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SHELLEY LAKE PUD  
DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS,  
ASSESSMENTS, CHARGES, SERVITUDES,  
LIENS, RESERVATIONS AND EASEMENTS

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**SHELLEY LAKE PUD  
DECLARATION OF COVENANTS,  
CONDITIONS, RESTRICTIONS,  
ASSESSMENTS, CHARGES, SERVITUDES,  
LIENS, RESERVATIONS AND EASEMENTS**

This Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements (hereinafter termed the "Declaration") is made this 9th day of December, 1996, by SHELLEY LAKE DEVELOPMENTS, a Washington General Partnership ("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"). The Property set forth on Exhibit "A" includes all of the real property intended for the overall subdivision of Shelley Lake PUD. The development of Shelley Lake shall herein be referred to as (the "Project").

B. Declarant intends to develop the property in residential subdivision Phases. Without obligation, Declarant intends to record various subdivision plats; to dedicate portions of the Project to the public for streets, roadways, drainage and flood control; and to record various supplemental declarations covering certain Phases of the Project, which supplemental declarations may be used to set forth additional covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements applicable to such Phases of the Project.

C. 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. Each particular Phase shall be annexed into the Project as the final plat for that particular Phase is approved and recorded, at which time that particular Phase shall become subject to these Covenants with the owners of that particular Phase becoming Members of the Association and subject to the Articles and Bylaws of the Association. The initial Phase, known as SHELLEY LAKE FIRST ADDITION, the legal description of which is set forth on the attached Exhibit "B" shall be subject to these Covenants and the Articles and Bylaws of the Association without the necessity of annexation by virtue of its being the First Phase which is approved and recorded in conjunction with the filing of these Covenants.

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 lots 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,



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covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations 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.

E. Each specific Phase may have Common Areas which shall be set forth on the face of the plat for that particular area. There may be additional Common Areas including the actual lake known as Shelley Lake and certain entry statements and landscaping attributable to and for the benefit of the entire Project which may be conveyed to the Association or which shall become the responsibility of the Association, whether such Common Area is specifically conveyed to the Association or not.



**ARTICLE 1**  
**Definitions**

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

1.1 Annual Budget: The projected budget for each calendar year of the various costs necessary to maintain the Project by the Association. The Annual Budget will be the basis for establishing the annual regular assessments, provided, that neither Declarant nor the Association shall necessarily be bound by the Annual Budget as it is an estimated projection only.

1.2 Architectural Committee: The Architectural Committee created pursuant to Article 7.1 of this Declaration.

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

1.4 Apartment Development: Shall mean a parcel or portion thereof which is described in a Supplemental Declaration, is limited by the Supplemental Declaration to residential use, and is comprised of rental apartments and surrounding area which are intended, as shown by the site plan thereof approved by the County of Spokane and the Architectural Committee or otherwise, as one integrated apartment operation under the same ownership. Such apartment development as contained in the property set forth on Exhibit "A" may or may not be subject to a Supplemental Declaration and may or may not be annexed into the overall Project. Declarant shall have the sole discretion as to whether to annex any apartment development into the overall Project at a later date. Declarant and/or the Association, by majority vote pursuant to Article 5.5, may choose to treat the residents in any apartment development as licensees with authority to utilize certain Common Areas of the Project pursuant to specific arrangements entered into between the Association and the owners of the apartment development. In the event Declarant chooses to annex an apartment development into the project or to treat a residence in an apartment development as licensees as provided herein such decision shall be binding upon the Association irrespective of the Association having been activated. Any decision by Declarant to treat the residence of an apartment development as licensees shall not be revocable by the Association when activated.

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

1.6 Association: SHELLEY LAKE HOMEOWNERS' ASSOCIATION, a Washington nonprofit corporation, registered with the State of Washington under UBI No. 601 752 027, formed by Declarant in conjunction with the establishment of the planned lot development, the Members of which shall be the owners of lots in the Project.



1.7 Board, Board of Directors or Board of Trustees: The governing body of the Association.

1.8 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 Directors.

1.9 Common Area: Common Area and Common Areas shall mean all land within the Project which the Declarant, by this Declaration or other recorded instrument, makes available for use by Members of the Association and evidences its intent to convey to the Association at a later date or which the Declarant indicates on a recorded subdivision plat or Supplemental Declaration is to be used for landscaping, drainage, recreation, and/or flood control for the benefit of the project and all areas shown on the dedication of a plat for any Phase within the Project which is established as a Common Area and to be utilized for the benefit of the Members of the Project.

1.10 Common Expenses: The actual 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; construction, maintenance and power for lighting; 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, if the directors choose to acquire such errors and omissions 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.

1.11 Initial Phase: The First Phase of the overall Project, the legal description of which is set forth on Exhibit "B" and which shall be known as SHELLEY LAKE FIRST ADDITION.

1.12 Lake: That particular body of water or lake shown on the Master Development Plan for Shelley Lake and actually designated as Shelley Lake and including the shoreline trail and all trail access, a sketch of which is set forth on the Plat shown as Exhibit "C." The lake shall include the land underlying such lake and shall be a part of the Common Area except for that portion set forth on Exhibit "E," which portion shall be subject to the recreational easement in favor of the Association and the high water inundation easement. Declarant intends to convey fee title to the lake to the Association at a later date.

1.13 Declarant: Shelley Lake Developments, a Washington general partnership, and its successors-in-interest and assigns with respect to the Property, but shall not include Members of the public purchasing completed lots. For purposes of Declarant serving on the Board of Directors or Trustees, Declarant shall mean Robert L. Heitman.



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

1.15 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 lot.

1.16 Landscape Common Areas: Those portions of the Common Area for the Project which consist of landscaping and entrance areas for any portion or Phase of the Project and which are designated as such on the dedication of plat for any given Phase, which landscape Common Areas shall be owned and maintained by the Association. Landscape Common Areas shall also include any entry areas common to the overall Project but which are not located within any specific Phase, including entry statements, lighting or landscaping along Fourth Avenue, Conklin Road or Rotchford Drive, the maintenance of which shall nevertheless be the obligation of the Association with possible contribution by other commercial properties adjacent to such landscape Common Areas.

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

1.18 Master Development Plan: The overall Shelley Lake Project Plan approved by the County of Spokane, as the same may be from time to time amended, a copy of which shall be on file at all times in the office of Declarant or the Association.

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

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

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

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

1.23 Overall Shelley Lake PUD: A group of subdivision Phases currently being developed pursuant to these overall Covenants by Shelley Lake Developments, a Washington general partnership, in the Shelley Lake area of Spokane County, Washington, and approved pursuant to a preliminary plat as the Shelley Lake PUD Plat under number PE 1750-94. The overall Shelley Lake PUD may alternatively be referred to as the Property or the Project and is generally located east of Sullivan Road and south of Interstate 90 in the Spokane Valley and legally described on Exhibit "A."

1.24 Owner or Owners: The record holder or holders of title to or a contract vendee's interest in a lot in the Project. This shall include any person having a fee simple title to any lot, but



shall exclude persons or entities having any interest merely as security for the performance of any obligation. Further, if a lot 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 shall be considered as a mortgagee.

1.25 Person: Any natural person, corporation, partnership, association, director, or other legal entity.

1.26 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 commons area, landscape Common Areas and Roads.

1.27 Phase: A separate plat within the overall Project, Shelley Lake PUD, which shall be created by the recordation of an individual Final Plat and shall be made subject to these Covenants and the Association by annexation.

1.28 Preliminary Budget. The projected budget necessary to maintain the Project for the first year during which lots are sold by Declarant. The Preliminary Budget will serve as a basis for Declarant establishing the annual regular assessments, provided, that neither Declarant nor the Association shall necessarily be bound by the Preliminary Budget as it is an estimated projection only.

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

1.30 Property or Project (synonymous): The real property covered by this Declaration, all easements, rights and appurtenances belonging thereto, and all improvements erected or to be erected thereon.

1.31 Rice Lot: The existing developed lot including a residence and outbuildings owed by Ralph and Lula Rice as of the filing of this Declaration and located on what will likely be known as Lot 1, Tract B of one of the early phases of the Project.

1.32 Rice Parcel: A parcel of forested land located at the easterly end of Shelley Lake and retained by the Rice Family in conjunction with the conveyance of the remainder of the real estate set forth on Exhibit "A" for the development of this Project. The legal description of the Rice Parcel is set forth on Exhibit "D" which is by this reference incorporated herein. The Rice Parcel is subject to the easement on behalf of the Association for the recreational trail which traverses through the Rice Parcel near the eastern boundary of Shelley Lake.

1.33 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.



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1.34 Supplemental Declaration: A declaration recorded pursuant to Article 4.

**END OF ARTICLE 1  
DEFINITIONS**

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**ARTICLE 2**  
**Application of Declaration**

2.1 Property Subject to Shelley Lake Declaration. Declarant intends to develop Shelley Lake PUD by subdividing the property into various lots and parcels and to sell and convey such lots and parcels. As Phases of Shelley Lake PUD are developed, Declarant intends, with respect to those new Phases, to record a Declaration of Annexation covering any such additional Phases, pursuant to Article 15.3 herein. In conjunction with the Declaration of Annexation for any future Phase, Declarant may also record one or more Supplemental Declarations including for this initial Phase, which will establish such additional covenants, conditions and restrictions as may be appropriate for that particular Phase as provided for in Article 4 herein. Declarant hereby declares that all of the real property within Shelley Lake PUD is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration and any recorded Supplemental Declarations or annexations applicable thereto, as amended or modified from time to time. This Declaration and any further Supplemental Declarations or annexations are declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of Shelley Lake PUD and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of Shelley Lake PUD and every part thereof. All of this Declaration shall run with all lots and parcel for all purposes and shall be binding upon and inure to the benefit of Declarant, the Association, all owners and their successors in interest. Nothing in this Declaration shall be construed to prevent the Declarant from modifying the Master Development Plan or any portions thereof which have not been annexed or as to which a Supplemental Declaration has not been recorded or from dedicating or conveying portions of Shelley Lake PUD, including streets or roadways, the lake or other Common Areas, for uses not specifically benefitting the Lots or Parcels.

2.2 Apartment Development. Declarant shall have the discretion as to whether to include any annexable phase which is set forth in Exhibit "A" as an apartment development and have the same annexed as part of the overall project. Seller shall be entitled to make this decision anytime before all of the lots in all of the potential phases to be developed in the overall project and included in the overall legal description set forth in Exhibit "A" have been developed and transferred by Declarant. In the event Declarant chooses to include an apartment development as a separate annexed phase, Declarant may record a supplemental declaration providing for specific covenants, conditions and restriction as to the apartment development phase. Declarant may also choose, within the same time frame established for annexing an apartment development phase, to merely treat the residence in an apartment development which is not annexed as part of the overall project as licensees with authority to utilize certain common areas of the project. Declarant's decision to treat the apartment development residence as licensees shall be binding upon all members and the Association and the licensee status of the residence of the apartment development shall not be revocable by the Association. Prior to creating a licensee status as to the residence in any apartment development project which has not been annexed, however, Declarant must first establish specific arrangements, rules and regulations as to the authority of such apartment development residence to utilize the



common areas and establish appropriate fees to be paid by the apartment development project for the same.

2.3 Exclusion of Rice Lot. The Rice Family consisting of Ralph and Lula Rice and their children, Grant Rice and Cathy Scotberg, conveyed the real estate set forth on Exhibit "A" to Declarant for purposes of this Project. Ralph and Lula Rice's residence is currently located in one of the Lots that has been created by the platting of the Project, is described here as the Rice Lot, and has been excluded by agreement with Declarant from the obligations of this Declaration or the Association. The exclusion shall continue until such time as the Rice Lot has been transferred for consideration to someone other than Ralph and Lula Rice, Grant Rice or Cathy Scotberg, or their spouses or legal children. Until such a transfer occurs, neither the Rice Lot nor the Owners shall be obligated in any manner whatsoever to comply with this Declaration or the Association nor shall the Lot or the Owners be subject to assessments for the same. Nevertheless, all amenities and privileges including access to Shelley Lake and the other Common Areas shall be fully available to the Rice Lot and its owners.

2.4 Rice Parcel. In conjunction with the transfer of the Exhibit "A" real estate to Declarant by the Rice Family, the Rice Family retained the easterly forested property abutting the easterly end of Shelley Lake, the legal description of which is set forth on Exhibit "D" and is referenced herein as the Rice Parcel. As part of the Agreement with Declarant, the Rice Family, any one of them, or any successors or assigns to whom they may sell the Rice Parcel shall be entitled to develop such Parcel independently of this Project to which these Declarations apply. The developer of the Rice Parcel shall have authority to become annexed to this Project and be subject to these Declarations and Association, provided that such decision to be annexed shall be at the sole discretion of any future developer of the Rice Parcel. In any event, however, this Project shall be obligated to provide access for ingress and egress to the Rice Parcel and to provide for necessary utility connections as is set forth in that certain Lease/Option 1st Amendment dated February 6, 1996, between C & G Partnership, Naomi Catherine Scotberg and Grant Rice as Lessor and Shelley Lake Developments, a Washington general partnership, as Lessee.

It is anticipated that until such time as the Rice Parcel is developed the Owners of this Project may have a tendency to utilize it as open space as it is adjacent to the recreational trail which encircles Shelly Lake. The Owners of this Project shall have no authority to go upon or utilize the Rice Parcel for any reason whatsoever, however, other than the area between the recreational trail and the lake, and the Association shall be required to send a specific written notice to its members from time to time advising them of the same in the event such a request is made by the owners of the Rice Parcel.

Nothing contained in this Article shall preclude the Rice Family from transferring the Rice Parcel to any other party and these obligations and benefits shall run with the land and be binding upon any current Owner. Neither Declarant, the Board of Directors nor the Members of the Association shall be entitled to object to the proposed platting and development of the Rice Parcel



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by the Rice Family or any subsequent purchaser, provided, that such proposed development is for eight parcels or less.

**END OF ARTICLE 2**  
**PROPERTY SUBJECT TO SHELLEY LAKE DECLARATION**



**ARTICLE 3**  
**Easements and Rights of Enjoyment in Common Areas**

3.1 **Easements of Enjoyment.** Every owner and other Member of the Association shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title to every lot and parcel, subject to the following provisions:

- a. The right of the Association to charge reasonable admission and other special use fees for the use of any recreational or other facility situated upon the Common Areas. Fees shall be uniform among Members.
- b. The right of the Association to suspend the voting rights and right to use of the recreational facilities and other Common Areas by any Member (i) for any period during which any assessment against his lot or parcel remains delinquent; (ii) for a period of not to exceed 60 days for any infraction of this Declaration, a Supplemental Declaration or the Shelley Lake rules, and (iii) for successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period.
- c. The right of the Association to dedicate or transfer all or any part of the Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association. Unless otherwise required by zoning stipulations or agreements with the County of Spokane effective prior to the date hereof or specified on a recorded subdivision plat, no such dedication or transfer shall be effective unless an instrument signed by the owners of two-thirds (2/3) of the overall membership agreeing to such dedication or transfer has been recorded, except that the Board shall have authority to transfer to such public agencies, authorities or utilities easements and rights-of-way which are intended to benefit the Project and which do not have any substantial adverse affect on the enjoyment of the Common Areas by the Members.
- d. The right of the Association to regulate the use of the Common Areas through the Shelley Lake Rules and to prohibit access to those Common Areas, such as landscaped right-of-ways, not intended for use by the Members. The Shelley Lake rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Common Areas or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interest of the owners and residents.

END OF ARTICLE 3  
EASEMENTS AND RIGHTS OF ENJOYMENT  
IN COMMON AREAS



**ARTICLE 4**  
**Supplemental Declarations**

As additional Phases of Shelley Lake PUD are readied for development, those Phases shall be annexed into the Project and be subject to these Covenants and the Association pursuant to a Declaration of Annexation. Such annexation shall be pursuant to Article 15 herein. Declarant shall have the authority to record a Supplemental Declaration for that particular Phase being annexed with such Supplemental Declaration being construed as a supplement to this Declaration and fully a part hereof for all purposes to the same extent as if all of the provisions thereof were set forth in this Declaration provided, that such Supplemental Declaration shall apply to that Phase only. Declarant shall not impose any new restrictions which are not generally in conformance with the then-existing uses and restrictions applicable to Shelley Lake PUD or with the scheme of development contemplated by the Master Development Plan and this Declaration. A Supplemental Declaration may provide for a sub-association or for additional assessments for that particular Phase for purposes of satisfying specific amenities or privileges to be enjoyed by the owners of that particular Phase such as maintenance-free living.

**END OF ARTICLE 4**  
**SUPPLEMENTAL DECLARATIONS**



ARTICLE 5  
Association, Administration, Membership  
and Voting Rights

5.1 Organization of Association. The Association shall be incorporated under the name of SHELLEY LAKE ASSOCIATION, pursuant to the Washington Nonprofit Corporation Act.

5.2 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.

5.3 Membership. The owner of a lot shall automatically, upon becoming the owner of that lot, 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 Bylaws of the Association.

5.4 Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the lot 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 lot should fail or refuse to transfer the membership registered in his name to the purchaser of his lot, 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.

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

5.5.1 Class A Membership. Class A Membership shall be that held by each owner of a lot other than Declarant and each Class A Member shall be entitled to one (1) vote for each lot owned. If a lot 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 lot. Fractional voting with respect to a particular lot shall not be allowed, and if the owners of a lot 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 lot.

5.5.2 Class B Membership. Class B Membership shall be that membership held by Declarant (or its successor-in-interest) who shall be entitled to three (3) votes for each lot 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 equals the total outstanding voting power (tripled as above) held by the Class B Members.
- (b) Upon the voluntary written relinquishment by Declarant of its Class B Membership.

At such time as Declarant's Class B Membership terminates pursuant to either of the subparagraphs herein, Declarant shall give notice to the Association, in writing, which notice may include, among other things, a request for a special meeting to establish a new Board of Directors, a new slate of officers, or any other activities necessitated by the termination of the Class B Membership of Declarant. Class B membership and voting attributable to Declarant shall apply to all lots in the Master Development Plan irrespective of subsequent Phases not having been approved as Final Plats.

5.6 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 all such voting shall be through the Board of Directors as established herein and in the Bylaws, and further provided, 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.

5.7 Membership Meetings and Voting. Each specific Phase in the Project as established by either being the initial Phase or by the recording of a Declaration of Annexation shall be represented by one Member on the Board of Directors. Declarant shall also act as a Member of the Board of Directors until such time as the Class A Membership equals or exceeds Declarant's Class B Membership. Every Member in any given Phase shall be entitled to one vote, provided, that such vote must be cast through the Director representing that particular Phase. The Members of any given Phase shall elect the Director for that particular Phase pursuant to the Bylaws. All issues requiring a vote of the membership as determined by the Bylaws shall be resolved at a meeting of the Board of Directors at which time each director shall be entitled to cast the votes of the specific Phase which that particular Director represents. The votes cast by any given Board Member shall be identical to the votes cast by the Members represented by such Board Member. By way of example, if there is a Phase with 50 Members and 25 Members vote in favor of a proposal, 20 Members vote against the proposal, and 5 Members do not vote, the Board Member representing such Phase would actually cast 25 in favor votes, 20 against votes and would not vote the remaining 5. The procedures as to bringing an issue on for voting, the notice to the membership of the proposed vote, the actual voting process, and the ensuing Directors' meeting shall be as is established in the Bylaws.

5.8 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association and Article 5.7 above.



5.9 Authority of Directors. The Board of Directors of the overall Association shall have the authority to manage the general affairs of the overall Project which shall include, but which shall not be limited to, enforcement of any of the terms and provisions of these covenants and restrictions, collection of assessments and payment of expenses applicable to the Association and the Common Areas benefitting the Project including Shelley Lake and any entry ways designated in Exhibit "D."

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

5.11 Activation of Association. Notwithstanding any other provision contained herein, Declarant shall have the authority to delay the activation of the Association beyond the actual filing of the Articles of Association. The Association shall be activated only upon written notice by Declarant to the owners of all lots in the Project, which notice shall establish an initial meeting of the membership. Prior to such activation, Declarant shall assume all duties and responsibilities of the Association provided that Declarant's voting rights under its Class B Membership establishes the majority necessary to undertake all actions by Declarant prior to the actual date of activation. Prior to activation, the only assessments of Association which any Member shall be required to pay shall be the annual maximum regular assessment set forth in the Project Budget prepared by Declarant, including any assessments set forth in any amended budgets established on an annual basis thereafter, provided that such budgets reasonably reflect the expenditures attributable to the Project.

At such time as the Association is activated by Declarant, the Association shall be managed and controlled pursuant to the Articles and Bylaws thereof, including the relative class membership voting as set forth in Paragraphs 5.5.1 and 5.5.2. Notwithstanding the fact that Declarant, through its Class B membership, shall control the voting of the Association until such time as the Class A membership equals or exceeds the Class B membership, Declarant shall have the authority to relinquish control of the Association sooner by giving notice of the same to all Members in writing, provided, that Declarant shall remain a member of the Board of Directors until such time as the Class A Membership equals or exceeds the Class B Membership. Such notice may include, among other things, a request for a special meeting to establish a new Board of Directors, a new slate of officers or any other activities necessitated by Declarant's relinquishment. In any event, however, the Association shall be activated when Class A voting equals Class B voting.

5.12 Release of Liability of Directors. By accepting title to any lot within the subdivision covered by these Covenants, the owner releases the Board of Directors and officers of the Association from all costs, expenses, judgments and liabilities, including attorneys' fees, reasonably incurred, or imposed upon such Directors or officers in connection with or resulting from any action in which the Directors or officers are involved by virtue of their having acted as the same on behalf



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of the corporation, provided, however, that such release shall not apply to those actions involving gross negligence or willful misconduct.

END OF ARTICLE 5  
ASSOCIATION, ADMINISTRATION, MEMBERSHIP  
AND VOTING RIGHTS



**ARTICLE 6**  
**Rights in Common Area**

6.1 **Common Area.** The Common Area shall include all real property and improvements within the Common Areas as designated on the face of the plat for this initial phase, as well as Common Areas designated on the plat of any future Phase annexed and any other land which may be conveyed to or 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 lots in the Project, subject to reasonable rules and regulations enacted according to the Bylaws or this Declaration. Each lot 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 lot 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.

6.2 **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 participation or division of any part of the Common Area, it being agreed that this restriction is necessary in order to preserve the rights of owners with respect to the operation, management, use, and enjoyment of the Common Area.

6.3 **Subservient Estate.** The Common Area is hereby declared subservient to the interests of the lot owners and shall not be sold.

6.4 **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 lot and may be enforced as provided hereby for the enforcement of any other assessment.



6.5 Shelley Lake. Shelley Lake is a body of water located south of 4th Avenue and east of Rotchford Drive in the Spokane Valley with a surface area of approximately \_\_\_\_ acres. The lake has a pedestrian trail surrounding the entire lake with various access points. The lake is surrounded by the Shelley Lake Project of which this initial Phase is one of several Phases. The lake is being designated as Common Area for the benefit of all of the owners in the various Phases being annexed into the Project and shall also be available for the Rice Parcel and the Rice Lot pursuant to Article 2 herein. Initially, the lake and surrounding trail and access points shall be managed and maintained by Declarant which shall establish specific rules regulating the use and operation of the lake and surrounding trail and access points. Those rules may be amended from time to time and shall be made available to the various owners. Management of the lake shall be transferred to the Association at such time as Declarant activates the Association pursuant to Article 5.11 herein. Subsequent to activation of the Association, the lake, surrounding trail and various access trails shall be managed by the Board of Directors of the Association. The Directors shall have authority to establish the specific rules for the use of the lake, provided, that the membership shall have the right of voting on certain issues as provided in the Bylaws. Throughout Declarant's management of the lake, the various owners shall pay those assessments as established by the preliminary budget and annual budget which budgets shall take into account the necessary costs involved with maintaining the lake, surrounding trail and access points as well as all other Common Areas and appropriate costs associated with the Project.

The general public shall have no right to use the lake and either Declarant or the Association shall have authority to undertake whatever procedures or actions are necessary to prevent the general public from using the same. This prohibition shall not apply to guests or invitees of any Members, however. The Members of the Association shall not be entitled to utilize the Rice Parcel as is established in Article 2.3, provided, that such prohibition shall not preclude the Members or their guests or invitees from utilizing the trail which traverses through the Rice Parcel.

END OF ARTICLE 6  
RIGHTS IN COMMON AREA



**ARTICLE 7**  
**Architectural Control**

7.1 Architectural Committee. The Architectural Control Committee shall consist of one or more persons, all of whom shall initially be appointed by the Declarant, provided, that Declarant shall have full authority to act solely as the Architectural Control Committee by authorizing one or more partners of Declarant partnership to serve as such. Declarant shall also have authority to appoint one or more Members who are not Members of the Association. Declarant's authority to appoint the Architectural Control Committee shall continue until such time as Declarant or Declarant's successor in interest has transferred every lot in the Project to a third party purchaser and a residence has been constructed on each such lot, and there are no more prospective Phases included in the legal description set forth on Exhibit "A" to be annexed ("Completion of Project"). Declarant's continuing authority in this regard shall be in spite of the fact that the Association has been activated. Any person or persons other than Declarant appointed by it to serve on the Architectural Control Committee may be terminated at the sole discretion of Declarant at any time. It is the intent of the Declarant and these Covenants that Declarant shall have sole discretion and authority to control all aspects of development and construction of improvements upon the Project. Notwithstanding this fact, however, Declarant may at any time transfer the responsibility to appoint Members of the Architectural Review Committee to the Association, in which event the Association shall be obligated to assume responsibility for the Architectural Committee. Such transfer can be revoked at any time prior to Completion of Project.

7.2 Prohibition of Alteration and Improvement. Subject to the exemption of Declarant and the Rice Lot hereunder, no structure, improvement, landscaping, drainage plan, movement of soil, fence, or alteration of any kind shall be commenced, painted or erected upon the Property, until the same has been approved in writing by the Architectural Committee.

7.3 Plans and Approval. Plans and specifications showing the nature, kind, shape, color, size, materials and location, including front, side and rear yard setbacks, of any such structure, improvement or alteration, including landscaping, drainage plan, movement of soil, fence, or alteration of any kind, shall be submitted to the Committee for approval. The submission of any such plans to the Committee shall require the payment of an architectural review fee in an amount to be determined by the Architectural Committee, provided, the Architectural Committee shall have discretion to waive or reduce such fee under appropriate conditions, or, increase the fee to any reasonable amount to cover the cost of such review process. The approval of landscaping shall include the landscaping over the entire lot and the movement of any soil, rocks, earth or other material and the implementation of any drainage plan. Upon submission of plans and specifications as required herein, the applicant shall submit two complete sets of plans one of which shall be returned following approval with the stamp of the Architectural Committee showing approval. In conjunction with the submission of plans and specifications for approval, the Architectural Committee will provide applicant with a package of necessary information and procedures all of which must be filled out and submitted in conjunction with the application 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 specification 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 appropriate, 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.

7.4 Committee May Adopt Rules. The Architectural Review Committee may adopt or revise rules and regulations regarding the nature, kind, shape, color, size, materials, location and setbacks of structures or improvements within the Property or as to any given Phase of the Project only. Any such adopted rules and/or regulations shall be set forth in writing and available at all times in the office of Declarant.

7.5 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 arising out of or in any way connected with the performance of the Committee's duties hereunder unless due to the willful misconduct or bad faith of the Committee or Member. The Committee shall review and approve or disapprove all plans submitted to it for any proposed structure, improvement or alternation, 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.

7.6 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.

ARTICLE 7  
ARCHITECTURAL CONTROL



**ARTICLE 8**  
**Repair and Maintenance**

8.1 **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 8.2 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 [thirty (30) 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 or does not request an opportunity for a hearing in front of the Board of Directors, which hearing shall be scheduled within the next thirty (30) days, or receives an unfavorable determination pursuant to such hearing, the Board may cause such work to be done and may specially assess the cost thereof to such owner, and, if necessary, lien his lot 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.

8.2 **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 lot 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 6.4 above.

8.3 **Maintenance of Shelley Lake.** The Association shall be obligated maintain Shelley Lake and the surrounding trail system and all access trails once the Association has been activated. Declarant shall be obligated for all such maintenance prior to such activation. The costs of maintaining Shelley Lake, the surrounding trail and all access trails shall be a part of the ordinary assessments of the Association and apportioned equally among all of the lots in the Project.

8.4 **Maintenance of Common Entryway and Common Landscaping.** Common entryway improvements and common landscaping are being constructed by Declarant, some of which is set forth on Exhibit "D." Some of the entryway and common landscaping may be located on property



outside of the Project. The Association may, nevertheless be obligated to pay for maintenance of any common entryways and common landscaping outside of the Project, provided, that there may be contribution from other adjoining commercial properties. The costs for all such maintenance shall be a part of the ordinary assessments of the Association and apportioned equally among all of the lots in the Project.

8.5 Drainage. The Association shall be obligated to maintain all drainage systems, 208 swales, and other drainage facilities located in any Common Area as set forth on any recorded plat or as otherwise established in the recording of plats as the obligation of the Association. The Association shall have authority to transfer the obligation of maintaining the drainage systems over to Spokane County or any other utility or municipal agency that has agreed to accept the same. The costs for all such drainage maintenance shall be a part of the ordinary assessments of the Association and apportioned equally among all of the lots in the Project.

8.6 Perimeter Fences and Entrance Gates. The Association shall be responsible for maintaining all perimeter fences in each and every Phase of the Project as well as all entrance gates and mechanical systems at the entry of any specific Phase. Irrespective of the fact that certain Phases may have mechanical entry gates and fences and other Phases may not, the cost for maintaining and repairing the same shall be part of the ordinary assessments of the Association and shall be apportioned equally among all of the lots in the Project.

8.7 Private Streets. The Association shall be responsible for maintaining all private streets, including maintenance, repair, sweeping and snow plowing. The costs for all such maintenance shall be a part of the ordinary assessments of the Association and apportioned equally among all of the lots in the Project.

8.8 Declarant's Obligation. Until such time as the Association is activated and turned over to the owners, Declarant shall have the obligation of maintaining all of the various assets and facilities set forth in this Article 8. Declarant shall be entitled to assess the owner of each lot with an equal pro rata share of the cost of all such maintenance, understanding that such assessments must be reasonably related to the various amenities completed, the costs of maintaining the same, and the number of owners available to share such costs at any given time. Declarant shall not be authorized to impose the entire burden of such maintenance upon a limited number of owners. Rather, any assessments made must reasonably relate to the approximate assessment that any given owner would be responsible for if the entire Project were completed and occupied by all of the prospective owners. Nevertheless, the assessments made by Declarant shall be binding and no owner shall have the right to contest or appeal the same. All such assessments shall be established in the preliminary budget and ongoing annual budgets established by Declarant and available in the office of Declarant.

ARTICLE 8  
REPAIR AND MAINTENANCE



**ARTICLE 9**

**Association Maintenance Funds and Assessments**

9.1 **Creation of the Lien and Personal Obligation of Assessments.** The Declarant, for each lot owned within the Project, hereby covenants, and each owner of any lot 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:

- 9.1.1 Regular Assessments;
- 9.1.2 Extraordinary Assessments; and
- 9.1.3 Special Assessments.

All assessments, together with interest, costs, and actual attorneys' fees, shall be a charge and a continuing lien upon the lot 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 lot at the time when the assessment fell due. No owner of a lot 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 lot.

9.2 **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, being both general and limited, and for the common good of the Project, including the operation and maintenance of Shelley Lake, the surrounding trail and all other Common Areas. Such assessments shall also be used for all repair and maintenance set forth in the preceding Article.

9.3 **Regular Assessments.** Until the end of the Association's fiscal year immediately following the closing of the sale of the first lot in the Project, the annual maximum Regular Assessment per lot shall be such amount as is set forth in the Project Preliminary Budget prepared by Declarant. Each lot'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 or Declarant shall determine and fix the amount of the maximum annual Regular Assessment against each lot by preparing Annual Budgets. The failure of Declarant or Association to prepare a Preliminary or Annual Budget shall not render any assessment uncollectible.

9.4 **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 40 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 the Association. This 40 percent limitation shall not be applicable to regular assessments or special assessments.

9.5 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 lot and its owner to reimburse the Association for costs incurred to bring an owner and his lot into compliance with the provisions of this Declaration and the Bylaws, including actual attorneys' fees and costs.

9.6 Allocation of Assessments. Each lot shall bear an equal share of each regular and extra-ordinary assessment; provided, the Association or Declarant shall have the authority to waive the assessment for any lot which assessment is attributable to improvements upon the lot or use by owners of the lots such as snow plowing if no improvements have then been constructed upon that particular lot seeking waiver of the assessment. No waiver shall be authorized, however, once a certificate of occupancy or its equivalent have been issued for the lot or after 120 days have passed since the issuance of the building permit for the dwelling upon that particular lot, whichever first occurs.

9.7 Date of Commencement of Assessment. The regular assessments provided for herein shall commence as to all lots in the Project on the first day of the month following closing of the sale of the first lot in the Project. No notice of such assessment shall be required.

9.8 Exempt Property. Notwithstanding any other provision included in Article 9 herein the following property, which is otherwise subject to this Declaration, shall be exempt from all Regular, Extraordinary, and Special Assessments created herein.

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

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

9.8.3 All lots owned by a building contractor but only for a period of six (6) months from the date of the closing of each such lot after which time the assessments shall again be applicable subject to the provisions of Paragraph 9.6.

9.8.4 All Common Areas.

9.9 Transfer of Lot by Sale or Foreclosure. The sale or transfer of any lot shall not affect any assessment lien, or relieve the lot 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 lot 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 lots including the lot for which the lien was extinguished. In a voluntary conveyance of a lot, 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 lot 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.

9.10 Enforcement of Assessment Obligations; Priorities; Discipline. 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 12 percent (12%) per annum until paid. Additionally, an automatic late charge of Ten Dollars (\$10) 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 lot 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 or 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 lot owners, shall have the power to bid for the lot 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 maintained 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 lot owner who is in default in payment of any Assessment, after notice and hearing according to the Bylaws.

9.11 Payment of Taxes Assessed Against Common Area or Personal Property of Association. In the event that any taxes are assessed against the Common, or the personal property of the Association, rather than against the lots, 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 lots in an amount equal to said taxes (regardless of the limitation on extraordinary assessments set



forth in Paragraph 9.4 above), to be paid in two (2) installments, thirty (30) days prior to the due date of each tax installment.

9.12 Contingent Street Lighting Assessment. In the event Declarant or the Association chooses to install street lighting in any given area of any Phase of the Project, each owner in the particular Phase benefitted by such street lighting shall be obligated to pay their equal pro rata share of the cost of installation and maintenance of such street lighting with the assessment for the street lighting being levied either as part of the regular assessment or, if necessary, an extraordinary assessment. Declarant contemplates that the bill for each owner's share of such street lighting expense may be included on water billings submitted by the Vera Irrigation District serving the Project in lieu of a regular annual assessment or extraordinary assessment in which event each owner shall be required to pay the monthly billings from the Vera Irrigation District as charged. Declarant makes no representation respecting the availability of street lighting at any time, however. Some street lighting shall be considered to be for the benefit of the entire Project and shall be assessed either to every owner within the Project by inclusion on the Vera Irrigation District billing or by regular general assessments.

9.13 Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making the assessments provided herein and for the billing and collection of all assessments, provided that said procedures are not inconsistent with the provisions hereof. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any assessment or charge under this Declaration, but the Assessment lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than 30 days' written notice prior to such foreclosure or enforcement.

END OF ARTICLE 9  
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS



**ARTICLE 10**  
**Easements and Utilities**

10.1 Access and Maintenance Easements. Declarant expressly reserves for the benefit of the owners' reciprocal, nonexclusive easements for access, ingress and egress as well as for appropriate signage for marketing and designation of the location and names of the different Phases, 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 lot 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 same, and to perform all other tasks in accordance with the provisions of this Declaration, including signage for marketing and location and names of the various Phases. Such easements over the Common Area shall be appurtenant to, binding upon and shall pass with the title to, every lot conveyed.

10.2 Encroachments, Maintenance and Utility Easements. Each lot within the Property is hereby declared to have an easement over all adjoining lots 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 lot agree that minor encroachments over adjoining lots 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, 208 drainage swales, cable or master television antenna lines, drainage facilities, walkways, landscaping and street lighting, and signage for marketing and location and name of various Phases, as may be hereafter required to serve the Property. Declarant expressly reserves the right to grant to Spokane County Sewer District, Vera Irrigation District, Washington Water Power Company, and U.S. West Communications such written easements as may be necessary for the installation, maintenance and repair of utility facilities.



10.3 Owners' Rights and Duties With Respect to Utilities. The rights and duties of the owners of lots within the Project with respect to utilities shall be as follows:

10.3.1 Whenever sanitary sewer, water, electric, street lighting, gas, television receiving, or telephone lines or connections are located or installed within the Project, which connections, or any portion thereof, lie in, 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 lots or to have the utility companies enter upon the lots 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.

10.3.2 Whenever sanitary sewer, water, electric, street lighting, gas, television receiving, or telephone lines or connections are located or installed within the Project, which connections serve more than one dwelling, and 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.

10.3.3 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.

10.4 View Restrictions. Each Member of the Association as an owner of a lot in the overall Shelley Lake PUD hereby specifically acknowledges that there will be future construction adjacent to or near their lot that could restrict some views. Additionally, no lot owner shall rely upon any representations by any real estate agent, owner or other party concerning unobstructed views. The views existing at the time of purchase of any given lot may change considerably subsequent to the date of purchase. Each Member agrees that they shall have no cause of action or other remedies based upon any restriction of their view from the construction of other improvements within the overall Project.

END OF ARTICLE 10  
EASEMENTS AND UTILITIES



**ARTICLE 11**  
**Residence and Use Restrictions**

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

11.1 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, except for accessory buildings approved by the Architectural Review Committee as provided for in Paragraph 11.15. All houses will have a minimum two (2) car garage. In the event that the Rice Parcel shown on Exhibit "D" is annexed into the Project and is subject to these Covenants, the size and nature of the single family dwellings and accessory buildings shall likely be different than those of the remainder of the Project with separate rules and guidelines established by Supplemental Covenants, provided, that any and all structures shall still require architectural approval and shall blend with the remainder of the Project.

11.2 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 the 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 and as approved by County zoning code or regulation.

11.3 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.

11.4 Minimum Dwelling Size. The ground floor of the main structure of a dwelling, exclusive of open porches and garages, shall be established by the Architectural Review Committee and may be different between various Phases or even between various lots within the same Phase.

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



11.6 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 canceled or to cause as refusal to renew the same, or which will impair the structural integrity of any building.

11.7 Signs. Signs advertising lots 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.

11.8 Animals. No animals 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.

**NO PIT BULLDOGS OR EXOTIC ANIMALS SHALL BE PERMITTED ANYWHERE ON THE PROJECT BY ANY PERSON FOR ANY REASON AT ANY TIME, PIT BULL** being defined as the American Stafford Shire Terrier by the American Kennel Club or the Stafford Shire Bull Terrier by the A.K.C., or the American Pit Bull Terrier by the United Kennel Club and exotic animals being defined by Spokane County Ordinance.

11.9 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. The pedestrian trail surrounding Shelley Lake shall be used pursuant to the rules and regulations established by Declarant or the Association governing the same as set forth in Paragraph 6.5.

11.10 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans, wood piles,



or storage piles shall be kept screened and concealed from view of other dwellings, streets and the Common Area.

11.11 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.

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

11.13 Power Equipment and Car Maintenance. No commercial power equipment utilized for work other than routine maintenance of the lot or improvements, and no 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.

11.14 Parking. Parking of boats, trailers, motorcycles, trucks, truck/campers, motor homes, 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 and except for loading, unloading, or maintenance, which shall not exceed 48 hours. 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. This paragraph shall not preclude the parking of automobiles, pickups, SUVs or other vehicles used in the transportation of the occupants of the dwelling.

11.15 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 and shall comply with all Spokane County Zoning Rules and Regulations.

11.16 Exterior Lighting. All proposed exterior lighting must be submitted to the Architectural Committee for approval and shall be allowed only in very limited circumstances and situations. No halogen or high intensity yard lights shall be allowed.

11.17 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 11 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 lot 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 lot agrees to hold Declarant harmless therefrom.

11.18 Fences. All fences must be submitted to the Architectural Committee prior to construction and must be approved by the Committee as to size, location, color and location of materials. In no event shall cyclone fences be constructed if visible from any street within the Project other than as approved by the Architectural Committee, which will be in very limited circumstances.

11.19 Diseases and Insects. No owner shall permit anything or condition to exist upon any lot or Parcel which shall induce, breed or harbor infectious plant diseases or noxious insects.

11.20 Model Homes. The provisions of this Declaration which prohibit nonresidential use of lots and parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by persons engaged in the construction of residential dwellings in the Project and parking incidental to the visiting of such model homes so long as the location of such model homes are approved by the Architectural Committee. The Architectural Committee may also permit lots and other areas to be used for parking in connection with the showing of model homes so long as such parking and parking areas are in compliance with the ordinances of the County of Spokane and any rules of the Architectural Committee.

11.21 Incidental Uses. The Board may approve uses of property within a land use classification which are incidental to the full enjoyment of the owners of the Property within that land use classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Board may wish to impose in its sole discretion for the benefit of the Project, as a whole.

END OF ARTICLE 11  
RESIDENCE AND USE RESTRICTIONS



**ARTICLE 12**  
**Insurance**

12.1 Duty to Obtain Insurance: Types. The Board as to all common areas within this particular Phase and the committee as to all Common Areas 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 12.2. 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 lots in the Project, plus the Association's reserve funds.

12.2 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 or a mortgage encumbering a lot within the Project (or an actual owner of a lot), 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.

12.3 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.

12.4 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 herein 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.

12.5 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 canceled, 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.

12.6 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.

12.7 Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insured under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Paragraph 12.1 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. Any single Association may act as agent for the committee and be deemed trustee of the



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interests of all named insureds under policies of insurance maintained for the Common Areas pursuant to the terms and provisions of this paragraph.

END OF ARTICLE 12  
INSURANCE



**ARTICLE 13**  
**Destruction of Improvements**

13.1 **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 12 hereof shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to repair or replace 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.

13.2 **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 12 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.

13.3 **Alternate Plans for Restoration and Repair.** Notwithstanding the provisions of Paragraphs 13.1 and 13.2, the Association shall have the right, by a vote of 75 percent (75%) of the voting power of the Board of Directors 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.

13.4 **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 13, 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 is more than 15 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.

13.5 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 13  
DESTRUCTION OF IMPROVEMENTS



**ARTICLE 14**  
**Declarant's Rights and Reservations**

14.1 Declarant's Right of Access. 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 lots 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:

14.1.1 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

14.1.2 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

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

14.2 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, provided, that Declarant shall still have full authority and responsibility as to the Architectural Committee unless otherwise terminated or transferred as well.

END OF ARTICLE 14  
DECLARANT'S RIGHTS AND RESERVATION



**ARTICLE 15**

Annexation of Subsequent Phases

15.1 Right of Annexation.

(a) The Declarant expressly reserves the right to annex and subject additional Phases which are included in Exhibit "A" as well as additional annexable property outside of the real property set forth on Exhibit "A" and the Rice Parcel, to this Declaration without the consent of any owner. The annexation of any such additional phase shall be accomplished by the Declarant recording with the County Auditor of Spokane County, Washington, a Declaration of Annexation stating (i) the legal description of the real property being annexed; and (ii) a description of any portion of the real property being added which will be Common Area.

(b) Any additional Phase annexed pursuant to this Section shall not become irrevocably annexed to the Project until the date on which the first lot within the annexed property is conveyed to a Purchaser. If any Declaration of Annexation recorded pursuant to this Section divides the real property being annexed into separate Phases, the each Phase of the property being annexed shall not become irrevocably annexed to the Project until the date on which the first lot within such Phase is conveyed to a Purchaser.

(c) The Declarant shall have the right to amend any Declaration of Annexation recorded pursuant to this Section to change the description of Phases within the property being annexed except that the Declarant may not change any real property which has already become irrevocably annexed to the Project.

(d) Declarant may withdraw from the Project any real property described in a Declaration of Annexation which has not been irrevocably annexed to the Project pursuant to the provisions of this Section. Any such withdrawal of property from the Project shall be accomplished by the recording with the County Auditor of Spokane County, Washington, of a Declaration of Withdrawal describing the portion of the property being withdrawn. Upon the recording of any such Declaration of Withdrawal, the real property described in the Declaration of Withdrawal shall no longer be part of the Project or subject to the Declaration.

(e) The voting rights of the owners of lots annexed pursuant to this Section shall be effective as of the date of the Declaration of Annexation is recorded. The lot owners' obligation to pay Assessments shall commence as provided for in this Declaration.

15.2 No Assurances.

(a) Additional real property may be added at one time or in one or more portions at different times, or it may never be added, and there are no limitations upon the order of addition or the boundaries thereof. The property annexed into the Project need not be contiguous.



(b) There are no limitations on the locations or dimensions of improvements to be located on any real property annexed by the Declarant. No assurances are made as to what, if any, further improvements will be made by Declarant on any real property annexed by the Declarant.

(c) Declarant makes no assurances as to the exact number of lots which shall be added to the Project by annexation of additional real property.

15.3 Any additional Phase annexed may be subject to a Supplemental Declaration providing specific covenants, conditions and restrictions applicable to that specific annexed Phase only, which Supplemental Declaration shall be in addition to all provisions of this Declaration.

END OF ARTICLE 15  
ANNEXATION OF SUBSEQUENT PHASES



**ARTICLE 16**  
**Rights 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 lot made in good faith for value, provided that after the foreclosure of any such mortgage, such lot 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 lots 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):

16.1 Each first mortgagee of a mortgage encumbering any lot, 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 lot 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 lot.

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

16.3 Unless at least two-thirds (2/3rds) of the first mortgagees requesting notice under Article 16.1 (based upon one (1) vote for each mortgage owned) or two-thirds (2/3rds) of the owners other than Declarant) have given their prior written approval, neither the Association nor the owners shall:

16.3.1 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

16.3.2 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

16.3.3 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.

16.4 First mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during the normal business hours; (2) require from the Association the



**ARTICLE 16**  
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16.3.1 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

16.3.2 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

16.3.3 fail to maintain or cause to be maintained fire and extended coverage insurance on the Common Area as provided in Article 12 of this Declaration.

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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 17**  
**Duration and Amendment**

17.1 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 as an amendment to this Declaration as set forth in Paragraph 17.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any lot from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effect.

17.2 Amendment. This Declaration may be amended by recording with the County Auditor of Spokane County, Washington, a Certificate of Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of a vote by the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an owner to the Board of Directors or by Declarant or the Board itself, who shall then act upon such notice pursuant to the Bylaws. The resolution shall be adopted by the vote of the Members, via the Director or each given Phase, pursuant to the Bylaws, or by written consent of Members representing not less than a majority 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, if any. 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. Declarant may amend this Declaration at any time prior to activation of the Association, provided, that Declarant then has a majority of the available votes, taking into consideration the triple vote for each lot owned by Declarant. In such event, Declarant shall be authorized to record a Certificate of Amendment signed by Declarant only. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved in writing by the record holders of a majority of the first mortgages on all of the lots in the Project at the time of such amendment, based upon one (1) vote for each mortgage owned:

17.2.1 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.

17.2.2 Any amendment which would require a mortgagee after it has acquired a lot through foreclosure to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

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

17.2.4 Any amendment relating to the insurance provisions as set out in Article 12 hereof, or to the application of insurance proceeds as set out in Article 13 hereof.



17.2.5 Any amendment which would or could result in the partition or subdivision of a lot, in any manner inconsistent with the provisions of this Declaration.

17.2.6 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 lot.

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.

17.3 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 lots therein in accordance with this Declaration shall become effective unless Declarant has conveyed all Lots in all annexable Phases.

END OF ARTICLE 17  
DURATION AND AMENDMENT



**ARTICLE 18**  
**General Provisions**

18.1 Enforcement.

The Board, any owner, and any governmental or quasi- governmental 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. 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.

18.2 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.

18.3 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 18  
GENERAL PROVISIONS

DATED this 9<sup>th</sup> day of December, 1



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SHELLEY LAKE DEVELOPMENTS,  
a Washington General Partnership

By Robert L. Heitman Jr  
Robert L. Heitman, Managing Partner

C & G PARTNERSHIP,  
a Washington General Partnership

By Naomi Catherine Scotberg  
Naomi Catherine Scotberg

By Grant C. Rice  
Grant Rice

Naomi Catherine Scotberg  
NAOMI CATHERINE SCOTBERG

Grant C. Rice  
GRANT RICE

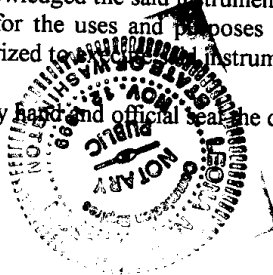
STATE OF WASHINGTON )  
 : ss.  
 )  
County of Spokane )



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Spokane Co, WA

THIS IS TO CERTIFY that on this 11th day of December, 1996, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn, personally appeared ROBERT L. HEITMAN, to me known to be the managing general partner of Shelley Lake Developments, the general partnership that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said general partnership for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

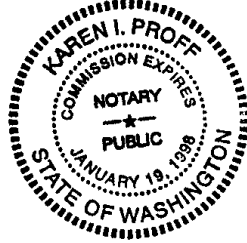


Robert L. Heitman  
NOTARY PUBLIC in and for the State  
of Washington, residing at Spokane.  
My Commission expires: 11/21/99

STATE OF WASHINGTON )  
 : ss.  
 )  
County of Spokane )

THIS IS TO CERTIFY that on this 11th day of December, 1996, before me, the undersigned, a notary public in and for the state of Washington, duly commissioned and sworn, personally appeared NOAMI CATHERINE SCOTBERG, to me known to be a general partner of C & G Partnership, the general partnership that executed the within and foregoing instrument, and also individually on her own behalf, and acknowledged the said instrument to be the free and voluntary act and deed of said general partnership and of said individual, for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.



Karen I. Proff  
NOTARY PUBLIC in and for the State  
of Washington, residing at Spokane.  
My Commission expires: 1-19-98



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*Idaho*  
STATE OF ~~WASHINGTON~~ )  
*Ada* : ss.  
County of ~~Spokane~~ )

THIS IS TO CERTIFY that on this 9<sup>th</sup> day of December, 1996, before me, the undersigned, a notary public in and for the state of ~~Washington~~, duly commissioned and sworn, personally appeared GRANT RICE, to me known to be a general partner of C & G Partnership, the general partnership that executed the within and foregoing instrument, and also individually on her own behalf, and acknowledged the said instrument to be the free and voluntary act and deed of said general partnership and of said individual, for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

*Dubbert Lambertson*  
NOTARY PUBLIC in and for the State  
of ~~Washington~~, residing at *Spokane, Boise*  
My Commission expires: *July 2, 2000*

EXHIBIT "A-1"



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PARCEL 1

That portion of the Northwest quarter of the Northeast quarter of Section 24, Township 25 North, Range 44 East, W.M., lying South of the right of way of the Chicago, Milwaukee, St. Paul and Pacific Railroad Co.;

EXCEPT the tract of land in the Northwest quarter of the Northeast quarter of Section 24, Township 25 North, Range 44 E.W.M.; and more particularly described as follows:

Beginning at the intersection of the East line of the Northwest quarter of the Northeast quarter of the aforesaid Section 24 with the South right of way line of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence South along the East line of the North half of the Northwest quarter of the Northeast quarter of the said Section 24, a distance of 28 feet more or less in the Southeast corner thereof; thence continuing South along the East line of the South half of the Northwest quarter of the Northeast quarter of Section 24, a distance of 286 feet; thence West parallel with and 286 feet distance from the North line of the South half of the Northwest quarter of the Northeast quarter of Section 24, a distance of 165 feet; thence North parallel with and 165 feet distance from the East line of the South half of the Northwest quarter of the Northeast quarter of Section 24, a distance of 286 feet to a point on the North line of the South half of the Northwest quarter of the Northeast quarter of Section 24; thence continuing North parallel with and 165 feet distance from the East line of the North half of the Northwest quarter of the Northeast quarter of Section 24; a distance of 28 feet more or less to a point on the South right of way line of the Chicago, Milwaukee, St. Paul and Pacific Railroad; thence East along the South line of the Chicago, Milwaukee, St. Paul and Pacific Railroad, a distance of 165 feet to the Point of Beginning;

EXCEPT Conklin Road No. 1252 as conveyed by Document No. 874149A;

Situate in the County of Spokane, State of Washington.

(legal continued)



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PARCEL 2

The Southeast quarter of the Northwest quarter and the North 671.75 feet of the Northeast quarter of the Southwest quarter of Section 24, Township 25 North, Range 44 East, W.M.;

EXCEPT That portion of the East half of the West half of Section 24, Township 25 North, Range 44 E.W.M., described as follows:

BEGINNING at the intersection of the West line of the Northeast Quarter of the Southwest Quarter of said Section 24 with the North line of ROTCHFORD ACRE TRACTS, as per plat thereof recorded in Volume 12 of Plats, pages 2 and 3; thence South 89°13'19" East, along the North line of said Rotchford Acre Tracts, a distance of 976.75 feet to the Northeast corner of Lot 15, Block 4 of Rotchford Acre Tracts and the beginning of a nontangent curve concave to the Southwest having a radius of 560.00 feet, to which point a radial line bears South 89°13'19" East; thence Northwesterly, along the arc through a central angle of 53°02'28"; a distance of 518.42 feet to the beginning of a reverse curve concave to the East having a radius of 560.00 feet; thence Northerly, along the arc through a central angle of 76°10'04", a distance of 744.45 feet to the beginning of a reverse curve concave to the Northwest having a radius of 560.00 feet; thence Northerly, along the arc through a central angle of 23°28'47", a distance of 229.49 feet to the North line of the South half of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 89°12'47" West, along said North line a distance of 630.73 feet to the Northwest corner of the South half of the Southeast Quarter of the Northwest Quarter of said Section 24; thence South 00°29'04" West, along the West line of the South half of the Southeast Quarter of the Northwest Quarter of said Section, a distance of 666.66 feet to the Northwest corner of the Northeast Quarter of the Southwest Quarter of said Section; thence South 0°09'56" West, along the West line of the Northeast Quarter of the Southwest Quarter of Section 24, a distance of 671.79 feet to the point of beginning;

AND EXCEPT Fourth Avenue Road No. 1252 as conveyed by Document Nos. 834305 and 834306;

Situate in the County of Spokane, State of Washington.

PARCEL 3

The Southwest quarter of the Northeast quarter and the Northwest quarter of the Southeast quarter of Section 24, Township 25 North, Range 44 East, W.M.;

EXCEPT Fourth Avenue Road as conveyed by Document Nos. 834305 and 834306;

Situate in the County of Spokane, State of Washington.



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EXHIBIT "B"

That Portion of the North Half of Section 24, T.25 N., R.44 E., W.M., Spokane County, State of Washington more particularly described as follows;

Beginning at the Southwest Corner of the North Half of the Southeast Quarter of the Northwest Quarter of said Section 24; thence N.00°28'48"E., along the West Line of the said last mentioned a distance of 646.39 feet to the Southerly Right of Way Line of Fourth Ave. as it now exists 40.00 feet in width; thence S.89°14'17"E., along said Right of Way a distance of 1345.13 feet; thence leaving said Right of Way N.72°29'23"E., a distance of 94.00 feet; thence S.11°50'44"E., a distance of 149.02 feet; thence S.27°23'15"E., a distance of 30.00 feet; thence S.62°36'45"W., a distance of 40.10 feet; thence S.27°23'15"E., a distance of 136.13 feet to a point on the Ordinary High Water Line, Elevation 2009.1 (N.G.V.D.) of Shelley Lake as established per field investigation by Mr. Doug Pineo, Washington State Department of Ecology on 26 March, 1993, thence proceeding along said Ordinary High Water Line of Shelley Lake the following four (14) courses:

- 1.) S.61°11'22"W., a distance of 33.11 feet;
- 2.) S.56°02'59"W., a distance of 83.75 feet;
- 3.) S.50°53'14"W., a distance of 88.73 feet;
- 4.) S.41°54'42"W., a distance of 31.99 feet to the East Line of said North Half of the Southeast Quarter of the Northwest Quarter of Section 24;
- 5.) S.41°54'42"W., a distance of 62.60 feet;
- 6.) S.49°45'56"W., a distance of 82.93 feet;
- 7.) S.42°21'18"W., a distance of 92.97 feet;
- 8.) S.41°35'30"W., a distance of 97.85 feet;
- 9.) S.41°45'23"W., a distance of 95.58 feet;
- 10.) S.40°47'03"W., a distance of 96.30 feet;
- 11.) S.37°29'53"W., a distance of 95.62 feet;
- 12.) S.32°19'41"W., a distance of 94.99 feet;
- 13.) S.44°45'31"W., a distance of 59.09 feet;
- 14.) S.28°10'40"W., a distance of 68.12 feet;

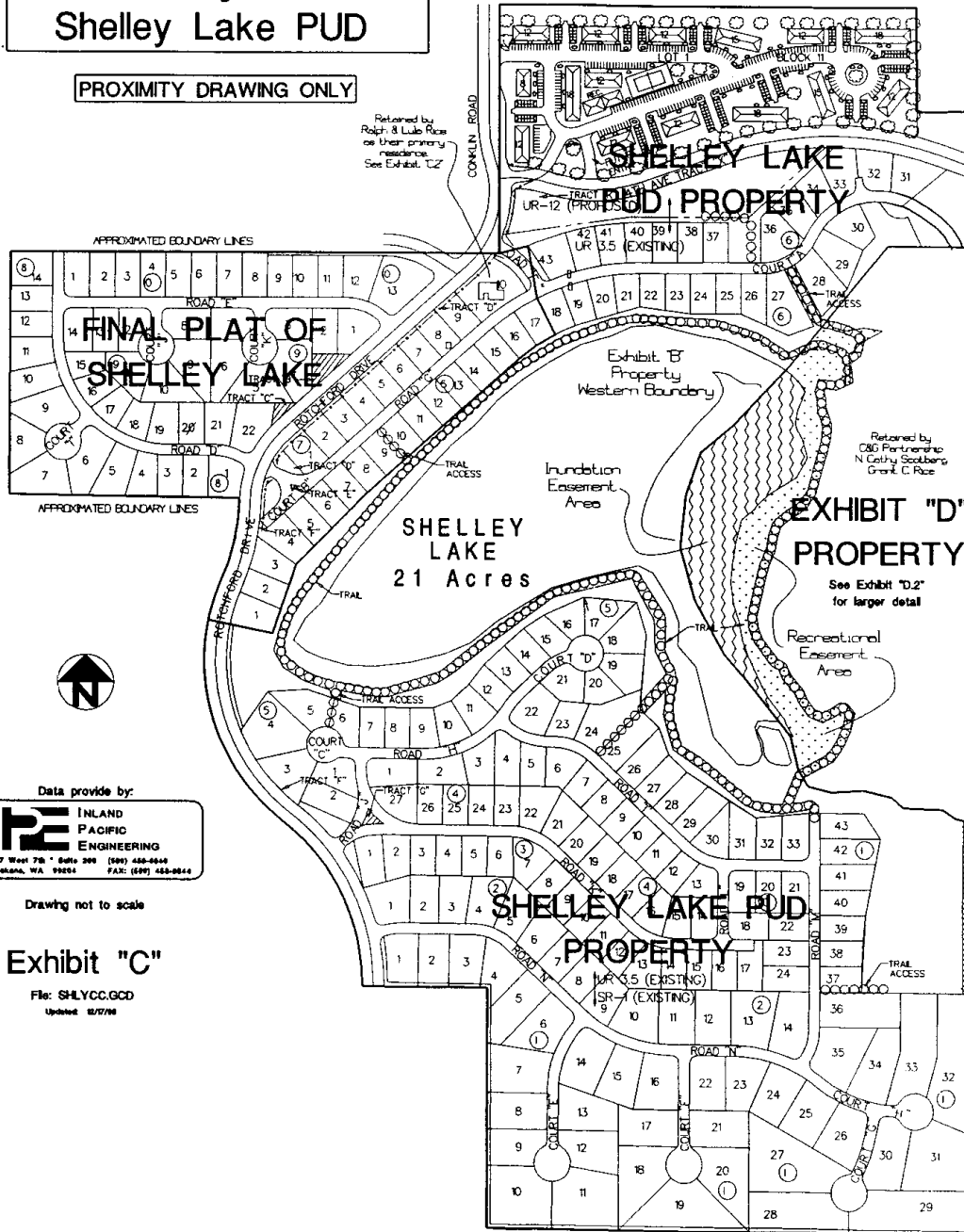
thence leaving said Ordinary High Water Line of Shelley Lake, S.75°57'43"W., a distance of 67.13 feet; thence N.61°53'00"W., a distance of 320.00 feet to the beginning of a curve concave to the Southeast and having a radius of 380.00 feet (from which point a radial line bears S.62°28'11"E.); thence Northerly along said curve through a central angle of 00°35'11" an arc distance of 3.89 feet; thence N.28°07'00"E., a distance of 313.08 feet to the beginning of a curve concave to the Southeast and having a radius of 745.00 feet; thence Northerly along said curve through a central angle of 01°42'12" an arc distance of 22.15 feet to the South Line of said North Half of the Southeast Quarter of the Northwest Quarter; thence N.89°12'57"W., along said South line a distance of 593.94 feet to the Point of Beginning.



# Preliminary Plat of Shelley Lake PUD

PROXIMITY DRAWING ONLY

Retained by Right & Lake Place as their primary residence. See Exhibit "Z"



Data provide by:

**IP** INLAND PACIFIC ENGINEERING  
 707 West 7th • Suite 200 (509) 455-6640  
 Spokane, WA 99201 FAX: (509) 455-6644

Drawing not to scale

## Exhibit "C"

File: SHLYCC.GCD  
Updated 12/17/96

Located in Spokane, WA at the corner of 4th & Conklin





**Exhibit "D"**

See outline Exhibit "D.2" for drawing detail

**PARCEL 4**

**RETAINED RICE LAND LEGAL DESCRIPTION**

That portion of the Southwest quarter of the Northeast quarter and the Northwest quarter of the Southeast quarter in Section 24, Township 25 North, Range 44 East, W.M., described as follows:

**BEGINNING** at the Northeast corner of the said Southwest quarter of the Northeast quarter; thence North 89°17'15" West, a distance of 234.82 feet; thence South 39°27'30" West, 433.65 feet; thence South 43°09'41" West, 195.69 feet; thence South 51°47'38" West, 121.44 feet; thence South 19°04'05" West, 123.25 feet; thence South 6°39'21" West, 143.11 feet; thence South 15°40'34" East, 148.00 feet; thence South 29°18'16" East, 163.40 feet; thence South 40°36'47" East, 102.38 feet; thence South 37°39'33" East, 65.45 feet; thence South 38°37'21" East, 116.18 feet; thence South 12°53'43" East, 92.54 feet; thence South 30°27'38" East, 50.65 feet; thence South 75°50'56" East, 65.75 feet; thence South 87°24'55" East, 86.41 feet; thence South 75°52'51" East, 76.90 feet; thence South 47°34'24" East, 40.41 feet; thence South 87°46'55" East, 105.09 feet; thence South 56°05'17" East, 41.39 feet; thence South 77°16'41" East, 50.74 feet to a point on the Easterly line of the Northwest quarter of the Southeast quarter lying 216.63 feet South of the Northeast corner of said Northwest quarter of the Southeast quarter; thence Northerly along said Easterly line and the Easterly line of the Southwest quarter of the Northeast quarter to the Point of Beginning;

**SUBJECT TO** an Shelley Lake water inundation easement lying westerly of the Ordinary High Water Mark {OHM} Elevation 2009.1 (N.G.V.D.) of Shelley Lake as established per field investigation by Mr. Doug Pineo, Washington State Department of Ecology on 26 March, 1993, described as follows:

**BEGINNING** at the Northeast corner of the said Southwest quarter of the Northeast quarter; thence North 89°17'15" West, a distance of 234.82 feet; thence South 39°27'30" West, 433.65 feet; the first point on the OHM, thence South 58°47'47" East, 4.86 feet; thence South 51°51'49" East, 23.05 feet; thence South 41°27'21" East, 41.61 feet; thence South 11°52'41" East, 9.52 feet; thence South 14°26'58" West, 2.79 feet; thence South 22°50'56" West, 31.86 feet; thence South 22°53'58" West, 22.11 feet; thence South 9°38'15" West, 18.24 feet; thence South 15°34'25" West, 10.65 feet; thence South 11°37'44" East,



13.16 feet; thence South 14°25'35" East, 10.64 feet; thence South 45°49'07" East, 7.40 feet; thence South 25°59'20" East, 21.14 feet; thence South 84°36'02" East, 1.09 feet; thence South 50°23'33" East, 1.38 feet; thence South 10°03'14" East, 1.66 feet; thence South 31°04'25" West, 1.37 feet; thence South 15°07'05" East, 45.06 feet; thence South 14°46'06" East, .64 feet; thence South 30°54'48" West, 58.74 feet; thence South 05°28'56" East, .79 feet; thence South 27°41'00" West, .92 feet; thence South 39°17'37" West, 1.31 feet; thence South 58°31'05" West, 48.41 feet; thence South 71°36'07" East, 1.66 feet; thence South 57°49'02" West, 40.06 feet; thence South 46°18'18" West, 42.26 feet; thence South 30°34'12" West, .93 feet; thence South 13°19'06" West, 1.77 feet; thence South 33°41'25" West, 5.06 feet; thence South 51°35'27" West, 43.97 feet; thence South 41°42'58" West, 3.24 feet; thence South 14°54'21" West, 57.27 feet; thence South 31°39'35" West, 3.32 feet; thence South 08°12'16" West, 54.41 feet; thence South 23°22'34" West, 2.16 feet; thence South 06°17'21" West, 55.92 feet; thence South 12°38'08" East, 2.04 feet; thence South 08°59'25" East, 53.28 feet; thence South 00°19'43" East, 1.70 feet; thence South 16°13'18" East, 52.46 feet; thence South 09°59'04" East, .96 feet; thence South 01°13'02" West, 2.26 feet; thence South 07°34'13" East, .46 feet; thence South 12°06'28" East, 40.36 feet; thence South 18°56'45" East, 1.21 feet; thence South 18°35'22" East, 42.01 feet; thence South 07°51'14" East, 1.35 feet; thence South 24°59'03" East, 39.01 feet; thence South 18°46'38" East, 1.47 feet; thence South 30°20'14" East, .42 feet; thence South 25°16'33" East, 69.34 feet; thence South 26°39'08" East, 17.03 feet; thence South 37°43'29" East, 33.37 feet; thence South 37°14'28" East, 44.48 feet; thence South 11°12'55" East, 9.00 feet; thence South 30°14'47" East, 38.83 feet; thence South 86°42'16" West, 5.73 feet; the last point on the OHM intersecting with the centerline of Saltese Creek.

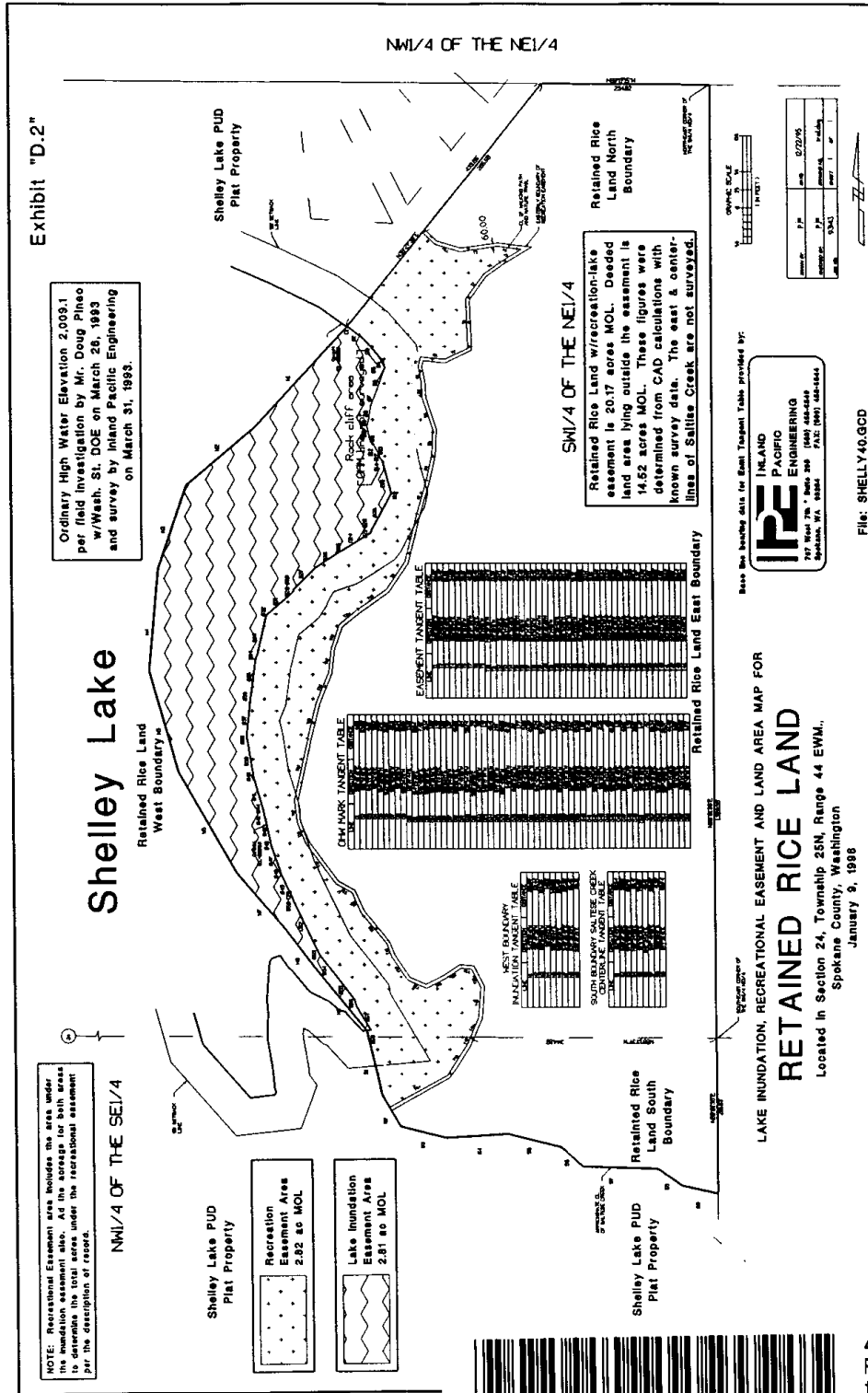
**AND SUBJECT TO** a non-exclusive recreational easement lying westerly of the following described line:

**BEGINNING** at the Northeast corner of the said Southwest quarter of the Northeast quarter; thence North 89°17'15" West, a distance of 234.82 feet; thence South 39°27'30" West, 265.58 feet; the first point on the easement line; thence South 46°33'57" East, 24.22 feet; thence South 73°01'56" East, 36.42 feet; thence South 82°16'46" East, 51.99 feet; thence South 82°16'54" East, 34.03 feet; thence South 59°47'15" West, 35.15 feet; thence South 55°15'10" West, 28.10 feet; thence South 36°07'59" West, 42.35 feet; thence South 01°39'29" East, 68.46 feet; thence South 65°16'01" West, 35.96 feet; thence North 83°57'19" West, 33.79 feet; thence South 15°33'11" West, 13.30 feet; thence South 11°58'36" East, 23.71 feet; thence South 01°14'25" East, 20.47 feet; thence South 17°52'35" East, 47.60 feet; thence South 03°55'50" West, 34.72 feet; thence South 12°41'15" West, 36.48 feet; thence South 16°14'47" West, 49.57 feet; thence South 14°51'22" West, 69.42 feet; thence South



34°43'44" West, 46.28 feet; thence South 55°26'20" West, 48.69 feet; thence South 51°14'15" West, 33.37 feet; thence South 18°55'43" West, 35.73 feet; thence South 06°53'19" West, 33.72 feet; thence South 22°42'07" West, 46.56 feet; thence South 14°03'03" West, 51.31 feet; thence South 12°51'03" West, 89.03 feet; thence South 06°27'00" East, 32.14 feet; thence South 21°47'08" East, 31.16 feet; thence South 35°55'59" East, 69.66 feet; thence South 60°24'53" East, 25.64 feet; thence South 23°00'45" East, 30.98 feet ; thence South 38°41'39" East, 55.98 feet; thence South 20°15'34" East, 18.97 feet; thence South 33°33'50" East, 39.40 feet; thence South 66°21'37" East, 28.72 feet; thence South 63°13'54" East, 31.37 feet; thence North 56°38'04" East, 24.26 feet; thence South 83°19'43" East, 15.08 feet; thence South 25°25'42" East, 28.06 feet; thence South 04°27'56" West, 41.86 feet; thence South 23°26'09" West, 30.53 feet; thence South 23°26'09" West, 10.89 feet; thence South 33°08'36" West, 50.54 feet; thence South 61°44'52" West, 93.65 feet; the last point on the recreational easement line intersecting at the centerline of Saltese Creek.

Exhibit "D-2"



LAKE INUNDATION, RECREATIONAL EASEMENT AND LAND AREA MAP FOR

**RETAINED RICE LAND**

Located in Section 24, Township 28N, Range 44 EWN,  
Spokane County, Washington  
January 9, 1998

BENNETT ASHENBRENER & DAV COV \$66.00

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