

MASTER DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS

Mackenzie Beach

SPOKANE COUNTY, WASHINGTON

TAX PARCELS #55243.9054, 55243.9055

& 55243.9056 (Segregation Pending)

7th of January, 2010

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EXHIBIT "A" - LEGAL DESCRIPTION OF THE PROPERTY MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

**MACKENZIE BEACH.
SPOKANE COUNTY, WASHINGTON**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Master Declaration"), is made on the date hereinafter set forth, by Mackenzie Bay Properties, a Washington General Partnership ("Declarant"), with reference to the following facts:

A. Declarant is the owner of that certain real property located in Spokane County, Washington, which property is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Property")

B. Declarant desires to establish the property as a development, to be known as MACKENZIE BEACH.

C. The development shall be hereinafter referred to as the "Project." The Owner of each Lot shall receive title to such Lot and rights of membership in the MACKENZIE BEACH HOMEOWNERS ASSOCIATION, a Washington nonprofit corporation formed to operate and maintain the park area and other Common Area, and otherwise to manage the Project.

D. Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of operation for the benefit of all of the said Lots and the Owners thereof.

E. Declarant hereby declares that the Property and the Project 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 the Project, and every part thereof, in accordance with the plan for the establishment of the Project as residential development. All of the declarations, limitations, covenants, conditions, restrictions, and easements shall constitute covenants and encumbrances 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 right, title, or interest in or to any part of the Property or the Project.

ARTICLE 1.
DEFINITIONS

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

1.1 Articles: The Articles of Incorporation of the Association as restated or amended from time to time.

1.2 Assessment: That portion of the cost of maintaining, improving, repairing, operating, insuring and managing the Common Area (or otherwise needed for the administration or management of the Project) which is to be paid by the Lot Owners as determined by the Association under this Master Declaration. Assessments may be designated as Regular Assessments, Extraordinary Assessments, or Special Assessments, as those terms are more specifically defined in Article 6 of this Master Declaration.

1.3 Association: MACKENZIE BEACH HOMEOWNERS ASSOCIATION, a Washington nonprofit corporation, formed by Declarant in conjunction with the creation of the Project, the Members of which shall be the Owners of Lots in the Project as provided herein. The existence of the Association under this Master Declaration shall be without prejudice to the establishment of sub-associations charged

with administering special requirements of particular Phases.

1.4 Board or Board of Directors: The governing body of the Association.

1.5 Bylaws: The Bylaws of the Association as restated or amended from time to time.

1.6 Common Area: The private streets, open spaces, and all other property owned, operated, and/or maintained by the Association for the benefit of all Lots and their Owners.

1.7 Common Expenses: The actual and estimated expenses of maintenance, improvement, repair, operation, insurance and management of the Common Area and of administering the Association and the Project, and any reasonable reserve for such purposes as determined by the Board, and all sums designated as Common Expenses by or pursuant to the Project Documents.

1.8 Declarant: Mackenzie Bay Properties, a Washington General Partnership, and its successors-in-interest and assigns with respect to the entire Project, but excluding independent third parties purchasing completed Lots.

1.9 Developer: A single person or entity acquiring more than two (2) Lots for purposes of constructing improvements thereon for sale to a third parties, and who shall be designated as a "Developer" by the Declarant in its discretion.

1.10 Director: A member of the Board of Directors of the Association.

1.11 Lot: Any separately numbered parcel of land shown on the Plat as a buildable parcel, intended for sale to and use and enjoyment by an Owner (excluding areas designated on the Plat as Common Area).

1.12 Master Declaration: This Master Declaration of Covenants, Conditions and Restrictions, as it may be amended from time to time.

1.13 Member: A person entitled to membership in the Association as provided herein.

1.14 Mortgage: Includes a recorded mortgage, deed of trust, real estate contract, or other instrument creating a security interest in any Lot.

1.15 Mortgagee: Includes a mortgagee, beneficiary or holder of a deed of trust, real estate contract vendor, or other holder of a mortgage (including Declarant or Declarant's assignee with respect to any purchase-money security interest retained by Declarant on sale of any Lot).

1.16 Mortgagor: Includes a mortgagor, the trustor of a deed of trust, real estate contract vendee or other individual granting a security interest in any Lot.

1.17 Owner or Owners: The record holder or holders of 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 recorded contract of sale to a purchaser, the purchaser, rather than the fee owner, shall be considered the "Owner".

1.18 Person: Any individual or any corporation, joint venture, limited partnership, partnership, firm, association, trust, or other similar entity or organization.

1.19 Project Documents: This Master Declaration, the Final plat map, and the Articles, Bylaws and Rules and Regulations of the Association, as each shall be restated or amended from time to time.

1.20 Property: The land described in Recital A (Exhibit "A") in this Master Declaration, together with all buildings, improvements or structures thereon, and every easement or right appurtenant thereto, and all personal property intended for use in connection therewith or for the use, benefit or enjoyment of the Owners.

ARTICLE 2.

VOTING RIGHTS AND ASSOCIATION. ADMINISTRATION. MEMBERSHIP

2.1 Organization of Association. The Association is or shall be incorporated under the name of MACKENZIE BEACH HOMEOWNERS ASSOCIATION, as a nonprofit corporation under the Washington Nonprofit Corporation Act.

2.2 Duties and Powers. The duties and powers of the Association are those set forth in this Master Declaration, and in the Articles and Bylaws, together with its general and implied powers as a nonprofit corporation, generally to do any and all things that a nonprofit corporation organized under the laws of the State of Washington may lawfully do and which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in this Master Declaration, the Articles and Bylaws.

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

2.4 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 or her name to the purchaser of the 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 shall be null and void.

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

2.5.1 Class A Membership. Class A Membership shall be that held by each Owner of a Unit other than Declarant or a builder, and each Class A Member shall be entitled to one (1) vote for each Unit owned. If a Unit is owned by more than one (1) person each such person shall be a Member of the Association, but there shall be no more than one (1) vote for each unit. Fractional voting with respect to a particular Unit shall not be allowed, and if the Owner of a Unit present at a meeting of the Association in person or by proxy, cannot agree on how their vote should be cast, no vote shall be cast with respect to that Unit.

2.5.2 Class B Membership. Class B Membership shall be that held by Declarant (or its successor-in-interest) who shall be entitled to three (3) votes for each Unit 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:

a) When the total outstanding voting power held by Class A Members in a particular Phase equals the total outstanding voting power (tripled as above) held by the Class B Member; or

b) On the fifth anniversary of the recordation of this Declaration or of the Declaration of Annexation for the most recently annexed Phase of the Project.

2.6 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.

2.7 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. The Board of Directors shall be elected by the Members according to the Bylaws; provided that, for so long as the Declarant retains a substantial ownership interest in the Project (as provided in the Bylaws), the Declarant shall reserve the right to control the Board by appointing a majority of the Directors.

2.8 Use of Agent. The Board of Directors, on behalf of the Association, may contract with a professional management agent for the management and oversight of maintenance and repair of the Common Area, and for conducting other activities on behalf of the Association, as may be determined by the Board. Any contract for professional management services must contain term and termination provisions, and must allow termination without penalty, on advance notice of not more than ninety (90) days, and shall otherwise be subject to such limitations as may be set forth in the Bylaws.

Notwithstanding the foregoing, where the Declarant holds at least 15% of the total voting power of the Association, the Board may contract with the Declarant or an affiliate of the Declarant, for management services, without regard to the term and termination provisions above, in such event, the agreement shall be reasonably standard in the industry.

2.9 Sub-associations. Nothing in this Master Declaration shall preclude the Declarant or any Developer or the Owners from establishing one or more separate Sub-associations for purposes of administering special requirements of a particular Phase. However, the establishment of such a Sub-association shall have no effect on the rights and obligations of Owners and Lots under this Master Declaration or the remaining Project Documents, without the written approval of the Declarant (so long as the Declarant has any interest in the Project or in any Potential Annexation Property) and the Board of the Association.

ARTICLE 3. RIGHTS IN COMMON AREA

3.1 Common Area. The Common Area shall include all park areas, private road, community dock, and other common improvements within the Property as defined through easements and all easement rights and equipment necessary to the operation and maintenance of such areas, as set forth in Paragraph 1.6 above. Each Lot Owner shall have a nonexclusive right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the lawful rights of any other Lot Owners, subject to rules and regulations enacted by authority of the Board as provided herein.

3.2 No Separate Conveyance of Rights. The right of each Owner to use the common Area shall be appurtenant to such Owner's Lot, and may not be assigned or conveyed. The Common Area shall be dedicated to the exclusive use and enjoyment of the Owners' of Lots within the Project (and their

guests and invitees); shall have no independent value; and shall not be converted to any use other than as Common Area, or sold or transferred without the prior written consent of Spokane County. To the extent possible, the Declarant and the Association shall take all reasonable measures to assure that the Common Area is not separately assessed for real estate tax purposes, but that the value of the use and enjoyment of the Common Area shall be reflected in the assessment of the individual Lots.

3.3 Regulation of Common Area Use. The rights and easements of use and enjoyment of the Common Area created by this Master Declaration shall be subject to such rules and regulations as may be adopted by the Board of Directors from time to time.

3.4 Damage by Member. Each Owner shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper use of such Common Area by the owner of any family member, guest, tenant, employee or invitee of the Member. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association. The cost of correcting the damage, to the extent not reimbursed to the Association by insurance, shall be a Special Assessment against the Lot and may be enforced as provided hereby for the enforcement of other Assessments.

ARTICLE 4. ARCHITECTURAL CONTROL

4.1 Prohibition of Alteration and Improvement. Subject to the exemption of Declarant hereunder, no building, sign, fence, wall, landscaping, or other improvement or structure of any kind, which would be visible from the public right of way or any other area outside of any Lot itself, shall be constructed, installed, painted or maintained upon the Property, nor shall any alteration or improvement of any kind be made thereto unless and until the same has been approved in writing by the Architectural Control Committee (the "Committee") appointed as provided in this Article.

4.2 Plans and Approval. Plans and specifications showing the nature, kind, shape, color, size, materials and location of any such improvements or alterations, shall be submitted to the Committee for approval as to quality of workmanship and design.

4.3 Architectural Control Committee. Until the Declarant, in its discretion and in writing, turns over the function of architectural control to the Board, all functions of the Committee described in this Article shall be undertaken by the Declarant (or agents of the Declarant appointed for such purpose). Once turned over to the Board, such functions shall be undertaken by the Board, unless and until the Board determines to appoint an independent Committee. If a Committee is thereafter appointed, all members thereof shall be appointed by the Board from the membership of the Association. There shall be not less than three (3) nor more than five (5) members of the Committee, as determined by the Board.

The members of the committee shall receive no compensation for services rendered, other than reimbursement for authorized expenses incurred by them in the performance of their duties hereunder. Neither the Committee nor any member of the Committee shall be liable in damages or otherwise for decisions made in good faith pursuant to the authority granted in this Article.

4.4 Architectural Guidelines. It is the intent of this Master Declaration to create a community with architectural quality and harmony of design and appearance as determined by the Committee. In furtherance of this objective, the Committee shall have the authority to adopt Architectural Guidelines, and to augment, amend, or otherwise modify such Guidelines from time to time; provided that they shall at all times be consistent with the remaining Project Documents and building restrictions imposed by law.

4.5 Construction Completion Requirements. Any dwelling or other structure erected or placed on any Lot shall be completed as to external appearance, including finished painting and front and side yard landscaping, pursuant to approved plans and specifications, as soon as reasonably practicable, and in any case within 18 months from the date of commencement of construction. Rear yard landscaping must be completed within one (1) year of initial occupancy.

ARTICLE 5
REPAIR AND MAINTENANCE

5.1 Repair and Maintenance Rights and Duties of Association. Subject to provisions in this Master Declaration pertaining to eminent domain and destruction of improvements, the Association shall maintain, repair and replace the Common Area, Community Dock, Private Roadways, Drainage swales and all elements thereof, or shall contract for such maintenance, repair and replacement and keep in good condition, reasonable wear and tear excepted.

Additionally, in the event an Owner fails to maintain his or her Lot as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Property, the Board may notify the Owner of the work required and request it be done within sixty (60) days from the giving of such notice. In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner, and, if necessary, lien his or her Lot for the amount thereof.

For the purpose of performing the maintenance, repair or replacement of the Common Area and Drainage Swales as authorized by this Article, or for purposes of making emergency repairs necessary to prevent damage to the Common Area or to any Lots, or for any other purpose reasonably related to the performance by the Board, of its responsibilities under this Master Declaration, the Board (and its agents and employees) shall have the irrevocable right, after reasonable notice to the Owner, and at reasonable hours, to enter upon any Lot.

5.2 Repair and Maintenance Rights and Duties of Owners. Except for those portions of the Project which the Association is required or elects to maintain and repair, each Lot Owner shall, at his or her sole cost and expense, maintain and repair his or her Lot and all improvements thereon, keeping the same in good condition.

ARTICLE 6.
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Project, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following Assessments, which shall be established and collected as provided herein:

- a. Regular Assessments;
- b. Utility and Private Road Assessment;
- c. Extraordinary Assessments; and
- d. Special Assessments.

All Assessments, together with interest, costs, penalties 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 recordation of a Notice of Assessment Lien by the Board as required by law (and limited in duration as provided by law). Each such Assessment, together with interest, costs, penalties 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 or herself from liability for his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or any other part of the Project, or by the abandonment of his or her Lot.

6.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of all the Owners of Lots in the entire Project and/or for the operation, maintenance, improvement, repair, and replacement of the Common Area for the common good of the Project.

6.3 Regular Assessments. Until a new assessment shall be established according to this Master Declaration, immediately following the closing of the sale of the first Lot in the Project, the annual maximum Regular Assessment per Lot shall be such amount as is set forth in the Project budget prepared by Declarant, payable in installments as determined by the Board. Each Lot's share for the first 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 maximum annual Regular Assessment against each Lot, on a yearly basis, at least thirty (30) days in advance of the effective date of the new assessment; provided, however, that the maximum annual Regular Assessment may not be increased by more than twenty percent (20%) above the maximum annual Regular Assessment for the immediately preceding year, without the vote or written assent of a majority of the total voting power of the Association (plus the consent of the Declarant, where the Declarant holds at least 15% of the total voting power of the Association).

6.4 Private Road Assessment. In addition to the Regular Assessment above the Board may levy a Private Road Assessment. The Private Road Assessment shall apply only to those lots which are located on private roads and shall cover the cost of snow removal, street cleaning, routine street maintenance and long term street repair of the private roads. Each lot located on a private road shall pay an equal amount for the Private Road Assessment as established by the Board. A portion of the common area benefits from the private roads, which serve said common areas. The Board shall prepare a formula for allocating a portion of these private road costs as part of the Regular Assessment. In the absence of a formula approved by the Board, five percent (5%) of the private road costs shall be allocated to and included within the Regular Assessment.

6.5 Extraordinary Assessments. In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, an Extraordinary 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 element of the Common Area, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated Regular Assessment; provided, however, that the aggregate Extraordinary Assessments for any fiscal year shall not exceed twenty percent (20%) of the budgeted gross expenses of the Association (excluding reserves) for that fiscal year, without the vote or written assent of a majority of the total Voting power of the Association (plus the consent of the Declarant, where the Declarant holds at least 15% of the total voting power of the Association).

6.6 Special Assessments. In addition to the Regular and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitation as to amount or frequency) against an individual Lot and its Owner to reimburse the Association for costs incurred in

bringing that Owner and his or her Lot into compliance with the provisions of the Project Documents, including interest, penalties, actual attorneys' fees and costs. In addition a Special Assessment may be imposed on an existing lot owner for the transfer of Association membership upon the sale of any property within the Project to differ the costs incurred by the Association in transferring membership and providing Association information to the new member.

6.7 Allocation of Assessments. Each residential Lot, including Lots owned by Declarant, shall bear an equal share of each aggregate Regular and Extraordinary Assessment (subject to the right of the Declarant to defer the commencement of Assessments against Lots owned by the Declarant or any Developer as provided in Paragraph 6.8 below).

6.8 Date of Commencement of Assessment: Due Dates. The Regular Assessments provided for herein shall commence as to all Lots in the Project on the first day of the month following closing of the sale of the first Lot in the Project. Due dates of Assessments shall be the first day of every calendar month, or otherwise as ordered by the Board. No notice of such Assessment shall be required other than an annual notice setting forth the amount and frequency of the Assessment for the following year.

Notwithstanding the foregoing, Declarant shall have the right to defer the commencement of assessments with respect to any Lot owned by Declarant or a Developer, until the earlier of: (i) the occupancy of the improvements on such Lot; or (ii) two (2) years from the date of completion of the improvements on the Lot. This exemption shall only apply to such portion of the Assessments which pertains to operation, maintenance, repair, and insurance of the Common Area, and shall be available only for so long as the Declarant and/or the Developers subsidize all actual maintenance and repair of the Common Area to the extent such maintenance and repair is not covered by Assessments against Lots not owned by the Declarant or Developers.

6.9 Working Capital Fund. A working capital fund shall be established to meet unforeseen expenditures or to purchase any additional equipment or services reasonably required in the discretion of the Board, with the fund to be established by deposits at the closing of the conveyance of each Unit, in the amount of at least Two Hundred Fifty Dollars (\$250.00) paid by the seller and Two Hundred Fifty Dollars (\$250.00) paid by the buyer, and an additional amount, paid by the buyer, equal to one month's Regular Assessment at the time of the conveyance. Amounts paid into the fund are reserve funds under Paragraph 6.2, above, and are not advance payments of the monthly Regular Assessments. The working capital fund shall be transferred to the Association for deposit to a segregated account when control of the Association is transferred to the Owners. The Declarant has no right to use the working capital fund to defray any of its expenses, reserve contributions, or construction costs, or to make up any budget deficits during the period of Declarant Control.

6.10 Transfer of Unit by Sale or Foreclosure. Upon any sale or transfer of a Lot, the transferor shall pay a transfer fee to the Association in the amount of One Hundred Dollars (\$100) in order for the Association to pay for the document preparation and processing necessary to update the Association's records. The sale or transfer of any Lot does not affect any Assessment lien, or relieve the Lot from any liability, whether the lien pertains to payments becoming due prior or subsequent to such sale or transfer, and any lien shall have the prior set forth in R.C.W. 64.34.364. Notwithstanding the foregoing, if the sale or transfer of any Lot pursuant to foreclosure or by deed in lieu of foreclosure of a recorded first mortgage given in good faith and for value extinguishes a lien of any Assessments, such sale or transfer pursuant to mortgage foreclosure will not affect the personal liability of the Owner or former Owner for unpaid Assessments. Any Assessments for which the liens are extinguished are deemed to be Common Expenses collectible from all of the Lots including the Lots for which the lien was extinguished. In a voluntary conveyance of a Lot, the grantee of the same is jointly and severally liable with the grantor for all unpaid Assessments by the Association

against the latter for the grantor's share of the Common Expenses (and for his obligation for individual

6.11 Enforcement of Assessment Obligation: Priorities: Discipline. If any part of any Assessment is not paid and received by the Association or its designated agent within ten (10) days after the due date, an automatic late charge equal to ten percent (10%) of the Assessment (but not less than \$25.00) shall be added to and collected with the Assessment. Additionally, 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, the total unpaid Assessment (including the late charge) shall thereafter bear interest at the rate of eighteen percent (18%) per annum until paid. Each unpaid Assessment, whether Regular, Extraordinary or Special, shall constitute a lien on each respective Lot prior and superior to all other liens recorded subsequent to the recordation of the Notice of Assessment Lien, except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (2) labor or material men's liens arising under Washington law (timely and duly filed) if the legal effective date is prior to the recording of the Notice of Assessment Lien. Such lien, when delinquent, may be enforced by sale by the Association (acting through the Board), its attorney or other person authorized by this Master 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 (with the Board having the right and authority to appoint an independent trustee), or by judicial foreclosure as a mortgage, or by 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, encumber and convey the same. The foreclosing party shall have the right to reduce or eliminate any redemption rights of the defaulting Owner as allowed by law. Suit to recover a money judgment for unpaid Assessments, rent, interest, costs, penalties, 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.

6.12 Payment of Taxes Assessed Against Common Area or Personal Property of Association. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Lots, said taxes shall be included in the Assessments made under the provisions of this Article, and, if necessary, an Extraordinary Assessment may be levied against the Lots in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.5 above).

ARTICLE 7. EASEMENTS AND UTILITIES

7.1 Common Area Easements. Declarant expressly reserves for the benefit of the Board of Directors and all agents, officers and employees of the Association, nonexclusive easements as necessary to maintain and repair the Common Area, and to perform all other tasks in accordance with the provisions of this Master Declaration.

7.2 Encroachment and Utility Easements. Each Lot within the Property is hereby declared to have an easement over all adjoining Lots for the purpose of accommodating any encroachment due to engineering errors, errors in original construction or reconstruction, repair, shifting, settlement or other movement of any portion of the improvements. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners.

Declarant also expressly reserves for the benefit of itself and its successors-in-interest and assigns, including the Association, easements over and under the entire Property (together with the right to grant and transfer the same) for the installation, repair, and maintenance of sanitary sewer, water, drainage facilities, electric, gas, telephone, television and other utility lines and services, as may be deemed appropriate to service the Project. Declarant and its successors-in-interest and assigns, expressly reserves the right to grant to Spokane County, Avista Utilities, Comcast Cable Services, and Qwest Communications such written easements as may be necessary for the installation, maintenance, and repair of utility facilities.

7.3 Drainage Easements. Drainage facilities within the drainage easement areas as recorded shall be maintained by the Mackenzie Beach Homeowners Association in accordance with Spokane County's storm drainage standards. No alteration shall be allowed within the drainage easement area that is contrary to the storm drainage standards.

7.4 Owners' Rights and Duties With Respect to Utilities. The rights and duties of the Owners of Lots within the Project with respect to utilities shall be as follows:

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

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

7.4.3 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

ARTICLE 8. USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Property and each Lot therein is subject to the following:

8.1 Single-Family Residential Use. No residential Lot shall be occupied and used except for single-family residential purposes by the Owner and his or her family, or by a single-family tenant.

8.2 Animals. No animals shall be raised or maintained within any Lot, except that no more than two (2) cats and two (2) dogs may be kept on any Lot.

8.3 Temporary Structures. No trailer, tent, shack, camper, or other outbuilding or structure of a temporary nature shall be used as a residence. As used in this Paragraph the term "residence" shall mean

substantially continuous occupancy for any period of two (2) weeks or longer.

8.4 Accessory Buildings. Accessory buildings such as storage structures and detached garages, which are incidental to a primary residence, may be constructed only with the written consent of the Architectural Review Committee. The Committee may prohibit such structures.

8.5 Further Subdivision Prohibited. No Lot shall be further subdivided (other than in connection with the creation of a condominium regime if allowed by the Declarant). No Owner shall bring any action for partition or division of any Lot. Judicial partition by sale of a single Lot owned by two or more persons and division of the sale proceeds is not prohibited hereby (but physical partition of a single Lot is prohibited).

8.6 Lot Maintenance. Each Lot and all improvements and landscaping thereon shall be maintained in a clean, neat and orderly condition and in good repair at all times. All rubbish, trash and garbage shall be regularly removed from the Project, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers, which shall be kept screened and concealed from the view of other Lots and the public right of way.

8.7 Nuisances. No noxious, illegal, or offensive activities shall be carried on in any Lot, 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 or her respective Lot.

8.8 Vehicle and Equipment Restrictions. No utility trailer, boat trailer, camper or other trailer, mobile home, commercial vehicle, bus, truck (other than standard size pickup truck), inoperable automobile, boat, or similar equipment, and no Vehicle which is in an extreme state of disrepair, shall be permitted to remain on the street or on any Lot other than temporarily (as for purposes of loading and unloading of passengers or Personal property), unless placed within an enclosed garage or placed in the rear yard and screened from view. No noisy or off-road, unlicensed motor vehicles shall be maintained or operated upon the Property, except such recreational vehicles as may have been approved by the Board.

8.9 Sidewalks and Pathways. It shall be the responsibility of each Lot Owner to maintain the sidewalks, walkways, and paths that are located within their individual Lots. Maintenance shall include repairs, snow removal, and ensuring no obstructions or barriers exist across or adjacent to sidewalks and pathways.

8.10 Signs. Signs advertising Lots for sale or rent may be displayed on the Property without prior approval of the Board provided that such signs shall be of reasonable and customary size. Except as expressly permitted by this Paragraph, no signs shall be displayed to the public view on any Lots or on any portion of the property, unless first approved by the Architectural Control Committee in its discretion. Political signs are an expression of free speech and are permitted. Such signs shall be removed within 24 hours of the election for which they were intended.

8.11 Leasing of Lots. Any Owner may lease his or her Lot to any tenant or lessee under such terms and conditions as they may agree, except that no lease or rental agreement shall relate to less than the whole of any Lot (except in the case of a multi-family structure, such as an apartment building, or in the case of a multi-unit commercial Lot). Any lease or rental agreement shall be in writing and shall by its terms provide that it is subject in all respects to the Project Documents. Any failure by a lessee to comply with the terms of the Project Documents shall be a default under the lease, whether or not it is expressed therein, and the Owner shall be liable for any costs incurred which result from the lessee's actions.

8.12 Radio and Television Antennas. No Owner may be permitted to construct, use, or operate his own external radio or other electronic antenna without the consent of the Architectural Review Committee. All "Dish" antennas shall be approved for size and shall be located in a non-conspicuous location as designated by the Architectural Review Committee.

8.13 Cloths Lines. No exterior cloths lines shall be erected or maintained without the consent of the Architectural Review Committee.

8.14 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 this Master 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 Lot 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 Lot agrees to hold Declarant harmless there from.

ARTICLE 9. INSURANCE

9.1 Duty to Obtain Insurance: Types. The Association shall obtain and maintain the following policies of insurance:

a. Hazard Insurance. With respect to the Common Area, a policy of hazard insurance covering loss or damage to all parts of the Common Area in the amount of the full replacement value thereof, providing protection against all direct causes of loss. The policy shall name the Association (for the use and benefit of the individual Owners), as the named insured and shall contain the standard mortgage clause, naming the holders of first mortgages (and their successors and assigns) as the mortgagees.

b. Liability Insurance: With respect to the Common Area, a comprehensive general liability insurance policy with policy limits and endorsements deemed appropriate by the Board (but having a combined single limit of liability of not less than \$1,000,000.00), covering all occurrences relating to the operation of the Common Area.

c. Fidelity Bonds: If required by any first mortgagee, blanket fidelity bonds for anyone who either handles or is responsible for funds which are held or administered by the Association, whether or not they receive compensation for such services.

9.2 Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Directors, and the Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

9.3 Right and Duty of Owners to Insure. It is the responsibility of each Owner to provide insurance on all improvements and personal property located on his or her Lot. Nothing herein shall preclude any Owner from carrying any public liability insurance as he or she deems desirable to cover his or her individual liability for damage to persons or property occurring on his or her individual Lot or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on

behalf of the Association shall occur, and the proceeds payable there under shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him or her to the Association to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.5 Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be canceled, terminated or expired by their terms, without thirty (30) days prior written notice to the Board, Declarant, Owners and their respective first mortgagees (provided that such persons shall have filed written requests with the carrier for such notice)

9.6 Insurance Premiums. Insurance premiums for any policies carried by the Association shall be a Common Expense to be included in the Regular Assessments levied by the Association and collected from the Owners.

9.7 Trustee for Policies. The Association, acting through the Board, is hereby appointed and shall be deemed trustee of the interests of all named insured under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Paragraph 9.1 above shall be paid to the Board as Trustee.

ARTICLE 10. DESTRUCTION OF IMPROVEMENTS

10.1 Damage to Common Area. In the event of any destruction of any element of the Common Area, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof shall be used for such purpose, unless otherwise provided herein.

It shall be presumed that the Association is authorized to levy an Extraordinary Assessment to collect any expense of restoration and repair not covered by insurance, and to proceed forthwith with the restoration and repair. However, within thirty (30) days of the date of destruction, by the vote or written consent of the Declarant (so long as the Declarant owns any Lot) and not less than seventy-five percent (75%) of the total voting power of the Owners other than the Declarant, together with the approval of at least seventy-five percent (75%) of the first mortgagees of record, the Owners may decide to proceed other than by restoring and repairing the Common Area.

10.2 Damage to Lots. Restoration and repair of any damage to the improvements on any individual Lot shall be made by and at the individual expense of the Owner of the Lot so damaged. Such repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee as provided herein.

ARTICLE 11. EMINENT DOMAIN

11.1 Taking of Lots. In the event of any taking of any Lot in the Project by eminent domain (including actual condemnation or sale under threat of condemnation), the Owner of such Lot shall be entitled to receive the award for such taking (subject to the rights of any mortgagee thereof), and after acceptance thereof, he or she and the mortgagee(s) of the Lot shall be divested of all interest in the Project if such Owner shall vacate the Lot as a result of such taking. The remaining portion of the Project shall be resurveyed, if necessary, and this Master Declaration shall be amended to reflect such taking and to

readjust the interests of the remaining Owners in the Project.

In the event of a taking by eminent domain of more than one Lot at the same time, the Board shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where Lots are not valued separately by the condemning authority or by the court. In the event any Lot Owner disagrees with the proposed allocation, he or she may have the matter submitted to arbitration under the rules of the American Arbitration Association.

11.2 Taking of Common Area. In the event of any taking of all or any portion of the Common Area by eminent domain (including actual condemnation or sale under threat of condemnation), the Association shall be entitled to receive the award for such taking. The proceeds of the condemnation shall be used to restore and repair the Common Area as necessitated by the taking. However, within thirty (30) days of the date of the taking, by the vote or written consent of the Declarant (so long as the Declarant owns any Lot) and not less than seventy-five percent (75%) of the total voting power of the Owners, together with the approval of at least seventy-five percent (75%) of the first mortgagees of record, the owners may decide to proceed other than by restoring and repairing the Common Area.

ARTICLE 12. RIGHTS OF MORTGAGEES

In order to induce various lenders and lending agencies, including without limitation, The Mortgage Corporation ("TMC"), the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA"), the Veterans Administration ("VA") and/or the Federal Housing Administration ("FHA") to participate in the financing of the sale of residential Lots within the Project, this Article 12 is included in this Master Declaration. To the extent these added provisions, pertaining to the rights of such lenders and lending agencies conflict with any other provisions of this Master Declaration or any other of the Project Documents, these added restrictions shall control. For purposes of this Article 12, the terms "Eligible Holder" and "Eligible Insurer or Guarantor" refer to a holder, insurer or guarantor of any first mortgage on a Lot, who has provided a written request to the Association, to be notified of any proposed action requiring the consent of a specified percentage of such holders, insurers, or guarantors.

12.1 Notwithstanding any other provision of Project Documents, no amendment or violation of the Project Documents shall operate to defeat or render invalid the rights of any mortgagee of a Lot made in good faith and for value, provided that after the foreclosure of any such mortgage, such Lot shall remain subject to the Project Documents.

12.2 Each first mortgagee of a mortgage encumbering any residential Lot, which obtains title to such Lot pursuant to judicial foreclosure or the powers provided in such mortgage, shall take title to such Lot free and clear of any claims for unpaid Assessments or charges against such Lot which accrued after the time such mortgagee recorded its mortgage, and prior to the time such mortgagee acquires title to such Lot.

12.3 First mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours; (2) require from the Association the submission of financial reports and other financial data (audited in the discretion of the Board); (3) receive written notice of all meetings of the Owners; and (4) designate, in writing, a representative to attend all such meetings.

12.4 Each Owner hereby authorizes the first mortgagee of a first mortgage on his or her Lot to furnish information to the Board concerning the status of the first mortgage and the loan which it secures.

12.5 Lot Owners shall have the right to amend the Project Documents in accordance with Article 13 below, subject to the rights of Eligible Holders to participate in the amendment process as provided in this Paragraph. Amendments of a material nature shall be agreed to by (i) the Declarant (so long as the Declarant owns any Lot in the Project); (ii) Lot Owners representing at least sixty-seven percent (67%) of the total allocated votes in the Association, excluding votes held by the Declarant; and (iii) Eligible Holders representing at least fifty-one percent (51%) of the votes of residential Lots that are subject to mortgages held by Eligible Holders. A change to any of the provisions governing the following would be considered as material:

Voting rights; Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens; Reductions in reserves for maintenance, repair and replacement of the Common ' Area; Responsibility for maintenance and repairs; Reallocation of rights in the Common Area; Redefinition of any Lot boundaries; Convertibility of Lots into Common Area or vice-versa; Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project; Hazard or fidelity insurance requirements; Imposition of any restrictions on the leasing of Lots; Imposition of any restrictions on a Lot Owner's right to sell or transfer his or her Lot, insurance, as the case may be, by such entities of first mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their residential Lots, if such agencies approve the property as a qualifying Project under their respective policies, rules and regulations, as adopted from time to time. A decision by the Association to establish self-management if professional management had been required previously by the project Documents or by an Eligible Holder; Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Project Documents; Any provisions that expressly benefit mortgage holders, insurers or guarantors.

12.6 Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs shall be agreed to by: (i) the Declarant (so long as the Declarant owns any Lot in the Project); (ii) Lot Owners representing at least sixty-seven percent (67%) of the total allocated votes in the Association, excluding votes held by the Declarant; and (iii) Eligible Holders representing at least fifty-one percent (51%) of the votes of residential Lots that are subject to mortgages held by Eligible Holders.

When Lot Owners are considering termination of the legal status of the Project for reasons other than substantial destruction or condemnation, approval must be obtained from Eligible Holders representing at least sixty-seven percent (67%) of the votes of residential Lots that are subject to mortgages held by Eligible Holders.

12.7 Implied approval of an Eligible Holder under Paragraph 12.5 or 12.6 may be assumed when the Eligible Holder fails to submit a response to any written proposal for an amendment or for termination of the legal status of the Project, within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested.

12.8 Each Eligible Holder and each Eligible Insurer or Guarantor, upon written request therefore, is entitled to timely written notice of the following:

- a. Any condemnation or casualty loss that affects either a material portion of the Project or the Lot securing its mortgage;

b. Any sixty (60) day delinquency in the payment of assessments or charges owed by the owner of any Lot on which it holds the mortgage;

c. A lapse, cancellation or material modification of any insurance policy maintained by the Association; and

d. Any proposed action that requires the consent of a specified percentage of Eligible Holders.

12.9 In addition to the foregoing, the Board shall have the power and authority, without the vote of the Association, to enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, FHA, TMC, the FNMA or the GNMA or any similar entity.

ARTICLE 13. DURATION AND AMENDMENT

13.1 Duration. This Master Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods often (10) years, unless a Declaration of Termination is recorded, meeting the requirements of a material amendment to this Master Declaration as set forth in Paragraph 13.2.

13.2 Amendment Procedures. Notice of the subject matter of proposed amendment to this Master Declaration, in reasonably detailed form, shall be included in the notice of any meeting of the Association at which the proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at a meeting of the Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members representing not less than eighty percent (80%) of the total voting power of the Association (plus the consent of the Declarant, where the Declarant holds at least 15% of the total voting power of the Association).

Notwithstanding the foregoing, the following special voting provisions shall apply:

a. Amendments of a material nature shall be enacted in compliance with the provisions of Article 12 of this Master Declaration;

b. The specified percentage of the voting power necessary to amend a specified provision of this Master Declaration shall be not less than the percentage of affirmative votes prescribed for action to be taken under that provision; and

c. The Declarant shall have the right to amend this Declaration, without the vote or consent of the membership, where required by an agreement for the benefit of one or more Project lenders, as contemplated under Paragraph 12.9; above.

A certificate, signed and sworn to by two (2) officers of the Association, that the record Owners of the required number of Lots (and the required number of first mortgagees, where applicable) have either voted for or consented in writing to any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years.

ARTICLE 14.
DECLARANT'S RIGHTS AND RESERVATIONS

Declarant is undertaking the work of construction of the Project. The completion of that work and the sale, rental, and other disposal of the Lots are essential to the establishment and welfare of the Property, in order that said work may be completed and said Property be established as a fully occupied project as rapidly as possible, nothing in this Master Declaration shall be understood or construed to:

14.1 Prevent Declarant or any Developer, or their respective contractors or subcontractors from doing on the Property or within any Lot, whatever is reasonably necessary or advisable in connection with the completion of the work; or

14.2 Prevent the Declarant from designating a particular Lot as a commercial Lot (in the appropriate plat map or in the Declaration of Annexation), and making such special provisions relating to the operation of the commercial Lot as the Declarant may deem appropriate, including the imposition of special conditions on the commercial Lots and/or exempting the commercial Lot from provisions of this Master Declaration; or

14.3 Prevent Declarant or any Developer or their representatives from erecting, constructing and maintaining on any part or parts of the Property, such structures as may be reasonable and necessary for the conduct of their business of completing said work and establishing said Property as a mixed use residential development project, and disposing of the Lots by sale, lease or otherwise; or

14.4 Prevent Declarant or any Developer from maintaining such sign or signs on any of the Property as may be necessary for the sale, lease or disposition thereof.

So long as Declarant, its successors-in-interest and assigns, owns one or more of the Lots established and described in this Master Declaration, and except as otherwise specifically provided herein. Declarant, its successors and assigns, shall be subject to the provisions of this Master Declaration.

In the event Declarant shall convey all of its right, title and interest in and to the Property to any third person, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such third person shall be obligated to perform all such duties and obligations of the Declarant.

ARTICLE 15
GENERAL PROVISIONS

15.1 Enforcement. The Association (acting through the Board), any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Master Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court. Any such action by the Association shall be taken on behalf of two (2) or more Lot Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Area or more than one Lot. Failure by any such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

15.2 Invalidity of Any Provision. Should any provision of this Master Declaration be declared invalid or in conflict with any law of the jurisdiction where the Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

15.3 Conflict of Project Documents. If there is any conflict among or between the Project Documents, the provisions of this Master Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: the Plat; Articles; Bylaws; and Rules and Regulations of the Association. Notwithstanding the foregoing, any provision in any of the Project Documents which is for the protection of mortgagees shall have priority over any inconsistent provision in that document or in any other Project Document.

The undersigned, being the Declarant herein, has executed this Master Declaration on January 7th, 2010.

DECLARANT:

MACKENZIE BAY PROPERTIES

By Liberty Lake Conservation Partners, LLC, Managing Partner

By: _____
JAMES M. FRANK, Manager

Exhibit A

Parcel 1

A portion of Government Lot 1 in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 26°52'10" W 887.15 feet to an existing 1½" pipe in concrete, thence S 0°13'56" W 17.34 feet to a point on the ordinary high water line of Liberty Lake and the POINT of BEGINNING, thence N 0°13'56"E 17.34 feet, thence continuing N 0°13'56"E 113.36 feet, thence N 27°43'22"E 89.55 feet, thence S 85°51'16"W 101.64 feet, thence N 89°41'59"W 99.76 feet to a point on the west line of Government Lot 1 as staked in the field, thence N 0°18'10"W 44.43 feet along said west line, thence N 89°41'50"E 100.18 feet, thence N 49°36'12"E 167.10 feet, thence S 37°53'45"E 64.59 feet, thence S 56°24'11"E 95.47 feet, thence S 23°39'02"W 298.35 feet to a point on the ordinary high water line of Liberty Lake from which the POINT of BEGINNING bears N 73°01'08" W 70.85 feet, thence northwesterly along said ordinary high water line to the POINT of BEGINNING.

Parcel 2

A portion of Government Lot 1 in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 23°51'51" W 823.77 feet to a point on the ordinary high water line of Liberty Lake and the POINT of BEGINNING, thence N 23°39'02" E 298.35 feet, thence S 66°15'24" E 97.87 feet, thence S 28°01'10" W 300.46 feet to a point on the ordinary high water line of Liberty Lake, from which the POINT of BEGINNING bears N 65°17'00" W 75.00 feet, thence northwesterly along said ordinary high water line to the POINT of BEGINNING.

Parcel 3

A portion of Government Lot 1 in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 16°04'55" W 715.82 feet to a point on the ordinary high water line of Liberty Lake and the POINT of BEGINNING, thence N 32°37'19" E 307.67 feet, thence N 66°15'24" W 100.04 feet, thence S 28°01'10" W 300.46 feet to a point on the ordinary high water line of Liberty Lake, from which the POINT of BEGINNING bears S 62°55'35" E 75.08 feet, thence southeasterly along said ordinary high water line to the POINT of BEGINNING.

Parcel 4

A portion of Government Lot 1 in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 16°04'55" W 715.82 feet to a point on the ordinary high water line of Liberty Lake and the POINT of BEGINNING, thence N 32°37'19" E 307.67 feet, thence S 66°15'24" E 97.86 feet, thence S 36°27'48" W 323.79 feet to a point on the

ordinary high water line of Liberty Lake, from which the POINT of BEGINNING bears N 57°09'37" W 75.00 feet, thence northwesterly along said high water line to the POINT of BEGINNING.

Parcel 11

A portion of Government Lot 1 in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 15°57'03" W 1155.25 feet to the POINT of BEGINNING, thence N 16°08'57"E 184.68 feet, thence S 64°26'34"E 264.53 feet, thence S 27°19'38"W 210.28 feet, thence N66°15'24"W 98.87 feet, thence N 56°24'11"W 95.47 feet thence N 37°53'45"W 39.68 feet to the POINT of BEGINNING.

Parcel 12

A portion of Government Lot 1 and the northwest quarter of the southwest quarter in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 15°57'03" W 1155.25 feet, thence N 16°08'57"E 184.68 feet to the POINT of BEGINNING, thence S 64°26'34"E 264.53 feet, thence N 27°19'38"E 70.48 feet to a 300.00 foot radius curve to the right, through a central angle of 13°16'04" an arc length of 69.47 feet, thence N 40°35'42"E 24.18 feet, thence N 63°07'15"W 311.29 feet, thence S 16°08'57"W 171.86 feet to the POINT of BEGINNING.

Parcel 13

A portion of Government Lot 1 and the northwest quarter of the southwest quarter in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 15°57'03" W 1155.25 feet, thence N 16°08'57"E 356.54 feet to the POINT of BEGINNING, thence S 63°07'15"E 311.29 feet, thence N 40°35'42"E 71.74 feet to a 125.00 foot radius curve to the left through a central angle of 27°19'46" an arc length of 59.62 feet, thence N 13°15'56"E 9.92 feet to a 125.00 foot radius curve to the right through a central angle of 19°35'27" an arc length of 42.74 feet, thence N 64°26'34"W 347.05 feet, thence S 19°33'16"W 154.66 feet, thence S 16°08'57"W 20.65 feet to the POINT of BEGINNING.

Parcel 14

A portion of Government Lot 1 in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 15°57'03" W 1155.25 feet, thence N 16°08'57"E 184.68 feet, thence S 64°26'34"E 264.53 feet, thence S 27°19'38"W 10.00 feet to the POINT of BEGINNING, thence S 64°26'34"E 228.98 feet, thence S 36°27'48"W 197.48 feet, thence N 66°15'24"W 197.90 feet, thence N 27°19'38"E 200.28 feet to the POINT of BEGINNING.

Parcel 15

A portion of Government Lot 1 in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 15°57'03" W 1155.25 feet, thence N 16°08'57" E 184.68 feet, thence S 64°26'34" E 264.53 feet, thence S 27°19'38" W 10.00 feet to the POINT of BEGINNING, thence N 27°19'38" E 80.48 feet to a 300.00 foot radius curve to the right, through a central angle of 13°16'04" an arc length of 69.47 feet, thence N 40°35'42" E 24.18 feet, thence S 59°52'27" E 240.37 feet, thence S 36°27'48" W 156.04 feet, thence N 64°26'34" W 228.98 feet to the POINT of BEGINNING.

Parcel 16

A portion of Government Lot 1 and the northwest quarter of the southwest quarter in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, described as follows:

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 15°57'03" W 1155.25 feet, thence N 16°08'57" E 356.54 feet, thence S 63°07'15" W 311.29 feet to the POINT of BEGINNING, thence N 40°35'42" E 71.74 feet to a 125.00 foot radius curve to the left through a central angle of 27°19'46" an arc length of 59.62 feet, thence N 13°15'56" E 9.92 feet to a 125.00 foot radius curve to the right through a central angle of 3°22'43" an arc length of 7.37 feet, thence S 54°09'34" E 88.27 feet, thence S 71°27'59" E 170.06 feet to a point on the westerly right of way line of Lakeside Road, thence leaving said right of way S 36°27'48" W 173.43 feet, thence N 59°52'27" W 240.37 feet to the POINT of BEGINNING.

Tract 2

A portion of the northwest quarter of the southwest quarter in Section 24, Township 25 North, Range 45 East W.M., Spokane County, Washington, lying southerly of Lakeside Road and northerly and easterly of the following described line;

Commencing at the Meander Corner between Sections 24 and 25, from which the southeast corner of the southwest quarter bears N 90°00'00" E 2086.45 feet, thence N 15°57'03" W 1155.25 feet, thence N 16°08'57" E 377.19 feet, thence N 19°33'16" E 299.89 feet to a Point on the southerly right of way line of Lakeside Road and the POINT of BEGINNING, thence leaving said right of way S 19°33'16" W 145.23 feet, thence S 64°26'34" E 347.05 feet to a point on a non-tangent curve whose radius bears S 57°08'37" E 125.00 feet, thence southwesterly along said curve through a central angle of 19°35'27" an arc length of 42.74 feet, thence S 54°09'34" E 88.27 feet, thence S 71°27'59" E 170.06 feet to a point on the westerly right of way line of Lakeside Road and the terminus of this line description.