

**Covenants, Conditions and Restrictions (CC&Rs)
for
Jesse's Bluff First Addition**

Prelude for clarification purposes:

The CC&Rs for the **First Addition** of Jesse's Bluff were established by Declaration and amended by the Second Declaration.

As such, the **CC&Rs for the First Addition are substantially different from the CC&Rs used for the original Jesse's Bluff development**, and can be found below, following the Second Declaration and Amendment 1.

Note - Amendment 1 to the First Addition CC&Rs redefined which Lots are considered to be View Lots within the First Addition, but made no other changes.



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RETURN ADDRESS:

20023906 - 4

BRIAN C. BALCH
LAYMAN, LAYMAN, MCKINLEY & ROBINSON, PLLP
601 S. DIVISION STREET
SPOKANE, WA 99202-1335

Document Title:

NOTICE REGARDING APPLICABILITY OF COVENANTS

Grantor(s):

1. North Division Complex, L.L.C.

Grantee(s):

1. North Division Complex, L.L.C.

Legal Description:

Ptn. of NW $\frac{1}{4}$ and SW $\frac{1}{4}$ of S 13, T 26 N, R 42 E.W.M., Spokane County,
Washington

Parcel Numbers:

26132.9096 and 26133.9110



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NOTICE REGARDING APPLICABILITY OF COVENANTS

Notice is hereby given by North Division Complex, L.L.C., Declarant under Declaration of Covenants Conditions and Restrictions for Jesse's Bluff recorded in the Office of the Spokane County, Washington Auditor November 7, 2000 under recording number 4531642 ("First Declaration"), as well as Declarant under the Declaration Establishing Covenants, Conditions, and Restrictions for Jesse's Bluff First Addition being recorded contemporaneously herewith ("Second Declaration").

The following notice is provided:

1. Provisions within the First Declaration permit annexation of additional property under specified conditions. Pursuant to Section 2.3.1, any or all of the property contained within tax parcels 26133.9065 and 26132.9096 were able to be annexed by Declarant. Alternatively, pursuant to Section 2.3.2 of the First Declaration, annexation of additional property would be permitted by execution of a Declaration of Annexation by Declarant and two-thirds of the votes of members within the property covered by the First Declaration other than Declarant.
2. When the Final Plat of Jesse's Bluff First Addition was filed, an erroneous statement was included within the plat dedication language indicating that Jesse's Bluff First Addition was subject to an covered by the First Declaration.
3. In fact, Jesse's Bluff First Addition encompasses significant portions of real property which were not within the real property capable of being annexed by Declarant pursuant to Section 2.3.1 of the First Declaration, Declarant did not intend to annex Jesse's Bluff First Addition into the property covered by the First Declaration, and Declarant did not execute a Declaration of Annexation as contemplated in Section 2.3.1.2 of the First Declaration.
4. In addition, no vote, approval, or declaration of annexation was approved, recorded or intended to be approved or recorded to annex Jesse's Bluff First Addition into the property covered by the First Declaration.
5. Based on the foregoing, Notice is given that the statement contained with the Plat Dedication regarding applicability of the First Declaration to Jesse's Bluff First Addition was made in error and shall have no continuing force or effect. Jesse's Bluff First Addition is not covered by the First Declaration.
6. Notwithstanding the above, the undersigned Declarant acknowledges that Jesse's Bluff Homeowners Association, a Washington nonprofit corporation, will have authority and responsibility, as provided in the First Declaration regarding the property covered by the First Declaration, as well as in the manner provided in



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the Second Declaration, with regard to Jesse's Bluff First Addition, the property covered by the Second Declaration.

DATED this 5 day of February 2004.

DECLARANT:

NORTH DIVISION COMPLEX, L.L.C.

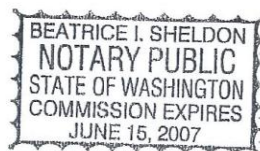
By: *Robert L. Heitman, Jr.*
Robert L. Heitman, Jr., Member

By: *Michael D. Hume*
Michael D. Hume, Member

STATE OF WASHINGTON)
)ss.
COUNTY OF SPOKANE)

On this 5 day of FEBRUARY 2004 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert L. Heitman, Jr. to me known to be a Member of North Division Complex, L.L.C. a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the instrument.

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



Beatrice I. Sheldon
NOTARY PUBLIC in and for the State
of Washington, residing at SPokane.
My commission expires: 6/15/07.
BEATRICE I. SHELDON
Printed Name

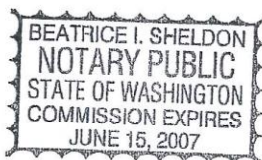


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STATE OF WASHINGTON)
)ss.
COUNTY OF SPOKANE)

On this 5 day of FEBRUARY 2004 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael D. Hume to me known to be a Member of North Division Complex, L.L.C. a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the instrument.

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



Beatrice I. Sheldon
NOTARY PUBLIC in and for the State
of Washington, residing at SPokane.
My commission expires: 6/15/07.
BEATRICE I SHELTON
Printed Name

After recording return to:

BRIAN C. BALCH

LAYMAN, LAYMAN & MCKINLEY, PLLP

601 S. DIVISION STREET

SPOKANE, WA 99202-1335

20028511-4

Reference # (if applicable): _____

Grantor(s): (1) North Division Complex, L.L.C. (2) Mark R. Hawley

Grantee(s): (1) North Division Complex, L.L.C. (2) Mark R. Hawley

Additional Grantor(s) on pg. _____ Additional Grantee(s) on pg. _____

Legal Description (abbreviated): Ptn. of NW ¼ and SW ¼ of S 13, T 26 N, R 42 E.W.M., Spokane, County, WA

Additional legal(s) on page _____

Assessor's Tax Parcel ID# 26132.9096 and 26133.9110

**FIRST AMENDMENT TO DECLARATION ESTABLISHING
COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
JESSE'S BLUFF FIRST ADDITION**

The Declaration Establishing Covenants, Conditions, and Restrictions for Jesse's Bluff First Addition recorded February 5, 2004 in the Office of the Spokane County, Washington Auditor under Recording No. 5031491 (the "Declaration") is amended by this First Amendment (this "Amendment"), as follows:

1. The second paragraph of Section 4.1 is revised in its entirety as follows:

The following Building Lots are designated as "View Building Lots:" Lots 5 through 9 in Block 5, and Lots 1 through 16 in Block 6. Different building requirements related to dwelling size, as stated in this Section 4.1, and double-wall construction requirements, as provided in Section 4.10, are imposed upon the View Building Lots, as compared to remaining Building Lots.



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Except as amended, the Declaration shall remain in full force and effect as originally drafted.

Pursuant to Section 10.3 of the Declaration, the undersigned certify that the parties executing this Amendment provide written consent to this Amendment on behalf of Owners representing at least ninety percent (90%) of the votes of the Owners of Building Lots, and that the undersigned are authorized on behalf of Declarant to consent to this Amendment. This Amendment shall be effective upon its recordation with the Spokane County, Washington Auditor.

NORTH DIVISION COMPLEX, L.L.C.

By: 
Robert L. Heitman, Jr., Member

By: 
Michael D. Hume, Member


MARK R. HAWLEY

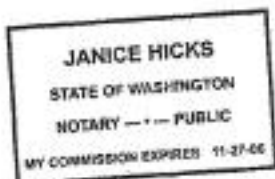


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STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

On this 13 day of February 2004 before me,
the undersigned, a Notary Public in and for the State of Washington,
duly commissioned and sworn, personally appeared Robert L. Heitman, Jr.
to me known to be a Member of North Division Complex, L.L.C. a
Washington limited liability company, the limited liability company that
executed the foregoing instrument, and acknowledged the instrument to be
the free and voluntary act and deed of the limited liability company,
for the uses and purposes therein mentioned, and on oath stated that he
is authorized to execute the instrument.

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

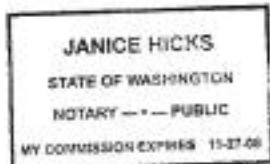


Janice Hicks
NOTARY PUBLIC in and for the
State of Washington, residing at
Spokane.
My commission expires 11-27-06
JANICE HICKS
Printed Name

STATE OF WASHINGTON)
) ss.
COUNTY OF SPOKANE)

On this 13 day of February 2004 before me,
the undersigned, a Notary Public in and for the State of Washington,
duly commissioned and sworn, personally appeared Michael D. Hume to me
known to be a Member of North Division Complex, L.L.C. a Washington
limited liability company, the limited liability company that executed
the foregoing instrument, and acknowledged the instrument to be the free
and voluntary act and deed of the limited liability company, for the
uses and purposes therein mentioned, and on oath stated that he is
authorized to execute the instrument.

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



Janice Hicks
NOTARY PUBLIC in and for the
State of Washington, residing at
Spokane.
My commission expires 11-27-06
JANICE HICKS
Printed Name

STATE OF WASHINGTON

)

) ss.

COUNTY OF SPOKANE

)

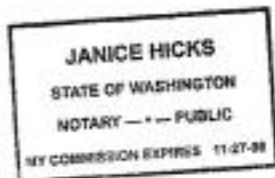


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On this day personally appeared before me MARK R. HAWLEY, to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that he signed the same as his free and voluntary act and deed, for the uses and purposes therein mentioned.

February GIVEN under my hand and official seal this 13 day of 2004.



Janice Hicks
NOTARY PUBLIC in and for the
State of Washington, residing at
Spokane.
My commission expires: 11/27/06
JANICE HICKS
Printed Name

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RETURN ADDRESS:

BRIAN C. BALCH
LAYMAN, LAYMAN & MCKINLEY
601 S. DIVISION STREET
SPOKANE, WA 99202-1335

20023906 - 26

Document Title:

DECLARATION ESTABLISHING COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR JESSE'S BLUFF FIRST ADDITION

Grantor(s):

1. North Division Complex, L.L.C.

Grantee(s):

1. North Division Complex, L.L.C.

Legal Description:

Ptn. of NW $\frac{1}{4}$ and SW $\frac{1}{4}$ of S 13, T 26 N, R 42 E.W.M., Spokane County, Washington

Parcel Numbers:

26132.9096 and 26133.9110



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DECLARATION ESTABLISHING COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR JESSE'S BLUFF FIRST ADDITION

This declaration is made this ____ day of _____ 2003, by North Division Complex, L.L.C., a Washington limited liability company, referred to as "Declarant."

ARTICLE I: GENERAL PROVISIONS

1.1 Real Property Description. Declarant is the developer and Contract Purchaser, and Contract Vendors are the contract sellers, of all that real property located in Spokane County, Washington, as described on Exhibit "A" attached hereto, sometimes referred to below as the "Property" and sometimes referred to below as "Jesse's Bluff First Addition."

1.2 Development. Declarant intends to develop and market the Property as separate Building Lots for single-family home purposes. Upon Recordation of this Declaration, Declarant submits and subject the Property, together with all buildings, improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto (all of which constitute a part of The Property as hereinafter defined), to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights contained herein, all of which shall run with the land.

1.3 Conditions. Any purchaser of a Building Lot within the Property acknowledges that said Building Lot is subject to zoning and subdivision ordinances and regulations and such other governmental ordinances and regulations, and approvals hereunder as may be in effect or as may from time to time be imposed. It is solely the purchaser's obligation to become familiar and comply with the same.

ARTICLE II: DECLARATION

Declarant hereby declares that the Property, including each Building Lot or portion thereof, is and/or shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms, covenants, conditions, easements and restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale thereof, and to enhance the value, desirability and attractiveness thereof. The terms, covenants, conditions, easements and restrictions set forth herein shall run with the land, and with



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each estate therein, and shall be binding upon all persons having or acquiring any right, title or interest in said real property or any Building Lot, or portion thereof; shall inure to the benefit of and be binding upon Declarant, Declarant's successors in interest and each grantee or owner and such grantee's or owner's respective successors in interest, and may be enforced by Declarant, by any owner or such owner's successors in interest, against any other owner, tenant or occupant of said real property.

Notwithstanding the foregoing, no provision of this Declaration shall be construed so as to prevent or limit Declarant's right to complete development of the Property and to construct improvements thereon, nor Declarant's right to maintain model homes, construction, sales or leasing offices or similar facilities (temporary or otherwise) on any portion thereof, nor Declarant's right to post signs incidental to construction, sales or leasing.

ARTICLE III: DEFINITIONS

3.1 "Architectural Committee" shall mean the committee created by the Declarant or an Association pursuant to Article X hereof, and may be referred to herein as the "Committee."

3.2 "Articles" shall mean the Articles of Incorporation of the Association or other organizational or charter documents of the Association.

3.3 "Assessments" shall mean those payments required of Owners or Association Members, including Regular, Special and Limited Assessments of the Association as further defined in this Declaration.

3.4 "Association" shall mean the Jesse's Bluff Homeowners Association, a Washington non-profit corporation, its successors and assigns, established by Declarant to exercise the powers and to carry out the duties set forth in this Declaration or any Supplemental Declaration. The Association also has similar powers and duties with regard to Jesse's Bluff, a development adjacent to Jesse's Bluff First Addition, pursuant to a separate declaration recorded with regard to that development.

3.5 "Board" shall mean the Board of Directors or other governing board or individual, if applicable, of the Association.

3.6 "Building Lot" shall mean one or more lots within the Property as specified or shown on any Plat and/or by any Supplemental Declaration, upon which improvements may be constructed. With respect to Association voting rights, Building Lot shall also mean a lot so specified on any final plat or on any preliminary plat of the Property, but not including any designated Common Area.

3.7 "Common Area" shall mean all real property in which the Association holds an interest or which is held or maintained, permanently or temporarily, for the common



use, enjoyment and benefit of the Owners. Every Owner has a right and easement of enjoyment to the Common Area that is appurtenant to the title to their Building Lot. Common Area may be established from time to time by Declarant on any portion of the Property by describing it on a Plat, by granting or reserving it in a deed or other instrument, or by designating it pursuant to this Declaration or any Supplemental Declaration. Common Area may include easement and/or license rights. At the time of execution of this Declaration, the Common Areas include tracts designated as Common Areas on the Plat, including one or more drainage areas and ponds.

3.8 "Declarant" shall mean North Division Complex, L.L.C., a Washington limited liability company, the owner of the Property as of the date of execution of this Declaration. The term "Declarant" shall also include the successors in interest of the Declarant, so long as such successor is expressly designated as the successor Declarant by the immediately preceding Declarant.

3.9 "Declaration" shall mean this Declaration as it may be amended from time to time.

3.10 "Limited Assessment" shall mean a charge against a particular Owner and such Owner's Building Lot, directly attributable to the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration or any Supplemental Declaration, including interest thereon as provided in this Declaration or a Supplemental Declaration.

3.11 "Member" shall mean each person or entity holding a membership in the Association.

3.12 "Owner" shall mean the person or other legal entity, including Declarant, which acquires fee simple interest of record to a Building Lot that is covered by this Declaration, as well as purchasers under real estate contracts.

3.13 "Plat" shall mean any subdivision plat covering any portion of the Property as recorded at the office of the County Auditor, Spokane County, Washington, as the same may be amended by duly recorded amendments thereof.

3.14 "Regular Assessment" shall mean the portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments that are authorized and to be paid by each Owner to the Association, pursuant to the terms hereof or the terms of this Declaration or a Supplemental Declaration.

3.15 "Special Assessment" shall mean the portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments that are authorized and to be paid by each Owner to the Association, pursuant to the provisions of this Declaration or a Supplemental Declaration.



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ARTICLE IV: USE AND CONSTRUCTION RESTRICTIONS

4.1 Use of Individual Building Lots. No dwelling shall be constructed, occupied or used on any Building Lot except for new, site constructed single family residences, and not to exceed 2 ½ stories in height, by the owners, their tenants, and social guests. Except as provided below, all requirements shall apply equally to all Building Lots.

The following Building Lots are designated as "View Building Lots": Lots 1 through 9 in Block 5, and Lots 1 through 16 in Block 6. Different building requirements related to dwelling size, as stated in this Section 4.1, and double-wall construction requirements, as provided in Section 4.10, are imposed upon the View Building Lots, as compared to remaining Building Lots.

No dwelling on any View Building Lot shall contain less than 1800 square feet of living area for a single level home, or 1200 square feet on the main floor for a two-story or four-level home. No dwelling on any Building Lot other than a View Building Lot shall contain less than 1600 square feet of living area for a single level home, or 1000 square feet on the main floor for a two-story or four-level home. For purposes of this paragraph, living area shall exclude basement areas, patios, garages, storage areas, and similar spaces.

No trade, business, profession, commercial or manufacturing enterprise or activity (other than home occupation) shall be conducted on any Building Lot or in any dwelling therein. As used in this paragraph, the term "home occupation" shall mean only an occupation, profession or craft, carried on within a dwelling by the owner, which activity does not change the residential character of the dwelling, is conducted in such a manner as to not create any outward appearance of a business in the ordinary meaning of the term, as may be further defined by Spokane County Regulations.

Nothing in this Section shall prevent the Developer or a Builder from using a residence within the development to conduct business and sell Building Lots or dwellings, on a temporary basis only until the last Building Lot or dwelling is sold.

4.2 Restrictions as to Building Materials. Covering Outside Walls. No residence or structure shall be built on any Building Lot using materials for siding or roofing that have not been approved by the Architectural Committee.

4.3 Nuisances. No noxious, illegal or offensive activities shall be carried on in any Building Lot or dwelling, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the owners of his respective Building Lot, or which shall in any way increase any rate of insurance for any owner within the Property, or cause any insurance policy to be canceled or to cause a refusal



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to renew the same or otherwise conflict with the spirit of this Declaration in establishing a peaceful, residential community within the Property.

In the interest of public health and sanitation, and so that all of the Property may be benefited by a decrease in the hazards of stream pollution and by the protection of water supplies, recreation, wildlife and other public uses thereof, no Owner will use his Building Lot or Buildings Lots for any purpose that would result in the pollution of any waterway that flows through or is adjacent to such Building Lot by refuse, sewage or other material that might tend to pollute the waters of any such stream or streams, or otherwise impair the ecological balance of the Property. Any violation of this provision shall be considered a nuisance.

4.4 Vehicle and Equipment Restrictions. None of the following vehicles, whether personal or recreational, shall be allowed to be kept or stored on any Building Lot in any location which is not enclosed in a garage or other structure permitted on the Building Lot: travel trailer, camper, motor home, recreational vehicle, boat and trailer, commercial vehicle, bus, or truck (except for purposes of loading and unloading of passengers or personal property). No inoperable automobile, and no vehicle which is in an extreme state of disrepair, shall be permitted to remain upon any Building Lot, dedicated street or other area within the Property, other than temporarily for emergency repairs, unless placed or maintained within an enclosed garage. Commercial vehicles shall not include sedans, service vans or standard size pickup trucks that are used for both business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be reasonably unobtrusive and inoffensive. No noisy or smoky vehicle shall be operated on the Property. No off-road unlicensed motor vehicle shall be maintained or operated within the Property, except as reasonably necessary to the execution and the rights and duties of the declarant under this Declaration. No goods, equipment, material, supplies or vehicles used in connection with any trade, service, or business whenever conducted, shall be kept parked, stored, dismantled, or repaired outdoors on any Building Lot, or any dedicated street within the Property.

No vehicles may be kept or parked on a permanent basis on any of the streets within the Property.

4.5 Signs. No signs shall be displayed to the public view on any Building Lots or on any portion of the Property. "For Sale" or "For Rent" signs shall be allowed, provided they do not exceed five (5) square feet in size.

4.6 Animals. No animals, livestock, poultry or birds of any kind shall be raised, bred or kept in any Building Lot or dwelling, or on any portion of the Property; except that no more than two (2) usual and ordinary household pets, such as dogs, cats, or birds may be kept outdoors, provided that they are not kept, bred or maintained for any commercial purposes, and that they are kept under reasonable control at all times. Keeping dogs under reasonable control shall include keeping dogs



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contained within the Owner's Building Lot when not on a leash, either by sufficient fencing, an "invisible fence" type restraint system, or other equally effective means of containing the dog within the Building Lot. Outside an Owner's Building Lot, all dogs must be restrained on leashes.

Owners shall keep their dogs from barking excessively in any area where such barking can be heard from outside the Building Lot. Continued barking after receipt of three warnings from the Architectural Committee and/or an owner of another Building Lot who is being affected by the noise of such barking shall be considered excessive barking and a nuisance, entitling such affected owner and/or Architectural Committee to take appropriate action to assure that such excessive barking is eliminated. Barking no more than occasionally to alert the Owners of the need to let the dog into a house, to warn of strangers coming to the Building Lot, and the like shall be permitted. Leaving a dog outside the dwelling for prolonged periods while the dog is frequently barking will be also be considered excessive.

NO PIT BULLDOGS SHALL BE PERMITTED ANYWHERE ON THE PROPERTY BY ANY PERSON FOR ANY REASON AT ANY TIME, PIT BULL being defined as the American Stafford Shire Terrier by the American Kennel Club or the Stafford Shire Bull Terrier by the A.K.C., or the American Pit Bull Terrier by the United Kennel Club.

4.7 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from each Building Lot at each owner's expense, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view from the dedicated streets.

4.8 Right to Lease. Except for a dwelling in possession of a lender following a default in a first mortgage, a foreclosure proceeding, or any deed or other arrangement in lieu of foreclosure, the respective dwellings shall not be rented by the owners thereof for transient or hotel purposes, which shall be defined as (a) rental for any period less than thirty (30) days, or (b) any rental if the occupants of the dwelling are provided customary hotel service such as room service for food and beverage, maid service, furnishing laundry and linen, and bellboy service. Subject to the foregoing restrictions, the owners of the respective Building Lots shall have the absolute right to rent out the dwellings (but not less than entire dwelling) provided that the rental agreement is made subject to the covenants, conditions, restrictions, limitations and uses contained in this Declaration. Any failure on the part of any tenant to comply with these covenants shall constitute a default under the terms of such rental agreement.

4.9 Front Yard Landscaping. At the time construction of the exterior of each residence is completed, the front yards of each residence shall be landscaped by each owner in substantial conformity with those homes already built and landscaped. Thereafter, within three years of completion of the exterior of each such residence, the



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remaining portions of the yard shall be landscaped in substantial conformity and harmony with the landscaping required in the front yard. In addition to other landscaping, all front and side yards abutting streets or roads within the Property shall incorporate trees adjacent to such streets or roads as approved by the Architectural Committee. It is anticipated that red maple or similar trees will be approved and suitable for this purpose, will be located adjacent to such streets and roads in parking strips, and will be spaced at intervals to create a uniform appearance along all streets and roads within the Property.

4.10 Alteration and/or Improvements to Property. With the exception of work carried out to further the completion of the Property, no residence, building, fence, wall, obstruction, balcony, screen patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind, shall be commenced, erected, painted or maintained within the Property, nor shall any alteration or improvement of any kind be made thereto until the color of the same has been approved in writing by the Architectural Committee, described in Article 9 below and hereinafter referred to as the "Committee." Plans and specifications showing the nature, color, materials and location of such improvements or alterations shall be submitted to the Developer or Committee for approval as to the color of the external appearance of the proposed construction. Further, no construction shall be commenced on any Building Lot until the Developer or Committee shall have approved in writing, the color of the proposed construction item on the Building Lot. No permission or approval shall be required to rebuild in accordance with the original approved colors, or to rebuild in accordance with colors previously approved by the Developer or Committee for that Building Lot.

In addition to other specific requirements for construction of the home contained herein, or which may be adopted in any Design Guidelines as provided in this Declaration, the following requirements must be met. All dwellings on View Building Lots shall utilize double wall construction on all sides, and dwellings on other Building Lots shall utilize double wall construction on sides facing streets or roads within the Property. All dwellings shall incorporate brick, masonry, rock, or similar exterior sidings covering a minimum of ten percent (10%) of the surface area on the dwelling or permitted ancillary structures at the front of the home and in conformity with any further requirements imposed by any Design Guidelines. Front yard lighting at or adjacent to the walkway and/or driveway for the building shall be required and be subject to approval by the Architectural Committee.

As part of preparing plans for the building of any dwelling on any Building Lot, each Owner shall cause a geotechnical report to be prepared by an engineer licensed in the State of Washington. Such geotechnical report will include a certification by the engineer confirming that the soils and topography are suitable for construction of the proposed dwelling and that any planned excavation of the Building Lot, including excavation for construction of a basement or other design feature of the home entailing lowering grade of any part of the Building Lot, will not increase or cause drainage problems associated with the dwelling on that Building Lot, any other



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structures on that Building Lot, or any structures or portions of any other Building Lot within the Property. The Architectural Committee may refuse approval for any dwelling plans submitted without a geotechnical report that includes the certification required in this paragraph.

4.11 Restriction Against Raising or Lowering Height of Grade. Neither the buyer nor any person or persons claiming under him shall or will at any time raise or lower the grade of any Building Lot or Building Lots herein conveyed above the grade established or to be established by Declarant unless approved by the Architectural Committee.

4.12 Building Lots to be kept in Good Repair. Each owner shall keep all improvements on their Building Lots in good order and repair, including but not limited to, the seeding, watering and mowing of all lawns, the pruning and cutting of all trees and shrubbery, proper maintenance of septic systems, and the painting (or other appropriate external care) of all buildings, structures and other improvements; all in a manner and with such frequency as is consistent with good property management. Garage interiors shall be maintained in a clean and orderly manner so as to avoid the danger of fire and an unsightly appearance from outside the Building Lot when garage doors are open.

4.13 Single Family. No structures or buildings of any kind shall be erected, altered, placed or permitted to remain on any Building Lot other than one detached dwelling for single family occupancy, one private attached or detached garage designed to house at least two automobiles as provided in Section 4.15, and up to two accessory buildings as permitted in Section 4.17.

4.14 Restrictions as to Roof Construction. All roofs shall be constructed of 30-year architectural composition shingles of good quality, or tile or comparable alternate product, as approved by the Committee.

4.15 Garages. All dwellings shall have enclosed attached or detached garages designed to house at least two automobiles, with fully improved driveways to the street; with said driveways to be of a hard surface material, such as exposed aggregate, asphalt, or concrete.

4.16 Mail Boxes, etc. Mailboxes and newspaper receptacles shall be placed as required by the U.S. Postal Service.

4.17 Accessory Buildings. In addition to the dwelling and garage, each Owner shall be entitled to construct up to two accessory buildings on each Building Lot. All such accessory buildings shall be placed within the rear or interior side yard of each Building Lot and shall be constructed in design and material consistent with the architecture, materials, exterior appearance and color scheme of the dwelling on such Building Lot.



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4.18 Fences, Walls. No fence, wall, hedge or mass planting, other than foundation planting, may extend nearer to a street than the minimum setback line of the dwelling as constructed. However, nothing in this subparagraph shall prevent the erection of a necessary retaining wall. No wire, cyclone or metal fencing of any kind shall be placed so as to be visible from outside any Building Lot. A cyclone fence for purposes for constructing a dog run, or similar enclosure, shall be permitted so long as the same is screened from view from outside the Building Lot by permitted fencing, sight-obscuring landscaping, or similar screening.

4.19 Antenna. No radio, citizens band, or other communication antenna shall be erected upon any Building Lot or dwelling except for standard television antennas that are reasonably unobtrusive and inoffensive or as may be required to be permitted by law.

4.20 Temporary Structures. No trailer, basement, tent, shack, garage, barn, camper or other outbuilding or any structure of a temporary character erected or placed on any Building Lot shall at any time be used as a residence.

4.21 Exterior Lighting. All exterior lighting shall be non-glare and approved by the Architectural Committee prior to installation. All dwellings must have an approved brick driveway light with photoelectric control as approved by the Architectural Committee.

4.22 Completion Time. The Owner of any Building Lot other than the Declarant shall commence construction of a dwelling therein within 18 months of becoming an Owner as defined in Section 3.12 of this Declaration. The exterior of each dwelling, including the garage, shall be completed within 12 months of the commencement of construction thereon. For purposes of this provision, commencement of construction shall be considered to have started when applicable government authorities issue a building permit. Commencement of construction may be extended for either commencement of construction or completion of construction in the discretion of the Architectural Committee for up to 12 additional months for reasons shown by the Owner which the Architectural Committee determines justify such extension.

ARTICLE V: JESSE'S BLUFF HOMEOWNERS ASSOCIATION

5.1 Organization of Jesse's Bluff Homeowners Association. Jesse's Bluff Homeowners Association, the "Association", shall be initially organized by Declarant as a Washington non-profit corporation under the provisions of the Washington Code relating to general non-profit corporations and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration.



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5.2 Membership. Each Owner, by virtue of being an Owner and for so long as such ownership is maintained, shall be a Member of the Association and no Owner shall have more than one membership in the Association. Memberships in the Association shall be appurtenant to the Building Lot or other portion of the Property owned by such Owner. The memberships in the Association shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of Owner's title and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Association.

5.3 Voting. Voting in the Association shall be carried out by Members, including Declarant, who shall cast the votes attributable to the Building Lots that they own. The number of votes such Member may cast on any issue is determined by the number of Building Lots that the Member owns. Each owner, including the Declarant, shall have one vote for each Building Lot owned. When more than one person holds an interest in any Building Lot, all such persons shall share the vote attributable to the Building Lot, but fractional will not be allowed. The right to vote may not be severed or separated from the ownership of the Building Lot, to which it is appurtenant, except that any Owner may give a revocable proxy to any person. Any sale, transfer of conveyance of such Building Lot to a new Owner shall operate automatically to transfer the appurtenant voting right to the new Owner.

5.4 Power and Duties of the Association. The Association shall have the powers of a corporation organized under the corporation laws of the State of Washington applicable to non-profit corporations, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws, and this Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under Washington law and under this Declaration, and the Articles and Bylaws, and to do and perform any and all acts which may be necessary to, proper for, or incidental to the proper management and operation of the Common Area and the Association's other assets, and the affairs and the performance of the other responsibilities herein assigned, including without limitation:

5.4.1 Assessments. The power to levy Assessments on any Owner or any portion of the Property and to force payment of such Assessments, all in accordance with the provisions of this Declaration.

5.4.2 Right of Enforcement. The power and authority from time to time in its own name, on its own behalf, or on behalf of any Owner who consents thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or the Articles or the Bylaws, including the Association Rules adopted pursuant to this Declaration, and to enforce by injunction or otherwise, all provisions hereof.



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5.4.3 Delegation of Powers. The authority to delegate its power and duties to committees, provided any such committee shall contain at least two Directors of the Association; and to contract for the maintenance, repair, replacement and operation of the Common Area.

5.4.4 Licenses, Easements and Rights-of-Way. The power to grant and convey to any third party such licenses, easements and rights-of-way in, on or under the Common Area as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment of the Common Area, and for the preservation of the health, safety, convenience and the welfare of the Owners, for the purpose of constructing, erecting, operating or maintaining:

5.4.4.1 Lines, cables, wires, conduits or other devices for the transmission or provision of electricity or electronic signals for lighting, heating, power, telephone, television, communications or other purposes;

5.4.4.2 Sewers, storm drains, underground irrigation pipes, water drains and pipes, water supply systems, sprinkling systems, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities; and

5.4.4.3 Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing and landscaping abutting common areas, streets or land conveyed for any public or quasi-public purpose including, but not limited to, bicycle pathways.

The right to grant such licenses, easements and rights-of-way are hereby expressly reserved to the Association and may be granted at any time prior to twenty-one (21) years following execution of this Declaration.

5.4.5 Operation and Maintenance of Common Area. Operate, maintain, and otherwise manage or provide for the operation, maintenance and management of the Common Area, including the repair and replacement of all improvements within any portion of the Common Area.

5.4.6 Reserve Account. Establish and fund a reserve account with a reputable banking institution or savings and loan association, which reserve account shall be dedicated to the costs of repair, replacement, maintenance and improvement of the Common Area.

5.4.7 Taxes and Assessments. Pay all real and personal property taxes and Assessments separately levied against the Common Area or against the Association and/or any other property owned by the Association. Such taxes and Assessments may be contested or compromised by the Association, in its discretion.



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5.4.8 Water and Other Utilities. Acquire, provide and/or pay for water, garbage disposal, refuse and rubbish collection, electrical, telephone and gas and other necessary services for the Common Area, and to manage all domestic, irrigation and amenity water rights and rights to receive water held by the Association, whether such rights are evidenced by license, permit, claim, stock ownership or otherwise.

5.4.9 Insurance. Obtain insurance from reputable insurance companies authorized to do business in the State of Washington, and maintain in effect any insurance policy the Board, in its discretion, deems necessary or advisable, including, without limitation fire and casualty insurance, public liability insurance, directors' and officers' liability insurance, and such other insurance, including motor vehicle insurance and Worker's Compensation insurance, to the extent necessary to comply with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association functions or to insure the Association against any loss from malfeasance or dishonest of any employee or other person charged with the management or possession of any Association funds or other property.

5.4.10 Architectural Committee. Appoint and remove members of the Architectural Committee, subject to the provisions of this Declaration, provided, at least two Directors of the Association shall serve at all times on this Committee.

5.4.11 Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably advisable or necessary to enforce any of the provisions of the Declaration, or of the Articles or Bylaws, including, without limitation, the recordation of any claim of lien with the Spokane County Auditor, as more fully provided herein.

5.5 Personal Liability. To the fullest extent permitted by law, no Member of the Board, member of any committee of the Association, officer of the Association, the Declarant, nor the manager, if any, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the released persons, provided that such person, upon the basis of such information as may be possessed by such person, has acted in good faith without willful or intentional misconduct. If a released person has so acted, the Association shall indemnify and hold harmless said person from any damage, loss or prejudice aforesaid, including actual defense costs and attorney's fees.

ARTICLE VI: RIGHTS TO COMMON AREAS

6.1 Use of Common Area. Every Owner shall have a right to use the Common Area, which right shall be appurtenant to and shall pass with the title to every Building Lot. The Common Area cannot be mortgaged or conveyed without the consent of the



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Owners of at least two-thirds (2/3) of the Building Lots, excluding Declarant. If ingress or egress to any residence is through the Common Area, any conveyance or encumbrance of such portion of the Common Area will be subject to such Building Lot Owner's easement. In furtherance of the development plan for the Property, the Declarant and the Association shall have the right to create easements and construct improvements on the Common Area, including but not limited to providing utility and private drainfield or drainfield access, crossings, walkways, trails, open space, and other improvements deemed desirable by the Association and/or Declarant.

ARTICLE VII: ASSESSMENTS

7.1 Covenant to Pay Assessments. By acceptance of a deed or real estate contract to any property in Jesse's Bluff First Addition, each Owner of such property hereby covenants and agrees to pay when due all Assessments or charges made by the Association, including all Regular, Special and Limited Assessments and charges made against such Owner pursuant to the provisions of this Declaration or other applicable instrument.

7.1.1 Assessment Constitutes Lien. Such Assessments and charges together with interest, costs and reasonable attorneys' fees which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment or charge is made.

7.1.2 Assessment is Personal Obligation. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such property beginning with the time when the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to such Owner's successors in title unless expressly assumed by them but shall remain such Owner's personal obligation regardless of whether he or she remains an Owner.

7.2 Regular Assessments. All Owners, not including the Declarant, are obligated to pay Regular Assessments to the treasurer of the Association on a schedule of payments established by the Board. An Owner acquiring a Building Lot during a calendar year will pay a prorated share of assessments for that year at the time of acquisition.

7.2.1 Purpose of Regular Assessments. The proceeds from Regular Assessments are to be used to pay for all costs and expenses incurred by the Association, including legal and attorneys' fees and other professional fees, for the conduct of its affairs, including without limitation the costs and expenses of construction, improvement, protection, maintenance, repair, management and operation of the Common Areas, including all improvements located on such areas



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owned and/or managed and maintained by the Association, and an amount allocated to an adequate reserve fund to be used for repairs, replacement, maintenance and improvement of those elements for the Common Area, or other property of the Association that must be replaced and maintained on a regular basis (collectively "Expense").

7.2.2 Computation of Regular Assessments. The regular assessment for calendar years 2004 and 2005 shall be \$120.00 per Building Lot owned. During those years only, Declarant shall pay any shortfall in meeting actual amounts required in connection with obligations to be paid by regular assessments, without provision for any reserve fund accumulation. Thereafter, the Association shall compute the amount of its expenses on an annual basis. The computation of Regular Assessments for 2006 and thereafter shall take place not less than thirty (30) nor more than sixty (60) days before the beginning of each fiscal year of the Association.

7.2.3 Amounts Paid by Owners. The Board can require, in its discretion or as provided in the Articles or Bylaws, payment of Regular Assessments in semi-annual or annual installments. The Regular Assessment to be paid by any particular Owner, for any given fiscal year after 2005 shall be computed as follows: Each Owner, other than the Declarant, shall be assessed and shall pay an amount computed by multiplying the Association's total advance estimate of expenses by the fraction produced by dividing the finally platted Building Lots attributable to the Owner by the total number of finally platted Building Lots in the Property.

7.3 Special Assessments.

7.3.1 Purpose and Procedure. Pursuant to the obligation of Declarant in Section 7.2.2 to cover assessment requirements above the amount specified for Owners, there shall be no special assessments required of any Owners through the end of 2005. In the event that the Board shall determine that its respective Regular Assessment for a given calendar year after 2005 is or will be inadequate to meet the expenses of the Association for any reason, including but not limited to costs of construction, reconstruction, unexpected repairs or replacement of improvements upon the Common Area, attorneys' fees and/or litigation costs, other professional fees, or for any other reason, the Board shall determine the approximate amount necessary to defray such expenses and levy a Special Assessment against the Property which shall be computed in the same manner as Regular Assessments. No Special Assessment shall be levied which exceeds twenty percent (20%) of the budgeted gross expenses of the association for the fiscal year, without the vote or written assent of the Owners representing a majority of the votes of the Members of the Association. The Board shall, in its discretion, determine the schedule under which such Special Assessment will be paid.



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7.3.2 Consistent Basis of Assessment. Every Special Assessment levied by and for the Association shall be levied and paid upon the same basis as that prescribed for the levying and payment of Regular Assessments for the Association.

7.4 Limited Assessments. Notwithstanding the above provisions with respect to Regular and Special Assessments, the Board may levy a Limited Assessment against a Member as a remedy to reimburse the Association for costs incurred in bringing the Member and/or such Member's Building Lot into compliance with the provisions of the governing instruments for Jesse's Bluff First Addition, including any actual costs, consultant charges and attorneys' fees. This shall expressly include the authority to levy assessments against any Building Lot Owner in violation of any of the requirements imposed on such Building Lot Owner under this Declaration. Such assessment may be made in an amount up to fifty dollars (\$50.00) per day (or its equivalent value as compared with January 1, 2004 dollars, as adjusted periodically by the Board in its reasonable discretion utilizing changes in a published consumer price index of its choosing), for each violation which remains uncorrected after thirty (30) days' written notice given to such Owner from the Association. Notwithstanding anything above to the contrary, a limited assessment may be assessed against an Owner for damage to any Building Lot or portion of the Common Area within the Property caused by reason of the negligence or willful misconduct of such Owner, such Owner's resident tenant, or such Owner's family and guests, both minor and adult; provided such liability shall not be absolute but shall be an obligation recoverable from such Owner's available insurance and shall constitute a lien against such Owner's Building Lot only.

7.5 Uniform Rate of Assessment. Unless otherwise specifically provided herein, Regular and Special Assessments shall be fixed at a uniform rate per Building Lot for all members of the Association.

7.6 Assessment Period. Unless otherwise provided in the Articles or Bylaws, the Assessment period, the "fiscal year", shall commence on January 1 of each year and terminate December 31 of such year. The first Assessment shall be pro-rated according to the number of months remaining in the fiscal year and shall be payable in advance.

7.7 Notice and Assessment Due Date. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Building Lot subject thereto, and to any person in possession of such Building Lot. The due dates for installment payment of Regular Assessments and Special Assessments shall be the first day of each month unless the Board establishes some other due date. Each monthly installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each delinquent installment payment a late charge equal to ten percent (10%) of the delinquent installment. In addition, each installment payment which is delinquent for more than twenty (20) days shall accrue interest at twelve percent (12%) per annum calculated the date of delinquency to and including the date full payment is received by



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the Association. The Association may bring an action against the delinquent Owner and may foreclose the lien against such Owner's Building Lot as more fully provided herein. Each Owner is personally liable for Assessments, together with all interest, costs and attorneys' fees, and no Owner may exempt such Owner from such liability by a waiver of the use and enjoyment of the Common Areas, or by lease or abandonment of such Owner's Building Lot.

7.8 Estoppel Certificate. The Association, upon at least five (5) days prior written request, shall execute, acknowledge and deliver to the party making such request, a statement in writing stating whether or not, to the knowledge of the Association, a particular Building Lot is in default under the provisions of this Declaration, and further stating the dates to which any Assessments have been paid by the owner. Any prospective purchaser or mortgagee of the Owner's Building Lot may rely upon any such certificate delivered pursuant to this paragraph.

ARTICLE VIII: ENFORCEMENT OF ASSESSMENTS; LIENS; PROCEEDINGS

8.1 Right to Enforce. The Association has the right to collect and enforce its Assessments pursuant to the provisions hereof. Each Owner of a Building Lot, upon becoming an Owner of such Building Lot, shall be deemed to covenant and agree to pay each and every Assessment provided for in this Declaration and agrees to the enforcement of all Assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorney's fees in addition to any other relief or remedy obtained against such Owner. The Board or its authorized representative may enforce the obligations of the Owners to pay such assessments by commencement and maintenance of a suit pursuant to paragraph 8.3 to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

8.2 Assessment Liens.

8.2.1 Creation. There is hereby created a claim of lien with power of sale on each and every Building Lot to secure payment of any and all Assessments levied against such Building Lot pursuant to this Declaration together with interest thereon at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association making the Assessment in connection therewith, including costs and reasonable attorney's fees incurred. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on such respective Building Lots upon recordation of a claim of lien with the Spokane County Auditor. Such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Building Lot and



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Assessments on any Building Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

8.2.2 Claim of Lien. Upon default of any Owner in the payment of any Regular, Special or Limited Assessment issued hereunder, the Association may cause to be recorded in the office of the Spokane County Auditor a claim of lien. The claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Building Lot(s) against which the same have been assessed, and the name of the record Owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction or relief of such delinquent sums and charges. The Association may demand and receive the cost of preparing and recording such release before recording the same.

8.3 Method of Foreclosure. Such lien may be foreclosed by appropriate action in court or by sale by the Association establishing the Assessment, its attorney or other person authorized to make the sale. Such sale shall be conducted in accordance with the provisions of the Washington Code applicable to the exercise of powers of sale permitted by law, as though the Association were a beneficiary designated under a deed of trust executed on Deed of Trust form LPB #22, as in effect as of the date of recording this Declaration. The Board is hereby authorized to appoint its attorney, any officer or director of the Association, or any title company authorized to do business in Washington as trustee for the purpose of conducting such sale or foreclosure.

8.4 Required Notice. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of the notice of delinquency and claim of lien, whether judicially, by power of sale or otherwise, until the expiration of thirty (30) days after the following have been completed: a copy of such claim of lien has been deposited in the United States mail, certified or registered, postage prepaid to the Owner of the Building Lot(s) described in such notice of delinquency and claim of lien; and to the person in possession of such Building Lot(s), and a copy thereof is recorded by the Association in the Office of the Spokane County Auditor.

8.5 Subordination to Certain Trust Deeds and Mortgages. The lien for the Assessments provided for herein in connection with a given Building Lot shall be subordinate to the lien of a deed of trust or mortgage that is of record as an encumbrance against an Owner's Building Lot prior to the recordation of a claim of lien for any Assessments. Except as provided in this paragraph with respect to a trustee or mortgagee who acquires title to or a security interest in a Building Lot, the sale or transfer of any Building Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim of lien, on account of the Assessments



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becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Declaration. No mortgagee or beneficiary under a deed of trust will be required to collect assessments. Nothing in this Declaration makes failure to pay any assessment a default under any mortgage.

ARTICLE IX: ARCHITECTURAL COMMITTEE

9.1 Creation. While the Declarant continues to own any Building Lot within Jesse's Bluff First Addition, the Declarant shall have all right and authority to appoint all members of the Architectural Committee and to perform all functions of the Architectural Committee hereunder, unless the Declarant shall sooner relinquish such authority to the Association in a written document signed by an authorized representative of the Declarant. Thereafter, the Association shall have an Architectural Committee comprised of the members of the Board.

9.2 Review of Proposed Construction. The Architectural Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to this Declaration, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Committee. The Board shall have the power to determine, by rule or other written designation consistent with this Declaration, which types of improvements shall be submitted for Architectural Committee review and approval.

9.3 Architectural Committee Decisions. Decisions of the Architectural Committee and the reasons therefor shall be transmitted by the Architectural Committee to the Applicant at the address set forth in the application for approval within thirty (30) calendar days after filing all materials required by the Architectural Committee, failing which, the application shall be considered approved.

9.4 No Waiver of Future Approvals. The approval of the Architectural Committee of 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 Architectural 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 whatever subsequently or additionally submitted for approval or consent. The decision of the Architectural Committee shall be final.

9.5 Architectural Approval not Equivalent of Government Approval. Each Owner acknowledges that approval of any item or matter by the Architectural Committee is not the equivalent of receipt of any applicable governmental approval, or evidence of compliance with any laws, ordinances, or other legal requirements. Each Owner shall be and remain solely responsible for complying with all such governmental requirements, including obtaining and fulfilling obligations under appropriate permits for construction,



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alteration, and remodeling of any improvements on their Building Lot.

9.6 Right to Adopt Design Guidelines. The right is reserved to the Architectural Committee to adopt and revise, from time to time, design guidelines, consistent with the use and construction restrictions stated in Article 4, and providing further detail and specification regarding colors, materials, landscape specifications, and similar matters. Any person acquiring ownership of a Building Lot shall have a right to receive a copy of the current design guidelines at the time of acquisition of their Building Lot. Any person acquiring ownership of any such Building Lot shall be entitled to rely upon the provisions in the design guidelines received on the date of their acquisition of such Building Lot, so long as such dwelling and initial structure are completed within the time limits specified under Section 4.19. Thereafter, design guideline changes will govern and control further modifications or additional construction of improvements on such Building Lot; provided, no modification shall prevent repair or reconstruction of any improvement which complied with design guidelines at the time of original installation.

ARTICLE X: ANNEXATION OF ADDITIONAL PROPERTIES

10.1 By Declarant. Declarant intends to develop the property described on Exhibit "A," and may, in Declarant's sole discretion, deem it desirable to annex additional real property to the Property covered by this Declaration. Additional real property may be annexed to the Property and brought within the provisions of this Declaration as provided herein by Declarant, its successors or assigns, at any time, and from time to time, without the approval of any Owner or the Association. The use and development of such additional real property shall conform to all applicable land use regulations, as such regulations are modified by variances.

10.2 By the Association. In addition to the provisions concerning annexations by Declarant specified in Section 11.1 above, additional real property may be annexed to the Property, subject to the same conditions by the Association upon the exercise by Members of at least two-thirds (2/3) of the votes of the Association.

10.3 Rights and Obligations of Owners of Annexed Property. Subject to the provisions hereof, upon recording of a Supplemental Declaration as to any additional real property, all provisions contained in this Declaration shall apply to the additional real property in the same manner as if it were originally covered by this Declaration.

10.4 Method of Annexation. The addition of additional real property to the Property authorized under Sections 11.1 and 11.2 shall be made by filing of record a Supplemental Declaration or other similar instrument with respect to the annexed property, which shall be executed by Declarant or the Owner thereof and which shall annex such property to the Property.

10.5 Deannexation. Declarant may delete all or a portion of the real property described on Exhibit "A," or any previously annexed real property, from the Property and



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from coverage of this Declaration and jurisdiction of the Association, so long as Declarant has an interest in such property to be deleted, and provided that a Supplemental Declaration of Deletion of Property is recorded in the Office of the Spokane County Auditor in the same manner as a Supplemental Declaration of Annexation. Members other than Declarant as described above shall not be entitled to deannex all or any portion of the Property except on the favorable vote of two-thirds (2/3) of all members of the Association and written approval of Declarant so long as Declarant owns any portion of the property described on Exhibit "A" or any other real property which is then part of the Property.

10.6 In the event there is ever a separate class of membership held by the Declarant, such as a "Class B" membership, then notwithstanding anything in this Declaration to the contrary, annexation of additional properties, dedication of Common Area, and amendment of this Declaration will require prior approval of the United States Department of Housing and Urban Development and the Veterans Administration.

ARTICLE XI: EASEMENTS

11.1 Easements of Encroachment: There shall be reciprocal appurtenant easements of encroachment as between each Building Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Building Lots due to minor unintentional wrongful placement or settling or shifting of the improvements including but not limited to structures, walkways, paths, sidewalks and driveways constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Easements of encroachment shall be valid only so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the improvements. Provided, however, in no event shall a valid easement for encroachment occur due to the willful act or acts of an Owner. In the event a structure on any Building Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Building Lot agree that minor encroachments over adjoining Building Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this paragraph.

11.2 Easements of Access: All Owners of Building Lots will have a perpetual easement for access, ingress and egress over the Common Areas that may be designated as pathways, trails, or other routes created for access or travel. This easement shall run with the land. Such easements may be used by the Declarant, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, approved vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Building Lot or Common Area.

11.3 Drainage and Utility Easements. Declarant expressly reserves for the benefit of all the Property reciprocal easements of access, ingress and egress for all Owners to and from their respective Building Lots for installation and repair of utility



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services, for drainage of water over, across and upon adjacent Building Lots, and Common Areas, resulting from the normal use of adjoining Building Lots or Common Areas, and for necessary maintenance and repair of any improvement including fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees and landscaping. Notwithstanding anything expressly or impliedly contained herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Declarant for the installation and maintenance of utilities and drainage facilities that are required for the development of the Property. In addition, Declarant hereby reserves for the benefit of the Association the right to grant additional easements and rights-of-way over the Property, as appropriate, to utility companies and public agencies as necessary or expedient for the proper development of the Property until close of escrow for the sale of the last Building Lot in the Property to an Owner.

11.3.1 Improvement of Drainage and Utility Easement Areas. The Owners of Building Lots are hereby restricted and enjoined from constructing any improvements upon any drainage or utility easement areas as shown on the Plat of Jesse's Bluff First Addition or otherwise designated in any recorded document which would interfere with or prevent the easement from being used for such purpose. Provided, however that the Owner of such Building Lots and the Declarant, the Association or designated entity with regard to the landscaping easement described in this Article, shall be entitled to install and maintain landscaping on such easement areas, and also shall be entitled to build and maintain fencing on such easement areas subject to approval by the Architectural Committee, so long as the same would not interfere with or prevent the easement areas from being used for their intended purposes. Provided further, that any damage sustained to improvements on the easement areas as a result of legitimate use of the easement area shall be the sole and exclusive obligation of the Owner of the Building Lot whose improvements were so damaged.

ARTICLE XII: MISCELLANEOUS

12.1 Term. The easements created hereunder shall be perpetual, subject only to extinguishment by the holders of such easements as provided by law. The covenants, conditions, restrictions and equitable servitudes of this Declaration shall run for a term of twenty (20) years from the date this Declaration is recorded, unless amended as herein provided. Thereafter, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by members holding at least two-thirds (2/3) of the voting power of the Association and such written instrument is recorded with the Spokane County Auditor.

12.2 Amendment. Except where a greater percentage is required by express provision in this Declaration, the provisions in this Declaration may be amended by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying and attesting that such amendment has been approved by the vote



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or written consent of Owners representing more than two-thirds (2/3) of the votes of Owners of Building Lots, excluding the Declarant. Any such amendment shall be effective upon its recordation with the Spokane County Auditor.

12.3 Notices. Any notices 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 seventy-two (72) hours after 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, as provided in this paragraph.

12.4 Enforcement and Non-Waiver.

12.4.1 Right of Enforcement. Each Owner of any Building Lot, the Declarant, and the Association shall each have the right to enforce any or all of the provisions hereof against any property within the Property and Owners thereof.

12.4.2 Violations and Nuisances. The failure of any Owner of a Building Lot to comply with any provision hereof, or with any provision of the Articles or Bylaws of the Association, is hereby declared a nuisance and will give rise to a cause of action by the Declarant, the Association or any Owner of a Building Lot(s) within the Property for recovery of damages or for negative or affirmative injunctive relief or both. However, any other provision to the contrary notwithstanding, only Declarant, the Association, the Board, or a duly authorized agent of any of them, may enforce by self-help any of the provisions hereof only if such self-help is preceded by reasonable notice to the Owner.

12.4.3 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration and any or all enforcement procedures in law or equity.

12.4.4 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

12.4.5 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the right to enforce any such provision.

12.5 Limitation of Restrictions on Declarant. Notwithstanding anything in this Declaration to the contrary, rights are reserved to Declarant to perform Declarant's intended work in connection with improvements, development and marketing of the



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Property and the construction of the improvements thereon. The completion of that work in the sale of Building Lots is recognized as beneficial to the establishment and enhancement of the Property as a residential community. In order that Declarant's work may be completed in an expeditious and cost-effective manner, nothing in this Declaration will be interpreted to:

12.5.1 prevent Declarant, its contractors, or subcontractors, from doing on the Property or any Building Lot, whatever is reasonably necessary or advisable in connection with completion of Declarant's intended work; or

12.5.2 prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Property, such structures as may be reasonable and appropriate for the conduct of Declarant's business in completing its work, establishing the Property as a residential community, and marketing and disposing of the same in Building Lots by sale, lease or otherwise; or

12.5.3 prevent Declarant from maintaining such sign or signs on any portions of the Property as may be necessary or appropriate, in Declarant's reasonable discretion, for the sale, lease or disposition of the Property or any portion thereof.

12.6 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed and governed under the laws of the State of Washington.

12.7 Restrictions Severable. Notwithstanding the provisions of the foregoing paragraph, each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this 5 day of FEBRUARY 2004.

DECLARANT:

NORTH DIVISION COMPLEX, L.L.C.

By: Robert L. Heitman, Jr.
Robert L. Heitman, Jr., Member

By: Michael D. Hume
Michael D. Hume, Member

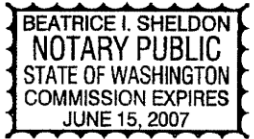


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STATE OF WASHINGTON)
)ss.
COUNTY OF SPOKANE)

On this 5 day of FEBRUARY 2004 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Robert L. Heitman, Jr. to me known to be a Member of North Division Complex, L.L.C. a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the instrument.

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

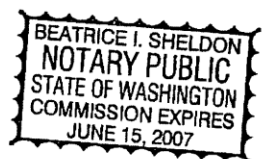


Beatrice I. Sheldon
NOTARY PUBLIC in and for the State
of Washington, residing at SPOKANE
My commission expires: 6/15/07.
BEATRICE I. SHELDON
Printed Name

STATE OF WASHINGTON)
)ss.
COUNTY OF SPOKANE)

On this 5 day of FEBRUARY 2004 before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael D. Hume to me known to be a Member of North Division Complex, L.L.C. a Washington limited liability company, the limited liability company that executed the foregoing instrument, and acknowledged the instrument to be the free and voluntary act and deed of the limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the instrument.

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



Beatrice I. Sheldon
NOTARY PUBLIC in and for the State
of Washington, residing at SPOKANE
My commission expires: 6/15/07.
BEATRICE I. SHELDON
Printed Name



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EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

ALL OF JESSE'S BLUFF FIRST ADDITION, as per plat thereof
recorded in Volume 29 of Plats, pages 29 and 30;

Situate in the County of Spokane, State of Washington