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DECLARATION OF

COVENANTS, CONDITIONS, AND RESTRICTIONS
AND RESERVATION OF EASEMENTS

FOR

MEADOWWOOD, THE MEADOWS

LIBERTY LAKE, WASHINGTON

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AND RESERVATION OF EASEMENTS
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THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS ("Declaration"), is made on the date hereinafter set forth, by GREENSTONE CORPORATION, a Washington Corporation ("Declarant"), with reference to the following facts:

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

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

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

D. Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the said Units and the Owners thereof.

Declarant hereby declares that the Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and the Project, and every part thereof, in accordance with the plan for the improvement, sale, and operation of the property as a residential subdivision. All of the limitations, covenants, conditions, restrictions, and easements shall constitute covenants and encumbrances which shall run with the land and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any right, title, or interest in or to any part of the Property or the Project.

DEFINITIONS

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

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

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

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

1.4 Association: THE MEADOWS OWNERS' ASSOCIATION, a Washington nonprofit corporation, formed or to be formed by Declarant in conjunction with the establishment of the planned unit development, the members of which shall be the Owners of Units in the Project.

1.5 Board or Board of Trustees: the governing body of the Association.

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

1.7 Common Area: all the real property and improvements located within the Project, other than the Lots, including the Common Areas, all of which shall be owned by the Association for the common use and enjoyment of all Owners.

1.8 Common Expenses: The actual and estimated expenses of maintenance, improvement, repair, operation, and management of the Common Area, expenses of administration of the Association, and any reasonable reserve for such purposes as determined by the Board, and all sums designated Common Expenses by or pursuant to the Project Documents. Without limiting the generality of the foregoing, Common Expenses shall also include the costs of any and all commonly metered charges for the Property; costs of maintenance, snow removal, cleaning and repair of the Roads; compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all gardening, security and other services benefiting the Common Area; the costs of fire,

casualty and liability insurance, worker's compensation insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Property and the directors, officers and agents of the Association; and any other costs incurred by the Association pursuant to its authority for any reason whatsoever, for the common benefit of the Owners.

1.9 Declarant: GREENSTONE CORPORATION, a Washington Corporation and their successors-in-interest and assigns with respect to the Property, but shall not include members of the public purchasing completed Units.

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

1.11 Dwelling: that portion of any building which is located on a single Lot and which is designed and intended for use and occupancy as a residence by a single-family unit.

1.12 Landscape Common Areas: those portions of the Common Area which consist of landscape and entrance areas, designated as such on the Plat Map for the Property, to be owned and maintained by the Association.

1.13 Lot: any residential Lot shown upon the recorded Plat Map of the Project, created for the construction of a private Dwelling. The term "Lot" does not include any portion of the Common Area.

1.14 Member: a person entitled to membership in the Association as provided herein.

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

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

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

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

1.19 Person: any natural person, corporation, partnership, association, trustee, or other legal entity.

1.20 Plat Map: the recorded map (and further maps relating to subsequent Phases) prepared by or for Declarant showing the surface of the Property and the division thereof into Lots and Common Area, and the further subdivision thereof into Landscape Common Areas and Roads.

1.21 Phase: a particular parcel of property which is or shall become part of the Project pursuant to the recordation of an appropriate Declaration of Annexation. The property described in Exhibit "A" to this Declaration shall be deemed to be the first Phase of the Project and any parcel annexed to the property described in Exhibit "A" under a Declaration of Annexation shall be deemed to be a subsequent Phase of the Project.

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

1.23 Property or Project (synonymous): the real property covered by this Declaration (including subsequent Phases when properly annexed), all easements, rights and appurtenances belonging thereto, and all improvements erected or to be erected thereon.

1.24 Roads: those portions of the Common Area consisting of private streets and roadways providing access from the Lots to the public right of way, designated as such on the Plat Map for the property to be owned in fee and maintained by the Association.

END OF ARTICLE 1
DEFINITION

ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND
VOTING RIGHTS

2.1 Organization of Association.

The Association is or shall be incorporated under the name of THE MEADOWS OWNERS' ASSOCIATION, pursuant to the Washington Nonprofit Corporation Act.

2.2 Duties and Powers.

The duties and powers of the Association are those set forth in this Declaration, the Articles and Bylaws, together with its general and implied powers of a nonprofit corporation, generally to do any and all things that a corporation organized under the laws of the State of Washington may lawfully do which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in this Declaration, the Articles and Bylaws.

2.3 Membership.

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

2.4 Transferred Membership.

Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

2.5 Classes of Membership.

The Association shall have two (2) classes of voting membership established according to the following provisions:

2.5.1 Class A Membership. Class A Membership shall be that held by each Owner of a Unit other than Declarant, and each Class A Member shall be entitled to one (1) vote for each Unit owned. If a Unit is owned by more than one (1) person, each such person shall be a Member of the Association, but there shall be no more than one (1) vote for each Unit. Fractional voting with respect to a particular Unit shall not be allowed, and if the Owners of a Unit present at a meeting of the Association, in person or by proxy, cannot agree on how their vote should be cast, no vote shall be cast with respect to that Unit.

2.5.2 Class B Membership. Class B Membership shall be that held by Declarant (or its successor-in-interest) who shall be entitled to three (3) votes for each Unit owned by Declarant; provided, that Class B Membership shall be converted to Class A Membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

(a) When the total outstanding voting power held by Class A Members in a particular Phase equals the total outstanding voting power (tripled as above) held by the Class B Member; provided, however, that Class B Membership shall thus terminate only with respect to that particular Phase; or

(b) On the fifth anniversary of the recordation of this Declaration or of the Declaration of Annexation for the most recently annexed Phase of the Project.

2.6 Voting Requirements.

Except as otherwise expressly provided in this Declaration, the Articles, or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken shall require the vote or written assent of the prescribed percentage of the total voting power of the Association (both classes combined); provided, however, that any matter subjected to a vote which would change the relative voting powers, or the relative rights and/or obligations of Members based on class of membership shall require the vote or written assent of the prescribed percentage of the voting power of each class of membership.

2.7 Membership Meetings.

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

2.8 Board of Trustees.

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

provisions of the Bylaws of the Association.

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2.9 Use of Agent.

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

**END OF ARTICLE 2
ASSOCIATION, ADMINISTRATION, MEMBERSHIP
AND VOTING RIGHTS**

RIGHTS IN COMMON AREA

3.1 Common Area.

The Common Area shall include all real property and improvements within the Common Areas as designed on Exhibit "A" hereto for Phase One, and any other land which may be conveyed to and accepted by the Association, all of which shall be dedicated to the common use and enjoyment of all Owners. The Common Area shall be owned, operated, maintained, and insured by the Association for the use and benefit of Owners of Units in the Project, subject to reasonable rules and regulations enacted according to the Bylaws. Each Unit Owner, through membership in the Association, shall have a nonexclusive right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the lawful rights of any other unit Owners. Notwithstanding the transfer of the Common Area to the Association, the Declarant shall reserve and hereby reserves in itself and its successors-in-interest and assigns an easement (and the right to grant further easements) over and onto the Common Area for ingress to and egress from the Project for the purpose of completing improvements thereon or for the performance of necessary construction, maintenance, or repair work, and for ingress and egress to and from adjacent property in connection with the development, use, and occupancy thereof.

3.2 Partition of Common Area Prohibited.

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

3.3 Subservient Estate.

The common area is hereby declared subservient to the interests of the unit owners and shall not be sold.

3.4 Damage by Member.

Each Member shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence or willful misconduct of the Member, his guests, tenants, or invitees, or any other persons deriving their right and easement of use and enjoyment of the Common Area from the Member, or his or their respective family and guests, both minor and adult.

However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the person for whom the Member may be liable as described above. The cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Unit and may be enforced as provided hereby for the enforcement of any other Assessment.

END OF ARTICLE 3
RIGHTS IN COMMON AREA

ARCHITECTURAL CONTROL4.1 Architectural Committee.

The Architectural Committee shall consist of three (3) members, all of which shall be appointed by the Declarant. The Declarant may at any time transfer the responsibility to appoint members of the Architectural Review Committee to the Association.

4.2 Prohibition of Alteration and Improvement.

Subject to the exemption of Declarant hereunder, no structure, improvement, landscaping, or alteration of any kind shall be commenced, erected, painted or maintained upon the Property, until the same has been approved in writing by the Architectural Committee.

4.3 Plans and Approval.

Plans and specifications showing the nature, kind, shape, color, size, materials and location of any such structure, improvement or alteration shall be submitted to the Committee for approval. No permission or approval shall be required to rebuild in accordance with Declarant's original plans and specifications, or to rebuild in accordance with plans and specifications previously approved by the Committee.

The Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Article and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. Any application submitted to the Committee pursuant to this Article shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the applicant within forty-five (45) days after the date of receipt by the Committee of all required materials.

4.4 Committee May Adopt Rules.

The Architectural Review Committee by majority vote of its members, may adopt or revise rules and regulations regarding the nature, kind, shape, color, size, materials and location of structures or improvements within the property.

4.5 Non-Liability of Committee Members.

Neither the Architectural Committee nor any member thereof shall be liable to the Association, or to any Owner for any loss, damage or injury rising out of or in any way connected with the performance of the Committee's duties hereunder unless due to the willful misconduct or bad faith of the Committee or member. The Committee shall review and approve or disapprove all plans submitted to it for any proposed structure, improvement or alteration, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and the Project generally, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes.

4.6 Contractor. No home may be constructed on any Lot other than by a contractor licensed as general contractor under the statutes of the State of Washington without the prior approval of the Committee.

**END OF ARTICLE 4
ARCHITECTURAL CONTROL**

REPAIR AND MAINTENANCE

5.1 Repair and Maintenance Rights and Duties of Association.

Subject to provisions in this Declaration pertaining to eminent domain and destruction of improvements, the Association shall paint, maintain, repair and replace all parts of the Common Area, or shall contract for such maintenance, repair and replacement to assure maintenance of such areas in good condition, reasonable wear and tear expected. However, the Association shall not be responsible for or obligated to perform those items of maintenance, repair or improvement which are the responsibility of the Owners as provided in Paragraph 5.2 below. In the event an Owner fails to maintain his Dwelling or Lot, or to provide other maintenance or repair as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Property, the Board may notify the Owner of the work required and request it be done within sixty (60) days (five (5) days for routine landscaping maintenance) from the giving of such notice. In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner, and, if necessary, lien his Unit for the amount thereof.

For the purpose of performing any maintenance, repair or replacement as authorized by this Article, or for purposes of making emergency repairs necessary to prevent damage to the Project or to other Dwellings, or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association (and its agents and employees) shall have an irrevocable easement over and onto all portions of the Common Area, and shall also have the irrevocable right, after reasonable notice to the Owner, and at reasonable hours, to enter any Lot.

5.2 Repair and Maintenance Rights and Duties of Owners.

Except for those portions of the Property which the Association is required or elects to maintain and repair, each Unit Owner shall, at his sole cost and expense, maintain and repair all components of his Dwelling and Lot (including interior and exterior, structural and nonstructural, and all landscaping), keeping the same in good condition, and shall repair all damage to the Common Area for which the Owner is responsible under Paragraph 3.3 above. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the interior of his Dwelling.

END OF ARTICLE 5
REPAIR AND MAINTENANCE

ARTICLE 6ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS6.1 Creation of the Lien and Personal Obligation of Assessments.

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

6.1.1 Regular Assessments;

6.1.2 Extraordinary Assessments; and

6.1.3 Special Assessments.

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

6.2 Purpose of Assessments.

The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Project, for the improvement and maintenance of the Common Area, and for the common good of the Project.

6.3 Regular Assessments.

Until the end of the Association's fiscal year immediately following the closing of the sale of the first Unit in the Project, the annual maximum Regular Assessment per Unit shall be such amount as is set forth in the Project budget prepared by Declarant. Each Unit's share for the first fiscal year shall also be prorated based on the number of months remaining in that fiscal year. Thereafter, the Board shall determine and fix the amount of the maximum annual Regular Assessment against each Unit.

6.4 Extraordinary Assessments.

In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, an Extraordinary Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or of any component of any Dwelling for which the Association is responsible, or to defray any unanticipated or underestimated expense not covered by the Regular Assessment (and, where necessary, for taxes assessed against the Common Area); provided, however, that the aggregate Extraordinary Assessments for any fiscal year shall not exceed forty percent (40%) of the budgeted gross expenses of the Association for that fiscal year, without the vote or written assent of two-thirds of the voting power of each class of Members.

6.5 Special Assessments.

In addition to the Regular and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitation as to amount or frequency) against an individual Unit and its Owner to reimburse the Association for costs incurred as follows:

6.5.1 Cost to bring an Owner and his Unit into compliance with the provisions of this Declaration and the Bylaws, including actual attorneys' fees and costs.

6.5.2 The costs associated with repairing and maintaining a private roadway serving only a few lots shall be allocated solely to the lots served by said private roadway.

6.6 Allocation of Assessments.

Each Unit shall bear an equal share of each Regular and Extraordinary Assessment; provided, however, that any other Owner of a Lot which does not include a completed Dwelling shall be exempted from the payment of that portion of any Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of such Dwelling. This exemption shall include, but shall not necessarily be limited to that portion of any Assessment attributable to sewer, domestic water, and other utilities supplied to completed Dwellings. This exemption shall be in effect only until a certificate of occupancy or its equivalent for the Dwelling has been issued or until one hundred twenty (120) days after the issuance of a building permit for the Dwelling, whichever first occurs.

6.7 Date of Commencement of Assessment.

The Regular Assessments provided for herein shall commence as to all Units in the Project on the first day of the month following closing of the sale of the first Unit in the Project. No notice of such Assessment shall be required other than an annual notice setting forth the amount of the monthly Assessment.

6.8 Exempt Property.

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

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

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

6.8.3 All lots owned by a building contractor where said contractor owns three (3) or more lots;

6.8.4 All common areas.

6.9 Transfer of Unit by Sale or Foreclosure.

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

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

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

In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Units, said taxes shall be included in the Assessments made under the provisions of this Article, and, if necessary, an Extraordinary Assessment may be levied against the Units in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.4 above), to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

END OF ARTICLE 6
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

ARTICLE 7EASEMENTS AND UTILITIES7.1 Access and Maintenance Easements.

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

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

7.2 Encroachments: Maintenance and Utility Easements.

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

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

Washington Water Power Company, U.S. West Communications, and Community Antenna
such written easements as may be necessary for the installation, maintenance and repair of
utility facilities. 1669 PAGE 826

7.3 Owners' Rights and Duties With Respect to Utilities.

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

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

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

7.3.3 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board, which shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

**END OF ARTICLE 7
EASEMENTS AND UTILITIES; COMMON WALLS**

ARTICLE 8RESIDENCE AND USE RESTRICTIONS

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

8.1 Use of Individual Lots.

No structure or building of any kind shall be erected on any Lot other than a single family dwelling for single family residential occupancy only, not to exceed two stories in height. All houses will have a minimum two (2) car garage.

8.2 Business Use Prohibited.

No trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind shall be conducted or carried on upon any Lot, or within any Dwelling located on a Lot, nor shall any goods, equipment, vehicles, including buses, trucks and trailers of any description, or materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, or any vehicles in excess of 12,000 pounds gross weight (including buses, trucks and trailers of any description) used for private purposes, be kept, parked, stored, dismantled or repaired outside of any Lot, or on any of the Roads. Home occupations may be permitted with the specific written approval of the Architectural Review Committee.

8.3 Temporary Structures.

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

8.4 Completion of Construction.

Any Dwelling erected or placed on any Lot shall be completed as to external appearance, including finished painting, within nine (9) months from the date of commencement of construction. Each lot owner shall be required to clean up the lot of all cut or fallen trees, bushes, shrubs, etc. (clearing and grubbing) within two weeks after the clearing and grubbing activity begins and to haul the debris away from the subdivision. Each lot owner shall also be required to clean up the lot within ten (10) days of completing construction or when deemed necessary by the architectural committee to present a neat and tidy appearance to each lot during the building process.

8.5 Nuisances.

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

8.6 Signs.

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

8.7 Animals.

No animals or birds of any kind shall be raised, bred, or kept in any Dwelling, or on any portion of the Property; except that no more than three (3) usual and ordinary household pets such as dogs and cats may be kept, provided that they are not kept, bred, or maintained for any commercial purposes, and that they are kept under reasonable control at all times. Any such dog shall be kept on a leash at all times that the dog is in the Common Area. Owners shall prevent their pets from soiling all portions of the Common Area and in the event a pet does soil a portion of the Common Area, the Owner or person in control of such pet shall immediately clean up after the pet. The Board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept, or may require that specific animals not be allowed on any part of the Property.

8.8 Pathways.

All walks, roads, bike paths and pedestrian paths located within Common Area are for the use of Association Members on an equal basis, subject to reasonable rules and regulations promulgated in writing by the Association. It shall be the responsibility of each Member to allow maximum ease of pedestrian, bicycle and vehicular ingress and egress over walks, roads and driveways by allowing no obstruction or barrier on, across or adjacent to sidewalks or paths which would interfere with any other Member's use of the Common Area or access to his Dwelling.

8.9 Garbage and Refuse Disposal.

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

8.10 Radio and Television Antennas.

No Owner may be permitted to construct, use, or operate his own external radio, television antenna, or other electronic antenna without the consent of the Architectural Review Committee.

8.11 Clothes Lines.

No exterior clothes lines shall be erected or maintained without the consent of the Architectural Review Committee.

8.12 Power Equipment and Car Maintenance.

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

8.13 Parking.

Parking of boats, trailers, motorcycles, trucks, truck/campers and like equipment shall not be allowed on any part of the Property, nor on the Common Area, excepting only within the confines of an enclosed garage and no portion of the same may project beyond the enclosed area except under such circumstances, if any, as may be prescribed by written permit approved by the Architectural Committee. All other parking of equipment shall be prohibited except in such areas, fully screened from public view, as may be approved in writing by the Architectural Committee. If any of the provisions of this Section are violated, the Board of the Association may employ a tow truck to remove the vehicle after prior written notice to the Owner and the Owner of the vehicle shall be responsible for any charges arising therefrom.

8.14 Accessory Buildings.

Accessory buildings such as storage structures and detached garages, which are incidental to a primary residence may be constructed only with the written consent of the

Architectural Review Committee.

8.15 No Warranty of Enforceability.

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

**END OF ARTICLE 8
RESIDENCE AND USE RESTRICTIONS**

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

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

(a) Hazard Insurance: A "master" or "blanket" type of hazard insurance policy or policies with respect to the Common Area protecting against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by the standard "all risk" endorsement. The hazard policy shall cover one hundred percent (100%) of the current replacement cost of all insured facilities.

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

(c) Fidelity Bonds. If required by a lender under one of the programs described in Paragraph 9.2 below, blanket fidelity bonds for anyone who either handles or is responsible for funds are held or administered by the Association, whether or not they receive compensation for such services. Any management agent that handles funds for the Association shall also be covered by its own fidelity bond. The bond shall cover the maximum funds that will be in the custody of the Association or its agent at any time while the bond is in force. Additionally, the fidelity bond coverage must at least equal the sum of three (3) months' assessments on all Units in the Project, plus the Association's reserve funds.

9.2 Lenders' Requirements.

Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bonds meeting the insurance and bond requirements for similar projects established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), The Mortgage Corporation ("TMC"), Veterans Administration ("VA") and/or the Federal Housing Administration ("FHA"), so long as any of them shall be a holder, insurer or guarantor of a mortgage encumbering a Unit within the Project (or an actual Owner of a Unit), except to the extent such coverage is not available or has been waived

in writing by FNMA, GNMA, TMC, VA, and/or FHA, as applicable.

9.3 Waiver of Claim Against Association.

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

9.4 Right and Duty of Owners to Insure.

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

9.5 Notice of Expiration Requirements.

If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be cancelled, terminated or expired by their terms, without ten (10) days prior written notice to the Board, Declarant, Owners and their respective first mortgagees (provided that such person have filed written requests with the carrier for such notice) and every other person in interest who requests such notice to the insurer.

9.6 Insurance Premiums.

Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Regular Assessments levied by the Association and collected from the Owners.

9.7 Trustee for Policies.

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

**END OF ARTICLE 9
INSURANCE**

ARTICLE 10DESTRUCTION OF IMPROVEMENTS10.1 Damage to Common Areas.

In the event of any destruction of any portion of the Common Area, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Property shall be reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is inadequate to complete the restoration and repair, the Board shall levy an Extraordinary Assessment for the deficiency and proceed with such restoration and repair.

10.2 Damage to Dwellings.

In the event of any destruction of any Dwelling or Dwellings, it shall be the duty of the Owner(s) of the Dwelling or Dwellings to restore and repair the same to its/their former condition, as promptly as practical, under the supervision of the Board. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Property shall be made available for such purpose, unless otherwise provided herein. The Dwelling or Dwellings shall be reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than the estimated cost of restoration and repair, the Owner(s) of the Dwelling or Dwellings shall be responsible for the deficiency, and the Board shall have the power to levy a Special Assessment to secure payment of the deficiency. In the event more than one Dwelling is damaged or destroyed, the available insurance proceeds shall be allocated according to the estimated costs of repair and restoration of each Dwelling.

10.3 Alternate Plans for Restoration and Repair.

Notwithstanding the provisions of Paragraphs 10.1 and 10.2, the Association shall have the right, by a vote of seventy-five percent (75%) of the voting power of the Association, to make alternate arrangements respecting the repair, restoration or demolition of the damaged portion of the Property. The alternate plan may provide for special allocation of insurance proceeds, modification of design, or special allocation of any necessary Assessments. Any plan adopted pursuant to this subparagraph shall be adopted within sixty (60) days of the damage or destruction and shall be supported by the vote of any

Owner whose Dwelling has been physically damaged.

10.4 Appraisal of Damage.

In the event the parties affected by damage or destruction to the Property cannot agree, within twenty (20) days of the date of the damage, on the estimated cost of repair or the allocations referred to in this Article 10, the Association shall appoint three (3) independent appraisers having at least five (5) years full-time appraisal experience in Spokane County, Washington, to appraise the damage and establish allocations among various damaged portions of the Property. Within twenty (20) days after the selection of the appraisers, a majority of the appraisers shall set the estimates and allocations. If a majority of the appraisers are unable to agree within the stipulated period of time, the average of the three (3) appraisals shall be utilized. If, however, the low appraisal and/or the high appraisal and/is more than fifteen percent (15%) lower and/or higher than the middle appraisal, the low appraisal and/or the high appraisal shall be disregarded. If only one appraisal is disregarded, the average of the two remaining appraisals shall be utilized. If both the low appraisal and the high appraisal are disregarded, the middle appraisal shall be utilized. The cost of the appraisals required by this subparagraph shall be paid by the Association and reimbursed by the Owners whose Property has been damaged through a Special Assessment.

10.5 Interior Damage.

Restoration and repair of any damage to the interior of any individual Dwelling, including without limitation all fixtures, cabinets and improvements therein, together with restoration and repair of all interior paint, wall coverings and floor coverings, shall be made by and at the individual expense of the Owner of the Dwelling so damaged.

END OF ARTICLE 10
DESTRUCTION OF IMPROVEMENTS

ARTICLE 11DECLARANT'S RIGHTS AND RESERVATIONS

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

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

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

11.1.3 Prevent Declarant from maintaining such sign or signs on any of the Property as may be necessary for the sale or disposition thereof.

11.2 Termination of Any Responsibility of Declarant.

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

11.3 Right to Annex Additional Property.

Additional property may be annexed to and placed under the effect of this Declaration by the Declarant recording a Declaration of Annexation to that effect. Each separate annexation shall be considered a separate phase of the project. This Declaration shall apply equally to said annexed property as though originally a part hereof. No signatures of subsequent lot purchasers in any other phase shall be required to effect annexation of additional property.

END OF ARTICLE 11
DECLARANT'S RIGHTS AND RESERVATION

ARTICLE 12RIGHTS OF MORTGAGEES

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

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

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

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

12.3.1 by act or omission seek to abandon or terminate the Project as a planned unit development; or

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

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

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

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

**END OF ARTICLE 12
RIGHTS OF MORTGAGEES**

ARTICLE 13DURATION AND AMENDMENT13.1 Duration.

This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of an amendment to this Declaration as set forth in Paragraph 13.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effect.

13.2 Amendment.

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

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

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

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

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

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

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

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

13.3 Protection of Declarant.

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

**END OF ARTICLE 13
DURATION AND AMENDMENT**

ARTICLE 14GENERAL PROVISIONS14.1 Enforcement.

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

14.2 Invalidity of Any Provision.

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

14.3 Conflict of Project Documents.

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

END OF ARTICLE 14
GENERAL PROVISIONS

The undersigned being the Declarant herein, has executed this Declaration on November 4, 1994.

DECLARANT:

GREENSTONE CORPORATION

By: *JMB*

STATE OF WASHINGTON)

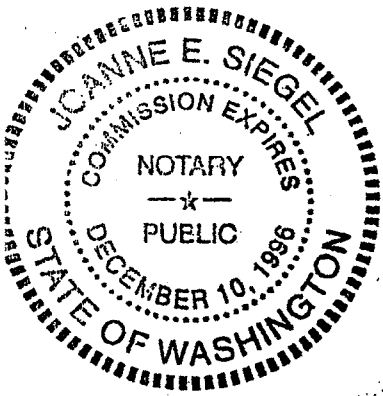
) ss

County of Spokane)

On this 4th day of November, 1994, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared JAMES M. FRANK, to me known to be the President of GREENSTONE CORPORATION, the Corporation that executed the foregoing instrument, and acknowledged the 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 he was authorized to execute the said instrument and that the seal affixed, if any, is the corporate seal of said Corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Joanne E. Siegel
Notary Public in and for the State of
Washington, residing at Spokane



LEGAL DESCRIPTION
MEADOWWOOD - THE MEADOWS

A portion of the Northwest Quarter of Section 14, Township 25 North, Range 45 East, W.M., Spokane County, Washington, more particularly described as follows:

Commencing at the Northwest corner of said Section 14, thence S.03°04'57"E., along the West line of said Section 14 (said line also being the centerline of Molter Road), a distance of 992.47 feet (992.42 feet - Plat of HOMESTEAD SIXTH ADDITION, as recorded in Book 17 of Plats, Page 99 in the Spokane County Auditor's Office); thence N.86°55'03"E., at right angles to said West line, a distance of 20.00 feet to the Easterly right of way margin of Molter Road and the TRUE POINT OF BEGINNING, said point also being the Northwest corner of said HOMESTEAD SIXTH ADDITION; thence N.86°55'03"E., along the Northerly boundary of said HOMESTEAD SIXTH ADDITION, a distance of 403.00 feet to the Northeast corner of HOMESTEAD SIXTH ADDITION; thence S.03°04'57"E., along the Easterly boundary of HOMESTEAD SIXTH ADDITION a distance of 400.58 feet to the Southeasterly corner of said HOMESTEAD SIXTH ADDITION, said point also being a point on the Southerly right of way margin of Boone Avenue; these continuing S.03°04'57"E., a distance of 2.00 feet; thence N.86°55'03"E. along a line running parallel with the centerline of Boone Avenue, a distance of 290.04 feet; thence N.03°04'57"W., a distance of 745.62 feet; thence N.20°20'51"W., a distance of 115.06 feet; thence N.25°54'43"W., a distance of 76.13 feet; thence N.33°48'33"W., a distance of 67.51 feet; thence N.34°20'18"W., a distance of 60.00 feet; thence N.36°36'12"W., a distance of 126.02 feet; thence N.13°01'12"W. a distance of 50.00 feet to the beginning of a non-tangent curve concave to the southeast having a radius of 435.00 feet (from which a radial line bears S.13°01'12"E.); thence Southwesterly along said curve through a central angle of 04°54'12", an arc distance of 37.23 feet; thence N.17°55'24"W., a distance of 120.00 feet; thence N.75°50'24"E., a distance of 72.86 feet; thence N.83°22'02"E. a distance of 14.03 feet; thence N.02°52'20"W., a distance of 50.93 feet to the southerly right of way margin of Mission Avenue; thence S.87°07'50"W. along said southerly margin, a distance of 504.12 feet to a point on the easterly right of way margin of Molter Road; thence S.03°04'57"E. along said easterly margin, a distance of 962.39 feet to the TRUE POINT OF BEGINNING.

Containing 16.03 Acres, more or less.

CONSENT TO RECORDATION OF DECLARATION

SEAFIRST BANK, which is the holder of a recorded first mortgage (or deed of trust) covering the Property described in the foregoing Declaration, hereby acknowledges that it has read and approves the Declaration, and agrees that the lien of said mortgage (or deed of trust) shall be subject and subordinate to the Declaration.

DATE: November 4, 1994.

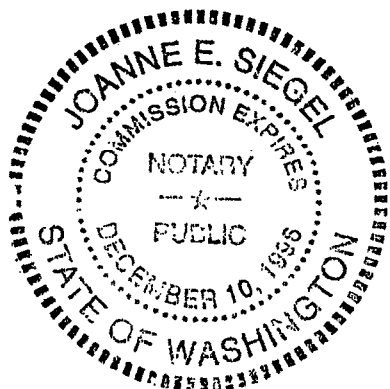
SEAFIRST BANK

By: Robert Stump
ROBERT STUMP, VICE PRESIDENT

STATE OF WASHINGTON)
) SS
County of Spokane)

On this 4th day of November, 1994, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared ROBERT STUMP, to me known to be the Vice President of SEAFIRST BANK, the Corporation that executed the foregoing instrument, and acknowledged the 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 he was authorized to execute the said instrument and that the seal affixed, if any, is the corporate seal of said Corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Joanne E. Siegel
Notary Public in and for the State of
Washington, residing at Spokane