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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR SUNRISE MEADOWS
A PLANNED UNIT DEVELOPMENT
OTIS ORCHARDS, WASHINGTON

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS ("Declaration"), is made on the date hereinafter set forth, by STEPHEN W. RUTTER and VICKI J. RUTTER, husband and wife ("Declarant"), with reference to the following facts:

A. Declarant is the developer of a certain tract of land located in Spokane County, Washington, which property is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

B. Declarant has improved or intends to improve the Property by constructing thereon certain residential improvements and related facilities, and to establish thereon a single family residential development, to be managed, operated, and maintained by an incorporated Association of Owner, for the benefit of all parts of the Property.

C. The development shall be hereinafter referred to as the "Project". The Owner of each Unit shall receive fee title to his individual Lot and the residential Dwelling thereon and all rights associated with membership in the SUNRISE MEADOWS PLANNED UNIT DEVELOPMENT HOMEOWNERS' ASSOCIATION.

D. Declarant intends by this document to impose upon the Property mutually encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, condition, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and the Project, and every part thereof, in accordance with the plan for the improvement, sale, and operation of the Property as a single family residential development. All of the limitations, covenants, conditions, restrictions and easements shall constitute covenants and encumbrances which shall run with the land and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Property or the Project.

ARTICLE 1**DEFINITIONS**

Unless otherwise expressly provided, the following words and phrases, when used in this Declaration and in the Project Documents, shall have the following meanings:

1.1 **Architectural Committee:** The Architectural Committee created pursuant to Article 4 of this Declaration.

1.2 **Articles:** The Articles of Incorporation of the Association as amended from time to time.

1.3 **Assessment:** That portion of the cost of maintaining, improving, repairing, operating and managing the Property which is to be paid by the Unit Owners as determined by the Association under this Declaration. Assessments may be Designated as Regular Assessments, Extraordinary Assessments or Special Assessments, as those terms are more specifically defined in Article 6 of this Declaration.

1.4 **Association:** THE SUNRISE MEADOWS PLANNED UNIT DEVELOPMENT HOMEOWNERS' ASSOCIATION, a Washington nonprofit corporation, formed by Declarant in conjunction with the establishment of the project common area, the members of which shall be the Owners of units in the Project.

1.5 **Board or Board of Directors:** The governing body of the Association.

1.6 **Bylaws:** The Bylaws of the Association as amended from time to time. The initial Bylaws shall be as adopted by the initial members of the Board of Directors.

1.7 **Common Area:** Portions of Sunrise Meadows, Spokane County, designated as "Common Areas" or private roads on the final plat which shall be owned by the Association for the common use and enjoyment of all Owners.

1.8 Common Expenses: The actual and estimated expenses of maintenance, improvement, repair, operation and management of the Common Area, expenses of administration of the Association and any reasonable reserve for such purposes as determined by the Board and all sums designated Common Expenses by or pursuant to the Project Documents. Without limiting the generality of the foregoing, Common Expenses shall also include the costs of street lighting; cost of maintaining the stormwater drainage facilities within the project; compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all gardening, security and other services benefiting the Common Area; the costs of fire, casualty and liability insurance, worker's compensation insurance, errors and omissions and director, officer and agent liability insurance and other insurance covering the Property and the directors, officers and agents of the Association; and any other costs incurred by the Association pursuant to its authority for any reason whatsoever for the common benefit of the Owners.

1.9 Declarant: STEPHEN W. RUTTER and VICKI J. RUTTER, husband and wife, and their successors-in-interest and assigns with respect to the Property but shall not include members of the public purchasing completed Units.

1.10 Declaration: This Declaration of Covenants, Conditions and Restrictions and Reservation of Easement, as it may be amended from time to time.

1.11 Lot: Any residential Lot shown upon the recorded Plat Map of the Project, created for the construction of a private Dwelling.

1.12 Member: A person entitled to membership in the Association as provided herein.

1.13 Mortgage: Includes a recorded mortgage, deed of trust, real estate contract or other instrument creating a security interest in any Unit.

1.14 Mortgagee: Includes a mortgagee, beneficiary or holder of a deed of trust, real estate contract vendor or other holder of a mortgage on any Unit.

1.15 Mortgagor: Includes a mortgagor, the trustor of a deed of trust, real estate contract vendee or other individual granting a security interest in any Unit.

1.16 **Owner or Owners:** The record holder or holders of title to or a contract vendee's interest in a Unit in the Project. This shall include any person having a fee simple title to any Unit but shall exclude persons entities having any interest merely as security for the performance of any obligation. Further, if a Unit is sold under a recorded contract of sale to a purchaser, the purchaser, rather than the fee owner shall be considered the "Owner", and the fee owner would be considered as a mortgagee.

1.17 **Person:** Any natural person, corporation, partnership, association, trustee or other legal entity.

1.18 **Plat Map:** The recorded map (and further maps relating to subsequent Phases) prepared by or for Declarant showing the boundaries of the Property and the division thereof into Lots and Common Area.

1.19 **Project Documents:** This Declaration, the Plat Map, the Articles and Bylaws of the Association and any architectural or other rules promulgated by the Declarant or the Association pursuant to this Declaration or the Articles or Bylaws, as each shall be amended from time to time.

1.20 **Unit:** All elements of individual ownership of a residential interest in the Project, including ownership of a Lot and Dwelling in the Project, including ownership of a Lot and Dwelling thereon, nonexclusive of the Common Area, and all rights of membership in the Association.

END OF ARTICLE 1
DEFINITION

ARTICLE 2**ASSOCIATION, ADMINISTRATION, MEMBERSHIP
AND VOTING RIGHTS****2.1 Organization of Association.**

The Association is or shall be incorporated under the name of SUNRISE MEADOWS PLANNED UNIT DEVELOPMENT HOMEOWNERS' ASSOCIATION, pursuant to the Washington Nonprofit Corporation Act.

2.2 Duties and Powers.

The duties and powers of the Association are those set forth in this Declaration, the Articles and Bylaws, together with its general and implied powers of a nonprofit corporation.

2.3 Membership.

The Owner of a Unit shall automatically, upon becoming the Owner of that Unit, be a Member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and the Bylaws of the Association.

2.4 Transferred Membership.

Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant and then only to the new Owner.

2.5 Voting Requirements.

Except as otherwise expressly provided in this Declaration, the Articles or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken shall require the vote or written assent of the prescribed percentage of the total voting power of the Association.

2.6 Membership Meetings.

Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the Bylaws of the Association.

2.7 Board of Directors.

The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

2.8 Use of Agent.

The Board of Directors, on behalf of the Association, may contract with a professional management agent for the performance of maintenance and repair and for conduction of other activities on behalf of the Association, as may be determined by the Board.

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ARTICLE 3**RIGHTS IN COMMON AREA****3.1 Common Area.**

The Common Area shall include all real property and improvements within Phase I and II as designated on the Plat Map "Common Area" as well as private roads, expressly reserving and excepting Lots and any other land which may be conveyed to and accepted by the Association, all of which shall be dedicated to the common use and enjoyment of all Owners on final recorded Plats or like recorded documents. The Common Areas shall be to the common use and enjoyment of all Owners. The Common Area shall be owned, operated, maintained and insured by the Association for the use and benefit of Owners of Units in the Project, subject to reasonable rules and regulations enacted according to the Bylaws. Each Unit Owner, through membership in the ASSOCIATION, shall have a nonexclusive right to use the Common Area in accordance with the purposes for which it is intended, without hindering the exercise of, or encroaching upon the lawful rights of, any other Unit Owner. Notwithstanding the transfer of the Common Area to the Association, the Declarant shall reserve and hereby reserves in itself and its successors-in-interest and assigns, an easement (and the right to grant further easements) over and unto the Common Area for construction and maintenance of storm water drainage facilities, signage and fencing and for ingress and egress to and from adjacent property in connection with the development, use and occupancy thereof.

3.2 Partition of Common Area Prohibited.

Regardless of the possible dissolution of the Association and the conveyance of fee title to the Common Area to the Owners as tenants in common pursuant thereto, no Owner shall bring any action for partition or division of any part of the Common Area, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation, management, use and enjoyment of the Common Area.

3.3 Damage by Member.

Each Member shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence or willful misconduct of the Member, his guest, tenants, or invitees, or any other persons deriving their right and easement of use and enjoyment of the Common Area from the Member, or his or their respective family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the person for whom the Member may be liable as described above. The cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Unit and may be enforced as provided hereby for the enforcement of any other Assessment.

END OF ARTICLE 3
RIGHTS IN COMMON AREA

ARTICLE 4ARCHITECTURAL CONTROL4.1 Architectural Committee.

The Architectural Committee shall consist of three (3) members, two (2) of which shall be appointed by the Declarant and one (1) of which shall be appointed by the Board of Directors. At such time as one hundred percent (100%) of the Units are sold or in three (3) years following the recordation of this Declaration, whichever occurs first, all members shall be appointed by the Board of Directors of the Association. Unless and until the Declarant and Board appoint the Committee, the functions of the Architectural Committee shall be performed by the Board.

4.2 Prohibition of Alteration and Improvement

Subject to the exemption of Declarant hereunder, no structure, improvement or alteration of any kind (which will be visible from other units, the Common Area or any public right of way) shall be commenced, erected, painted or maintained upon the Property, until the same has been approved in writing by the Architectural Committee.

4.3 Plans and Approval

Plans and specifications showing the nature, kind, shape, color, size, materials and location of any such structure, improvement or alteration shall be submitted to the Committee for approval as to quality of workmanship and design and harmony of external design with existing structures, and as to location in relation to surrounding structures, topography and finish grade elevation. No permission or approval shall be required to rebuild in accordance with Declarant's original plans and specifications or to rebuild in accordance with plans and specifications previously approved by the Committee.

The Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Article 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 Committee. Any application submitted to the Committee pursuant to this Article shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the applicant within forty-five (45) days after the date of receipt by the Committee of all required materials.

4.4 Non-Liability of Committee Members

Neither the Architectural Committee nor any member thereof shall be liable to the Association or to any Owner for any loss, damage or injury arising out of, or in any way connected with, the performance of the Committee's duties hereunder unless due to the willful misconduct or bad faith of the committee or member. The Committee shall review and approve or disapprove all plans submitted to it for any proposed structure, improvement or alteration, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Project generally, 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.

END OF ARTICLE 4
ARCHITECTURAL CONTROL

ARTICLE 5REPAIR AND MAINTENANCE**5.1 Repair and Maintenance Rights and Duties of Association.**

Subject to provisions in this Declaration pertaining to eminent domain and destruction of improvements, the Association shall paint, maintain, repair and replace all parts of the Common Area including landscaping, irrigation system, lighting, signage, fencing and storage buildings.

5.2 Repair and Maintenance Rights and Duties of Owners.

Except for those portions of the Property which the Association is required or elects to maintain and repair, each Unit Owner shall, at his sole cost and expense, maintain and repair all components of his Dwelling and Lot (including interior and exterior, structural and nonstructural, and all drainage swales and landscaping), keeping the same in good condition, and shall repair all damage to the Common Area for which the Owner is responsible under Paragraph 3.3 above.

END OF ARTICLE 5
REPAIR AND MAINTENANCE

ARTICLE 6ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS**6.1 Creation of the Lien and Personal Obligation of Assessments.**

The Declarant, for each Unit owned within the Project, hereby covenants, and each Owner of any Unit by acceptance of a deed or contract therefor, whether or not it shall be so expressed in such deed or contract, is deemed to covenant and agree to pay to the Association the following Assessments, which shall be established and collected as provided herein and in the bylaws of the Association:

- 6.1.1 Regular Assessments;
- 6.1.2 Extraordinary Assessments; and
- 6.1.3 Special Assessments.

All assessment, together with interest, costs and actual attorneys' fees, shall be a charge and a continuing lien upon the Unit against which each Assessment is made. Each such Assessment, together with interest, costs and actual attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Unit at the time when the Assessment fell due. No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Unit.

6.2 Purpose of Assessments.

The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the Project, for the improvement and maintenance of the Common Area and for the common good of the Project. The Regular Assessments shall include an adequate reserve fund for maintenance, repair and replacement of all such items which must be replaced on a periodic basis.

6.3 Regular Assessments.

Until the end of the Association's fiscal year immediately following the closing of the sale of the first Unit in the Project, the annual maximum Regular Assessment per Unit shall be Three Hundred Sixty Dollars (\$360.00), payable in monthly installments. Each Unit's share for the first fiscal year shall also be prorated based on the number of months remaining in that fiscal year. Thereafter, the board shall determine and fix the amount of the maximum annual Regular Assessment against each Unit at least sixty (60) days in advance of the start of each fiscal year; provided, however, that the maximum annual Regular Assessment may not be increased by more than ten percent (10%) above the maximum annual Regular Assessment for the immediately preceding fiscal year, without the vote or written consent of two-thirds of the voting power of the Members.

6.4 Extraordinary Assessments.

In addition to the Regular Assessments authorized above, the board may levy, in any fiscal year, an Extraordinary Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense not covered by the Regular Assessment (and, where necessary, for taxes assessed against the Common Area).

6.5 Special Assessments.

In addition to the Regular and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitations to amount or frequency) against an individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Unit into compliance with the provisions of this Declaration and the Bylaws, including actual attorneys' fees and costs.

6.6 Allocation of Assessments.

Each Unit shall bear an equal share of each Regular and Extraordinary Assessment.

6.7 Date of Commencement of Assessment; Due Dates.

The Regular Assessments provided for herein shall commence as to all Units in the Project, except for those exempted in Section 6.8 herein, on the first day of the month following closing of the sale of the first Unit in the Project.

6.8 Exempt Property.

Notwithstanding any other provision included in Article 6 herein, the following property, which is otherwise subject to this Declaration, shall be exempt from all Regular, Extraordinary and Special Assessments created herein.

6.8.1 All lots or property owned by the Declarant which have not been improved with a residential structure for dwelling use;

6.8.2 All lots or properties dedicated to and accepted by a local public authority;

6.8.3 All lots owned by a building contractor where said contractor owns two (2) or more lots;

6.8.4 All common areas.

6.9 Transfer of Unit by Sale or Foreclosure.

The sale or transfer of any Unit shall not affect any Assessment lien or relieve the Unit from any liability therefor, whether the lien pertains to payments becoming due prior or subsequent to such sale or transfer. Notwithstanding the foregoing, the sale or transfer of any Unit pursuant to foreclosure, or by deed in lieu of foreclosure of a recorded first mortgage given in good faith and for value, shall extinguish the lien of all such Assessments as to payment which became due prior to such sale or transfer (except for Assessment liens arising prior to the recordation of the mortgage). Sale or transfer pursuant to mortgage foreclosure shall not, however, affect the personal liability of the Owner for unpaid Assessment. Any Assessments for which the liens are extinguished pursuant to this Paragraph shall be deemed to be Common Expenses collectible from all of the Units, including the Unit for which the lien was extinguished. In a voluntary conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Board, setting forth the amount of the unpaid Assessments due the Association, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any amount set forth in the statement; provided, however, the grantee shall be liable for any such Assessment becoming due after the date of any such statement.

6.10 Enforcement of Assessment Obligation, Priorities, Discipline.

If any part of Assessment is not paid and received by the Association or its designated agent within thirty (30) days after the due date, such Assessment shall thereafter bear interest at the rate of twelve percent (12%) per annum until paid. Additionally, an automatic late charge of Ten Dollars (\$10.00) shall be assessed for each month or fraction thereof, from the due date until the Assessment and all late charges are paid. Further, the Association shall have the power to sever all utility services to the delinquent Unit if the Assessment is not paid within the ten-day period and to continue the severance until the Assessment (and all late charges) shall have been paid. Each unpaid Assessment shall constitute a lien on each respective Unit prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charges of any mortgage of record made in good faith and for value. Such lien, when delinquent, may be enforced by sale by the Association, its attorney or other person authorized by this Declaration or by law to make the sale, after failure of the Owner to pay such Assessment, in accordance with the provisions of Washington law applicable to the exercise of powers of sale in deeds of trust or by judicial foreclosure as a mortgage, or in any other manner permitted by law. The Association, acting on behalf of the Unit Owners, shall have the power to bid for the Unit at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. The foreclosing party shall have the right to reduce or eliminate any redemption rights of the defaulting Owner as allowed by law. Suit to recover a money judgment for unpaid Assessments, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. The Board may impose reasonable monetary penalties including actual attorneys' fees and costs and may temporarily suspend the Association membership rights of a Unit Owner who is in default in payment of any Assessment, after notice and hearing according to the Bylaws.

6.11 Payment of Taxes Assessed Against Common Area
or Personal Property of Association.

In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than against the Units, said taxes shall be excluded in the Assessments made under the provisions of this Article, and, if necessary, an Extraordinary Assessment may be levied against the Units in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.4 above), to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

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ARTICLE 7

EASEMENTS AND UTILITIES7.1 Access and Maintenance Easements.

Declarant expressly reserves for the benefit of the Owners reciprocal, nonexclusive easements for access, ingress and egress over all of the Common Area and for the use and enjoyment thereof. Subject to the provisions of this Declaration governing use and enjoyment thereof, the easements may be used by Declarant, its successors, purchasers and all Owners, their guests, tenants and invitees, residing on or temporarily visiting the property, and Spokane County for access, maintenance and such other purposes reasonably necessary for use and enhancement of a Unit in the Project.

Declarant also expressly reserves for the benefit of the Board of Trustees and all agents, officers and employees of the Association and Spokane County, nonexclusive easements of the Common Area as necessary to maintain and repair the Common Area and storm drainage facilities, signage, fencing and landscaping located thereon and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Area shall be appurtenant to, binding upon and shall pass with the title to, every Unit conveyed.

7.2 Encroachments; Maintenance and Utility Easements.

Each Unit within the Property is hereby declared to have an easement over all adjoining Units and the Common Area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of any building, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments over adjoining Units or Common Area shall be permitted and that there shall be a valid easement for the maintenance of said encroachments so long as they shall exist.

Declarant also expressly reserves for the benefit of itself and its successors-in-interest and assigns, including the Association, easements over and under the entire Property (together with the right to grant and transfer the same) for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, and telephone lines and facilities, heating and air conditioning facilities, cable or master television antenna lines, drainage facilities, street lighting systems, walkways, and landscaping as may be hereafter required to serve the Property.

7.3 Owners' Rights and Duties With Respect to Utilities.

The rights and duties of the Owners of Units within the Project with respect to utilities shall be as follows:

7.3.1 Whenever sanitary sewer, water, electric, gas, television receiving or telephone lines or connections are located or installed within the Project, which connections, or any portion thereof, lie in or upon or beneath Lots or Dwellings owned by other than the Owner of a Dwelling served by said connections, the Owners of any Dwellings served by said connections shall have the right and are hereby granted an easement to the full extent necessary therefor, to enter upon the Dwellings or to have the utility companies enter upon the Dwellings in or upon or below which said connections, or any portion thereof lie, to repair, replace and generally maintain said connections as and when necessary.

7.3.2 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections are located or installed within the Project, which connections serve more than one Dwelling, the Owner of each Dwelling served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service to his Dwelling.

7.3.3 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then 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 the decision of the Board shall be final and conclusive on the parties.

END OF ARTICLE 7
EASEMENTS AND UTILITIES

ARTICLE 8RESIDENCE AND USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Property and each Unit therein is subject to the following:

8.1 Use of Individual Lots.

No structure or building of any kind shall be erected on any Lot other than a single family dwelling for single family residential occupancy only, not to exceed two stories in height, measuring thirty-five (35) feet maximum from the natural contour at the center of the building position to the ridge line of the structure, with a private garage.

8.2 Business Use Prohibited.

No trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind shall be conducted or carried on upon any Lot or within any Dwelling located on a Lot, nor shall any goods, equipment, vehicles, including buses, trucks and trailers of any description, or materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, or any vehicles in excess of 6,000 pounds gross weight (including buses, trucks and trailers of any description) used for private purposes, be kept, parked, stored, dismantled or repaired outside of any Lot or on any of the Roads.

8.3 Temporary Structures.

No trailer, basement, tent, shack, garage, barn or other building or any structure of a temporary character erected or placed on the Property shall at any time be used as a residence temporarily or permanently.

8.4 Minimum Dwelling Size.

The ground floor of the main structure of a Dwelling, exclusive of open porches and garages, shall not be less than one thousand (1000) square feet for a one story Dwelling, nor less than eight hundred (800) square feet for the ground floor area of a Dwelling of more than one story. For purposes of this provision, a Dwelling with a daylight basement shall be considered a Dwelling of more than one story.

8.5 Completion of Construction.

Any Dwelling erected or placed on any Lot shall be completed as to external appearance, including finished painting, within nine (9) months from the date of commencement of construction.

8.6 Building Set-Back and Fence Requirements.

No Dwelling or structure shall be located nearer to the front line of the Lot or nearer to the side street line than the building set-back lines hereinafter provided.

Front Yard: Garage - 20' from private road easement
Dwelling - 15' from private road easement

Side Yard: 5' per story

Flanking street side yard: 15' from private road easement

Rear Yard: 20' from rear lot line

No fence, wall, hedge or mass planting other than foundation plating shall be permitted to extend nearer to any street than the minimum set-back line of the Dwelling, except that nothing shall prevent the erection of a necessary retaining wall, the tip of which does not extend more than two (2) feet above the finished grade at the back of said retaining wall, provided, however, that no fence, wall, hedge or mass planting shall at any time, where permitted, extend higher than six (6) feet above ground. Fences shall be well constructed of the same wood slat, post and color stain as fencing in the Common Area. Chain link fencing will be allowed in back yards only. Said fencing shall be approved by the Architectural Committee. Metal or inferior wood fencing which is not consistent with the Common Area fencing will not be allowed in this project.

8.7 Nuisances.

No noxious, illegal or offensive activities shall be carried on in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Dwelling or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be canceled or to cause as refusal to renew the same, or which will impair the structural integrity of any building.

8.8 Signs.

Signs advertising Units for sale or rent may be displayed on the appropriate Lot without prior approval of the Board or the Architectural Committee, provided that such signs shall be of reasonable and customary size, not to exceed five (5) square feet. Except as expressly permitted by this Paragraph, no sign shall be displayed to the public view on any Dwellings or on any portion of the Property, unless first approved by the Board or the Architectural Committee.

8.9 Animals.

No animals or birds or snakes of any kind shall be raised, bred or kept in any Dwelling or on any portion of the Property; except for usual and ordinary household pets such as dogs, cats or birds, may be kept, provided that they are not kept, bred or maintained for any commercial purposes and that they are kept under reasonable control at all times. Dog kennels shall not be located in an area visible from the public road. Owners shall prevent their pets from soiling all portions of the Common Area and in the event a pet does soil a portion of the Common Area, the Owner or person in control of such pet shall immediately clean up after the pet. The Board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept or may require that specific animals not be allowed on any part of the Property.

8.10 Garbage and Refuse Disposal.

All rubbish, trash and garbage shall be regularly removed from the Property and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans, wood piles or storage piles shall be kept screened and concealed from view of other Dwellings, streets and the Common Area.

8.11 Microwave Dish, Radio and Television Antennas.

No alteration to or modification of a central radio or television antenna system or cable television system, whichever is applicable, shall be permitted and no Owner may be permitted to construct, use or operate his own external microwave dish, radio, television antenna or other electronic antenna without the consent of the Board. No citizens band or other transmission shall be permitted on the Property.

8.12 Clothes Lines.

No exterior clothes lines shall be erected or maintained in any area of a lot visible from the public streets.

8.13 Power Equipment and Car Maintenance.

No power equipment, work shops or car maintenance of any nature whatsoever (other than minor repairs requiring no more than twenty-four (24) hours work) shall be permitted on the Property except with prior written approval of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception and similar objections.

8.14 Parking.

Parking of boats, trailers, motorcycles, trucks, truck/campers and like equipment shall be screened from public view.

8.15 No Warranty of Enforceability.

While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 8 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Unit in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by acquiring the Unit agrees to hold Declarant harmless therefrom.

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END OF ARTICLE 8
RESIDENCE AND USE RESTRICTIONS

ARTICLE 9INSURANCE9.1 Duty to Obtain Insurances: Types.

The Board shall cause to be obtained and maintained the following policies of insurance:

(a) Hazard Insurance: A "master" or "blanket" type of hazard insurance policy or policies with respect to the Common Area protecting against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement.

The policy shall name the Association (for the use and benefit of the individual Owners), as the named insured and shall contain the standard mortgage clause, naming the holders of first mortgages (and their successors and assigns) as the mortgagees.

(b) Liability Insurance: A comprehensive general liability insurance policy covering all Common Areas and other areas that are under the supervision of the Association. The liability policy shall provide coverage of at least \$1,000,000 for bodily injury and property damage for any single occurrence, covering bodily injury and property damage resulting from the operation, maintenance or use for the Common Area and the pathways and any legal liability resulting from lawsuits related to employment contracts to which the Association may be a party.

9.2 Waiver of Claim Against Association.

As to all policies of insurance maintained by or for the benefit of the Association and the Owners hereby waive and release all claims against one another, the Board of Directors and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

9.3 Right and Duty of Owners to Insure.

It is the responsibility of each Owner to provide hazard insurance on his or her Dwelling and on his or her personal property and upon all other property and improvements within his Lot. Nothing hereby shall preclude any Owner from carrying any public liability for damage to persons or property occurring within his or her individual Lot or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction, for application by the board to the same purposes as the reduced proceeds are to be applied.

9.4 Trustee for Policies.

The Association, acting through its Board of Directors, is hereby appointed and shall be deemed Trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Paragraph 9.1 above shall be paid to the Board of Directors as Trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in this Declaration. Any two (2) Directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim and such signatures shall be binding on all the named insureds.

ARTICLE 10DECLARANT'S RIGHTS AND RESERVATIONS

10.1 Declarant is undertaking the work of construction of the Project. The completion of that work and the sale or other disposition of the Units is essential to the establishment and welfare of the Property as a residential community. In order that said work may be completed and said Property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

10.1.1 Prevent Declarant, its contractors or subcontractors from doing on the Property, whatever is reasonable necessary or advisable in connection with the completion of the work; or

10.1.2 Prevent Declarant or its representatives from erecting, construction and maintaining on any part or parts of the Property, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Property as a residential community and disposing of the same in parcels by sale or other disposition; or

10.1.3 Prevent Declarant from maintaining such sign or signs on any of the Property as may be necessary for the sale or disposition thereof. So long as Declarant, its successors-in-interest and assigns, owns one or more of the Units established and described in this Declaration and, except as otherwise specifically provided herein, Declarant, its successors and assigns, shall be subject to the provisions of this Declaration.

10.2 Termination of Any Responsibility of Declarant.

In the event Declarant shall convey all of its right, title and interest in and to the Property to any partnership, individual or individuals, corporation or corporations, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant.

END OF ARTICLE 10
DECLARANT'S RIGHTS AND RESERVATION

ARTICLE 11RIGHTS OF MORTGAGEES

Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of any mortgagee of a Unit made in good faith and for value, provided that after the foreclosure of any such mortgage, such Unit shall remain subject to this declaration, as amended. Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce various lenders to participate in the financing of the sale of Units within the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provision of this Declaration, these added restrictions shall control):

11.1 Each first mortgagee of a mortgage encumbering any Unit, upon filing a written request for notification with the Board, is entitled to written notification from the Association of any default by the mortgagor of such Unit in the performance of such mortgagor's obligations under this Declaration, which default is not cured within thirty (30) days after the Association learns of such default. For purposes of this Declaration, a "first mortgage" shall mean a mortgagee of a mortgage with first priority over other mortgages on a Unit.

11.2 Each first mortgagee of a mortgage encumbering any Unit, which obtains title to such Unit pursuant to judicial foreclosure or the powers provided in such mortgage, shall take title to such Unit free and clear of any claims for unpaid Assessments or charges against such Unit which accrued prior to the time such holder acquired title to such Unit.

11.3 Unless at least two-thirds (2/3) of the first mortgagees (based upon one (1) vote for each mortgage owned) or two-thirds (2/3) of the Owners (other than Declarant) have given their prior written approval, neither the Association nor the Owners shall:

11.3.1 By act or omission seek to abandon or terminate the Project as a planned unit development; or

11.3.2 Change the method of determining the obligations, Assessment dues or other charges (other than the Special Assessments or late charges imposed by the Board in accordance with the provisions of this Declaration), which may be levied against any Owner; or

11.3.3 By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Area under this Declaration shall not be deemed a transfer within the meaning of this clause); or

11.3.4 Fail to maintain or cause to be maintained fire and extended coverage insurance on the Common Area as provided in Article 9 of this Declaration.

11.4 First mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours; (2) require from the Association the submission of annual financial reports and other financial data; (3) receive written notice of all meetings of the Owners; and (4) designate, in writing, a representative to attend all such meetings.

END OF ARTICLE 11
RIGHTS OF MORTGAGEES

ARTICLE 12DURATION AND AMENDMENT12.1 Duration.

This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of an amendment to this Declaration as set forth in Paragraph 12.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effort.

12.2 Amendment.

Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at a meeting of the Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members representing not less than (i) two-thirds (2/3) of the voting power of the Association, and (ii) two-thirds (2/3) of the voting power of the Association residing in Members other than Declarant, provided that the specified percentage of the voting power of the Association necessary to amend a specified provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that provision. A copy of each amendment shall be certified by at least two (2) Officers of the Association and the amendment shall be effective when the certificate of amendment is recorded. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of seventy-five percent (75%) of the first mortgages on all of the Units in the Project at the time of such amendment, based upon one (1) vote for each mortgage owned:

12.2.1 Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrances as provided herein.

12.2.2 Any amendment which would require a mortgagee after it has acquired a Unit through foreclosure to pay more than its proportionate share of any unpaid Assessment or Assessments accruing after such foreclosure.

12.2.3 Any amendment which would or could result in an encumbrance being canceled by forfeiture or in the individual Unit not being separately assessed for tax purposes.

12.2.4 Any amendment relating to the insurance provisions as set out in Article 9 hereof, or to the application of insurance proceeds as set out in Article 10 hereof.

12.2.5 Any amendment which would or could result in termination or abandonment of the Property as a planned unit development, or in the partition or subdivision of a Unit, in any manner inconsistent with the provisions of this Declaration.

12.2.6 Any amendment which would subject any Owner to a right of first refusal or other such restriction in favor of the Association, if such Owner exercises his right to sell, transfer or otherwise convey his Unit.

A certificate, signed and sworn to by two (2) officers of the Association, that the required number of Owners and/or mortgagees have either voted for or consented in writing to, any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact.

12.3 Protection of Declarant.

Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as developer of the Property, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Property or sell or otherwise dispose of Units therein in accordance with this Declaration, shall become effective.

ARTICLE 13GENERAL PROVISIONS13.1 Enforcement.

The Board, any Owner and any governmental or quasigovernmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceedings at law or in equity, all restriction, condition, covenants, reservations, liens and charges now or hereafter imposed by this Declaration and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court. Any such action by the Board shall be taken on behalf of two (2) or more Unit Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Area or more than one Unit. Failure by any such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

13.2 Invalidity of Any Provision.

Should any provision of this Declaration be declared invalid or in conflict with any law of the jurisdiction where the Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

13.3 Conflict of Project Documents.

If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail, thereafter, priority shall be given to Project Documents in the following order: Plat Map, Articles, Bylaws, and Rules and Regulations of the Association. Notwithstanding the foregoing, any provision in any of the Project Documents which is for the protection of mortgagees, shall have priority over any inconsistent provision in that document or in any other Project document.

END OF ARTICLE 13
GENERAL PROVISIONS

ARTICLE 14ANNEXATION

Additional parcels, not limited to the addition of Phase II as shown on the plat map, may be annexed to the Property and become subject to this Declaration as follows:

14.1 Annexation Pursuant to Plan.

Any portion of the property described on Exhibit "B" attached hereto and incorporated herein by this reference, may be annexed to and become a part of the Project, subject to this Declaration, and subject to the jurisdiction of the Association, without the assent of the Association or its Members, on condition that:

14.1.1 Any annexation pursuant to this Subparagraph shall be made prior to five (5) years from the date of recordation of this Declaration.

14.1.2 A Declaration of Annexation shall be recorded by Declarant covering any property so annexed. Said Declarant shall incorporate this Declaration by reference and may contain such complementary additions and modifications of the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added property, and as are not inconsistent with the scheme of this Declaration.

14.2 Annexation Pursuant to Approval.

Upon the vote or written assent of Declarant (while Declarant is an Owner) and of two-thirds (2/3) of the total voting power residing in Members of the Association other than Declarant, the Owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may record a Declaration of Annexation in the Manner described in the Preceding Paragraph.

Upon annexation of additional property, the annexed parcel shall become subject to this Declaration without the necessity of amending individual sections hereof. The Common Area of the new property shall be conveyed lien-free to the Association and Owners of Units in the new property will become Members of the Association, with Assessment obligations being prorated to the date of annexation.

END OF ARTICLE 14
ANNEXATION

IN WITNESS WHEREOF, the aforesaid Declarants have hereunto set their hand this 6th day of August, 1993.

[Signature]
STEPHEN W. RUTTER

[Signature]
VICKI J. RUTTER

ACKNOWLEDGEMENT

STATE OF WASHINGTON)
) ss
County of Spokane)

On this 6th day of August, 1993, before me personally appeared STEPHEN W. RUTTER and VICKI J. RUTTER, 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 the day and year last above written.

[Signature]
NOTARY PUBLIC in and for the State of Washington, residing at Spokane
My commission expires Aug 30, 1994.



LEGAL DESCRIPTION

SUNRISE MEADOWS, PHASE I

That portion of Government Lot 1, Section 8, T.25 N., R.45 E., W.M., described as follows:

Beginning at the intersection of the easterly margin of Meyers Road, per Right of Way Deed recorded under Spokane County Auditor's No. A59944, and a line lying parallel with and distant 330.00 feet southerly measured at right angles from the southerly boundary lines of Tracts 26 and 27 of PLAT NO. 2 OF WEST FARMS IRRIGATED TRACTS, as recorded in Volume "0" of Plats, Page 38, in said Auditor's Office; thence N.89°46'59"E. along said parallel line a distance of 666.86 feet; thence S.00°13'01"E. a distance of 132.50 feet; thence N.89°46'59"E. a distance of 45.56 feet; thence S.00°13'01"E. a distance of 30.00 feet; thence S.89°46'59"W. a distance of 15.00 feet to the beginning of a curve concave to the southeast having a radius of 20.00 feet; thence southerly along said curve through a central angle of 90°00'00" an arc distance of 31.42 feet; thence S.00°13'01"E. a distance of 15.00 feet; thence S.89°46'59"W. a distance of 30.00 feet; thence S.00°13'01"E. a distance of 106.95 feet to the northerly margin of the Tract "X" Road (Buckeye Lane) per Short Plat 78-094 as recorded in Short Plat Book 1, Page 66, in said Auditor's Office; thence S.89°46'56"W. along said northerly margin a distance of 644.12 feet to said easterly margin of Meyers Road; thence N.00°50'17"W. along said easterly margin a distance of 304.47 feet to the Point Of Beginning

Situate in the County of Spokane, State of Washington

LEGAL DESCRIPTION
All Phases of the SUNRISE MEADOWS P.U.D.

That portion of Government Lot 1, Section 8, T.25 N., R.45 E.,
W.M., described as follows:

Beginning at the intersection of the easterly margin of Meyers Road, per Right of Way Deed recorded under Spokane County Auditor's No. A59944, and of a line parallel with and distant southerly 330.00 feet measured at right angles from the southerly boundary lines of Tracts 26 and 27 of PLAT NO. 2 OF WEST FARMS IRRIGATED TRACTS, as recorded in Volume "0" of Plats, Page 38, in said Auditor's Office; thence N.89°46'59"E. along said parallel line a distance of 666.86 feet to its intersection with a line parallel with and westerly 660.00 feet measured at right angles from the easterly line of said Section 8; thence N.01°22'00"W. a distance of 330.07 feet to said southerly boundary line of Tract 27; thence N.89°46'59"E. along said southerly boundary line and its easterly prolongation a distance of 660.13 feet to said easterly line of Section 8; thence S.01°22'00"E. along said easterly line a distance of 635.13 feet to its intersection with a line parallel with and distant southerly 635.00 feet measured at right angles from said southerly boundary lines of Tracts 26 and 27; thence S.89°46'59"W. along said parallel line a distance of 270.92 feet to the easterly margin of the Tract "X" Road (Buckeye Lane) per Short Plat 78-094, as recorded in Short Plat Book 1, Page 66, in said Auditor's Office; thence N.00°12'12"W. along said easterly margin a distance of 0.56 feet to the northeast corner of said Tract "X"; thence S.89°46'56"W. along the northerly margin of said Tract "X" a distance of 1058.90 feet to said easterly margin of Meyers Road; thence N.00°50'17"W. along said easterly margin a distance of 304.47 feet to the Point of Beginning;

Situate in the County of Spokane, State of Washington.

FILED OR RECORDED

REQUEST OF _____

AUG 5 2 21 PM '93

WILLIAM E. DONAHUE
AUDITOR
SPOKANE COUNTY WASH.
DEPUTY

VOL. 1468 PAGE 903



Unofficial Document

STEPHEN W. RUTTER
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OTIS ARCHARD, WA 99027