RETURN NAME and ADDRESS

Joe Delay
601 W. Main, Suite 1212
Spokane, WA 99201-0684

Please Type of Print Neatly and Clearly All Information

Document Title(s)
Declaration of Covenants Conditions and Restrictions for Stone Horse Bluff

Reference Number(s) of Related Documents

Grantor(s) (Last Name, First Name, Middle Initial)
Stone Horse Bluff Development

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

Legal Description (Abbreviated form is acceptable, i.e. Section/Township/Range/Qtr Section Lot/Block/Subdivision)
SW 1/4 Sec. 4 & SE 1/4 Sec. 5, T. 26N., R. 43 E.

Assessor's Tax Parcel ID Number
36043.0170 36054.0184
36043.0171 36054.0186

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

Sign below only if your document is Non-Standard,

I am requesting an emergency non-standard recording for an additional fee as provided n RCW 36.18.010. I understand that the recording processing requirements may cover up or otherwise obscure some parts of the text of the original document. Fee for non-standard processing is $50.00.

Signature of Requesting Party
WHEN RECORDED RETURN TO:
Joe Delay
601 W. Main, Suite 1212
Spokane, WA 99201-0684

DOCUMENT TITLE(S)
Declaration of Covenants, Conditions, and Restrictions for
Stone Horse Bluff Phase 1

GRANTOR(S):
Stone Horse Bluff Development

GRANTEE(S):
Public

ABBREVIATED LEGAL DESCRIPTION:
SW ¼ Sec. 4 & SE ¼ Sec. 5, T. 26 N., R. 43 E.

PHASE ONE LEGAL DESCRIPTION

Blocks 119, 134 and 135: The East 7.00 feet of Block 154 and the East 17.00 feet of Blocks 155, 156 and 163, First Addition to City Gardens, according to plat recorded in volume “Q” of Plats, Page 39:

Together with that portion of vacated Center Street lying in the East 27.00 feet of the Southeast quarter of Section 5, Township 26 North, Range 43 East, W.M. that attaches to said Blocks 154 and 155 by operation of law:

Except those portions of said blocks 119, 134, 135, 154, 155, 156 and 163 conveyed to Spokane County by Deed recorded after September 28, 1976 under Auditor’s Recording No. 7609280262;

And except those portions of said blocks 119 and 154 lying Northerly of the following described line:

Beginning at a point opposite Highway Engineers Station (hereinafter referred to as HES) 505+00 on the SR 395, line survey of SR 395, Pittsburg Street vicinity to Little Spokane River and 213.33 Feet Southerly therefrom; thence Westerly to a point opposite HES 523+00 and 230 Feet Southerly therefrom and the end of this line description.

Situated in the County of Spokane, State of Washington.

TAX PARCEL NUMBER(S): 36054.0184 36054.0184
36043.0170 36043.0171
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ARTICLE 8 CONDEMNATION

8.1 Condemnation

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**EXHIBIT "A"**

STATE OF WASHINGTON NOTARY

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DECLARATION OF COVENANTS, CONDITIONS
RESTRICTIONS AND RESERVATIONS OR EASEMENT
FOR
STONE HORSE BLUFF LLC

THIS DECLARATION is made on this ______ day of ______________________ 2013 by Stone Horse Bluff LLC ("Declarant").

A. Declarant is the Owner of certain real property located in Spokane County, Washington, described in Section 2.1 of this Declaration.

B. Declarant desires to subject the real property described in Section 2.1 hereof to the provisions of this Declaration to create a residential community of single-family housing (as "single family" as defined below) and related uses as set forth in Section 6.2 hereof.

NOW, THEREFORE, Declarant declare that all the real property, described in Section 2.1 of this Declaration, including any improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments and liens, hereinafter set forth, which are for the purpose of enhancing the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all Persons having any right, title or interest in all or any portion of the real property now made subject hereto, their respective heirs, legal representatives, successors, successor-in-title, and assigns and shall inure to the benefit of each and every owner all or any portion thereof.
1.1 Words Defined. The following words, when used in this declaration or in any supplementary declaration (unless the context shall prohibit), shall have the following meanings:

1.1.1 “Affiliate of Declaration” means an Person who controls, is controlled by, or is under common control with Declarant.

1.1.2 “Association” shall mean STONE HORSE BLUFF – HOMEOWNERS ASSOCIATION, a Washington nonprofit corporation, its successors and assigns, established pursuant to RCW 64.38.

1.1.3 “Board of Directors” or “Board” means the body, regardless of name, with primary authority to manage the affairs of the association.

1.1.4 “By-Laws” shall refer to the By-Laws of STONE HORSE BLUFF – HOMEOWNERS ASSOCIATION.

1.1.5 “Assessment” means all sums chargeable to an owner by an association in accordance with RCW 64.38.020.

1.1.6 “Community” shall mean and refer to that certain real property and interest therein described in Exhibit “A”, attached hereto, which real property shall be the property to which this Declaration applies.

1.1.7 “Community-Wide Standard” shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, shall generally be made with reference to the standards originally established by the Declarant.

1.1.8 “Declarant” shall mean and refer to Stone Horse Bluff LLC, a Washington Limited Liability Company, and its successors-in-title and assigns, provided any such successor-in-title or assign shall acquire for the purpose of Development or sale all or any portion of the remaining undeveloped or unsold portions of real property described in Exhibit “A”, attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the “Declarant” hereunder by the grantor of such conveyance, which grantor shall be the “Declarant” at the time of such conveyance; provided, further upon such designation of a successor Declarant, all rights of the former Declarant in and to the status of “Declarant” hereunder shall cease, it being understood that as to all of the property described in Exhibit “A”, attached hereto, which is now subject to this Declaration, there shall be only one “Declarant” hereunder at any one point in time.

1.1.9 “Development Period” shall mean that period of time beginning on the date this Declaration is recorded in the records of Spokane County and ending on the earliest to occur of (i) the sale by Declarant of the last Lot created in the plat to a non-Declarant purchaser; (ii) twenty (20) years from the date of recording of this Declaration; or (iii) the
date upon which a Supplementary Declaration is recorded by declaration terminating the Development Period.

1.1.10 “Baseline funding plan” means establishing a reserve funding goal of maintaining a reserve account balance above zero dollars throughout the thirty-year study period described under RCW 64.35.065

1.1.11 “Mortgage” means any mortgage, deed of trust, and any and all other similar instruments used for the purpose of encumbering real property in the Community as security for the payment or satisfaction of an obligation.

1.1.12 “Mortgagee” shall mean the holder of a Mortgage.

1.1.13 “Occupant” shall mean any Person occupying all or an portion of a residence or other property located within the Community for any period of time, regardless of whether such Person is a tenant or the Owner of such property.

1.1.14 “Common areas” means property owned, or otherwise maintained, repaired or administered by the association.

1.1.15 “Person” means any natural Person, as well as a corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.

1.1.16 “Single Family” shall mean a single housekeeping unit, without regard to the construction type or ownership of such unit, that includes not more than four (4) adults who are legally related.

1.1.17 “Special Benefit Common Area” shall mean the land described in paragraph 1.1.14 hereinabove, together with the facilities and improvements located thereon, as designated on the final plat of the Community or as otherwise conveyed to or designated by the Association for the special use of, or that are intended to provide a special benefit to, one or more Specially Benefited Lots.

1.1.18 “Special Benefit Assessment” shall mean such assessment as may be levied by the Board against the specially benefited Lots described in paragraph 1.1.14 hereinabove, to cover the costs of maintaining the Special Benefit Common Area benefiting such Lots and payable by the Owners of such Specially Benefited Lots in addition to any general or special assessments that the Association may levy against all Lots comprising the Community.

1.1.19 “Specially Benefited Lots”, if any, shall mean the Lots identified in paragraph 1.1.14 hereinabove, which are intended to receive the benefit of the “use of the Special Benefit Common area”.

1.1.20 “Supplementary Declaration” means an amendment or supplement to this Declaration that changes the terms and provisions hereof or imposes, expressly or by reference, additional restrictions and obligations on the land described therein, or both.

1.1.21 “Total Association Vote” means all of the votes attributable to members of the Association (including the controlling votes of Declarant during the Development Period), and the consent of Declarant so long as Declarant owns any property for development and/or sale in the Community.

1.1.22 “Common expense” means the costs incurred by the association to exercise any of the powers provided for in this chapter.
1.1.23 “Contribution rate” means, in a reserve study as described in RCW 64.34.380 the amount contributed to the reserve account so that the association will have cash reserves to pay major maintenance, repair, or replacement costs without the need of a special assessment.

1.1.24 “Effective age” means the difference between the estimated useful life and remaining useful life.

1.1.25 “Full funding plan” means setting a reserve funding goal of achieving one hundred percent fully funded reserves by the end of the thirty-year study period described under RCW 64.38.065, in which the reserve account balance equals the sum of the deteriorated portion of all reserve components.

1.1.26 “Fully funded balance” means the current value of the deteriorated portion, not the total replacement value, of all the reserve components. The fully funded balance for each reserve component is calculated by multiplying the current replacement cost of the reserve component by its effective age, then dividing the result by the reserve component’s useful life. The sum total of all reserve components’ fully funded balances is the association’s full funded balance.

1.1.27 “Governing documents” means the articles of incorporation, by-laws, plat, declaration of covenants, conditions, and restrictions, rules and regulations of the association, or other written instrument by which the association has the authority to exercise any of the powers provided for in this chapter or to manage, maintain, or otherwise affect the property under its jurisdiction.

1.1.28 “Homeowners’ association” or “association” means a corporation, unincorporated association, or other legal entity, each member of which is an owner of residential real property located within the association’s jurisdiction, as described in the governing documents, and by virtue of membership or ownership of property is obligated to pay real property taxes, insurance premiums, maintenance costs, or for improvement of real property other than that which is owned by the member. “Homeowners’ association” does not mean an association created under chapter 64.32 or 64.34 RCW.

1.1.29 “Lot” means a physical portion of the real property located within an association’s jurisdiction designated for separate ownership.

1.1.30 “Owner” means the owner of a lot, but does not include a person who has interest in a Lot solely for an obligation. “Owner” also means the vendee, not the vendor, of a lot under real estate contract.

1.1.31 “Remaining useful life” means the estimated time, in years, before a reserve component will require major maintenance, repair, or replacement to perform its intended function.

1.1.32 “Replacement cost” means the current cost of replacing, repairing, or restoring a reserve component to its original functional condition.

1.1.33 “Reserve component” means a common element whose cost of maintenance, repair, or replacement is infrequent, significant, and impractical to include in an annual budget.

1.1.34 “Reserve study professional” means an independent person who is suitably qualified by knowledge, skill, experience, training, or education to prepare a reserve study in accordance with RCW 64.34.380 and 64.34.382.

1.1.35 “Residential real property” means any real property, the use of which is limited by law, covenant or otherwise to primarily residential or recreational purposes.
1.1.36 "Significant assets" means that the current replacement value of the major reserve components is seventy-five percent or more of the gross budget of the association, excluding the association's reserve account funds.

1.1.37 "Useful life" means the estimated time, between years, that major maintenance repair or replacement is estimated to occur.

ARTICLE 2
PROPERTY SUBJECT TO THIS DECLARATION

2.1 Property Hereby Subjected to This Declaration. The real property which is, by the recording of this Declaration, subject to the covenants and restrictions hereafter set forth and which, by virtue of the recording of this Declaration, shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or other encumbered subject to this Declaration is the real property described in Exhibit "A", attached hereto and by this reference incorporated herein.

2.2 Other Property. Only the real property described in Section 2.1 above is hereby made subject to this Declaration.

ARTICLE 3
STONE HORSE BLUFF -- HOMEOWNERS ASSOCIATION

3.1 Description of Association. The Association shall be charged with the duties and vested with the powers prescribed by law and set forth in this Declaration, any Supplementary Declaration, and the Articles of Incorporation and By-Laws of the Association, all as may be amended from time to time; provided, however, that no such governing documents shall for any reason be amended or otherwise interpreted so as to be inconsistent with this Declaration.

3.2 Board of Directors. Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any Officer or Officers of the Association. Each Owner, by acceptance of a deed to or other conveyance of a Lot vest in Declarant the authority to appoint and remove Directors and Officers of the Association during the Development Period. The Directors selected by the Declarant need not be Owners, but any other Directors selected shall be Owners. The number of Directors shall be set forth in the By-Laws. Following termination of the Development Period, the Board of Directors shall be elected by the Owners in accordance with the By-Laws.

3.3 Membership. Every Person who is the record owner of a fee or undivided fee interest in any Lot that is subject to this Declaration shall be deemed to have a membership in the Association and membership in the Association shall be consisted exclusively of such owners. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Lot. In the event of multiple Owners of a Lot, votes and rights of use and enjoyment shall be as provided in this Declaration and in the By-

STONE HORSE BLUFF CC&R's
Laws. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or member’s spouse, but in no event shall more than one (1) vote be cast nor office held for each Lot owned. The first annual meeting of the full membership of the Association shall be held within sixty (60) days after termination of the Development Period on a date set by the Board pursuant to the By-Laws.

3.4 Voting. Except as to the Declarant, who shall have the controlling vote during the Development Period, Members shall be entitled to one (1) vote for each Lot owned. When more than one (1) Person holds an ownership interest in any Lot, the vote for such Lot shall be exercised as those Owners themselves determine and advise the Secretary prior to any meeting. In the absence of such advice, the Lot’s vote shall be suspended in the event more than one (1) Person seeks to exercise it.

3.5 Architectural Review Committee. No construction, alteration, addition, refurbishing, or erection of any nature whatsoever shall be commenced or placed upon any part of the Community, except that which is installed by the Declarant, or as is approved in accordance with this Section, or as is otherwise expressly permitted herein. Any such construction, alteration, addition, refurbishing, or erection shall not be made unless and until plans and specifications showing the nature, kind, shape, size and height, architectural design and detail, materials, workmanship, colors, location on site, improvement and site grade elevations, and site landscaping shall have been submitted in writing to and approved by the Architectural Review Committee established pursuant to this Section 3.5. The Board may employ architects, engineers, or other Persons, as it deems necessary to enable the Architectural Review Committee to perform its review, and fees for such to be paid by applicant. Written design guidelines and procedures ("Design Guidelines") may be established for the exercise of this review fee. The Design Guidelines may evolve over time with changes in the market place.

3.5.1 So long as the Declarant or an Affiliate of Declarant owns any property for development and/or sale in the Community, the Declarant shall have the right to appoint or remove any or all members of the Architectural Review Committee. Upon the expiration or earlier surrender in writing of such right, the Board shall appoint the members of the Architectural Review Committee.

3.5.2 As a condition of approval under this Section, each Owner, on behalf of such Owner and such Owner’s successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement, and insurance to and on any change, modification, addition, or alteration. In the discretion of the Architectural Review Committee, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of such Owner and such Owner’s successors-in-interest.

3.5.3 The Architectural Review Committee shall be the sole arbiter of plans submitted to it and may withhold approval for any reason, including aesthetic considerations, and it shall be entitled to stop any construction in violation of approved plans or this Declaration. Any member of the Architectural Review Committee or the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not such plans and this Declaration have been or are being complied with. Such Person or Persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies
available to the Association, in the event of noncompliance with this Section, the Board may, as provided in Section 12.1 hereof, record a notice of violation naming the violating Owner.

3.5.4 Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the architectural review committee, the members thereof, nor the association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications. Neither Declarant, The Association, the Architectural Review Committee, the Board, nor the Officers, Directors, Members, Employees, and Agents of any of them, shall be liable in damages to anyone submitting plans and specifications. Every person who submits plans or specifications and every owner agrees that such person or owner will not bring any action or suit against Declarant, the Association, the Architectural Review Committee, the Board, or the Officers, Directors, Members, Employees, and agents of any of them to recover any damages and hereby releases, remises, quitclaims, and covenants not to sue for all claims, demands and causes of action arising out of or in connection with any judgment, negligence, or nonfeasance and hereby waives the provision of any law which provides that a general release does not extend the claims, demands, and causes of action not known at the time the release is given.

ARTICLE 4
ASSESSMENTS

4.1 Purpose of Assessment. The assessments provided for herein shall be used for the general purposes of providing landscaping, private road, curbing, storm drainage facilities, open space, buildings and structures; paying expenses or administering the affairs of the Association; and, promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owner and Occupants of Lots, including the maintenance of real and Personal property, all as may be more specifically authorized from time to time by the Board of Directors. The Board may contract with third parties to conduct and administer the affairs of the Association.

4.2 Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, by acceptance of a deed therefore whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Association: (i) annual assessments or charges; (ii) special assessments, such assessments to be established and collected as hereinafter provided; and (iii) specific assessments established pursuant to the terms of the Declaration, including, but not limited to, reasonable fines imposed in accordance with the terms of this Declaration and any applicable Special Benefit Assessments. Further, Each Owner of any Lot, by acceptance of a deed therefore whether or not it shall be so expressed in such deed, grants a lien to the Association for an Assessments which are not timely paid to the Association. The Association may record such liens and foreclose upon the subject lots in the same manner as a deed of trust.
4.2.1 All such assessments, together with (i) late charges (ii) interest set by the Board, not to exceed the maximum rate permitted by law but not to exceed eighteen percent (18%) per annum, and (iii) costs, including, without limitation, reasonable attorneys’ fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made.

4.2.2 Each such assessment, together with late charges, interest, costs, including, without limitation, reasonable attorneys’ fees actually incurred, shall also be the Personal obligation of the Person who was the Owner of such Lot at the time the assessment fell due. Each Owner shall be Personally liable for the portion of each assessment coming due while the Owner of the Lot, and each grantee of an Owner shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

4.2.3 The Association shall, within five (5) days after receiving a written request therefore and for a reasonable charge, furnish a certificate signed by an Officer of the Association setting forth whether the assessments on a specified Lot have been paid. Such certificate shall be binding upon the Association as of the date of issuance.

4.2.4 Quarterly assessments shall be levied equally on all similarly situated Lots, as determined by the Board. However, during the Development Period, the Board may establish greater or lesser assessments for Lots regardless of ownership. Assessments shall be paid in such manner and on such dates as may be fixed by the Board. Unless otherwise provided by the Board, the assessment shall be paid in quarterly installments.

4.2.4.1 Quarterly assessments shall be levied equally upon each lot which receives the benefit of any of the following: landscaping, private road, curbing, storm drainage facilities, open space, buildings and structures. Such assessments shall be based upon the Board’s estimate of the cost of landscaping, private road, curbing, storm drainage facilities, open space, building and structures for the next year. The following year’s assessment for landscaping, private road, curbing, storm drainage facilities, open space, buildings and structures shall be adjusted to actual costs incurred in the preceding year.

4.2.4.2 Individual Lot owners shall pay the total water, sewer facilities services to individual residences. Landscaping, private road, curbing and storm drainage facilities, assessment in quarter payments. Assessments for landscaping, private road, curbing, storm drainage facilities, open space, buildings and structures shall be due on the 5th day of the month next succeeding the month in which the Lot owners are notified of the assessment.

4.3 Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital reserve in accordance with a capital budget separately prepared. The board shall cause a proposed budget and the proposed assessments to be levied against each Lot for the following year to be mailed to each Owner within thirty (30) days after its adoption by the Board. The Board shall set a date for a special meeting of the Owners to consider ratification of the budget not less than fourteen (14) nor more than sixty (60) days
4.4 Revised Budget. If the financial circumstances of the Association materially change during any year, the Board may require a revised proposed budget for the balance of the year, which proposed budget shall be mailed to each Owner within thirty (30) days after its adoption by the Board and a meeting of the Owners to consider ratification of the budget in the same manner a regular annual budget and assessments to be delivered to each member at least (30) days before their effective date.

4.5 Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments for expenses such as, but not limited to, capital improvements from time to time if approved at a meeting by two-thirds (2/3) of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

4.6 Lien for Assessments. All sums assessed against any Lot, pursuant to this Declaration, together with late charges, interest, costs, including, without limitation, reasonable attorneys’ fees actually incurred, as provided herein, shall be secured by a lien on such Lot in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the records of Spokane County and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument. All other Persons acquiring liens or encumbrances on any Lot after the recording of this Declaration shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

4.7 Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment or installment thereof delinquent for a period of more than ten (10) days shall incur a late charge in the amount as the Board may from time to time determine. The Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall automatically attach and, in addition, the lien shall include interest set by the Board from time to time, on the principal amount due, late charges, costs of collection, including, without limitation, reasonable attorneys’ fees actually incurred, and any other amounts provided or permitted by law.

4.7.1 In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of conveyance, vests in the Association or its agents the right and power to bring all actions against such Owner Personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property.

4.7.2 The lien provided for in this Article shall be in favor of the Association and shall be the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the power to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same.
4.7.3 No Owner may waive or otherwise exempt himself from liability for the assessments provided herein, including, by way of illustration, but not limitation, abandonment of the Lot.

4.8 Date of Commencements of Assessments. The assessments provided for herein shall commence as to a Lot subject to this Declaration on the first day of the month following conveyance of such Lot to a Person other than Declarant. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year.

4.9 Specific Assessments. In addition to the general and special assessments outlined above, the Board shall have the power to levy such specific assessments pursuant to this Section 4.9 as, in its discretion, it shall deem appropriate. All other terms and conditions of this Article 4 relating to general and special assessments shall apply to the levy and collection of the specific assessments covered hereby and the Association shall have all powers and remedies for collection and enforcement of such assessments as are applicable to the general special assessment set forth above. Fines levied pursuant to Section 12.1 of this Declaration and the costs of maintenance performed by the Association for which the Owner is responsible under Sections 5.3 and 5.4 of this Declaration shall be specific assessments. The Board may also specifically assess Owners for Association expenses as follows:

4.9.1 Special Benefit Assessment. Notwithstanding the requirement that annual assessments shall be levied equally on all similarly situated Lots pursuant to Section 4.2.4 hereof, the Association shall allocate the costs of maintaining the Specific Benefit Common Area among the Specially Benefited Lots in accordance with the benefits received by such Lots and in any manner that is reasonably fair and equitable, and shall levy and assess against such Specially Benefited Lots a Special Benefit Assessment.

4.9.2 Unequal Benefit. Expenses of the Association that benefit all Lots, but that do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

4.10 Budget Deficits During Declarant Control. For so long as the Declarant has the authority to appoint the Directors and Officers of the Association, Declarant may: (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves), and the sum of the annual, special and specific assessments collected by the Association in any fiscal year, and such advances shall be evidenced by promissory notes bearing interest up to 18% per annum from the Association in favor of the Declarant; or (b) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for such a loan in the local area of the community.

4.11 Assessment for Reserve Account. The Association shall comply with RCW 64.38.065- RCW 64.38.090 Inclusive.

ARTICLE 5
MAINTENANCE; CONVEYANCE OF COMMON AREAS TO ASSOCIATION

5.1 Association’s Responsibility. The Association shall maintain and keep in good repair the Common Area. This maintenance shall include, without limitation, maintenance, repair, and replacement,
subject to any insurance then in effect, of all landscaping and improvements situated on the Common Area. The Association shall also maintain: (i) all entry features, if any, for the Community including the expenses for water, sewer, and electricity, if any, provided to all such entry features; (ii) landscaping originally installed or modified by the Declarant which is on Common Area owned in fee by the Association or on property where an easement has been granted to the Association; and (iii) all facilities serving the Community not dedicated to or maintained by a public entity. The foregoing maintenance shall be performed consistent with the structures, including snow removal, and for the maintenance of the drainage facilities located therein shall be at association cost as well as the assessments which will be discharged on a monthly basis to all of the residents of the Development.

5.1.1 Tract "N", Tract "O", Tract "P", and Tract "Q" are drainage tracts and are hereby dedicated to the STONE HORSE BLUFF – HOMEOWNERS ASSOCIATION. These tracts are unbuildable; no structures including fences shall be constructed hereon, without the expressed written approval of the County of Spokane. The Association shall be responsible for the payment of claims and other liabilities, which may become due for the tracts (Tract "N", Tract "O", Tract "P", and Tract "Q"). These tracts will be maintained by the Association, and said tracts shall be considered subservient estates to all lots with the plat for the purpose of real estate taxes. Installing, operating and maintaining drainage ponds and drainage facilities to treat, store and dispose of storm-water runoff, are hereby granted to the Association. The Association will be responsible for all maintenance of drainage easements and the replacement of catch basins and drainage pipes throughout Stone Horse Bluff as part of the drainage facilities located on these tracts. The dual purpose of these tracts is also as recreation areas if the Association so desires.

5.2 Property Not Owned by Association. The Association shall have the right, but not the obligation, to maintain other property not owned by the Association, whether maintenance agreement with adjoining property owners or association for the repair, maintenance and replacement of shared facilities or other property.

5.3 Damage Caused by Owner. In the event that the Association determines that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the family, guest, lessees, or invitees of any Owner, the Association may perform such maintenance, repair or replacement at such Owner’s sole cost and expense, and all costs thereof shall be added to and become part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

5.4 Owner’s Responsibility. Except as provided in sections 5.1, 5.2 and 5.3 above all maintenance of any Lot and all structures, parking areas, landscaping, private roadways, and other improvements thereon together with the landscaping on any parking strip fronting any such Lot, shall be the sole responsibility of the Owner thereof, who shall provide maintenance consistent with the Community-Wide Standard and this Declaration. In the event that the Board of Directors of the Association determines that any Owner has failed or refused to discharge properly any of such Owner’s obligations with regard to the maintenance, repair, or replacement of items for which such Owner is responsible hereunder, the Association shall, except in an emergency situation, give the Owner written notice of the Association’s intent to provide such necessary maintenance, repair, or replacement at the Owner’s sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten
(10) days after receipt of such notice within which to complete such maintenance, repair or replacement, or, in the event that such maintenance, repair, replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot.

5.5 Conveyance of Common Area (including the Special Benefit Common Area) by Declarant to Association. The Declarant may transfer or convey to the Association any Personal property and any improved or unimproved real property, leasehold, easement, or other property interest. Such conveyance shall be accepted by the Association, and the property shall thereafter be Common Area or Special Benefit Common Area, as designated by the Declarant, to be maintained by the Association. Declarant shall not be require to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section.

5.6 Conversion of Common Area. A Common Area may not be converted by the Association to a Special Benefit Common Area without the consent of two-thirds of all the Owners as well as two-thirds of the Owners of the Lots that would become Specially Benefited Lots and be specially assessed for such Special Benefit Common Area. A Special Benefit Common Area may not be converted to a Common Area for the use of all Owners without the consent of 75% of all Owners as well as 75% of the Owners of the Specially Benefits Lots that have benefited from such Special Benefit Common Area.

ARTICLE 6
USE RESTRICTIONS AND RULES

6.1 General Rules and Regulations. This Article, beginning at Section 6.2, sets out certain use restrictions which must be complied with by all Owners and Occupants. These use restrictions may only be amended in the manner provided in Section 12.4 hereof regarding amendment of this Declaration. In addition, the Board may, from time to time, without consent of the Owners, promulgate, modify, or delete other use restrictions, and rules and regulations applicable to the Community. Such use restrictions and rules shall be distributed to all Owners and Occupants prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless overruled, cancelled, or modified in a regular or special meeting by 75% majority of the Total Association Vote.

6.2 Residential Use. Except as provided in this Section, all Lots shall be used for single-family residential purposes exclusively with the exception that certain home occupations will be permitted, subject to the guidelines and rules established by the Board. Such home occupations may be limited to certain business uses, shall not create any disturbance, noise, or unsightliness, shall not unduly increase traffic flow or parking congestion, and shall not be in violation of any of the provision of the Declaration and By-laws. Use of the Lots shall in all cases be in compliance with all applicable laws, ordinances, rules and regulations.
6.3 Building and Landscaping Requirements and Restrictions. All residences constructed within the Community by any Person other than Declarant shall be subject to Design Guidelines which may cover the minimum size, architectural style, scope of improvements, quality of design, materials, workmanship, and siding standards. Such Design Guidelines shall be established by the Architectural Review Committee for the purpose of establishing a Community of harmonious design. Without restricting or limiting the authority of the Architectural Review Committee pursuant to Section 3.5 in approving or disapproving of any specific proposal, the following restrictions shall apply to the Community in general:

6.3.1 Any residence or other structure erected or placed on any Lot shall be completed as to external appearance, including finished painting, within nine (9) months after the date of commencement of construction. All front, side and rear yards landscaping must be completed within (1) year from the date of closing of the purchase of the residence by the Owner from the Declarant or any other builder.

6.3.2 Setback requirements for all Lots shall be as provided in applicable ordinances of Spokane County.

6.3.3 Fences may be vinyl or wood only. No wire fences are allowed.

6.3.4 No fence, or fencing-type barrier of any kind in excess of six (6) feet high or extending into the front yard of any residence shall be erected, allowed or maintained upon any Lot, without the prior written consent of the Architectural Review Committee. Any such fence or barrier shall be strictly in compliance with Design Guidelines established by the Architectural Review Committee, which standards may provide for limited acceptable styles and/or specifications.

6.3.5 All homes within the Community shall contain a garage. Unless otherwise approved by the Architectural Review Committee, all garages must be attached to, or incorporated in and made part of, the residence constructed upon a Lot. In granting waivers to this requirement, the Architectural Review Committee will consider functional necessity and architectural desirability.

6.4 Signs. No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the Architectural Review Committee. Notwithstanding the foregoing, the Board and the Declarant shall have the right to erect reasonable and appropriate signs including, without limitation, signs related to Declarant’s development and marketing or residence within the Community and a builder’s construction of a new home on a Lot. In addition, “For Sale” and “For Rent” signs and security signs consistent with Community-Wide Standard and any signs required by legal proceedings may be erected upon any Lot.

6.5 Vehicles. The term “vehicles” as used herein shall include, without limitation, automobiles, vans, campers, trucks, buses, motor homes, mobile homes, boats, trailers, portable aircraft, motorcycles, snowmobiles, mini-bikes, scooters, go-carts, and any other towed or self-propelled transportation type vehicle and are not allowed to be parked in the Development. The term “passenger vehicles” as used herein shall include passenger automobiles, vans, small trucks, motorcycles, and similar type vehicles used regularly and primarily as transportation for the Occupants of the Lot. Vehicles used for commercial and recreational purposes are not considered passenger vehicles. “Parking areas” shall refer to the number of garage parking spaces and driveway areas in front of garages. However, driveway areas shall be considered “parking areas” for passenger vehicles only and only to the extent
that sufficient parking spaces are not provided in the garage for all the vehicles use by the Occupants of the Lot. No vehicle, of any type, is allowed to be sold in the development.

6.5.1 No vehicles other than passenger vehicles in regular use may be parked on any Lot or portion of the Community. Passenger vehicles allowed in driveway and must move after 48 hours. All vehicles, other than passenger vehicles, must be parked behind site obscuring fencing, which must be approved by the Architectural Review Committee.

6.5.2 (Intentionally left Blank)

6.5.3 Any passenger vehicle which is inoperable or unlicensed and not capable of use on the public highways is not allowed to be parked on any lot or on the street, and shall be considered a nuisance and may be removed from the Community.

6.5.4 The Board shall adopt and maintain current rules and regulations concerning the parking and storage of vehicles on any Lot or any portion of the Community. Said rules are to protect the Community from the potentially adverse impacts of vehicles on the Community environment and to accommodate the evolving nature and use of such vehicles. Such rules and regulations may provide for exceptions and/or modifications to the conditions of this Section as determined in the sole discretion of the Board. The Board shall rule on any dispute as to the interpretation or application of this Section and all rules and regulations established by the Board with respect to vehicles.

6.6 Vehicles on Common Area. No motor vehicle shall be permitted on pathways or unpaved Common Area except vehicles being used for the limited purpose of operating and maintaining utilities.

6.7 Leasing. Lots may be leased for residential purposes. All leases shall have a minimum term of at least six (6) months. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, By-laws, and rules and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing and shall provide that in the event of noncompliance, the Board, in addition to any other remedies available to it, may evict the tenant on behalf of the Owner and specifically assess all costs associated therewith against the Owner and the Owner’s property.

6.8 Occupants Bound. All provisions of the Declaration, by-laws, and of any rules and regulations, which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

6.9 Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept in the Community; provided, however, that conventional household pets may be kept on a Lot subject to the following restrictions: Pets shall not be kept, bred, or maintained for any commercial purposes. Owners shall be responsible for the immediate cleanup and removal of all fecal matter deposited by pets on any property. Pets shall be confined on the Owner’s Lot in a dog run, or otherwise, unless on a leash and accompanied by a responsible Person. No domestic pet may be kept if it is a source of annoyance or nuisance. The Board shall have the authority to determine whether a particular pet is a nuisance or a source of annoyance, and such determination shall be final and conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated from time to time as required by law.
6.10 **Nuisance.** Each Owner and Occupant shall prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot. No Lot shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No illegal, illicit, noxious, or offensive activity shall be carried on within the Community, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Community. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier, or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law or unless specifically approved by the Architectural Review Committee.

6.11 **Unsightly or Unkempt Conditions.** The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly of and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be undertaken outside of homes or garages. Garage doors shall be kept closed at all times unless they are in use. In addition, the storage of equipment, machinery, construction supplies or any similar material on a Lot outside of the home and garage constructed thereon is strictly prohibited except as required during the remodeling or refurbishing of improvements on such Lot and then for not more than sixty (60) days.

6.12 **Antennas.** No television or radio antenna, tower, satellite dish, or exterior antenna of any kind that is within view of any street adjoining that Lot shall be placed, allowed, or maintained upon any Lot or any portion of the Community without the prior written consent of the Architectural Review Committee. Provided, however, one satellite dish not exceeding two (2) feet in diameter shall be allowed. Each Owner and Occupant acknowledges that this provision benefits all Owners and Occupants and each Owner and Occupant agrees to comply with this provision despite the fact that the erection of an outdoor antenna or similar device would be the most cost-effective way to transmit or receive the signals sought to be transmitted or received.

6.13 Intentionally left Blank.

6.14 **Drainage.** Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers or storm drains. Declarant hereby reserves for the benefit of Declarant and the Association and their respective successors and assigns a perpetual easement across all Common Areas and Lots for the purpose of maintaining or altering drainage and water flow. All purchasers should take special note of the drainage requirements, border easements and other specific provisions as stated on the plat of Stone Horse Bluff. Should any Lot Owner cause or allow to be caused any change, damage or alteration to the drainage facilities installed by the Declarant on the platted property, said Lot Owner shall be fully responsible for the costs of the Association to correct said damage or alteration, and said costs shall be assessable as a special assessment pursuant to the powers of the Association to levy assessments.

6.15 **Sight Distance at Intersections.** All property located at street intersections or along radiused streets shall be landscaped so as to permit safe sight across the street corners and along the thoroughfare. No
fence, wall, hedge or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem as determined by the Architectural Review Committee in its sole discretion.

6.16 **Garbage Cans, Woodpiles, Etc.** All garbage cans, woodpiles, air conditioning compressors, machinery, equipment, and other similar items related to the operation of the residence shall be located or screened so as to be concealed from view from the street abutting the Lot on which such items are located. All rubbish, trash, and garbage shall be regularly removed and shall not be allowed to accumulate. Trash, garbage, debris, or other waste matter of any kind may not be burned within the Community. No garbage can is allowed curbside for more than 12 hours. This Section 6.16 is subject to all rights granted and reserved pursuant to Section 11.6 below.

6.17 **Subdivision of Lot.** No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Architectural Review Committee. Declarant, however, hereby expressly reserves the right to re-plat any Lot or Lots owned by Declarant. Any such division, boundary line change, or re-platting shall not be in violation of the applicable subdivision and zoning regulations.

6.18 **Guns.** The use of firearms in the Community is prohibited. The terms “firearms” includes without limitation BB guns, pellet guns, and firearms of all types.

6.19 **Utilities.**

6.19.1 Except as may be permitted by the Architectural Review Committee, no overhead utility lines, including lines for cable television, shall be permitted within the Community.

6.19.2 The use of private wells and water systems within the Community is prohibited. In addition, Owners are subject to and shall comply with certain conditions of approval of Spokane County with respect to sewer and storm water control facilities as set forth on the applicable plat of the phase in which such Owner’s Lot is located.

6.20 **Lighting.** Except as may be permitted by the Architectural Review Committee, exterior lighting shall not be permitted except for (i) two (2) decorative post lights; (ii) streetlights in conformity with an established street lighting program for the Community; (iii) seasonal decorative lights; or (iv) front house illumination of model homes. Other decorative yard lighting shall be permissible subject to prior approval of the Architectural Review Committee.

6.21 **Artificial Vegetation, Exterior Sculpture, and Similar Items.** No artificial vegetation, exterior sculpture flags, other than the U.S. flag, and similar items shall be permitted in the front yard of any Lot unless approved by the Architectural Review Committee.

6.22 **Intentionally left Blank.**

6.23 **Mailboxes.** All mailboxes located on Lots shall be of a style approved by the Architectural Review Committee. Mailboxes shall be attached only to stands provided and maintained by the Association in designated locations.

6.24 **Clotheslines.** No exterior clotheslines of any type shall be permitted upon any Lot.

6.25 **Exterior Security Devices.** No exterior security devices, including without limitation, window bars, shall be permitted on any residence of Lot. Signs placed on the Lot or the exterior of the residence stating that such residence is protected by a security system are permissible.

6.26 **Construction and Sale Period.** Until Declarant’s right unilaterally to subject property to this Declaration as provided in Article 9 terminates and thereafter so long as Declarant owns any property in the Community for development and/or sale, the restrictions set forth in this Article 6, or hereinabove, shall not be applied or interpreted so as to prevent, hinder or interfere with
development, construction and sales activities of Declarant or any builder or developer approved by Declarant.

ARTICLE 7
DAMAGE OR DESTRUCTION – IMPROVEMENT

7.1 Damage and Destruction. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, whether repairs cannot be completed within seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter. Alternatively, the Owner may elect to demolish all improvements on the Lot and remove all debris therefrom within seventy-five (75) days after such damage or destruction. In the event of non-compliance with this provision, the Board of Directors shall have all enforcement powers specified herein.

ARTICLE 8
CONDEMNATION

8.1 Condemnation. In the event of taking by eminent domain of any portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking, at least seventy-five percent (75%) of the Total Association Vote shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefore. The provisions of Section 7.1, above, applicable to Common Area improvements damages, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE 9
ANNEXATION OF ADDITIONAL PROPERTY

9.1 Rights Reserved to Declarant. The rights reserved unto Declarant and its Affiliate to subject additional land to the Declaration shall not impose any obligation upon Declarant or its Affiliate to subject any of such additional land to this Declaration or to the jurisdiction of the Association as provided in 9.2 below. If such additional land is not subjected to this Declaration, Declarant’s or its Affiliate’s reserved rights shall not impose any obligation on Declarant or its Affiliate to impose any
covenants and restrictions similar to those contained herein upon such additional land nor shall such rights in any manner limit or restrict the use to which such additional land may be put by Declarant, its Affiliate, or any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

9.2 Other Annexation. The Declarant or its Affiliate may annex real property to the provisions of this Declaration and the jurisdiction of the Association by filing for record a Supplementary Declaration describing the property being annexed.

ARTICLE 10
MORTGAGE PROVISIONS

The following provisions are for the benefit of holders of first Mortgages on Lots in the Community. The provisions of this Article apply to both this Declaration and the By-laws, notwithstanding any other provisions contained therein.

10.1 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "eligible holder"), will be entitled, for a processing fee of $150.00 (one hundred fifty dollars), to timely written report as to the current status of said Lot with respect to the following:

10.1.1 Any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first Mortgage held, insured or guaranteed by such eligible holder.

10.1.2 Any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Mortgage of such eligible holder.

10.2 Not Priority. No provision of this Declaration or the By-laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee or any Lot in the case of distribution to such Owner of insurance proceeds. Condemnation awards for losses to or a taking of the Common Areas shall be given to Home Owner Association.

10.3 Intentionally Left Blank.

10.4 Applicability of Article 10. Nothing contained in this Article shall be constructed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-laws, or Washington law for any of the acts set out in this Article.

10.5 Bank Property Acquisition. If bank, financial institution, institutional holder, insurance company acquires the property they are required to pay fees, dues, assessments on the Lots they control. If not paid within sixty (60) days, said Lots shall be foreclosed as herein provided.
11.1 Easements for Use and Enjoyment.

11.1.1 Every Owner of a Lot shall have a right and easement or ingress and egress, use and enjoyments in and to the Common Area which shall be appurtenant to and shall pass with the title to each Lot, subject to the following provisions:

11.1.1.1 the right of the Association to charge reasonable fees for the use of any portion of the Common Area, to limit the number of guest of Lot Owners and tenants who may use the Common Area, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his family, tenants, guests, and invitees;

11.1.1.2 the right of the Association to suspend the voting rights of an Owner and the right of an Owner to use certain Common Area for any period during which any assessment against such Owner’s Lot remains unpaid;

11.1.1.3 the right of the Association to borrow money for the purpose of improving the Common Area, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Area; provided, however, the lien and encumbrance of any such Mortgage given by the Association shall be subject and subordinate to any rights, interest, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Mortgage irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located with the Community; and

11.1.1.4 the right of the Association to dedicate or transfer all or any portion of the Common Area subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer has been approved by the affirmative vote of at least seventy-five (75%) of the Total Association Vote; provided, however, that during the Development Period, Declarant may, on its sole signature, dedicate or transfer portions of the Common Area, so long as such transfer or dedication does not materially and adversely affect the Association or any Lot Owner.

11.1.1.5 the right of the Association to designate certain Special Benefit Common Area for the exclusive benefit of certain Specially Benefited Lots and to exclude the Owners of other Lots from the use of such Special Benefit Common area.

11.1.1.6 any Lot Owner may delegate such Owner’s right of use and enjoyment in and to the Common Area and facilities located thereon to the members of such Owner’s family and to such Owner’s tenants and guests and shall be
11.2 Intentionally Left Blank.

11.3 Easement for Entry. In addition to the right of the Board to exercise self-help as provided in Section 12.2 thereof, the Board shall have the right, but shall not be obligated to enter upon any property within the Community for emergency, security, and safety reasons, which right may be exercised by police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused.

11.4 Easement for Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance required under Article 5. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment of Owner’s property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

11.5 Easement for Entry Features. There is hereby reserved to the Declarant and the Association an easement for ingress, egress, installation, construction, landscaping and maintenance of entry features and similar streetscapes for the Community, as more fully described on the recorded subdivision plats for the Community or any other recorded instrument, easement or conveyance. The easement and right herein reserved shall include the right to cut, remove, and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

11.6 Construction and Sale Period Easement. Notwithstanding any provisions contained in the Declaration, the By-laws, Articles of Incorporation, rules and regulations, design guidelines, and any amendments thereto, until Declarant’s right unilaterally to subject property to this Declaration as provided in Article 9 terminates and thereafter so long as Declarant owns any property in the Community for development and/or sale, Declarant reserves an easement across all Community property for Declarant and any builder or developer approved by Declarant to maintain and carryon, upon such portion of the Community as Declarant may reasonably deem necessary, such facilities and activities related to property described on Exhibit “A” to this Declaration, including, but without limitation; the right of access, ingress and egress for vehicular or pedestrian traffic and construction activities over, under, on or in the Community, including, without limitation any Lot; the right to tie into any portion of the Community with driveways, parking areas and walkways; the right to tie into and/or otherwise connect and use (without a tap-on or any other fee for doing so), replace, relocate, maintain and repair any device which provides utility or similar services including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community; the right to carryon sales and promotional activities in the Community; the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices. Rights exercised pursuant to such reserved easement shall be exercised with minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person

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causing the damage at its sole expense. During the Development Period, this Section shall not be amended without the Declarant’s express written consent.

ARTICLE 12
GENERAL PROVISIONS

12.1 Enforcement. Each Owner and Occupant shall comply strictly with the Association’s By-laws, rules, and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to such Owner’s Lot, if any. After notice and an opportunity to be heard by the Board of Directors or by a representative designated by the Board, and in accordance with rules and regulations adopted by the Board, the Board may levy reasonable fines for violations of the above (in addition to any late charges that may be assessed in connection with the late payment of assessments or other Association charges) in accordance with a previously established schedule adopted by the Board and furnished to the Owners, which fines should be collected as provided herein for the collection of assessments. Failure to comply with Declaration, the By-laws or the rules and regulations shall be grounds for an action to recover sums due for damages, property loss or injunctive relief, maintainable by the Board of Directors, on behalf of the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record a notice of violation of the Declaration, By-laws, rules and regulations, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing.

12.2 Self-Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon any Lot or any other portion of the Community to abate or remove, any structure, thing or condition which violates this declaration, the By-laws, or the Association’s rules and regulations. Unless any emergency situation exists, the Board shall give the violating Owner ten (10) days written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including, without limitation, reasonable attorneys’ fees actually incurred, shall be assessed against the violating Owner and shall be collected as provided for herein for the collection of assessments.

12.3 Duration. This Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association, Declarant or any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually to the extend provided by law; provided, however, so long as and to the extent that Washington law limits the period during which covenants restricting land to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time, any such provision shall be (a) automatically extended (to the extent allowed by applicable law) for successive periods of ten (10) years, unless a written instrument reflecting disapproval signed by the then Owners of at least three-fourths (3/4) of the Lots and the Declarant (so long as the Declarant owns any property in the Community) has been recorded within the year immediately preceding the beginning of a ten (10)
year renewal period agreeing to change such provisions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified to terminate to the extent specified therein: or (b) extended as otherwise provided by law. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this section.

12.4 Amendments.

12.4.1 This Declaration may be amended unilaterally at any time and from time to time by Declarant (i) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (ii) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration (iii) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots subject to this Declaration; or (iv) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee Mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner’s Lot unless any such Lot Owner shall consent thereto in writing. Further, so long as Declarant owns any property for development and/or sale in the Community has the right unilaterally to subject additional property to this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owners hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Lot Owner.

12.4.2 This Declaration may also be amended upon the affirmative vote or written consent, or any combination thereof, of the Owners of at least seventy-five percent (75%) of the total Association vote and the consent of Declarant (so long as the Declarant owns any property for development and/or sale in the Community or has the right to unilaterally annex additional property to the Community). Amendments to this Declaration shall become effective upon recordation, unless a later effective date is specified therein.

12.5 Partition. The Common Area shall remain undivided, and no Owner nor any other Person shall bring any action for partition or division of the whole or any part thereof without the written consent of all Owners of all portions of the property located within the Community and without the written consent of all holders of all Mortgages encumbering any portion of the property, including, but not necessarily limited to, the Lots located within the Community.

12.6 Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

12.7 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared
12.8 **Captions.** The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modify or adding to the particular Article or Section to which they refer.

12.9 **Perpetuities.** If any of the covenants, conditions, restriction, or other provision of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now-living descendents of the individuals signing this Declaration.

12.10 **Indemnification.** To the fullest extent allowed by applicable Washington law, the Association shall indemnify every Officer, Declarant and Director against any and all expenses, including, without limitation, attorney’s fees, imposed upon or reasonably incurred by any Officer, Declarant or Director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which such Officer, Declarant or Director may be a party by reason of being or having been an Officer, Declarant or Director. The Officers, Declarants and Directors shall not be liable for any mistake or judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The Officers, Declarants and Directors shall have no Personal liability with respect to any contract or other commitment made by them in good faith, on behalf of the Association (except to the extent that such Officers, Declarant or Directors may also be members of the Association), and the Association shall indemnify and forever hold each Officer/Declarant/Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Officer, Declarant or Director, or former Officer, Declarant or Director, may be entitled. The Association may, at the discretion of the Board maintain adequate general liability and Officer’s, Declarant’s and Director’s liability insurance to fund this obligation, if such coverage is reasonably available.

12.11 **Books and Records.** This Declaration, the By-laws, copies of the rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board of committees shall be made available pursuant to reasonable procedures established by the Board for inspection and copying (at a cost of $5.00 per page) by any member of the insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to such Person’s interest as a member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

12.12 **Financial Review.** At least annually, the Board of Directors shall prepare, or cause to be prepared, a financial statement of the Association. If the annual assessments of the Association equal or exceed fifty thousand dollars ($50,000.00), the financial statements shall be audited at least annually by an independent certified public accountant unless the audit requirement is waived for a particular year by the affirmation vote of seventy-five percent (75%) of the votes cast by Owners, whether in Person or by proxy, at a meeting of the Association at which a quorum is present. Upon written request of any institutional holder of a first Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements within ninety (90) days of the date of the request.

12.13 **Intentionally Left Blank.**
12.14 Agreements. Subject to the prior approval of Declarant (so long as Declarant owns any property for development and/or sale in the Community), all agreements and determination, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

12.15 Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the By-laws, the Articles of Incorporation, any use restriction of rule, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

12.16 Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the By-laws and any rule, regulation or use restriction established pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community.

12.17 Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the total Association vote. This Section shall not apply, however, to (i) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of lien), (ii) the imposition and collection of assessments as provided in Article 4 hereof, (iii) proceedings involving challenges to ad valorem taxation, or (iv) counterclaims brought by the Association in proceedings instituted against it. This section shall not be amended unless such amendment is made by the Declarant pursuant to Section 12.4, hereof, or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

EXECUTED this 30 day of April, 2013

DECLARANT:
Stone Horse Bluff LLC

By Stone Horse Bluff LLC
By Holly Ferran, Member
Manager
EXHIBIT A

ABBREVIATED LEGAL DESCRIPTION:
SW ¼ Sec. 4 & SE ¼ Sec. 5, T. 26 N., R. 43 E.

PHASE ONE LEGAL DESCRIPTION

Blocks 119, 134 and 135: The East 7.00 feet of Block 154 and the East 17.00 feet of Blocks 155, 156 and 163, First Addition to City Gardens, according to plat recorded in volume “Q” of Plats, Page 39:

Together with that portion of vacated Center Street lying in the East 27.00 feet of the Southeast quarter of Section 5, Township 26 North, Range 43 East, W.M. that attaches to said Blocks 154 and 155 by operation of law:

Except those portions of said blocks 119, 134, 135, 154, 155, 156 and 163 conveyed to Spokane County by Deed recorded after September 28, 1976 under Auditor’s Recording No. 7609280262;

And except those portions of said blocks 119 and 154 lying Northerly of the following described line:

Beginning at a point opposite Highway Engineers Station (hereinafter referred to as HES) 505+00 on the SR 395, line survey of SR 395, Pittsburg Street vicinity to Little Spokane River and 213.33 Feet Southerly therefrom; thence Westerly to a point opposite HES 523+00 and 230 Feet Southerly therefrom and the end of this line description.

Situated in the County of Spokane, State of Washington.

TAX PARCEL NUMBER(S):
36043.0170  36054.0184
36043.0171  36054.0186
My STATE OF WASHINGTON

County of Spokane

On this 30th day of April, 2013 before me the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, Personally appeared Stone Horse Bluff LLC, to me known to be the person who executed the foregoing instrument and acknowledged that he signed said instrument as his free and voluntary act and deed, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute the said instrument.

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

Notary Public in and for the State of Washington, residing at:
commission expires: July 21, 2013