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Recording Fee \$99.00 Page 1 of 28
Covenant SPOKANE COUNTY TITLE CO
Spokane County Washington

6127289

AFTER RECORDING RETURN TO:

WITHERSPOON-KELLEY
Attn: John M. Riley, III
422 West Riverside Avenue, Ste 1100
Spokane, WA 99201-0390



DOCUMENT TITLE:

Declaration of CC&Rs

S-185058
4

GRANTOR:

Donel Belsby Farming & Ranching Corporaton

GRANTEE:

Donel Belsby Farming & Ranching Corporaton

ABBREVIATED LEGAL DESCRIPTION:

**Parcel 1-13, Record of Survey, Book 140, Pages 7-12, Auditor's File No. 5867411,
Spokane County**

PTN of S¹/₂ of 11-21-41 and SW¹/₄ of 12-21-41

ASSESSOR'S PROPERTY TAX PARCEL/ACCOUNT NUMBER:

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11114.9051, 11114.9052, 11123.9053, 11123.9054, 11123.9055, 11115.9056,
11123.9005**

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When Recorded, Return to:

JOHN M. RILEY, III
Witherspoon, Kelley, Davenport
& Toole, P.S.
1100 U.S. Bank Building
422 West Riverside Avenue
Spokane, WA 99201
509/624-5265

Legal Description: See Exhibit "A" attached hereto

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR OSA RANCH

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
THE OSA RANCH OWNERS ASSOCIATION

This Declaration of Covenants, Conditions and Restrictions and Reservation of Easements is made on the date hereinafter set forth by the Osa Ranch Owners Association, Inc., a Washington Corporation (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Spokane, State of Washington, which is specifically described and identified as in Exhibit "A" attached hereto and incorporated herein by this reference, hereinafter referred to as the "Property", and

WHEREAS, Declarant has subdivided the Property into separate lots and private road and access, and the lots will be sold to the general public (or to builders) for the construction of residential Dwellings establishing a rural residential community, and

WHEREAS, the development shall be hereinafter referred to as "Osa Ranch", and each owner shall receive fee or equitable title to an individual lot (with the residential dwelling thereon or the right and obligation to construct a Dwelling thereon) and a membership in the Osa Ranch Owners Association, which shall be a Washington nonprofit corporation and which have certain administrative and maintenance responsibilities for Osa Ranch and

WHEREAS, Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of improvement for the benefit of all of the said lots and the owners thereof.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved, subject to the following declarations, limitations, covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and every part thereof, in accordance with the plan for the improvements of the Property. All of the limitations, covenants, conditions, restrictions, and easements shall constitute covenants which shall run with the land and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any rights, title, or interest in or to any part of the Property.

ARTICLE 1
DEFINITIONS

1.1 "Architectural Review Committee" shall mean and refer to the Architectural Review Committee created pursuant to Article Nine of the Declaration.

1.2 “Articles” shall mean the Articles of Incorporation of the Association as amended from time to time.

1.3 “Assessment” shall mean that portion of the cost of maintaining, improving, repairing, operating, and managing the Common Property and other applicable portions of the Property which is to be paid by each Lot Owner as determined by the Association under this Declaration.

1.4 “Association” shall mean and refer to the Osa Ranch Owners Association, a Washington nonprofit corporation, the members of which shall be owners of the lots in Osa Ranch.

1.5 “Board” or “Board of Directors” shall mean and refer to the governing body of the Association.

1.6 “Bylaws” shall mean and refer to the Bylaws of the Association as amended from time to time.

1.7 “Common Expenses” means and includes the actual and estimated expenses of administration of the Association, and of the maintenance, repair, or replacement of those parts of the Project for which the Association is responsible, and any reasonable reserve for such purposes as found and determined by the Board and all sums designated common expenses by or pursuant to the Project Documents.

1.8 “Common Property” shall mean and refer to the land or easements, together with any improvements constructed or to be constructed thereon, described as such in Section 2.2 .

1.9 “Declarant” shall mean and refer to the Donel Belsby Farming & Ranching Corporation and its successors-in-interest and assigns with respect to the Property, but shall not include members of the public purchasing Lots in Osa Ranch.

1.10 “Declaration” shall mean and refer to this Declaration of Covenants, Conditions and Restrictions and Reservation of Easements, as it may be amended from time to time.

1.11 “Dwelling” shall mean and refer to any single family residential structure constructed or to be constructed upon any individually owned Lot in Osa Ranch.

1.12 “Osa Ranch” shall mean and refer to the entire Property including all structures and improvements erected or to be erected thereon, and including all phases annexed thereto and sometimes referred to herein as the “Project”.

1.13 “Lot” shall mean and refer to any particular and separately designated parcel of land resulting from the subdivision of the property according to the Record of Survey or Certificates of Exemption, and sold or held by sale to members of the general public. The term Lot shall not, however, include property owned by the Association or Common Property.

1.14 "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

1.15 "Owner" or "Owners" shall mean and refer to the record owner or holder of fee or equitable title to a Lot in the Project. This shall include any person having a fee simple title to any Lot, but shall exclude persons or entities having any interest merely as security for the performance of any obligation. Further, if a Lot is sold under a contract of sale (which contract or notice thereof is recorded), the contract purchaser, rather than the fee owner, shall be considered the "Owner".

1.16 "Project Documents" means and includes this Declaration as it may be amended from time to time, the exhibits attached hereto, the Record of Survey, and Bylaws of the Association, and the rules and regulations for the members as established from time to time.

1.17 "Property" or "Properties" means and includes the real property covered by this Declaration, and all improvements erected thereon and all property, real, personal or mixed, intended for or used in connection with Osa Ranch.

ARTICLE 2
DESCRIPTION OF PROJECT, DIVISION OF PROPERTY AND
CREATION OF PROPERTY RIGHTS AND OBLIGATIONS

2.1 Description of Osa Ranch. Osa Ranch consists of the underlying Property with the currently vacant lots and all other improvements and systems located or to be located thereon, regardless of the ownership thereof.

2.2 Common Property. The Common Property shall consist of property described below. While none of the features mentioned below currently exist, such features are being reserved for future consideration.

- (a) Roads;
- (b) and, if any of the following:
 - Landscaped Areas (including but not limited to the landscaping in the right-of-ways, which may include, among other improvements, shrubs, trees, plants, and rocks);
 - Walking Paths;
 - Entry Signs/Security Gates;
 - Entry Lighting;
 - Drainage Areas and Facilities;
 - Watering Facilities;
 - Signage for Roads;
 - Perimeter Walls, Fences and Retaining Walls and their related landscape planting

Common Property is generally located within the Project.

2.3 Conveyance of Common Property. The Declarant shall construct all improvements on the Common Property and convey to the Association the aforesaid Common Property and easements, together with the improvements constructed thereon, upon completion of the improvements. The Declarant may convey to the Association other improved or unimproved real estate located within the Property, personal property and leasehold and other property interests. Such property shall be accepted by the Association and, thereafter, shall be deemed Common Property.

2.4 Owner's Common Rights. All owners shall have equal rights with the other Owners to use the Common Areas, unless certain Common Areas are specifically designated as limited Common Areas in a recorded instrument designating the improvements as Common Area or in an amendment to this Declaration or in a Supplementary Declaration. These rights to use are hereby declared to be easements for ingress, egress, utilities and use of Common Areas and facilities, unless otherwise specifically limited, in favor of all Owners and Occupants, their heirs, successors and assigns, in accordance with the terms and conditions of the Governing Documents.

2.5 Common Area Maintenance. The Declarant, or after formation of the Association, the Association, shall cause the Common Areas and any improvements thereon to be properly operated, maintained, repaired and replaced.

ARTICLE 3
ASSOCIATION, ADMINISTRATION, MEMBERSHIP
AND VOTING RIGHTS

3.1 Association to Manage Osa Ranch. The Owners of all the Lots covenant and agree that the administration of Osa Ranch shall be in accordance with the provisions of this Declaration and the Bylaws of the Association, subject to the standards set forth in this Declaration and all applicable laws, regulations and ordinances of any governmental or quasi-governmental body or agency having jurisdiction over Osa Ranch. Notwithstanding the generality of the foregoing, the primary function of the Association shall be management, maintenance, and control of the Common Property and the enforcement of the restrictions set forth in this Declaration.

3.2 Membership. The Owner of a Lot shall automatically, upon becoming an Owner, be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership shall be in accordance with the Bylaws of the Association.

3.3 Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of his Lot, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller be null or

void.

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

3.4.1 Class A Membership. Class A Membership shall be that held by each Owner of a Lot other than Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned. If a Lot is owned by more than one (1) person, each such person shall be a Member of the Association, but there shall be not more than one (1) vote for each Lot.

3.4.2 Class B Membership. Class B Membership shall be that held by Declarant (or its successors-in-interest) who shall be entitled to three (3) votes for each Lot owned by Declarant; provided, that Class B Membership shall be converted to Class A Membership and shall forever cease to exist on the occurrence of whichever of the following is first in time:

3.4.2.1 When all but one lot of the lots in Osa Ranch are sold by Declarant; or

3.4.2.2 On the tenth (10th) anniversary of the recordation of this Declaration .

3.5 Voting Requirements. Except where otherwise expressly provided in this Declaration or the Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken shall require the vote or written assent of the prescribed percentage of the total voting power (both classes) of the Association.

3.6 Commencement of Voting Rights. Voting rights attributable to any Lot shall not vest until that Lot shall also be subject to assessment obligations to the Association, pursuant to Article 4 below.

3.7 Membership Meetings. Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the Bylaws of the Association.

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

ARTICLE 4 MAINTENANCE AND ASSESSMENTS

4.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within Osa Ranch (except as otherwise set forth in this Declaration), hereby

covenants, and each Owner of any Lot by acceptance of a deed or contract therefore, whether or not it shall be so expressed in such deed or contract, is deemed to covenant and agree to pay to the Association: (1) base assessments or charges for Common Property maintenance, repair and replacement, (2) special assessments for capital improvements and unexpected expenses, such assessments to be established and collected as provided herein and in the Bylaws of the Association. The regular and special assessments, together with interest, costs, and actual attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each assessment is made, the lien to become effective upon levy of the assessment. Each such assessment, together with interest, costs, and actual attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. No Owner of a Lot may exempt himself from liability for the contribution toward the common expenses by waiver of the use or enjoyment of any part of Osa Ranch or by the abandonment of his Lot.

4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of all the residents of Osa Ranch, and shall include (as part of the regular periodic assessments) an adequate reserve for maintenance, repairs and replacement of those areas and facilities owned and managed by the Association, and which must be replaced on a periodic basis. Specifically, and without limiting the generality of the foregoing, the assessments shall be used to cover expenses of administering the Association, of enforcing the covenants, conditions, and restrictions of Declaration, of providing for the insurance for the Association, of providing for the maintenance, repair and replacement of Common Property, the payment of any real property or other taxes or assessments of the Common Property, and snow removal on Roads.

4.3 Base Assessment. The initial Base Assessment per Lot shall be fifty dollars (\$50.00) per year. Each Lot's share of Base Assessment for the Association fiscal year shall be prorated based on the number of months remaining in that fiscal year. Thereafter, the Board shall determine and fix the amount of the Base Assessment against each Lot at least sixty (60) days in advance of the beginning of each fiscal year.

4.4 Special Assessments. In addition to the Base Assessment authorized above, the Board may levy, in any fiscal year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement within Osa Ranch, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated Base Assessment. Special Assessments may also be levied against an individual Lot and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Lot into compliance with the provisions of this Declaration and the Bylaws, including attorneys' fees and costs.

4.5 Allocation of Assessments. Each Lot in the Properties, individually, including Lots owned by Declarant, (except as set forth in paragraph 4.11), shall bear an equal share of each Base and Special Assessments (except for Special Assessments imposed against an individual Lot and its Owner under the preceding subparagraph).

4.6 Date of Commencement of Assessment; Due Dates; Changes in Assessment. The Base Assessment provided for herein shall commence as to each Lot in Osa Ranch on the first day of the month following closing of the first sale by Declarant of each Lot in Osa Ranch. Due dates of the Assessments and the amount for the Base Assessment for each year shall be established annually by the Board of Directors and be set forth in an annual notice.

4.7 Transfer of Lot by Sale or Foreclosure. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the liability for and lien of such assessments as to payments which become due prior to such sale or transfer (except for assessment liens recorded prior to the mortgage). Such unpaid dues or charges shall be deemed to be common expenses collectible from all of the Lots including such mortgagee. In a voluntary conveyance of a Lot, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid assessments by the Association against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. However, any such grantee shall be entitled to a statement from the Association setting forth the amount of the unpaid assessments due the Association, and such grantee shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any excess of the amount set forth in the statement; provided, however, the grantee shall be eligible for any such assessment becoming due after the date of any such statement.

4.8 Enforcement of Assessment Obligations; Priorities, Discipline. If any part of any assessment is not paid and received by the Association or its designated agent within thirty (30) days after the due date, an automatic late charge of Ten Dollars (\$10.00) shall be assessed and additional Ten Dollar (\$10.00) sums shall be assessed for each month, or fraction thereof, from the due date until the assessment and all late charges are paid. Each such unpaid assessment shall accrue interest at twelve percent (12%) per annum. Each assessment shall constitute a lien on each respective Lot prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any mortgage or deed of trust of record made in good faith and for value. Such lien, when delinquent, may be enforced by sale by the Association, its attorney, or other person authorized by this Declaration, or by law to make the sale, after failure of the Owner to pay such assessment, in accordance with the provisions of Washington law applicable to the exercise of powers of sale in deeds of trust, or by judicial foreclosure as a mortgage, or in any other manner permitted by law. The Association, acting on behalf of the Lot Owners, shall have the power to bid for the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid common expenses, rent and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. The Board may impose reasonable monetary penalties, including actual attorneys' fees and costs, and may temporarily suspend the Association membership rights of a Lot Owner who is in default in payment of any assessment, after notice and hearing according to the Bylaws.

4.9 Exempt Property. Notwithstanding any other provision included in this Article 4, the following property, which is otherwise subject to this Declaration, shall be exempt from all assessments:

- (a) Common Property;
- (b) All Lots or property dedicated to and accepted by a local public authority; and
- (c) All Lots or property owned by Declarant, except that in the event the amount of the Base Assessment for each fiscal year is less than the actual costs of Common Property maintenance, repair and replacement, and the Association does not issue a Special Assessment therefor, Declarant shall pay said difference as an assessment. The Association shall advise the Declarant of said difference in writing within thirty (30) days of the fiscal year end and Declarant shall pay said assessment within fifteen (15) days of receipt of said notice.

ARTICLE 5
DUTIES AND POWERS OF THE ASSOCIATION

5.1 Duties and Powers. In addition to the duties and powers enumerated in the Bylaws or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

5.1.1 Assess for and expend Association funds to maintain, repair, replace and manage all Common Property, including private road and access.

5.1.2 Enforce the provisions of this Declaration by appropriate means, including without limitation, the expenditures of funds of the Association, the employment of legal counsel, and the commencement of actions.

5.1.3 Maintain such policy or policies of insurance as are required by this Declaration or as the Board deems necessary or desirable in furthering the purposes of and protecting the interests of the Association and its Members.

5.1.4 Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, subject to the Bylaws and restrictions imposed by any governmental or quasi-governmental body or agency having jurisdiction over Osa Ranch.

5.1.5 Adopt, amend, or revoke reasonable rules not inconsistent with this Declaration, or the Bylaws relating to the use of particular areas within Osa Ranch and the conduct of Owners and their tenants and guests with respect to the Property and other Owners. Such rules shall be binding on all Lot Owners, their guests, and invitees upon adoption.

5.1.6 Establish one or more checking or savings accounts in the name of the Association with any bank, savings association or credit union doing business in Spokane County, Washington and designate signatories thereon.

5.2 Reserves. Generally, an Association is encouraged to establish a reserve account with a financial institution for fund major maintenance, repair, and replacement of Common Property that will require major maintenance, repair, or replacement within thirty (30) years. If the Association establishes a reserve account, the account must be in the name of the Association. If the Association establishes a reserve account, it may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The Board of Directors shall record any such withdrawal in the minute books of the Association, cause 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 or to any other mailing address designated in writing by the Owner, and adopt a repayment schedule not to exceed twenty-four months unless it determines that repayment within twenty-four 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 paragraph.

Unless doing so would impose an unreasonable hardship, or the Association is exempt from having to do so (see below), the Association shall prepare and update a reserve study. The initial reserve study must be based upon a visual site inspection conducted by a reserve study professional.

The Association is not required to follow the reserve study requirements if the cost of the reserve study exceeds five percent of the Association's annual budget, the Association does not have significant assets, or there are ten or fewer homes in the Association.

Given the limited nature of the common area (a private road) and the small number of lots, no reserve study is currently contemplated as necessary or required by the Declarant.

However, for disclosure purposes, when more than three years have passed since the date of the last reserve study prepared by a reserve study professional, the Owners to which at least thirty-five percent of the votes are allocated may demand, in writing, to the Association that the cost of a reserve study be included in the next budget and that the study be prepared by the end of that budget year. The written demand must refer to RCW 64.38.080. The Board of Directors shall, upon receipt of the written demand, provide the Owners who make the demand reasonable assurance that the Board will include a reserve study in the next budget and, if the budget is not rejected by the majority of the Owners, will arrange for the completion of a reserve study.

If a written demand under this section is made and a reserve study is not timely prepared, a court may order specific performance and award reasonable attorney's fees to the prevailing party in any legal action brought to enforce this section. The Association may assert unreasonable hardship as an affirmative defense in any action brought against it under this section. Without limiting this affirmative defense, an unreasonable hardship exists where the cost of preparing a reserve study would exceed five percent of the Association's annual budget.

The Owner's duty to pay for common expenses is not excused because of the Association's failure to comply with RCW 64.38.080 or Chapter 64.38 RCW. A budget ratified by the Owners

is not invalidated because of the Association's failure to comply with RCW 64.38.080 or Chapter 64.38 RCW.

Monetary damages or any other liability may not be awarded against or imposed upon the Association, the Officers or Board of Directors of the Association, or those persons who may have provided advice or assistance to the Association or its Officers or Directors, for failure to: Establish a reserve account; have a current reserve study prepared or updated in accordance with the requirements of this Chapter 64.38 RCW; or make the reserve disclosures in accordance with Chapter 64.38 RCW.

5.3 Governmental Interests. The Declarant may designate Declarant owned sites within the Property for fire, police and utility facilities, parks, and other public facilities in accordance with applicable laws. The sites may include Common Property if otherwise permitted by applicable land use regulations. Such property shall be exempt from assessment as provided in Section 4.11.

5.4 Dedication of Common Property. The Association, in the exercise of the Board's business judgment, may dedicate or grant easements over portions of the Common Property to any local, state, or federal governmental entity or any utility company. This right shall not be construed as a limitation upon the right of the Board to permit entry upon the Common Property or to grant licenses permitting the use of the Common Property by third parties for purposes deemed, in the discretion of the Board, to benefit the Property.

5.5 Assumption of Risk. The Association may, but shall not be obligated to, sponsor certain activities or provide facilities designed to promote the health, safety, and welfare of Owners and occupants. Notwithstanding anything contained herein, neither the Association, the members of the Board, the officers of the Association, the management company of the Association, nor the Declarant shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner or occupant of any Lot or any tenant, guest or invitee of any Owner or occupant or for any property of any such Persons. Each Owner and occupant of a Lot and each tenant, guest, and invitee of any Owner or occupant shall assume all risks associated with the use and enjoyment of the Property, including all Common Property and all recreational facilities, if any.

Neither the Association, the members of the Board, the officers of the Association, the Association's management company, nor the Declarant shall be liable or responsible for any personal injury, illness, or any other loss or damage caused by the presence or malfunction of utility lines or utility sub-stations adjacent to, near, over, or on the Property. Each Owner and occupant of a Lot and each tenant, guest, and invitee of any Owner or occupant shall assume all risk of personal injury illness or other loss or damage arising from the presence or malfunction of utility lines or utility sub-stations and further acknowledges that neither the Association, the members of the Board, the officers of the Association, the Association's management company

nor the Declarant have made any representations or warranties, nor has any Owner or occupant, or any tenant, guest, or invitee of any Owner or occupant relied upon any representations or warranties (expressed or implied) relative to the condition or impact of utility lines or utility substations.

No provision of this Declaration shall be interpreted as creating a duty of the Association, the members of the Board, the officers of the Association, the management company of the Association, or the Declarant to protect or further the health, safety, or welfare of any Person(s), even if the funds of the Association are used for any such purpose.

Each Owner (by virtue of his or her acceptance of title to his or her Lot) and each other Person having an interest in or lien upon, or making any use of, any portion of the Property (by virtue of accepting such interest or lien or making such use) shall be bound by this Section and shall be deemed to have waived any and all rights, claims, demands, and causes of action against the Association, the Board, the Association's management company, and the Declarant, their directors, officers, committee and board members, employees, agents, contractors, subcontractors, successors, and assigns arising from or connected with any matter for which the liability has been disclaimed.

5.6 Security. The Association may maintain or support certain activities within the Property designed to make the Property safer than they otherwise might be; provided, however, unless otherwise specifically indicated in this Declaration, the Association shall not be obligated to maintain or support such activities.

Neither the Association, its officers, the Board, the Association's management company, nor the Declarant shall in any way be considered insurers or guarantors of security within the Property. Neither the Association, its officers, the Board, the Association's management company nor the Declarant, shall be held liable for any loss or damage for failure to provide adequate security or for the ineffectiveness of any security measures undertaken.

All Owners and occupants of any Lot, and all tenants, guests, and invitees of any Owner, acknowledge that neither the Association, its officers, the Board, the Association's management company, the Declarant, nor the Architectural Review Committee represent or warrant that any patrolling of the Property, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security system designated by or installed according to guidelines established by the Declarant or the Architectural Review Committee may not be compromised or circumvented; nor that any patrolling of the Property, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security systems will prevent loss by burglary, theft, hold-up, or otherwise; nor that patrolling of the Property, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security systems will in all cases provide the detection or protection for which the system is designed or intended.

All Owners and occupants of any Lot and all tenants, guests, and invitees of any Owner assume all risks for loss or damage to Persons, to Lots, and to the contents of Lots and further acknowledge that the Association, its officers, the Board and committees, the Association's management company, or the Declarant, have made no representations or warranties, nor has any Owner, occupant, or any tenant, guest, or invitee of any Owner relied upon any representations or warranties, expressed or implied, relative to any patrolling of the Property, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security systems recommended or installed or any security measures undertaken within the Properties.

5.7 Provision of Services. The Association may provide services and facilities for the Members of the Association and their guests and invitees. The Association shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant, to provide such services and facilities. The Association as a Common Expense may fund the costs of services and facilities provided by the Association. In addition, the Board shall be authorized to charge additional use and consumption fees for services and facilities. By way of example, some services and facilities which may be provided include fire protection, road maintenance, and snow removal. The Board shall be permitted to modify or cancel existing services or facilities, if any, or to provide additional services and facilities. Nothing contained herein shall be relied upon as a representation as to what services and facilities, if any will be provided by the Association.

5.8 Change of Use of Common Property. The Board may change the use of any portion of the Common Property and construct, reconstruct, or change the buildings and other improvements thereon in any manner necessary to accommodate the new use of the Common Property. Any new use shall be for the benefit of the Owners and not inconsistent with the Spokane County land use regulations. Any change in use of the Common Property shall be subject to approval by the Declarant as long as it owns any property described in Exhibit "A" but shall not be subject to approval by any other Owner.

5.9 View Impairment. Neither the Declarant nor the Association guarantees or represents that any view over and across any property, including any Lot, from adjacent Lots will be preserved without impairment. Neither the Declarant nor the Association shall have the obligation to prune or thin trees or other landscaping except as set forth in paragraph 8.21. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

If, in the discretion of the Declarant, and as long as Declarant owns any property described in Exhibit "A", the Association fails to perform its maintenance responsibilities or enforce the maintenance responsibilities of Owners in the manner required by the Declaration, Declarant may cause such maintenance to be performed and, in such event, the Association shall reimburse

Declarant for all costs incurred. Declarant shall not take such action without first providing the Association written notice and a reasonable opportunity to perform the required maintenance.

ARTICLE 6
UTILITIES

6.1 Owners' Rights and Duties. The rights and duties of the Owners of Lots within Osa Ranch with respect to utilities shall be as follows:

6.1.1 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections are located or installed within Osa Ranch, which connections, or any portion thereof, is in or upon Lots owned by other than the Owner of a Lot served by said connections, the Owners of any Lots served by said connections shall have the right, and are hereby granted an easement to the full extent necessary therefore, to enter upon the Lots or to have the utility companies enter upon the Lots in or upon which said connections, or any portion thereof lie, to repair, replace and generally maintain said connections as and when necessary.

6.1.2 Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections are located or installed within Osa Ranch, which connections serve more than one Lot, the Owner of each Lot served by said connection shall be entitled to the full use and enjoyment of such portions of said connections as service his Lot.

6.1.3 In the event of a dispute between Owners with respect to the repair or rebuilding of said connections, or with respect to the sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Board, which shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

6.2 Easements for Utilities and Maintenance. Easements over and under the Property for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, television and telephone lines and facilities, and other such utilities as may be hereafter reasonably required to service the Property, are hereby reserved by Declarant and its successors-in-interest and assigns, including the Association, together with the right to grant and transfer the same; provided, however, that no such reservation or grant of an easement shall unreasonably interfere with the use or occupation of any Lot by its Owners, or the construction of a Dwelling on any Lot.

ARTICLE 7
COVENANTS FOR MAINTENANCE AND CONSTRUCTION

7.1 Lots to be Kept in Good Repair. Each Owner shall keep all Lots owned by him, and all improvements thereon, in good order and repair, including, but not limited to, the seeding, watering and mowing of all lawns, the planting of trees on the Lot and replacement of same if they (it) perish(es), the pruning and cutting of all trees and shrubbery, and the painting (or other appropriate external care) of all buildings and other improvements, and in the case of undeveloped lots, keeping free of debris or refuse all in a manner and with such frequency as is consistent with good property management. Garage interiors must be maintained in a clean and orderly manner, so as to avoid the danger of fire.

ARTICLE 8
USE RESTRICTIONS: GENERAL COVENANTS

8.1 Osa Ranch Governmental Regulation; Strictest Standards Control. Restrictions contained herein shall not be construed as permitting any action or thing prohibited by the applicable zoning laws, or the laws, rules or regulations of any governmental authority, or by specific restrictions imposed by any deed or lease. In the event of any conflict, the most restrictive provision of such laws, rules, regulations, deeds, leases or the Osa Ranch covenants shall be taken to govern and control.

8.2 Use of Individual Lots. No commercial structure shall be erected on any Lot other than a single family dwelling for single family residential occupancy, a barn for livestock, a garage or separate shed for vehicle and equipment storage, and other ancillary structures which would be typical for residential use. No single-wide mobile homes or storage of mobile homes are permitted, but manufactured homes and modular homes are permitted.

8.3 Business Use Prohibited. No trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind shall be conducted or carried on upon any Lot, or within any Dwelling located on a Lot, nor shall any goods, equipment, vehicles, including buses, trucks and trailers of any description, or materials or supplies used in connection with any trade, service or business, wherever the same may be conducted, or any vehicles in excess of 20,000 pounds gross weight (including buses, trucks, and trailers of any description) used for private purposes, be kept, parked, stored, dismantled or repaired on any Lot, outside of any Lot, or on any of the Roads. Home occupations may be permitted with the specific written approval of the Architectural Review Committee.

8.4 Temporary Structures. No trailer, basement, tent, shack, garage, barn or other outbuilding or any structure of a temporary character erected or placed on the Property shall at any time be used as a primary permanent residence.

8.5 Minimum Dwelling Size. The minimum size shall be set by health standards and building code per Spokane County guidelines, particularly as it relates to intended number of occupants.

8.6 Building Height. Building heights in Osa Ranch are limited to three stories and a maximum peak roof height of 40 feet from the highest to the lowest point of the structure.

8.7 Commencement of Construction. There is no requirement to build or improve a lot, however, each Lot Owner will still be subject to assessments and all other guidelines even if they elect not to build a residence or storage building.

8.8 Completion of Construction. Any Dwelling erected or placed on any Lot shall be completed as to external appearance, including finished painting and minimal landscaping, within twelve (12) months from the date of commencement of construction. Each lot owner shall be required to clean up the lot of all cut or fallen trees, bushes, shrubs, etc. (clearing and grubbing) within two (2) months after the clearing and grubbing activity begins and to haul away such debris from the subdivision. Each Owner shall also be required to clean up the lot within fourteen (14) days of completing construction or when deemed necessary by the Architectural Review Committee to present a neat and tidy appearance to each Lot during the building process.

8.9 Building Set-Back and Location. Any Dwelling or structure shall comply with applicable Spokane County front, side and rear Lot setback requirements. The street setback is to be one hundred fifty (150) feet or greater and at least 100 feet from the side or rear lot lines. No Dwelling or other structure on any Lot may be placed within the boundaries of any utility easement or private driveway easement, or on top of any utility or private driveway.

8.10 Lighting. All exterior lighting shall be low intensity and shall be limited to landscaping or structural accent lighting, except for that lighting located directly adjacent to the primary residence and barn/shed. However, the source of the lighting should not be directly visible from other parcels.

8.11 Nuisances. No noxious, illegal, or offensive activities shall be carried on in any Dwelling, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his respective Dwelling, or which shall be in any way increase the rate of insurance for the Project, or cause any insurance policy to be canceled or to cause as refusal to renew the same, or which will impair the structural integrity of any building.

8.12 Signs. Personal signs (e.g., signs noting family name or directional signs) are allowed on Lots. Signs advertising Lots for sale may be displayed on the appropriate Lot without prior approval of the Board of the Architectural Review Committee, provided that such signs shall be of reasonable and customary size, not to exceed nine (9) square feet. Political slogans, election campaign candidate, or protesting signs are not allowed.

8.13 Animals. A limited number of various animals and birds shall be allowed, but no animals shall be commercially bred, raised, or kept in any Dwelling, or on any portion of the

Property. No more than five animals of each species will be kept (e.g., five horses and five dogs are allowed), with the exception of fowl. Chickens and other domesticated bird species may number up to a maximum of 25, so long as they do not present a nuisance (primarily defined as noise and trespass) to the neighboring Lot Owners. Owners shall prevent their pets from soiling all portions of the Common Property and in the event a pet does soil a portion of the Common Property, the Owner or person in control of such pet shall immediately clean up after the pet. Chronic barking will be considered a nuisance. The Board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept, or may require that specific animals not be allowed on any part of the Property.

8.14 Pathways and Right-of-Ways. All walks, roads, paths located within the Common Property are for the use of Association Members on an equal basis, subject to reasonable rules and regulations promulgated in writing by the Association.

8.15 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers. All equipment, garbage cans, woodpiles, or storage piles shall be kept screened and concealed from view of other Dwellings, streets and the Common Property, except on such days designated for garbage collection.

8.16 Parking. Unless kept in a Dwelling's attached garage, the uncovered parking or storage of more than five vehicles, including automobiles, boats, trailers, motorcycles, trucks, truck/campers, motorhomes, and like vehicles and commercial equipment shall not be allowed on individual Lots for an extended period of time. If any of the provisions of this Section are violated, the Board of the Association may employ a tow truck to remove the vehicle after fifteen (15) days prior written notice to the Owner and the Owner of the vehicle shall be responsible for any charges arising therefrom.

8.17 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 8 or elsewhere in the Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Unit in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and, by acquiring the Unit agrees to hold Declarant harmless therefrom.

8.18 No Shooting Area. At direction of Declarant, the entire development of the Osa Ranch is a no shooting area of either firearm or archery.

8.19 Timber Harvesting. Clearing of timber for the sole purpose of building structures, landscaping, and roads is allowed. There shall be no harvesting of marketable timber on any Lot for commercial profit. Declarant may clear timber on Common Property if applicable and possible where views are impaired.

8.20 Security Lights. Security Lights shall be permitted on individual Lots if such does not present an annoyance or nuisance to neighbors of such Lots.

8.21 Below Grade Construction; Basements. Dwelling below grade construction and Dwelling basements are allowed.

8.22 Resubdivision. No lot shall be further subdivided. This limit on subdivision shall not be construed to prohibit boundary adjustments or parcel consolidations accomplished in accordance with State and County regulations.

8.23 Septic System. No open lagoons are allowed. Spokane County must approve all septic designs and must be kept within the building envelope unless recommended otherwise by County Health Authorities.

8.24 Transient Occupancy. No Owner shall be permitted to allow their Lot to be used for Transient Occupancy, which shall be defined as including overnight stays by non-Owners for a period of less than 12 months for which an Owner receives consideration of any kind.

8.25 Leases. All leases shall provide that the terms of the lease and the tenants' use of the property shall be subject to the provisions contained in this document. Property Owner will be held liable and responsible if the lessee fails to adhere to the provisions herein.

ARTICLE 9 ARCHITECTURAL COMMITTEE

9.1 Architectural Committee. An Architectural Committee shall be formed which will operate under the auspices of the Osa Ranch Owners Association. The purpose will be to monitor the failure of compliance with any of the restrictions within this Declaration.

9.1.1 There shall be not less than three (3) members of the Committee.

9.1.2 Declarant will appoint all of the original members of the Committee until the Declarant has sold all but one lot in Osa Ranch.

9.1.3 After Declarant has sold all but one Lot in Osa Ranch, Owners shall have the power to appoint all of the members of the Committee.

9.2 Specification of Reasons of Disapproval. The Architectural Committee shall have the right to disapprove hereunder because of any of the following:

9.2.1 The failure of such plans or specifications to comply with any of the restrictions in this Declaration.

9.2.2 Objection to the obstruction of views created by the proposed structure(s).

9.3 Restriction Against Excavation and Grading. No excavation for stone, gravel, or earth shall be made on any Lot except for walls, basements, or cellars of Dwellings; provided, however, that Declarant reserves the right at any time prior to closing of sale of any Lot to excavate and grade on the conveyed Lot, and to remove material from or deposit material on such Lot in connection with the work of laying out and improving; provided, further, that Declarant may waive this privilege as to any Lot on which a buyer may desire to erect a building before that date.

9.4 Requirement for Subsurface and Surface Drainage. Owners must comply with Spokane County or applicable agency or governmental regulations for subsurface and surface drainage.

9.5 Fences. Perimeter fences around swimming pools, as required by Spokane County or applicable government agency are allowed. Garden fences designed to restrict access from wild animals are also allowed up to a height of ten (10) feet. Lot perimeter fencing is also allowed, but limited to a maximum height of six (6) feet. Trees, hedging and natural vegetation may be used as a borderline.

9.6 Rules, Regulations and Design Guidelines. The Architectural Review Committee, during the time period it is appointed by the Declarant, and thereafter the Board, may enact and amend rules and regulations, including but not limited to, design guidelines to supplement the provisions of this Declaration concerning architectural control.

9.7 No Liability. Neither Declarant nor the Architectural Review Committee, nor their employees, agents, successors and assigns, shall be liable for damages to anyone with regard to any restrictions, standards or requirements contained in this Declaration or to any Owner or Occupant affected by this Declaration by reason of mistake or difference in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any plans and specifications submitted for approval pursuant to this Article 9.

ARTICLE 10 GENERAL PROVISIONS

10.1 Enforcement. The Association, or an Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, against any person or persons violating or attempting to violate any covenant, either to restrain violation or to recover damages. The prevailing party in any such proceeding shall be entitled to an award of attorneys' fees and costs. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

10.2 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

10.3 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of fifty (50) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time by a seventy-five per cent (75%) affirmative vote or written consents of Association Members as provided in Article 3. No such waiver, termination or modification shall be effective until a proper instrument in writing shall be executed by the Association and recorded in the office of the Auditor for the County of Spokane, State of Washington.

10.4 Conveyance. Each Owner accepting a deed, lease or other instrument conveying any interest in any Lot, whether or not the same incorporates or refers to these restrictions, covenants for himself, his heirs, successors and assigns, to observe, perform and be bound by these restrictions and to incorporate the same by reference in any deed or other conveyance of all or any portion of his interest in any real property subject hereto.

10.5 Exceptions. Exceptions to any of the above-listed covenants and restrictions shall be granted by the Board of Directors when and only when two-thirds (2/3) of the Board determine such exception is in the best interest of the Association and the purposes of these covenants and restrictions. Exceptions shall not be granted for the following:

- (a) Any amendment, which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to encumbrances as provided herein.
- (b) Any amendment which would require a mortgagee after it has acquired a Lot through foreclosure to pay more than its proportionate share of any unpaid Assessment or Assessments accruing after such foreclosure.
- (c) Any amendment which would or could result in an encumbrance being canceled by forfeiture, or in the individual Lot not being separately assessed for tax purposes.
- (d) Any amendment which would or could result in termination or abandonment of the Property, or in the partition or subdivision of a Lot, in any manner inconsistent with the provisions of this Declaration.
- (e) Any amendment which would subject any Owner to a right of first refusal or other such restriction in favor of the Association, if such Owner exercises his right to sell, transfer or otherwise convey his Lot.

10.6 Protection of Declarant: Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as developer of the Property, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Property or

sell or otherwise dispose of Lots therein in accordance with this Declaration shall become effective.

10.7 Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or approvals required or permitted by or from either the Declarant, the Association, or the Architectural Committee under this Declaration, none of Declarant, the Association, or the Architectural Committee shall be liable to any Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any such review, acceptance, inspection permission, consent or approval, whether given, granted, withheld or denied.

10.8 Calendar Year. The year for record keeping and other business and related transactions of the Homeowners Association shall be a calendar year.

10.9 Limitation of Restrictions on Declarant. Declarant is performing certain work in connection with the subdivision of the Property and the construction of community improvement thereon. The completion of that work and sale of Lots is essential to the establishment of welfare of the Property as a residential community. In order that said work may be completed and said Property be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

10.9.1 Prevent Declarant, its contractors or subcontractors, from doing on the Property or any Lot whatever is reasonably necessary or advisable in connection with the completion of the work; or

10.9.2 Prevent Declarant or its representatives from erecting, constructing or maintaining on any part or parts of the Property such structures including model homes as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Property as a residential community and disposing of the same in parcels by sale or otherwise; or

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

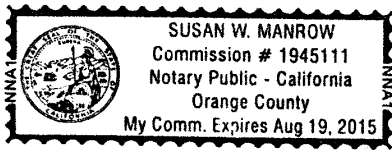
State of California

County of Orange

On Sept. 7, 2012 before me, Susan W. Manrow, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Kirk Belsby
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Susan W. Manrow
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____ Signer's Name: _____

Corporate Officer — Title(s): President

Corporate Officer — Title(s): _____

Individual

Individual

Partner — Limited General

Partner — Limited General

Attorney in Fact

Attorney in Fact

Trustee

Trustee

Guardian or Conservator

Guardian or Conservator

Other: _____

Other: _____

Signer Is Representing: _____

Signer Is Representing: _____

Danel Belsby Farming & Ranching Corporation, a Washington Corporation

EXHIBIT "A"
LEGAL DESCRIPTION OF
OSA RANCH

Parcels 1-13, inclusive, per Record of Survey filed January 14, 2010, in Book 140 of Surveys,
Pages 7-12, inclusive, under Spokane County Auditor's File No. 586741.