

RETURN ADDRESS
Coyote Rock, LLC
3201 N. Huetter Road
Coeur d'Alene. ID 83814

Document Title:

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF
EASEMENTS FOR COYOTE ROCK ESTATES LOCATED IN SPOKANE VALLEY.
WASHINGTON

Reference Numbers(s) of Related Documents:

Plat: _____ **Record of Survey :** 5615296

Grantor(s):

Coyote Rock, LLC. And Neighborhood, Inc.

Grantee(s):

Coyote Rock Estates Property Owners Association

Legal Description: (Abbreviated form is acceptable) A portion of the S1/2 and a portion of the NE1/4, Section 4, Township 25 North, Range 44 East, W.M., City of Spokane Valley, County of Spokane, Washington (complete legal description attached as Exhibit "A")

Assessor's Tax Parcel ID Number(s): 45043.1501, 45043.1502, 45043.1503, 45043.1504, 45043.1505, 45043.1506, 45043.1507, 45043.1508, 45043.1509, 45043.1510, 45043.1511, 45043.1512, 45043.1513, 45043.1514, 45043.1515, 45043.1516, 45043.1517, 45043.1518, 45043.1519, 45043.1520, 45043.1521, 45043.1522, 45043.1523, 45043.1524, 45043.1525, 45043.1526, 45043.1527, 45043.1528, 45043.1529, 45043.1530, 45043.1531, 45044.9020, 45044.9019, 45043.1502, 45045.9063

R. E. Excise Tax Exempt

Date NOV. 30 2007

Spokane County Treas.

By bn

TABLE OF CONTENTS

ARTICLE I	2
DEFINITIONS	2
ARTICLE II	7
MEMBERSHIP IN ASSOCIATION	7
ARTICLE III	8
VOTING RIGHTS.....	8
ARTICLE IV	10
JURISDICTION OF ASSOCIATION.....	10
ARTICLE V	11
COVENANT FOR ASSESSMENTS	11
ARTICLE VI	16
EFFECT OF NON-PAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION ..	16
ARTICLE VII	19
ARCHITECTURAL CONTROL.....	19
ARTICLE VIII	26
MAINTENANCE AND REPAIR OBLIGATIONS	26
ARTICLE IX	27
CHARGES FOR UTILITY SERVICES.....	27
ARTICLE X.....	27
USE RESTRICTIONS	27
ARTICLE XI	30
EASEMENTS.....	30
ARTICLE XII	32
NO COMMON AREA	32
ARTICLE XIII	33
INSURANCE.....	33
ARTICLE XIV	34
DAMAGE OR DESTRUCTION OF LANDSCAPE MAINTENANCE AREA.....	34
ARTICLE XV	35
MORTGAGEE PROTECTION CLAUSE	35
ARTICLE XVI.....	36
GRANTOR EXEMPTION	36
ARTICLE XVII.....	37
GENERAL PROVISIONS.....	37

EXHIBIT "A" – Legal Description of Property

**DECLARATION OF COVENANTS, CONDITIONS
RESTRICTIONS AND RESERVATIONS OF EASEMENTS
FOR
COYOTE ROCK ESTATES
A SUBDIVISION
LOCATED IN SPOKANE VALLEY, WASHINGTON**

THIS DECLARATION is made on this 27th day of November, 2007 by the undersigned owners of the subject property, (hereinafter referred to as "Grantor" or "Grantors"), to establish certain covenants, conditions, restrictions and easements for Coyote Rock Estates, a subdivision located in Spokane Valley, Spokane County, Washington, as follows:

A. Grantors are the owners of certain real property (Property) located in Spokane Valley, Spokane County, Washington, described in Exhibit "A" attached hereto and incorporated herein by reference.

B. Grantors desire to create a nonprofit corporation subject to the General Nonprofit Corporation Laws of the State of Washington to which should be delegated and assigned the powers and duties of maintaining and administering the Landscape Maintenance Areas in the Property, as described on the Record of Survey: Coyote Rock recorded as Instrument # 5615296, and incorporated herein by reference, and for administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges, set forth herein.

C. Grantors will create or have created such corporation, the members of which shall be the respective Owners of Lots in the Property described on Exhibit "A" attached hereto.

D. Grantors intend to develop and convey all of the Property pursuant to a general plan for development and subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all running with the Property and Lots.

E. Grantors declare that all of the Lots and Dwelling Units to be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following easements, restrictions, covenants, conditions and equitable servitudes, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Property, Lots and Dwelling Units in furtherance of a general plan for protection, maintenance, improvement and sale of the Property, Lots and Dwelling Units or any portion thereof. The covenants, conditions, restrictions, reservations, easements and equitable servitudes set forth herein shall run with the Property and Lots and shall be binding upon any parties having any right, title or interest

in the Lots and Dwelling Units or any part thereof, their heirs, successors and assigns, shall inure to the benefit of each Owner thereof; and may be enforced by Grantor, by any Owner or by the Association

ARTICLE I DEFINITIONS

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

1.01 "Apartment Unit" shall mean a residence situated within building or buildings offered for rent to the general public and owned in common by an individual Owner or an entity comprised of owners. An Apartment Unit differs from a Condominium Unit or a Townhouse Unit based upon the fact that the living quarters themselves are not individually owned by separate Owners. Special provisions relating to voting rights for the owner of Apartment Units and the assessments related thereto are set forth herein.

Section 1.02 "Architectural Board" refers to that Board or Boards established in accordance with the provisions of Article VII hereof for the review and approval of plans for new construction, site improvements, landscaping and all modifications thereof. A separate and distinct Architectural Board may, at the sole discretion of the Grantor, be established for any additional phases of development of the Property which do not include Lots 1 through 30.

Section 1.03 "Articles" shall mean the Articles of Incorporation of the Association to be filed in the Office of the Secretary of State of the State of Washington, as such Articles may be amended from time to time.

Section 1.04 "Assessment" shall mean any of the assessments that may be charged against an Owner and his or her Lot or Dwelling Unit under the terms of this Declaration.

Section 1.05 "Association" shall mean Coyote Rock Estates Property Owners Association, a non-profit corporation formed or to be formed under the laws of the State of Washington, its successors and assigns.

Section 1.06 "Association Maintenance Fund" shall mean the account, created for receipts and disbursements of the Association, pursuant to Article V hereof.

Section 1.07 "Beneficiary" shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such mortgage or beneficiary.

Section 1.08 "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

Section 1.09 "Bylaws" shall mean the Bylaws of the Association.

Section 1.10 "Capital Improvement Assessment" shall mean a charge against each Owner and his or her Dwelling Unit, representing a portion of the costs to the Association for installation or construction of any improvements on any portion of the Landscape Maintenance Areas which the Association may from time to time authorize, pursuant to the provisions of this Declaration.

Section 1.11 "Close of Sale" shall mean the date on which a deed or real estate contract is recorded conveying a Lot or Dwelling Unit to a purchaser.

Section 1.12 "Common Assessment" shall mean the monthly or annual charge, as determined by the Board of Directors, against each Owner and his or her Dwelling Unit, representing a portion of the total ordinary costs of maintaining, improving, repairing, replacing and managing the Landscape Maintenance Areas as more fully described herein.

Section 1.13 "Common Expenses" shall mean the actual and estimated costs of, maintenance, management, operation, repair and replacement of the Landscape Maintenance Areas (including unpaid Special Assessments, Reconstruction Assessments and Capital Improvements Assessments), including those costs not paid by the Owner responsible for payment; the costs of any commonly metered utilities and other commonly metered charges for the Property, costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all utilities, gardening and other services benefiting the Landscape Maintenance Areas; the costs of fire, casualty and liability insurance, worker's compensation insurance, and other insurance, the costs of bonding the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrances levied against the Property for the benefit of all of the Owners; other expenses described in Section 5.03 and as approved by the Board pursuant to this Declaration.

Section 1.14 "Condominium Units" or "Townhouse Units" shall mean those single family residences joined by a common wall and individually owned. Apartment units or units in a multi-family dwelling are not considered Condominium Units or Townhouse Units unless the same have been segregated in accordance with the Condominium Act or otherwise segregated by operation of law as independently owned single family residences. Special provisions relating to the voting rights and the allocation of assessments relating to Condominium Units or Townhouse Units are set forth hereinbelow.

Section 1.15 "Declaration" shall mean this instrument as it may be amended from time to time.

Section 1.16 "Dwelling Unit" shall mean a residential building, located on a Lot designed and intended for use and occupancy as a residence or as a multi-unit residence, and shall include the underlying Lot.

Section 1.17 "Exterior Landscaping and Perimeter Fences" shall be considered part of the Landscape Maintenance Areas.

Section 1.18 "Family" shall be defined according to federal, state and local laws, which may or may not change, or be interpreted differently, from time to time.

Section 1.19 "First Mortgage" shall mean the primary or priority Mortgage or Deed of Trust on a Lot or Dwelling Unit, recorded prior to the due date of any Assessment.

Section 1.20 "First Mortgagee" shall mean a Mortgagee which holds or owns a First Mortgage.

Section 1.21 "Grantor" or "Grantors" shall mean the undersigned, their successors and person(s) to whom they shall have assigned any rights hereunder by express written instrument.

Section 1.22 "Improvement" shall mean any structure or appurtenance thereto of every type and kind, including but not limited to buildings, outbuildings, walkways, sprinkler pipes, garages, carports, ponds, cabanas, recreational facilities, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, antennae, hedges, windbreaks, plants, planted trees and shrubs, poles, signs, exterior air conditioning and water-softening fixtures or equipment.

Section 1.23 "Landscape Maintenance Areas" or "Landscape Management Areas" shall mean all plants, planted trees, shrubs, ground cover, lights and other landscaping improvements, including drainage systems originally constructed by Grantors within landscape easements, landscape maintenance areas or landscape management areas as designated upon the recorded Record of Survey: Coyote Rock, whether or not included within the legal description set forth on Exhibit "A". If not already set forth in the Record of Survey, Landscape Maintenance Areas or Landscape Management Areas shall also include the following:

a. The area within twenty-three (23) feet of either side of the publicly dedicated roadways anticipated to be named Coyote Rock Drive and Lockwood Road to the extent allowed by the City of Spokane Valley;

- b. The area south of the sidewalk and north of the private roadway west of Lockwood Road which culminates in a cul-de-sac in Lot 3, hereinafter called "Coyote Rock Lane";
- c. The property lying south of Coyote Rock Lane in Lots 3 through 19, including the fence;
- d. The median in Coyote Rock Lane west of Lockwood Road;
- e. The entry ways at the intersection of Lockwood Road, Coyote Rock Drive and Coyote Rock Lane.
- f. The hillside area running east along Coyote Rock Drive before it becomes Pitt Road;
- g. Street lighting installed either adjacent to various sidewalks or within the grassy swales; and
- h. such other areas which benefit the appearance of the subdivision, which are located in public rights of way subject to maintenance by the Association pursuant to agreements with the City of Spokane Valley.

Section 1.24 "Lease" shall mean any agreement for the leasing or rental of any Unit or a portion thereof.

Section 1.25 "Lot" shall mean any plot of land shown upon the recorded Plat of the Property that is set aside and approved for construction. A Condominium Unit or Townhouse Unit shall be considered a Lot for membership and voting purposes, wherever situated. A Condominium Unit or Townhouse Unit are those single family residences joined by a common wall and individually owned. Apartment Units or Single Family Residences in a multi-family dwelling are not considered Condominium or Townhouse Units for the purpose of membership and voting, unless the same have been segregated in accordance with the Condominium Act or otherwise segregated by operation of law as independently owned single family residences.

Section 1.26 "Manager" shall mean the person or firm appointed by the Association as its agent and delegated certain duties and powers of the Association.

Section 1.27 "Member" shall mean any party holding a membership in the Association

Section 1.28 "Mortgage", "Mortgages", "Mortgagor" shall mean any mortgage or deed of trust or other conveyance of a Lot, Dwelling Unit or other portion of the Property to secure the performance of any obligation which will be reconveyed upon the

completion of such performance. The term "Deed of Trust" or "Trust Deed" when used herein shall be synonymous with the term "Mortgage". The term "Mortgagee" shall mean a person or entity to whom a Mortgage is made and shall include the beneficiary of a Deed of Trust. "Mortgagor" shall mean a person or entity who mortgages his or her Lot or Dwelling Unit to another (i.e., the maker of a Mortgage), and shall include the "Trustor" of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee".

Section 1.29 "Multi-Family Dwelling Unit" shall mean a residential building designed and intended for use and occupancy as a residency by more than one family.

Section 1.30 "Notice and Hearing" shall mean written notice and a hearing at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense, in the manner provided in the Bylaws.

Section 1.31 "Owner" shall mean the Person or Persons including Grantors, holding fee simple interest of record to, or the real estate contract purchaser of, any Lot or Dwelling Unit which is a part of the Property. For purposes of Article X only, unless the context otherwise requires, Owner shall also include the family, guests, invitees, licensees and lessees of any Owner.

Section 1.32 "Person" shall mean a natural individual or any other entity with the legal right to hold title to real property.

Section 1.33 "Property" shall mean all of the real property described in Exhibit "A".

Section 1.34 "Record"; "Recorded"; "Filed"; or "Recordation" shall mean, with respect to any document, the recording of such document in the appropriate office in Spokane County, Washington.

Section 1.35 "Reconstruction Assessment" shall mean a charge against each Owner and his Lot or Dwelling Unit, representing a portion of the cost to the Association for reconstruction of any portion of the improvements on the Landscape Maintenance Areas.

Section 1.36 "Record of Survey" shall mean that certain document entitled Record of Survey: Coyote Rock recorded in the records of the County of Spokane as instrument # 5615296.

Section 1.37 "Single Family Dwelling Unit" shall mean a residential building designed and intended for use and occupancy as a residence by only one family.

Section 1.38 "Single Family Residence" shall refer to a space designed and intended to be used for habitation by one family.

Section 1.39 "Special Assessment" shall mean a charge against a particular Owner and his or her Lot or Dwelling Unit, directly attributable to such Owner, equal to the cost incurred or levied by the Association for corrective action pursuant to the provisions of this Declaration.

Section 1.40- "Water Company" shall mean any municipality or district providing water service to the Property and/or Dwelling Units.

Section 1.41 "Unit" shall mean, unless specifically set forth, any Lot, Dwelling Unit, Condominium Unit, Townhouse Unit, or Apartment Unit.

ARTICLE II MEMBERSHIP IN ASSOCIATION

Section 2.01 Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from the fee ownership of a Dwelling Unit within the Property. Ownership of such Dwelling Unit shall be the sole qualification for membership in the Association.

Section 2.02 Transfer. The Association membership held by any Owner of a Dwelling Unit shall not be transferred, pledged or alienated in any way, except upon the sale of or encumbrance of such Unit, and then only to the purchaser or Mortgagee of such Dwelling Unit. Any attempt to make a prohibited transfer is void. A Member who has transferred fee interest to his Unit or who has sold his Dwelling Unit to a contract purchaser under a real estate contract shall ipso facto be deemed to have transferred to such grantee or contract purchaser his membership rights in the Association.

Section 2.03 Number of Memberships. At the time of recording this Declaration, Grantors have developed or are developing Lots 1 through 30 of the Property. At Grantors' sole discretions, Grantors anticipate developing the remaining Property in additional phases as either Single Family Dwelling Units, Townhouses, Condominiums, or Apartments to house approximately 250 families.

a. Grantors shall be deemed to hold 250 Memberships within the Association in pro-rata shares based upon actual ownership of the property to be developed, until such time as each parcel of property is developed, at which time the actual number of Dwelling Units and the Single Family Residences contained therein will determine the number of memberships within the Association.

b. Grantors shall provide notice to the Association of Grantors' intention to subsequently develop each phase and the number of memberships included therewith.

c. The specific architectural controls and design standards for said additional phases shall be determined by the Grantors or its successors or assigns, in its sole determination, and may differ substantially from parcel to parcel or phase to phase. Such differences may include without limitation, specifications relating to type of structure, structure size, setbacks, construction materials, permitted outbuildings, landscaping, fences, public access, docks, walkways and driveways. A separate Architectural Board as contemplated in Article VII hereof may be established by the Grantors for any parcels owned by Grantors which have not been developed or built upon at the time of the recording of this Declaration. It is the intention of the Grantors to provide for wide latitude and divergence in the types of architecture which may be utilized in various areas of Coyote Rock Estates. To accommodate this diversity, a separate Architectural Board may be created for additional developments on an individual basis as determined solely by the Grantors.

d. Grantors may impose upon any subsequent phase or additions greater financial obligations for maintenance of certain Landscape Maintenance Areas made a part of the subsequent developments, which shall not accrue as expenses to the Owners of Lots or Units on Lots 1 through 30. For instance, the maintenance of certain private roadways, bike paths or private parks may be assessed to subsequent phases of development without imposing any greater burden on the other Owners.

e. Grantors may, at their sole discretion, establish a sub-Association for future development phases, which more specifically govern the Property, or a portion thereof, other than Lots 1 through 30.

f. Nothing contained herein shall obligate Grantors to develop any portion of the Property as anticipated. Further, prior to development, Grantors retain the right to withdraw all or any of the Property, excluding lots 1 through 30, from these Declarations by Amending the legal description of these Declarations. Such an Amendment shall be allowed without vote of the Association, by Grantor(s) giving notice to the Association and recording such Amendment with the Spokane County Auditor.

ARTICLE III VOTING RIGHTS

Section 3.01 Classes of Voting Membership. The Association shall have two (2) classes of voting membership as follows:

Class A. Class A Member shall be all Owners in the Property, with the exception of Grantors, for so long as there exists a Class B membership for the Association.

Grantors shall become a Class A Member with regard to Lots owned by them upon conversion of their Class B Membership as provided below.

Class A Members shall be segregated into the following separate subclasses. Class A Members shall be entitled to the number of votes, and shall cast the votes, in the manner hereinafter set forth:

a. Each Single Family Dwelling Unit Owner or Townhouse Unit Owner shall be entitled to one (1) vote for each Unit owned. When more than one person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised in accordance with Article III, Section 3.02 of this Declaration, and in no event shall more than one (1) Class A vote be cast with respect to any Unit.

b. Condominium Units may be developed upon the property. Should property be developed as Condominium Units, each Condominium Unit Owner shall be entitled to one (1) vote for each Unit owned. Said votes shall be cast within the Condominium Association, and the President of said Association shall then cast the votes in the aggregate as one block of votes based upon the majority votes. For instance if the vote in the Condominium Association was 60 yea and 40 nay, the President would cast all 100 votes as yeas in the Coyote Rock Estates Property Owners Association.

c. Apartment Units may be developed upon the Property. Should said property be developed as Apartment Units, then in that event the individual Owner of the Apartment Units shall be entitled to cast one (1) vote for each ten (10) Apartment Units owned. In the event there are an odd number of Apartment Units which are not divisible by ten (10), then the individual Owner of the Apartment Units shall be entitled to cast one (1) vote for each block of Units greater than five (5), but less than ten (10). For instance, should an Owner own 56 Apartment Units, he would be entitled to cast six (6) votes; should an Owner own 55 Apartment Units, he would be entitled to cast five (5) votes.

d. Nothing contained herein shall obligate Grantors, their successors or assigns to develop any portion of the Property as anticipated. Nothing contained herein shall prohibit Grantors or their successors or assigns from utilizing any property to be included in the Association for any lawful use permitted within the zoned classification or any subsequent zone classification that the City of Spokane Valley may approve in the future.

Class B. The Class B Members shall be the Grantors, and Grantors shall be entitled to ten (10) votes for each Membership to which Grantors are entitled. The Class

B Membership shall cease and be converted to Class A Membership on the happening of the earliest of the following events:

- a. **At such time as seventy-five percent (75%) of all property available for sale or included within the Subdivision, has been deeded to owners other than the Grantors; or**
- b. **Twenty (20) years from the Close of Sale of the first Lot sold in the Property; or**
- c. **Upon Grantors' written relinquishment of its Class B Membership.**

Section 3.02 Vote Distribution. Class A Members owning Lots within the Property shall be entitled to cast their votes in the numbers to which they are entitled as set forth above. When more than one person has an interest in any Unit ("co-owner"), all such co-owners shall be Members and may attend any meeting of the Association, but only one such co-owner shall be entitled to exercise the vote to which the Unit is entitled. Such co-owners may from time to time designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Unit shall be exercised, if at all, as a whole. Where no voting co-owner is designated or if such designation has been revoked, the vote for such Unit shall be exercised as a majority of the co-owners of the Unit mutually agree. Unless the Board receives a written objection from a co-owner, it shall be presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any Unit where the majority of the co-owners present in person or by proxy and representing such Unit cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Unit and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the Bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

Said voting rights shall be subject to the restrictions and limitations provided in this Declaration, the Articles and Bylaws, provided, however, Grantors or their assigns shall have the absolute right to appoint one (1) Member to the Board of Directors regardless of the voting results.

ARTICLE IV JURISDICTION OF ASSOCIATION

Section 4.01 The Association, acting through its Board of Directors shall also have:

a. The authority and the duty to maintain, repair and otherwise manage the Landscape Maintenance Areas and all utilities, improvements and landscaping thereon, all in accordance with the provisions of this Declaration.

b. The authority and the duty to maintain the storm and drainage facilities within the Landscape Maintenance Areas.

c. The authority and the duty to obtain, for the benefit of the Property, refuse collection and electric, water, and sewer services as it deems appropriate. Refuse collection for the Dwelling Units and payment therefore shall be up to each individual Dwelling Unit Owner unless the regulations of the designated purveyor of said services provide to the contrary, and in that event, refuse collection shall be the responsibility of the Association.

d. The authority and the duty to grant easements, rights of way, or strips of land, where necessary, for utilities over the Landscape Maintenance Areas to serve the Landscape Maintenance Areas and the Lots.

e. The authority and the duty to maintain such policy or policies of liability and fire insurance with respect to the Landscape Maintenance Areas and personal property, if any, owned by the Association as provided herein furthering the purposes of and protecting the interests of the Association and Members and as directed by this Declaration and the Bylaws.

f. The authority but not the duty to employ or contract with a professional manager to perform all or any part of the duties and responsibilities of the Association, and the authority to delegate its authority to committees, officers and employees.

g. The authority but not the duty to, after Notice and Hearing, without being liable to any Owner, enter any Lot or Dwelling Unit for the purpose of enforcing by peaceful means the provisions of this Declaration, or for the purpose of maintaining or repairing any such area if for any reason whatsoever the Owner fails to maintain or repair any such area as required by this Declaration. Said cost shall be a Special Assessment on said Owner's property and shall create a lien enforceable in the same manner as other Assessments as set forth in this Declaration. Said Owner shall pay promptly all amounts due for such work.

ARTICLE V COVENANT FOR ASSESSMENTS

Section 5.01 Creation of the Lien and Personal Obligation of Assessments. Grantors, for each Dwelling Unit owned within the Property, hereby covenant, and each Owner of any Dwelling Unit by acceptance of a deed or real estate contract therefore,

whether or not it shall be so expressed in such deed or contract, is deemed to covenant and agree, to pay to the Association (1) Monthly or annual, as determined by the Board, Common Assessments for Common Expenses, (2) Capital Improvement Assessments, (3) Special Assessments, and (4) Reconstruction Assessments; with such Assessments to be established and collected as hereinafter provided. Such Assessments, together with interest as set out herein, costs and reasonable attorney's fees for the collection thereof, shall be a lien on the Dwelling Unit and Lot thereunder, and shall be a continuing lien from the due date of the Assessment. Each such Assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Dwelling Unit at the time when the Assessment fell due. The personal obligation of the Owner shall not pass to his successors in title unless expressly assumed by them.

Section 5.02 Creation of Fund. The Board of Directors shall establish a separate account (the "Association Maintenance Fund") into which shall be deposited all Assessments paid to the Association and from which disbursements shall be made in performance of functions by the Association. The Association Maintenance Fund shall include (1) an operating fund for current Common Expenses, and (2) a reserve fund for Common Expenses which would not reasonably be expected to recur on an annual or less frequent basis. If an operating fund or reserve fund proves at any time to be inadequate for any reason, the Board may at any time levy a supplemental Common Assessment, subject to the provisions of Section 5.05 of this Article.

Section 5.03 Purpose of Common Assessments. The Common Assessments levied by the Association shall be used exclusively to promote the common health, safety, benefit, recreation and welfare of the Owners and for the improvement and maintenance of the roadways and Landscape Maintenance Areas. Nothing in this Declaration shall be construed in such a way as to permit the Association to use any Assessments to abate any nuisance or annoyance emanating from outside the boundaries of the property, without the prior approval of the Board. Common Assessments shall include without limitation, and the Association shall acquire and pay for out of the applicable funds derived from said Common Assessments, the following:

a. Water, sewer, electrical, lighting and other necessary utility services for the Landscape Maintenance Areas. Garbage and refuse collection service for the Units may also be included if the applicable purveyor's regulations prohibit individual contracting for said service. Each Unit Owner shall be responsible for paying its own water and electricity usage and any other individually measured utility or service, promptly when due.

b. Landscape planting and maintenance by the Association of all landscaping, planted areas and sprinkler systems within the Landscape Maintenance Areas, including commonly metered irrigation and electrical services.

c. Fire and casualty insurance with extended coverage as provided herein, covering the full insurable replacement cost of the Landscape Maintenance Areas Improvements.

d. Liability insurance, as provided herein, insuring the Owners and the Association, its Directors and Officers against any liability to the public or to any Owner, their invitees or tenants, incident to their occupation and use of the Landscape Maintenance Areas, with limits of liability to be set by the Board of Directors of the Association.

e. Worker's Compensation Insurance to the extent necessary to comply with any applicable laws, medical payments, insurance, liquor liability insurance and any other insurance deemed necessary by the Board of Directors of the Association.

f. Standard fidelity bonds covering all members of the Board of Directors of the Association and other employees and volunteers of the Association as and in an amount as determined by the Board of Directors, but not less than two times the sum of the annual Common Assessments of the Association.

g. Painting, maintenance, repair and replacement of all buildings, equipment, recreation facilities, fences and landscaping in, on, and of the Landscape Maintenance Areas, as the Board shall determine is necessary and proper.

h. All applicable personal property taxes on property owned by the Association and used in the Landscape Maintenance Areas.

i. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay for pursuant to the terms of this Declaration or by law or which in the opinion of the Associations' Board of Directors shall be necessary or proper for the operation of the Landscape Maintenance Areas or for the enforcement of the provisions of this Declaration.

Section 5.04 Adjustment of Common Assessment. Prior to the Sale of the first Lot on the Property, the Grantors shall estimate the costs and establish the amount of the Common Assessment. From and after the Close of Sale of the first Lot on the Property, the amount of each of the components which make up the Common Assessment pursuant to Section 5.03 above may be increased or decreased by the Board effective as of January 1 of each year thereafter without a vote of the membership, by not more than ten percent (10%) of the Assessment amount for the most recent Assessment year. The Common Assessment charged to the Owners of all Lots pursuant to Section 5.03 above may be increased or decreased by the Association by more than ten percent (10%) with the consent of at least two-thirds (2/3) of the voting power of those Members voting in person or by proxy at a meeting duly called for such

purpose, written notice of which shall be sent to all Members not less than fourteen (14) days nor more than sixty (60) days in advance of the meeting.

Section 5.05 Capital Improvement and Reconstruction Assessments. In addition to the Common Assessment authorized above, the Board of Directors of the Association may levy, in any assessment year, a Capital Improvement Assessment or Reconstruction 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 any improvement or other such addition upon the Landscape Maintenance Areas, including fixtures and personal property related thereto; provided that whenever the aggregate Capital Improvement and Reconstruction Assessments in any fiscal year exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, such excess shall require the consent of two-thirds (2/3) of the voting power of those Members, voting in person or by proxy, at a meeting duly called for such purposes, written notice of which shall be sent Members not less than twenty (20) days nor more than sixty (60) days in advance of the meeting.

Section 5.06

a. **Uniform Rate of Assessment and Due Date.** Except as stated to the contrary herein, Common Assessments, Capital Improvement Assessments and Reconstruction Assessments provided for in this Article V shall be established at a uniform rate; provided, however, the Association may, subject to the provisions of this Article, levy Special Assessments against specific Owners who have caused the Association to incur special expenses due to any willful or negligent acts or extraordinary demand for services, repairs or maintenance required as a result of said Owners, their guests or agents. All Common Assessments shall be due and payable, either monthly or annually as established by the Board, on or before the date(s) established by the Board, and other Assessments shall be paid and collected at such frequency as the Board shall determine from time to time.

b. **Disproportionate Assessments Based Upon Exclusive Use or Benefit.** The Board shall be empowered to determine and fairly allocate a greater and disproportionate share of any assessments to multi-unit properties, such as an apartment building, consistent with the size and occupancy of such properties.

c. **Limited Common Assessment.** The private roadway, sidewalks, lights, mailboxes and landscape maintenance area used primarily for the benefit of the Owners and invitees of Owners of Lots 1 through 19 shall be paid for solely by the Owners of said Lots 1 through 19. The Association shall arrange for the maintenance and repair of said private roadway, sidewalk, lights, mailboxes or landscape maintenance area, and an additional assessment as determined by the Board shall be made to the Owners of Lots 1 through 19. Additionally, it is contemplated that either at the time of the recording of these documents or at a later time, Grantors, in their sole discretion, or the Owners of

Lots 1 through 19 may determine that it is in their mutual benefit to install a gate to limit access to Coyote Rock Lane. The construction of the gate may be arranged for by the Grantor, at its sole discretion, or the Owners of Lots 1 through 19; however the maintenance, operation and repair of such a gate shall be arranged for by the Association and paid for solely by the Owners of Lots 1 through 19. If such a gate is installed, the Association shall be provided with the means to open it and the Association shall be allowed access to Coyote Rock Lane and the Landscape Maintenance Areas within Lots 1 through 19.

d. **Specific Exclusion.** A private driveway services Lots 1 through 3. The Owners of Lots 1 through 3 are solely responsible for the maintenance, including snow and ice removal, and repair thereof.

Section 5.07 Date of Commencement of Common Assessments; Financial Statements; Budget. The Common Assessments shall commence on the first day of the month following the Close of Sale of the first Lot. Upon the closing of each initial sale of a Lot, the purchaser of such Lot shall pay a sum equal to one year of the then prevailing annual or monthly Common Assessment to the Association as a non-refundable Association start-up fee and shall pay the current Common Assessment prorated to the date of closing, so that a full year's Common Assessment shall be due on the first day of the following calendar month. Written notice of any change in the schedule of payment (either monthly or annually) or in the amount of the Common Assessment shall be sent to every Owner not less than twenty (20) days prior to the effective date of such change. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the Assessments on a specified Unit have been paid. A properly executed certificate of the Association as to the status of Assessments against a Unit is binding upon the Association as of the date of its issuance.

Section 5.08 The Board of Directors shall cause to be prepared an annual balance sheet and operating statement reflecting income and expenditures of the Association for each fiscal year, including deposits in and withdrawals from any reserve funds, and shall cause to be distributed a copy of each such statement to each Member, and to each First Mortgagee who has filed a written request for copies of the same with the Board of Directors, in the manner provided in the Bylaws.

At least sixty (60) days prior to the beginning of each fiscal year, the Board of Directors shall prepare and distribute to the membership of the Association a written, itemized estimate (budget) of the income and expenses of the Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and deposits into any reserve funds, less any expected income and accounting for any surplus from the prior year). If the estimated sums prove inadequate for any reasons, including non-payment of any Owner's Common Assessment, the

Board may at any time levy supplemental Common Assessments, subject to the provisions of this Article.

Section 5.10 Exempt Property. All portions of the Property dedicated to and accepted by a local public authority shall be exempt from the Assessments herein:

**ARTICLE VI
EFFECT OF NON-PAYMENT OF ASSESSMENTS;
REMEDIES OF THE ASSOCIATION**

Section 6.01 Effect of Non-Payment of Assessment; Remedies of the Association. Any Common Assessment, Capital Improvement Assessment, Special Assessment or Reconstruction Assessment or installment thereof not paid within thirty (30) days after the due date will be delinquent. In the event any Assessment becomes delinquent, the Association may take any or all of the following actions:

- a. Assess a late charge for each delinquency at uniform rates set by the Board of Directors from time to time;
- b. Charge interest from the date of delinquency at the highest rate allowed by law.
- c. Suspend the voting rights of the Owner during any period of delinquency;
- d. Accelerate all remaining Assessment installments for the fiscal year in question so that unpaid Assessments for the remainder of the fiscal year will be due and payable at once;
- c. Bring an action at law against any Owner personally obligated to pay the delinquent Assessment charges; or
- d. File a Notice of Lien with respect to the Unit and foreclose as set forth in more detail below.

6.02 Assessment Lien. Any Assessment chargeable to a Unit will constitute a lien on the Unit, effective the due date of the Assessment. To evidence the lien, the Association, as applicable, may, but will not be obligated to, prepare and record, at the office of the Spokane County Auditor a Notice of Lien with respect to the Unit, setting forth the name of the Owner, the legal description of the Lot, the name of the Association, as applicable, and the delinquent Assessment amounts then owing. Any such notice will be duly signed and acknowledged by an Officer or Director of the Association, as applicable, or by the Manager of such entity, and will be served upon the

Owner by personal service or by certified or registered mail to the last known address of the Owner or Owners of the Lot and any holder of a prior perfected security interest who has given notice of their interest to the Association and requested notice. Thirty (30) days following the mailing of such notice to the Owner, the Association, as applicable, may proceed to foreclose the lien in the manner provided under Washington law. The Association, as applicable, will have the power and the right to bid on a Dwelling Unit at foreclosure sale and to acquire, hold, lease, mortgage and convey any such Dwelling Unit.

6.03 Successor's Liability for Assessment. All successors to the fee simple title of a Lot, except as provided in this Section, will be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' and legal assistants' fees against such Lot without prejudice to any such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor will not be personal and will terminate upon termination of such successor's fee simple interest in the Lot. In addition, such successor will be entitled to rely on the statement of status of Assessments by or on behalf of the Association.

Section 6.04 Curing a Default. Upon the timely curing of any default for which a Notice of Assessment or Acceleration Notice was filed by the Association, the officers thereof shall record an appropriate Release of Lien upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed One Hundred Fifty Dollars (\$150.00), to cover the cost of preparing and recording such release. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the lien upon any Lot/Dwelling Unit created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request and payment of a reasonable fee, to be determined by the Board.

Section 6.05 Cumulative Remedies. The Assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment or unpaid Assessments, as above provided.

Section 6.06 Mortgage Protection. Notwithstanding all other provisions hereof, no lien created under Articles V or VI, nor any breach of this Declaration, nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Beneficiary under any recorded First Mortgage upon a Unit made in good faith and for value; provided that after such Beneficiary or some other person obtains title to such Unit by judicial foreclosure or by means of the powers set forth in such Deed of Trust, such Unit shall remain subject to the Declaration and payment of all Assessments

accruing subsequent to the date such Beneficiary or other person obtains title and claims for a share of unpaid Assessments reallocated to all Units, including each Unit foreclosed.

6.07 Waiver of Homestead Exemption; Subordination of the Lien. The Assessment liens will be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Washington, and to all other liens and encumbrances except the following:

a. **Prior Liens.** Liens and encumbrances recorded before the date of recording this Declaration;

b. **Tax, Governmental and Statutory Lien.** Liens for real estate taxes and other governmental assessments or charges duly imposed against the Unit by a Washington governmental or political subdivision or special taxing district, or any other liens made superior by statute; and

c. **First Mortgage Liens.** The lien for all sums unpaid on a First Mortgage recorded before the date on which the Assessment sought to be enforced became delinquent, including any and all advances made by the First Mortgagee, even though some or all of such advances may have been made subsequent to the date of attachment of the Association's lien.

With respect to Section 6.07(c), any First Mortgagee who acquires title to a Unit by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the Unit free of any claims for unpaid Assessments, interest, late charges, costs, expenses, and attorneys' (and legal assistants') fees against the Unit which accrue prior to the time such First Mortgagee or purchaser acquires title to the Unit.

All other persons who hold a lien or encumbrance of any type not described in Sections 6.07(a) through 6.07(c) will be deemed to consent to the subordination of such lien or encumbrance to the Association's current and future Assessment liens, interest, late charges, costs, expenses, and attorneys' (and legal assistants') fees, as provided in this Article, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

6.08 Reallocation of Assessments Secured by Extinguished Liens. The sale or transfer of any Unit to enforce any of the liens to which the Assessment lien is subordinate will extinguish such Assessment lien as to installments that became due prior to such sale or transfer. The amount of such extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the direction of the Board of Directors. However, no such sale or transfer will relieve the purchaser or transferee of a

Unit from liability for, or the Unit from the lien of, Assessments made after the sale or transfer.

ARTICLE VII ARCHITECTURAL CONTROL

Section 7.01 Approval by the Board. No buildings, or other structure shall be commenced, erected or maintained upon the Property, nor shall an exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the quality of materials, harmony of external design and location in relation to surrounding structures and topography by the Board of Directors or designated agent thereof. At its sole discretion, Grantors, and thereafter the Board may appoint one or more agents or committees to handle the provisions of this Article VII.

Section 7.02 Approval Necessary. Each Owner of a Lot or Dwelling Unit must procure the Approval of the Board or its designated agent or committee of plans for new construction, site improvements, landscaping and all modifications thereof, prior to beginning construction.

Section 7.03 Submittals and Construction Completion. The Owner must submit building plans to the Board. Plan approvals are good for 12 months from date of written approval.

Section 7.04 Record Keeping. A majority vote of the Board will be required for design approval. Signatures must be affected on all approved plans. Records of approval shall be kept on file with the Secretary of the Coyote Rock Estates Property Owners Association, Inc.

Section 7.05 Modifications of Guidelines. As changes in building materials, methods of construction, design concepts and governmental regulations may occur, the Board may enact revisions to the form and content of these guidelines and adopt such modifications as it deems appropriate. No Owner obtains any vested rights based on guidelines in effect when the Lot was acquired, as opposed to those in effect when his first submittal is made.

Section 7.06 Preliminary Review. The Board recommends that submittals be made with preliminary plans for preliminary review and evaluation prior to preparation of final plans. This procedure will often save the Owner expense and delay in the final working plans.

Section 7.07 Variances. The Board may grant an Owner a variance from any guidelines, only if a physical condition exists that makes strict compliance a physical

impracticability or creates a material economic burden on an Owner. The Owner who applies for such a variance has the burden of proof of hardship and shall offer evidence in support of his application to support the Board finding that: the variance is appropriate to the location for the building or improvement on the particular Lot and the immediate neighborhood; the variance is consistent with policy set forth throughout these guidelines; and, that the variance will not materially adversely affect the character of the neighborhood or any adjacent property Owner. A desire to utilize a greater area of Lot than a guideline would indicate, or to use less costly materials than prevailing in the community are not grounds for variances.

7.08 Reasons for Disapproval. The Board or its designated agent or committee shall have the right to disapprove any plans and specifications submitted hereunder because of any of the following:

a. The failure of such plans and specifications to comply with any of the restrictions contained herein, or to include information as may have been reasonably requested;

b. The objection to the exterior design appearance, materials, color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any proposed structure;

c. The incompatibility of any proposed structure, use or parking areas with existing structures or uses on such Lot or upon other Lots in the vicinity, or the insufficiency of the size of the parking areas in relation to the proposed use of the Lot;

d. The objection to the grading plan for any Lot, or the location of any proposed structure upon any Lot or with reference to other Lots in the vicinity; or

e. Any other matter which would render the proposed structures or uses inharmonious with the general plan of improvement of the Property or with structures or uses located upon other Lots in the vicinity.

In any case where the Board or its designated agent or committee shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based.

Section 7.09 Unapproved Construction; Remedies. If any structure shall be altered, erected, placed or maintained upon any Lot, or any new use commenced on any Lot, other than in accordance with plans and specifications approved by the Board or its designated agent or committee pursuant to the provisions of this Article VII, such

alteration, erection, maintenance or use shall be deemed to have been undertaken in violation of this Article and without the approval required herein.

Section 7.10 Building Standards During Construction Phase. The following requirements apply to and during the construction phase:

a. Surplus soil and other excavated debris shall be promptly removed from the building site. Blowing dust from grading must be controlled by watering. Excessive noise (including worker's radios) is prohibited. Alcohol and drug use on the site is prohibited. Work hours shall be from 7:00 o'clock a.m. to 6:00 o'clock p.m.

b. The Lot must be kept weed free and clear of construction debris and other waste.

c. All construction activity shall be contained on the Lot for which a building permit has been issued. Access to the Lot shall be only from the approved road abutting the site. Any common ground, adjacent Lots, or roads damaged during construction shall be properly restored to their original condition to the satisfaction of the Board.

d. A small job office may be maintained on the site, but temporary living quarters for workers or the Owner will not be permitted. The job office shall be removed within thirty (30) days after completion of the Dwelling Unit or other permanent building, or within one (1) year after the date on which the temporary structure is erected, whichever first occurs.

e. Permanent water connections and temporary enclosed chemical toilets must be available during all of construction. Chemical toilets should be located downwind from neighbors (if possible) and must be removed within thirty (30) days after completion of the Dwelling Unit or other permanent building or within one (1) year after the temporary toilet was erected, whichever first occurs. Trash containers must be removed within thirty (30) days after completion of the Dwelling Unit or other permanent building.

7.11 Building Standards and Restrictions. The following standards and restrictions shall apply to all Lots:

a. **Prohibitions.** In addition to the "use" restrictions contained herein, the following are strictly prohibited:

i. Accessory structures such as doghouses, storage sheds, etc., may not be constructed prior to the Dwelling Unit and, if not an integral part of the

main building, must be permanent structures screened from view off-lot (for example, from any street, or any other Lot).

ii. Exterior lights which flood a building or illuminate adjacent properties are prohibited.

b. Exterior Materials. All exterior materials must be consistent with the primary material and color of the building. Colors should harmonize with surrounding landscape and the natural environment. Exterior coatings including, but not limited to, dryvit or stucco shall include masonry accents such as brick or natural rock features. Vinyl siding is not allowed. The exterior of all structures shall be consistent with the traditional character of Northwest architecture and construction as deemed by the Board.

c. Roofing. Roof material shall consist of materials specifically approved by the Board. All buildings shall be constructed with shingle or tile roofing material expected to have a useful life of at least thirty (30) years, or roofing material of comparable quality as determined by the Board of Directors or their designated agent. Composition roofing shall be of the laminated multi-ply variety with contrasting or other distinctive tab lines. Majority of roofs lines shall maintain a pitch of not less than 6/12.

d. Size. No Single Family Dwelling Unit may have less than 2000 square feet of finished living area under roof, excluding garage, porch patio, basement and ancillary buildings not for primary habitation, and a single level home with a daylight subsurface level shall consist of not less than 1500 finished square feet of living area on the main floor, and 3000 square feet of total finished and unfinished living space.

A multi story home shall not have less than 3000 square feet of finished living area under roof, excluding garage, porch patio, basement and ancillary buildings not for primary habitation.

e. Garages, Carriage Houses and Other Accessory Buildings. Garages to accommodate three (3) automobiles shall be incorporated in or made a part of each Single Family Dwelling Unit. Garages for more than 3 cars shall only be allowed if proportionate to the Single Family Dwelling Unit and Lot. If allowed by the appropriate regulatory agencies, no outbuilding may exceed 1,400 square feet with the exception of a Carriage House. A Carriage House, if allowed by the appropriate regulatory agencies, is an outbuilding consisting of a garage, upon which is constructed an upper level for guest quarters. A Carriage House may incorporate additional guest living quarters to the extent the same is permitted by law. Guest quarters may not be sublet or rented under any circumstances. Detached garages and auxiliary use buildings must match the exterior of the main structure in both material and exterior appearance. Each inter-related structure shall be consistent with all others with respect to architectural character, materials and finishes. Wherever feasible, all structures shall be physically connected to one another by roofs, walls, or other appropriate means.

f. **Building Location.** No building shall be located on any lot with respect to set-back from front, side and rear lot lines, except in conformity with the planning regulations and requirements of municipal governments having jurisdiction within the area in which this subdivision is located. Waterfront set backs are subject to certain restrictions as promulgated by the Department of Ecology and other regulatory authorities relevant to the protection of the Spokane River and its shoreline.

Pursuant to applicable State law and regulations, including the findings of the City of Spokane Valley Planning Division set forth in the Mitigated Determination of Nonsignificance and in the interest of protecting the shoreline of the Spokane River, there exists a riparian set-back from the ordinary high water mark of the Spokane River within which area any structures or improvements are severely limited or restricted. This area has been demarked by the placement of informational stakes along or in general proximity to the riparian set-back. Lot Owners should carefully determine the exact location of the riparian set-back and any relevant restrictions prior to making any improvements.

g. **New Construction Required.** No Dwelling Unit, building or other structure shall be moved onto any Lot; new construction being required. No tent, trailer, mobile home, boat or other vehicle or structure shall be used or allowed for human habitation on a temporary or permanent basis on any Lot at any time.

h. **Fencing.** All fencing shall comply with the laws, ordinances, rules and regulations of the State of Washington, County of Spokane and the City of Spokane Valley and shall be approved by the Board or its designated committee. Fences shall be consistent with the esthetics of the architecture of the Dwelling Unit and general environment. Fence detail shall be subject to the Board or its designated committee's approval. No chain link fencing is allowed. Owners are encouraged to use brick, steel, stone and decorative block. Vegetation is also encouraged.

i. **Grade.** No Owner shall raise the grade of any Lot above the grade established or to be established by Grantors without the prior approval of the Board or its designated agent or committee. Changes in natural grade by cutting or filling should be kept to a minimum.

j. **Landscaping.** Within ninety (90) days from the date of occupancy of the residential structure, unless the Certificate of Occupancy is later than October 1st, at which time an extension would allow until June 1st of the following year, the owner must landscape and irrigate all portions of the Lot which are not landscaped or irrigated by the Association. Such landscaping shall be in conformance with the landscaping throughout the project, and any landscape design guidelines adopted by the Association. Each Owner shall continually maintain, and replace as necessary, all such landscaping.

k. **Utility Lines.** All public and private utility lines shall be located under ground.

l. **Pools and Spas.** A pool or spa and all pumps and related equipment must be screened from view of the road, and should be situated to minimize visibility from and sound transmission to adjacent Units.

m. **Mailboxes.** Mailboxes shall be consistent with requirements of the United States Postal Service and any specifications adopted by the Board.

n. **Docks and Waterway Improvements.** All docks and waterway improvements shall be permitted by the applicable agencies. The Grantors make no guarantee or representation of any right to construct or maintain any waterway improvements or docks, and the privilege to do so is solely dependent upon approvals, if any, by relevant governmental authorities.

o. **Guidelines.** The following are adopted as general policies which each owner is encouraged to meet.

i. **Building Siting.** Siting and orientation of the building should be as unobtrusive as possible to the neighbors as well as to the community. The Board or its designated agent or committee shall be empowered to reject inappropriate building siting.

ii. **Building Character.** Garish and unusual architecture and colors or materials in strong contrast to neighboring buildings will not be acceptable. Materials and colors shall blend with, rather than contrast, with the environment. Roof overhangs are encouraged. All building construction and landscape development shall be conducted by professional contractors.

iii. **Roofs.** Either gables or hipped roofs are recommended.

iv. **Storage.** Interior and exterior storage closets for bulky items such as barbecues, patio furniture and recreational equipment are encouraged.

q. The Board or its designated agent or committee may modify these standards with respect to the plans and specifications for any particular Lot or Dwelling Unit if the strict application of these standards would create an unreasonable hardship on the Owner, or would create a result inconsistent with the appearance or uses of the Lots and Dwelling Units in the vicinity. The Board or its designated agent or committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval requiring a fee payable to the Association to accompany each application for approval or additional factors which it will take into consideration in reviewing submissions.

Section 7.12 Submittal Procedures. The minimum submittal for Board approval of an improvement shall be two complete sets of the final building plans and specifications at 1/4" - 1" scale or larger, including:

a. Plot plan showing locations of structure(s) on Lot and north arrow. The plot plan may be 1/8" scale.

b. Exterior elevation drawings of all sides of any structure, including walls. Indicate height of chimney as compared with the ridge of the roof, natural and finished grade for elevation of all views, the curb level in relations to the applicable elevation(s) of the structure, a detail showing a section from eaves to foundation, including window and trim.

c. Detailed floor plan. Include all room sizes, doors, windows and sizes of same, and the location of the outside air-conditioning unit.

d. Exterior colors and samples of materials. Describe all exterior materials and finishes (wall, roof, trim, chimney, garage door, etc.) and grade of material where applicable, proposed exterior painting and/or staining, including colors and, specifications and color selection for all metal sash and door frames.

e. Detailed roof plan showing all roof treatments and overhang lines.

f. Proposed off street parking.

g. Construction plans shall have sufficient detail to fully explain the intent and character of the structural, architectural, as well as the materials and finishes involved.

The Board, its designated agent or committee, may require any additional information reasonably required to determine if the improvement is consistent with these guidelines. All plan changes must be approved by the Board, its designated agent or committee.

The Board's, its designated agent's or committee's, approval must be based on plans and details that thoroughly and accurately reflect the true design, materials and quality of the proposed building, or other improvements. Building plans must be prepared by a licensed architect or building designer.

No Waiver of Future Approvals. The approval of the Board, its designated agent or committee to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Board, its designated agent or committee, shall not be deemed to constitute a waiver

of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whenever subsequently or additionally submitted for approval or consent.

Section 7.13 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

a. Upon the completion of any work for which approved plans are required under this Article VII, the Owner shall give written notice of completion to the Board.

b. Within thirty (30) days thereafter, the Board or its duly authorized representative may inspect such improvement. If the Board or its duly authorized representative finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such noncompliance within such thirty (30) day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

c. If for any reason the Board or its designated representative fails to notify the Owner of noncompliance within sixty (60) days after receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

Section 7.14 Non-liability of Board Members. Neither Grantors, nor any Member of the Board, nor their representative, 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 Board's duties hereunder, unless due to the willful misconduct or bad faith of the Board.

Section 7.15 Grantors' Exemption. Pursuant to Section 2.03(c) hereinabove, Grantors reserve the right to amend this section without vote of the Association for any phase of development subsequent to Lots 1 through 30. Architectural standards shall be determined by Grantors on a project basis and shall be in the sole discretion of Grantors.

ARTICLE VIII MAINTENANCE AND REPAIR OBLIGATIONS

Section 8.01 Maintenance Obligations of Owners. It shall be the duty of each Owner, at his sole cost and expense, subject to the provisions of this Declaration regarding architectural approval, to maintain, repair, replace, and restore areas subject to his exclusive control in a neat, sanitary and attractive condition, including keeping said areas free and clear of weeds. Areas subject to the exclusive control of an Owner shall be deemed to include, without limitation, the Owner's Unit and areas within such Owner's Lot which are not part of a Landscape Maintenance Area being maintained by

the Association as set forth herein. Each Owner shall maintain the driveway and sidewalks if any, located on such Owner's Lot.

ARTICLE IX CHARGES FOR UTILITY SERVICES

Section 9.01 Direct Charges. Charges to an individual Unit for natural gas, power or electricity will be made directly by the applicable utility company to the Unit Owner. Charges for telephone, cable television and individual security services will be similarly charged directly to the Owner or renter for the service.

Section 9.02 Water, Sewer and Garbage Charges to be paid Directly or Through the Association. Water, sewer and garbage service will, if possible, also be charged by the purveyor directly to, and paid by, the individual Owner. To the extent not possible, then the charges for such services will be collected from the individual Owner and paid to the entity furnishing the service by the Association. Utility charges will be imposed by the Association and create a lien upon the Unit using the service.

Section 9.03 Solid Waste Disposal - Garbage. If the applicable purveyor will allow individual garbage/waste disposal billings, the Association shall require the Owner of each Unit to provide solid waste and garbage disposal containers for the use of such Unit, and charges will be made directly by the purveyor providing the service.

If individual billing is or becomes unavailable, the Association may elect to require individual disposal containers or provide dumpsters at specified locations to service the Dwelling Units as well as the Landscape Maintenance Areas. Then the Association will charge each Dwelling Unit beginning with first occupancy a utility charge for the solid waste and garbage service. After first occupancy, each Dwelling Unit will be charged for the utility charge whether the dwelling be thereafter occupied or not. The utility charge is to be determined by dividing the cost of service to all dumpsters or pick-up points located on the property by the number of individual Dwelling Units. The Owner of each Dwelling Unit after first occupancy of such Unit shall pay his or her proportionate share.

ARTICLE X USE RESTRICTIONS

All real property within the property shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Grantors in Article XVI hereof.

Section 10.01 Dwelling Units; Leases. Each Single Family Dwelling Unit shall be used as a residence for a single family and for no other purpose. Each individual

Single Family Residence located in a Multi-Family Dwelling Unit shall be used as a residence for a single family and for no other purpose. No unit shall be leased or rented for less than six (6) months, without prior written approval by the Association Board of Directors.

Section 10.02 Nuisances. No noxious or offensive activity (including but not limited to the repair of motor vehicles outside of a Garage) shall be carried on, in or upon any Lot, Dwelling Unit or the Landscape Maintenance Areas, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any other Owner, including continually barking dogs. Except for snow removal equipment, no lawn mower, chain saw, or other loud noise generating device shall be operated on any Lot between the hours of 8:00 PM to 7:00 AM. The Board of Directors shall have the right to determine in accordance with the Bylaws if any noise, odor, interference or activity producing such noise, odor or interference constitutes a nuisance.

Clothes lines and other similar items on homes should be located or screened so as to be concealed from street view.

Section 10.03. Parking. No Dwelling Unit Owner or tenant/guest thereof shall be allowed to store any boat, unused vehicle, golf cart, camper, R.V., trailer or the like anywhere on the Property, except within a garage or behind a sight obscuring fence, for more than 48 hours. Exposed, unlicensed and unused vehicles shall not be permitted as per the City of Spokane Valley ordinances.

Section 10.04 Signs. No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion of the Property or any Dwelling Units, except signs, regardless of size, used by Grantors, their successors and assigns to advertise the Property during construction and sale or lease period. The Association shall have the authority to provide one central advertising board not larger than two (2) feet square for use by any Dwelling Unit Owner to post For Sale or For Rent notices thereon. The Association may determine the location and establish rules for use of the advertising board, and be responsible for maintenance thereof.

Section 10.05 Unlawful Activity. No improper, offensive or unlawful use shall be made of the properties nor any part thereof and all valid laws, zoning ordinances and the regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 10.06 Animal Restrictions. Animals must not be kept, bred or maintained for commercial purposes, and must be kept in accordance with the animal control laws of the City of Spokane Valley.

Section 10.07 Trash, Firewood Storage. No rubbish, trash or garbage or other waste material shall be kept or permitted upon any Lot, Dwelling Unit or Landscape Maintenance Area, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to

render the property, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Such containers shall be exposed to the view of neighboring Dwelling Units only when set out for a reasonable period of time [not to exceed eighteen (18) hours] before and after scheduled trash collection hours. Additionally, all firewood, coal, presto-logs, etc., of any kind shall be stored within the Dwelling Unit or garage and not in view of the public.

Section 10.08 Insurance Rates. Nothing shall be done or kept in the Property which will increase the rate of insurance on any property insured by the Association without the approval of the Board, nor shall anything be done or kept in the Property which would result in the cancellation of insurance on any property insured by the Association or which would be in violation of any law.

Section 10.09 Drainage. There shall be no interference with the established drainage pattern over any Lot within the Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Board. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time that the Dwelling Unit on such Lot is conveyed to a consumer/purchaser from Grantors or other builder, or that which is shown on any plans approved by the Board, which may include drainage from the Landscape Maintenance Areas over any Lot or Dwelling Unit in the Property.

Section 10.10 Violation of Governing Instruments. There shall be no violation of the restrictions of this Declaration or of the rules and regulations of the Association adopted in accordance with the provisions of the Bylaws. If any Owner, his or her family, guest, licensee, lessee or invitees violates any such restrictions, the Board may impose a reasonable suspension of voting privileges of such Owner as further provided in the Bylaws, as well as reasonably suspend the rights of said persons to use the Association facilities. Additionally, the Board may seek any other remedies provided herein or by law.

Section 10.11 No Warranty of Enforceability. While Grantors have no reason to believe that any of the provisions contained in this Declaration are or may be invalid or unenforceable for any reasons or to any extent, Grantors make no warranty or representation as to the present or future validity or enforceability of any such covenants, conditions and restrictions. Any Owner acquiring a lot, Dwelling Unit in the Property in reliance of one or more of such provisions shall assume all risks of the validity and enforceability thereof and, by acquiring a Lot or Dwelling Unit, agrees to hold Grantors harmless therefrom.

**ARTICLE XI
EASEMENTS**

Section 11.01 Landscape Maintenance Area. Each Lot, Dwelling Unit and the Landscape Maintenance Areas shall be subject to an easement for encroachments created by construction, settling and overhangs of the buildings or other improvements as designed or constructed. A valid easement for said encroachments and for the maintenance of same for so long as they stand shall and does exist.

Section 11.02 Blanket Easement. There is hereby created a blanket easement upon, through and across and over and under the areas depicted as Utility Easement on the Record of Survey for ingress, egress, installation, replacing, repairing and maintaining all utilities and service lines and systems, including but not limited to, water, sewer, gas, telephone, electricity and heat pump lines and a master antenna system and/or cable television system. By virtue of this easement, it shall be expressly permissible for the companies providing electrical, water, sewer, gas, master television antenna, cable television, telephone service, alarm systems and/or heat pump lines to install, erect and maintain all necessary pipes and conduit underground and other necessary equipment at over or below grade on said easement property and to affix and maintain electrical cable television and/or telephone wires, gas lines, heat pump lines, circuits and conduits on, above, across and under the roofs and exterior walls and through walls of townhouses or other buildings, and meters and shut-offs at or inside and/or outside said buildings. Further, an easement is hereby granted to the Association, its officers, agents, employees and to any management company selected by the Association to enter into or to cross over the Landscape Maintenance Areas, Lots, Dwelling Units and to enter any building during reasonable hours and upon request when occupied (except in an emergency when such request may be dispensed with), to inspect and to perform the duties of maintenance and repair of the buildings or Landscape Maintenance Areas as provided herein. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, gas lines, heat pump lines or other utilities may be installed or relocated on said Property except as initially programmed and approved by the Grantors or thereafter approved by Grantors or the Association's Board of Directors. Should any utility or organization furnishing a service covered by the general easement above request that a specific easement be provided by a separate recordable document, Grantors or the Association shall have the right to grant such easement on said Property provided it not be broader than the terms hereof. The easement provided for in this Section shall in no way affect any other recorded easement on said premises.

Section 11.03 Blanket Easement to Correct Drainage. The Grantors reserve a blanket easement and right, but not an obligation, for itself, its successors and the Association, on, over and under the ground within the Property to maintain and correct drainage or surface water in order to maintain reasonable standards of health, safety

and appearance. Such right expressly includes the right to cut any trees, bushes, or shrubbery, make any grading of the soil or to take any other similar action reasonably necessary following which the Grantors, their successors or the Association shall restore the affected property to its original condition as near as practicable. Reasonable notice of intent to take such action shall be given to all affected Owners, unless an emergency appears to exist which precludes such notice.

Section 11.04 Landscape. Grantors reserve an easement for itself, its successors and the Association across all of the Landscape Maintenance Areas and Landscape Management Areas as listed herein or designated upon the Record of Survey or Plat to install, maintain, repair and replace lighting, fencing and landscaping. Within the easement, no structure, planting or other material shall be placed or permitted to remain, unless approved by Grantors or the Board. Grantors specifically reserve an easement across the entire Property for the installation and maintenance of the Landscape Maintenance Areas listed hereinabove.

Section 11.05 Perimeter Fence Easement. Grantors reserve a five (5') foot easement for itself, its successors and the Association adjacent to and along the perimeter of the Property for the installation, maintenance, repair and replacement of any fence installed by Grantors and/or the Association. Within the easement, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the perimeter fence. If fences are placed in any easement area, other than the outside perimeter fence, it will be the Lot Owner's responsibility to remove it if necessary for the installation, maintenance, repair or replacement of the utilities, drainage facilities or perimeter fence.

Section 11.06 Coyote Rock Lane. Grantors reserve for the benefit of Lots 1 through 19 and the Association an easement for ingress and egress to said Lots and Landscape Management Areas adjoining the same and for the installation, maintenance and repair of that certain private roadway lying west of Lockwood Road and anticipated to be known as Coyote Rock Lane.

Section 11.07 Coyote Rock Drive and Lockwood Road. It is Grantors' intention that the roadways delineated on the Record of Survey as Coyote Rock Drive and Lockwood Road become public roadways and rights of way owned by the City of Spokane Valley. However, in the event that does not occur, Grantor reserves for the benefit of Lots 1 through 29, Grantor and thereafter the Association, an easement for ingress and egress through, over, under and across the property depicted on the Record of Survey as Coyote Rock Drive and Lockwood Road for the installation, maintenance and repair of said roadways, and further reserves for the benefit of the owners of Lots 1 through 29 and the Association, all easements adjacent thereto.

Section 11.08 Border Easement for Coyote Rock Lane. Grantors reserve for the benefit of Lots 1 through 19 and the Association an easement through, over, under and

across ten (10) feet north of Coyote Rock Lane, depicted on the Record of Survey: Coyote Rock as Border Easement for roadway purposes, including but not limited to curbs, sidewalks, grading, drainage, signage and other usage deemed necessary by the Association or collectively the owners of Lots 1 through 19, including any gatepost if installed pursuant to Section 11.09 below.

Section 11.09 Gate. There is specifically reserved hereby an easement for the installation, maintenance and repair of a gate which may be installed on, over, under and across Coyote Rock Lane. Further, Grantor hereby specifically reserves an easement upon the adjoining portions of Lot 19 for the limited purpose of installing, maintaining and repairing gateposts. No obligation to construct or have constructed a gate is created hereby.

Section 11.10 Utilities, Drainage and Landscape. Grantors reserves a blanket easement across the Property of ten (10) feet on each side of the Border Easement as depicted upon the Record of Survey of Coyote Rock for the benefit of the Lot Owners and the public for installation or maintenance of landscape areas, any utilities, necessary drainage, or other such purposes the Grantors and later the Association deem necessary to the extent that the City of Spokane Valley shall permit the same.

Section 11.11 Recognition of Rights of Neighboring Land Owners and Users. Grantors, for and on behalf of their successors and assigns, acknowledge that the subject Property lies adjacent to or in near proximity to existing traditional natural resource industries, including an operating paper mill and manufacturing business. Grantors acknowledge the perpetual right of these and other neighboring existing industries to continue their operation as they presently exist within the bounds of the law. Grantors acknowledges that these traditional natural resource industries can and do create a certain reasonable amount of dust, noise, and general unsightliness as a natural consequence of their operation, and Grantors, for and on behalf of their successors and assigns, waives any objection to such noted conditions as they presently exist. All persons succeeding Grantors are hereby deemed to acknowledge the existence of these neighboring industries, their right to continue operation, and by this Declaration waive objection to the same extent as the Grantors have done herein.

**ARTICLE XII
NO COMMON AREA**

At the time of the recording of this Declaration, it is anticipated that there will be no common areas owned by the Association.

**ARTICLE XIII
INSURANCE**

Section 13.01 Casualty Insurance. The Association shall keep all insurable improvements and fixtures of the Landscape Maintenance Areas insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property, whether real or personal owned by the Association against loss or damage by fire and such other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried.

Section 13.02 Liability and Other Insurance. The Association may obtain general comprehensive public liability insurance and worker's compensation insurance, insuring the Board, the Association, the Owners, Grantors and managing agent, if any, against any liability to the public or the Owners of Lots/Dwelling Units and their invitees or tenants incident to the maintenance of the Landscape Maintenance Areas. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board, the officers of the Association and the manager and any volunteers against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the requirements for subdivisions established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"), so long as any of which is a Mortgagee or an Owner of a Lot, Dwelling Unit in the Property, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA and FHLMC, as applicable.

Section 13.03 Manner of Apportioning Assessment for Insurance. Premiums for fire and casualty coverage of Common Area property and general liability coverage insuring the Board, the Association the Owners, Grantor and managing agent, if any, against liability incident to the ownership and management of the Landscape Maintenance Areas, shall all be borne equally by all Owners and thus included in the regular Common Assessments of the Owners as levied by the Association.

Section 13.04 Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the

coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

**ARTICLE XIV
DAMAGE OR DESTRUCTION OF LANDSCAPE MAINTENANCE AREA**

Damage to or destruction of all or any portion of the Landscape Maintenance Areas shall be handled in the following manner:

a. In the event of damage or destruction to any of the Landscape Maintenance Areas, and the insurance proceeds are sufficient to effect total restoration then the Association shall cause such Landscape Maintenance Area to be repaired and reconstructed substantially as it previously existed.

b. If the insurance proceeds are within Five Thousand Dollars (\$5,000.00) or less of being sufficient to effect total restoration to the Landscape Maintenance Areas, then the Association shall cause such Landscape Maintenance Areas to be repaired and reconstructed substantially as they previously existed, and the difference between the insurance proceeds and the actual cost shall be levied as a Reconstruction Assessment equally against each of the Unit Owners, in accordance with the provisions of Article V, Section 5.06, of this Declaration.

c. If the insurance proceeds are insufficient by more than Five Thousand Dollars (\$5,000.00) to effect total restoration to the Landscape Maintenance Areas, then by written consent or vote of majority of the Members of the Association, the Members shall determine whether (1) to rebuild and restore in substantially the same manner as the improvements existed prior to damage and to raise the necessary funds over the insurance proceeds by levying equal Reconstruction Assessments against all Units, (2) to rebuild and restore in a way which utilizes all available insurance proceeds and an additional amount not in excess of Five Thousand Dollars (\$5,000.00) and which is assessable equally to all Unit Owners but which is less expensive than replacing these improvements in substantially the same manner as they existed prior to being damaged, or (3) subject to the provisions of Article XV, to not rebuild and to distribute the available insurance proceeds equally to the Owners and Mortgagees of Units as their interest may appear.

d. Each Member shall be liable to the Association for any damage to the Landscape Maintenance Areas not fully reimbursed to the Association by insurance proceeds arising out of or caused by the willful or negligent act of any Owner, his family, guests or invitees. Repair or replacement shall be done at the Owner's expense, or, after Notice and Hearing, a Special Assessment therefore shall be made by the Board against the Owner and his Unit.

**ARTICLE XV
MORTGAGEE PROTECTION CLAUSE**

Section 15.01 Notwithstanding any and all provisions hereof to the contrary, the following provisions are added hereto (and to the extent these added provisions conflict with any provisions of the Declaration these added provisions shall control):

a. Each First Mortgagee of a Mortgage encumbering any Unit, at its written request, is entitled to written notification from the Association of any default by the Mortgagor of such Unit in the performance of such Mortgagor's obligations under this Declaration, the Articles of Incorporation of the Association or the Bylaws, which default is not cured within thirty (30) days after the Association learns of such default.

b. Unless at least sixty percent (60%) of First Mortgagees have given their prior written approval neither the Association nor the Grantor shall:

1. change the method of determining the obligations, assessments, dues or other charges which may be levied against a Unit Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

2. amend this Article XV in such a manner that the rights of any First Mortgagee Will be adversely affected.

c. First Mortgagees, upon written request to the Association, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of annual financial reports and other financial data within ninety (90) days following the end of any fiscal year of the Association, (3) receive written notice of all meetings of the Members, and (4) designate in writing a representative to attend all such meetings.

d. The Board shall secure and cause to be maintained in force at all times a fidelity bond for any person handling funds of the Association, including, but not limited to, employees and volunteers of any professional manager.

In addition to the foregoing, the Board of Directors may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, the FNMA, or the GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of First Mortgages encumbering Lots with Dwelling Units thereon. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their Dwelling Units, if such agencies approve the Property as a qualifying subdivision, as adopted from time to time.

Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage encumbering a Dwelling Unit.

**ARTICLE XVI
GRANTOR EXEMPTION**

Section 16.01 Grantor or its successors or assigns will undertake the work of developing the Landscape Maintenance Areas and the infrastructure for the Lots to be used as building sites for Dwelling Units. The completion of that work and age of the Lots are essential to the establishment and welfare of the Property as a first-class residential community. In order that said work may be completed and the Property established as a fully occupied residential community as rapidly as possible, no Owner nor the Association shall do anything to interfere with, and nothing in this Declaration shall be understood or construed to:

a. Prevent Grantor, its successors or assigns, or its or their contractors or subcontractors, from doing on any Lot, Dwelling Unit owned by them whatever they determine to be necessary or advisable in connection with the completion of said work; or

b. Prevent Grantor, its successors or assigns, or its or their representatives, from erecting, constructing and maintaining on any Common Area or any Unit or portion thereof owned or controlled by Grantor, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing the Property as a residential community and disposing of the same in Lots, Dwelling Units by sale; or

c. Prevent Grantor, its successors or assigns, or its or their contractors or subcontractors, from conducting on any Lot or Dwelling Unit owned or controlled by Grantor, or its successors or assigns, its or their business of developing, grading and constructing Dwelling Units and other improvements in the Property as a residential community and of disposing of Lots or Dwelling Units thereon by sale; or

d. Prevent Grantor, its successors or assigns or its or their contractors or subcontractors, from maintaining such sign or signs on the Landscape Maintenance Areas or any Dwelling Unit owned or controlled by any of them as may be necessary in connection with the sale, lease or other marketing of Lots and Dwelling Units in the Property; or

e. Prevent Grantor, at any time prior to acquisition of title to a Lot or Dwelling Unit by a purchaser from Grantor, to establish on that Lot additional licenses, reservations and rights-of-way of itself, to utility companies, or to others as may from

time to time be reasonably necessary to the proper development and disposal of the Property.

ARTICLE XVII GENERAL PROVISIONS

Section 17.01 Enforcement. This Declaration, the Articles of Incorporation and the Bylaws may be enforced as follows:

a. Breach of any of the covenants, conditions and restrictions contained in the Declaration or the Bylaws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by an Owner, including Grantor, or by the Association or the successors-in-interest of the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in an amount as the Court may deem reasonable, interest thereon, costs of collection and Court costs.

b. The result of every act or omission whereby any of the covenants, conditions and restrictions contained in this Declaration or the Bylaws are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association or its successors-in-interest.

c. The remedies herein provided for breach of the covenants, conditions and restrictions contained in this Declaration or in the Bylaws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

d. The failure of the Association or any Owner to enforce any of the covenants, conditions or restrictions contained in this Declaration or in the Bylaws shall not constitute a waiver of the right to enforce the same thereafter.

e. A breach of the covenants, conditions or restrictions contained in this Declaration or in the Bylaws shall not affect or impair the lien or charge or any bona fide First Mortgage or Deed or Trust made in good faith and for value on any Lot or Dwelling Unit thereon; provided however, that any subsequent Owner of such property shall be bound by said covenants, conditions and restrictions, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

Section 17.02 Severability. Invalidation of any of these covenants, conditions or restrictions by judgment or Court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 17.03 Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association and the Owners of any land subject to this Declaration, their respective legal representatives, heirs, successive Owners and assigns, in perpetuity from the date this Declaration is recorded, unless a Declaration of Amendment or Termination meeting the requirements of an amendment to this Declaration as set forth in Section 17.05 of this Article XVII has been recorded, agreeing to change or terminate said covenants and restrictions in whole or in part.

Section 17.04 Interpretations. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community, and for the maintenance of the Landscape Maintenance Areas and other items as set forth herein.

The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction; the singular shall include the plural and the plural the singular, and the masculine, feminine and neuter shall include the masculine, feminine and neuter.

Section 17.05 Amendments. This Declaration may be amended only by the affirmative vote or written consent of not less than seventy-five percent (75%) of the voting power of each class of Members; provided however, that the prior written approval of at least sixty percent (60%) of all First Mortgagees must be also obtained, before Article XV may be amended; and provided further, that the prior written approval of Grantor must be obtained before Article XVI may be amended. Notwithstanding the foregoing, until the Close of Sale of the first Dwelling Unit in the Property, Grantor shall have the right to terminate or modify this Declaration by recordation of a supplement hereto setting forth such termination or modification. Any supplement or amendment to this Declaration must be signed by at least two (2) officers of the Association, indicating that the requisite approvals have been obtained, and such amendment or supplement must be recorded in the Office of the Spokane County Auditor.

Section 17.06 No Public Right of Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public, or for any public use.

Section 17.07 Notice and Acceptance. Every Person who owns, occupies or acquires right, title, estate or interest in or to any Lot or Dwelling Unit or other portion of the Property does and shall be conclusively deemed to have consented and agreed to every limitations restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to those restrictions is contained in the instrument by which such Person acquires an interest in the Property, or any portion thereof.

Section 17.08 Reservation of Easements. Reciprocal, nonexclusive easements are hereby reserved for the benefit of Owners of adjoining Units for the control maintenance and repair of the utilities serving adjoining Units. Grantor expressly reserves for the benefit of all of the real property in the Property, and the Owners and the Association, reciprocal nonexclusive easements for access, ingress and egress to all Units, and over the Landscape Maintenance Areas, for the purposes and the enjoyment of the Units in accordance with this Declaration, including without limitations for installation and repair of utility services, for drainage over, across and to adjacent Units for water resulting from the normal use of adjoining Dwelling Units, and for maintenance and repair of the Landscape Maintenance Areas.

Section 17.09 Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail postage prepaid, addressed to any Person at the address given by such Person to the Association for the purpose of service of such notice, or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

Section 17.10 No Representation or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Grantor or its agents or employees in connection with the Property or any portion of the Property, or any improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, operation, maintenance, cost of maintenance, taxes or regulation thereof as a subdivision, except as specifically and expressly set forth in this Declaration.

Section 17.11 Arbitration. In the event of any dispute arising under this Declaration, each party shall choose one arbitrator, and such arbitrators shall choose one arbitrator, and the decision shall be by a majority of all arbitrators. This decision shall be final and binding and the rules of the American Arbitration Association shall apply.

Section 17.12 Termination of Any Responsibility of Grantor. In the event that Grantor shall convey any of its right, title and interest in and to the Property to any partnership, individual or individuals, corporation or corporations, then in such event, Grantor shall be relieved of the performance of any further duty or obligation hereunder;

provided that, except in the event of foreclosure, in order for Grantor to be so relieved of liability, such transferee shall expressly assume all such duties and obligations and shall first be approved by any lender of Grantor holding a mortgage on all or any portion of the Property owned by Grantor (which approval shall not be unreasonably withheld).

The undersigned have executed this Declaration on the date first above written.

GRANTORS:

COYOTE ROCK, LLC:

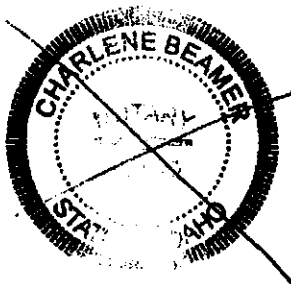
By: Clifford E. Mort
CLIFFORD E. MORT, Manager

NEIGHBORHOOD, INC.

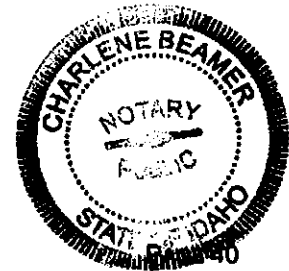
By: Clifford E. Mort, Pres
CLIFFORD E. MORT, President

STATE OF IDAHO)
)ss
COUNTY OF KOOTENAI)

On this 27th day of November, 2007, before me, a Notary Public in and for said State, personally appeared CLIFFORD E. MORT, known or identified to me to be the Manager of Coyote Rock, LLC., that he executed the within instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.



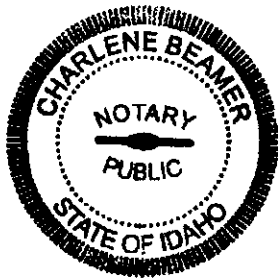
Charlene Beamer
NOTARY PUBLIC in and for the State of Idaho
Residing at: POST FALLS
My Commission Expires: 11-3-9



CCR'S FOR COYOTE ROCK ESTATES

STATE OF IDAHO)
)ss
COUNTY OF KOOTENAI)

On this 27th day of November, 2007, before me, a Notary Public in and for said State, personally appeared CLIFFORD E. MORT, known or identified to me to be the President of Neighborhood, Inc., that he executed the within instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.



Charlene Beamer
NOTARY PUBLIC in and for the State of Idaho
Residing at: POST FALLS
My Commission Expires: 11-5-9

EXHIBIT "A"**COYOTE ROCK ESTATES****LEGAL DESCRIPTION**

Those portions of Blocks 3, 4 and 5, together with vacated streets in Grandview Acres according to the plat thereof recorded in Volume "K" of Plats, Pages 12 and 13, together with unplatted portions of Section 4, Township 25 North, Range 44 East, W.M., City of Spokane Valley, Spokane County, Washington, described as follows:

BEGINNING at the East 1/4 Corner of said Section 4; (Basis of Bearings is N02°02'32"E on the east line of the NE1/4 of said Section 4); thence S87°08'45"W 2,623.47 feet to a point on the Ordinary High Water Line on the left bank of the Spokane River, as shown on Record of Survey Recording No. 9012070239, and the TRUE POINT OF BEGINNING; thence along the State Park's boundary, as shown on said survey, the following eight (8) courses: 1) S43°17'00"E 48.70 feet; 2) continuing S43°17'00"E 82.28 feet; 3) N65°01'16"E 547.39 feet; 4) N77°13'37"E 123.86 feet; 5) N73°47'12"E 126.49 feet; 6) N59°17'03"E 176.53 feet; 7) N43°51'35"E 373.23 feet; 8) N46°59'13"E 419.89 feet to the northwest corner of Tract C of Spokane County Short Plat SP-1089-96, according to the plat recorded in Book 15 of Short Plats, Pages 65 and 66; thence along the boundary of said Tract C the following two (2) courses: 1) S12°45'20"E 754.27 feet; 2) S57°28'45"W 893.19 feet; thence southerly to the most easterly point on the most southerly line of said short plat, also being a point on the northerly right-of-way line of Spokane International Railroad spur; thence northeasterly along said right-of-way line to the westerly line of Lot 10, Block 2, extended, of First Addition to Grandview Acres; thence southerly along said westerly line extended to the northwest corner of said Lot 10, also being a point on the southerly right-of-way line of the Spokane International Railroad spur; thence southwesterly along said right-of-way line to a point on the west line of said Section 4; thence northerly along said west line to a point on said Ordinary High Water Line of the left bank of the Spokane River; thence northeasterly along said Ordinary High Water Line to the TRUE POINT OF BEGINNING.