

**Westwood Hills PUDProperty Owners Association2400 South Katy Court, Spokane, WA
99224Amendments to Ref. #**

**AMENDED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONSOFWESTWOOD HILLS PUDPLANNED UNIT DEVELOPMENTCITY AND
COUNTY OF SPOKANE, WASHINGTON**

THIS AMENDED DECLARATION is made this 12th day of April, 2011, by the undersigned, hereinafter referred to as "Declarant."

DESCRIPTION OF THE LAND

A. Declarant owns certain real property located within the State of Washington, which property and improvements are commonly known as Westwood Hills 2nd and 3rd Additions, and is herein referred to as the "Project." As is more particularly provided in Article 17, the Project may be developed in more than one phase with an appropriate amendment to this Declaration (together with a plat map) being recorded as each phase is completed. The first such completed phase is known as Westwood Hills 2nd Addition and is located on land more particularly described in the Plat Map as filed. All Common Areas of the Project are to be shown on the Plat Maps recorded in conjunction with this Declaration. B. For the benefit and protection of the Project, to enhance its value and attractiveness, and as an inducement to lenders and investors to make and purchase loans secured by Homes within the Project, Declarant agrees to provide herein for a method of use and architectural control within the Project. NOW, THEREFORE, Declarant hereby declares that the Homes and Lots described herein shall be held, conveyed, encumbered, leased, rented, used, occupied and improved subject to the following uniform covenants, conditions, restrictions, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes. Any conveyance, transfer, sale, assignment, lease or sublease of a Home or Lot in the Project, shall and hereby is deemed to incorporate by reference all provisions of this Declaration. The provisions of this Declaration shall be enforceable by Declarant, any Home Owner, the Association, and any first mortgages of any Home.

ARTICLE I

INTERPRETATION

1.1 Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation and maintenance of the Project. 1.2 Covenant Running with Land. It is intended that this Declaration shall be operative as a set of covenants running with the land, or equitable servitudes, binding on Declarant, its successors and assigns. all subsequent owners of the Property, together with their grantees, successors, heirs, executors, administrators, devisees or assigns. 1.3 Declarant is Original Owner. Declarant is the original Owner of all Homes, Lots and Property and will continue to be deemed the Owner thereof except as conveyances or documents changing such ownership regarding specifically described Homes or Lots are filed of record.

1.4 Captions. Captions given to the *various* articles and sections herein are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. 1.5 Definitions.

1.5.1 "Association" shall mean the association of Home Owners provided for in Article 4 and its successors and assigns. 1.5.2 "Home Expense" shall mean those expenses incurred by

the Association solely relating to or benefiting Homes including without limitation: front yards and common area landscaping maintenance. 1.5.3 "Board" shall mean the Board of Directors of the Association as provided in Article 5.1.5.4 "Common Area" shall mean all property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners and shall include all Common Area described on the Plat Map as filed. 1.5.5 "Declarant" shall mean the undersigned (being the sale Owner of the real property described in said Exhibit A hereof) and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and by written instrument in recordable form be specifically assigned the rights and duties of Declarant. 1.5.6 "Declaration" shall mean this declaration and any amendments thereto. 1.5.7 "Home" shall mean and refer to any structure or portion of a structure, located on a Lot, which structure is designed and intended for use and occupancy as a residence or which is intended for use in connection with such residence. A "Home" shall mean a dwelling located on a Lot and not attached to another Home. "Home" shall include both Homes and Detached Homes. Except as otherwise expressly provided in this Declaration, a Home, for purposes of voting, payment of assessments and otherwise, exists both when the dwelling unit has been constructed and as well as the dwelling unit has not been constructed but when the Owner of a Lot has a right to construct a dwelling unit or units on said Lot. 1.5.8 "Lot" shall mean and refer to any plot of land shown upon any recorded Plat Map of the Property, excluding Common Areas. Ownership of a Lot shall include ownership of the Home and improvements now or hereafter constructed on such Lot. "Lot" shall not include any land now or hereafter owned by the Association or by all of the Lot Owners as tenants-in common, nor include any land shown on the Plat Map but dedicated to the public or to a *governmental* entity. 1.5.9 "Mortgage" shall mean a recorded mortgage or deed of trust that creates a lien against a Home and shall also mean a real estate contract for the sale of a Home. 1.5.10 "Mortgagee" shall mean the beneficial owner, or the designee of the beneficial owner, of an encumbrance on a home created by mortgage or deed of trust and shall also mean the *vendor*, or the designee of a vendor, of a real estate contract for the sale of a Home. 1.5.11 "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Home which is a part of the Property, and, except as may be otherwise expressly provided herein, shall, in the case of a Home which has been sold pursuant to a real estate contract, include any person of record holding a vendee's interest under such real estate contract, to the exclusion of the vendor thereunder. Any person or entity having such an interest merely as security for the performance of an obligation shall not be considered an owner.

1.5.12 "Person" shall include natural persons, partnerships, corporations, associations and personal representatives.

1.5.13 "Property," "Project," or "Premises" shall mean the real estate described in the Plat Map and all *improvements* and structures thereon, including such additions thereto as may hereafter be brought within the jurisdiction of the Association. 1.5.14 "Plat Map" shall mean the Plat Maps recorded in conjunction with this Declaration, which Plat Maps depict the layout of the Lots on the Property.

1.6 Percentage of Mortgagees. For purposes of determining the percentage of first mortgagees approving a proposed decision or course of action, a mortgagee shall be deemed a separate mortgagee for each Home on which it holds a mortgage that constitutes a first lien on said Home.

1.7 Percentage of Owners. For purposes of determining the percentage of Owners approving a proposed decision or course of action, an Owner shall be deemed a separate Owner for each Home owned.

ARTICLE 2 OWNERSHIP OF COMMON AREAS

The Common Areas, within the Property and referred to in Section 1.5.4, are hereby conveyed to the Association. The Common Areas, if any, within any subsequent or precedent phase(s) will be deemed to be conveyed to the Association upon the recording of an amendment to this Declaration incorporating such phase within the Project and will be depicted on the Plat Map recorded in conjunction with such phase. The Common Areas shall exclude those portions of common area (and improvements thereto) which have been or may hereafter be, dedicated to and owned by a governmental entity. The Common Areas shall for all purposes be under the control, management and administration of the Declarant until all Class B membership terminates, and under the control, management and Administration thereafter. The Association (and the Owners who are members thereof) have the responsibility and obligation to maintain, repair and administer the Common Areas in a clean, attractive, sanitary and safe condition and in full compliance with applicable governmental laws, rules and regulations and the provisions of this Declaration.

ARTICLE 3 OWNER'S PROPERTY RIGHTS

3.1 Owner's Easements of Enjoyment. Every Owner shall have a non-exclusive right and easement, in common with all Owners, of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Home, subject to the following provisions:

3.1.1 The right of the Association to limit access to those portions of the Common Areas, which in the opinion of the Board are dangerous.

3.1.2 The right of the Association to suspend the voting rights and right to use of the Common Areas by an Owner for: any period during which any assessment against his Home remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations. Until all Class B membership terminates, the Association shall be required to exercise its right to suspend the voting rights of, and the right to the use of the recreational facilities by, a member for non-payment of an assessment, upon the request of the Declarant.

3.1.3 The rights of the Association to dedicate or transfer all or any part of the Common Area, including easements across said properties, to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of the Owners has been recorded and the provisions of Article 14 hereof have been observed; provided, only a majority of Owners will be necessary to approve dedicating a storm retention pond or similar facility, if any, to a governmental entity which shall maintain such ponds.

3.1.4 The right of the Association to limit the number of guests of members;

3.1.5 The right of the Association, in accordance with this Declaration and its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage said property, but the rights of such mortgagee in said property shall be subordinate to the rights of the Owners hereunder and subject to the provisions of Section 11.5;

3.1.6 The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

3.1.7 The right of the Association to take such steps as are reasonably necessary to protect any such mortgaged property against foreclosure, including, but not limited to, the right to charge admission and other fees as a condition to continued enjoyment by the members and, if necessary, to open the enjoyment of such properties to the public; and

3.1.8 Until all Class B membership terminates, the exercise of all of the rights and powers set forth in subsections 3.1.2, 3.1.3, 3.1.4, 3.1.5, 3.1.6 and 3.1.7 shall require the prior written approval of Declarant.

3.2 Delegation of Use. Any Owner may delegate (in accordance with the Bylaws), his right of enjoyment to the Common Area and facilities to the members of his family, or his tenants or contract purchasers who reside on the Property, and (subject to regulation by the Association) to his temporary guests.

ARTICLE 4 OWNER'S ASSOCIATION

4.1 Establishment. There is hereby created an association to be call Westwood Hills PUD Association (referred to hereinafter as the "Association").

4.2 Form of Association. The Association shall be a nonprofit corporation formed and operated pursuant to Title 24, Revised Code of Washington. In the event of any conflict between this Declaration and the Articles of Incorporation for such nonprofit corporation, the provisions of this Declaration shall prevail.

4.3 Membership.

4.3.1 Qualification. Each Owner of a Home in the Project (including Declarant) shall be a member of the Association and shall be entitled to one membership for each Home so owned. Ownership of a Home shall be the sole qualification for membership in the Association.

4.3.2 Transfer of Membership. The Association membership of each Owner (including Declarant) shall be appurtenant to the Home giving rise to such membership, and shall not be assigned, conveyed, pledged or alienated in any way except upon the transfer of title to said Home and then only to the transferee of title to such Home . Any attempt to make a prohibited

transfer shall be void. Any transfer of title to a Home shall operate automatically to transfer the membership in the Association appurtenant thereto to the new Owner thereof.

4.4 Voting.

4.4.1 Classes of Voting Membership. The Association shall have two classes of voting membership: Class A. Class A members shall be all owners except the Declarant. Class A members shall be entitled to one vote for each Home Owner. Class B. The Class B member shall be the Declarant, which shall be entitled to three (3) votes for each Lot owned.

The Class B membership shall cease and be converted to Class A membership on the happening of the first of the following events:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(b) the date when Declarant's management powers terminate, as provided in Section 5.2.

In determining whether any given proposition shall have been approved by the membership, the total number of Class A and Class B votes shall be combined and the appropriate percentage applied against that combined number.

4.4.2 Number of Votes. Except as provided above, the total voting power of all Owners shall equal the number of Homes at any given time and the total number of votes available to Owners of any one Home shall be one vote.

4.5 Bylaws of Association. Bylaws of the administration of the Association and the Property, and to further the intent of this Declaration, shall be adopted or amended by the Owners at a regular or special meeting; provided, that the initial Bylaws shall be adopted by Declarant. In the event of any conflict between the Declaration and any Bylaws, the provisions of this Declaration shall prevail.

ARTICLE 5 MANAGEMENT OF THE ASSOCIATION

5.1 Administration of the Development. The Owners covenant and agree that the administration of the Property shall be in accordance with the provisions of this Declaration and the Bylaws of the Association which are made a part hereof.

5.2 Management by Declarant. The Property shall be managed by the Declarant until the earlier of: (a) one hundred twenty (120) days after all Class B membership terminates; or (b) the date on which Declarant elects to permanently relinquish all of its authority under this Section 5.2 by written notice to all Owners. Declarant, so long as it is managing the Property, or a managing agent selected by Declarant, shall have the exclusive power and authority to exercise all the rights, duties and functions of the Board set forth or necessarily implied in this Declaration; provided, however, that the Association may not, however, be bound directly or indirectly to any contracts or leases without the right of termination

exercisable without cause and without penalty at any time after transfer of control to the Board elected pursuant to Section 5.3, upon not more than ninety (90) days' notice to the other party to the contract.

5.3 Management by Elected Board of Directors. At the expiration of the Declarant's management authority under Section 5.2, administrative power and authority shall vest in a Board of Directors elected from among the Home Owners. The number of directors shall be specified in the Bylaws and shall be sufficient to adequately handle the affairs of the Association. The Board may delegate all or any portion of its administrative duties to a managing agent or officer of the Association. All Board offices shall be open for election at an organizational meeting. The Board shall elect from among its members a president who shall preside over meetings of the Board and the meetings of the Association.

5.4 Authority and Duties of the Board. On behalf of and acting for the Association, the Board (or the Declarant or Declarant's managing agent as provided in Section 5.2 hereof), for the benefit of the project and the Owners, shall have all powers and authority permitted to the Board under this Declaration, including but not limited to the following:

5.4.1 Assessments. Establish and collect regular assessments (and to the extent necessary and permitted hereunder, special assessments) to defray expenses attributable to carrying out its duties hereunder and maintain an adequate reserve fund for the maintenance, repair and replacement of those portions of the Common Areas or facilities which must be maintained, repaired or replaced on a periodic basis, which reserve shall be funded by the above assessments.

5.4.2 Service. Obtain the services of persons or firms as required to properly manage the affairs of the project to the extent deemed advisable by the Board including legal and accounting services, property management services as well as such other personnel as the Board of Westwood Hills PUD shall determine are necessary or proper for the operation of the Common Area, whether such personnel as the Board shall determine are necessary or proper for the operation of the Common Area, and whether such personnel are employed directly by the Board or are furnished by the manager or management firm or agent.

5.4.3 Utilities. Obtain water, sewer, garbage collection, electrical, telephone, gas and any other necessary utility service, including utility easements and street lighting, as required for the Common Area.

5.4.4 Insurance. Obtain and pay for policies of insurance or bonds providing Common Area casualty and liability coverage, and for fidelity of Association officers and other employees, the requirements of which are more fully set forth hereinafter.

5.4.5 Maintenance and Repair of Common Areas. Pay for the costs of painting, maintenance, repair and all landscaping and gardening work for the Common Areas and improvements located thereon so as to keep the property in a good, clean, attractive, sanitary and safe condition and in full compliance with applicable governmental laws, rules and

regulations and the provisions of this Declaration. The foregoing shall include: the cost of maintaining the storm retention ponds or similar facility, if any; and such replacing and repairing of furnishings and equipment, if any, for the Common Area as the Board shall determine are necessary and proper.

5.4.6 Maintenance of Rights of Way, etc. To the extent deemed advisable by the Board, pay for the costs of maintaining and landscaping rights of way, traffic islands and medians, or other similar areas which are within or adjacent to the Project boundaries, and which are owned by or dedicated to a governmental entity, if said governmental entity fails to do so; provided, the Home Owner at the Owner's expense (rather than the Association) shall maintain and landscape such areas as are adjacent to such Owner's Lot.

5.4.7 Fences, etc. To the extent deemed advisable by the Board, pay for the cost of maintaining, repairing and replacing: perimeter and interior fences, if any; and landscaping and improvements on easements, if any, which are located on or across Lots; provided, the Board at its option may require a Lot Owner at the Owners expense to maintain, repair and replace such fences, landscaping and improvements as are adjacent to such Owner's Lot.

5.4.8 Lot and Lot Improvement Maintenance - Owner's Responsibility. In the event an owner of any Lot or Home in the Property shall fail to maintain the premises and the improvements situated thereon in accordance with the provisions of the Declaration, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot or Home is subject.

5.4.9 Lot and Lot Improvement Maintenance - Association's Responsibility.

(a) Maintenance of Homes. The Board may require any Owner to perform the maintenance and repair obligations imposed on the Owner in Article 7.

(b) Yard and Landscaping. The Board shall have the right to regulate and maintain said front yards and landscaping and ensure Owner compliance with the standards established by the Board or ACC for Owner landscaping including grass cutting, garden bed weeding and tree and shrub replacement. The cost of maintaining the yard and landscaping shall be an Owner Expense.

5.4.10 Lien/Encumbrance. The Board may pay any amount necessary to discharge any lien or encumbrance levied against the Common Areas or any part thereof which is claimed to or may, in the opinion of the Board, constitute a lien against the Common Areas, rather than merely against the interest therein of particular Owners. Where one or more Owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it,

and any costs and expenses (including court costs and attorney fees) incurred by the Board by reason of such lien or liens shall be specially charged against the Owners and the Lots responsible to the extent of their responsibility.

5.4.11 Enforce Declaration. Enforce the applicable provisions of the Declaration for the management and control of the Project.

5.4.12 Contracting and Payment for Materials, Services, etc. Contract and pay for any materials, supplies, labor or services which the Board should determine are necessary or proper for the enforcement of this Declaration, including legal, accounting, management or other services; provided that if for any reason any materials, supplies, labor or services are provided for particular Homes or their Owners, the cost thereof shall be specially charged to the Owner of such Homes.

5.4.13 Attorney-in-Fact. Each Owner, by the mere act of becoming an Owner, shall irrevocably appoint the Association as his attorney-in-fact, with full power of substitution, to take such action as reasonably necessary to promptly perform the duties of the Association and Board hereunder, including but not limited to the duties to maintain, repair and improve the Property, to deal with the Property upon damage or destruction, and to secure insurance proceeds.5.4.14 Borrowing of Funds. In the discharge of its duties and the exercise of its powers as set forth therein, but subject to the limitations set forth herein, the Board may borrow funds on behalf of the Association.

5.4.15 Adoption of Rules and Regulation. When and to the extent deemed advisable by the Board, to adopt reasonable rules and regulations governing the maintenance and use of the Property and other matters of mutual concern to the Home Owners, which rules and regulations are not inconsistent with this Declaration and the Bylaws and which treat all Owners fairly and on a non-discriminatory basis.

5.4.16 Additional Powers of Association. In addition to the duties and powers of the Association, as specified herein, and elsewhere in this Declaration, but subject to the provisions of this Declaration, the Association, acting through its Board, shall have the power to do all other things which may be deemed reasonably necessary to carry out its duties and the purposes of this Declaration.

ARTICLE 6 ARCHITECTURAL CONTROL

6.1 Construction and Exterior Alteration or Repair.

6.1.1 All buildings and structures (including, without limitation, concrete or masonry walls, rockeries, fences, swimming pools, if any, or other structures) to be constructed within the property, and all exterior alterations and repairs (including, but not limited to, re-roofing or repainting) of any buildings or structures on the Property and visible from any public street,

Common Area or other Lot must be approved by the Board of Directors of the Association, or by an Architectural Control Committee (ACC) composed of three (3) or more representatives appointed by the Board; provided, that so long as Declarant owns any Homes within the Project, Declarant at its option may exercise all of the rights and powers of the Board under Section 6.1 including without limitation the appointment of members of the ACC. References to the ACC shall be deemed to include the ACC, the Board, or the Declarant, as circumstances may dictate. Complete plans and specifications of all such proposed buildings, structures, and exterior alterations and repairs, together with detailed plans showing the proposed location of the same on the particular building site and other data requested by the ACC, shall be submitted to the ACC before construction, alteration or repair is started. Construction, alteration or repair shall not be started until written approval thereof is given by the ACC. Any exterior modifications in accordance with plans and specifications developed by the Declarant and 'filed with the Board of Directors at the time of transfer (pursuant to Article 5.3) will be deemed approved exterior modifications.

6.1.2 The ACC will review submittals as to the quality of workmanship and materials planned and for conformity and harmony of the external design with proposed or existing structures on neighborhood residential Lots or building sites, and as to location of the building with respect to topography, finish grade elevation and building setback restrictions.

6.1.3 In the event the ACC fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, such approval will not be required.

6.1.4 All plans and specifications for approval by the ACC must be submitted in duplicate, at least thirty (30) days prior to the proposed construction or exterior alteration or repair starting date. The maximum height of any building shall be established by the ACC as part of the plan approval and shall be given in writing together with the approval.

6.1.5 The ACC may require that said plans or specifications shall be prepared by an architect or a competent house-designer, approved by the ACC. One complete set of said plans and specifications shall in each case be delivered to and permanently left with the ACC. All buildings or structures shall be erected or constructed, and all exterior alterations or repairs made, by a contractor, house builder or other person or entity approved by the ACC. The ACC shall have the right to refuse to approve any design, plan or color for such improvements, construction, or exterior alteration or repair visible from a public street, Common Area or other Lot which is not suitable or desirable, in the ACC's reasonable opinion, aesthetic or otherwise.

6.1.6 In so passing upon such design, the ACC shall have the right to take into consideration the suitability of the proposed building or other structure, and the material of which it is to be built, and the exterior color scheme, to the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, and the effect or impairment that said structures will have on the view or outlook of surrounding building sites, and any and all factors,

which, in the ACC's opinion, shall affect the desirability or suitability of such proposed structure, improvements, or exterior alteration or repair.

6.1.7 The ACC shall have the right to disapprove the design or installation of a swimming pool or any other recreational structure or equipment, in the ACC's reasonable opinion, aesthetic or otherwise. In so passing upon such design or proposed installation, the ACC shall have the right to take into consideration the visual impact of the structure and the noise impact of the related activities upon all of the properties located in close proximity. Any enclosure or cover used in connection with such a recreational structure or equipment, whether temporary, collapsible, seasonal, or whatever, shall be treated as a permanent structure for the purposes of these covenants, and shall be subject to all the conditions, restrictions, and requirements as set forth herein for all buildings and structures.

6.1.8 The ACC shall have the right to require, at an Owner's expense, the trimming or topping (or, if deemed necessary by the ACC, removal) of any tree, hedge or shrub on a Lot which the ACC determines is unreasonably blocking or interfering with the view or access to sunlight of another Home.

6.1.9 The ACC shall have the right to specify precisely the size, color and style of delivery boxes, and the post or support on which such delivery boxes are affixed, and their location within the project.

6.1.10 Declarant (including any successor in interest to Declarant's status as Declarant) shall not be subject to the restrictions of this Section 6.1 as to any Lot owned by Declarant, whether or not any Class B membership exists and whether or not management of the Association has been relinquished by Declarant pursuant to Section 5.1 hereof.

6.2 Sales Facilities of Declarant. Notwithstanding any provision in this Declaration to the contrary, Declarant (its agents, employees and contractors) shall be permitted to maintain during the period of sale of Lots and/or Homes upon such portion of the Property (other than Lots sold by Declarant) as Declarant may choose, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction, sale or rental of Lots and Homes, including but not limited to, a business office, storage area, signs, model units, sales office, construction office, and parking areas for all prospective tenants or purchasers of Declarant.

ARTICLE 7 USE AND MAINTENANCE OBLIGATION OF OWNERS

7.1 Maintenance of Homes. Except as provided in Article 5, each Owner, at said Owner's sole cost and expense, shall promptly and continuously maintain, repair and restore said Owners Lot (including the yard and landscaping) and Home and other improvements located thereon, and also such other areas as may be required pursuant to Sections 5.4.6, 5.4.7 and 5.4.9 in a good, clean, attractive, safe and sanitary condition and in full compliance with all applicable governmental laws, rules and regulations and the provisions of the Declaration and the rules and regulations of the Association.

7.2 Residential Use. Except as provided in Section 7.6, all Lots and improvements located thereon shall be used, improved and devoted *exclusively* to residential use. Nothing herein shall be deemed to prevent the Owner from leasing a Home and improvements Subject to all of the provisions of the Declaration.

7.3 Restriction on Further Subdivision. No Lot or portion of a Lot in this plat shall be divided and sold or resold, or ownership changed or transferred Whereby the ownership of any portion of this plat shall be less than the area required for the use district in which located; provided, the foregoing shall not prohibit deeds of correction, deeds to resolve boundary disputes and similar corrective instruments. Lots may be joined and joined Lots may subsequently be subdivided only into the Lots originally joined.

7.4 Rental Homes. With respect to the leasing, renting, or creation of any kind of tenancy of a Home and improvements thereon by its Owner, such Owner shall be prohibited from leasing or renting less than the entire Home or improvements thereon, or (With the exception of a lender in possession of a Home and improvements thereon following a default in a 'first mortgage, a foreclosure proceeding or any deed of trust sale or other arrangement in lieu of a foreclosure) for a term of less than thirty (30) days; and all leasing or rental agreements shall be in writing and be subject to the Declaration and Bylaws (With a default of the tenant in complying with the Declaration and Bylaws constituting a default under the lease or rental agreement).

7.4.2 If a Home is rented by its Owner, the Board may collect, and the tenant or lessee shall pay over to the Board, so much of the rent for such Home as is required to pay any amounts due the Association hereunder, plus interest and costs, if the same are in default over thirty (30) days. The renter or lessee shall not have the right to question payment over the Board, and such payment will discharge the lessee's or renters duty of payment to the Owner for rent, to the extent such rent is paid to the Association, but will not discharge the liability of the Owner, and the Home under this Declaration for assessments and charges, or operate as an approval of the lease. The Board shall not exercise this power where a receiver has been appointed with respect to the Home or its Owner; nor in derogation of any rights which a mortgagee of such Home may have with respect to such rents. Other than as stated herein there are no restrictions on the right of any Owner to lease or otherwise rent his Home.

7.5 Zoning Regulations. Zoning regulations, building regulations, environmental regulations and other similar governmental regulations applicable to the properties subject to this Declaration shall be observed. In the event of any conflict between any provision of such governmental regulations and restrictions of this Declaration, the more restrictive provisions shall apply. 7.6 Business Use. No business of any kind shall be conducted on any lot with the exception of (a) the business of Declarant in developing and selling all of the lots and Homes, and (b) such home occupation which may be permitted by the appropriate local government and which is not otherwise in violation of the provisions of the Declaration.

7.7 Building Setback Requirements. All buildings and other lot improvements shall comply with all applicable governmental requirements, including without limitation minimum setback requirements.

7.8 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot; nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

7.9 Catch Basin. The cleaning of catch basins, if any, on individual lots shall be cleaned out at least once prior to September 15 of each calendar year.

7.10 Lot Size. No residential structure shall be erected or placed on any lot which has a lot area of less than that required by the government entity having appropriate jurisdiction over the Project.

7.11 Garages. Every Home must have a garage which holds at least one full-size car, but no more than three full-size vehicles (any car, boat, recreational vehicle, etc. shall be deemed as one car for purposes of this limitation). All vehicles must be stored in garages or in a manner which the Board reasonably determines is not offensive when viewed from the street or from the ground level of adjacent lots.

7.12 Square Footage. Each single family residence must include the minimum square feet(excluding garage and porches) required by law.

7.13 Mobile or Manufactured Housing. Custom designs by licensed architects shall be strongly encouraged and any use of repetitive design shall be strongly discouraged and/or prohibited at the discretion of the ACC. The ACC may refuse to approve a plan based on design or repetitive use of a plan, or for failure to meet the approved criteria as set forth. There shall be no mobile or manufactured housing.

7.14 Driveway Standards. All driveways shall be constructed of material approved by ACC.

7.15 Parking. Unless substantially screened from view from the street or from the ground level of adjacent lots in a manner reasonably approved by the ACC, no recreational vehicles, commercial vehicles, construction or like equipment, or trailers (utility, boat, camping, horse or otherwise), shall be allowed to be parked or stored on any lot, or street for a period in excess of 14 days. The Board of Directors shall have full authority to determine if any vehicle is obnoxious or undesirable to other Home Owners and take appropriate steps to correct such a violation of this covenant. No parking is permitted under any circumstances on common area property and lots.

7.16 Roof. The exterior of all roofs shall be composed of a material approved by the ACC. Under no circumstances are flat roofs allowable.

7.17 Exterior Finish. The exterior of each residence shall be designed, built and maintained in such a manner as to blend in with the natural surroundings, existing structures and landscaping of the Project. All exterior materials and all exterior colors must be approved by the ACC in accordance with the provisions of this Article. Exterior trim, fences, doors, railing, decks, eaves, gutters and the exterior finish

of garages and other accessory buildings shall be designed, built and maintained to be compatible with the exterior of the structures they adjoin.

7.18 Utilities. All utilities shall be installed underground. No fuel tank shall be maintained above ground unless properly screened in a manner acceptable to the ACC. 7.19 Antenna. No antenna, satellite dish or other similar type of exterior equipment shall be allowed on any Lot unless approved by the ACC. 7.20 Fencing. No fences or site-screening improvements shall be erected without the written approval of the ACC. Fences under no circumstances may obstruct view from any other Lot, and must be constructed of wood or other material approved by the ACC. Hedges or other solid screen planting may be used at Lot line barriers subject to the same restrictions as fences.

7.21 Fireplace Chimneys. Fireplace chimneys must be constructed with material approved by the ACC and otherwise required by this Declaration.

7.22 Garbage and Refuse. No garbage, refuse, rubbish, cuttings, or debris of any kind shall be deposited on or left upon any Lot unless placed in an attractive container suitably located and screened from the view of any other Home Owner. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No building material of any kind shall be placed or stored on any property within the development until the Home Owner is ready to commence construction, and then such materials shall be placed within the boundary lines of the Lot upon which its use is intended. Garbage cans may only be placed in public view on the day of garbage pick-up. All woodpiles and storage areas must be placed so that they do not obstruct or hamper any other Home Owner's view and must be suitably screened from all other Home Owners views. RCW 64.38.034

7.23 Games and Play Structures. No platform, dog house, play house or structure of a similar kind or nature shall be constructed on any part of a Lot located in front of the rear line of the residence constructed thereon, and any such structure must have prior approval of the ACC.

7.24 Construction of Significant Recreation Facilities. The construction of any significant recreational facilities on any Lot including, but not limited to, such items as swimming pools, tennis, badminton, or pickle ball courts shall require the approval of the ACC and shall be subject to the requirements adopted by the ACC.

7.25 Livestock and Poultry. No animals or reptiles of any kind shall be kept on the Property, except that dogs, cats, and other indoor household pets may be kept provided that they are not kept, bred, or maintained for any commercial purpose. No individual Home owner shall keep more than two dogs.

7.26 Landscaping. All cleared areas in front of building line to the street shall be fully landscaped within 30 days, depending on weather conditions, of the time when Home is ready for occupancy. Owner shall install or have installed within 6 months of occupancy the balance of all landscaping unless a time longer is approved by the ACC.

7.27 Signs. No signs of any kind, nor for any uses shall be erected, posted, painted or displayed on any building site in this subdivision whatsoever, except: public notice by a political division of the State or County or as required by law; any builder or the builder's agent may erect and display signs during the period the builder is building and selling property in the subdivision; any Lot Owner or the Lot Owner's agent wishing to sell that Owner's Lot may place a sign not larger than 900 square inches on the property itself; and political yard signs by an Owner or resident on the Owner's or resident's property before any primary or general election.

7.28 Temporary Structures. No trailer, basement, tent, shack, garage, barn or other outbuildings or any structure of a temporary character erected or placed on the Property shall at any time be used as a residence, even temporarily. No building or structure shall be moved on to the Property from any land outside the development. A trailer may be placed and occupied by the designated subdivision sales agent with the prior written approval of the ACC. A construction shack may be used by an Owner's construction contractor during the construction period.

7.29 Completion of Construction. All construction shall begin within 24 months of the date of closing for each Lot. Any dwelling or structure erected or placed on any Lot shall be completed as to external appearance, including finish painting or stained, and shall be connected to sewers within eight (8) months from the date of commencement of construction, unless some longer period of time is approved in writing by the ACC.

7.30 Easements. Easements for the installation and maintenance of utilities and drainage, and irrigation facilities, are reserved as shown on the recorded Plat. Within these easements no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and/or maintenance of such utilities, or which may change the directions of flow of water through a drainage channel in the easements, or which may obstruct or retard the 'flow of water through drainage channels in the easements. The easements on any Lot and all improvements in it shall be maintained continuously by the Lot Owner.

7.31 Use During Construction. Except with the approval of the ACC, no person shall reside upon the premises of any Lot until such time as the improvements to be erected thereon accordance with the plans and specifications approved by the ACC have been completed. Completion shall be considered receipt of a final inspection of the dwelling unit by Spokane County Building Department.

7.32 Excavations. Except with the permission of the ACC, or except as may be necessary in connection with the construction of any approved improvement, no excavation shall be made nor shall any dirt be removed from or added to any lot herein.

7.33 Nuisances. No noxious or undesirable thing, or noxious or undesirable use shall be permitted or maintained upon any Lot or upon any other portion of the property. If the Board of Directors determines that a thing or use is undesirable or noxious, that determination shall be conclusive.

7.34 Clothes Lines, Other Structures. No clothes lines or other structures of a similar nature shall be visible from front street.

7.35 Common Drives. Common drives, walks (if any) and paths (if any) shall be used exclusively for normal transit and no obstructions shall be placed thereon or therein except by express written consent of the Board.

ARTICLE 8 COMMON EXPENSES AND ASSESSMENTS

8.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot and Home owned within the Property, hereby covenants, and each Owner of any Lot and Home by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association any assessment duly levied by the Association as provided herein. Such assessment, together with interest, costs, late charges and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, late charges and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless the lien for such delinquent assessments had been properly recorded prior to title transfer or unless expressly assumed by them. Provided, however, that in the case of a sale of any Home or Lot which is charged with the payment of an assessment or assessments payable in installments, the person or entity who is the Owner immediately prior to the date of any such sale shall be personally liable only for the amount of the installments due prior to the date. The new Owner shall be personally liable for installments which become due on and after said date.

8.2 Uniform Rate.

8.2.1 Generally. Except as otherwise provided in this Declaration, assessments shall be fixed at a uniform rate for all Homes; that is, an equal amount for each Home and a uniform rate for each Lot which legally may be constructed within the project (regardless of whether the Home has then been constructed).

8.2.2 Special Charges to Owner. Assessments levied against an Owner for the purpose of reimbursing the Association for costs incurred in bringing the Owner or his Lot and/or Home into compliance with the provisions of this Declaration shall be paid solely by that Owner.

8.2.3 Declarant Assessments. Notwithstanding any other provisions of the Declaration to the contrary, Declarant shall pay assessments with respect to lots and Homes owned by Declarant; except that the Declarant shall pay no assessment attributable to the cost of maintaining, repairing or insuring lots and Homes (and reserves therefore). Declarant will be responsible for paying directly for the cost of maintaining, repairing or insuring lots and Homes (and reserves therefore) owned by Declarant.

8.3 Estimated Expenses. Within sixty (60) days prior to the beginning of each calendar year or such other fiscal year as the Board may adopt, the Board shall: (a) estimate the Regular Assessments and, Special Assessments for particular Homes to be paid during such year; (make provisions for creating, funding and maintaining reasonable reserves for contingencies and operations, for maintenance, painting, repair, replacement, and acquisition of Common Areas and Facilities; and (c) take into account any expected income and any surplus available from the prior years operating fund. Without limiting the generality of the foregoing but in furtherance thereof, the Board shall create and maintain from regular Assessments a reserve fund for replacement of those Common Areas or elements which can reasonably be expected to require replacement prior to the end of the useful life of the Project. The Board shall calculate the contributions to said reserve fund so that there are sufficient funds therein to replace each Common Area or element covered by the fund at the end of the estimated useful life of each such Common Area. The Declarant or initial Board may at any suitable time establish the first such estimate. If the sum estimated and budgeted at any time proves inadequate for any reason (including nonpayment of any Owner's assessment), the Board may at any time levy a Special Assessment, which shall be assessed to the Owners in like proportions. However, the Board may not, in any fiscal year, levy Special Assessments to defray the costs of any action or undertaking on behalf of the Association which in the aggregate exceeds five percent (5%) of the budgeted gross expenses of the Association for that 'fiscal year without the vote or written assent of a majority of the members, other than Declarant. The budget may be reviewed and revised by the membership at any annual meeting or any special meeting called for such purpose, but if not so reviewed or if no change made, shall be deemed approved.

8.4 Manner and Time of Payment. Assessments shall be payable in such reasonable manner as the Board shall designate. Any assessment or installment thereof which remains unpaid for at least fifteen (15) days after the due date thereof shall bear interest at the rate of 12% per annum, and the Board may also assess a late charge in an amount not exceeding 25% of any unpaid assessment which has been delinquent for more than fifteen (15) days.

8.5 Accounts. Any assessments collected by the Association shall be deposited in one or more insured institutional depository accounts established by the Board. The Board shall have /exclusive control of such account and shall maintain accurate records thereof. No withdrawal shall be made from said accounts except to pay for charges and expenses authorized by this Declaration. 8.6 Lien. In the event any assessment or installment thereof remains delinquent for more than thirty (30) days, the Board may, upon fifteen (15) days' prior written notice to the Owner of such Home of the existence of the default, accelerate and demand immediate payment of the entire assessment. The amount of any assessment assessed or charged to any Home plus interest, costs, late charges and reasonable attorneys' fees, shall be a lien upon such Home. A Notice of Assessment may be recorded in the office where real estate conveyances are recorded for the county in which this Project is located. Such Notice of Assessment may be filed at any time at least fifteen (15) days following delivery of the notice of default referred to above in this Section 8.6. The lien for payment of such assessments and charges shall have priority over all other liens and encumbrances, recorded or unrecorded, limited as provided in Section 9.1. Suit to recover a money judgment for unpaid assessments or charges shall be maintainable without foreclosure or waiver of the lien securing the same.

8.7 Waiver of Homestead. Each Owner hereby waives, to the extent of any liens created pursuant to this Article, the benefit of any homestead or exemption law in effect at the time any assessment or installment thereof becomes delinquent or any lien is imposed pursuant to the terms hereof.

8.8 Continuing Liability for Assessments. No Owner may exempt himself/herself from liability for his Assessments by abandonment of his/her Home or lot.

8.9 Records, Financial Statements. The Board shall prepare or cause to be prepared, for any calendar year in which the Association levies or collects any assessments, and shall distribute to all Owners, a balance sheet and an operating (income/expense) statement for the Association, which shall include a schedule of assessments received and receivable, identified by the number of the Home and the name of the Owner so assessed. The Board shall cause detailed and accurate records of the receipts and expenditures of the Association to be kept specifying and itemizing the maintenance, operating, and any other expenses incurred. Such records, copies of this Declaration, the Articles and the Bylaws, and any resolutions authorizing expenditures of Association funds shall be available for examination by any Owner at convenient hours of weekdays.

8.10 Certificate of Assessment. A certificate executed and acknowledged by the treasurer or the president of the Board, or an authorized agent thereof if neither the president nor treasurer is available, stating the indebtedness for assessments and charges or lack thereof secured by the assessment lien upon any Home shall be conclusive upon the Association as to the amount of such indebtedness on the date of the certificate, in favor of all persons who rely thereon in good faith. Such a certificate shall be furnished to any Owner of any encumbrancer of a Home within a reasonable time after request, in recordable form, at a reasonable fee. Unless otherwise prohibited by law, any encumbrancer holding a lien on a Home may pay any unpaid assessments or charges with respect to such Home, and, upon such payment, shall have a lien on such Home for the amounts paid of the same rank as the lien of his encumbrance.

8.11 Foreclosure of Assessment Lien; Attorneys' Fees and Costs. The Declarant or Board, on behalf of the Association, may initiate action to foreclose the lien of, or collect, any assessment. In any action to foreclose the lien of, or otherwise collect, delinquent assessments or charges, any judgment rendered in favor of the Association shall include a reasonable sum for attorneys fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to taxable costs permitted by law.

8.12 Curing of Default. The Board shall prepare and record a satisfaction and release of the lien for which a Notice of Assessment has been filed and recorded in accordance with this Article upon timely payment or other satisfaction of all delinquent assessments set forth in the Notice, and all other assessments which have become due and payable following the date of such recordation with respect to the Home as to which such Notice of Assessment was recorded, together with all costs, late charges, and interest which have accrued thereon. A reasonable fee covering the cost of preparation and recordation shall be paid to the Association prior to such action. The satisfaction of the lien created by the Notice of Assessment shall be executed by the president or treasurer of the Association or by any authorized

representative of the Board. For the purposes of this paragraph, the term "costs" shall include costs and expenses actually incurred or expended by the Association in connection with the cost of preparation and recordation of the Notice of Assessment and in efforts to collect the delinquent assessments secured by the lien and a reasonable sum for attorneys' fees.

8.13 Payment by Owners. Each Owner shall be obligated to pay its share of common expenses and special charges made pursuant to this Article to the treasurer for the Association. Assessments for each Home Owner shall begin on the date said Owner closes the transaction in which he acquires right, title or interest in the Home. Assessments for the initial month shall be prorated if closing occurs on other than the first of the month. Any assessment or charge which remains unpaid for at least thirty (30) days shall bear interest at the rate of twelve percent (12%) from due date until paid. In addition, the Board may impose a late charge in an amount not exceeding twenty-five percent (25%) of any unpaid assessment or charge which has remained delinquent for more than fifteen (15) days.

8.14 Omission of Assessment. The omission by the Board of the Association to fix the estimate for assessments and charges hereunder for the next year before the expiration of any current year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of the Owner from the obligation to pay the assessments and charges, or any installment thereof for that or any Subsequent year. The assessment and charge fixed for the preceding year shall continue until a new assessment or charge is fixed.

8.15 Notice of Creation of Assessment Lien. The Notice of Assessment shall not be filed of record unless and until the Board or a person designated by it, shall have delivered to the defaulting Owner, not less than fifteen (15) days prior to the recordation of such Notice of Assessment, a written Notice of Default and a demand to cure same within said fifteen-day period.

8.16 Assessment Deposit. A Home Owner may be required, by the Board or by the managing agent, from time to time, to make and maintain a deposit of not more than the total of the next three (3) estimated installment assessments. Such deposit may be collected as are other assessments and charges. Such deposit shall be held in a separate fund, be credited to such Owner, and be for the purpose of establishing a working capital fund for the initial Project operations and a reserve for delinquent assessments. This option may be exercised by the Board at any time when such Owner is ten (10) days or more delinquent in paying his assessments and charges, to meet unforeseen expenditures, to acquire additional equipment or services deemed necessary or desirable by the Board, or as a credit against any Assessments to become due from such Owner. Said deposits shall not be considered as advance payments of Assessments. All or any portion of such deposit may at any time be refunded to the Owner by the Association in the discretion of the Board, such refund being made as a cash refund or a credit against assessments subsequently to become due or a combination thereof.

8.17 Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

8.17.1 All properties dedicated to and accepted by a governmental entity;

8.17.2 All Common Properties; and

8.17.3 All properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Washington.

However, the land or improvements, which are referred to in Sections 8.17.1, 8.17.2 and 8.17.3 and which are devoted to dwelling use, shall not be exempt from said assessments.

8.18 Effect of Legal Proceedings. In any legal proceeding commenced pursuant to Section 9.1.1, the court having jurisdiction over such proceeding shall also have jurisdiction and power to cause assessments to be levied and collected on an equal per Home basis in such amounts as is reasonably necessary to cause the Project to be properly administered in accordance with the provisions of this Declaration and the Bylaws, or to cause the provisions of this Declaration and the Bylaws to be properly applied and enforced.

ARTICLE 9 COMPLIANCE WITH DECLARATION

9.1 Enforcement.

9.1.1 Compliance of Owner. Each Owner, Board member and the Association shall comply strictly with the provisions of the Declaration and with the Bylaws and administrative rules and regulations adopted by the Association (as the same may be lawfully amended from time to time). Failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board (acting through its officers on behalf of the Association and the Owners), or by the aggrieved Owner on his own against the party (including an Owner of the Association) failing to comply.

9.1.2 Compliance of Lessee. Each Owner who shall rent or lease his Home shall insure that the lease or rental agreement will be in writing and subject to the terms of this Declaration, Articles of Incorporation, if any, and Bylaws. Said agreement shall further provide that failure to any lessee to comply with the provisions of said documents shall be a default under the lease.

9.1.3 Attorneys' Fees. In any action to enforce the provisions of this Declaration, the Articles or the Bylaws, the prevailing party in such legal action shall be entitled to an award for reasonable attorneys fees and all costs and expenses reasonably incurred in preparation for or prosecution of said action, in addition to taxable costs permitted by law.

9.2 No Waiver of Strict Performance. The failure of the Board, or Declarant or Declarant's managing agent, as applicable, in any one or more instances to insist upon or enforce the strict performance of any of the terms, covenants, conditions or restrictions of the Declaration, or of any Bylaws or administrative rules or regulations, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restriction shall remain in full force and effect. No waiver by the Board of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

9.3 Right of Entry. Violation of any of the provisions hereof shall give to Declarant, its successors, or the Association, the right to enter upon the property as to which such violation exists and to abate, correct and remove, at the expense of the Owner thereof, any erection, thing or condition that may be or exists thereon contrary to the provisions hereof. Such entry shall be made only after three (3) days' notice to said Owner and with as little inconvenience to the Owner as possible, and any damage caused thereby shall be repaired by the Association. Declarant, its successors, or the Association shall not be deemed guilty of any manner of trespass by such entry, abatement or removal.

9.4 Remedies Cumulative. The remedies provided are cumulative, and the Board may pursue them concurrently, as well as any other remedies which may be available under law although not expressed herein.

ARTICLE 10 LIMITATION OF LIABILITY

10.1 No Personal Liability. So long as a Board member, Association committee member, Association officer, or Declarant exercising the powers of the Board, has acted in good faith, without willful or intentional misconduct, upon the basis of such information as may be possessed by such person, no such person shall be personally liable to any Owner, or other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, negligence (except gross negligence), any discretionary decision, or failure to make a discretionary decision, by such person in such person's official capacity; PROVIDED, that this section shall not apply where the consequences of such act, omission, error or negligence are covered by insurance or bonds obtained by the Board.

10.2 Indemnification of Board Members. Each Board member or Association committee member, or Association Officer, or Declarant exercising the powers of the Board, and their respective heirs and successors, shall be indemnified by the Association against all expenses and liabilities, including attorneys fees, reasonably incurred by or imposed in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of being or having held such position at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of intentional misconduct, or gross negligence or a knowing violation of law in the performance of his duties, and except in such cases where such person has participated in a transaction from which said person will personally receive a benefit in money, property, or services to which said person is not legally entitled; PROVIDED, that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the Association. Nothing contained in this Section 10.2 shall, however, be deemed to obligate the Association to indemnify any Member or Owner of a Home who is or has been a Board member or officer of the Association with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a Member or Owner of a Home covered thereby.

ARTICLE 11 MORTGAGEE PROTECTION

11.1 Priority of Mortgages. Notwithstanding all other provisions hereof, the liens created under this Declaration upon any Home for assessments shall be subject to tax liens on the Home in favor of any assessing unit and/or special district and be subject to the rights of the secured party in the case of any indebtedness secured by first lien Mortgages which were made in good faith and for value upon the

Home. Where the Mortgagee of a Home, or other purchaser of a Home, obtains possession of a Home as a result of Mortgage foreclosure or deed in lieu thereof, such possessor and his successors and assigns, shall not be liable for the share of any assessment by the Association chargeable to such Home which becomes due prior to such possession, but will be liable for any assessment accruing after such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Home Owners including such possessor, his successor and assigns. For the purpose of this section, the terms "mortgage" and "mortgagee" shall not mean a real estate contract or the vendor, or the designee of a vendor thereunder, or a mortgage or deed of trust (or mortgagee or beneficiary thereunder) securing a deferred purchase price balance owed with respect to a sale by an individual Home Owner other than Declarant.

11.2 Effect of Declaration Amendments. No amendment of this Declaration shall be effective to modify, change, limit or alter the rights expressly conferred upon Mortgagees in this instrument with respect to any unsatisfied mortgage duly recorded unless the amendment shall be consented to in writing by the holder of such mortgage. Any provision of this Article conferring rights upon Mortgagees which is inconsistent with any other provision of the Declaration shall control over such other inconsistent provisions.

11.3 Right of Lien Holder. A breach of any of the provisions, conditions, restrictions, covenants, easements or reservations herein contained shall not effect or impair the lien or charge of any bona fide Mortgage made in good faith and for value on any Homes; provided, however, that any subsequent Owner of the Home shall be bound by these provisions whether such Owners title was acquired by foreclosure or trustee's sale or otherwise.

11.4 Change in Manner of Architectural Review and Maintenance Within Project: Insurance and use of Proceeds. The Association shall not, without prior written approval of seventy-five percent (75%) of all first Mortgagees (based upon one vote for each first Mortgage owned) or Owners (other than the sponsor, developer or builder) of record by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of homes, the exterior maintenance of Homes, maintenance of walkways, fences and driveways, or the upkeep of lawns and plantings in the development, including the provisions of Articles 4 and 5 thereof.

11.5 Copies of Notices. If the first Mortgagee of any Home has so requested the Association in writing, the Association shall give written notice to such first Mortgagee that an Owner/mortgagor of a Home has for more than sixty (60) days failed to meet any obligation under this Declaration. Any first Mortgagee shall, upon written request, also be entitled to receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

11.6 Furnishing of Documents. The Association shall make available to prospective purchasers, Mortgagees, insurers, and guarantors, at their request, current copies of the Declaration, Bylaws, and other rules governing the Project, and the most recent balance sheet and income/expense statement for the Association, if any has been prepared.

ARTICLE 12 EASEMENTS

12.1 Association Functions. There is hereby reserved to Declarant and the Association, or their duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Association as are set forth in the Declaration, or in the Bylaws, and rules and regulations adopted by the Association.

12.2 Easements Over Common Areas. The Board, on behalf of the Association and all members thereof, shall have authority to grant (in accordance with applicable governmental laws and regulations) utility, road and similar easements, licenses and permits, under, through or over the Common Area, which easements the Board determines are reasonably necessary to the ongoing development and operation of the Property.

12.3 Access to Public Streets. Each Owner and his guests and invitees shall have a perpetual, non-exclusive easement across the Common Areas and across all roadways constructed within the project, thereby providing access throughout the property and to public streets.

12.4 Utility Easements. Over, across and through each Lot and any Homes and improvements thereon, easements are reserved as provided by the Plat Map and applicable laws, ordinances and other governmental rules and regulations for utility installation and maintenance, including but not limited to, underground electric power, telephone, water, sewer, drainage, gas, and accessory equipment, together with the right to enter upon the Lots and such improvements at all times for said purposes. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage, interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements; the easement area of each Lot, and all improvements, shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

12.5 Project Entry Signs. On each Lot adjacent to a roadway entrance into the Project, and on such portion of said Lot as determined by Declarant, the Declarant may at any time erect (and the association as a common expense may thereafter maintain, repair and replace) such Project entry and identification signs (and landscaping, fencing, and improvements relating thereto) as Declarant and the Association deem necessary and appropriate.

ARTICLE 13 TERM OF DECLARATION

13.1 Duration of Covenants. The covenants contained herein shall run with and bind the land for a term of twenty (20) years 'from the date this Declaration is recorded, after which time the covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument executed in accordance with Section 11.2 shall be recorded, abandoning or terminating this Declaration.

13.2 Abandonment of Subdivision Status. The Association shall not, without the prior written approval of the governmental entity having jurisdiction over the project and without prior written approval of one hundred percent (100%) of all first Mortgagees (based upon one vote for each first Mortgage

owned) and Owners (other than the sponsor, developer or builder) of record, seek by act or omission to abandon or terminate the subdivision status of the project as approved by the governmental entity having appropriate jurisdiction over the Project.

ARTICLE 14 AMENDMENT OF DECLARATION, PLAT MAP

14.1 Declaration Amendment. Amendments to the Declaration shall be made by an instrument in writing entitled "Amendment to Declaration" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Amendments may be adopted at a meeting of the Owners if seventy-five percent (75%) of the Owners vote for such amendment, or without any meeting if all Owners have been duly notified and seventy-five percent (75%) of the Owners consent in writing to such amendment. In all events, the amendment when adopted shall bear the signature of the president of the Association and shall be attested by the secretary, who shall state whether the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording in the appropriate governmental offices. In addition to the amendments set forth in Article 11, any amendment to a provision of the Declaration establishing, providing for, governing or regulating the following shall require the consent of seventy-five percent (75%) of the Owners and seventy-five percent (75%) of the mortgagees and the consent of the Declarant (so long as Declarant owns any Homes): voting; assessments, assessment liens or subordination of such liens; reserves for maintenance, repair and replacements of Common Areas; insurance or bonds; use of Common Areas; responsibility for maintenance or repairs; expansion or construction of the Project or the addition, annexation or withdrawal of property to or from the Project; boundaries of Homes; converting off-Homes into Common Areas or vice versa; leasing of Homes; provisions for the benefit of the Declarant; provisions for benefit of first mortgagees, or holders, insurers or guarantors of first mortgages; the interest in Common Areas; or imposition of any right of first refusal or similar restrictions on the right of an Owner to sell, transfer or otherwise convey a Home; provided, that a mortgagee who fails to respond in writing within thirty (30) days of a written request to approve an amendment shall be deemed to have approved the request. It is specifically covenanted and understood that any amendment to this Declaration properly adopted will be completely effective to amend any or all of the covenants, conditions and restrictions contained herein which may be affected and any or all clauses of this Declaration unless otherwise specifically provided in the section being amended or the amendment itself.

14.2 Plat Map. Except as otherwise provided herein, the Plat Map may be amended by revised versions or revised portions thereof referred to and described as to effect in an amendment to the Declaration adopted as provided for in Section 14.1. Copies of any such proposed amendment to the Plat Map shall be made available for the examination of every Owner. Such amendment to the Plat Map shall be effective, once properly adopted, upon having received any governmental approval required by law and recordation in the appropriate city or county office in conjunction with the Declaration amendment.

14.3 Amendments to Conform to Construction. Declarant, upon Declarant's sole signature, and as an attorney-in-fact for all Home Owners with an irrevocable power coupled with an interest, may at any time, until all Homes have been sold by Declarant, file an amendment to the Declaration and to the Plat Map to conform date depicted therein to improvements as actually constructed and to establish, vacate and relocate utility easements and access road easements.

14.4 Amendments to Conform to Lending Institution Guidelines. So long as Declarant continues to own one or more Homes, Declarant, on his signature alone, and as an attorney-in-fact for all Home Owners with an irrevocable power coupled with an interest, may file such amendments to the Declaration and Plat Map as are necessary to meet the then requirements of Federal National Mortgage Association, Veterans Administration, Federal Home Loan Mortgage Corporation, or other agencies, institutions or lenders financing and/or title insuring the purchase of a Home from the Declarant.

14.5 Article 17 Amendments. Declarant, upon Declarant's sole signature, and as an attorney-in-fact for all Home Owners with an irrevocable power coupled with an interest, may at any time, until all Homes have been sold by Declarant, file such amendments to the Declaration and Plat Map as are necessary in the exercise of Declarant's powers under Article 17.

ARTICLE 15 INSURANCE

15.1 Insurance Coverage. The Board shall obtain and maintain at all times as a common expense a policy or policies and bonds of liability insurance and of property insurance covering the Common Area (and Common Area improvements), including common personal property and supplies belonging to the Association which shall include at a minimum:

15.1.1 Casualty. Fire Insurance with extended coverage (including vandalism, malicious mischief, sprinkler leakage, debris removal, windstorm and water damage endorsement), in an amount equal to the full insurable current replacement value (without deduction for depreciation and exclusive of land, foundation, excavation and other items normally excluded from coverage) of the Common Areas (and Common Area improvements). Such insurance shall include within its coverage all portions of the structures, including all structural interior components, but shall not be required to include the personal property of any Owner. The Association shall be named as insured. Nothing herein shall preclude the Board from obtaining such other fire and casualty insurance as the Board shall determine to give substantially equal or greater protection.

15.1.2 Liability. General comprehensive liability insurance insuring the Board, the Association, the Owners, Declarant and managing agent against any liability to the public or to the Owners of Homes, and their invitees, or tenants, incident to the ownership or use of the Common Areas (including but not limited to owned and non-owned automobile liability, water damage, host liquor liability, liability for property of others and, legal liability arising out of lawsuits related to employment contracts or the Association), the liability under which insurance shall be in an amount determined by the Board after consultation with insurance consultants, but not less than One Million Dollars (\$1,000,000.00) covering all claims for personal injury and/or property damage arising out of a single occurrence (such policy limits to be reviewed at least annually by the Board and increased in its discretion). Such insurance shall contain appropriate provisions or endorsements precluding the insurer from denying the claim of an Owner because of the negligent acts of the Association or another Owner.

15.1.3 Workmen's Compensation. Workmen's compensation insurance to the extent required by applicable laws.

15.1.4 Fidelity Bonds. Fidelity bonds naming the members of the Board, the manager and its employees and such other persons as may be designated by the Board as principals and the Association as obligee, in an amount equal to at least one hundred fifty percent (150%) of the estimated maximum funding, including reserve funds, in the custody of the Association or management agent at any given time during the term of each bond; provided that in no event shall the aggregate amount of such bond be less than three (3) months aggregate assessments for all Homes plus reserves. Such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definitions of "employee" or similar expression.

15.1.5 Personal Property. Insurance against loss of personal property of the Association by fire, theft and other losses with deductible provisions as the Board deems advisable.

15.1.6 Other Insurance. Such other insurance as the Board deems advisable; provided, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for similar projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Authority, Veteran's Administration, or other governmental or quasi governmental agencies involved in the secondary mortgage market, so long as any such agency is a mortgagee or Owner of a Lot within the project, except to the extent such coverage is not available or has been waived in writing by such agency.

15.2 Insurance Proceeds. Insurance proceeds, from policies obtained by the Association, for damage or destruction to any part of the Common Areas shall be paid to the Board on behalf of the Association which shall segregate such proceeds from other funds of the Association for use and payment as provided for in Article 16. The Association acting through its Board shall have the exclusive authority to settle and compromise any claim under insurance obtained by the Association and the insurer may accept a release and discharge of liability made by the Board on behalf of the named insureds under the policy.

15.3 Additional Provisions. The Board shall obtain insurance policies and bonds which:

15.3.1 provide that the liability of the insurer thereunder shall not be affected by, and that the insurer shall not claim any right of set-off, counterclaims, apportionment, proration, or contribution or assessment by reason of, any other insurance obtained by or for any Owner or any mortgagee;

15.3.2 Contain no provision relieving the insurer from liability for loss because of any act or neglect that is not within the control of the Association or because of any failure of the

Association to comply with any warranty or condition regarding any portion of the premises over which the Association has no control;

15.3.3 Contain a waiver of subrogation by the insurer as to any and all claims against the Association, the owner of any Home and/or their respective agents, employees or tenants, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured. Despite any provision giving the insurer the right to restore damage in lieu of a cash settlement such option shall not be exercisable without the prior written approval of the Association, or when in conflict with the provisions of any insurance trust agreement to which the Association is a party, or any requirement of law.

ARTICLE 16 DAMAGE OR DESTRUCTION: RECONSTRUCTION

16.1 Common Areas. In the event of loss, damage or destruction to any part of the Common Areas (or improvements thereto), the Board shall promptly, repair or replace the same from the insurance proceeds available. If such insurance proceeds are insufficient to cover the costs of repair or replacement of the property lost, damaged or destroyed, the Association shall make a Special Assessment against all Home Owners to cover the amount of such insufficiency.

16.2 Homes.

16.2.1 Reconstruction. In the event of damage or destruction by fire or other casualty, for which the Association must maintain insurance under Section 15.1.1, the Board shall, upon receipt of the insurance proceeds, repair or rebuild such damage or destroyed portions of the property in a good workmanlike manner substantially the same as the original plans and specifications of said property. 16.2.2 Insufficient Insurance Proceeds to Complete Reconstruction. In the event proceeds of insurance shall be insufficient for any reason to adequately complete the reconstruction or repair of any property, the amount of such insufficiency shall be allocated pro rata among each of the Owners included within the Project. Such amount shall be treated and collected as a special assessment pursuant to Article 8 hereof.

ARTICLE 17 ANNEXATION AND WITHDRAWAL OF ADDITIONAL PROPERTIES

17.1 Annexation by Declarant. Although not obligated to do so, Declarant reserves the right to develop as single family residential subdivisions Additional Lands which would be in addition to and would be nearby the land described in Exhibit "A". Declarant may cause all or any portion of such Additional Lands to be annexed to the existing Property without the assent of the members of the Association: PROVIDED, however, that the annexation of Additional Lands described in this Section shall be adjacent to the then existing Project. Such Additional Lands shall be deemed "adjacent" to the existing Project even if separated therefrom by land which: is owned by Declarant, the Association or the Home Owners as tenants-in common; or is owned by or dedicated to the public or a governmental agency or instrumentality; or is available for the use or benefit of the Association or Homes Owners by easement or otherwise; or is a public street, path, bicycle path, railroad track or other improvement or easement for public transportation or utility service.

17.2 Non Declarant Annexations. Annexation of additional properties (other than Declarant annexations provided for in Section 17.1 hereof) shall require the assent of two-thirds (2/3) of the members of the Association, at a meeting duly called for *this* purpose, written notice of which shall be sent to all members not less than thirty (30) days or more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting. At this meeting the presence of members or of proxies entitled to cast sixty percent (60%) of the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to the notice requirement set forth above and the required quorum at such subsequent meeting shall be one-half (1/2) of the required quorum of the proceeding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. In the event two thirds (2/3) of the members are not present in person or by proxy, members not present may give their written consent to the action taken thereat.

17.3 Common Areas Within Divisions. Common Areas within a Division subsequently annexed to the existing Property shall be available for the common use of all Owners of Homes within such subsequently annexed Division as well as within the existing Property. Likewise, Common Areas within the existing Property shall be available for the common use of all Owners of Homes within the existing Property as well as within such subsequently annexed Divisions.

ARTICLE 18 MISCELLANEOUS

18.1 Notices. Any written notice, or other document as required by this Declaration, may be delivered personally or by mail. If by mail, such notice, unless expressly provided for herein to the contrary with regard to the type of notice being given, shall be deemed to have been delivered and received forty-eight (48) hours after a copy thereof has been deposited in the United States mail, postage prepaid, addressed as follows:

- (a) If to an Owner, other than Declarant, to the registered address of such Owner, as provided to and maintained by the Board.
- (b) If to Declarant, whether in its capacity as an Owner, or in any other capacity, the address which Declarant shall have advised the Board in writing.
- (c) Prior to the organizational meeting, notices to the Board shall be addressed to the address set forth in (b) above.

Thereafter, notices to the Board shall be addressed either to an address to be posted by the Board at all times in a conspicuous place or to the registered office of the Association. In addition, from and after the organizational meeting, notice of the address of the Association shall be given by the Board to each Owner, within a reasonable time after the Board has received actual notice of such Owner's purchase of a Home.

18.2 Conveyances: Notice Required. The right of an Owner to sell, transfer, or otherwise convey his Home shall not be subject to any right of approval, disapproval, first refusal, or similar restriction by the Association or the Board, or anyone acting on their behalf. An Owner intending to sell a Home shall deliver a written notice to the Board, at least two (2) weeks before closing, specifying: the Home being sold; the name and address of the purchaser, of the closing agent, and of the title insurance company insuring the purchaser's interest; and the estimated closing date. The failure of an Owner to properly give

such notice to the Board shall not invalidate the sale. The Board shall have the right to notify the purchaser, the title insurance company, and the closing agent of the amount of unpaid assessments and charges outstanding against the Home, whether or not such information is requested.

18.3 Successor and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Declarant, and the heirs, personal representatives, grantees, lessees, sub-lessees and assignees of the Owners.

18.4 Joint and Several Liability. In the case of joint ownership of a Home, the liability of each of the owners thereof in connection with the liabilities and obligations of Owners, set forth in or imposed by this Declaration, shall be joint and several.

18.5 Mortgagee's Acceptance.

18.5.1 Priority of Mortgage. The Declaration shall not initially be binding upon any Mortgagee of record at the time of recording of said Declaration but rather shall be subject and subordinate to said mortgage.

18.5.2 Acceptance Upon First Conveyance. Declarant shall not consummate the conveyance of title of any Home until said Mortgagee shall have accepted the provisions of this Declaration and made appropriate arrangements for partial release of Homes from the lien of said Mortgage. The insurance and recording of the first such partial release by said Mortgagee shall constitute its acceptance of the provisions of the Declaration and the status of the Homes remaining subject to its Mortgage as well as its acknowledgement that such appropriate arrangements for partial release of Homes has been made; provided, that, except as to Homes so released, said mortgage shall remain in full effect as to the entire Property.

18.6 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

18.7 Effective Date. The Declaration shall take effect upon recording.

18.8 Governmental Right of Access. All governmental and quasi-governmental entities (including without limitation public and private providers of utility services) shall have rights of access, maintenance and inspection for the open space area, any drainage facilities or utility systems contained therein, or other matter of their respective jurisdiction.

ARTICLE 19 MASTER ASSOCIATION

To the extent, but only to the extent, expressly provided in the Declaration of Covenants, Conditions, Restrictions, Reservation and Easements for Westwood Hills PUD ("Master Declaration") recorded under Spokane County Recording No. : (a) the Project, Lots, Homes, Association and Owners shall be Subject to and governed by the Master Declaration; and (b) the Owners shall be members of the Westwood Hills PUD Homeowners Association ("Master Association") Except for sums owed to the Master Association by

virtue of the negligent or other wrongful conduct of an individual Owner (who shall be solely liable for any such sums), all other sums owed to the Master Association in connection with the project shall be payable by the Association from the assessments collected from Owners.

IN WITNESS WHEREOF, the Board of Directors of Westwood Hills PUD has executed this Declaration the day and year first herein above written.

DECLARANT:

By: _____ Sally Killebrew
President Westwood Hills, PUD

STATE OF WASHINGTON)

)ss.

COUNTY OF SPOKANE)

On this _____ day of _____, 2011, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me personally known (or proven on the basis of satisfactory evidence) to be the of Westwood Hills PUD, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation. WITNESS MY HAND AND SEAL HERETO AFFIXED, the day and year in this certificate above written.

NOTARY PUBLIC in and for the State of Washington,
residing in _____

My Comm. Expires: _____