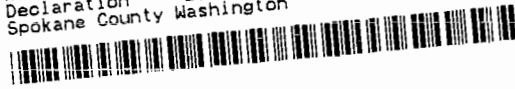


RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

DREW M. BODKER
ATTORNEY AT LAW
S. 1401 GRAND BLVD. #203 N
SPOKANE, WASHINGTON 99203

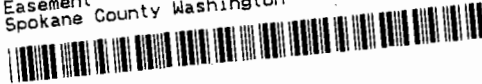
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Declaration BODKER
Spokane County Washington

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Recording Fee \$42.00 Page 1 of 1
Easement BODKER
Spokane County Washington

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DOCUMENT TITLE:	Declaration of Covenants, Conditions, Restrictions and Reservation of Easements
REFERENCE NUMBERS:	NA
GRANTORS:	Latah Properties, L.L.C.
GRANTEES:	Latah Properties, L.L.C.
ABBREVIATED LEGAL:	NW ¼ S2, T23N, R43EWM (Full Legal on Exhibit "A")
ASSESSOR'S TAX PARCEL NOS.	33025.9042; 33022.9040; 33022.9041; 33022.9037 & 33022.9005

DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS

KNOW ALL MEN BY THESE PRESENTS that **Latah Properties, L.L.C.**, a Washington limited liability company, (hereinafter referred to as the "**Declarant**"), does hereby create and declare of public record certain protective covenants, conditions, and restrictions (hereinafter referred to as the "**Covenants**" or the "**Declaration**") to be impressed upon the real property described on Exhibit "A" with the intention that said protective covenants shall run with the land and shall bind each party hereto and all of their future grantees, assignees and successors, as follows:

1. Fully Protected Residential Area. The subject real property, (hereinafter referred to as the "**Property**", the "**Project**" or "**Parcels**") is legally described on Exhibit "A", which Exhibit is attached hereto and incorporated herein by this reference. The Property and each of the Parcels which comprise the Property shall be bound by these Covenants. The Parcels shall be used only for single family residences with the usual outbuildings, provided however, that an accessory dwelling unit may be allowed if permitted under the Spokane County Zoning Code. Said accessory dwelling unit will be subject to ARC review, as provided in Section 7, hereinafter. No commercial activities shall be allowed,

DECLARATION OF COVENANTS -1

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R. E. Excise Tax Exempt

Date 9-16 2008

Spokane County Treas.

By

except (a) that non-retail agricultural activities are allowed, and an in-home business is allowed if said in-home business does not generate, on average, more than three (3) business related round trips per work day. Except for any subdivision of Parcels that Declarant seeks to obtain, no other Parcel shall be subdivided to a smaller size than the size which exists as of the date of recording of this Declaration; however, one or more Parcels may be used as a single building site.

2. Vehicles. Trailer houses, rv's, camp trailers, mobile homes, commercial trucks, buses, or other similar vehicles or equipment may not be parked on the community road (Latah Ridge Lane), nor may they be left standing on a Parcel for more than three (3) weeks in any one calendar year unless such equipment or vehicles are parked or stored in the private garage or storage building of any owner and the doors can be closed to conceal such vehicles or equipment from other Parcels in the Project and also from public view from any public or private road. Similarly, baled hay, automobile, farm implement or tractor bodies, components, parts, wheels, tires, and the like shall be stored in a fully enclosed structure, concealed from the view of other Parcels and also from public view from any public or private roads. Motor homes, horse trailers and boat trailers (with or without a boat) may be left standing outside on a Parcel as long as they are concealed from the view of the other Parcels in the Project by landscaping or building structures.

3. Land Use and Building Type as a "Green Development". No used or secondhand buildings may be placed either temporarily or permanently upon any Parcel in the Project. Unless otherwise permitted by the Architectural Review Committee (*the "ARC"*), no buildings shall be erected, altered, placed, or permitted to remain on any Parcel other than one detached single family dwelling or accessory dwelling unit (if allowed by Spokane Building Code), and a private garage for not less than two (2) automobiles, boats, trailers and the like, for family use, and not more than two (2) outbuildings. No mobile homes or manufactured homes are allowed, but modular homes are allowed if approved by the ARC. This Project shall be developed as a "green" development (1-star) under the Inland Northwest Built Green™ program as now in place and as may be modified in the future and as administered by the Spokane Home Builders Association. The Built Green™ program will require that the Parcel Owners adhere to certain construction and development processes. In addition, all homes in the Project must be ENERGY STAR Certified, meaning that they must meet ENERGY STAR Guidelines. Parcel Owners are encouraged to install and use alternative energy production devices, such as solar panels and wind power devices, provided however, that these devices must be implemented correctly and also aesthetically, as approved by the ARC. All homes must be certified to either the local Built Green standards as per Inland Northwest Built Green Standards, as administered by the Spokane Home Builders Association, or to a comparable Built Green program as approved by the ARC.

4. Residence Size. No residence shall be constructed or permitted on any Parcel unless such residence has a building footprint that will contain not less than 1,200 square feet of finished living space for a rancher style home, and not less than 2,000 square feet for a two-story home. The square footage requirements set forth herein shall exclude garages, open porches, carports and the like. No residence (*or outbuilding*) shall exceed two (2) stories in height that are entirely above ground. The main purpose of this height restriction is to ensure that homes or outbuildings do not impair the view of any other Parcel.

5. Outbuildings. Not more than two (2) outbuildings or one (1) outbuilding and one (1) detached garage, are permitted on each Parcel. Horse loafing sheds or shelters shall be considered as "outbuildings" under these Covenants. Attached garages, play houses, dog houses, or cabanas are excluded from this limit on the number of outbuildings, but not more than one dog house, play house or cabana shall be allowed on any Parcel. Building design, colors and construction of outbuildings must be compatible to design of house. The design, location and building materials will be closely scrutinized by the ARC to ensure that the outbuilding is aesthetically appealing. Roofing and siding on any outbuilding must either be of the same material and color as the main house, or the siding may also be made of wood or permanent lap siding, or metal with a baked enamel finish. Painted baked enamel metal roofs are allowed, but no wood shakes or sawn wood roof shingles and no galvanized or shiny metal roofs are allowed. No quonset type buildings are allowed. There is no maximum size for outbuildings, but the ARC must approve the proposed building not only as to design, location and building materials, as stated above, but also as to the proposed size of the proposed outbuilding to ensure that the proposed building is compatible with the Project. All outbuildings shall be located within the setbacks set forth in Paragraph 6 of this Declaration. No outbuildings may be used for permanent or temporary residence purposes, and no outbuilding shall exceed two stories in height above ground level.

6. Setbacks. Except as may otherwise be agreed in writing between the owners of adjoining Parcels, no building shall be located closer than fifty (50') feet from any common lines between the Parcels and from the road easement known as Latah Ridge Lane. Swimming pools, tennis courts, and sport courts are to be limited by these same setback limitations. For the purposes of this covenant, screened porches, garages or utility sheds shall also be subject to these setback requirements. If one owner seeks to build one residence on two or more adjacent Parcels, these setback requirements shall be applied to the exterior boundary of the area of common ownership. There shall also be a fifty (50') foot setback requirement for riding arenas, and for animal watering and feeding facilities from the common borders between all Parcels, unless otherwise agreed in writing between the owners of the two adjoining Parcels.

7. Architectural Control.

A. Architectural Review. No house, fence, alternative energy device, outbuilding, garage or structure of any kind, including storage shelters, shall be commenced, erected, placed or altered on any Parcel until the construction plans and specifications for said structure, a landscape plan, and a plan showing the nature, shape, heights, materials, colors, and proposed location of the structure have been submitted to and approved in writing by the Architectural Review Committee ("ARC"). Declarant shall be the only member of the ARC until Declarant no longer owns any Parcel in the Project. Upon Declarant's resignation or when Declarant no longer owns any Parcel, whichever is earlier, then the ARC shall be comprised of three (3) members, with a majority vote of 2 of the 3 member being required on any ARC voting matters. At least two (2) of the successor three-member ARC committee members shall be owners in the Project. It is the intent and purpose of this covenant to assure quality of workmanship and materials, harmony of external design with the existing structure(s) and the location with respect to protecting view corridors. In particular, the design of outbuildings will be closely scrutinized to meet the foregoing and the requirements set forth in Paragraph 5, above. In all cases in which ARC consent is required by these Covenants, all provisions of this Paragraph 7 shall apply.

B. Major Construction. In the case of initial or substantial additional construction of a dwelling or outbuilding, the owner shall prepare and submit to the ARC such plans and specifications for the proposed work as the ARC may require. Material required by the ARC may include, but not necessarily be limited to:

- (1) A plot plan indicating location of all improvements.
- (2) Drawings showing elevations, exterior materials and exterior color scheme of all improvements; and
- (3) Certification of square footage contained within the structure and each floor thereof.
- (4) A landscape plan showing the location of planting areas and the type of vegetation planned by the Owner.

The ARC shall render its decision with respect to the proposal within thirty (30) days after it has received all material required by it with respect thereto. The ARC may retain copies of said plans and specifications.

C. Minor Work. In the case of a minor addition or remodeling, change of existing exterior color scheme or exterior material, greenhouse, or swimming pool construction, or any other work not referred to in Paragraph A, above, the owner shall submit to the ARC such plans and specifications for the proposed work as the ARC determines to be necessary to enable it to evaluate the proposal. The ARC shall render its decision with respect to the proposal within thirty (30) days after it has received all material required by it with respect thereto.

D. ARC's Discretion. The ARC may, at its sole discretion, withhold consent to any proposed work if the ARC finds that the proposed work would be inappropriate for the particular Parcel or incompatible with the design standards that the ARC intends for this project. Such things as siding, shape, size, color, design, height, impairment of the view from other Parcels within this project, or other effects on the enjoyment of other Parcels, disturbance of existing terrain and vegetation, and any other factors which the ARC reasonably believes necessary for full evaluation shall be considered.

E. Procedure. In the event the ARC fails to render its approval or disapproval within thirty (30) days after plans and specifications have been submitted to it then approval will be deemed to have been given and the related covenants shall be deemed to have been fully complied with.

F. Liability. Neither the Declarant, nor the ARC nor its individual members shall be liable to any owner, occupant, builder or developer for any damages, loss or prejudice suffered or claimed on account of any action or failure to act of the ARC, provided that the ARC has, in accordance with the actual knowledge possessed by it, acted in good faith.

G. Nonwaiver. Consent by the ARC to any matter proposed to it and within its jurisdiction under these Covenants shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent by any other owner.

H. Effective Period of Consent. ARC's consent to any proposed work shall automatically be revoked one year after issuance unless construction of the work has been commenced or the owner has applied for and received an extension of time from the ARC.

I. Declarant's Control of ARC. Until Declarant resigns or has sold all of the Property or Parcels to third parties, the Declarant shall be the sole member of the ARC.

J. Resignation, Incapacity or Death of ARC Committee Members. After Declarant has relinquished control of the ARC, as set forth in Section 7-I, above, then the remaining Property owners shall elect a successor committee. In the event that any member should resign, become incapacitated or die, then the remaining Property owners shall elect a successor committee member. The election of a successor shall be by a majority vote of the Property owners, with each owner receiving the one vote equal to the number of Parcels he owns.

8. Utilities Shall be Underground. In the interest of public health and in the interest of avoiding the presence of unsightly poles and structures, all utilities shall be buried in accordance with the best standard practices presently in use for burying of such utilities; PROVIDED HOWEVER, that if there are some above-ground utilities that exist as of the date of these Covenants then said existing above-ground utilities shall be exempt from this requirement regarding underground utilities; PROVIDED FURTHER, that if there are rock formations or rocky soil conditions which prevent underground installation of utilities, then above-ground utilities shall be allowed if the Owner has made a good faith effort to locate an area on his Parcel in which underground utilities could be installed at a cost that is not unreasonably prohibitive.

9. Nuisances. No noxious or offensive activity shall be carried on upon any Parcel, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighbors or the neighborhood. Snowmobiles, off road vehicles, ATV's, motorcycles and/or dirt bikes are permitted in the Project, but they shall not be used in any manner that is an annoyance or nuisance to the other Parcel Owners, and no motocross or dirt tracks are permitted. Owners of any Parcel shall not allow dogs to bark in any manner as may annoy or become a nuisance to the other neighbors regardless as to whether said barking occurs in the daytime or at night, and all Owners shall ensure that their dogs do not annoy other neighbors with said barking. All vehicles, including ATV's used for farm use, shall not exceed 25 mph on the private easement driveways and roads.

10. Temporary Structures. No structure of a temporary character, no mobile home, no trailer, no basement, no tent, no shack, no garage, no barn, and no other building or outbuilding shall be used on any Parcel at any time as a residence either temporarily or permanently. No bomb shelter or similar structure shall be placed so that it is exposed above the ground.

11. Signs. Except for signs owned by Declarant or Declarant's agents which advertise any part of the Property as "For Sale", no signs of any kind shall be displayed to the public view on any lot except (i) one sign designating family name and/or address; (ii) one sign advertising a Parcel for sale or rent; (iii) signs used by the home builder to advertise the property during construction and sales period; and (iv) political cards during an election campaign (*which election signs shall be immediately removed following said election*). No permitted sign as described herein shall exceed three feet in any dimension, except for the sign or signs of Declarant or their agents which advertise the Property for sale.

12. Domestic Animals. A maximum of three (3) adult dogs and three (3) adult cats per household shall be allowed with the understanding that said animals shall not be allowed to run off the owner's property. Dogs which have been classified as "vicious or potentially dangerous", as defined by the Spokane County Animal Control or Spokane County Ordinances, shall not be allowed, and no Chows, Rottweilers or Pitt Bulls, nor dogs which are a mix of these breeds shall be allowed on any Parcel. Not more than one (1) large domestic animal for every two (2) acres of a Parcel shall be permitted on any Parcel. "Large Domestic Animals" are defined as horses, cattle, goats, sheep, alpacas and llamas. No pigs or swine are allowed. Not more than twelve (12) fowl of any kind shall be allowed on any Parcel, except that no peacocks or roosters are allowed because of noise problems. No exotic cats or animals are allowed, and no other animals other than those permitted herein shall be allowed without ARC approval. No domestic animals shall be kept which habitually make loud or disturbing noises or create uncontrollable dust. All animals shall be kept for the use and pleasure of the occupants and not for commercial purposes. Animals must be fed, watered and sheltered under the same setback restrictions as are set forth in Paragraph 6, above, but fencing for said animals is not subject to these setback restrictions. Parcel Owners shall ensure that their large domestic animals do not over-graze the Parcels.

13. Garbage and Refuse Disposal. No Parcel shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept except in sanitary containers and shall be deposited at an appropriate location for pick up by a waste removal company. All incinerators and other equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition, and shall be concealed from public view by either being set in the ground, by being placed in a building or placed behind a screen or other barrier.

14. Enforcement/Arbitration. All claims, disputes, or enforcement of other matters in question which arise out of or relate to this Declaration shall be decided by arbitration, as follows: Each of the parties hereto shall select an arbitrator. The arbitrators shall then select a third arbitrator unrelated to the dispute. A majority decision of the arbitrators shall be final and binding upon the parties hereto. Each party shall pay the cost of their selected arbitrator plus one-half of the costs of arbitration, including the cost of the third arbitrator. Compliance with this provision shall be a condition precedent to the institution of any litigation to enforce these Covenants. In the event of such action, any person or persons so adjudged by a court to be in violation of these Covenants shall bear the costs of such litigation, including reasonable attorney's fees. Any Owner may bring an action against another Owner to enforce the terms of this Declaration, but no action may be brought against Declarant in an attempt to make Declarant enforce the terms of this Declaration, nor shall Declarant be liable or responsible for a breach of these Covenants by any other Owner or individual.

15. Severability. If any portion of this Declaration should be held invalid by order or judgment of any competent court, such invalidity shall in no way affect any of the other provisions hereof and such other provisions shall remain in full force and effect.

16. Completion. Any dwelling or structure erected or placed on any Parcel in this subdivision shall be completed as to external appearance, including finished painting, within eighteen (18) months after the date of commencement of construction.

17. Miscellaneous. No security lights are allowed which interfere with or annoy neighbors. Any tarps or loose coverings must be of earthen tone colors. All other landscaping must be installed within one (1) year of completion of the house, and any house shall be completed within 18 months. Propane tanks and fuel tanks must be concealed, screened, or otherwise hidden from view.

No firearm hunting or trapping is allowed, nor is the shooting of firearms or fireworks to be allowed. Bow and arrow target shooting and hunting is allowed, provided that no one under 14 years of age may do so, and such activities must be conducted at least one hundred (100') feet from the common boundary with any of the other Parcels.

18. Maintenance of the Parcels. Each Parcel in the Project shall be maintained in a first class condition, including all unimproved areas. If the unimproved areas are used for grazing, then as is provided in Section 12, above, the Parcel Owner shall take care not to over graze any Parcel. If farmed, then good farming practices as common to the local area must be used. Parcel Owners shall conform to all local laws and regulations regarding the control of noxious weeds on the farm ground and on all other portions of the Parcels.

19. Timber. In the interest of preserving and enhancing the health and perpetuation of the forest areas located within the Property, each owner agrees to use reasonable and responsible timber management practices. Except for clearing and maintenance of building sites for residences, outbuildings and animal enclosures, view corridors, landscape areas and site improvements, as limited herein, and except for clearing of areas of trees deemed by an accredited arborculturist as disease infested or fire damaged beyond repair, no clear-cutting of timber shall be permitted. Selective commercial logging performed to enhance the growth and management of the forest shall be permitted under the condition that all slash be burned or removed within six (6) months of completion of any logging activity. Burning of yard wastes and timber slash shall be allowed as prescribed by local fire and air pollution ordinances, under prudent weather and water conditions for controlled burning.

20. Reservation of Easements. Easements for utilities are hereby declared and reserved over, under, and across all portions of the Property, PROVIDED HOWEVER, that a good faith attempt will be made at all times to extend the utilities either along the private easement roads or within a twenty (20') foot wide area lying ten (10') feet on either side of common boundary lines between the Parcels, but it is further understood and agreed that geographic conditions or greatly increased costs of following the road or boundary lines may prohibit this location of said utility lines. If a utility line must be extended across a Parcel in a location other than along the road or boundary lines, then it shall be placed so as not to interfere with the Parcel owner's improvements or intended building site. Easements are further

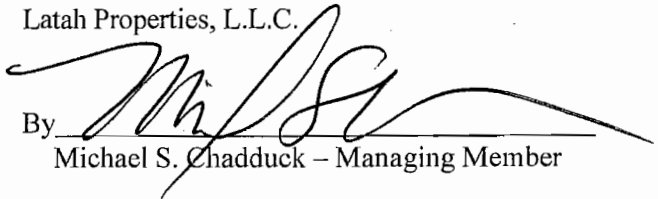
DECLARATION OF COVENANTS -7

reserved for such community refuse pickup stations and such mailbox installations at locations on the Project which are adjacent to the private easement roads, as determined by Declarant. Declarant may construct enclosed areas within the easements for the refuse pickup stations. All mail receptacles for the Parcels shall be located in the mailbox installations and no other private mailboxes are permitted. All easements reserved herein shall be deemed appurtenant easements that shall run with the land and shall not be affected by any later termination of the other covenants set forth herein.

21. Term of Covenants/Amendments. This Declaration shall run with the land and shall be binding upon all owners of the Property described on Exhibit "A" and all persons claiming under them until December 1, 2028, at which time said Covenants shall be automatically extended for a successive period of ten (10) years unless an instrument signed by at least 66% of the Owners of the Property has been recorded agreeing to change the Covenants in whole or in part, provided however, that until Declarant is no longer the sole member of the ARC, per Paragraph 7-I, above, the Covenants shall not be amended without Declarant's consent. Except as otherwise provided herein regarding Declarant's consent, these Covenants may be amended only by a written instrument signed by at least 66% of the owners, and said amendment shall then be recorded. All owners shall have one vote for each Parcel owned.

IN WITNESS WHEREOF, the undersigned has set its hand this 3rd day of September, 2008.

Latah Properties, L.L.C.

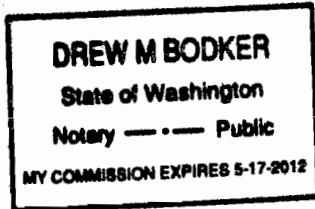
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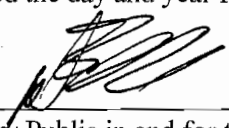
Michael S. Chadduck – Managing Member

STATE OF WASHINGTON)
) ss.
County of Spokane)

On this 3rd day of September, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Michael S. Chadduck to me known to be the Managing Member of Latah Properties, L.L.C., the limited liability company that executed the foregoing instrument and acknowledged the said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute the said instrument.

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





Notary Public in and for the State of
Washington, residing at Spokane
My Appointment Expires: 5-17-12

The undersigned hereby agrees to be bound by the terms of this Declaration of Covenants, Conditions, Restrictions and Reservations of Easements.

Ruth C. Hanly, by Marilyn Iverson,
her attorney in fact

Ruth C. Hanly, by Marilyn Iverson, her
Attorney in Fact

STATE OF WASHINGTON)
County of *King*) ss.
)

On this *11th* day of September, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Marilyn Iverson to me known to be the individual described in and who executed the foregoing instrument as attorney in fact of Ruth C. Hanly also therein described, and acknowledged to me that she signed and sealed the same as the free and voluntary act and deed of the said Ruth C. Hanly for the uses and purposes therein mentioned, and on oath stated that the power of attorney authorizing the execution of this instrument has not been revoked and that the said Ruth C. Hanly is now living.

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



L. Christine McMillin

Notary Public in and for the State of
Washington, residing at *Lynnwood*
My Appointment Expires: *6/19/11*

EXHIBIT "A"

The West half of the West Half of the Southeast Quarter of the Northwest Quarter of Section 2, Township 23 North, Range 43 East, W.M. in the County of Spokane, State of Washington.
Parcel No. 33022.9040

The East Half of the West Half of the Southeast Quarter of the Northwest Quarter of Section 2, Township 23 North, Range 43 East, W.M. in the County of Spokane, State of Washington.
Parcel No. 33022.9041

The North Half of the Southwest Quarter of the Northeast Quarter of Section 2, Township 23 North, Range 43 East, W.M. in the County of Spokane, State of Washington;
TOGETHER WITH East Half of the Southeast Quarter of the Northwest Quarter of said Section 2;
ALSO TOGETHER WITH that portion of East 98.00 rods of the North half of the Southwest Quarter of said section lying northerly of Elder Road.
Parcel No. 33025.9042

Government Lot 4, in the Northwest Quarter of Section 2, Township 23 North, Range 43 East, of the Willamette Meridian;
EXCEPT Stoughton Road;
ALSO delineated as Tract A of that certain survey Recorded July 26, 2005 under Auditor's File No. 5250328 in Book 117 of Surveys Page 45;
Situates in the County of Spokane, State of Washington.
Parcel No. 33022.9005

The Southwest Quarter of the Northwest Quarter of Section 2, Township 23 North, Range 43 East, of the Willamette Meridian;
ALSO delineated as Tract B of that certain survey Recorded July 26, 2005 under Auditor's File No. 5250328 in Book 117 of Surveys Page 45;
Situates in the County of Spokane, State of Washington.
Parcel No. 33022.9037