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Declarant for the installation and maintenance of utilities and drainage facilities that are required for the development of the Property. In addition, Declarant hereby reserves for the benefit of the Association the right to grant additional easements and rights-of-way over the Property, as appropriate, to utility companies and public agencies as necessary or expedient for the proper development of the Property until close of escrow for the sale of the last Building Lot in the Property to an Owner.

11.3.1 Improvement of Drainage and Utility Areas. The Owners of Building Lots are hereby restricted and enjoined from constructing any improvements upon, or altering or modifying any drainage or utility improvements or easements as may be shown on the Plat of Prairie Breeze or as may be required by The City of Spokane. Any Owner having any required drainage improvements, including any portions of any roadside swales, located within their Building Lot, shall be responsible for maintaining the same in condition as is required by the City of Spokane.

ARTICLE XII: MISCELLANEOUS

12.1 Term. The easements created hereunder shall be perpetual, subject only to extinguishment by the holders of such easements as provided by law. The covenants, conditions, restrictions land equitable servitudes of this Declaration shall run for a term of twenty (20) years from the date this Declaration is recorded, unless amended as herein provided. Thereafter, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by members holding at least two-thirds (2/3) of the voting power of the Association and such written instrument is recorded with the Spokane County Auditor.

12.2 Amendment. Except where a greater percentage is required by express provision in this Declaration (and except as provided in Section 6.2 regarding the Private Sewer, which shall not be amended or modified without the consent of the City of Spokane; and the Drainage Facilities, which shall not be amended or modified without the consent of Spokane County), the provisions in this Declaration may be amended by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying and attesting that such amendment has been approved by the vote or written consent of Owners representing more than two-thirds (2/3) of the votes of Owners of Building Lots, including the Declarant. Any such amendment shall be effective upon its recordation with the Spokane County Auditor.

12.3 Notices. Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery

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is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association, as provided in this paragraph.

12.4 Enforcement and Non-Waiver.

12.4.1 Right of Enforcement. Each Owner of any Building Lot, the Declarant, and the Association shall each have the right to enforce any or all of the provisions hereof against any property within the Property and Owners thereof.

12.4.2 Violations and Nuisances. The failure of any Owner of a Building Lot to comply with any provision hereof, or with any provision of the Articles or Bylaws of the Association, is hereby declared a nuisance and will give rise to a cause of action by the Declarant, the Association or any Owner of a Building Lot(s) within the Property for recovery of damages or for negative or affirmative injunctive relief or both. However, any other provision to the contrary notwithstanding, only Declarant, the Association, the Board, or a duly authorized agent of any of them, may enforce by self-help any of the provisions hereof only if such self-help is preceded by reasonable notice to the Owner.

12.4.3 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration and any or all enforcement procedures in law or equity.

12.4.4 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

12.4.5 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the right to enforce any such provision.

12.6 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed and governed under the laws of the State of Washington.

12.7 Restrictions Severable. Notwithstanding the provisions of the foregoing

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12.7 Restrictions Severable. Notwithstanding the provisions of the foregoing paragraph, each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this 13 day of August 2008.

DECLARANT:

NORTH DIVISION COMPLEX, L.L.C.

By: Robert L. Heitman Jr.
Printed Name: Robert L. Heitman Jr.
Title: Member

STATE OF WASHINGTON)
)ss.
COUNTY OF SPOKANE)

On this 13 day of August 2008 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert L. Heitman Jr. to me known to be the Member of NORTH DIVISION COMPLEX, 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.

CHRYSTAL E. SOUTHWICK
NOTARY PUBLIC
STATE OF WASHINGTON
COMMISSION EXPIRES
DECEMBER 23, 2010

Chrystal E. Southwick
NOTARY PUBLIC in and for the State of Washington, residing at Medical Lk
My commission expires: 12-23-10
Chrystal E. Southwick
Printed Name

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EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

That portion of the Southeast Quarter of Section 14, Township 26 North, Range 42 East of the Willamette Meridian, Spokane County, Washington, lying south of the Pacific Northwest Pipeline Corporation easement filed for record in Spokane County auditor's file No. 396485b and amended in auditor's file No. 589580c, and being further described as follows;

Beginning at the Southwest corner of said Southeast Quarter Section 14;

Thence North 00°00'38" East along the west line of said Southeast Quarter, a distance of 672.12 feet to a point on the southerly line of said Pacific Northwest Pipeline Corporation Easement;

Thence along said southerly line through the following 2 courses;

1) North 81°50'36" East, a distance of 1704.09 feet;

2) South 88°14'24" East, a distance of 915.36 feet;

to a point on the west line of the Five Mile Road right of way, said right of way being 30 feet distant when measured at right angles And parallel with the east line of said Southeast Quarter Section 14;

Thence South 00°36'42" East along said west right of way, a distance of 868.59 feet to a point on the south line of said Southeast Quarter Section 14;

Thence South 89°37'18" West along said south line, a distance of 2611.23 feet to the Point Of Beginning,

Said tract of land being 49.19 acres, along with and subject to any existing easements.

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