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Grantee(s): Mullan and Broadway, LLC, a Washington limited liability company
<u>Legal Description:</u> Lots 1 through 10, Block 1; Lots 1 through 18, Block 2; Lots 1 through 11, Block 3; Lots 1 through 10, Block 4; and Tracts A, B, C, and D, Final Plat of Creek at Chester, as shown on the plat thereof filed for record in Spokane County, Washington
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Declaration of Protective Covenants, Conditions and Restrictions for Creek at Chester

**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
CREEK AT CHESTER**

Mullan and Broadway, LLC

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**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR THE CREEK AT CHESTER**

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CREEK AT CHESTER (this "Declaration"), made effective upon its recording in the Official Records of Spokane County, Washington, is executed on the date hereinafter set forth by MULLAN AND BROADWAY, LLC, a Washington limited liability company ("Declarant"), with the consent of MULLAN AND BROADWAY, LLC, a Washington limited liability company ("Property Owner").

WITNESSETH

WHEREAS, Declarant and Property Owner are the current owners of following real property located in Spokane County, Washington (the "Property"):

Lots 1 through 10, Block 1; Lots 1 through 18, Block 2; Lots 1 through 11, Block 3; Lots 1 through 10, Block 4; and Tracts A, B, C, and D, Final Plat of Creek at Chester, as shown on the plat thereof filed for record in Spokane County, Washington;

WHEREAS, Declarant, with the consent of Property Owner, desires to develop the Property as a planned residential community known as Creek at Chester (the "Subdivision"), as shown on the final plat of Creek at Chester, filed for record in the Official Records of Spokane County, Washington.

NOW, THEREFORE, Declarant, with the consent of the Property Owner, declares that the Property shall be held, sold, hypothecated, and conveyed subject to the covenants, conditions, and restrictions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each lot and other portions of the Property in order to maintain within the Property a community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE 1 - DEFINITIONS

1.1 "Additional Property"

"Additional Property" shall mean any additional property annexed to the Subdivision and made subject to the terms of this Declaration.

1.2 "Annual Assessments"

"Annual Assessments" shall mean Base Assessments, Reserve Account Assessments, and any Specific Assessments which may be levied by the Association in each of its fiscal years pursuant to the terms of Article 3.

1.3 "ARC"

"ARC" shall mean the architectural review committee established pursuant to the terms of Section 7.1.

1.4 "Association"

"Association" shall mean the *Creek at Chester Homeowners Association*, a Washington nonprofit corporation, established for the purposes set forth herein.

1.5 "Base Assessments"

"Base Assessments" shall mean the assessments imposed upon all Lots for services rendered or expenses incurred by the Association pursuant to the terms of Section 3.2.

1.6 "Board"

"Board" shall mean the Board of Directors of the Association.

1.7 "Builder"

"Builder" shall mean any individual or company who purchases one or more Lots for the purpose of constructing Units for resale to consumers in the ordinary course of its business.

1.8 "Bylaws"

"Bylaws" shall mean the Bylaws of the Association, as amended from time to time. A copy of the Bylaws is attached hereto as Exhibit A.

1.9 "Common Areas"

"Common Areas" shall mean those portions of the Property owned or leased by the Association for the common use and benefit of the Owners and include Tracts A and B as shown on the Plat. The definition of "Common Areas" specifically excludes Lots.

1.10 "Common Maintenance Areas"

"Common Maintenance Areas" shall mean the Common Areas, and shall also mean any areas within public rights-of-way or located on adjacent property that the Association is required to maintain pursuant to the terms of this Declaration or which the Board deems necessary, desirable or appropriate for the Association to maintain for the common benefit of the Owners.

1.11 "Conversion Date"

"Conversion Date" shall be the date upon which Class B membership shall cease and be converted to Class A membership. Such date shall be the date which is the earlier of (i) the date at which one hundred percent (100%) of the total Lots anticipated to be created within the

Subdivision have been conveyed to Class A members; (ii) ten (10) years after conveyance of the first Lot to a Class A member; or (iii) upon written election of Declarant.

1.12 "Declarant"

"Declarant" shall mean Mullan and Broadway, LLC, a Washington limited liability company, and any person or entity designated as a successor or assign in an instrument signed by then current Declarant and recorded in the Official Records of Spokane County, Washington. The term "Declarant" does not include Property Owner.

1.13 "Declaration"

"Declaration" shall mean this Declaration of Protective Covenants, Conditions, and Restrictions for Creek at Chester and any amendments or supplements thereto made in accordance with its terms.

1.14 "Design Guidelines"

"Design Guidelines" shall mean the design guidelines adopted by the ARC or Declarant pursuant to Section 7.2, as amended or modified from time to time.

1.15 "Directors"

"Directors" shall mean the members of the Board.

1.16 "Governing Documents"

"Governing Documents" shall mean this Declaration and the Articles of Incorporation, Bylaws and Rules and Regulations of the Association, all as may be amended from time to time.

1.17 "Improvement"

"Improvement" shall mean every structure or improvement of any kind, including, but not limited to, a Unit, landscaping, patios, decks, fences and walls (including retaining walls), driveways, sidewalks, fixtures, storage shelters, pools, hot tubs, athletic facilities and other products of construction efforts (including exterior painting, alterations, and reconstruction).

1.18 "Lot"

"Lot" shall mean the plots of land indicated as such on the Plat. The term "Lot" specifically excludes Common Areas and Common Maintenance Areas.

1.19 "Mortgagee" and "First Mortgagee"

"Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. "First Mortgagee" shall mean a holder of a Mortgage with priority over all other Mortgages.

1.20 "Owner"

"Owner" shall mean Declarant, Property Owner and every record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

1.21 "Plat"

"Plat" shall mean the Final Plat of Creek at Chester, filed for record in the Official Records of Spokane County, Washington, and any additional plats that may be annexed to the Subdivision as Additional Property.

1.22 "Primary Builder"

"Primary Builder" shall mean any builder that purchases fifteen (15) or more lots. All terms pursuant within this document referring to "Builder" shall also apply to the "Primary Builder".

1.23 "Property"

"Property" shall mean the real property described in the recitals above, plus such Additional Property as may be made subject to this Declaration, but excluding any real property removed from the jurisdiction of this Declaration.

1.24 "Property Owner"

"Property Owner" shall mean Mullan and Broadway, LLC, a Washington limited liability company, the owner of all or part of the Property at the time this Declaration is recorded in the Official Records of Spokane County, Washington, and any person or entity designated as a successor in an instrument signed by the then current Property Owner and recorded in the Official Records of Spokane County, Washington.

1.25 "Reserve Account Assessments"

"Reserve Account Assessments" shall mean assessments established pursuant to the terms of Section 3.3.

1.26 "Rules and Regulations"

"Rules and Regulations" shall mean the rules and regulations adopted by the Association from time to time in accordance with Article XII of the Bylaws.

1.27 "Special Assessments"

"Special Assessments" shall mean any special charges established pursuant to the terms of Section 3.5.

1.28 "Specific Assessments"

"Specific Assessments" shall mean the charges imposed upon some, but less than, all Lots for services rendered or expenses incurred pursuant to Section 3.4.

1.29 "Subdivision"

"Subdivision" shall mean Creek at Chester, as the same may be modified, expanded or contracted pursuant to the terms of this Declaration.

1.30 "Turnover Meeting"

"Turnover Meeting" shall mean the meeting of the Owners called to turn over control of the Association to the Class A members, as further described in the Bylaws.

1.31 "Unit"

"Unit" shall mean any residential dwelling situated on a Lot intended for occupancy by a single family including, without limitation, a single family home.

ARTICLE 2 – ASSOCIATION

2.1 Membership. The Declarant and every other Owner of a Lot by virtue of ownership of such Lot shall be a member of the Association. Membership in the Association shall be appurtenant to and shall not be separated from ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Owners shall be governed and controlled by the Governing Documents. There shall be two (2) classes of membership in the Association, Class A membership and Class B membership, as described in Section 2.2.

2.2 Voting Rights. The Association shall have two (2) classes of voting membership:

2.2.1 Class A Membership

Class A members shall be all Owners with the exception of Declarant and Property Owner (provided that Declarant and Property Owner shall become Class A members from and after the Turnover Date), and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot. If the co-Owners of a Lot cannot agree upon the vote, then the vote of the Lot shall be disregarded in determining the particular matter at issue.

2.2.2 Class B Membership

The Class B members shall be Declarant and Property Owner, who shall be entitled to five (5) votes for each Lot owned. The Class B membership shall terminate and become converted to Class A membership on the Conversion Date.

Declarant and Property Owner hereby enter into an irrevocable voting agreement with respect to their respective Class B voting rights, on the following terms and conditions: (a) Declarant and Property Owner agree to vote their respective Class B voting rights in the manner determined by Declarant in its sole discretion; (b) once Declarant has made a decision regarding how it intends to vote its Class B voting rights in a particular matter and notifies Property Owner of such decision, Property Owner shall promptly either vote its Class B voting rights in the particular matter in the manner designated by Declarant or deliver to Declarant a valid and binding proxy to vote Property Owner's Class B voting rights in respect to the particular matter; (c) if Property Owner fails to promptly comply with its obligations under clause (b), then Declarant may complete the proxy on behalf of Property Owner and as Property Owner's attorney-in-fact, coupled with an interest, and such proxy shall be valid and binding on Property Owner as if Property Owner had actually executed the proxy; (d) Declarant and Property Owner each agree that whenever and as often as it may be requested to do so by the other party, it shall execute, acknowledge, and deliver, or cause to be executed, approvals, consents, memoranda of the subject matter hereof, duplicate originals hereof, and any and all other documents and to do any and all other acts as may be necessary or appropriate to carry out the terms of the voting agreement; and (e) the voting agreement shall terminate on the earlier of the Conversion Date or ten (10) years from the date this Declaration is executed by Declarant and Property Owner.

2.3 Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant to Article 3 or is otherwise in default under the Governing Documents. The Board may also suspend an Owner's rights to use the Common Areas during such period of default.

ARTICLE 3 - ASSOCIATION FINANCES

3.1 Budgeting.

3.1.1 At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated expenses of the Association for the coming year. The estimated expenses in the budget of the Association shall include the estimated operating expenses of the Association, an operating reserve (at the discretion of the Board), and a contribution to the Reserve Account determined in accordance with the terms of Section 3.3 below. The budget shall also reflect the sources and estimated amounts of funds needed to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots, and the amount estimated to be generated through the levy of assessments against Lots. Finally, the budget shall differentiate between expenses applicable to all Lots versus expenses applicable to some, but not all, Lots.

Estimated operating expenses and Reserve Account Assessments applicable to all Lots shall be allocated among such Lots as Base Assessments pursuant to Section 3.2 below, while estimated operating expenses and Reserve Account Assessments applicable to some, but not all Lots, shall be allocated among the affected Lots as Specific Assessments pursuant to Section 3.4 below.

3.1.2 Within thirty (30) days after adopting the annual budget, the Board shall set a date for a meeting of the Members to consider ratification of the budget and send notice of such meeting to the Members in accordance with Section 4.5 of the Bylaws. Such notice shall include a summary of the budget consistent with RCW 64.38.025(4), including:

(a) The current amount of Annual Assessments budgeted for contribution to the Reserve Account (as defined in Section 3.3 below), the recommended contribution rate from the Reserve Study (as defined in Section 3.3 below), and the funding plan upon which the recommended Reserve Account Assessments (as defined in Section 3.3 below) is based;

(b) If additional Base Assessments, Specific Assessments or Special Assessments are scheduled to be imposed, the date such assessments are due, the amount of the assessments per each owner per month or year, and the purpose of the assessments;

(c) Based upon the most recent Reserve Study and other information, whether currently projected Reserve Account balances will be sufficient at the end of each fiscal year to meet the Association's obligation for major maintenance, repair, or replacement of reserve components during the next thirty (30) years;

(d) If Reserve Account balances are not projected to be sufficient, what additional Reserve Account Assessments or Special Assessments may be necessary to ensure that sufficient Reserve Account funds will be available each year during the next thirty (30) years, the approximate dates such assessments may be due, and the amount of the Reserve Account Assessments or Special Assessments per Owner per month or year;

(e) The estimated amount recommended in the Reserve Account at the end of the current fiscal year based on the most recent Reserve Study, the projected Reserve Account cash balance at the end of the current fiscal year, and the percent funded at the date of the latest Reserve Study;

(f) The estimated amount recommended in the Reserve Account based upon the most recent Reserve Study at the end of each of the next five (5) fiscal years, the projected Reserve Account cash balance in each of those years, and the projected percent funded for each of those years; and

(g) If the funding plan approved by the Association is implemented, the projected Reserve Account cash balance in each of the next five (5) fiscal years and the percent funded for each of those years.

3.1.3 Unless the Owners holding a majority of the votes in the Association vote to reject the budget, the budget is ratified, whether or not a quorum is present at the meeting. If the Board fails to adopt a budget or if the Owners vote to reject the budget, then the last adopted and ratified budget for the Association shall continue in effect until a new budget is approved by the Board and ratified by the Owners.

3.1.4 The Board may revise the budget and adjust the assessments levied pursuant thereto from time to time during the year, subject to the same notice and ratification procedures set forth above.

3.2 **Base Assessments.** Upon determining the total amount of income required to be generated through the levy of Base Assessments as provided in Section 3.1, the Association shall allocate such amount equally among all Lots subject to assessment (as determined by Section 3.7 below) on the effective date of the budget. The amount allocated to each Lot shall then be levied as a Base Assessment.

Declarant may, but is not obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy, which may be either a contribution, an advance against future assessments due from Declarant (if any), or a loan, as determined by Declarant in its sole discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

3.3 **Replacement Reserve Assessments.**

3.3.1 As a part of any Annual Assessment the Board shall obtain from Owners contributions for a reserve account (the "Reserve Account") established for all items of property included within the Common Maintenance Areas which will normally require major maintenance, repair or replacement, in whole or in part, within thirty (30) years; provided, however, that the Reserve Account need not include items that could reasonably be funded from Base Assessments or Specific Assessments or other funds or accounts of the Association, or items for which the Owners (and not the Association) are responsible for maintenance, repair and replacement under the terms of the Governing Documents.

3.3.2 The Declarant shall conduct an initial reserve study (a "Reserve Study") to determine the Reserve Account requirements. The Reserve Study shall comply with the requirements of RCW 64.38.070 and include:

(a) A reserve component list, including any reserve component that would cost more than one percent (1%) of the annual budget of the Association, not including the Reserve Account, for major maintenance, repair, or replacement. If one of these reserve components is not included in the Reserve Study, the Reserve Study should provide commentary explaining the basis for its exclusion. The study must also include quantities and estimates for the useful life of each reserve component, remaining useful life of each reserve component, and current major maintenance, repair, or replacement cost for each reserve component;

(b) The date of the Reserve Study, and a statement that the Reserve Study meets the requirements of RCW 64.38.070;

(c) One of the following designed levels for Reserve Study performed:

(i) Level I: Full Reserve Study funding analysis and plan;

- (ii) Level II: Update with visual site inspection; or
- (iii) Level III: Update with no visual site inspection;
- (d) The Association's Reserve Account balance;
- (e) The percentage of the fully funded balance that the Reserve Account is funded;
- (f) Special Assessments already implemented or planned;
- (g) Interest and inflation assumptions;
- (h) Current Reserve Account Assessments for a full funding plan and baseline funding plan;
- (i) Reserve Account Assessments for a full funding plan to achieve one hundred percent fully funded reserves by the end of the thirty-year study period, baseline Reserve Account Assessments to maintain the Reserve Account balance above zero throughout the thirty-year study period without Special Assessments, and Reserve Account Assessments recommended by the reserve study professional;
- (j) A projected Reserve Account balance for thirty years and a funding plan to pay for projected costs from that Reserve Account balance without reliance on future unplanned Special Assessments;
- (k) A statement on whether the Reserve Study was prepared with the assistance of a reserve study professional; and
- (l) The following disclosure: "This reserve study should be reviewed carefully. It may not include all common and limited common element components that will require major maintenance, repair, or replacement in future years, and may not include regular contributions to a reserve account for the cost of such maintenance, repair, or replacement. The failure to include a component in a reserve study, or to provide contributions to a reserve account for a component, may, under some circumstances, require you to pay on demand as a special assessment your share of common expenses for the cost of major maintenance, repair, or replacement of a reserve component."

The Board shall thereafter conduct a Reserve Study at least once every three (3) years.

3.3.3 Contributions to the Reserve Account ("Reserve Account Assessments") shall be in an amount (i) initially determined by Declarant based upon the results of the initial Reserve Study and (ii) thereafter by the Board from time to time based on the results of the most recent Reserve Study. Reserve Account Assessments shall be allocated to Lots pursuant to Section 3.2 (Base Assessments) and Section 3.4 (Specific Assessments) of this

Declaration, as applicable, and shall be paid to the Association monthly, quarterly or annually as determined by the Board.

Reserve Account Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots. The Reserve Account must be a separate account holding only Reserve Account Assessments and other funds intended to be used for the same purpose maintained a federally insured bank or other depository institution with branches in Washington, and any funds in the Reserve Account may be expended only for the purposes for which the Reserve Account was established as described above.

3.3.4 After the Turnover Meeting, the Board may withdraw funds from the Reserve Account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components if the Board record any such withdrawal in the minute books of the Association, causes notice of any such withdrawal to be hand delivered or sent prepaid by first-class United States mail to the mailing address of each Owner, and adopts a repayment schedule not to exceed twenty-four (24) months, unless the Board determines that repayment within twenty-four (24) months would impose an unreasonable burden on the Owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the Reserve Study projections or not included in the Reserve Study may be made from the Reserve Account without meeting the notification or repayment requirements under this section.

3.3.5 At any time after the second (2nd) year after the Turnover Meeting, future replacement reserve assessments for the Reserve Account may be increased or reduced by the vote of Owners of Lots representing seventy-five (75%) of the Owners.

3.3.6 Nothing in this Section 3.3 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Board or the Governing Documents.

3.4 Specific Assessments. The Association shall have the authority to levy assessments to satisfy the expenses of undertaking a particular project or effort that benefit some, but less than all, of the Lots (such assessments, "Specific Assessments"). Specific Assessments shall be allocated equally against the Owners of those Lots that benefit from the project, effort or other specific undertaking by the Association, unless the Association, in its reasonable discretion determines another method of apportionment more accurately reflects the benefit received by such Owners.

3.5 Special Assessments. In addition to the Base Assessments authorized above, the Board may levy "Special Assessments" against an Owner or all Owners in the following manner for the following purposes:

(a) To correct a deficit in the operating budget, by vote of a majority of the Board;

(b) To collect additional amounts necessary to make repairs or renovations to the Common Areas or Common Maintenance Areas if sufficient funds are not available from the operating budget or Reserve Account, by vote of a majority of the Board; and

(c) To make capital acquisitions, additions or improvements, by vote of Owners holding at least sixty percent (60%) of the voting rights of the Association.

Special Assessments shall be imposed against all Lots in the same proportion as Base Assessments as provided in Section 3.2 above.

3.6 Obligation for Assessments. Each Owner, by accepting a deed for his, her or their Lot, is deemed to covenant and agree to pay all assessments authorized in this Declaration or other Governing Documents. All assessments, together with interest, fines and late charges as determined by Board resolution, and collection costs (including reasonable attorneys' fees), shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. The Association may sue any person liable for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification or release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Annual Assessments on the basis of the last year for which an assessment was made, if any, until a new budget becomes effective and a new assessment is levied pursuant thereto. Any such budget may include as an expense item any shortfall in amounts previously collected.

No Owner may exempt himself from liability for assessments by non-use of the Common Areas, abandonment of his or her Lot, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

3.7 Lien for Assessments. The Association shall have a lien against each Lot to secure payment of delinquent assessments, as well as interest, fines and late charges as determined by Board resolution, and collection costs (including reasonable attorneys' fees). Such lien shall be superior to all other liens, except (a) liens for real estate taxes and assessments and other levies which by law would be superior; and (b) the lien of any recorded First Mortgage made in good faith and for value. Such lien, when delinquent, may be foreclosed in the same manner as a construction lien or as otherwise provided by applicable law after the Association records a notice of lien against the delinquent Lot in the Official Records of Spokane County, Washington.

The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage and convey the Lot. While a Lot is owned by the Association following

foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessments shall be levied on it; and (c) each other Lot shall be charged, in addition to usual assessments, its pro rata share of the assessments that would have been charged to such Lot had it not been acquired by the Association.

Sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of a First Mortgage or a deed in lieu of foreclosure for the benefit of any First Mortgagee shall extinguish the lien of such assessments on the Lot as to payments which became due prior to the sale or transfer. The unpaid assessments shall then become common expenses of all Owners, including the First Mortgagee and any purchaser at the foreclosure sale or from a First Mortgagee. No sale or transfer of any Lot pursuant to foreclosure of a First Mortgage or a deed in lieu of foreclosure for the benefit of any First Mortgagee shall relieve such Lot from liability as to any assessments thereafter becoming due or from the lien thereof. Notwithstanding the foregoing, no sale or transfer of any Lot pursuant to a mortgage foreclosure or a deed in lieu of foreclosure for the benefit of any First Mortgagee shall be deemed to extinguish any mortgage or lien which the Association has itself placed upon any property owned by the Association.

3.8 Interest; Late Fees; Fines. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees and fines on delinquent assessments or for violations of the provisions of this Declaration or other Governing Documents. The adoption of such impositions by the Board shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the address of the Owners as contained in the records of the Association. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however that fines (but not interest or late fees) for violation of this Declaration or other Governing Documents may not be imposed against an Owner or such Owner's Lot until the Owner is given an opportunity for a hearing.

3.9 No Reimbursement to Declarant. The proceeds of any assessments shall not be used to reimburse Declarant for any capital expenditures incurred in construction or other improvements of Common Areas or Common Maintenance Areas, nor for the operation or maintenance of such facilities incurred before conveyance of such common facilities to the Association.

ARTICLE 4 – EASEMENTS AND RIGHTS OF ENTRY

4.1 Plat Easements. The Property shall be subject to all easements delineated on the Plat.

4.2 Owners' Easements in Common Areas. Declarant grants to each Owner a perpetual, nonexclusive right and easement of use, access and enjoyment in and to the Common Areas, subject to the restrictions and limitations set forth in this Article and elsewhere in this Declaration.

4.3 Easement of Encroachment. Declarant grants reciprocal appurtenant easements of encroachments, and for maintenance and use of any permitted encroachment,

between each Lot and any adjacent Common Areas and between adjacent Lots due to unintentional placement or settling or shifting of improvements constructed, reconstructed or altered thereon (in accordance with the terms of this Declaration) to a distance of not more the three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. In no event, however, shall an easement for encroachment exist if such encroachment occurred due willful and knowing conduct on the part of, or with the knowledge and consent of, the person claiming the benefit of such easement.

4.4 Easements for Utilities, Etc.

4.4.1 Declarant reserves for itself and the Association, for the benefit of the Property and any Additional Property, perpetual, nonexclusive blanket easements upon, across, over and under the Property and Additional Property for purposes of ingress, egress, installation, maintenance, repair and replacement of utilities and infrastructure; cable and other systems for sending and receiving data and/or other electronic signals; security and similar systems; walkways, pathways and trails; storm water drainage systems; irrigation systems; sanitary sewer systems; street lights; signage; and entry features; provided, however, that the exercise of these easements does not unreasonably interfere with the use of any Lot. Declarant further reserves for itself and the Association the right to grant the benefit of any such easements to the local municipal governmental body and other utility service providers.

4.4.2 Declarant also reserves for itself and the Association the nonexclusive right and power to grant and record such specific easements over the Property and Additional Property as may be necessary, in the sole discretion of Declarant or the Association, to exercise the rights and easements granted by the preceding paragraph. The Owner of any Lot to be burdened by any easement granted pursuant to this Section 4.5 shall be given advance written notice of the grant, and the location of the easement on such Lot shall be subject to the written approval of the Owner (which shall not be unreasonably withheld, delayed or conditioned); provided, however, that an Owner shall be deemed to have consented to the location of an easement on his or her Lot if the Owner has not responded to a written request within thirty (30) days after such request was mailed to the Owner's address on record with the Association.

4.4.3 All work associated with the exercise of the easements described in this Section 4.5 shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to commencement of the work, except for any improvements placed within utility easements in violation of the terms of this Declaration. The exercise of these easements shall not extend to permitting entry into any Unit without the Owner's consent, nor shall it unreasonably interfere with the use of any Lot by the Owner thereof. Except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

4.5 Easements to Serve Additional Property. Declarant hereby reserves for itself and its duly authorized agents, successors and assigns a perpetual, nonexclusive easement over the Common Areas for purposes of enjoyment, use, access and development of any property now or hereafter owned by Declarant or Property Owner adjacent to or near the

Property, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Areas for construction and use of roads, sidewalks and walking paths, and for connecting and installing any and all utilities on such property.

Declarant agrees that it and its duly authorized agents, successors and assigns shall be responsible for any damage caused to the Common Areas as a result of their respective actions in connection with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway, sidewalk or walkway providing access to such property.

4.6 Easements for Maintenance, Emergency and Enforcement.

Declarant grants to the Association easements over the Property and Additional Property as necessary to enable the Association to fulfill its maintenance responsibilities under this Declaration. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security and safety reasons to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the terms of this Declaration and the other Governing Documents. Any such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in performance of their duties. Except in an emergency situation, entry onto a Lot shall only be during reasonable hours and after notice to the Owner.

4.7 Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign and correct any structure, improvement or condition (including, but not limited to, drainage issues) which may exist on any portion of the Property and Additional Property, and a perpetual, nonexclusive easement of access throughout the Property and Additional Property to the extent reasonably necessary to exercise such right. Except in an emergency situation, entry onto a Lot shall only be during reasonable hours and after notice to the Owner; provided, however, that no entry into a Unit is permitted without the consent of the Owner. The person exercising these easements shall promptly repair any resulting damage.

4.8 Perimeter Fence Easement. An easement is hereby declared for the benefit of the Declarant and the Association for the construction, maintenance, repair and replacement of fencing along the perimeter of the Property, whether or not such fencing is located on the Common Areas or Lots. Declarant, however, is under no obligation to construct any perimeter fencing. Any perimeter fencing constructed by Declarant shall be maintained by the Association as a Common Maintenance Area.

4.9 Retaining Wall Easement. Retaining walls may have been constructed by Declarant within the Property (the "Retaining Walls"). The Retaining Walls are not in all cases located on a Lot line. The location of a Retaining Wall (or the construction by an Owner of any improvements on or near the Retaining Wall) shall not constitute evidence of the

intended location of a Lot line, or provide grounds for any claim of adverse possession or prescriptive easement. Each Lot upon which any portion of a Retaining Wall is located shall be subject to an easement, for the benefit of the Association and all other Lots, for the purposes of support by and natural drainage from such Retaining Wall. Retaining Walls may or may not have been designed by a professional engineer, and no Owner shall take any action to add, construct or place any improvement on the Lot so that it may, in the judgment of the Association: result in disturbance of, weakening of, or damage to a Retaining Wall; increase any engineered load or alter design criteria; or cause damage to the Retaining Wall or surrounding properties. Any Lot Owner who takes such action, or who otherwise damages a Retaining Wall, shall be responsible for all resulting costs of repair and restoration of the Retaining Wall. This Section 4.10 shall not apply to retaining walls constructed by an Owner on its own Lot.

4.10 Special Declarant Easements. Declarant reserves for itself and its duly authorized agents, successors and assigns, perpetual, nonexclusive easements on, over and across the Common Areas for purposes of (a) constructing and maintaining such facilities and activities as Declarant, in its sole discretion, deems necessary or convenient to the sale of Lots and Units, including, but not limited to, business offices, signs, model units and sales offices; (b) constructing and maintaining Common Areas, including any structures thereon; and (c) storing materials and making such other use thereof as Declarant, in its sole discretion, deems necessary or convenient to the construction of Units and other structures on the Property or Additional Property (provided that no such storage or other use shall unreasonably interfere with access to, or the use, occupancy and enjoyment of, any Lot). Declarant shall also have easements for access to and use of the Common Areas for such facilities at no charge.

ARTICLE 5 - COMMON AREAS

5.1 Use of Common Areas. Every Owner shall have a right to use and enjoy the Common Areas, subject to:

(a) The terms of this Declaration as it may be amended from time to time and any restrictions or limitations contained in any deed conveying the Common Areas to the Association;

(b) The Board's Right to:

(i) adopt, promulgate, enforce and amend from time to time the Rules and Regulations pertaining to the use and enjoyment of the Common Areas, including rules and regulations limiting the number of guests of Owners who may use the Common Areas at any one time;

(ii) suspend the right of an Owner, after notice and an opportunity for a hearing, to use all or any portion of the Common Areas (A) for any period not to exceed thirty (30) days for a single violation, or for a longer period in the case of any continuing violation of this Declaration or the Bylaws or Rules and Regulations; and (B) for any period during which any assessments or any other charges for such Owner's Lot remains delinquent;

(iii) grant easements and dedicate or transfer all or any part of the Common Areas pursuant to Sections 4.5 and 5.2;

(iv) mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Section 5.2;

(v) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Areas that is not open or available to the general public; and

(c) All easements granted or reserved by Declarant in this Declaration, and all easements subsequently granted or reserved by Declarant pursuant to a right granted or reserved in this Declaration.

An Owner who resides in a Unit may extend his or her right to use and enjoyment of the Common Areas to the other members of his or her household and to guests, subject to the terms of this Declaration and the Rules and Regulations. If an Owner does not reside at his or her Unit, then the Owner shall be deemed to have assigned all of the Owner's rights to use and enjoyment of the Common Areas to residents or occupants of such Unit, subject to the terms of this Declaration and the Bylaws and Rules and Regulations.

No Owner shall make any change to any Improvement or landscaping upon the Common Areas, or decorate, alter or repair any part of the Common Areas (except for maintenance of those parts of the Common Areas which the Owner has the duty to maintain, if any), without the prior written consent of the Association.

5.2 Alienation of Common Areas. The Association may sell, dedicate, transfer, grant a security interest in, or grant an easement for installation or maintenance of utilities or for similar purposes with respect to any portion of the Common Areas. Except for grants of easements for utility-related purposes under Section 4.5 above, no such sale, dedication, transfer or grant of a security interest shall be effective unless approved by eighty percent (80%) of the votes of both Class A and Class B members, or eighty percent (80%) of the votes of Class A members once Declarant has relinquished its Class B membership interests.

5.3 Conversion of Lots to Common Areas. Declarant may elect to build common facilities on one or more Lots and designate such Lots as Common Areas by amending this Declaration. Such amendment to this Declaration shall be executed by Declarant and bear a certificate of the President or Secretary of the Association reciting that the holders of a majority of the voting rights in the Association have approved such conversion to Common Areas.

5.4 No Partition. There shall be no judicial partition of the Common Areas. Each Owner, whether by deed, gift, devise, or operation of law, for such Owner's benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests, and causes of action for judicial partition of any interest in the Common Areas and agrees that no action for judicial partition shall be instituted, prosecuted, or reduced to judgment.

5.5 Title to Common Areas. Declarant shall cause fee simple title to the Common Areas to be conveyed to the Association, free and clear of monetary liens, no later than the date of the Turnover Meeting, and the Association shall unconditionally accept fee title to the Common Areas from Declarant on such date.

5.6 Damage or Destruction By Owner. If damage to any Common Areas or Common Maintenance Areas is directly attributable to an Owner or the family members, invitees, licensee, or guest of an Owner, then that Owner shall repair such damage or destruction as soon as reasonably practicable, but in no event later than fifteen (15) days after the date the damage occurred, at his or her sole expense and without a right of reimbursement. If an Owner fails to repair such damage timely, the Association shall have all rights of enforcement and remedies set forth under this Declaration.

ARTICLE 6 – MAINTENANCE

6.1 Maintenance by Association. The Association shall maintain and keep the Common Maintenance Areas in a clean and attractive condition and in good repair, such maintenance to be funded by Annual Assessments as provided in this Declaration. This maintenance shall include, but need not be limited to, maintenance, repair and replacement (subject to any insurance then in effect) of the following:

(a) all landscape plantings, trees and lawn areas (including irrigation thereof) located on the Common Areas, which shall include, but is not limited to, removal and replacement of dead or dying trees and other landscaping to ensure compliance with the approved landscaping plan (but subject to the terms of Section 11.2);

(b) all sidewalks, trails, walking paths and pedestrian/bicycle paths located on the Common Areas;

(c) all monument entry signs and features for the Subdivision within or adjacent to the Property;

(d) the storm water conveyance and detention systems serving the Subdivision (except for any drainage swales located on Lots), which shall be maintained per the design intent of the approved plans for such systems and the operations and maintenance manual on file with the Office of the Spokane County Engineer;

(e) any perimeter fencing constructed by Declarant (although Declarant has no obligation to construct any perimeter fencing);

(f) any Retaining Walls constructed by Declarant; and

(g) all other structures and Improvements situated in or on the Common Areas, unless maintenance thereof is delegated to the Owners under the terms of this Declaration or handled by the local municipal government or utility service provider.

(h) Street lights; Installed street lights and the electrical usage will be a cost to the Creet at Chester Homeowners Association.

The Association may also maintain other property which it does not own and is not required to maintain if the Board determines, in its discretion, that such maintenance is necessary or desirable. Such areas shall become part of the Common Maintenance Areas upon approval by the Board.

6.2 Wetland Mitigation. The homeowners association will contract with a Spokane County approved wetland specialist to implement the wetland mitigation monitoring program annually for a period of five years from the recorded plat date. The area of disturbance in which the wetland mitigation monitoring program is to take place is approximately 0.30 acres with a width of 20' and a length of 660 ft following the installed sanitary sewer line as shown in the wetland mitigation plan dated July 17, 2013. It is recommended that the monitoring observations be performed in April of each year near the beginning of the growing season. Any deficiencies detected in establishing growth shall be addressed immediately, and attended to until good coverage has been accomplished, and the disturbed areas are stabilized. If there are required items outlined by the Wetland Mitigation Monitoring specialist (outlined below), the cost is to be incurred by the Home Owners Association.

Wherever sufficient re-growth within the wetland and buffer areas is observed to be lacking, those places shall be hydro-seeded to help restore full coverage. The seed mixture is to be applied at a rate equal to or greater than 50 lbs. per acre, and the mixture used to restore any areas determined to show deficient growth potential shall contain the specified percentage amount of the following grasses:

California brome (Bromus carinatus)	30%
Blue wild rye (Elymus glaucus)	30%
Tufted hairgrass (Deschampsia caespitosa)	20%
Kentucky bluegrass (Poa pratensis)	20%

The proposed seed mixture will enhance both the wetland and buffer areas by replacing the existing introduced plant species with native grasses. Reseeding could also occur during the fall months, and should then be in place by the end of October. Annual reports shall be submitted to the Spokane County Planning Department.

6.3 Maintenance by Owner. Each Owner shall at all times keep his or her Lot and Unit (including all Improvements and all landscape plantings, trees and lawn area located on his or her Lot) in a clean and attractive condition, in good repair, and in compliance

with all applicable covenants and municipal ordinances, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to Section 6.1 above or any other provisions of this Declaration.

Each Owner shall also be responsible for maintaining the sidewalk and landscape plantings, trees and lawn area (including irrigation thereof) within the public right-of-way adjacent to his or her Lot to the edge of the street; provided, however, that there shall be no right to remove trees, shrubs or similar landscaping from this area without the prior written consent of the Association and compliance with the terms of Section 11.2 and any applicable county ordinances.

Responsibility for maintenance of landscape plantings, trees and lawn areas as required by the preceding paragraphs shall include responsibility for watering the same as needed to maintain them in a healthy condition, free from weeds and other noxious plant materials, and not permitting grasses to exceed four inches (4") in height. It shall also include responsibility for removal and replacement of diseased or dead trees, shrubs and other landscaping, subject to obtaining any required tree removal permit from the local municipal authority and the terms of Section 11.2.

If any Owner fails to properly perform his or her maintenance responsibility, the Association may, but is not obligated to, perform such maintenance responsibilities on behalf of such Owner and assess the Owner for a Reimbursement Assessment in accordance with Section 3.6 of this Declaration; provided, however, that except when entry is required due to an emergency situation, the Association shall provide the Owner with reasonable notice and an opportunity to cure the problem prior to entry.

6.4 Maintenance During Construction. During construction it shall be the responsibility of each Owner (including a Builder) to insure that his or her Lot and adjacent areas are kept free of unsightly accumulation of rubbish and scrap materials, and that construction materials, trailers, shacks and the like are kept in a neat and orderly manner. No burning of any trash and no accumulation or storage of litter or trash of any kind shall be permitted on any Lot or the Common Areas. This Section 6.3 shall not be applicable to Declarant or its employees, agents or contractors.

ARTICLE 7 - ARCHITECTURAL REVIEW

7.1 Architectural Review Committee. A committee to be known as the Architectural Review Committee (the "ARC") shall be established consisting of the not less than three (3) members or more than five (5) members, except that the ARC may, at the option of Declarant, consist of as few as one (1) member (which may be Declarant) for so long as Declarant or Property Owner owns any Lot within the Subdivision. Each member of the ARC shall serve for a one (1) year term, except that the member of the ARC appointed by Declarant may serve until Declarant or Property Owner no longer owns any Lot within the Subdivision.

7.1.1 The members of the ARC shall be appointed, terminated and/or replaced by Declarant for so long as Declarant or Property Owner owns any Lot within the Subdivision. Thereafter, the Board shall appoint the members of the ARC. Members of the ARC

may be terminated and/or replaced by the Board, with or without cause, except that the Board may not terminate any member of the ARC appointed by Declarant so long as Declarant or Property Owner owns any Lot within the subdivision.

7.1.2 Declarant shall have the right to voluntarily relinquish control of the ARC to the Board during the period in which Declarant or Property Owner owns any Lot within the Subdivision, in which event Declarant's right to appoint, terminate and replace members of the ARC shall terminate.

7.1.3 The purpose of the ARC is to enforce the architectural standards of the community and to approve or disapprove plans for improvements proposed on the Lots.

7.1.4 The ARC shall act by simple majority vote, and shall have the authority to delegate its duties and to retain the services of a professional engineer, architect, designer, inspector or other person to assist in the performance of its duties.

7.2 Design Guidelines. The ARC may, with the approval of the Board, adopt, amend, modify or revise Design Guidelines; provided, however, that Declarant may adopt, amend, modify and revise the Design Guidelines without the consent of anyone so long as Declarant or Property Owner owns any Lot within the Subdivision. Neither Declarant nor the ARC, however, shall have an obligation to adopt Design Guidelines. No amendments, modifications, or revisions to the Design Guidelines shall affect any prior ARC approval.

7.3 Scope of Review. No Improvements may be undertaken, constructed, altered, added onto or replaced upon any portion of the Property without the prior written consent of the ARC.

7.4 Submission of Plans. Before the initiation of construction of any Improvement upon any Lot, the Owner thereof shall first submit to the ARC a complete set of plans and specifications for the proposed improvements. Plans shall include elevation drawings, design plans, specifications of materials and exterior colors, and any other information deemed necessary by the ARC for the performance of its function pursuant to the procedure outlined in the Design Guidelines (if any). In addition, the Owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates. In the event an Owner submits plans or specifications to the ARC that are not adequate to permit the ARC to make an informed determination under this Article, the Board shall have the authority to require the Owner submitting the inadequate plans or specifications to retain, at the Owner's expense, the services of a professional engineer, architect, designer, inspector or other person to assist in the preparation of a sufficient submittal to the ARC.

7.5 Plan Review. Upon receipt by the ARC of all of the information required by this Article, it shall have thirty (30) business days in which to review said plans. The proposed improvements will be approved if, in the sole opinion of the ARC: (a) the improvements will be of an architectural style and material that are compatible with the other structures in the Property; (b) the improvements will not violate any restrictive covenant or encroach upon any easement or cross building set back lines; (c) the improvements will not result in the reduction in property value, use or enjoyment of any of the Property; (d) the

individual or company intended to perform the work is acceptable to the ARC; and (e) the improvements will be substantially completed, including all cleanup, within three (3) months of the date of commencement six (6) months for the construction of a complete Unit). If the ARC fails to issue its written approval or rejection within thirty (30) business days of its receipt of the last of the materials or documents required to complete the Owner's submission, then the ARC's approval shall be deemed to have been granted without further action. The ARC's approval of plans and specifications shall be valid for a period of six (6) months from the date of issuance, during which time the Owner must commence construction of the approved Improvements and thereafter diligently proceed to completion; otherwise the approval is void.

7.6 Non-conforming Structures. If there shall be a material deviation from the approved plans in the completed improvements, such improvements shall be in violation of this Article to the same extent as if erected without prior approval of the ARC. The ARC, the Association or any Owner may maintain an action at law or in equity for the removal or correction of the non-conforming structure and, if successful, shall recover from the Owner in violation all costs, expenses and fees incurred in the prosecution thereof.

7.7 Immunity of ARC Members. No individual member of the ARC shall have any personal liability to any Owner or any other person for the acts or omissions of the ARC if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the ARC or any member thereof arising from acts or omissions of the ARC committed in good faith and without malice.

7.8 Limited Review. Any review and approval made by the ARC is limited to compliance with the intent of the architectural standards of the neighborhood as may from time to time be established by the Board and/or the Design Guidelines. The review and approval made by the ARC is not to be construed as superseding, replacing, or modifying any review, approval, or permit required by any local, state or federal jurisdictional agencies. It is the applicant's responsibility to obtain and comply with any permits that may be required by any local, state, or federal jurisdictional agency.

7.9 Address for Notice. Requests for ARC approval or correspondence with the ARC shall be addressed to the Creek at Chester Architectural Review Committee whose current address shall be obtained from the *Creek at Chester Homeowners Association*. No correspondence or request for approval shall be deemed to have been received until actually received by the ARC in a form satisfactory to the ARC.

7.10 Appearance and Design of Subdivision. The Declarant shall not be prevented from changing the appearance of the Common Areas, including the landscaping and any other aspects directly or indirectly connected with its development of the Subdivision so long as Declarant obtains all applicable governmental approvals and consents. The construction and material standards of this Declaration and/or plans and drawings notwithstanding, Declarant may change exterior and/or interior designs of Units from initial plans. This may include designs, colors, and type of materials, provided Declarant obtains all applicable governmental approvals and consents.

7.11 Declarant Exempt; Construction by Declarant. Declarant is exempt from the requirements of this Article 7. All construction by Declarant establishes the standards for the ARC and is deemed to meet any Design Guidelines of the Association and is deemed to be approved by the ARC.

7.12 Approval of Builder Plans. Declarant shall have the right, in its sole discretion, to approve the plans and specifications for all Improvements that will be constructed by a Builder, and all construction by a Builder pursuant to the plans and specifications approved by Declarant is deemed to satisfy the requirements of this Article 7.

7.13 Approval of Primary Builder Plans. Declarant shall work with the Primary Builder prior to construction of Improvements to provide blanket approve on all plans and specifications that will be constructed Primary Builder, and not require further ARC submittal on a lot-by-lot basis.

ARTICLE 8 – INSURANCE AND INDEMNIFICATION

8.1 Association Insurance Coverage. The Association shall obtain and maintain at all times the insurance required below and such additional insurance as the Board deems advisable, which will include, but is not be limited to, the following:

8.1.1 Property Insurance. The Association shall obtain and maintain at all times a policy of property insurance covering all insurable improvements within the Common Areas against loss or damage resulting from fire and other hazards covered under special form coverage (“all risk”), including vandalism, malicious mischief, sprinkler leakage, debris removal, cost of demolition, windstorm, flood and water damage endorsements. Coverage shall be for the full insurable replacement cost (without deduction for depreciation) of such improvements, exclusive of land, foundation, excavation and other items normally excluded from coverage, and shall be subject to a commercially reasonable deductible. Such policy of insurance shall cover the interests of the Association and the Owners and First Mortgagees as their interests may appear and, if available at reasonable cost, the following terms:

- (a) A waiver of subrogation by the insurer as to any claims against the Association and its Board and property manager (if any), and against any Owner or guest of any Owner;
- (b) A standard mortgagee clause, except that the loss payment provision shall be subject to the terms of Article 9 of this Declaration;
- (c) A provision that no policy may be canceled, invalidated, or suspended because of the action of an Owner;
- (d) A provision that no policy may be canceled, invalidated, or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the Association a reasonable time to make the correction;

(e) A provision that the policy is primary in the event an Owner has other insurance covering the same loss;

(f) A provision that the policy cannot be canceled or substantially modified without at least ten (10) days' prior written notice to all insureds; and

(g) A provision that any adjustment of the loss will be made by the Association, and that all proceeds thereof shall be paid to either the Association or an insurance trustee, as provided in Article 9 of this Declaration.

The Board may by resolution determine the amount of deductible for such insurance policy, based on availability and costs. Owners shall be responsible for the deductible to the extent that it is determined they, their tenants or guests are responsible for the damage caused to the Common Maintenance Areas or other properties that the Association insures.

8.1.2 Liability Insurance. The Association shall at all times maintain commercial general liability insurance covering the Common Maintenance Areas with limits of loss of not less than \$1,000,000 combined single limit for personal injury or property damage (such policy limits to be reviewed at least annually by the Board and increased in its discretion), insuring the Association, all Owners, and any managing agent against liability to the public or to individual Owners, subject to a commercially reasonable deductible.

8.1.3 Workers and Employers Insurance. The Association shall obtain and maintain at all times worker's compensation and employer's liability insurance to the extent required by applicable laws.

8.1.4 Fidelity Bonds. The Board shall obtain and maintain at all times fidelity bonds naming the Board and all other officers, directors and employees of the Association handling or responsible for funds of or administered by the Association. If a management agent has the responsibility for handling or administering funds of the Association, the management agent will be required to maintain fidelity bond coverage for its officers, employees and agents responsible for such funds. In no event may the aggregate amount of such bonds be less than a sum equal to three (3) months Annual Assessments. The bonds must contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

8.1.5 Insurance Against Loss of Association's Personal Property. The Association shall obtain and maintain at all times insurance against loss of personal property of the Association by fire, theft, and other losses, with deductible provisions as the Board deems advisable.

8.1.6 Other Insurance. Such other insurance as the Board deems advisable; provided, however, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such property, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned community projects established by the Federal National Mortgage Association, Government National Mortgage

Association, Federal Home Loan Mortgage Corporation, or other governmental or quasi-governmental agency involved in the secondary mortgage market, so long as such agency is a Mortgagee, an insurer or guarantor of a Mortgage, or Owner of a Lot, except to the extent such coverage is not available or has been waived in writing by such agency.

8.2 Owners' Insurance Coverage. Each Owner shall obtain and maintain a homeowner's insurance policy covering all insurable improvements located on its Lot and liability resulting from use or ownership of the Lot. The insurance coverage maintained by the Association shall not be brought into contribution with the insurance obtained by an Owner under this Section.

8.3 Builders' Insurance Coverage. Each Builder shall maintain the following insurance coverages with the exception of the Declarant as a Builder:

8.3.1 Liability Insurance. Commercial general liability insurance with limits of loss of not less than \$1,000,000 combined single limit for personal injury or property damage, subject to a commercially reasonable deductible.

8.3.2 Automobile Insurance. Automobile liability insurance covering owned, hired, and non-owned vehicles in an amount of not less than \$500,000 per occurrence.

8.3.3 Workers and Employers Insurance. Worker's compensation and employer's liability insurance to the extent required by applicable laws.

8.4 Builders' Indemnification. Each Builder agrees to indemnify, defend and hold Declarant, Property Owner and the Association harmless from and against any claims, demands, actions, suits, judgments, losses, damages, penalties, fines, costs, or expenses, including attorneys' fees (collectively, "Claims") arising from or relating to (a) the activities of the Builder and its employees, agents, consultants, contractors and suppliers within the Subdivision; or (b) the Builder's failure to comply with the terms and conditions of this Declaration, except to the extent of any Claims caused by the gross negligence or intentional acts of party claiming protection under this indemnification.

ARTICLE 9 - DAMAGE OR DESTRUCTION

9.1 Common Areas. If any improvements within the Common Areas are damaged or destroyed by fire or casualty, the repair, restoration or ultimate disposition of any insurance proceeds shall be in accordance with the following:

(a) If the insurance proceeds derived from such loss amount to \$75,000 or less, then the Board shall contract with any licensed contractor or contractors to rebuild or repair such damage or destroyed improvements in conformance with the original plans and specifications, or if adherence to such original plans and specifications is impracticable in the Board's opinion, then in conformance with revised plans and specifications provided such repairs or rebuilding shall be of a quality and kind substantially equivalent to the original construction. The Board shall accept bids only in specific amounts and shall not enter into any cost-plus or other sliding scale arrangement for compensation to the contractor.

(b) If the insurance proceeds derived from such loss exceed \$75,000, all such insurance proceeds shall be paid directly to an insurance trustee as may be designated by the Board, as trustee for all affected Owners and their respective First Mortgagees, as their interests may appear. The insurance trustee shall disburse the insurance proceeds periodically as construction progresses, subject to satisfaction of the following conditions:

(i) Upon notification of the receipt of insurance proceeds by the insurance trustee, the Board shall enter into a contract for a specific dollar amount with a licensed contractor or contractor for the repair or rebuilding of all of the damaged or destroyed improvements, as nearly as practicable to the original plans and specifications thereof and in accordance with all applicable building codes.

(ii) The Board shall enter into said contract with a licensed contractor or contractors which shall have provisions for periodic disbursements of funds by the insurance trustee. Disbursements to the contractor shall be made subject to the prior presentation of an architect's certificate containing such provisions as may be appropriate in the circumstances and deemed suitable by the Board, along with customary lien waivers.

(iii) The Board shall employ a licensed architect to supervise the repair and rebuilding to insure that such work, services and supplies are of proper quality and that construction is contemplated in a workmanlike manner and according to plans and specifications.

(c) If the proceeds of insurance maintained by the Association are not sufficient to defray the estimated costs of reconstruction and repair, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all Owners in sufficient amounts to provide funds for the payment of such costs. The foregoing provisions of this subparagraph are applicable to the repairs and reconstruction to be undertaken by the Association.

(d) If the amount of available insurance exceeds the cost of any such reconstruction or repair, the excess shall be paid to the Association and applied by it to reduce the common expenses of the Association.

9.2 Units. If all or any portion of a Unit or any other Improvements located on an Owner's Lot is/are damaged by fire or other casualty, the Owner thereof shall either (a) restore the damaged Improvements or (b) remove all damaged Improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (a) above must be performed so that the Improvements are in substantially the same condition in which they existed before the damage or destruction, unless the owner complies with the provisions of Article 7. The Owner must commence such work within sixty (60) days after the damage or destruction occurs and must complete the work within six (6) months thereafter.

ARTICLE 10-CONDEMNATION

Whenever all or any part of the Common Areas shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on its behalf or on the written direction of all Owners subject to the taking, if any,) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association as trustee for all Owners and First Mortgagees, as their interests may appear, to be disbursed as follows:

(a) If the taking involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-five percent (75%) of the Class A members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefore, in accordance with plans approved by the Board of the Association. If such improvements are to be repaired or restored, the provisions in Section 9.1 regarding disbursement of insurance proceeds in respect to casualty damage or destruction shall apply.

(b) If the taking does not involve any improvements on the Common Areas, or if there is a decision made not to repair or restore, or if there are net funds remaining after such restoration or replacement is completed, then such award or net funds shall be paid to the Association and applied by it to reduce the common expenses.

ARTICLE 11- USE RESTRICTIONS

11.1 Residential Use. Lots shall only be used for residential purposes. No trade, craft, business, profession, commercial, or similar activity of any kind shall be conducted on any Lot, and no goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business shall be kept or stored on any Lot. Nothing in this Section 11.1 shall be deemed to prohibit (a) activities relating to the sale of residences, (b) the right of Declarant or any contractor or homebuilder (including a Builder) to construct Units on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any Unit as a sales office or model home for purposes of sales in the Subdivision, (c) the right of the Owner of a Lot to maintain such Owner's personal business or professional library, keep such Owner's personal business or professional records or accounts, handle such Owner's personal business or professional telephone calls, or confer with business or professional associates, clients, or customers in such Owner's residence, (d) residential day care facilities, or (e) garage sales, provided that no Owner may conduct more than three (3) garage sales in any twelve (12) month period and no individual garage sale may exceed three (3) days in length.

11.2 Tree Removal. Any Owner desiring to remove a tree from his or her Lot is required to confirm with the local municipal authority that such tree is not required to be maintained pursuant to the approved tree removal permit or landscape plan for the Subdivision, as the same may be amended or modified from time to time.

11.3 No Improvements or Fill Material. No Owner may place or construct any Improvements over the utility easements located on his or her Lot (as shown on the Plat or any separate easement agreement or dedication now existing or hereafter granted pursuant to the terms of this Declaration), or fill or alter the drainage swales or any other storm water facilities located on his or her Lot.

11.4 Rental Restrictions. An Owner shall be entitled to rent or lease his or her Unit, subject to the following:

11.4.1 Written Rental Agreements. A written rental or lease agreement is required, specifying that: (i) the tenant shall be subject to all provisions of the Declaration and other Governing Documents, and (ii) failure to comply with any provision of the Declaration and other Governing Documents shall constitute a default under the rental agreement.

11.4.2 Tenant Must Be Given Documents. The Owner gives each tenant a copy of the Declaration and other Governing Documents.

11.4.3 Owner Responsibility. Owner shall be responsible for any violations by tenants and shall be solely responsible for either correcting or eliminating such violations, or getting tenant to do the same.

11.5 Nuisances. No noxious or offensive activity shall be carried out upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

11.6 Signs. No sign, banner or billboard of any kind may be kept or placed on any Lot or mounted, painted or attached to any Unit, fence or other improvement so as to be visible from public view in the Subdivision or adjacent public street or carried by any person or by any other means displayed within the Subdivision except as provided below:

11.6.1 "For Sale" Signs

An Owner may erect one (1) sign not exceeding two (2) feet by three (3) feet in dimension, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the property for sale.

11.6.2 "For Rent" Signs

An Owner may erect one (1) sign not exceeding three (3) square feet in area advertising the property for rent. Such signs shall be visible from the front of the Unit only, and shall be displayed from within the Unit. No such sign shall be erected within a lawn or landscape area on any Lot, or attached to the outside of the Unit.

11.6.3 Political Signs

Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or

proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

11.6.4 Subdivision Identification Signs

Signs may be erected by the Declarant to identify the Subdivision, with approval from the local jurisdictional authority, if applicable.

11.6.5 Flags

The foregoing restrictions shall not be deemed to prohibit the display of the flag of the United States by an Owner or occupant of a Lot if the flag is displayed in a manner consistent with federal flag display law, 4 U.S.C. § 1 et seq. and RCW 64.38.055.

11.6.6 Declarant's Signs

Signs, banners, flags and billboards may be erected by the Declarant and are exempt from the provisions of this Section 11.9.

11.6.7 Builder Signs

A Builder may erect signs and banners on any Lot or Unit owned by the Builder if such signs and/or banners are erected for the purpose of marketing and selling Units constructed by the Builder on Lots owned by the Builder, subject to rules and restrictions established by Declarant from time to time. A Builder may also erect signs and/or banners on the Common Areas to market and sell Units constructed by the Builder on Lots owned by the Builder, provided that Declarant authorizes in writing (in Declarant's sole discretion) the erection of such signs and/or banners on the Common Areas.

11.7 Parking. The Owner of each Lot shall maintain off-street parking on its Lot (inclusive of its garage and driveway) able to accommodate at least two (2) automobiles.

11.8 Campers, Boats, Recreational Vehicles and other Non-Passenger Vehicles. Campers, boats, boat trailers, recreational vehicles, commercial vehicles, or other types of non-passenger vehicles, equipment, implements, or accessories may not be kept or stored on any public street within the Subdivision or on any Lot, except as provided below:

11.8.1 Campers, boats, boat trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be stored or kept within an enclosed garage, or on the side of the Unit, provided that it is screened from view by a screening structure or fencing approved by the ARC.

11.8.2 Campers, boats, boat trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be temporarily kept on the public streets within the Subdivision or on a paved driveway located on a Lot for a period not to exceed seventy-two (72) hours and only for purposes of cleaning, preparation for use and unloading.

11.9 Commercial Vehicles. No vehicles bearing commercial insignia or names may be parked on the public streets within the Subdivision or on any Lot, except for commercial vehicles that are temporarily parked on such areas for the sole purpose of serving an Owner, or those that are parked within an enclosed garage. The Board, however, shall have the absolute authority to grant approval for storing or keeping a commercial vehicle on the driveway of a Lot. Notwithstanding the foregoing, the Board shall not unreasonably withhold consent to keep a commercial vehicle bearing insignia or names where such vehicle is driven by an Owner pursuant to Owner's primary job. Any Owner wishing to keep a commercial vehicle on the driveway of any Lot shall apply for approval to the Board, and shall provide such information as the Board, in their sole authority, may require. The Board may from time to time in their sole discretion review the approval to keep a commercial vehicle on the driveway of any Lot to determine if the vehicle complies with the intent of the original approval. Upon an adverse determination by the Board, any commercial vehicle shall be removed and/or otherwise brought into compliance with the requirements of this Section 11.12.

11.10 Disabled Vehicles or Vehicles in Disrepair. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked on any street within the Subdivision or on any Lot for a period in excess of twenty-four (24) hours.

11.11 Maintenance or Repair of Vehicles. Any maintenance or repair of vehicles or other machinery or equipment must take place entirely within the enclosed garage of an Owner.

11.12 Pets, Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except for cats, dogs or other generally recognized household pets of a reasonable number, provided that they are not kept, bred, or maintained for any commercial purpose; and provided further, than no more than three (3) adult animals may be kept on a single Lot. All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws). Owners shall be responsible for cleaning up after their pets' waste. No animal shall be allowed to run at large, and all animals shall be kept within enclosed areas for pets which must be clean, sanitary, and reasonably free of refuse, insects and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the ARC, shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof, and shall be screened so as not to be visible from any other portion of the Subdivision.

11.13 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept, or disposed of, on any Lot except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble, debris, or recyclable materials shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage, rubbish, or recyclable materials, and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day.

11.14 Detached Buildings. No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without the prior written approval of the ARC. Every outbuilding, inclusive of such structures as detached garages, storage buildings, greenhouses, doghouses, or children's playhouses, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition.

11.15 Fences and Hedges. Fences, walls or hedges may be erected or maintained on any Lot subject to local laws regarding height and setback and approval by the ARC. No fencing shall be constructed in the front yard of any Lot, unless the front yard faces and is contiguous with a Common Area or unless it is approved by the ARC Committee. Fences may be erected along the property line in the side and rear yards of a Lot, provided said fencing is not located closer to the street than the front of the Unit, does not exceed six feet (6') in height. The ARC shall permit vinyl fences only, almond in color. No chain-link, metal cloth or agricultural fences may be built or maintained on any Lot, except as required by governmental authority; provided however, that chain link fences may be installed for domestic pet runs with the prior approval of the ARC. Notwithstanding the foregoing, the ARC shall have the right and authority to approve variances for reasonable cause or to alleviate hardship as determined in the sole judgment of the ARC; provided however, the ARC may not approve a variance which contradicts the zoning and/or subdivision ordinances of the local governmental jurisdictional authority unless the jurisdictional authority has previously approved the variance. Unless otherwise agreed between Owners, side and rear yard fences that separate adjacent Lots shall be owned and maintained by the Owner on whose Lot the fence exists, or if the location is indefinite, such fence will be maintained jointly by the Owners of both Lots, with expenses shared equally. Declarant hereby grants to each Owner whose Lot contains a fence (and to any Owner where the location of the fence in relation to its property line is indefinite) an easement over those portions of the adjacent Owner's Lot as is reasonably necessary to maintain the fence, subject to reasonable advance notice to the adjacent Lot Owner. The provisions of this Section 11.18 shall not apply to Declarant.

11.16 General Landscaping. All landscaping must be complete no later than six (6) months after the date of closing. Decorative ground cover consisting of bark dust/mulch or rock may be installed on portions of the front, side and rear yards, as recommended by the ARC. The remainder of the yard area not covered by improvements shall be lawn or sod.

11.17 Antennae and Satellite Dishes. Except as otherwise provided by law or this Section 11.20, no exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation may be erected, constructed, or placed on any Lot or Unit. With prior written consent of the ARC, exterior satellite dishes or antennas with a surface diameter of one meter (39") or less and antennas designed to receive television broadcast signals only may be placed on any Lot if they are not visible from any street and are screened from neighboring Lots. The ARC may adopt reasonable rules and regulations governing the installation, safety, placement, and screening of such antennas, satellite dishes, and other transmission devices. Such rules shall not unreasonably delay or increase the cost of installation, maintenance, or use or preclude reception of a signal of acceptable quality (the ARC, in its sole discretion, may

determine what constitutes a signal of acceptable quality). Such rules and regulations may prohibit installation of exterior satellite dishes or antennas if signals of acceptable quality can be received by placing antennas inside a Unit without causing an unreasonable delay or cost increase.

11.18 Solar Energy Panels. Except as otherwise provided by applicable law or this Section 11.21, no Solar Energy Panel (as defined below) may be erected, constructed, or placed on any Lot or Unit. With the prior written consent of the ARC, an Owner may install a ground-mounted or roof-mounted Solar Energy Panel on its Lot provided that all of the following conditions are satisfied:

(a) If ground-mounted, then the Solar Energy Panel may only be located in the rear yard of a Lot and must be screened from public view by a fence or landscaping approved by the ARC, unless the screening materially effects the economic installation of the Solar Energy Panel (as determined by the ARC in its reasonable discretion) or degrades the operational performance quality of the Solar Energy Panel by more than ten percent (10%);

(b) If roof-mounted, then (i) no part of the Solar Energy Panel may extend above the roof line of the Unit on which it is installed, (ii) no Solar Energy Panel may be installed on any roof facing a street unless the Solar Energy Panel conforms to the slope of the roof and the top edge of the Solar Energy Panel is parallel to the roof ridge, and (iii) the Solar Energy Panel frame, support brackets and visible piping and wiring are painted to coordinate with the roofing materials; and

(c) The Solar Energy Panel meets applicable health and safety standards and requirements imposed by state and local permitting authorities.

The ARC may adopt additional rules and regulations governing the installation, safety, placement, and screening of a Solar Energy Panel, provided that such rules and regulations do not conflict with RCW 64.38.055 or other applicable laws. For purposes of this Section, "Solar Energy Panel" means a panel device or system or combination of panel devices or systems that relies on direct sunlight as an energy source, including a panel device or system or combination of panel devices or systems that collects sunlight for use in the heating or cooling of a structure or building, the heating or pumping of water, and the generation of electricity.

11.19 Clothes Hanging Devices. Clothes hanging devices exterior to a Unit shall be temporary, unaffixed structures not to exceed six (6) feet in height and shall not be placed nearer to any street abutting the Lot than the side yard setback line or the back of the Unit constructed on the Lot. Clothes hanging devices shall be screened from public view by a fence.

11.20 Window Treatments. Aluminum foil, reflective film, newspapers or similar treatments shall not be placed on windows or glass doors.

11.21 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any

Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. No tank for the storage of oil or other fluids may be maintained on any of the Lots above the surface of the ground.

11.22 Garages. Garages may be used as Declarant's or Primary Builder's sales offices before permanent occupancy of the main structure; however, sales offices must be converted to garages before permanent occupancy. With the exception of periods when garages are used by the Declarant as sales offices, a garage shall be maintained solely for the storage of automobiles, and no garage may be enclosed or otherwise used for habitation, nor may any garage door be removed except when necessary to repair or replace a garage door with the same type of garage door.

11.23 Setback Lines. All Units and other structures (including fences), permanent or temporary, habitable or uninhabitable, must be constructed, placed and maintained in conformity with setback standards imposed by the local governmental jurisdictional authority.

11.24 Athletic and Recreational Facilities. Outdoor athletic and recreational facilities such as basketball hoops, swing sets and sport courts of a permanent nature shall not be placed on any Lot in the Subdivision between the street and the front of a Unit; placement of these facilities of a permanent nature elsewhere on the Lot must be approved in advance by the ARC. Temporary facilities including outdoor athletic and recreational facilities such as basketball hoops may be placed on any Lot between the street and front of a Unit, provided that such facilities are removed from view when not in use but no longer than within seventy-two (72) hours. Temporary facilities including outdoor athletic and recreational facilities such as basketball hoops, hockey goals, etc. shall not be placed on any street within the Subdivision.

11.25 Exterior Holiday Decorations. Lights or decorations may be erected on the exterior of Units in commemoration or celebration of publicly observed holidays provided that such lights or decorations do not unreasonably disturb the peaceful enjoyment of adjacent Owners by illuminating bedrooms, creating noise or attracting sight-seers.

All lights and decorations that are not permanent fixtures of the Unit which are part of the original construction or have been properly approved as permanent improvements by the ARC shall be removed within thirty (30) days after the holiday has ended.

11.26 Retaining Walls. Retaining walls may be constructed on a Lot only if in compliance with any adopted Design Guidelines and only if approved in advance by the ARC. Retaining walls may extend into the required front, side or rear setback lines of a Lot. The ARC may require any retaining wall which exceeds three (3) feet in height be designed by a qualified professional engineer licensed to practice engineering in the state of Washington. Retaining walls constructed by the Declarant shall be exempt from this Section 11.30.

11.27 Household Chemicals. Owners shall be prohibited from dumping or otherwise disposing of household chemicals within the Property, including, but not limited to, cleaning agents, automotive fluids, paint, solvents and other toxic chemicals.

11.28 Exterior Finish. A variety of exterior materials are preferred and must be suitable to the exterior styling of the home. The focus will be on significant and appropriate detailing. Acceptable materials are as follows:

- Lap siding: vinyl, hardboard, Hardy plank or equal, or cedar.
- Cedar siding shall be stained with a solid wood stain using a product that provides a minimum 5-year warranty. Semi-transparent stains will be considered on a submittal basis and is not a pre-approval process.
- T1-11 type siding is not allowed
- Pre-finished materials may be used providing the finished color is compatible with the remainder of the house.
- Consistent materials are required on all four elevations.
- Masonry is required on the front elevation
- Trim boards shall be wrapped around the front corners of the house a minimum of 4" or provide corner boards.
- Home will include enclosed soffits.
- Garage doors and the front doors must be painted and / or stained.

11.29 Limitation on Square Feet. The minimum square footage of finished area of a Unit erected on a Lot, exclusive of open porches and / or garages, shall be not less than one thousand, four hundred (1,400) square feet not including basements.

11.30 Prohibited Plants. Owners shall be prohibited from planting the following species of plants on the Lots:

- (a) Cystisus scoparius, commonly known as Scotch broom;
- (b) Lythrum salicaria, commonly known as purple loosestrife;
- (c) Phalaris arundinacea, commonly known as reed canary grass; and
- (d) Rubus discolor, commonly known as Himalayan blackberry.

11.31 Rezoning Prohibited. No Owner may apply to the local zoning authority to rezone a Lot to any classification allowing commercial, institutional or other non-residential use.

11.32 Lot Consolidation and Division. No Lot may be consolidated with another Lot and no Lot may be further subdivided. This restriction shall not apply to Declarant.

11.33 Drainage Alteration Prohibited. The surface water drainage contours of each Lot shall conform to the approved grading plan established by the Declarant. No Owner

shall fill or alter any drainage swale established by the Declarant, nor shall any Owner install landscaping or other improvements that divert surface water runoff from the drainage patterns, swales and easements established by the Declarant without the prior written approval of the ARC.

ARTICLE 12 - SPECIAL DECLARANT AND BUILDER RIGHTS

In addition to any rights or easements reserved to Declarant or Builders elsewhere in this Declaration or any of the other Governing Documents, Declarant and/or Builders (as applicable) shall have the following rights in respect to the Subdivision:

12.1 Development and Sales Activities.

12.1.1 So long as Declarant or Property Owner owns any Lot within the Subdivision, Declarant shall have the right to construct and maintain upon portions of the Common Areas and any Lots owned by Declarant such facilities and activities as Declarant, in its sole opinion, may require or desire in connection with the construction and sale of Units and Lots within the Subdivision, including (but not limited to) business and construction offices (within Units or in free standing trailers); signs, banners and flags; model units; and sales offices (within Units or in free standing trailers), subject to compliance with governmental ordinances. Declarant shall also have easements for access to and use of the Common Areas for such facilities at no charge.

12.1.2 So long as a Builder owns any Lot within the Subdivision, the Builder shall have the right to construct and maintain upon any Lot owned by the Builder such facilities and activities as the Builder reasonably requires or desires in connection with the construction and sale of Units on Lots owned by the Builder, including (but not limited to) business and construction offices (within Units or in free standing trailers); signs, banners and flags (subject to Section 11.9.7); model Units; and sales offices (within Units or in free standing trailers), subject to rules and restrictions established by Declarant from time to time and subject to compliance with governmental ordinances.

12.2 Control of and Changes in Development Plan. Every Owner, by acceptance of the deed to their Lot, acknowledges that the Subdivision is a multi-phased master planned community, the development of which is likely to extend over many years, and that changes in the master plan will likely occur as the development of the Subdivision proceeds. Each Owner waives the right to protest, challenge or otherwise object to changes made or proposed by Declarant in the development plan for the subdivision or in the uses, density, building restrictions applicable to the property beyond the boundaries of that shown on the recorded subdivision plat for the phase within which such owner's lot is located. The rights and limitations set forth in this Section 12.2 shall continue in effect until Declarant or Property Owner no longer owns any Lot within the Subdivision.

12.3 Right to Transfer or Assign Declarant Rights. Any or all of Declarant's special rights and obligations set forth in this Declaration or any other Governing Documents may be transferred in whole or in part by Declarant by written instrument executed and acknowledged by Declarant and recorded in the real property records for Spokane County,

Washington. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

ARTICLE 13 - ANNEXATION AND REMOVAL

13.1 Annexation by Declarant. Declarant may from time to time and in its sole discretion annex to the Subdivision as "Additional Property" any real property now or hereafter acquired by it, and may also from time to time in its sole discretion permit other owners of real property to annex the real property owned by them into the Subdivision. The rights reserved unto Declarant to subject additional real property to the Declaration shall not be implied or construed so as to impose any obligation upon Declarant to subject any of such additional real property to this Declaration or to the jurisdiction of the Association, nor any obligation to build improvements of any kind on any annexed real property. The annexation of such real property shall be accomplished as follows:

(a) The owner or owners of such real property shall record an amendment to this Declaration which shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be annexed, establish land classifications for the Additional Property, establish any additional or different limitations, uses, restrictions, covenants and conditions which are intended to be applicable to such property, determine whether such property will be subject to all existing uses, restrictions, covenants and conditions, and declare that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to this Declaration. Any such annexation shall be effective upon the filing for record of such amendment to this Declaration in the Official Records of Spokane County, Washington, unless otherwise provided therein.

(b) The property included in any such annexation shall thereby become a part of the Subdivision and bound by the terms of this Declaration, and Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to such Additional Property.

(c) Notwithstanding any provision apparently to the contrary, an amendment to this Declaration with respect to any Additional Property may:

(i) establish such new land classifications and such limitations, uses, restrictions, covenants and conditions with respect to such Additional Property as Declarant may deem to be appropriate for the development of the Additional Property; and

(ii) with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect to such Additional Property as Declarant may deem to be appropriate for the development of such Additional Property.

(d) There is no limitation on the number of Lots which Declarant may create or annex to the Subdivision, except as may be established by applicable ordinances of the local governmental authority. Similarly, there is no limitation on the right of Declarant to annex Common Area, except as may be established by applicable ordinances of the local governmental authority. Declarant's right to annex real property into the Subdivision shall terminate on the Conversion Date.

(e) Upon annexation, additional Lots so annexed into the Subdivision shall be entitled to voting rights as set forth in Article 2 above.

(f) The formula to be used for reallocating the common expenses if additional Lots are annexed into the Subdivision is set forth in Article 3 above.

(g) No consent or joinder of any Class A member or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section 13.1.

13.2 Annexation by Action of Owners. At any time after the Turnover Meeting, the Board may request approval of the Owners for the annexation of additional property into the Subdivision to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved by at least sixty percent (60%) of the vote of the Owners, and the consent of the Declarant so long as the Declarant is a Class B member. Any property that is adjacent to or contiguous with existing property subject to this Declaration (even if such property is located across a street) may be annexed hereto according to the foregoing requirements; provided, however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation shall be evidenced by an amendment to this Declaration signed by the president and secretary of the Association certifying that the amendment was adopted in accordance with this Declaration, acknowledged in the manner provided for acknowledgment of deeds, and recorded in the Official Records of Spokane County, Washington. For purposes of voting on an annexation pursuant to this Section 13.2, Declarant shall be treated as a Class A member with one (1) vote per Lot owned.

13.3 Removal by Declarant. Declarant may from time to time and in its sole discretion remove or withdraw any part of the Property from the Subdivision, provided that Declarant obtains the written consent of the owner of the real property removed from the Subdivision. The removal of a part of the Property shall be accomplished as follows:

(a) The owner or owners of such real property shall record an amendment to this Declaration which shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be removed from the Subdivision and declare that such real property is no longer subject to the terms of this Declaration. Any such removal shall be effective upon the filing for record of such amendment to this Declaration in the Official Records of Spokane County, Washington, unless otherwise provided therein.

(b) The property removed from the Subdivision shall no longer be bound by the terms of this Declaration and this Declaration shall no longer encumber such removed property.

(c) The Lots removed from the Subdivision shall have no voting rights in the Association under Article 2 above from and after the effective date of such removal. The Lots remaining in the Subdivision after the removal, however, shall continue to have the voting rights set forth in said Article 2.

(d) The formula that will be used for reallocating the common expenses if Lots are removed from the Subdivision is set forth in Article 3 above.

(e) There is no limitation on the real property that Declarant may remove from the Subdivision, provided that Declarant complies with the requirements of this Section 13.3. Declarant's right to remove real property from the Subdivision shall terminate on the Conversion Date.

(f) No consent or joinder of any Class A member or other party except the record owner of the real property being removed from the Subdivision shall be necessary to effect any removal made pursuant to this Section 13.3.

ARTICLE 14 - MORTGAGEES

14.1 Notice of Delinquency. An institutional holder, insurer or guarantor of a Mortgage who provides a written request to the Association will be entitled to timely written notice of any delinquency in the payment of an assessment or failure to perform any other obligation under the Governing Documents by the Owner of a Lot subject to its Mortgage which is not cured within sixty (60) days.

14.2 Reimbursement of First Mortgagees. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Areas and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy. First Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

ARTICLE 15 - AMENDMENT

15.1 General Amendments.

15.1.1 Except as otherwise specifically provided in this Article, the Declaration may only be amended by Owners holding at least seventy-five percent (75%) of the votes of the Association, and the consent of the Declarant so long as the Declarant is a Class B member. In no event shall an amendment under this Section 15.1, limit or diminish any right of Declarant reserved in this Declaration without the written consent of Declarant.

15.1.2 An amendment to this Declaration may be proposed by a majority of the Board or by at least thirty percent (30%) of the Owners.

15.1.3 Upon approval of an amendment as provided herein, the president and secretary of the Association shall execute an instrument amending this Declaration and certifying that the amendment was adopted in accordance with this Declaration, which certification shall be properly acknowledged in the manner of acknowledgment of deeds, and the Board, or other duly appointed and authorized persons, shall record the instrument amending this Declaration in the Official Records of Spokane County, Washington. No amendment to this Declaration is effective until recorded, and the effective date of an amendment is the date of recording, unless a later date is indicated in such amendment.

15.2 Declarant Amendments. In addition to specific amendment rights granted elsewhere in this Declaration, the Declarant reserves the right to unilaterally amend this Declaration for any purpose until conveyance of the first Lot in the Subdivision to a person other than Declarant or Property Owner. Thereafter, Declarant may unilaterally amend this Declaration if such amendment is necessary to (a) bring this Declaration into compliance with any provision of law, including (but not limited to) regulatory amendments permitted by Section 15.3; (b) correct scrivener's or clerical errors; (c) add Additional Property pursuant to Section 13.1; or (d) remove part of the Property from the Subdivision pursuant to Section 13.3. Declarant shall also have the right to unilaterally amend this Declaration for any other purpose prior to the Turnover Date provided that the amendment has no material adverse effect upon the rights of any Owner (other than Property Owner), unless such Owner consents to such change in writing.

15.3 Regulatory Amendments. Notwithstanding any other provisions of this Article 15, Declarant shall have the right to unilaterally amend this Declaration prior to the Turnover Meeting in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmer's Home Administration of the United States, the Federal National Mortgage Association, the Government

National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Washington or any corporation wholly owned, directly or indirectly, by the United States or the State of Washington which insures, guarantees or provides financing for a planned community or lots in a planned community.

ARTICLE 16 - REMEDIES

16.1 Remedies. If any default by any Owner under the provisions of the Declaration or other Governing Documents shall occur, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration and any of the other Governing Documents, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. No rights or remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. Any and all of rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner.

To the extent allowed by law, notwithstanding any other provision of this Declaration or other Governing Documents, the Association shall not expend in excess of \$5,000 for attorney fees and costs for any reason unless such expenditure is first approved by Owners holding at least fifty percent (50%) of the vote rights in the Association. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under this Declaration or the Governing Documents; actions to appoint a receiver; actions to summarily abate, enjoin and remove a structure or condition that violates this Declaration or the other Governing Documents; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

All expenses of the Association in connection with any actions or proceedings, including court costs and attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the maximum rate permitted by law from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of his or her respective assessment (to the same extent as the lien provided herein for unpaid assessments) upon the Lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the Lot.

16.2 Attorneys' Fees. If an action or proceeding is commenced to enforce the terms of this Declaration, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

ARTICLE 17 - GENERAL TERMS

17.1 Term. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty (20) years unless amended or terminated as provided in Article 14.

17.2 Rights and Obligations. The provisions of this Declaration and the other Governing Documents and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and Mortgagees. By the recording or the acceptance of a deed conveying a Lot or any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the other Governing Documents, whether or not mention thereof is made in said deed.

17.3 Waiver. No restriction, condition, obligation or provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation or provision was not enforced.

17.4 Severability. Invalidity or partial invalidity of any provision of this Declaration shall not affect any of the remaining provisions of the Declaration.

17.5 Personal Pronouns. All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

17.6 Headings. The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

17.7 Conflicts. If there is a conflict between the terms of this Declaration and any other Governing Documents, this Declaration shall control.

17.8 Security. The Association may, but is not obligated to, maintain or support certain activities within the Subdivision designed to increase security within the Subdivision. Neither the Association nor the Declarant shall in any way be considered insurers or Guarantors of Security within the subdivision, and neither party shall be liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

IN WITNESS WHEREOF, Declarant, with the consent of Property Owner, has executed and delivered this Declaration as of the 3 day of OCTOBER, 2013.

DECLARANT:

Mullan and Broadway, LLC,
A Washington Limited Liability Company

By: 

Name: MIKE SILVER

Title: AUTHORIZED SIGNER of LLC


ACKNOWLEDGMENT

STATE OF Washington)
County of Spokane) ss.
)

I certify that I know or have satisfactory evidence that Mike Silver is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Authorized Signer of MULLAN AND BROADWAY, LLC, a Washington limited liability company, the company that executed the within and foregoing instrument, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 03 day of Oct 2013.




Print Name: Julie Dorr
Notary Public in and for the State of WA
My Commission expires: October 17

[Consent of Property Owner appears on the following page]

CONSENT OF PROPERTY OWNER

Property Owner hereby consents to Declarant subjecting the Property to the Declaration and to the voting agreement set forth in Section 2.2 of the Declaration.

MULLAN AND BROADWAY, LLC,
a Washington limited liability company

By: [Signature]
Name: MIKE SILKLEY
Title: AUTHORIZED SIGNER FOR LLC

ACKNOWLEDGMENT

STATE OF Washington)
County of Snohomish) ss.
)

I certify that I know or have satisfactory evidence that Mike Silkley is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the Authorized Signer of MULLAN AND BROADWAY, LLC, a Washington limited liability company, the company that executed the within and foregoing instrument, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 03 day of Oct 2013.

[Signature]
Print Name: Julie Dorr
Notary Public in and for the State of WA
My Commission expires: Dec 17

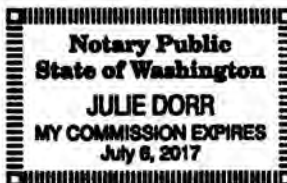


EXHIBIT A
BYLAWS OF THE ASSOCIATION

(Attached)

RECORDING REQUESTED BY:

Hayden Enterprises Giving Fund
dba First Story
963 SW Simpson Ave, Suite 110
PO Box 1359
Bend, OR 97708

6257786 10/18/2013 09:18:42 AM

Rec Fee: \$82.00 Page 1 of 11

Covenant SIMPLIFILE LC E-RECORDING
Spokane County Washington eRecorded

WHEN RECORDED MAIL TO:

Hayden Homes
Attn: Amy Sandoval
2464 SW Glacier Place, Suite 110
Redmond, OR 97756

The Creek at Chester: Lots 1-9, Block 2; Lots 7-11, Block 3; and Lots 1-4, Block 4 (18 lots total) 44041.9094; 44041.9095; 44041.9115; 44041.9190

Type of Document:	Covenant for Affordable Housing Charitable Fee
Reference Number(s) of Related Documents:	None
Grantor:	Hayden Homes, LLC., an Oregon Limited Liability Company
Grantee:	Hayden Enterprises Giving Fund, dba First Story, an Oregon non-profit corporation
Abbreviated Legal Description:	See "Exhibit A"
Charitable Fee Escrow Calculation	See "Exhibit B"

COURTESY RECORDING

10/23/13 1:11

COVENANT FOR AFFORDABLE HOUSING CHARITABLE FEE

This Covenant for Affordable Housing Charitable Fee (this "Covenant") is made between Hayden Enterprises Giving Fund, DBA First Story an Oregon non-profit corporation ("HEGF") and Hayden Homes, LLC., an Oregon Limited Liability Company ("Builder"). The capitalized terms used in the Recitals are defined in Section 1.

RECITALS

A. The Builder owns the Property and plans to develop it into a residential community of single family dwellings ("Dwelling").

B. Builder desires to assist HEGF, a non-profit public benefit corporation whose primary purpose is to establish Hayden Housing Grants.

C. Through Hayden Housing Grants, HEGF makes the dream of house ownership a reality for low and moderate income families by providing low interest loans and other requests associated therewith and to assist in financing a new home. Because HEGF ensures the continued availability of affordable rental and owner-occupied housing for low or moderate income individuals, it is the intent of Builder and HEGF that this Covenant is an affordable housing covenant as defined in ORS 456.270.

D. Although the primary purpose of HEGF is sponsoring affordable housing and assisting low income families in purchasing a home, HEGF has been organized to provide donations to help community-based organizations and local governments to provide essential human services and housing for those persons who lack the financial capacity. HEGF has worked with local organizations to help individuals find employment. HEGF has supplied food baskets to the needy, bought holiday gifts for disadvantaged children and offers financial assistance to families experiencing a medical crisis. It has also granted college scholarships, subsidized school lunch programs and funds parks and community programs.

E. HEGF expects to receive the funds it needs to operate from a variety of sources, including the Affordable Housing Charitable Fees established in this Covenant.

F. The Builder believes the services and activities of HEGF will provide and will benefit all of the Lots and homes now existing or hereafter created in the Property since HEGF will provide Hayden Housing Grants in the community in which the Property is located. Therefore, in support of HEGF and its goals and purposes, the Builder and HEGF have agreed that some of the funds HEGF requires will be provided by committing contributions of Affordable Housing Charitable Fees to HEGF in connection with Initial Sales and subsequent Transfer of Lots or houses in the Property.

THEREFORE, the parties agree as follows:

1. **DEFINITIONS.** When the following words and phrases are used in this Covenant, they will have the meanings given in this Section and be subject to the limits described in this Section.

1.1 **Beneficiary.** A beneficiary under a Mortgage and the assignees of such beneficiary.

1.2 **Benefited Area.** The Property and all other real property within the City of Spokane in Spokane County, WA.

1.3 **Builder.** Hayden Homes, LLC., an Oregon Limited Liability Company, or its successors and assigns who acquire a Lot without a Dwelling located thereon.

1.4 **Close of Escrow.** The date on which the deed conveying a Lot recorded in a transaction that transfers title of the Lot or the date on which a land sale contract

is recorded for the sale of the Lot, whether or not such transaction utilized the services of an escrow company.

1.5 **Affordable Housing Charitable Fee.** The fee to be paid to HEGF in connection with each Initial Sale and each Transfer. The Affordable Housing Charitable Fee shall be equal to (a) one-eighth (0.125) of one percent (1%) of the Purchase Price for an Initial Sale transaction and (b) one-eighth (0.125) of one percent (1%) of the Purchase Price for each subsequent transaction resulting in a Transfer.

1.6 **Initial Sale.** A transfer of the Lot with a new Dwelling constructed thereon by the Builder to a third party.

1.7 **Lot.** Any lot or parcel of land shown on any Recorded subdivision plat or Recorded partition plat of any portion of the Property.

1.8 **Mortgage.** Any recorded mortgage or deed of trust or other conveyance of one or more Lots or other portions of the Property to secure performance of an obligation, which will be reconveyed upon completion of such performance. A **"First Mortgage"** is any Mortgage with lien priority over all other Mortgages.

1.9 **Official Records.** The official records of Spokane County, Washington Recorder.

1.10 **Owner.** The Person or Persons, including the Builder, holding fee simple interest of record to any Lot or Condominium. The term **"Owner"** includes a seller under an executory contract of sale but excludes Beneficiaries.

1.11 **Person.** A human being or any entity with the legal right to hold title to real property.

1.12 **Property.** That certain real property described on **Exhibit "A."**

1.13 **Purchase Price.** The total purchase price or other consideration given by the transferee to the transferor in an Initial Sale transaction or a transaction resulting in a Transfer, including any portion of the purchase price represented by a loan or loans, exchange property, or other forms of non-cash consideration, but excluding any third-party transactional cost or charge incurred by the transferor or the transferee in connection with the transaction.

1.14 **Record.** Filing or entry of a document in the Official Records.

1.15 **Transfer.** The sale or exchange of a Lot by an Owner (other than the Builder) to a transferee. None of the following transactions shall constitute a **"Transfer"** under this Covenant:

(a) The transfer of an interest in a Lot to secure the performance of an obligation, such as a Mortgage or a lien, which will be reconveyed or released upon the completion of such performance.

(b) A transfer resulting from a foreclosure (by judicial foreclosure or trustee's sale) by the Beneficiary of a First Mortgage or a transfer in lieu thereof.

(c) A transfer of a Lot to a transferor or the transferor's spouse into a trust, which is for the transferor's and/or transferor's spouse's own estate planning purposes.

(d) Any inter-spousal transfer or transfer between parents and any of their children, which is not for any monetary consideration.

2. **ACKNOWLEDGMENT OF BENEFIT.** HEGF represents that it will use the Affordable Housing Charitable Fees for the purposes described in Paragraphs C and D of the Recitals. Decisions regarding all aspects of events and activities to be provided shall be made by HEGF in its sole discretion; nonetheless, the services and activities to be provided by HEGF will enhance the value of and benefit each Lot now existing or hereafter created in the Property. Each Owner who acquires a Lot or Condominium Unit in the Property by such acquisition evidences the Owner's agreement with the statements made in this Section.

3. **AFFORDABLE HOUSING CHARITABLE FEE.**

3.1 **When Due and Paid.** An Affordable Housing Charitable Fee shall be paid to HEGF in connection with each Initial Sale and each subsequent Transfer at the times and in the amounts specified below:

(a) **Initial Sales.** For each Initial Sale, an Affordable Housing Charitable Fee in the amount determined as provided in Section 1.5(a) shall be paid by the Builder to HEGF on or before the Close of Escrow.

(b) **Transfers.** For each Transfer of a Lot, if Section 3.2 does not apply, an Affordable Housing Charitable Fee in the amount determined as provided in Section 1.5(b) shall be paid by the transferor to HEGF on or before the Close of Escrow or effective date of the Transfer.

3.2 **Exchange Transfer.** If a particular transaction involves more than one Transfer solely because the Lot is held for an interim period (not to exceed 24 hours) by an accommodation party as a part of a tax-deferred exchange under the Internal Revenue Code, and provided there is no increase in consideration given, then for the purpose of this Covenant, only one Transfer shall be deemed to have occurred and only one Affordable Housing Charitable Fee must be paid by the transferor in connection therewith.

3.3 **Escrow Demand.** HEGF is authorized to place a demand for payment of the Affordable Housing Charitable Fee with the escrow agent for each Initial Sale and in

the escrow (if any) for each subsequent Transfer. The demand shall state (a) either the amount of the Affordable Housing Charitable Fee due or the formula for calculating the Affordable Housing Charitable Fee, and (b) that the Affordable Housing Charitable Fee is due on or before Close of Escrow.

3.4 Fee Payor. The obligation to pay the Affordable Housing Charitable Fee in each Initial Sale and each subsequent Transfer is the obligation of the transferor in each transaction for a Lot and not an obligation of an Owner of any other Lot subject to this Covenant. If the transferor fails to pay the Affordable Housing Charitable Fee, HEGF may take all actions authorized under law and this Covenant to collect the Affordable Housing Charitable Fee from the transferor or the Owner of the affected Lot, including, without limitation, filing suit.

3.5 HEGF Lien. If the Affordable Housing Charitable Fee is not paid at time of Initial Sale or a subsequent transfer, HEGF shall have an automatic lien against the Lot. The cost of recording the HEGF lien shall be paid or reimbursed by the Owner of the Lot against which the HEGF lien is recorded. Each such obligation for payment of the Affordable Housing Charitable Fee together with interest, costs, expenses and reasonable attorneys' fees, shall also be the personal obligation of the person or persons who own such Lot at the time of the Close of Escrow of the Initial Sale or Transfer, as applicable, and/or any successors in title who expressly assume them. No Owner may waive liability for payment of the Affordable Housing Charitable Fee by abandonment of the Lot.

4. BINDING EFFECT. Builder and HEGF declare that the Property will be held, leased, transferred, encumbered, used, occupied and improved subject to the reservations, rights, covenants, conditions and equitable servitudes contained in this Covenant, all of which are for the purpose of enhancing the attractiveness and desirability of the Property, in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Property. The reservations, rights, covenants, conditions and equitable servitudes set forth in this Covenant shall (a) run with and burden the Property and will be binding upon all Persons having or acquiring any interest in the Property or any part thereof, their heirs, successors and assigns; (b) inure to the benefit of every portion of the Property and any interest therein; (c) inure to the benefit of and be binding upon Builder and HEGF, and their respective successors-in-interest, each Owner and each Owner's successors in interests; and (d) may be enforced by Builder and HEGF.

5. MORTGAGES

5.1 Rights of Beneficiaries. Nothing in this Covenant nor any amendment to or breach of this Covenant defeats or renders invalid, the rights of the Beneficiary under any Recorded Mortgage encumbering any Lot made in good faith and for value.

5.2 Subordination of First Mortgages. The rights and obligations of the parties hereunder concerning any Lot shall be subject and subordinate to the lien of any Recorded First Mortgage encumbering the Lot, provided that after the foreclosure or a

transfer in lieu of foreclosure of any such Mortgage, such Lot will remain subject to this Covenant with regard to any Transfer occurring thereafter.

5.3 **Effect of Foreclosure.** No foreclosure of a Mortgage on a Lot or a transfer in lieu of foreclosure shall impair or otherwise affect HEGF's right to pursue payment of any Affordable Housing Charitable Fee due in connection with the Initial Sale or subsequent Transfer of that Lot from the transferor or a transferee obligated to pay it.

6. MISCELLANEOUS

6.1 **Amendment.** HEGF has the right to unilaterally amend this Covenant for the following reasons: (i) to correct typographical errors; (ii) to conform this Covenant to applicable law, including without limitation lender guidelines, (iii) to reduce the Affordable Housing Charitable Fee or return it to the percent established when this Covenant was initially recorded, or (iv) terminate this Covenant. HEGF and at least fifty-one percent (51%) of the Owners of Lots or Condominium Units in the Property may amend this Covenant as it applies to all of the Property.

6.2 **Assignment.** HEGF may, by written assignment, assign its rights and delegate its duties under this Covenant to any entity that is both exempt from federal taxation pursuant to the Internal Revenue Code Section 501(c)(3) or 501(c)(4), and is a public benefit corporation, religious corporation or foreign corporation as defined in ORS 65.001, whose purposes include providing affordable housing for low income households and moderate income households as those terms are defined in ORS 456.270.

6.3 **Authority.** Each individual signatory hereto represents and warrants that he or she is duly authorized to sign this Covenant and is personally bound, or if signing on behalf of another, is authorized to do so and that the other is bound.

6.4 **Disclaimers.** Nothing herein (a) creates any right or remedies for the benefit of any Person not a party hereto, or (b) creates a fiduciary relationship, an agency, or partnership.

6.5 **Interpretation.** The invalidity of any provision shall not affect the validity of any other provision. Except for the definitions in Section 1 where the heading in each subsection is the word being defined, section headings are for convenience only and may not be used in interpretations.

6.6 **Notices.** All notices required or allowed shall be in writing and shall be sent to Hayden Enterprises Giving Fund DBA First Story, PO Box 1359, Bend, OR 97709. A party may change its address for notice by giving notice to the other party. Notice may be delivered by personal delivery, facsimile transmission or e-mail (receipt enabled) during normal business hours of the recipient, an overnight delivery service, or U.S. Mail sent certified with return receipt requested. Notices are effective on the earlier of the date received, the date of the delivery receipt, or the third day after postmarked, as applicable.

Each Owner who transfers a Lot/Dwelling shall immediately send the name and mailing address of the transferee to HEGF.

6.7 **Time.** Time is of the essence of all provisions hereof where time is a factor.

6.8 **Waiver.** No right or remedy will be waived unless the waiver is in writing and signed by the party claimed to have made the waiver. One waiver will not be interpreted as a continuing waiver.

6.9 **Governing Law.** This Covenant shall be governed by the law of the State where the Property is located.

7. **ENFORCEMENT.**

7.1 **Suspension of Privileges.** Until a Dispute is resolved, HEGF may, by written notice to the Owner who is the other party in the Dispute, exclude the Owner from all activities and events which HEGF sponsors.

7.2 **Attorney Fees.** In any dispute concerning this Covenant, each party shall bear its own attorney fees and court costs.

7.3 **Small Claims Court.** Any Dispute which is within the jurisdiction of a small claims court shall be resolved by a small claims court proceeding. Either party may submit the Dispute to such court.

7.4 **Jurisdiction.** Any Dispute which is beyond the jurisdiction of a small claims court shall be submitted to a state Superior Court in Washington in the county where the Property is located. In the event of a Dispute not subject to small claims jurisdiction, the parties shall initially attempt to resolve the Dispute in good faith and may, if necessary, select a mediator in order to mediate such dispute. If the parties are unable to mediate successfully any such Dispute within thirty (30) days of the day that the Dispute originally occurs, either party may file suit to resolve the Dispute. The foregoing negotiation and mediation requirement shall not apply to foreclosure of HEGF's lien in accordance with Section 7.5.

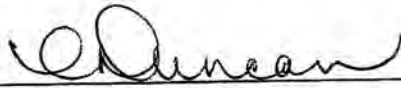
7.5 **Foreclosure.** HEGF's lien, pursuant to Section 3.5, may be foreclosed in the manner provided in Chapter 61 of the Revised Code of Washington (or its successor statutes) for the foreclosure of liens generally. In addition, any such unpaid Affordable Housing Charitable Fee amounts shall bear interest at the rate of twelve percent (12%) per annum from the date of Close of Escrow of the sale of such affected Lot until paid in full. The owner of any such Lot upon which a lien is imposed shall also be personally liable for any deficiency remaining unpaid after any foreclosure of the foregoing line.

The parties have signed this Covenant to be effective upon Recordation.

Date: October 15, 2013

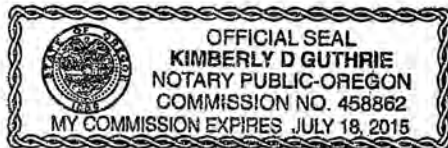
HAYDEN ENTERPRISES GIVING FUND,
dba First Story an Oregon non-profit
corporation

Address:
963 SW Simpson Ave., Suite 110
Bend, Oregon 97702

By: 
Name: Claire Duncan
Title: Executive Director

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me this 15th day of October, 2013,
by Claire Duncan, Executive Director of Hayden Enterprises Giving Fund, dba First Story an
Oregon non-profit corporation.




Kimberly D. Guthrie
Notary Public for Oregon
My Commission Expires: 7.18.2015

Date: October 15, 2013

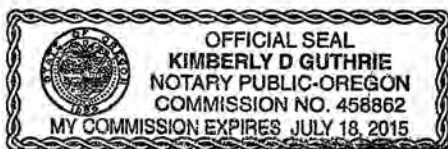
BUILDER: HAYDEN HOMES, LLC., an Oregon
Limited Liability Company

Address:
2464 SW Glacier Place, Suite 110
Redmond, Oregon 97756

By: 
Name: Dennis P. Murphy
Title: President

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me this 15th day of October, 2013,
by Dennis P. Murphy, President of Hayden Homes, LLC., an Oregon Limited Liability
Company, on behalf of the company.



Kimberly D. Guthrie
Notary Public for Oregon
My Commission Expires: 7.18.2015

Exhibit "A"

Property subject to the Covenant for Affordable Housing Charitable Fee

The properties known as Lots 1-9, Block 2; Lots 7-11, Block 3; and Lots 1-4, Block 4 as shown on The Creek at Chester final plat filed for record on September 17, 2013 in Book 37 of Plats on Page 12 and located in the City of Spokane in Spokane County, Washington.

Exhibit "B"

Charitable Fee Escrow Calculation Instructions

Hayden Enterprises Giving Fund, DBA First Story is a 501(c)(3) non-profit. All donations are tax deductible. Please keep a copy for your records. Tax ID number 911755886

Escrow Number: _____

Buyers Name: _____

Property Address: _____

Sales Price: \$ _____

Times 1/8 of 1%: x .00125

Charitable Fee Due: \$ _____
(Seller pays Charitable fee)

Example Calculation:

Sales price:	\$100,000
	<u>x .00125</u>
Fee Due	\$ 125.00

Please Remit Payment and Form to:

Hayden Enterprises Giving Fund
DBA First Story
PO Box 1359
Bend, OR 97709

541-728-0830 ext 105
info@firststory.org

SUBORDINATION

The undersigned, as Beneficiary in and under that certain Trust Deed dated _____, _____, and Recorded on _____, 20____, as Instrument No. _____, in the Official Records of _____ County, Washington (the "Trust Deed"), which Trust Deed is by and between

_____, as Trustor,
_____, as Trustee, and
_____, as Beneficiary, expressly subordinates the Trust Deed and its beneficial interest thereunder to the foregoing Covenant for Affordable Housing Charitable Fee, as amended or restated ("Fee Agreement"). By executing this Subordination, the undersigned agrees that should the undersigned acquire title to all or any portion of the Properties by foreclosure (whether judicial or non-judicial), deed-in-lieu of foreclosure or any other remedy in or relating to the Trust Deed, the undersigned will acquire title subject to the provisions of this Covenant, which shall remain in full force and effect.

Date: _____, 20____

BENEFICIARY:

Address:

By: _____
Its: _____

STATE OF _____)
_____) ss.
County of _____)

This instrument was acknowledged before me this _____ day of _____,
20____, by _____ of
_____, a _____.

Notary Public for _____
My Commission Expires: _____

04/17/2014 02:35:31 PM

Recording Fee \$76.00 Page 1 of 5

Covenant FIRST, AMERICAN TITLE INSURANCE COMPANY

Spokane County Washington

6298393



WHEN RECORDED RETURN TO:

Stacy A. Bjordahl
PARSONS/BURNETT/BJORDAHL/HUME LLP
505 W. Riverside, Suite 500
Spokane WA 99201

AMENDMENT
TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS

Grantor:	Mullan and Broadway, LLC, a Washington Limited Liability Company
Grantee:	Mullan and Broadway, LLC, a Washington Limited Liability Company
Legal Desc:	Tracts C, D, E & F, The Creek at Chester, Vol 37, Pgs 12-13
Parcel No:	44041.1404; 44041.1405; 44041.1406; 44041.1403
Ref No.	6253585

AMENDMENT
TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR THE CREEK AT CHESTER

COURTESY RECORDING

THIS AMENDMENT to the DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS to Annex and Remove Property and correct a scrivener's error for THE CREEK AT CHESTER recorded on October 4, 2013 under Spokane County Auditor's Number 6253585 ("Declaration"), is made on the date hereinafter set forth, by Mullan and Broadway, LLC which is the declarant under the Declaration ("Declarant"), as follows:

5

R. E. Excise Tax Exempt

Date 4-17 2014

Spokane County Treas.

By CLK

RECITALS

A. WHEREAS, pursuant to Sections 15.2 and 13.1 of the Declaration, the Declarant has the right to add Additional Property to the Subdivision and said Additional Property shall become Property subject to the terms of the Declaration.

B. WHEREAS, pursuant to Sections 15.2 and 13.3 of the Declaration, the Declarant has the right to remove any part of the Property from the Declaration.

C. WHEREAS, pursuant to its authority under the Declaration, the Declarant desires to add the real property legally described herein and declares the same to be Common Area as that term is defined under Section 1.9 of the Declaration.

D. WHEREAS, pursuant to its authority under the Declaration, the Declarant desires to remove "Tract D" from the Property and forever releases said Tract from the Declaration.

E. WHEREAS, to effectuate the annexation and removal of the real property described herein, Declarant, pursuant to its authority granted under Section 15.2, finds it necessary to amend the definition of Common Area (Section 1.9) to include Tracts "E" and "F" as the same are hereby annexed to the Property.

F. WHEREAS, to effectuate the removal of "Tract D" and annexation of Tracts "E" and "F" to the Declaration, the Declarant, pursuant to its authority granted under Section 15.2, finds it necessary to amend the Recital setting forth a description of the Property.

G. WHEREAS, in the drafting of the Declaration, there was a scrivener's error in that Tract "C" was not defined as Common Area in Section 1.9, which error may be corrected by the Declarant pursuant to its authority granted under Section 15.2.

NOW THEREFORE, Declarant, as provided for in Articles 13 and 15 of the Declaration, hereby amends the Declaration as follows:

1) Annexation of Additional Property:

The following legally described property is hereby annexed to the Declaration:

Tracts "E" and "F," the Creek at Chester, as per plat recorded in Volume 37 of Plats, Pages 12-13, records of Spokane County. Situated in the County of Spokane, State of Washington.

2) Removal of Property:

The following legally described property is hereby removed from the Declaration.

Tract "D," the Creek at Chester, as per plat recorded in Volume 37 of Plats, Pages 12-13, records of Spokane County. Situated in the County of Spokane, State of Washington.

3) Amendment to Declaration:

Section 1.9 is amended to read as follows:

"Common Areas" shall mean those portions of the Property owned or leased by the Association for the common use and benefit of the Owners and include Tracts A, B, C, E, and F as shown on the Plat. The definition of "Common Areas" specifically excludes Lots.

4) Amendment to Declaration:

A portion of the Recital to the Declaration is hereby amended as follows (deletion in strike-through and addition in underline):

"WHEREAS, Declarant and Property Owner are the current owners of following real property located in Spokane County, Washington (the "Property"):
Lots 1 through 10, Block 1; Lots 1 through 18, Block 2; Lots 1 through 11, Block 3;
Lots 1-10, Block 4, and Tracts A, B, C, ~~D~~, E and F, Final Plat of Creek at Chester,
as shown on the plat thereof filed for records in Spokane County, Washington."

All other provisions of the Declaration shall remain in full force and effect, except as may be modified by this Amendment.

IN WITNESS WHEREOF, Declarant has executed this Amendment to the Declaration on this 8th day of April, 2014.

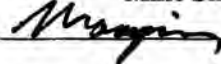



MULLAN AND BROADWAY, LLC, a
Washington Limited Liability Company

By:


Mike Silvey

Its:

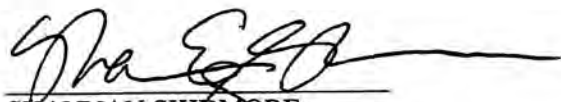
 

CONSENTED TO:



ALLEN R. SKIDMORE
OWNER OF TRACT "D"

CONSENTED TO:



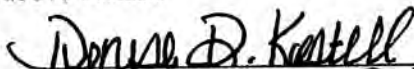
SHANNAN SKIDMORE
OWNER OF TRACT "D"

STATE OF WASHINGTON)

COUNTY OF SPOKANE)

On this 8th day of April, 2014, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared MIKE SILVEY, to me known to be the AUTHORIZED SIGNER of MULLAN AND BROADWAY LLC, and acknowledged the foregoing instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Print Name: DENISE D KESTELL

NOTARY PUBLIC in and for the State of WA

Residing at: Spokane, Wash

My commission expires 08-24-16

STATE OF WASHINGTON)
) ss.
County of Spokane)

I certify that I know or have satisfactory evidence that ALLEN R. SKIDMORE personally appeared before me, and on oath stated that he was authorized to execute the instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 15 day of April, 2014.



Denise D. Kestell
Notary Public in and for the State of
Washington, residing at Spokane
My commission expires: Aug. 24 2014

STATE OF WASHINGTON)
) ss.
County of Spokane)

I certify that I know or have satisfactory evidence that SHANNAN SKIDMORE personally appeared before me, and on oath stated that she was authorized to execute the instrument and acknowledged it to be her free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 15 day of April, 2014.



Denise D. Kestell
Notary Public in and for the State of
Washington, residing at Spokane
My commission expires: Aug 24, 2014

04/30/2014 03:22:57 PM

6301407

Recording Fee \$147.00 Page 1 of 4
Amendment FIRST, AMERICAN TITLE INSURANCE COMPANY
Spokane County Washington



WHEN RECORDED RETURN TO:

Mullan and Broadway, LLC
10221 E. Montgomery
Spokane WA 99206

AMENDMENT
TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS

Grantor:	Mullan and Broadway, LLC, a Washington Limited Liability Company Hayden Homes, LLC, an Oregon Limited Liability Company
Grantee:	Mullan and Broadway, LLC, a Washington Limited Liability Company
Legal Desc:	Lots 1-10, Block 1; Lots 1-18, Block 2; Lots 1-11, Block 3; Lots 1-10, Block 4; and Tracts A, B, C, E & F, The Creek at Chester, Vol 37, Pgs 12- 13
Parcel No:	44041.1001-.1009; 44041.1101-.1118; 44041.1201-.1211; 44041.1301- .1310; 44041.1401-.1403; 44041.1405-.1407
Ref No.	6253585; 6298393

AMENDMENT
TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS

COURTESY RECORDING

THIS AMENDMENT to the DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS for THE CREEK AT CHESTER recorded on October 4, 2013 under Spokane County Auditor's Number 6253585 and as amended on April 17, 2014 under Spokane County Auditor's Number 6298393 ("Declaration"), is made on the date hereinafter set forth, by Mullan and Broadway, LLC which is the declarant under the Declaration ("Declarant"), as follows:

4

RECITALS

A. WHEREAS, pursuant to Sections 15.2 of the Declaration, the Declarant has the right to make unilateral amendments to the Declaration for any purpose prior to the Turnover Date, provided such amendment has no material adverse effect upon the rights of any Owner.

B. WHEREAS, no Turnover Meeting has occurred concerning the Property.

C. WHEREAS, the only Lots which have been sold have been sold to a Primary Builder, which has consented to the Amendment made herein.

D. WHEREAS, pursuant to its authority under the Declaration, the Declarant finds it is in the best interest to amend Section 3.3.3 to allow for semi-annual assessment due dates.

NOW THEREFORE, Declarant, as provided for in Article 15 of the Declaration, hereby amends the Declaration as follows:

1) Amendment to Declaration:

Article 3 ("Association Finances"), Section 3.3.3 is hereby amended to read as follows (addition in underline):

Contributions to the Reserve Account ("Reserve Account Assessments") shall be in an amount (i) initially determined by Declarant based upon the results of the initial Reserve Study and (ii) thereafter by the Board from time to time based on the results of the most recent Reserve Study. Reserve Account Assessments shall be allocated to Lots pursuant to Section 3.2 (Base Assessments) and Section 3.4 (Specific Assessments) of this Declaration, as applicable, and shall be paid to the Association monthly, quarterly, semi-annually, or annually as determined by the Board.

The remaining portion of Section 3.3.3 of the Declaration shall remain in full force and effect, except as amended above.

All other provisions of the Declaration shall remain in full force and effect, except as may be modified by this Amendment.

IN WITNESS WHEREOF, Declarant has executed this Amendment to the Declaration on this _____ day of April, 2014.

MULLAN AND BROADWAY, LLC, a
Washington Limited Liability Company

By: _____

Mike Silvey

Its: _____

STATE OF WASHINGTON)

COUNTY OF SPOKANE)

On this 29 day of April, 2014, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared MIKE SILVEY, to me known to be the AUTHORIZED SIGNER of MULLAN AND BROADWAY LLC, and acknowledged the foregoing instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Denise D. Kestell

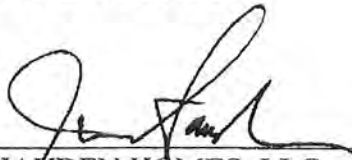
Print Name: DENISE D KESTELL

NOTARY PUBLIC in and for the State of WA

Residing at: Spokane

My commission expires: 8/24/16

CONSENTED TO:


HAYDEN HOMES, LLC, an Oregon Limited Liability Company
A PRIMARY BUILDER

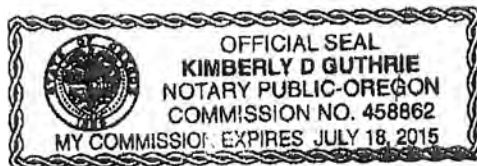
By: Jim Sansburn

Its: VP Finance

STATE OF OREGON)
)
COUNTY OF DESCHUTES)

This instrument was acknowledged before me on April 22nd, 2014, by Jim Sansburn, VP Finance of Hayden Homes, LLC, an Oregon Limited Liability Company, on behalf of the company.

Kimberly D. Guthrie
Print Name: Kimberly D. Guthrie
NOTARY PUBLIC in and for the State of Oregon
Residing at: Deschutes County
My commission expires: 7.18.2015



**WAIVER AND CONSENT
TO ACTIONS IN LIEU OF A SPECIAL MEETING
OF THE DIRECTORS OF
CREEK AT CHESTER HOMEOWNERS ASSOCIATION**

The undersigned, being the members of the Board of Directors (the "Board") of the Creek at Chester Homeowners Association, (the "Association"), by signature hereunder, do hereby waive notice of and attendance at a special meeting of the Board, and further consent to the actions described and adoption of the resolutions set forth below.

This waiver and consent shall have the same effect as a unanimous vote, as if a duly convened meeting of the Board was held at the principal place of business of the Association, pursuant to RCW 24.03.

AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS CONDITIONS AND RESTRICTIONS

WHEREAS, the Board believes it to be in the best interest of the Association to consent to an amendment to the Association's Protective Covenants, Conditions and Restrictions (the "CC&Rs") filed for record for the Creek at Chester development under Spokane County Auditor No. 6253595 relating to Section 11.8 (Campers, Boats, Recreational Vehicles and other Non-Passenger Vehicles) and parking on the Association's private streets within the development, as more particularly set forth in the Amendment to the CC&Rs attached hereto as Exhibit "A" and incorporated herein by reference; now therefore it is hereby

RESOLVED, that the CC&Rs shall be amended as set forth in the Amendment to the CC&Rs attached hereto as Exhibit "A."

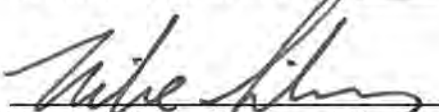
RESOLVED, that one of the undersigned is authorized to execute the Board's consent on the Amendment to the CC&Rs to be filed with the Spokane County Auditor.

RATIFICATION OF ACTIONS

WHEREAS, the Board and the Association's agents have undertaken other and certain activities on behalf of the Association; now, therefore, it is hereby

RESOLVED, that the Board ratify and confirm all actions of the Association, its officers, directors and agents regarding the Association's conduct since the last annual meeting.

CONSENTED to as of the 17th day of August, 2015.


Printed: Mike Jilka, Director


Printed: KRISTI DEXTER, Director
Hayden Homes

Printed: _____, Director

RULES REGARDING PARKING OF NON-PASSENGER VEHICLES IN THE CREEK AT CHESTER

Pursuant to Section 11.8.2 of the Declaration, as amended under Spokane County Auditor No. 6433221, the following restriction applies to the parking of non-passenger vehicles:

Campers, boats, boat trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be temporarily kept on the streets within the Creek at Chester, provided it is kept adjacent to the owner's Lot or on a paved driveway located on a Lot for a period not to exceed twenty-four (24) hours over any seven (7) day period and only for the purposes of cleaning, preparation for use and unloading. Further, if parked on any street, any camper, boat, boat trailer, recreational vehicle, recreational trailer, or other non-passenger vehicle, equipment, implement, or accessory, may not extend more than eight (8) feet into the street from the curb and shall not obstruct site distance at driveways or intersections.

The Board of the Creek at Chester Homeowners Association adopts the following rules and regulations regarding non-passenger vehicle parking and the authority to enforce these rules if any violation occurs.

1. POSTING OF NO-PARKING/TOW-AWAY ZONE SIGNS

Signs stating the restrictions for the parking of non-passenger vehicles on the streets at the Creek at Chester may be installed and indicate that unauthorized vehicles may be subject to a fine and/or be towed and impounded at the owner's expense.

2. NOTICE OF VIOLATION

If a non-passenger vehicle is parked in violation of Section 11.8.2 of the Declaration, a Notice of Violation shall be conspicuously posted on the vehicle stating that the vehicle is parked in violation of Section 11.8.2 and must be moved within twenty-four (24) hours of the time of the Notice. The Notice of Violation shall also state that if the vehicle is not moved within twenty-four (24) hours, the Board may have the vehicle towed and impounded from the street, and/or a fine of Seventy-Five Dollars (\$75.00) per day may be assessed for each day the non-passenger vehicle is parked in violation of Section 11.8.2 of the Declaration.

3. AUTHORITY TO TOW FROM CREEK AT CHESTER STREETS

If a non-passenger vehicle is parked on the street in violation of Section 11.8.2 of the Declaration, and a Notice of Violation has been posted on the vehicle as provided for in this Rule, the Board may have the vehicle towed and impounded at the owner's expense. The Association shall not be deemed liable for any expense or damage as a result thereof.

4. ASSESSMENT OF FINE

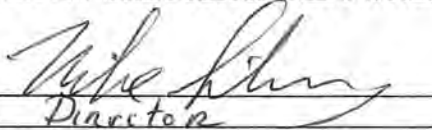
In addition to the authority to tow and impound any unauthorized vehicle as provided for in this Rule, the Board shall have the authority to assess a fine of Seventy-Five Dollars (\$75.00) per day for each day the non-passenger vehicle is parked in violation of Section 11.8.2 of the Declaration. The fine shall be considered the same as an assessment and may be enforced in the same manner as an assessment under Article 3 of the Declaration.

5. EFFECTIVE DATE

This Rule shall be effective five (5) calendar days after mailing to the Members.

DATED THIS 10th DAY OF September, 2015.

CREEK AT CHESTER HOMEOWNERS ASSOCIATION

By: 
Its: Diane Stone

CERTIFICATE OF MAILING

I hereby certify that on the ____ day of September, 2015, a copy of this document was mailed via First Class Mail to every Member of the Association.

By: _____

ENTERED

WHEN RECORDED RETURN TO:

Mullan and Broadway, LLC
10221 E. Montgomery
Spokane WA 99206

6433221 09/03/2015 02:45:44 PM

Rec Fee: \$74.00 Page 1 of 3

Amendment SIMPLIFILE LC E-RECORDING
Spokane County Washington eRecorded

AMENDMENT
TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS

Grantor/Grantee:	Mullan and Broadway, LLC, a Washington Limited Liability Company
Legal Desc:	Lots 1-10, Block 1; Lots 1-18, Block 2; Lots 1-11, Block 3; Lots 1-10, Block 4; and Tracts A, B, C, E, F & G, The Creek at Chester, Vol 37, Pgs 12-13
Parcel No:	44041.1001-.1009; 44041.1101-.1118; 44041.1201-.1211; 44041.1301-.1310; 44041.1401-.1403; 44041.1405-.1407
Ref No.	6253585

090315.3 -3

AMENDMENT
TO
DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS

THIS AMENDMENT to the DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS for THE CREEK AT CHESTER recorded on October 4, 2013 under Spokane County Auditor's Number 6253585 and as amended on April 17, 2014 under Spokane County Auditor's Number 6298393 and on April 30, 2014 under Spokane County Auditor's Number 6301407 ("Declaration"), is made on the date hereinafter set forth, by Mullan and Broadway, LLC which is the declarant under the Declaration ("Declarant"), as follows:

RECITALS

A. WHEREAS, pursuant to Section 15.2 of the Declaration, the Declarant has the right to make unilateral amendments to the Declaration for any purpose prior to the Turnover Date, provided such amendment has no material adverse effect upon the rights of any Owner.

B. WHEREAS, no Turnover Meeting has occurred concerning the Property.

C. WHEREAS, pursuant to its authority under the Declaration, the Declarant finds it is in the best interest to amend Section 11.8.2 of the Declaration and other Sections properly relating thereto, to limit on-street parking of certain vehicles to maintain the aesthetic character of the Subdivision and prevent the congestion of streets.

NOW THEREFORE, Declarant, as provided for in Article 15 of the Declaration, hereby amends the Declaration as follows:

1) Amendment to Declaration:

Article 1 ("Definitions"), Section 1.9 is hereby amended to read as follows (Addition in underline):

"Common Areas" shall mean those portions of the Property owned or leased by the Association for the common use and benefit of the Owners and include the streets, and Tracts A and B as shown on the Plat. The definition of "Common Areas" specifically excludes Lots.

The remaining portion of Article 1 of the Declaration shall remain in full force and effect, except as amended above.

2) Amendment to Declaration:

Article 11 ("Use Restrictions"), Section 11.8.2 is hereby amended to read as follows (deletion in strike-through and addition in underline):

Campers, boats, boat trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be temporarily kept on the ~~public~~ streets within the Subdivision provided it is kept adjacent to the owner's Lot or on a paved driveway located on a Lot for a period not to exceed twenty-four (24) hours over any seven (7) day period ~~seventy-two (72) hours~~ and only for the purposes of cleaning, preparation for use and unloading. If parked on any street within the Subdivision, any campers, boat, boat trailer, recreational vehicle, recreational trailer, or other non-passenger vehicle, equipment, implement, or accessory, may not extend more than eight (8) feet into the street from the curb and shall not obstruct site distance at driveways or intersections.

The remaining portion of Article 11 of the Declaration shall remain in full force and effect, except as amended above.

All other provisions of the Declaration shall remain in full force and effect, except as may be modified by this Amendment.

IN WITNESS WHEREOF, Declarant has executed this Amendment to the Declaration on this 17th day of August, 2015.

MULLAN AND BROADWAY, LLC, a Washington Limited Liability Company

By: Mike Silvey

Mike Silvey

Its: Managing Member

CONSENTED TO BY:

CREEK AT CHESTER HOMEOWNERS ASSOCIATION

By: Mike Silvey

Its: Director

STATE OF WASHINGTON)
)
COUNTY OF SPOKANE)

On this 17 day of August, 2015, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared MIKE SILVEY, to me known to be the AUTHORIZED SIGNER of MULLAN AND BROADWAY LLC, and acknowledged the foregoing instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Denise D Kestell
Print Name: DENISE D KESTELL
NOTARY PUBLIC in and for the State of WA
Residing at: Spokane
My commission expires: Aug 24 2016

STATE OF WASHINGTON)
)
COUNTY OF SPOKANE)

On this 17 day of August, 2015, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared dictor, to me known to be the Mike Silvey of CREEK AT CHESTER HOMEOWNERS ASSOCIATION, and acknowledged the foregoing instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Denise D Kestell
Print Name: DENISE D KESTELL
NOTARY PUBLIC in and for the State of WA
Residing at: Spokane
My commission expires: Aug 24 2016

WHEN RECORDED RETURN TO:

Mullan and Broadway, LLC
10221 E. Montgomery
Spokane WA 99206

ASSIGNMENT OF DECLARANT RIGHTS UNDER
THE DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR THE CREEK AT CHESTER

101415.3

Assignor:	Mullan and Broadway, LLC, a Washington Limited Liability Company
Assignee:	Hayden Homes, LLC, a Washington Limited Liability Company
Legal Desc:	N/A
Parcel No:	N/A
Ref No.	6253585

THIS ASSIGNMENT OF DECLARANT RIGHTS ("Assignment") under the DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS for THE CREEK AT CHESTER recorded on October 4, 2013 under Spokane County Auditor's Number 6253585, as amended, ("Declaration"), is made on the date hereinafter set forth, by Mullan and Broadway, LLC.

RECITALS

WHEREAS, Mullan and Broadway, LLC, a Washington limited liability company, is the Declarant under the Declaration ("Declarant");

WHEREAS, pursuant to Article 12, Section 12.3, Declarant has the right to transfer or assign any or all of Declarant's rights and obligations as set forth under the Declaration;

WHEREAS, pursuant to its authority under the Declaration, the Declarant desires to assign all of its rights and obligations under the Declaration to Hayden Homes LLC, a Washington limited liability company ("Assignee"); and

WHEREAS, Assignee desires to accept such Assignment and become Declarant under the Declaration.

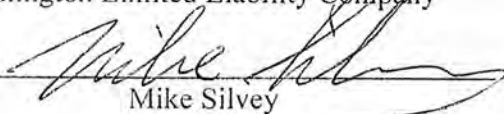
NOW THEREFORE, for and in consideration of Ten Dollars (\$10.00) in hand and other valuable consideration, the receipt and sufficiency which are hereby acknowledged, Declarant, as provided for in Article 12, Section 12.3 of the Declaration, hereby assigns all of its rights and obligations under the Declaration to Hayden Homes, LLC.

IN WITNESS WHEREOF, the Declarant has executed this Assignment of Declarant Rights on this 8th day of October, 2015.

ASSIGNOR:

MULLAN AND BROADWAY, LLC, a
Washington Limited Liability Company

By:


Mike Silvey

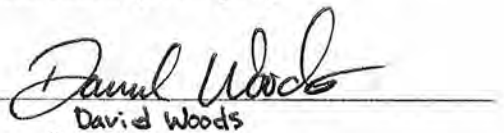
Its:

Managing Member

ASSIGNEE:

HAYDEN HOMES, LLC, a Washington
Limited Liability Company

By:

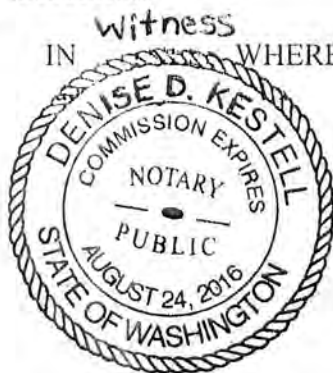

David Woods

Its:

Controller

STATE OF WASHINGTON)
)
 COUNTY OF SPOKANE)

On this ____ day of October, 2015, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared MIKE SILVEY, to me known to be the AUTHORIZED SIGNER of MULLAN AND BROADWAY LLC, and acknowledged the foregoing instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.



DENISE D. KESTELL
 Print Name: Denise D. Kestell
 NOTARY PUBLIC in and for the State of WA
 Residing at: Spokane
 My commission expires: 08/24/2016

Oregon
 STATE OF WASHINGTON)
)
 COUNTY OF SPOKANE)
Deschutes

On this 8th day of October, 2015, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared David Woods, to me known to be the Controller of HAYDEN HOMES, LLC, and acknowledged the foregoing instrument to be the free and voluntary act and deed of said entity for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Kimberly D. Guthrie
 Print Name: Kimberly D. Guthrie
 NOTARY PUBLIC in and for the State of WA OR
 Residing at: Deschutes County
 My commission expires: 6.21.2019