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AUDITOR
SPOKANE COUNTY, WASH.

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DECLARATION ESTABLISHING COVENANTS, CONDITIONS AND
RESTRICTIONS FOR

THE RIDGE AT HANGMAN

TABLE OF CONTENTS

Page

ARTICLE I:	RECITALS	. . . . .	1
1.1	Real Property Description	. . . . .	1
1.2	Development	. . . . .	1
1.3	Conditions	. . . . .	3
1.4	Other Declarations	. . . . .	3
1.5	Purpose	. . . . .	3
ARTICLE II:	DECLARATION	. . . . .	3
ARTICLE III:	DEFINITIONS	. . . . .	4
3.1	Architectural Committee	. . . . .	4
3.2	Articles	. . . . .	4
3.3	Assessments	. . . . .	4
3.4	Association	. . . . .	4
3.5	Association Rules	. . . . .	4
3.6	Board	. . . . .	5
3.7	Building Envelope	. . . . .	5
3.8	Building Footprint	. . . . .	5
3.9	Building Lot	. . . . .	5
3.10	Bylaws	. . . . .	5
3.11	Common Area	. . . . .	5
3.12	Declarants	. . . . .	5
3.13	Declaration	. . . . .	6
3.14	Design Guidelines	. . . . .	6
3.15	Developer	. . . . .	6
3.16	Improvement	. . . . .	6
3.17	Limited Assessment	. . . . .	6
3.18	Member	. . . . .	6
3.19	Owner	. . . . .	6
3.20	Parcel	. . . . .	7
3.21	Person	. . . . .	7
3.22	Plat	. . . . .	7
3.23	Property	. . . . .	7
3.24	Regular Assessment	. . . . .	7
3.25	Special Assessment	. . . . .	8
3.26	Supplemental Declaration	. . . . .	8
ARTICLE IV:	ARCHITECTURAL CONTROL	. . . . .	8
4.1	Structures - Generally	. . . . .	8
4.1.1	Use and Height of Dwelling Structure	. . . . .	8
4.1.2	Architectural Committee Review	. . . . .	9

TABLE OF CONTENTSPage

4.2	Covenants, Conditions, Restrictions and Easements Applicable to Lots	9
4.2.1	Insurance Rates	9
4.2.2	No Further Subdivision	10
4.2.3	Signs	10
4.2.4	Nuisances	10
4.2.5	Exterior Maintenance; Owner's Obligations	11
4.2.6	Drainage	11
4.2.7	Grading	11
4.2.8	Mining, Wells, Potable Water	12
4.2.9	No Hazardous Activities	12
4.2.10	Unightly Articles	12
4.2.11	No Temporary Structures	12
4.2.12	No Unscreened Items	12
4.2.13	Sewage Disposal Systems	13
4.2.14	Ridge Water Association	14
4.2.15	Energy Devices, Outside	15
4.2.16	Vehicles and Recreational Vehicles	15
4.2.17	Animals/Pets	15
4.2.18	Landscaping	16
4.2.19	Fencing	16
4.2.20	Fires	16
4.2.21	Antennas	16
4.2.22	Lighting	17
4.2.23	Golf Carts	17
4.2.24	Hangman Valley Golf Course	17
4.2.25	Utilities, Transportation Improvements and Easements	18
4.2.26	Exemption of Declarants	18
4.2.27	Conveyances to and from Municipalities	19
4.2.28	Commencement of Construction	19
ARTICLE V:	THE RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION	20
5.1	Organization of The Ridge at Hangman Homeowners Association	20
5.2	Membership	20
5.3	Voting	21
5.3.1	Class A Members	21
5.3.2	Class B Members	21
5.4	Board of Directors and Officers	22

TABLE OF CONTENTS**Page**

5.5	Power and Duties of the Association	22
5.5.1	Powers	22
5.5.1.1	Assessments	23
5.5.1.2	Right of Enforcement	23
5.5.1.3	Delegation of Powers	23
5.5.1.4	Association Rules	23
5.5.1.5	Emergency Powers	23
5.5.1.6	Licenses, Easements, and Rights-of-Way	24
	5.5.1.6.1 Underground	24
	5.5.1.6.2 Public Sewers	24
	5.5.1.6.3 Mailboxes	24
5.5.2	Duties	24
5.5.2.1	Operation and Maintenance of Common Area	25
5.5.2.2	Reserve Account	25
5.5.2.3	Taxes and Assessments	25
5.5.2.4	Water and Other Utilities	25
5.5.2.5	Insurance	26
	5.5.2.5.1 Fire	26
	5.5.2.5.2 Comprehensive	26
	5.5.2.5.3 Full	26
	5.5.2.5.4 Other	26
	5.5.2.5.5 Trustee Interest	26
	5.5.2.5.6 Premiums	26
	5.5.2.5.7 Board Discretion	27
	5.5.2.6 Rule Making	27
	5.5.2.7 Newsletter	27
	5.5.2.8 Architectural Committee	27
	5.5.2.9 Enforcement of Restrictions and Rules	27
	5.5.2.10 Private Streets, Signs and Lights	27
5.6	Personal Liability	27
5.7	Budgets and Financial Statements	28
	5.7.1 Pro Forma Operating Statement	28
	5.7.2 Balance Sheet	28
5.8	Meetings of Association	28

TABLE OF CONTENTS

ARTICLE VI:	RIGHTS TO COMMON AREAS	29
6.1	Use of Common Area	29
6.1.1	Association Assessments	29
6.1.2	Suspension of Rights	29
6.1.3	Right to Dedicate	29
6.1.4	Right to Construct	29
6.1.5	Declarant and Developer Rights	30
6.2	Designation of Common Area	30
6.3	Delegation of Right to Use	30
6.4	Damages	30
ARTICLE VII:	ASSESSMENTS	30
7.1	Covenant to Pay Assessments	30
7.1.1	Assessment Constitutes Lien	30
7.1.2	Assessment is Personal Obligation	31
7.2	Regular Assessments	31
7.2.1	Purpose of Regular Assessments	31
7.2.2	Computation of Regular Assessments	31
7.2.3	Amounts Paid by Owners	31
7.3	Special Assessments	32
7.3.1	Purpose and Procedure	32
7.3.2	Consistent Basis of Assessment	32
7.4	Limited Assessments	32
7.5	Uniform Rate of Assessment	33
7.6	Assessment Period	33
7.7	Notice and Assessment Due Date	33
7.8	Estoppel Certificate	34
7.9	Special Notice and Quorum Requirements	34
ARTICLE VIII:	ENFORCEMENT OF ASSESSMENTS; LIENS; PROCEEDINGS	34
8.1	Right to Enforce	34
8.2	Authorization Required to Commence Proceedings	35
8.3	Assessment Liens	35
8.3.1	Creation	35
8.3.2	Claim of Lien	35

TABLE OF CONTENTS

		<u>Page</u>
8.4	Method of Foreclosure	36
8.5	Required Notice	36
8.6	Subordination to Certain Trust Deeds and Mortgages	36
8.7	Rights of Mortgagees	36
ARTICLE IX:	INSPECTION OF ASSOCIATION'S BOOKS AND RECORDS	37
9.1	Member's Right of Inspection	37
9.2	Rules Regarding Inspection of Books and Records	37
9.2.1	Notice	37
9.2.2	Time	37
9.2.3	Payment of Costs	37
9.3	Director's Rights of Inspection	37
ARTICLE X:	ARCHITECTURAL COMMITTEE	37
10.1	Creation	37
10.2	Design Guidelines	38
10.3	Review of Proposed Construction	39
10.3.1	Conditions on Approval	39
10.3.2	Architectural Committee Rules and Fees .	39
10.3.3	Detailed Plans	40
10.3.4	Architectural Committee Decisions	40
10.4	Meetings of the Architectural Committee . . .	40
10.5	No Waiver of Future Approvals	40
10.6	Compensation of Members	41
10.7	Inspection of Work	41
10.7.1	Notice of Completion	41
10.7.2	Inspection	41
10.7.3	Failure to Remedy	41
10.7.4	Effect of No Notice	42
10.8	Non-Liability of Architectural Committee Members	42
10.9	Variances	42
10.10	Appeal	43
ARTICLE XI:	ANNEXATION OF ADDITIONAL PROPERTIES	43
11.1	By Developer	43
11.2	By the Association	43

TABLE OF CONTENTSPage

11.3	Rights and Obligations of Owners of Annexed Parcels	43
11.4	Method of Annexation	44
11.5	Deannexation	44
ARTICLE XII:	EASEMENTS	44
12.1	Easements of Encroachment	44
12.2	Easements of Access	45
12.3	Drainage and Utility Easements	45
12.3.1	Improvement of Drainage and Utility Easement Areas	45
12.4	Rights and Duties Concerning Utility Easements	46
12.4.1	Utility Connections for One Lot	46
12.4.2	Utility Connections for Multiple Lots	46
12.5	Driveway Easements	46
12.6	Disputes as to Sharing of Costs	47
12.7	General Landscape Easement	47
12.8	Maintenance and Use Easement Between Walls and Lot Lines	47
12.9	Water Use Covenants and Restrictions	47
ARTICLE XIII:	MISCELLANEOUS	48
13.1	Term	48
13.2	Amendment	48
13.2.1	By Developer	48
13.2.2	By Owners	48
13.3	Trust Deed and Mortgage Protection	49
13.4	Notices	49
13.5	Enforcement and Non-Waiver	49
13.5.1	Right of Enforcement	49
13.5.2	Violations and Nuisances	49
13.5.3	Violation of Law	49
13.5.4	Remedies Cumulative	50
13.5.5	Non-Waiver	50
13.6	Interpretation	50
13.6.1	Restrictions Construed Together	50
13.6.2	Restrictions Severable	50

TABLE OF CONTENTS

Page

13.6.3	Singular Includes Plural	50
13.6.4	Captions	50
13.7	Successors and Assigns	50

EXHIBITS

- A. Legal Description of Phase I Property
- B. Property Description

Unofficial Document

COVENANTS, CONDITIONS AND RESTRICTIONS
FOR THE RIDGE AT HANGMAN

This declaration is made this 26th day of July, 1994, by JOHN R. PETERSON and JACQUELINE M. PETERSON, husband and wife, "Petersons", and RIDGE ASSOCIATES LIMITED PARTNERSHIP, an Idaho limited partnership, "Ridge Associates", collectively referred to as "Owners"; JACK R. FELGENHAUER and GLORIA F. FELGENHAUER, husband and wife, and ROBERT H. TOMLINSON and FRED P. MEYER, as Co-Trustees of the Tomlinson Agency South, Inc., amended and restated Employees' 401 (K) Profit Sharing Plan and Trust, Co-Trustees of the Tomlinson Agency North, Inc., amended and restated Employees' 401 (K) Profit Sharing Plan and Trust, Co-Trustees of Tomlinson Consulting, Inc., amended and restated Employees' 401 (K) Profit Sharing Plan and Trust, and Co-Trustees of the Tomlinson Valley, Inc. amended and restated Employees' 401 (K) Profit Sharing Plan, all as Real Estate Contract Vendors; and RIDGE ASSOCIATES LIMITED PARTNERSHIP, an Idaho limited partnership, as "Developer". All of the above named persons and entities are sometimes collectively referred to below as "Declarants".

Ridge Associates is the owner of the property described on Exhibit "A" attached hereto. Petersons, Ridge Associates and the Real Estate Contract Vendors referred to above are the purchasers and owners of the property described on Exhibit "B" attached hereto.

ARTICLE I: RECITALS

1.1 Real Property Description. Declarants are the owners and developer of all that real property located in Spokane County, Washington, as described on Exhibits "A" and "B" attached hereto and incorporated herein by this reference, and sometimes referred to below as "The Ridge at Hangman".

1.2 Development. Developer intends to develop those portions of said real property which are made subject to this Declaration in phases, generally in accordance with the maps and plans approved under the zoning and subdivision ordinances and regulations of the County of Spokane and the State of Washington. In order to facilitate the phased development of said real property, Owner and/or Developer may record, in Developer's sole discretion, Supplemental Declarations which subject additional portions of said real property to this Declaration. Each development phase shall constitute a "Parcel", as defined below. As a Parcel is approved under said zoning and subdivision

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

ordinances and regulations, the filing of said Supplemental Declaration shall make such Parcel subject to this Declaration. The property described in Exhibit "A" attached hereto and incorporated herein by this reference is a Parcel as of the execution of this Declaration and is subject to this Declaration.

Upon Recordation of this Declaration, Declarants desire to submit and subject the Real Property described on Exhibit "A" attached hereto, as well as such portions of the property described on Exhibit "B" attached hereto as may hereafter be brought within the jurisdiction of this Declaration through recordation of one or more Supplemental Declarations as provided below, 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. Declarants further desire to establish and authorize a plan of development to be implemented by Developer pursuant to, and under the authority of, the Declaration.

Declarants deem it desirable to establish covenants, conditions and restrictions upon the Property and each and every portion thereof, and certain mutually beneficial restrictions and obligations with respect to the proper use, occupancy and enjoyment thereof, all for the purpose of enhancing the quality of life within the Property.

Declarants also deems it desirable for the efficient management of the Property to create an owners' association to which will be delegated and assigned the powers of owning, managing, maintaining and administering the Common Areas within the Property; administering and enforcing these covenants, conditions, restrictions and easements; collecting and disbursing funds pursuant to the Assessments and charges hereinafter created; and the performance of such other acts as are herein provided or which generally benefit its members, the Property, and the owners of any interests therein.

The Ridge at Hangman Association, a nonprofit corporation, has been incorporated under the laws of the State of Washington for the purpose of exercising the powers and functions of an Association for the Property.

Declarants desire and intend that the owners, mortgagees, beneficiaries and trustees under trust deeds, occupants and all other Persons hereafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

their interests subject to, the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights set forth herein and in the Declaration, all of which are declared to be in furtherance of a plan to promote and protect the Property.

1.3 Conditions. Any development plans for any of the real property now or hereafter covered by this Declaration, in existence prior to or following the effective date of this Declaration, are subject to change at any time by Developer, in Developer's sole discretion, and impose no obligations on Declarants, or any of them, as to how said real property is to be developed or improved. Any purchaser of a lot within a Parcel acknowledges that said lot is subject to the above-referenced 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. Said purchaser acknowledges familiarity with the same, constructively or otherwise.

1.4 Other Declarations. There may be other declarations, as amended or restated, with respect to other real property which may utilize or make reference to the word "Hangman". The same shall not be confused with, nor shall the same have any force or effect upon The Ridge at Hangman or this Declaration.

1.5 Purpose. The purpose of this Declaration is to set forth the basic restrictions, covenants, limitations, easements, conditions and equitable servitudes (collectively "Restrictions") that apply to the real property now or hereafter covered by this Declaration. The Restrictions are designed to preserve the value, desirability and attractiveness of said real property, to ensure a well-integrated, high-quality development, and to guarantee adequate maintenance of any common area and improvements in a cost effective and administratively efficient manner.

ARTICLE II: DECLARATION

Declarants hereby declare that those portions of said real property brought within the jurisdiction hereof, described on Exhibit "A", and as provided herein, and each 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 set forth herein

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

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 lot, parcel or portion thereof; shall inure to the benefit of and be binding upon Declarants, Declarants' successors in interest and each grantee or owner and such grantee's or owner's respective successors in interest, and may be enforced by Developer, by any owner or such owner's successors in interest, or by the Association, as hereinafter defined, 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 Developer's right to complete development of said real property and to construct improvements thereon, nor Developer's right to maintain model homes, construction, sales or leasing offices or similar facilities (temporary or otherwise) on any portion thereof, including any common area or any public right-of-way, nor Developer's right to post signs incidental to construction, sales or leasing, nor Developer's right to modify plans for said property.

ARTICLE III: DEFINITIONS

3.1 "Architectural Committee" shall mean the committee created by the Developer or an Association pursuant to Article X hereof, and may be referred to herein and in the Design Guidelines 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 Ridge at Hangman Homeowners Association, a Washington non-profit corporation, its successors and assigns, established by Developer to exercise the powers and to carry out the duties set forth in this Declaration or any Supplemental Declaration.

3.5 "Association Rules" shall mean those rules and regulations promulgated by the Association governing conduct upon and use of the Property under the jurisdiction or control of the Association, the imposition of fines and forfeitures for violation

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

of Association Rules and regulations, and procedural matters for use in the conduct of business of the Association.

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

3.7 "Building Envelope" shall mean that portion of each Building Lot within which the entire Building Footprint shall be constructed. The Building Envelope for each Building Lot shall be designated on a map prepared by and kept on file by the Architectural Committee. Approval of the Architectural Committee will be necessary, if any portion of the Building Footprint is to be constructed outside of the designated Building Envelope.

3.8 "Building Footprint" shall mean the area of a Building Lot which is within the perimeter created by a vertical extension to the ground of the exterior walls of all enclosed portions of a building, including attached garages and enclosed decks, porches, solariums, and similar enclosed extensions, attachments and accessory structures. Not included in the footprint are unenclosed portions or extensions of buildings including but not limited to unenclosed decks, porches, porte cocheres, eaves and roof overhangs.

3.9 "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 Improvements may be constructed. With respect to Association voting rights, Building Lot shall also mean a lot so specified on any final plat or on any preliminary plat of the Property.

3.10 "Bylaws" shall mean the Bylaws of the Association.

3.11 "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. Common Area may be established from time to time by Declarants 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.

3.12 "Declarants" shall mean John R. Peterson and Jacqueline M. Peterson, husband and wife; Ridge Associates Limited Partnership, an Idaho limited partnership, as "Owners"; Jack R. Felgenhauer and Gloria F. Felgenhauer, husband and wife, and Robert H. Tomlinson and Fred P. Meyer, as Co-Trustees of the Tomlinson Agency South, Inc., amended and restated Employees' 401 (K) Profit

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

Sharing Plan and Trust, Co-Trustees of the Tomlinson Agency North, Inc., amended and restated Employees' 401 (K) Profit Sharing Plan and Trust, Co-Trustees of Tomlinson Consulting, Inc., amended and restated Employees' 401 (K) Profit Sharing Plan and Trust, and Co-Trustees of the Tomlinson Valley, Inc. amended and restated Employees' 401 (K) Profit Sharing Plan, all as Real Estate Contract Vendors in connection with the real property described on Exhibit "B" attached; and RIDGE ASSOCIATES LIMITED PARTNERSHIP, an Idaho limited partnership, as "Developer". The term "Declarants shall also include the successors in interest of the Declarants, or any person or entity to whom the rights under this Declaration are expressly transferred by Declarants or their successor(s).

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

3.14 "Design Guidelines" shall mean the architectural standards, rules, regulations, restrictions and design guidelines adopted from time to time by the Architectural Committee.

3.15 "Developer" shall mean Ridge Associates Limited Partnership, an Idaho limited partnership, its successor in interest, or any person or entity to whom rights and/or obligations under this Declaration are expressly transferred by Developer.

3.16 "Improvement" shall mean any structure, facility or system, or other improvement or object, whether permanent or temporary, which is erected, constructed or placed upon, under or in any portion of the Property, including but not limited to buildings, fences, streets, drives, driveways, patios, bicycle paths, curbs, landscaping, signs, lights, mail boxes, electrical lines, pipes, pumps, ditches, waterways, recreational facilities, and fixtures of any kind whatsoever.

3.17 "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.

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

3.19 "Owner" shall mean the person or other legal entity, including Declarants, which acquires fee simple interest of record to a Building Lot which is a part of the Property after the date hereof, and sellers under executory contracts of sale, but

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

excluding those having such interest merely as security for the performance of an obligation.

3.20 "Parcel" shall mean a defined portion of the Property within which the contemplated development involves a common use or compatible uses, and which may have been designated as a Parcel by this Declaration or a recorded Supplemental Declaration.

3.21 "Person" shall mean any individual, partnership, corporation or other legal entity.

3.22 "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.

3.23 "Property" shall mean the Property described on Exhibit "A" attached hereto and incorporated herein by this reference, including each lot, parcel and portion thereof and interest therein, including all water rights associated with or appurtenant to such property. The Property included in Exhibit "A" is subject to this Declaration upon the recording of this Declaration and without the filing of a Supplemental Declaration.

Except as may be specifically provided herein, no portion of the property described on Exhibit "B", which describes additional property which may be brought within the jurisdiction hereof by Supplemental Declaration as provided below, or any other real property, shall be subject to the terms, covenants, conditions, easements and restrictions of this Declaration until such a Supplemental Declaration describing the portion of real property (the "Parcel") is executed by the owner(s) of such Parcel and recorded. The Property may also be expanded in the future to include, in Developer's sole discretion, such additional property in addition to that described on Exhibits "A" and "B", as may be annexed by means of one or more Supplemental Declarations as provided herein. Developer, in its sole discretion, may or may not include all portions of the property described on Exhibit "B" as part of the Property subject to this Declaration. Additionally, Developer, at its sole election, may withdraw any Parcel of which Declarants or any of them are the sole Owner and which was previously included within the provisions hereof upon recordation of a written Declaration of Deannexation, as provided in Section 11.5.

3.24 "Regular Assessment" shall mean the portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

which 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.

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

3.26 "Supplemental Declaration" shall mean any Supplemental Declaration including additional covenants, conditions and restrictions that might be adopted with respect to any portion of the Property or additional real property or improvements which may be made part of the Property as provided herein.

ARTICLE IV: ARCHITECTURAL CONTROL

4.1 Structures - Generally. All structures (except for sales offices or similar facilities of Developer) are to be designed, constructed and used in such a manner as shall be compatible with this Declaration, and shall meet the following minimum standards.

4.1.1 Use and Height of Dwelling Structure.

Except as may be expressly provided in this Declaration, all Building Lots shall be improved and used solely for residential purposes. No Building Lot shall be improved, except with a single family dwelling unit designed to accommodate no more than a single family and its employees and occasional guests, and such other Improvements as are necessary or customarily incident to a single family residence. If written approval is granted in advance and in the sole discretion of the Architectural Committee, a guest house or similar ancillary structure designed to accompany the main residence on a Building Lot may be permitted.

Subject to the provisions of Section 4.2.26 below, no dwelling unit shall be used for any purpose other than as a single-family residence, and no gainful occupation, profession, trade or other non-residential use shall be conducted on any Building Lot. Provided, however, nothing in this Declaration shall prevent the rental of property by an Owner for residential purposes on a long- or short-term basis, nor from using a portion of the residence for in home office purposes as provided in this Declaration and the Design Guidelines.

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

No dwelling unit shall be more than two stories in height. No other structure shall be more than one story in height unless approved in writing by the Architectural Committee. A basement or daylight basement shall not be counted as a story in determining compliance with this section. The "dwelling unit" as used in this Section may also be referred to herein as the dwelling or residential structure.

4.1.2 Architectural Committee Review. No Improvements, alterations, repairs, excavation, grading, landscaping, tree removal or other exterior work which will be visible above ground or which will ultimately affect the visibility of any above ground Improvement shall be built, erected, placed or materially altered on or removed from the Property unless and until the building plans, specifications, and plot plan or other appropriate plans and specifications have been reviewed in advance by the Architectural Committee and the same have been approved in writing. The review and approval or disapproval may be based upon the following factors: size, height, design and style elements, mass and form, topography, setbacks, finished ground elevations, architectural symmetry, drainage, color, materials, physical or aesthetic impacts on other property, artistic conformity to the terrain and the other Improvements on the Property, and any and all other factors which the Architectural Committee, in its reasonable discretion, may deem relevant.

The Design Guidelines ("Design Guidelines" or "Guidelines") adopted for the Property, and as amended from time to time shall be enforceable as though they were a part of this Declaration and shall be binding on all Owners, Members, and other persons as if expressly set forth herein. It shall be the responsibility of each Owner to obtain and review a copy of the most recent set of Guidelines prior to the purchase of a Building Lot. A copy of the current Guidelines is available at the Association's Office.

4.2 Covenants, Conditions, Restrictions and Easements Applicable to Lots. The following covenants, conditions, restrictions and reservation of easements and rights shall apply to all Building Lots and the Owners thereof (except those owned by the Developer):

4.2.1 Insurance Rates. Nothing shall be done or kept on any Building Lot which will increase the rate of insurance on any other portion of the Property without the approval of the Owner of such other portion, nor shall anything be done or kept on the Property or a Building Lot which would result in the cancellation of insurance on any property owned or managed by the Association or which would be in violation of any law.

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

4.2.2 No Further Subdivision. Except as provided in the Design Guidelines and subject to paragraph 4.2.26 below, no finally platted Building Lot may be further subdivided, nor may any easement or other interest therein be granted.

4.2.3 Signs. No sign of any kind shall be displayed to the public view, except: (1) such signs as may be used by Developer in connection with the construction, development, management or administration of the Property and sale of Building Lots and/or Improvements thereon; (2) temporary construction signs as permitted in the Design Guidelines; (3) such informational signs, of customary and reasonable dimensions as prescribed by the Architectural Committee may be displayed on or from the Common Area; and (4) such signs as may be required by legal proceedings or as required under Washington state law. No sign shall be placed on the property without the written approval of the Architectural Committee.

In particular, and subject to the provisions of Section 4.2.26 below, no "For Sale" or "For Rent" sign or any other advertising device of any kind shall be placed in public view or otherwise posted on the Property. However, it is anticipated that each Owner will, in accordance with applicable provisions of Association Rules, be permitted to have one "For Sale" or "For Rent" notice in a form approved by the Architectural Committee in a location specified for that purpose by such Committee, such as at the Association's office. The Association shall have the authority to provide one central advertising board not larger than four (4) feet square for use by any owner to post "For Rent" or "For Sale" notices thereon. The Association shall have the authority to regulate the size and style of any such notices.

4.2.4 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere upon the Property, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any portion of the Property or to its occupants, or to any other property in the vicinity thereof or to its occupants. No noise or other nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to the Property or to its occupants or to other property in the vicinity or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes which have been approved by the Architectural Committee), flashing lights or search lights, shall be located, used or placed on the Property without the prior written approval of the Association.

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

4.2.5 Exterior Maintenance; Owner's Obligations.

No Improvement shall be permitted to fall into disrepair, and each Improvement shall at all times be kept in good condition and repair. In the event that any Owner shall permit any Improvement, including tress and landscaping, which is the responsibility of such Owner to maintain, to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition, or so as to damage adjoining property or facilities, the Board, upon fifteen (15) days prior written notice to the Owner of such property, shall have the right to correct such condition, and to enter upon such Owner's Building Lot for the purpose of doing so, and such Owner shall promptly reimburse the Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments set forth in Article VII of this Declaration. The Owner of the offending property shall be personally liable, and such Owner's property shall be subject to a lien for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due, including reasonable attorneys' fees. Each Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor, or the amounts may, at the option of the Board, be added to the amounts payable by such Owner as Regular Assessments.

4.2.6 Drainage.

There shall be no interference with the established drainage pattern over any portion of the Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purposes hereof, "established" drainage is defined as the system of drainage, whether natural or otherwise, which exists at the time the overall grading of any portion of the Property is completed by Developer, or that drainage which is shown on any plans approved by the Architectural Committee, which may include drainage from any common Area over any Building Lot in the Property.

4.2.7 Grading.

The Owner of any Building Lot within the Property in which grading or other work has been performed pursuant to an approved grading plan shall maintain and repair all graded surfaces and erosion prevention devices, retaining walls, drainage structures, means or devices which are not the responsibility of the Association, or a public agency, and plantings and ground cover installed or completed thereon. Such requirements shall be subject to Regular, Special, and Limited Assessments provided in Article VII herein, as may be applicable. An approved grading plan means such plan as may have been approved by the applicable government agency and/or the Association.

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

4.2.8 Mining; Wells, Potable Water. No portion of any Building Lot shall be used in any manner to explore for, quarry, or remove any water, oil, or other hydrocarbons, minerals, rocks, stones, sand, gravel or earth of any kind. Without limiting the generality of the foregoing, no wells for the pumping or removal of water shall be placed on any Building Lot. The Owner of each Building Lot shall obtain potable water for the Building Lot, at the Owner's expense, from the Ridge Water Association, a non-profit water company providing water service to each Building Lot.

4.2.9 No Hazardous Activities. No activities shall be conducted on the Property, and no Improvements constructed on any portion of the Property which are or might be unsafe or hazardous to any person or property.

4.2.10 Unightly Articles. No unsightly articles shall be permitted to remain on any Building Lot so as to be visible from any other portion of the Property. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in such containers and in areas approved by the Architectural Committee and removed on a timely basis at the expense of each Building Lot Owner. No clothing or fabrics shall be hung, dried or aired in such a way as to be visible to other property, and no equipment, heat pumps, compressors, containers, lumber, firewood, grass, shrub or tree clippings, plant waste, metals, bulk material, scrap, refuse or trash shall be kept, stored or allowed to accumulate on any Building Lot except within an enclosed structure or as appropriately screened from view. No vacant residential structures shall be used for the storage of building materials.

4.2.11 No Temporary Structures. No house trailer, mobile home, tent (other than for short term individual use which shall not exceed one month unless approved by the Architectural Committee), shack or other temporary building, improvement or structure shall be placed upon any portion of the Property, except temporarily as may be required by construction activity undertaken on the Property. Also excepted from this requirement is any sales office established by Developer for the Property.

4.2.12 No Unscreened Items. No garbage cans, trash containers, firewood, boats, trailers, campers, all-terrain vehicles, motorcycles, recreational vehicles, bicycles, dilapidated or unrepaired and unsightly vehicles or similar items, vehicles or equipment shall be placed or parked upon any portion of the Property (including, without limitation, streets, parking areas and driveways) unless the same are enclosed by a structure concealing them from view in a manner approved by the Architectural Committee.

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

To the extent possible, garage doors shall remain closed at all times.

4.2.13 Sewage Disposal Systems. No municipal sewer system is contemplated for the Property. Each Building Lot Owner shall be responsible for constructing an individual sewage disposal system on each Building Lot that conforms with the requirements and regulations of the Spokane County Health Department.

Prior to final plat, the Spokane County Health Department has inspected each Building Lot and has approved each Building Lot for some type of sewage disposal system. It is anticipated that additional test holes will be required prior to issuing a sewage permit for the Building Lot prior to building, once the exact size and location of the home is determined.

In obtaining preliminary drainfield approval prior to final plat, effort has been made to locate drainfield areas within each Building Lot or on adjacent Common Areas where a conventional drainfield can be constructed and approved. In a few instances, due to topographic considerations, approved drainfield locations have been located outside of the Building Lot to be served, including instances where located on land owned by Spokane County, contiguous to the Property. There can be no assurance, that an alternative and more expensive on-site sewage system will not be necessary on any Building Lot, particularly for view Building Lots on ridges where subsurface rock conditions may require a pressure-mound or other sewage disposal system.

Owners of certain Building Lots (Lots 1 through 6, and 7 and 8, in Block 1) adjacent to the Hangman Valley Golf Course, due to site conditions have been provided an easement from the County of Spokane to locate their primary drainfield and replacement drainfields on golf course property contiguous to their Building Lot. Other Building Lots have been provided an off-site drainfield easement on a Common Area. As an express condition in receiving such easement, each such Building Lot owner is required to pump out their septic tank on a routine basis and to otherwise maintain their system so to minimize the chances of future failure. However, there can be no assurance that the primary drainfield or replacement drainfield will not fail in the future.

AS A FURTHER EXPRESS CONDITION OF RECEIVING SUCH EASEMENT, EACH LOT OWNER, ITS SUCCESSORS AND ASSIGNS, HEREBY HOLDS SPOKANE COUNTY, THE RIDGE AT HANGMAN HOMEOWNERS ASSOCIATION AND THE DECLARANTS HARMLESS IN THE EVENT SUCH PRIMARY OR REPLACEMENT DRAINFIELD ULTIMATELY FAILS. IN THE EVENT OF THE FAILURE OF BOTH THE PRIMARY AND REPLACEMENT DRAINFIELDS, SAID LOT OWNER, ITS

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

SUCCESSORS AND ASSIGNS, EXPRESSLY AGREE TO RELOCATE AN ALTERNATIVE SEWAGE DISPOSAL SYSTEM ON THEIR OWN LOT.

4.2.14 The Ridge Water Association. A non-profit corporation, called The Ridge Water Association, has been organized for the purpose of owning, operating and maintaining a private water system designed primarily to serve the residents at The Ridge at Hangman.

The operational plan of The Ridge Water Association ("Comprehensive Water Plan") was approved in September 1993 by the Department of Health of Spokane County, State of Washington. All of the common stock of The Ridge Water Association, which will be formed in 1994 after all water system improvements necessary to serve the initial Building Lots are completed, will be acquired and owned by the Association. At or about the time that such common stock ownership is transferred to the Association, all water permits held by the Declarants and all completed water facilities constructed by the Developer necessary to serve the first phase Building Lots will be deeded to The Ridge Water Association, including the well, well house and related piping, meters, and water distribution lines with water service stubs to each Building Lot. Upon completion of the main water storage tank in 1994, and completion of subsequent water facilities necessary for future phases, by the Developer, ownership to such facilities will also thereupon be transferred to The Ridge Water Association.

Although the water system has been designed to supply an adequate volume of water, due to variations in elevation, water pressure at each Building Lot water service stub will vary considerably and may require each Building Lot owner to install either a pressure reducing or pressure boosting device. It shall be the responsibility of each Building Lot Owner and/or builder to contact the Architectural Committee and/or project engineer to determine if a pressure reducing or boosting device is required to achieve recommended water service pressures.

The Developer has constructed and will construct such water facilities at its own expense, and as partial consideration for such transfer, The Ridge Water Association will assign its right to receive any and all future water hook-up fees to the Developer. The Ridge Water Association will retain the annual user fees to cover anticipated annual operating expenses.

It is contemplated that there will be additional users of The Ridge Water System, including the County of Spokane for use of water for the Hangman Valley Golf Course and for domestic needs of the golf clubhouse, for consumption and irrigation purposes, for which payment has been made to the

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

Developer as partial reimbursement of its capital costs of constructing the water system. There may also be adjacent non-Ridge property owners who will desire access to such water system, which access must be approved by the Ridge Homeowners Association and the Developer. All residential users of the system will pay the same rates and have equal access to such water. The Ridge at Hangman Homeowners Association will be a user of the water system without charge for its irrigation needs.

It is contemplated that the hook-up fees and the usage charges will be commensurate with other area water systems, and that the usage charges will be designed to promote water conservation. The usage rates charged by The Ridge Water Association will be established from time to time by the Ridge Homeowners Association and will be designed to cover all anticipated annual operating expenses of the system, plus provide a reasonable reserve for repair and replacement.

Each Building Lot will be permitted to irrigate up to one (1) acre, unless specific approval is granted the Building Lot owner by the Ridge Water Association.

4.2.15 Energy Devices, Outside. No energy production devices, including but not limited to generators of any kind and solar energy devices, shall be constructed or maintained on any portion of the Property without the written approval of the Architectural Committee, except for heat pumps shown in the plans approved by the Architectural Committee. This paragraph shall not apply to passive solar energy systems incorporated into the approved design of a residential structure.

4.2.16 Vehicles and Recreational Vehicles. The use of all vehicles, including but not limited to trucks, automobiles, bicycles, motorcycles, snowmobiles, RV's, trailers, aircraft and boats, shall be subject to all Association Rules, which may prohibit or limit the use thereof on the Property and on each Building Lot. No on-street parking shall be permitted except where expressly designated for parking use. No parking bays shall be permitted in any side, front or backyard. No exterior storage of any such vehicles will be permitted on any Building Lot, unless expressly approved by the Committee and unless such approved storage area is completely screened from neighboring properties using landscaping approved by the Committee. Generally, the storage of all such recreational vehicles shall be integrated into the architectural design of the house or stored off-site.

4.2.17 Animals/Pets. No animals, birds, insects, pigeons, poultry or livestock shall be kept on the Property unless the presence of such creatures does not constitute a nuisance, and

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

does not otherwise violate any further conditions of this paragraph. This paragraph does not apply to the keeping of up to two (2) domesticated dogs, up to two (2) domesticated cats, and other household pets which do not unreasonably bother or constitute a nuisance to others. Without limiting the generality of the foregoing, consistent and/or chronic barking by dogs shall be considered a nuisance. Each dog shall be kept on a leash, curbed, and otherwise controlled at all times when such animal is off the premises of the Owner. The animal owner shall clean up any animal defecation immediately from common areas or public rights-of-way. Failure to do so may, at the Board's discretion, result in a Limited Assessment being levied against such animal owner. The construction of dog runs or other pet enclosures shall be subject to Architectural Committee approval, shall be appropriately screened, and shall be maintained in a sanitary condition. Dog runs or other pet enclosures shall be placed a minimum of twenty-five (25) feet from Building Lot line, and shall not be placed in any front yard of a Building Lot, and shall be screened from view so as not to be visible from the Common Area or an adjacent Building Lot. The use of "invisible" fencing to control or restrain dogs to the respective animal owner's Building Lot is strongly encouraged and is recommended.

In addition to the above restrictions, no large animal keeping, including horses, shall be allowed on any Building Lot less than 10 acres in area, or on any Building Lots with identified wetlands. No large animal keeping shall be allowed on any Common Area.

4.2.18 Landscaping. The Owner of any Building Lot shall landscape such Building Lot in conformance with Design Guidelines, which are incorporated herein by this reference, and the Owner's specific landscape plan submitted to and approved by the Architectural Committee.

4.2.19 Fencing. Fences will only be allowed for the containment of animals or small children or for pool enclosures. No fences shall be constructed on property lines or within the building setback requirements, and under no circumstance shall fencing obstruct corridors through the Property or Building Lot for wildlife.

4.2.20 Fires. No open burning, other than barbecues, shall be permitted on any Building Lot.

4.2.21 Antennas. Except as may be provided in Section 4.2.25, no radio, television or other antennas of any kind or nature, or device for reception or transmission of radio, microwave, or other similar signals, shall be placed or maintained

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

upon any Building Lot unless in accordance with the Guidelines and specifically approved by the Architectural Committee.

4.2.22 Lighting. Exterior lighting, including flood lighting, shall be part of the architectural concept of the Improvements on a Building Lot. Fixtures, standards and all exposed accessories shall be harmonious with building design, and shall be as approved by the Architectural Committee prior to installation. Lighting shall be restrained in design, and excessive brightness shall be avoided.

4.2.23 Golf Carts. The Association Rules may regulate the future use of golf carts and similar vehicles on the private streets and Common Area of the Property.

4.2.24 Hangman Valley Golf Course. The Hangman Valley Golf Course is an 18 hole municipal golf course owned and operated by the County of Spokane. The course is not part of the Property nor is it a Common Area of the Property. As such, Owners at the Ridge at Hangman will not receive any preferential rights or privileges not available to the general public.

At or before the time a person is to become an Owner of a Building Lot, or Building Lot and dwelling (whether new or used) shall complete such acquisition, said new Owner shall execute a sworn statement acknowledging the following provisions:

1) That the new Owner(s) have received a copy of the then current rules and regulations of Spokane County Parks and Recreation Department concerning use rights, privileges and obligations pertaining to the Hangman Valley Golf Course, and that they have signed a written agreement with Spokane County to abide by those rules and regulations; and

2) That the new Owner(s) have received a copy of these Covenants, Conditions and Restrictions concerning the property they are purchasing and that they reviewed and understand the provisions contained therein, as evidenced by a written acknowledgement of the same.

Notice to Homeowners Concerning Possible Damage from Golf Balls: Owners of Building Lots adjacent to the golf course are hereby put on notice that by owning property adjacent to the golf course, golf balls may on occasion enter Owners' property simply due to the proximity of the golf course. EACH OWNER FOR HIMSELF, OCCUPANTS, FAMILY, TENANTS, INVITEES, AND LICENSEES HEREBY HOLDS SPOKANE COUNTY, DECLARANTS, AND THE LAWFUL GOLF COURSE USERS HARMLESS FROM ALL DAMAGE SAID GOLF BALLS MAY CAUSE IN ALL CASES; EXCEPT AS TO A GOLF COURSE USER IF IT IS PROVED THAT THE GOLF BALL

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

WAS INTENTIONALLY DIRECTED OFF OF THE GOLF COURSE BY THE COURSE USER. Each purchaser is strongly advised to take sufficient safeguards to minimize any damage that may arise from unintentional intrusion of golf balls provided that said safeguards are consistent with the fencing and landscape standards as set forth herein and in the Design Guidelines. The Owners of such adjacent Building Lots agree to confer with the County Parks Department in addition to the Architectural Committee regarding the reasonable placement of homes so as to minimize potential damage from golf balls.

Access to the Hangman Valley Golf Course is available for The Ridge At Hangman residential Building Lot Owners via an approximately twelve (12) foot wide path at the north side of the sixteenth (16th) tee, off Fairway Ridge Road. Use of this access is limited to golfers and golf carts, during periods when the course is in use, for access to the Club House only. No other access to the golf course from The Ridge is permitted.

4.2.25 Utilities and Transportation Improvements and Easements. No lines, wires or other services for the Communication of electric current or power, including telephone, television, and radio signals, shall be constructed or maintained on the Property unless they are contained in conduits or cables installed underground, or concealed in, under, or on buildings or other structures approved by the Architectural Committee.

There is hereby created a blanket easement upon, across, over and under all Common Areas, and also a strip of land extending 25 feet from each side of the edge of each road right-of-way, unless indicated differently on the recorded plat, for the purpose of constructing, repairing, maintaining and operating: all utilities (whether public or private), including, but not limited to, water, sewer (if any), electricity, gas, telephone, cable tv, communication or control lines; and all roadways, paths, and trails, whether or not such improvements physically encroach on any Building Lots when finally completed. By virtue of this easement, it shall be expressly permissible for the Developer and its contractors, the Association, and/or any providing utility company to construct and maintain the necessary facilities, including said portions of Building Lots, to accomplish the foregoing.

4.2.26 Exemption of Declarants. Nothing contained herein shall limit the right of Declarants to subdivide or resubdivide any portion of the Property, including Common Areas, to grant licenses, to reserve rights-of-way and easements to utility companies, public agencies or others. Nor shall anything contained herein limit the right of Developer to excavate, grade and construct improvements, including landscaping alterations,

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

recreational trails, roads and any other improvement of whatsoever nature, to and on any portion of the Property, including Common Areas, or to alter any or the foregoing or its construction plans and designs, or to construct such additional improvements as Developer deems advisable in its sole discretion in the course of development of the Property so long as any Building Lot in the Property remains unsold. Such right also expressly includes Developer's right to provide certain Building Lot owners' drainfield easements on Common Areas. Such right shall include, but shall not be limited to, erecting, constructing and maintaining on the Property such structures and displays as may be reasonably necessary for the conduct of Developer's business of completing the work and disposing of the same by sales lease or otherwise. Declarants shall have the right at any time prior to acquisition of title to a Building Lot by a purchaser from Declarants to grant, establish and/or reserve on that Building Lot additional licenses, reservations and rights-of-way to Developer, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property. Developer may use any structures on the Property as model home complexes or real estate sales or leasing offices. Developer need not seek, or obtain approval from the Owner or the Architectural Committee in connection with any Improvement constructed or placed by Developer or an affiliate of Developer on any portion of the Property owned by Declarants or an affiliate of Declarants. The rights of Developer hereunder may be assigned by Developer to any successor in interest in connection with Developer's interest in any portion of the Property, by an express written assignment recorded in the Office of the Spokane County Auditor.

4.2.27 Conveyances to and from Municipalities.

The Board shall have the power to convey any Common Area to any political subdivision thereof. The Board shall also have the power to receive a conveyance of any property interest from the above-referenced entities or any other individual or entity and to hold such property interest as Common Area.

4.2.28 Commencement of Construction.

Any Owner of a Building Lot shall, within a period of one (1) year following the date of purchase of a Building Lot from Declarants, or such later date as may be approved in writing by the Board with the consent of the Developer, commence the construction of a dwelling structure in compliance with the restrictions herein, and such construction shall be completed within nine (9) months thereafter. The term "commence the construction" as used in this paragraph, shall require actual physical construction activities upon such dwelling structure upon such Building Lot. In the event such Owner shall fail or refuse to commence the construction of a dwelling structure within said one (1) year period, Developer may, at

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

Developer's option, following the expiration of said one (1) year period, repurchase said Building Lot from such Owner or the then Owner of such Building Lot at a repurchase price equivalent to the money actually paid to Declarants or any of them, less an amount equivalent to ten (10) percent thereof. In the event Developer shall exercise Developer's option to repurchase such Building Lot, upon tender of said repurchase price, Owner or the then Owner of such Building Lot shall make, execute and deliver to Developer a deed reconveying said Building Lot, free and clear of all liens, which deed shall be binding upon all persons who may, at any time hereafter, own or claim any right, title, or interest in such Building Lot, and the successors in title thereto, whether acquired by voluntary act or through operation of law. Developer shall be entitled to pursue the remedy of specific performance with respect to this paragraph.

Following commencement of any construction of any Improvement, construction shall be diligently pursued and completed as soon as specifically set forth herein, or otherwise as soon as reasonably practicable.

**ARTICLE V: THE RIDGE AT HANGMAN
HOMEOWNERS ASSOCIATION**

5.1 Organization of The Ridge at Hangman Homeowners' Association. The Ridge at Hangman Homeowner's Association, the "Association", shall be initially organized by Developer 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. Neither the Articles nor the Bylaws shall be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration or with any Supplemental Declaration which Developer might adopt pertaining to The Ridge at Hangman.

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.

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

5.3 Voting. Except as provided below for Developer, voting in the Association shall be carried out by Members who shall cast the votes attributable to the Building Lots which they own. The number of votes such Member may cast on any issue is determined by the number of Building Lots which the Member owns. With respect to Developer, the number of votes which Developer may cast is determined not only by the number of Building Lots within the Property which have been finally platted, but also by the number of Building Lots within the Property which are planned to be developed and have been preliminarily platted. For the purposes of voting, and to insure that Developer maintains control over the development and management of the Property, and to further insure that voting rights attach to planned but not finally platted Building Lots, it is specifically set forth that, as of the date hereof, the Property, in accordance with the preliminary plat approval, consists of one hundred ninety-two (192) Building Lots. Voting rights attach to all 192 Building Lots, as long as the same are within the definition of the Property as set forth in paragraph 3.22; and that Developer shall be presently entitled to the voting rights attached to each of the above-referenced Building Lots, whether said Building Lot is finally platted or is planned and preliminarily platted, until it is sold to an Owner.

For voting purposes, the Association shall have two (2) classes of Members as described below:

5.3.1 Class A Members. Owners other than Developer shall be known as Class A Members. Each Class A Member shall be entitled to cast one (1) vote for each Building Lot owned by such Class A Member on the date of the vote.

5.3.2 Class B Members. Developer shall be known as the Class B Member, and shall be entitled to ten (10) votes for each of the above-referenced Building Lots then owned by Declarants or any of them. Class B membership shall cease and be converted automatically to Class A membership upon the earlier occurrence of (i) the time when the total cumulative votes of the Class A Members equal or exceed the total votes of the Class B Member, or (ii) fifteen (15) years from the date on which the first Building Lot is sold to an Owner.

When more than one person holds an interest in any Building Lot, all such persons shall be Members but shall share the votes attributable to the Building Lot. Fractional votes, however, shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter being put to a vote. When an Owner casts a vote, it will thereafter be presumed

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

conclusively for all purposes that such Owner was acting with authority and consent of all joint Owners of the Building Lot(s) from which the vote derived. 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, or may assign such Owner's right to vote to a lessee, mortgagee, beneficiary or contract purchaser of the Building Lot concerned, for the term of the lease, mortgage, deed of trust or contract. Any sale, transfer of conveyance of such Building Lot to a new Owner shall operate automatically to transfer the appurtenant voting right to the Owner, subject to any assignment of the right to vote to a lessee, mortgagee, or beneficiary as provided herein.

As additional property is annexed and made subject to this Declaration, the number of Building Lots therein, whether finally platted as preliminarily approved for platting, shall be combined with the number of Building Lots already subject to this Declaration, and the combined number shall thereafter establish the total votes attributable to the Developer for voting purposes. As of the date hereof, the total number of Building Lots attributable to the Developer for voting purposes shall be 192.

5.4 Board of Directors and Officers. The affairs of the Association shall be conducted and managed by a Board of Directors ("Board") and such officers as the Board may elect or appoint, in accordance with the Articles and Bylaws, as the same may be amended from time to time. The Board of the Association shall be elected in accordance with the provisions set forth in the Bylaws.

5.5 Power and Duties of the Association.

5.5.1 Powers. 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:

5.5.1.1 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.

5.5.1.2 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.

5.5.1.3 Delegation of Powers. The authority to delegate its power and duties to committees, officers, employees, or to any person, firm or corporation to act as manager, and to contract for the maintenance, repair, replacement and operation of the Common Area. Neither the Association nor the members of its Board shall be liable for any omission or improper exercise by the manager of any such duty or power so delegated.

5.5.1.4 Association Rules. The power to adopt, amend and repeal by majority vote of the Board such rules and regulations as the Association deems reasonable. The Association may govern the use of the Common Areas by the Owners, their families, invitees, licensees, lessees or contract purchasers; provided, however, that any Association Rules shall apply equally to all Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between such Association Rules and any other provisions of this Declaration, or other Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such inconsistency.

5.5.1.5 Emergency Powers. The power, exercised by the Association or by any person authorized by it, to enter upon any property (but not inside any building constructed thereon) in the event of any emergency

involving illness or potential danger to life or property or when necessary in connection with any maintenance or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Association.

5.5.1.6 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:

5.5.1.6.1 Underground lines, cables, wires, conduits or other devices for the transmission of electricity or electronic signals for lighting, heating, power, telephone, television or other purposes, and the above ground lighting stanchions, meters, and other facilities associated with the provisions of lighting and services; and

5.5.1.6.2 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.

5.5.1.6.3 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 after the death of the issue of the individual(s) executing this Declaration who is (are) in being as of the date hereof.

5.5.2 Duties. In addition to duties necessary and proper to carry out the power delegated to the Association by this Declaration, and the Articles and Bylaws, without limiting the generality thereof, the

Association or its agent, if any, shall have the authority and the obligation to conduct all business affairs of the Association and to perform, without limitation, each of the following duties:

5.5.2.1 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 property damaged or destroyed by casualty loss.

Specifically, the Association shall, at Developer's sole discretion, operate and maintain all properties owned by Declarants which are designated by Developer for temporary or permanent use by Members.

5.5.2.2 Reserve Account. Establish and fund a reserve account with a reputable banking institution or savings and loan association or title insurance company authorized to do business in the State of Washington, which reserve account shall be dedicated to the costs of repair, replacement, maintenance and improvement of the Common Area.

5.5.2.3 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, provided, however, that such taxes and Assessments are paid or a bond insuring payment is posted prior to the sale or disposition of any property to satisfy the payment of such taxes and Assessments. In addition, the Association shall pay all other federal, state or local taxes, including income or corporate taxes levied against the Association, in the event that the Association is denied the status of a tax exempt corporation.

5.5.2.4 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.

5.5.2.5 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 deems necessary or advisable, including, without limitation the following policies of insurance:

5.5.2.5.1 Fire insurance including those risks embraced by coverage of the type known as the broad form "All Risk" or special extended coverage endorsement on a blanket agreed amount basis for the full insurable replacement value of all Improvements, equipment and fixtures located within the Common Area.

5.5.2.5.2 Comprehensive public liability insurance insuring the Board, the Association, the Declarants and the individual grantees and agents and employees of each of the foregoing against any liability incident to the ownership and/or use of the Common Area. Limits of liability of such coverage shall be as follows: Not less than One Million Dollars (\$1,000,000) per person and One Million Dollars (\$1,000,000) per occurrence with respect to personal injury or death, and One Million Dollars (\$1,000,000) per occurrence with respect to property damage.

5.5.2.5.3 Full coverage directors' and officers' liability insurance with a limit of at least Two Hundred Fifty Thousand Dollars (\$250,000).

5.5.2.5.4 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.

5.5.2.5.5 The Association shall be deemed trustee of the interests of all Owners in connection with any insurance proceeds paid to the Association under such policies, and shall have

full power to receive such Owner's interests in such proceeds and to deal therewith.

5.5.2.5.6 Insurance premiums for the above insurance coverage shall be deemed a common expense to be included in the Regular Assessments levied by the Association.

5.5.2.5.7 In its discretion, the Board may adjust any minimum insurance limits to reflect the impact of inflation on the value of the particular coverage required.

5.5.2.6 Rule Making. Make, establish, promulgate, amend and repeal such Association Rules as the Board shall deem advisable.

5.5.2.7 Newsletter. If it so elects, prepare and distribute a newsletter on matters of general interest to Association Members, the cost of which shall be included in Regular Assessments.

5.5.2.8 Architectural Committee. Appoint and remove members of the Architectural Committee, subject to the provisions of this Declaration.

5.5.2.9 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.

5.5.2.10 Private Streets, Signs and Lights. Maintain, repair or replace private streets, street signs and private street lights located on the Property. This duty shall run with the land and cannot be waived by the Association unless the County of Spokane consents to such waiver.

5.6 Personal Liability. No Member of the Board, or member of any committee of the Association, or any officer of the Association, or any of the Declarants, or 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 the account of any act, omission, error or negligence of the Association, the Board,

the manager, if any, or any other representative or employee of the Association, any of the Declarants, or the Architectural Committee, or any other committee, or any officer of the Association, or any of the Declarants, 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, and, provided that such person has so acted, the Association shall indemnify and hold harmless said person from any damage, loss or prejudice aforesaid.

5.7 Budgets and Financial Statements. Financial statements for the Association shall be prepared regularly and copies shall be distributed to each Member of the Association as follows:

5.7.1 A pro forma operating statement or budget, for each fiscal year shall be distributed not less than sixty (60) days before the beginning of each fiscal year. The operating statement shall include a schedule of Assessments received and receivable, identified by the Building Lot number and the name of the person or entity assigned.

5.7.2 Within one hundred twenty (120) days after the close of each fiscal year, the Association shall cause to be prepared and delivered to each Owner, a balance sheet as of the last day of the Association's fiscal year and annual operating statements reflecting the income and expenditures of the Association for its last fiscal year.

5.8 Meetings of Association. Each year the Association shall hold at least one meeting of the Members, according to the schedule for such meetings established by the Bylaws. Only Members shall be entitled to attend Association meetings, and all other persons may be excluded. Notice for all Association meetings, regular or special, shall be given by regular mail to all Members, and any person in possession of a Building Lot, not less than ten (10) days nor more than fifty (50) days before the meeting and shall set forth the place, date and hour of the meeting and the nature of the business to be conducted. All meetings shall be held within the Property or as close thereto as practical at a reasonable place selected by the Board. The presence at any meeting in person of the Class B Member where there is such a Member, and of the Class A Members representing Owners holding at least one-third (1/3) of the total votes of all Class A Members, shall constitute a quorum. If any meeting cannot be held

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

because a quorum is not present, the Members present may, as otherwise provided by law, adjourn the meeting to a time not less than ten (10) days nor more than thirty (30) days from the time the original meeting was scheduled. A second meeting may be called as the result of such an adjournment, provided notice is given as provided above. At any such meeting properly called, the presence of any Member shall constitute a quorum.

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, subject to the following provisions:

6.1.1 The right of the Association, as it may hold or control such Common Area, to levy and increase Assessments;

6.1.2 The right of the Association to suspend the voting rights and rights to use of, or interest in, Common Area recreational facilities (but not including access to private streets, cul-de-sacs and walkways of the Property) by an Owner for any period during which any Assessment or charge against such Owner's Building Lot remains unpaid; and for a period not to exceed sixty (60) days for an infraction of the Association Rules; and

6.1.3 The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be permitted by the Articles and Bylaws and agreed to by the Members. No dedication or transfer of said Common Area shall be effective unless an instrument agreeing to such dedication or transfer signed by Members representing two-third (2/3) of each class of Members has been recorded.

6.1.4 The right of the Association or the Declarant, to construct Improvements on all Common Areas, including but not limited to providing utility and private drainfield or drainfield access, private streets, crossings, walkways, trails and other recreational improvements deemed desirable by the Association; and the right of an Owner with a drainfield easement to construct Improvements as reasonably necessary on Common Areas to provide for private drainfields and drainfield access.

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

6.1.5 The rights of the Declarants and Developer as expressly provided in Section 4.2.26 herein.

6.2 Designation of Common Area. Declarants shall designate and reserve Common Area in the Declaration, and Developer shall have such authority with respect to Supplemental Declarations and/or recorded Plats, deeds or other instruments and/or as otherwise provided herein.

6.3 Delegation of Right to Use. Any Owner may delegate, in accordance with the Bylaws and Association Rules as the case may be, such Owner's right of enjoyment to the Common Area, to the members of such Owner's family in residence, and such Owner's tenants or contract purchasers who reside on such Owner's Building Lot. Only Developer or the Association shall have the right to delegate the right of enjoyment to the Common Area to the general public, and such delegation to the general public shall be for a fee set by and paid to Developer or the Association.

6.4 Damages. Each Owner shall be fully liable for any damage to any Common Area which may be sustained by reason of the negligence or willful misconduct of the Owner, such Owner's resident tenant or contract purchaser, or such Owner's family and guests, both minor and adult. In the case of joint ownership of a Building Lot, the liability of such Owners shall be joint and several. The cost of correcting such damage shall be a Limited Assessment against the Building Lot and may be collected as provided herein for the collection of other Assessments.

ARTICLE VII: ASSESSMENTS

7.1 Covenant to Pay Assessments. By acceptance of a deed to any property in The Ridge at Hangman, each Owner of such property 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. All Owners, not including the Declarants, are obligated to pay Regular Assessments to the treasurer of the Association on a schedule of payments established 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 1994, 1995 and 1996 shall be \$500. During those years only, Developer 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 1997 and thereafter shall take place not less than thirty (30) nor more than sixty (60) days before the beginning of each fiscal year of the Association.

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 fiscal year

after 1996 shall be computed as follows: Each Owner, other than any of the Declarants, 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.

7.3 Special Assessments.

7.3.1 Purpose and Procedure: Pursuant to the obligation of Developer 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 1996. In the event that the Board shall determine that its respective Regular Assessment for a given calendar year after 1996 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 capital 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.

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 a 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 The Ridge at Hangman. 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, 1993 dollars and as adjusted by the Board), for each violation which remains uncorrected after thirty (30) days' written notice given to such Owner from the Association.

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

7.6 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 prorated according to the number of months remaining in the fiscal year and shall be payable in advance.

7.7 Notice and Assessment Due Date. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every 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 some other due date is established by the Board. 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 eighteen percent (18%) 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 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.

7.8 Estoppel Certificate. The Association, upon at least twenty (20) 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 such certificate delivered pursuant to this paragraph may be relied upon by any prospective purchaser or mortgagee of the Owner's Building Lot. Reliance on such Certificate may not extend to any default as to which the signor shall have had no actual knowledge.

7.9 Special Notice and Quorum Requirements. Notwithstanding anything to the contrary contained in either the Bylaws of the Articles, written notice of any meeting called for the purpose of levying a Special Assessment, or for the purpose of obtaining a membership vote in connection with an increase in the Regular assessment, shall be sent to all Members of the Association and to any person in possession of a Building Lot in the applicable Tract, not less than fifteen (15) days nor more than fifty (50) days before such meeting. At the first such meeting called, the presence of the Members or of proxies entitled to cast sixty percent (60%) of the total votes of the Association shall constitute a quorum. If such quorum is not present, subsequent meetings may be called subject to the same notice requirement, and the required quorum at the subsequent meetings shall be fifty percent (50%) of the quorum required at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

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

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

8.2 Authorization Required to Commence Proceedings. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the Board of Directors and Members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Master Declaration; (b) the imposition and collection of assessments; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This section shall not be amended unless such amendment is made by the Grantor or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

8.3 Assessment Liens.

8.3.1 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 reasonable attorney's fees. 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.

8.3.2 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.

8.4 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 Washington Code applicable to the exercise of powers of sale permitted by law. The Board is hereby authorized to appoint its attorney, any officer or director of the Association, or any title company authorized to do business in Washington as trustee for the purpose of conducting such power of sale or foreclosure.

8.5 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 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.

8.6 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 given and made in good faith and for value 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 8.6 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.

8.7 Rights of Mortgagees. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat the rights of the Beneficiary under any

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

deed of trust upon a Building Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after the foreclosure of any such deed of trust such Building Lot shall remain subject to this Declaration as amended.

ARTICLE IX: INSPECTION OF ASSOCIATION'S BOOKS AND RECORDS

9.1 Member's Right of Inspection. The membership register, books of account and minutes of meetings of the Board and committees of the Association shall be made available for inspection and copying by any Member of the Association or by such Member's duly appointed representatives, at any reasonable time during business hours and for a purpose reasonably related to such Member's interest as a Member at the office of the Association or at such other place as the Board shall prescribe. No Member or any other person shall copy the membership register for the purposes of solicitation of or direct mailing to any Member of the Association.

9.2 Rules Regarding Inspection of Books and Records. The Board shall establish reasonable rules with respect to:

9.2.1 Notice to be given to the custodians of the records by the persons desiring to make the inspection.

9.2.2 Hours and days of the week when such an inspection may be made.

9.2.3 Payment of the cost of reproducing copies of documents requested pursuant to this Article.

9.3 Director's Rights of Inspection. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

ARTICLE X: ARCHITECTURAL COMMITTEE

10.1 Creation. 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. Developer initially shall appoint the members of the Architectural Committee. Developer shall retain the right to appoint, augment or replace all members of the Architectural Committee until the date on which Class B membership ceases to exist and for as long thereafter as Developer, in its sole discretion, elects. Thereafter, members of the Architectural Committee shall be appointed by the Board. Individuals appointed

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

to the Architectural Committee, other than those appointed by Developer, must satisfy such requirements as may be set forth in the Design Guidelines.

10.2 Design Guidelines. The Architectural Committee shall establish reasonable procedural rules, regulations, restrictions, architectural standards and design guidelines (the "Design Guidelines"), which the Architectural Committee may, from time to time in its sole discretion, amend, repeal or augment. After the date on which Class B membership ceases to exist (or after Developer's voluntary relinquishment of control of the Architectural Committee, if later), any change in the Design Guidelines will be effective only if it is approved by Developer. The Design Guidelines are incorporated herein and shall be deemed to be a part of the Declaration and shall be binding on all Owners, Members and other Persons as if expressly set forth herein. A copy of the current Design Guidelines shall at all times be a part of the Association's records.

The Design Guidelines shall not apply to, and nothing contained in this Declaration shall be construed to prevent or impair in any way, any development, operation, construction or improvements by Developer or any related entity within the Property, or other parcels outside of the Property that may become part of the Property in the future.

Subject to the provisions of Section 4.2.26, no building, fence, wall or other structure or improvement of whatever type shall be commenced, erected or maintained upon the Property, nor shall there be any addition to or change to the exterior of any residence or other structure or improvement upon a Parcel or a Building Lot or the Building Envelope, landscaping, tree removal, grading or drainage thereof, including but not limited to the painting (other than painting with the same color and type of paint as previously existed) of exterior walls, patio covers and fences, except in compliance with drawings and specifications therefor which have been submitted to and approved by the Architectural Committee, in accordance with the Design Guidelines, as to harmony of external design and location in relation to surrounding structures and topography.

The Design Guidelines may also establish procedures to assuring conformity of completed improvements to drawings and specifications approved by the Architectural Committee; provided, however, as to purchasers and encumbrances in good faith and for value, unless notice of noncompletion or nonconformance identifying the violating Building Lot and specifying the reason for the notice, executed by the Architectural Committee, is recorded with the County Auditor for Spokane County, Washington, and given to the

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

Owner of the Building Lot within one year of the expiration of the time limitation described in the Design Guidelines, or if later, within one year following completion of the improvement, or unless legal proceedings shall have been instituted to enforce compliance or completion within said one-year period, the completed improvements shall be deemed to be in compliance with plans and specifications approved by the Architectural Committee and in compliance with the architectural standards of the Declaration.

10.3 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. The Architectural Committee shall have the power to hire architects licensed with the State of Washington to assist the Architectural Committee in its review of proposals or plans and specifications submitted to the Architectural Committee. The Architectural Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the habitat of the Common Areas, or appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, and that the upkeep and maintenance thereof will not become a burden on the Association.

10.3.1 Conditions on Approval. The Architectural Committee may condition its approval of proposals or plans and specifications upon such changes therein as it deems appropriate, and/or upon the agreement of the Owner submitting the same ("Applicant") to grant appropriate easements to an Association for the maintenance thereof, and/or upon the agreement of the Applicant to reimburse an Association for the cost of maintenance, and may require submission of additional plans and specifications or other information before approving or disapproving material submitted.

10.3.2 Architectural Committee Rules and Fees. The Architectural Committee also may establish rules and/or guidelines setting forth procedures for and the required content of the applications and plans submitted for approval. Such rules will require a standard fee to accompany each

application. The Architectural Committee, from time to time, shall determine the amount of such fee in a reasonable manner. Such fees shall be used to defray the costs and expenses of the Architectural Committee, including the cost and expense of hiring architect(s), as provided above, or for such other purposes as established by the Board.

Such rules and guidelines may establish, without limitation, specific rules and regulations regarding design and style elements, landscaping and fences and other structures such as animal enclosures as well as special architectural guidelines applicable to Building Lots located adjacent to public and/or private open space.

10.3.3 Detailed Plans. The Architectural Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, landscape plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. Until receipt by the Architectural Committee of any required plans and specifications, the Architectural Committee may postpone review of any plan submitted for approval.

10.3.4 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.

10.4 Meetings of the Architectural Committee. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Committee may from time to time by resolution unanimously adopted in writing, designate an Architectural Committee representative (who may, but need not be one of its members) to take any action or perform any duties for and on behalf of the Architectural Committee, except the granting of variances pursuant to paragraph 10.9. In the absence of such designation, the vote of any two (2) members of the Architectural Committee taken without a meeting shall constitute an act of the Architectural Committee.

10.5 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

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

10.6 Compensation of Members. The members of the Architectural Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder and except as otherwise agreed by the Board.

10.7 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

10.7.1 Upon the completion of any work for which approved plans are required under this Article, the Owner shall give written notice of completion to the Architectural Committee.

10.7.2 Within sixty (60) days thereafter, the Architectural Committee or its duly authorized representative may inspect such Improvement. If the Architectural Committee finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such sixty-(60) day period, specifying the particular noncompliance, and shall require the Owner to remedy the same.

10.7.3 If upon the expiration of thirty (30) days from the date of such notification, or any longer time the Architectural Committee determines to be reasonable, the Owner shall have failed to remedy such noncompliance, the Architectural Committee shall notify the Board in writing of such failure. Upon notice and hearing, as provided in the Bylaws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of the announcement of the Board ruling unless the Board specifies a longer time as reasonable. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a Limited Assessment against such Owner for reimbursement pursuant to this Declaration.

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

10.7.4 If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of the written notice of completion from the Owner, the work shall be deemed to be in accordance with the approved plans.

10.8 Non-Liability of Architectural Committee Members.

Neither the Architectural Committee nor any member thereof, nor its duly authorized Architectural Committee representative, shall be liable to any Association, or to any Owner, Grantee or Declarants for any loss, damage or injury arising out of or in any way connected with the performance of the Architectural Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Architectural Committee. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and to the Property generally. The Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of building, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes.

10.9 Variances. The Architectural Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. However, no variances will be granted for construction of structures or Improvements, including without limitation manicured lawns, in the Common Areas. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Architectural Committee, and shall become effective upon recordation in the office of the County Auditor of Spokane County. If such variances are granted, no violation of the covenants, conditions or restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or any Supplemental Declaration for any purpose except as to the particular Building Lot and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting such Owner's use of the Building Lot, including but not limited to

zoning ordinances or requirements imposed by any governmental or municipal authority.

10.10 Appeal. Any Owner may appeal in writing the decision of the Architectural Committee. The appeal shall be filed with the Association ten (10) days after the decision. Said appeal shall state the decision appealed from and the reasons therefor. The appeal shall be heard by the Board within thirty (30) days. If no appeal is filed within the aforesaid ten (10) days, the decision of the Architectural Committee shall be final.

ARTICLE XI: ANNEXATION OF ADDITIONAL PROPERTIES

11.1 By Developer. Developer intends to develop the property described on Exhibit A, together with additional property, and may, in Developer's sole discretion, deem it desirable to annex some or all of such properties to the Property covered by this Declaration. Tracts may be annexed to the Property and brought within the provisions of this Declaration as provided herein by Developer, its successors or assigns, at any time, and from time to time, without the approval of any Owner or the Association. To that end, the Declarants other than the Developer designate the Developer as their attorney in fact for any required conveyance or instrument. The use and development of such Tracts shall conform to all applicable land use regulations, as such regulations are modified by variances.

11.2 By the Association. In addition to the provisions concerning annexations by Developer specified in section 11.1 above, Parcels may be created, 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.

11.3 Rights and Obligations of Owners of Annexed Parcels. Subject to the provisions hereof, upon recording of a Supplemental Declaration as to any Parcel, all provisions contained in this Declaration shall apply to the Parcel in the same manner as if it were originally covered by this Declaration, subject to such modifications, changes and deletions as are specifically provided in such Supplemental Declaration, such Parcel shall be treated for all purposes as a Parcel as defined above. The Owners of Building Lots located in the Parcels shall become members of the Association and shall become liable for their appropriate share of Assessments. Title to the Common Areas which are to be owned and managed by the Association, within said Parcels shall be conveyed to the Association, free and clear of any and all encumbrances and liens, subject to reservations, easements, covenants, conditions and

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

restrictions then of record including those set forth in this Declaration or any Supplemental Declaration applicable to such Parcels.

11.4 Method of Annexation. The addition of a Parcel to the Property authorized under sections 11.1 and 11.2 shall be made by filing of record a Supplemental Declaration or other similar instrument with respect to the Parcel, which shall be executed by Developer or the Owner thereof and which shall annex such property to the Property. Thereupon each Parcel shall be a part of the Property, shall be subject to this Declaration and encompassed within the general plan and scheme hereof as modified by such Supplemental Declaration, and shall be subject to the functions, powers and jurisdiction of the Association. Such Supplemental Declaration or other appropriate document may contain such additions, modifications, or deletions as may be deemed by Developer or the Owner thereof desirable to reflect the different character, if any, of the Parcel, or as Developer or such Owner may deem appropriate in the development of the Parcel. If any Parcel is created, the Association shall have the authority to levy Assessments against the Owners located within such Parcel, and the Association shall have the duty to maintain additional Common Area located within the Parcel if so specified in any Supplemental Declaration.

11.5 Deannexation. Developer may delete all or a portion of the property described on Exhibit A, including previously annexed Parcels, from the Property and from coverage of this Declaration and jurisdiction of the Association, so long as any of the Declarants have an interest in such Parcels 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 Developer as described above shall not be entitled to deannex all or any portion of a Parcel except on the favorable vote of seventy-five percent (75%) of all members of the Association and written approval of Developer so long as any of the Declarants own any portion of the property described on Exhibit A or any other real property which is then part of the Property.

ARTICLE XII: EASEMENTS

12.1 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, bike paths,

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

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, that 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.

12.2 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 the private streets, cul-de-sacs and walkways. This easement shall run with the land. Such easements may be used by any of the Declarants, 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.

12.3 Drainage and Utility Easements. Declarants expressly reserves for the benefit of all the Property reciprocal easements of access, ingress and egress for all Owners to and from their respective Building Lots for installation and repair of utility services, for drainage of water over, across and upon adjacent Building Lots, and Common Areas, resulting from the normal use of adjoining Building Lots or Common Areas, and for necessary maintenance and repair of any Improvement including fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees and landscaping. Notwithstanding anything expressly or impliedly contained herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Declarants for the installation and maintenance of utilities and drainage facilities that are required for the development of the Property. In addition, Declarants hereby reserves for the benefit of the Association the right to grant additional easements and rights-of-way over the Property and/or a Parcel, 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.

12.3.1 Improvement of Drainage and Utility Easement Areas. The Owners of Building Lots are hereby restricted and enjoined from constructing any Improvements upon any drainage

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

or utility easement areas as shown on the Plat of The Ridge at Hangman or otherwise designated in any recorded document which would interfere with or prevent the easement from being used for such purpose; provided, however that the Owner of such Building Lots and the Developer, the Association or designated entity with regard to the landscaping easement described in this Article, shall be entitled to install and maintain landscaping on such easement areas, and also shall be entitled to build and maintain fencing on such easement areas subject to approval by the Architectural Committee, so long as the same would not interfere with or prevent the easement areas from being used for their intended purposes; provided, that any damage sustained to Improvements on the easement areas as a result of legitimate use of the easement area shall be the sole and exclusive obligation of the Owner of the Building Lot whose Improvements were so damaged.

12.4 Rights and Duties Concerning Utility Easements. The rights and duties of the Owners of the Building Lots within the Property with respect to utilities shall be governed by the following:

12.4.1 Wherever utility house connections are installed within the Property, which connections or any portions thereof lie in or upon Building Lots owned by an Owner other than the Owner of the Building Lot served by the connections, the Owner of the Building Lot served by the connections shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon any Building Lot or to have their agent enter upon any Building Lot within the Property in or upon which said connections or any portion thereof lie, to repair, replace and generally maintain the connections as and when it may be necessary.

12.4.2 Whenever utility house connections are installed within the Property, which connections serve more than one Building Lot, the Owner of each Building Lot served by the connections shall be entitled to full use and enjoyment of such portions of said connections as service such Owner's Building Lot.

12.5 Driveway Easements. Whenever a driveway is installed within the Property which in whole or in part lies upon a Building Lot owned by an Owner other than the Owner of the Building Lot served, or installed to serve more than one Building Lot, the Owner of each Building Lot served or to be served by such driveway shall be entitled to full use and enjoyment of such other Building Lot as

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

required to serve such Owner's Building Lot or to repair, replace or maintain such driveway.

12.6 Disputes as to Sharing of Costs. In the event of a dispute between Owners with respect to the repair or rebuilding of utility connections or driveways, or with respect to the sharing of the cost therefor, upon written request of one of such owners addressed to the Association, the matter shall be submitted to the Board which shall decide the dispute and, if appropriate, make an appropriate Assessment against any or all of the Owners involved on behalf of the prevailing Owner(s), which Assessment shall be collected and enforced in the manner provided by this Declaration for Limited Assessments.

12.7 General Landscape Easement. An easement is hereby reserved to the Association, its contractors and agents, to enter those portions of Building Lots for the purpose of installing, maintaining, replacing and restoring exterior landscaping, and natural vegetation and habitat. Such landscaping activity shall include, by way of illustration and not of limitation, the mowing of lawns, irrigation, sprinkling, tree and shrub trimming and pruning, walkway improvement, seasonal planting and such other landscaping activities within the Property as the Association shall determine to be necessary from time to time.

12.8 Maintenance and Use Easement Between Walls and Lot Lines. Whenever the wall of a structure, or a fence or retaining wall, is legitimately constructed on a Building Lot under plans and specifications approved by the Architectural Committee, and is located within three (3) feet of the Building Lot line of such Building Lot, the Owner of such Building Lot is hereby granted an easement over and on the adjoining Building Lot (not to exceed 3 feet from the Building Lot line) for purposes of maintaining and repairing such wall or fence and eaves or other overhangs, and the Owner of such adjoining Building Lot is hereby granted an easement for landscaping purposes over and on the area lying between the Building Lot line and such structure or fence so long as such use does not cause damage to the structure or fence.

12.9 Water Use Covenants and Restrictions. All Building Lots within the Ridge at Hangman will be served by a private water company ("The Ridge Water Company"), which is a non-profit Washington corporation formed for the purpose of providing water to the Property, in accordance with "The Ridge At Hangman Comprehensive Water Plan" filed with and approved by the Spokane County Health District. All common stock of the Ridge Water Company is owned by the Association, with the Developer retaining certain voting rights. Each Building Lot Owner must pay the water company a connection fee prior to the connection to the system, and

**DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN**

thereafter quarterly usage charges, at the then prevailing rates for connection fees and usage charges, as set from time to time by the Board.

ARTICLE XIII: MISCELLANEOUS

13.1 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 and 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 three-fourths (3/4) of the voting power of the Association and such written instrument is recorded with the Spokane County Auditor. Further provided that the Association shall not be dissolved without the prior written approval of the City of Spokane and Spokane County Highway District, such consent not to be unreasonably withheld provided that a responsible successor organization shall agree to perform those maintenance responsibilities arising from applicable governmental requirements.

13.2 Amendment.

13.2.1 By Developer. Except as provided in paragraph 13.3 below, until the recordation of the first deed to a Building Lot in the Property, the provisions of this Declaration may be amended, modified, clarified, supplemented, added to (collectively, "amendment") or terminated by Developer by recordation of a written instrument setting forth such amendment or termination. Any amendment affecting only a particular Parcel may be made by Developer by an amendment to this Declaration at any time up to the recordation of the first deed to a Building Lot in such Parcel.

13.2.2 By Owners. Except where a greater percentage is required by express provision in this Declaration, the provisions of this Declaration, other than this Article XIII, 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 fifty percent (50%) of the votes in the Association, and such amendment shall be effective upon its recordation with the Spokane County Auditor. Any amendment to this Article XIII shall require the vote or written consent of Members

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

holding ninety-five percent (95%) of the voting power of the Association.

13.3 Trust Deed and Mortgage Protection. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat or render invalid the rights of the beneficiary under any deed of trust or mortgagee under any mortgage covering a Building Lot, made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after foreclosure of any such deed of trust or mortgage, such Building Lot shall remain subject to this Declaration, as amended.

13.4 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 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 Master Association, as provided in this paragraph.

13.5 Enforcement and Non-Waiver.

13.5.1 Right of Enforcement. Except as otherwise provided herein, any Owner of any Building Lot shall have the right to enforce any or all of the provisions hereof against any property within the Property and Owners thereof.

13.5.2 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 in any of the Declarants, 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 Developer, 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.

13.5.3 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.

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

13.5.5 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.

13.6 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.

13.6.1 Restrictions Construed Together. All of the provisions hereof shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the recitals of this Declaration.

13.6.2 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.

13.6.3 Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

13.6.4 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

13.7 Successors and Assigns. All references herein to Declarants, Developer, Owners, Association or person shall be construed to include all successors, assigns, partners and authorized agents of such Declarants, Developer, Owners, Association or person.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this 26th day of July, 1994.

RIDGE ASSOCIATES LIMITED PARTNERSHIP

By: BMCoy
Brian M. McCoy, President
Seaboard Corporation,
General Partner

John R. Peterson
John R. Peterson

Jacqueline M. Peterson
Jacqueline M. Peterson

Jack R. Felgenhauer
Jack R. Felgenhauer

Gloria F. Felgenhauer
Gloria F. Felgenhauer

Robert H. Tomlinson
Robert H. Tomlinson - Co-Trustee

Robert J. Frisch
Robert J. Frisch - Co-Trustee

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

STATE OF WASHINGTON }
COUNTY OF SPOKANE }

ss.

On this 25th day of July, 1994, personally appeared Brian M. McCoy, known or identified to me to be the president of Seaboard Corporation, the corporation that as general partner of Ridge Associates Limited Partnership, executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act, and deed of said limited partnership for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate last above written.



Brian C. Balch

Printed Name: Brian C. Balch
Notary Public for Washington
Residing at Spokane
My commission expires: 3/25/95

STATE OF WASHINGTON }
County of Spokane }

ss.

On this day personally appeared before me John R. Peterson and Jacqueline M. Peterson, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 25th day of July, 1994.



Brian C. Balch

Printed Name: Brian C. Balch
Notary Public in and for the State of Washington, residing at Spokane
My commission expires: 3/25/95

DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
THE RIDGE AT HANGMAN

STATE OF WASHINGTON }
 County of Spokane } ss.

On this day personally appeared before me Jack R. Felgenhauer and Gloria F. Felgenhauer, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 25th day of July, 1994.



Brian C. Balch
 Printed Name: Brian C. Balch
 Notary Public in and for the State
 of Washington, residing at Spokane
 My commission expires: 3/25/95

STATE OF WASHINGTON }
 COUNTY OF SPOKANE } ss.

On this 26th day of July, 1994, personally appeared Robert H. Tomlinson and Robert J. Frisch, known or identified to me to be the Co-Trustees of the Trusts above named, as the free and voluntary act and deed of the trusts that executed the foregoing instrument, and acknowledged to me that they were authorized to execute the same on behalf of said trusts.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Brian C. Balch
 Printed Name: Brian C. Balch
 Notary Public for Washington
 Residing at Spokane
 My commission expires: 3/25/95

DECLARATION ESTABLISHING COVENANTS,
 CONDITIONS AND RESTRICTIONS FOR
 THE RIDGE AT HANGMAN

EXHIBIT "A"

LEGAL DESCRIPTION

Final Plat of
THE RIDGE AT HANGMAN, PHASE I

A parcel of land in the South Half of Section 28; and the East Half of Section 32; and the Northwest Quarter and the Northeast Quarter and the Southeast Quarter of Section 33; all in Township 24 North, Range 43 East, W.M.; described as follows:

Beginning at the intersection of the east line of the West Half of the Southeast Quarter of said Section 32 and of northerly margin of Estates Road, as shown on Spokane County Short Plat No. 78-089, per final short plat recorded in Volume 1 of Short Plats, pages 60 and 61, and per Quit Claim Deed recorded under Auditor's File No. 8107090166, said point being the beginning of a non-tangent curve concave to the south having a radius of 130.00 feet (a radial line of which curve bears S.04°50'57"E.); thence westerly along said northerly margin the following two (2) courses:

(1.) along said curve through a central angle of 16°47'49" an arc distance of 38.11 feet;

(2.) S.68°21'14"W. a distance of 20.02 feet to the easterly margin of Stentz Road; thence northerly along said easterly margin the following four (4) courses:

(1.) N.21°38'46"W. a distance of 437.00 feet;

(2.) N.68°21'14"E. a distance of 20.00 feet;

(3.) N.21°38'46"W. a distance of 43.41 feet to the beginning of a curve concave to the southwest having a radius of 170.00 feet;

(4.) northwesterly along said curve through a central angle of 78°03'25" an arc distance of 231.60 feet to the easterly margin of State Highway Route No. 195; thence N.22°17'49"W. a distance of 617.14 feet to the north line of the Southeast Quarter of said Section 32; thence S.89°34'20"E. along said north line a distance of 617.10 feet to the northeast corner of said West Half of the Southeast Quarter; thence S.00°55'35"E. along said east line of the West Half of the Southeast Quarter a distance of 385.05 feet to the beginning of a non-tangent curve concave to the southeast having a radius of 515.00 feet (a radial line of which curve bears S.48°23'34"E.), said point being hereinafter referred to as Point "A"; thence northeasterly along said curve through a central angle of 9°13'29" an arc distance of 82.92 feet to the beginning of a compound curve concave to the southeast having a radius of 980.00 feet; thence northeasterly along said compound curve through a central angle of 20°57'41" an arc distance of 358.53 feet; thence N.71°47'35"E. a distance of 404.90 feet to the beginning of a curve concave to the northwest having a radius of 785.00 feet; thence northeasterly along said curve through a central angle of 28°21'43" an arc distance of 388.58 feet; thence N.43°25'53"E. a distance of 152.73 feet to the beginning of a curve concave to the southeast

having a radius of 730.00 feet; thence northeasterly along said curve through a central angle of $11^{\circ}00'00''$ an arc distance of 140.15 feet; thence $N.54^{\circ}25'53''E.$ a distance of 728.29 feet to the beginning of a curve concave to the northwest having a radius of 985.00 feet; thence northeasterly along said curve through a central angle of $45^{\circ}16'43''$ an arc distance of 778.41 feet to the beginning of a reverse curve concave to the southeast having a radius of 215.00 feet; thence northeasterly along said reverse curve through a central angle of $78^{\circ}22'21''$ an arc distance of 294.09 feet; thence $N.87^{\circ}31'30''E.$ a distance of 632.42 feet to the beginning of a curve concave to the northwest having a radius of 395.00 feet; thence northeasterly along said curve through a central angle of $42^{\circ}03'08''$ an arc distance of 289.91 feet to a point hereinafter referred to as Point "B"; thence $N.23^{\circ}49'44''W.$ a distance of 285.17 feet; thence $N.08^{\circ}21'30''W.$ a distance of 405.00 feet; thence $N.51^{\circ}19'25''W.$ a distance of 624.42 feet; thence $N.77^{\circ}25'46''W.$ a distance of 128.97 feet; thence $S.73^{\circ}24'37''W.$ a distance of 185.52 feet; thence $N.46^{\circ}40'47''W.$ a distance of 57.79 feet; thence $S.73^{\circ}24'37''W.$ a distance of 138.69 feet; thence $N.46^{\circ}40'47''W.$ a distance of 530.98 feet; thence $N.52^{\circ}14'05''E.$ a distance of 216.94 feet; thence $N.88^{\circ}28'16''E.$ a distance of 416.73 feet to the beginning of a non-tangent curve concave to the northeast having a radius of 937.10 feet (from which a radial line of said curve bears $N.37^{\circ}58'17''E.$ and which point is hereinafter referred to as Point "C"); thence northwesterly along said curve through a central angle of $13^{\circ}46'59''$ an arc distance of 225.43 feet; thence $N.38^{\circ}14'44''W.$ a distance of 5.53 feet to the beginning of a curve concave to the south having a radius of 30.00 feet; thence westerly along said curve through a central angle of $90^{\circ}00'00''$ an arc distance of 47.12 feet; thence $S.51^{\circ}45'16''W.$ a distance of 15.00 feet; thence $N.38^{\circ}14'44''W.$ a distance of 30.00 feet; thence $N.51^{\circ}45'16''E.$ a distance of 15.00 feet to the beginning of a curve concave to the west having a radius of 30.00 feet; thence northerly along said curve through a central angle of $90^{\circ}00'00''$ an arc distance of 47.12 feet; thence $N.38^{\circ}14'44''W.$ a distance of 30.00 feet; thence $N.51^{\circ}45'16''E.$ a distance of 30.00 feet to a point hereinafter referred to as Point "D"; thence $N.53^{\circ}00'56''E.$ a distance of 72.90 feet to an angle point on the northerly boundary of Parcel "D" of the Record of Survey recorded in Book 56 of Surveys, page 22; thence easterly along said northerly boundary the following four (4) courses:

- (1.) $S.82^{\circ}01'29''E.$ a distance of 120.27 feet
(Record: $S.80^{\circ}01'59''E.$ a distance of 120.36 feet);
- (2.) $S.75^{\circ}04'43''E.$ a distance of 266.29 feet
(Record: $S.73^{\circ}08'17''E.$ a distance of 266.15 feet) to the Point of Beginning of said Parcel "D";
- (3.) continuing along said northerly boundary $S.71^{\circ}31'33''E.$ a distance of 157.95 feet (Record: $S.69^{\circ}38'00''E.$ a distance of 157.96 feet);
- (4.) $S.29^{\circ}09'40''E.$ a distance of 61.91 feet
(Record: $S.27^{\circ}13'09''E.$ a distance of 61.94 feet) to the northwesterly most corner of Parcel "C" of said Record of Survey;

thence southeasterly along the southwesterly boundary of said Parcel "C" the following two (2) courses:

(1.) S.29°09'40"E. a distance of 30.23 feet
 (Record: S.27°13'09"E. a distance of 30.24 feet);
 (2.) S.53°14'31"E. a distance of 82.64 feet
 (Record: S.51°19'01"E. a distance of 82.66 feet) to the southeasterly most corner of said Parcel "C", being also a point on the northeasterly boundary of the Parcel called Parcels "A", "B" and "C" in the Quit Claim Deed recorded under Auditor's Document No. 9006190234; thence southeasterly along the northeasterly boundary of said Parcel the following seventeen (17) courses:

(1.) S.43°56'01"E. a distance of 217.84 feet
 (Record: S.42°01'28"E. a distance of 217.86 feet);
 (2.) S.48°26'10"E. a distance of 70.39 feet
 (Record: S.46°31'37"E. a distance of 70.40 feet);
 (3.) S.83°51'28"E. a distance of 62.64 feet
 (Record: S.81°56'17"E. a distance of 62.61 feet);
 (4.) S.63°44'35"E. a distance of 162.37 feet
 (Record: S.61°49'24"E. a distance of 162.42 feet);
 (5.) S.67°54'29"E. a distance of 78.89 feet
 (Record: S.66°01'52"E. a distance of 78.84 feet);
 (6.) S.73°16'07"E. a distance of 108.39 feet
 (Record: S.71°21'55"E. a distance of 108.38 feet);
 (7.) S.79°40'35"E. a distance of 93.42 feet
 (Record: S.77°45'59"E. a distance of 93.44 feet);
 (8.) S.56°28'40"E. a distance of 61.08 feet
 (Record: S.54°27'55"E. a distance of 61.04 feet);
 (9.) S.84°40'42"E. a distance of 130.89 feet
 (Record: S.82°46'07"E. a distance of 130.87 feet);
 (10.) N.43°52'13"E. a distance of 71.48 feet
 (Record: N.45°47'14"E. a distance of 71.47 feet);
 (11.) N.08°14'14"E. a distance of 144.59 feet
 (Record: N.10°09'56"E. a distance of 144.62 feet);
 (12.) S.71°11'22"E. a distance of 105.02 feet
 (Record: S.69°15'09"E. a distance of 104.98 feet);
 (13.) N.87°55'14"E. a distance of 203.33 feet
 (Record: N.89°47'21"E. a distance of 203.31 feet);
 (14.) S.56°35'02"E. a distance of 83.60 feet
 (Record: S.54°19'36"E. a distance of 83.75 feet);
 (15.) N.80°49'40"E. a distance of 161.00 feet
 (Record: N.82°40'44"E. a distance of 161.39 feet);
 (16.) S.73°12'50"E. a distance of 197.82 feet
 (Record: S.71°21'02"E. a distance of 197.82 feet);
 (17.) S.69°23'17"E. a distance of 49.75 feet
 (Record: S.67°31'29"E.); thence S.39°11'21"W. a distance of 400.75 feet to the beginning of a non-tangent curve concave to the southwest having a radius of 50.00 feet (from which a radial line of said curve bears S.38°54'03"W. and which point is hereinafter referred to as Point "E"); thence southeasterly along said curve through a central angle of 35°40'25" an arc distance of 31.13 feet to the beginning of a reverse curve concave to the northeast having a radius of 20.00 feet; thence southeasterly along said reverse

curve through a central angle of $53^{\circ}41'36''$ an arc distance of 18.74 feet to the beginning of a reverse curve concave to the south having a radius of 265.00 feet; thence easterly along said reverse curve through a central angle of $1^{\circ}59'03''$ an arc distance of 9.18 feet; thence $S.22^{\circ}51'54''W.$ a distance of 30.00 feet to the beginning of a non-tangent curve concave to the south having a radius of 20.00 feet (from which a radial line of said curve bears $S.22^{\circ}51'54''W.$); thence westerly along said curve through a central angle of $67^{\circ}47'45''$ an arc distance of 23.67 feet to the beginning of a reverse curve concave to the north having a radius of 50.00 feet; thence westerly along said reverse curve through a central angle of $105^{\circ}32'32''$ an arc distance of 92.10 feet to the beginning of a reverse curve concave to the south having a radius of 20.00 feet, said point being hereinafter referred to as Point "F"; thence westerly along said reverse curve through a central angle of $67^{\circ}47'45''$ an arc distance of 23.67 feet to the beginning of a compound curve concave to the southeast having a radius of 235.00 feet; thence southwesterly along said compound curve through a central angle of $40^{\circ}04'08''$ an arc distance of 164.34 feet to the beginning of a reverse curve concave to the northwest having a radius of 165.00 feet; thence southwesterly along said reverse curve through a central angle of $57^{\circ}24'19''$ an arc distance of 165.32 feet to a point hereinafter referred to as Point "G"; thence $S.00^{\circ}53'09''E.$ a distance of 194.87 feet; thence $S.76^{\circ}04'37''E.$ a distance of 280.64 feet; thence $S.85^{\circ}34'20''E.$ a distance of 423.47 feet; thence $S.63^{\circ}05'20''E.$ a distance of 253.66 feet; thence $S.01^{\circ}04'20''E.$ a distance of 153.97 feet; thence $S.65^{\circ}55'40''W.$ a distance of 495.00 feet; thence $S.49^{\circ}50'24''W.$ a distance of 253.67 feet to a point hereinafter referred to as Point "H"; thence $S.20^{\circ}00'12''E.$ a distance of 209.80 feet to the beginning of a curve concave to the east having a radius of 735.00 feet; thence southerly along said curve through a central angle of $3^{\circ}43'13''$ an arc distance of 47.72 feet to the beginning of a compound curve concave to the north having a radius of 20.00 feet; thence easterly along said compound curve through a central angle of $90^{\circ}21'31''$ an arc distance of 31.54 feet; thence $S.27^{\circ}06'13''E.$ a distance of 30.04 feet to the beginning of a non-tangent curve concave to the east having a radius of 20.00 feet (from which a radial line of said curve bears $S.24^{\circ}04'56''E.$); thence southerly along said curve through a central angle of $91^{\circ}39'30''$ an arc distance of 31.99 feet; thence $S.25^{\circ}44'27''E.$ a distance of 45.24 feet to a point hereinafter referred to as Point "I"; thence $N.64^{\circ}15'33''E.$ a distance of 105.00 feet; thence $N.84^{\circ}45'33''E.$ a distance of 305.00 feet; thence $S.48^{\circ}44'27''E.$ a distance of 73.08 feet; thence $S.23^{\circ}11'31''W.$ a distance of 434.78 feet; thence $S.15^{\circ}42'00''E.$ a distance of 113.92 feet; thence $S.13^{\circ}36'13''W.$ a distance of 217.66 feet; thence $S.15^{\circ}53'47''E.$ a distance of 309.26 feet; thence $N.88^{\circ}53'47''W.$ a distance of 548.63 feet; thence $N.06^{\circ}31'48''W.$ a distance of 628.90 feet; thence $S.69^{\circ}44'48''W.$ a distance of 295.24 feet; thence $N.88^{\circ}15'12''W.$ a distance of 309.84 feet; thence $N.23^{\circ}44'48''E.$ a distance of 431.46 feet; thence $N.11^{\circ}43'37''E.$ a distance of 279.19 feet; thence $N.76^{\circ}45'12''W.$ a distance of 325.00

feet; thence N.15°46'47"W. a distance of 200.15 feet to the beginning of a non-tangent curve concave to the northwest having a radius of 425.00 feet (from which a radial line of said curve bears N.44°31'38"W. and which point is hereinafter referred to as Point "J"); thence southwesterly along said curve through a central angle of 42°03'08" an arc distance of 311.93 feet; thence S.87°31'30"W. a distance of 405.21 feet to a point hereinafter referred to as Point "K"; thence S.02°28'30"E. a distance of 132.00 feet; thence S.73°31'30"W. a distance of 157.08 feet; thence S.87°31'30"W. a distance of 61.07 feet; thence N.02°28'30"W. a distance of 170.00 feet to a point hereinafter referred to as Point "L"; thence S.87°31'30"W. a distance of 13.73 feet to the beginning of a curve concave to the southeast having a radius of 185.00 feet; thence southwesterly along said curve through a central angle of 78°22'21" an arc distance of 253.05 feet to the beginning of a reverse curve concave to the northwest having a radius of 1015.00 feet; thence southwesterly along said reverse curve through a central angle of 45°16'43" an arc distance of 802.12 feet; thence S.54°25'53"W. a distance of 728.29 feet to the beginning of a curve concave to the southeast having a radius of 700.00 feet; thence southwesterly along said curve through a central angle of 11°00'00" an arc distance of 134.39 feet to a point hereinafter referred to as Point "M"; thence S.46°34'07"E. a distance of 65.00 feet; thence S.11°34'07"E. a distance of 145.00 feet; thence S.19°40'53"W. a distance of 205.00 feet; thence S.80°40'53"W. a distance of 100.00 feet; thence N.17°19'07"W. a distance of 157.18 feet; thence N.38°46'47"W. a distance of 76.90 feet to the beginning of a non-tangent curve concave to the northwest having a radius of 815.00 feet (from which a radial line of said curve bears N.38°46'47"W. and which point is hereinafter referred to as Point "N"); thence southwesterly along said curve through a central angle of 20°34'22" an arc distance of 292.64 feet; thence S.71°47'35"W. a distance of 404.90 feet to the beginning of a curve concave to the southwest having a radius of 950.00 feet; thence southwesterly along said curve through a central angle of 20°57'41" an arc distance of 347.55 feet to the beginning of a compound curve concave to the southeast having a radius of 485.00 feet; thence southwesterly along said compound curve through a central angle of 13°14'41" an arc distance of 112.12 feet to said east line of the West Half of the Southeast Quarter of said Section 32; thence S.00°55'35"E. along said east line a distance of 42.04 feet to a point hereinafter referred to as Point "O"; thence S.45°58'11"E. a distance of 282.56 feet to the south line of the North Half of the Northeast Quarter of the Southeast Quarter of Section 32; thence N.89°37'37"W. along said south line a distance of 200.00 feet to said easterly line of the West Half of the Southeast Quarter of said Section 32; thence S.00°55'35"E. along said easterly line a distance of 440.88 feet to the point of beginning;

EXCEPT the abandoned Oregon, Washington Railroad right of way across the Northwest Quarter of said Section 33, T.24 N., R.43 E., W.M.;

TOGETHER WITH an easement for utilities and drainage over a strip of land 25 feet in width in said East Half of Section 32 and said Northwest Quarter of Section 33, the southeasterly margin of which strip is that portion of the above-described boundary beginning at the above-described Point "A" and ending at the above-described Point "B";

ALSO TOGETHER WITH an easement for utilities and drainage over a strip of land 25 feet in width in the Southwest Quarter of said Section 28, the northeasterly and southeasterly margin of which strip is that portion of the above-described boundary beginning at the above-described Point "C" and ending at the above-described Point "D";

ALSO TOGETHER WITH an easement for utilities and drainage over a strip of land 25 feet in width in the Southeast Quarter of said Section 28 and said Northeast Quarter of Section 33, the southerly, westerly, and northerly margin of which strip is that portion of the above-described boundary beginning at the above-described Point "E" and ending at the above-described Point "G";

ALSO TOGETHER WITH an easement for utilities and drainage over a strip of land 25 feet in width in said Northeast Quarter of Section 33, the westerly margin of which strip is that portion of the above-described boundary beginning at the above-described Point "H" and ending at the above-described Point "I";

ALSO TOGETHER WITH an easement for utilities and drainage over a strip of land 25 feet in width in said Northwest Quarter of Section 33, the northerly margin of which strip is that portion of the above-described boundary beginning at the above-described Point "J" and ending at the above-described Point "K";

ALSO TOGETHER WITH an easement for utilities and drainage over a strip of land 25 feet in width in the Northeast Quarter of said Section 32 and in said Northwest Quarter of Section 33, the northwesterly margin of which strip is that portion of the above-described boundary beginning at the above-described Point "L" and ending at the above-described Point "M";

ALSO TOGETHER WITH an easement for utilities and drainage over a strip of land 25 feet in width in said East Half of Section 32, the northwesterly margin of which strip is that portion of the above-described boundary beginning at the above-described Point "N" and ending at the above-described Point "O";

ALSO TOGETHER WITH an easement for drainage over a portion of said Southwest Quarter of Section 28 described as follows:

Beginning at the above-described Point "C", being the beginning of a curve concave to the northeast having a radius of 937.10 feet; thence northwesterly along said curve and the above-described boundary through a central angle of 9°18'28"

an arc distance of 152.23 feet to the TRUE POINT OF BEGINNING; thence S.63°33'38"W. a distance of 127.07 feet; thence N.49°46'30"W. a distance of 27.51 feet; thence N.17°34'21"E. a distance of 99.15 feet to an angle point on the above-described boundary; thence northeasterly, easterly, and southeasterly along said boundary to the TRUE POINT OF BEGINNING of this parcel description;

ALSO TOGETHER WITH an easement for drainage over a portion of said Southeast Quarter of Section 28 and said Northeast Quarter of Section 33 described as follows:

Beginning at the above-described Point "F"; thence S.34°42'16"W. a distance of 39.09 feet; thence S.74°06'37"W. a distance of 82.00 feet; thence N.22°08'50"W. a distance of 33.96 feet to the above-described boundary; thence easterly along said boundary to said Point "F", being the point of beginning of this parcel description;

ALSO TOGETHER WITH an easement for drainage over a portion of said Northeast Quarter of Section 33 described as follows:

Beginning at the above-described Point "H"; thence S.20°00'12"E. along the above-described boundary a distance of 209.80 feet to the TRUE POINT OF BEGINNING of this parcel description; thence N.69°59'48"E. a distance of 25.00 feet; thence S.48°30'59"E. a distance of 55.39 feet; thence S.25°44'27"E. a distance of 110.00 feet to the above-described boundary; thence S.64°15'33"W. along said boundary a distance of 50.00 feet to the above-described Point "I"; thence northerly along said boundary to the TRUE POINT OF BEGINNING of this parcel description;

ALSO TOGETHER WITH an easement for drainage over a portion of said Northeast Quarter of Section 33 described as follows:

Beginning at the above-described Point "I"; thence easterly along the above-described boundary the following two (2) courses:

- (1.) N.64°15'33"E. a distance of 105.00 feet;
- (2.) N.84°45'33"E. a distance of 197.25 feet to the TRUE POINT OF BEGINNING of this parcel description; thence continuing N.84°45'33"E. along said boundary a distance of 89.52 feet; thence N.74°21'40"W. a distance of 27.81 feet; thence S.79°03'41"W. a distance of 46.95 feet; thence S.67°25'01"W. a distance of 17.61 feet to the TRUE POINT OF BEGINNING of this parcel description;

Situate in the County of Spokane, State of Washington

EXHIBIT "B"

LEGAL DESCRIPTION

Remainder of THE RIDGE AT HANGMAN

PARCEL "A"

All that portion of the NE 1/4 of Section 29, T.24 N., R.43 E., W.M. in the County of Spokane, Washington, lying Easterly of the Easterly right of way line of Primary State Highway No. 3.

EXCEPTING THEREFROM that portion of the North 845.00 feet of the NE 1/4 of the NE 1/4 of said Section 29, lying Easterly of said Primary State Highway No. 3;

ALSO EXCEPTING THEREFROM that portion lying within the following described property:

Beginning at the Southeast corner of the NE 1/4 of said Section 29; thence North along said section line to a point of intersection of the North boundary of Excelsior Road; thence North along said section line 623.00 feet; thence West parallel with the South section line 350.00 feet; thence South parallel with the East section line 623.00 feet more or less to a point of intersection with the County Road known as Excelsior Road; thence East along the North boundary of said Excelsior Road to the Point of Beginning;

AND ALSO EXCEPTING THEREFROM that portion lying within the bounds of Excelsior Road, a County road on the South

PARCEL "B"

That portion of the NE 1/4 of Section 28, T.24 N., R.43 E., W.M., in the County of Spokane, Washington, lying Northwesterly of the center line of thread of Latah Creek;

EXCEPTING THEREFROM that portion, if any, lying within the NE 1/4 of the NE 1/4 of the NE 1/4 of said Section 28;

PARCEL "C"

The West 1/2 of Section 28, T.24 N., R.43 E., W.M., in the County of Spokane, Washington;

ALSO the SW 1/4 of the SE 1/4 of said Section 28;

EXCEPTING THEREFROM that portion lying within Hangman Valley Golf Course as per deed recorded under Spokane County Auditor's File No. 415357-C;

ALSO EXCEPTING THEREFROM that portion lying within the following

described property:

Beginning at a point on the Southwesterly line of Hangman Valley Golf Course as per deed recorded under Spokane County Auditor's File No. 415357-C, said Southwesterly line have a record bearing of N.41°40'30"W. and a distance of 606.59 feet and said point of beginning being S.41°40'30"E. 50.00 feet from the Northwesterly most point of said line; thence N.87°10'28"W. 301.11 feet; thence N.55°38'23"W. 329.13 feet; thence N.45°22'46"E. 288.64 feet to a point on the Westerly line of said Hangman Valley Golf Course, said point being the North most end of a line have a record bearing of N.07°46'30"W. and a distance of 200.68 feet; thence S.07°46'30"E., 200.68 feet along said Southwesterly line of said Hangman Valley Golf Course; thence S.61°24'00"E., 349.21 feet; thence S.41°40'30"E., 50.00 feet to the point of beginning.

ALSO EXCEPT those portions of said South 1/2 of Section 28 quitclaimed to Spokane County by Quit Claim Deed recorded under Auditor's Document No. 9407180050;

ALSO TOGETHER with those portions of the South 1/2 of said Section 28 quitclaimed to John R. Peterson and Jacqueline M. Peterson, husband and wife, by Quit Claim Deed recorded under Auditor's Document No. 9407180051;

PARCEL "D"

A parcel of land located in the S 1/2 of Section 28 T.24N., R.43 E., W.M., in Spokane County, Washington described as follows:

Beginning at the Southeast corner of said Section 28; thence N.89°55'00"W. along the South line of said Section 28 1,300.81 feet to the Northeast corner of the W 1/2 of the NE 1/4 of Section 33, T.24 N., R.43 E., W.M. as recorded in Survey Book 25, page 67 at the Spokane County Court House and the true point of beginning; thence N.82°56'39"W., 114.34 feet; thence N.56°02'15"W. 184.20 feet; thence N.27°17'33"W. 104.48 feet; thence N.48°04'50"W. 159.76 feet; thence N.73°46'46"W. 79.38 feet; thence N.67°31'29"W. 153.35 feet; thence N.71°21'02"W. 197.82 feet; thence S.82°40'44"W., 161.39 feet to a point on the Southerly line of Hangman Valley Golf Course as per deed recorded under Spokane County Auditor's File No. 415357-C said line having a record bearing of N.79°57'00"W. and a distance of 507.71 feet and said point being S.79°57'00"E. 275.57 feet from the Westerly end of said line; thence N.54°19'36"W. 83.75 feet; thence S.89°47'21"W. 203.31 feet to the Westerly end of said Southerly line; thence N.69°15'09"W. 104.98 feet; thence S.10°09'56"W. 144.62 feet; thence S.45°47'14"W. 71.47 feet; thence N.82°46'07"W. 130.87 feet; thence N.54°27'55"W. 61.04 feet; thence N.77°45'59"W. 93.44 feet; thence N.71°21'55"W. 108.38 feet; thence N.66°01'52"W. 78.84 feet; thence N.61°49'24"W. 162.42 feet; thence N.81°56'17"W. 62.61 feet; thence N.46°31'37"W. 70.40 feet; thence N.42°01'28"W. 217.86

feet; thence N. 37°34'23"W. 58.03 feet; thence N.52°51'21"W. 113.91 feet; thence N.69°08'54"W. 102.43 feet to a point on the Southeasterly line of said Hangman Valley Golf Course, said Southwesterly line having a record bearing of N.41°40'30"W. a distance of 606.59 feet and said point being S.41°40'30"E. 50.00 feet from the Northwesterly most point of said line; thence along the Southwesterly and Southerly line of said Hangman Valley Golf Course S.41°40'30"E. 556.59 feet; thence S.70°14'30"E. 806.08 feet; thence N.24°11'00"E. 282.64 feet; thence S.79°57'00"E. 507.71 feet; thence S.60°50'00"E. 375.71 feet; thence S.47°11'00"E. 317.96 feet to a point on the South line of said Section 28; thence S.89°55'00"E. 208.57 feet to the true point of beginning.

PARCEL "E"

The East 1/2 of the NE 1/4 of Section 32, T.24 N., R.43 E., W.M., in Spokane County, Washington

EXCEPTING therefrom all that portion lying within the bounds of Washington Road No. 196, as conveyed to Spokane County by Deed recorded November 15, 1906, in Volume 126 of Deeds, page 490, under Auditor's File No. 155322

PARCEL "F"

The North 1/2 of the NE 1/4 of the SE 1/4 of Section 32, T.24 N., R.43 E., W.M. in Spokane County, Washington

ALSO that portion of the NW 1/4 of the SE 1/4 of said Section lying easterly of the easterly right of way of Primary State Highway No. 3

PARCEL "G"

The North 1/2 of Section 33, T.24 N., R.43 E., W.M., in Spokane County, Washington AND the North 1/2 of the SE 1/4 of said Section;

EXCEPTING THEREFROM that portion of said section lying within the following described property:

Beginning at the Southwest corner of said North 1/2 of the SE 1/4; thence East along the south line of said North 1/2, a distance of 400 feet; thence North 400.00 feet; thence Southwesterly to the point of beginning;

AND ALSO EXCEPTING THEREFROM that portion of said section lying within the following described property:

Beginning at the Northeast corner of said Section 33; thence N.89°55'00"W. along the North line of said Section 33, a distance of 746.86 feet to the True Point of Beginning; thence S.54°23'32"W. a distance of 579.50 feet; thence N.66°09'28"W. a distance of 94.84 feet; thence

N.00°44'16"E., a distance of 299.90 feet to a point on the North line of said Section 33; thence S.89°55'00"E., along the North line of said Section 33, a distance of 554.03 feet to the True Point of Beginning

FURTHER EXCEPTING that real property described as the Abandoned Oregon, Washington Railroad right of way strip across the NE 1/4 of the NW 1/4 of said Section 33;

ALSO EXCEPT that portion of the NE 1/4 of said Section 33 quitclaimed to Spokane County by Quit Claim Deed recorded under Auditor's Document No. 9407180050;

EXCEPTION

EXCEPT ANY portion of the above-described Parcels "A" through "G" included within the parcel described in Exhibit "A", said parcel to be platted as THE RIDGE AT HANGMAN, PHASE I.

Unofficial Document