



**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
METHOW RIVER RANCH PHASE II**

A PRIVATE RESIDENTIAL COMMUNITY

This Declaration is made by the undersigned developer (hereinafter referred to as the "Declarant").

BACKGROUND

A. Declarant is the owner of real property located in Okanogan County and commonly known as Methow River Ranch Phase II, which property is legally described on Exhibit "A" to this Declaration.

B. Declarant desires to develop a private, residential community. That real property described on Exhibit "A" shall be subject to these covenants. At any time prior to all Lots being sold to third parties, or retained for ownership by Declarant, Declarant may amend the Declaration and add other divisions to the Declaration. Any reference in the Declaration to the "Property" shall be a reference to that property described on Exhibit "A" to this Declaration.

C. Declarant desires to impose on the Property these protective covenants for the purpose of enhancing, protecting, preserving, and augmenting the natural environmental features of the Property, as well as protecting and preserving the wildlife on the Property in a manner that will benefit the Lot Owners' interest in the wildlife and yet allow for the orderly development of the Property. Declarant desires to provide the Property and the future owners and occupants of the Property with the mutual protection and benefits of having uniform protective covenants which will promote these goals.

D. Declarant will incorporate an owners' association to provide a means for meeting the purposes and intents set forth in this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the Property described above shall be held, sold, conveyed, and occupied subject to the following easements, restrictions, covenants, and conditions, all of which are for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Property, as well as the protection and preservation of wildlife now or hereafter located on the Property, or associated with it in any manner, as well as enhancing, protecting, pursuing and augmenting the natural environmental features of the Property. The terms of this Declaration, and any of its amendments, shall be binding on all parties having any right, title, or interest in any part of the Property at any time, and shall inure to the benefit of each owner thereof. Furthermore, any conveyance, transfer, sale, assignment, lease, or sublease of any Lot, shall incorporate by reference all provisions of this Declaration. The provisions of this Declaration shall be enforceable by Declarant, any Lot Owner, the Association, the Design Review Committee, or any First Mortgagee of a Lot.

ARTICLE I

DEFINITIONS

Section 1. "Approval" shall mean the issuance of written approval, or any written waiver of approval rights, or the issuance of a letter of "no objection."

Section 2. "DRC" shall mean the Design Review Committee as described in this Declaration.

Section 3. "Association" shall mean the Methow River Ranch Association, a Washington non-profit corporation, and its successors and assigns.

Section 4. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

Section 5. "Common Areas" shall mean all real property and improvements owned or leased by the Association, or in which the Association has an easement for maintenance (except in Lots) for the use and enjoyment of the Members.

Section 6. "Declarant" shall mean the undersigned owner of the Property, and his successors and assigns; provided, however, that no successor or assignee of Declarant shall have any rights or obligations of Declarant under this Declaration unless such rights and obligations are specifically set forth in the instrument of succession or assignment.

Section 7. "Declaration" means the covenants, conditions, and restrictions and all other provisions set forth in this entire document, and as the document may from time to time be amended.

Section 8. "First Mortgagee" shall mean a lender who holds the first mortgage on a Lot and who has notified the Association of the lender's holdings.

Section 9. "Lot" shall mean any numbered plot of land shown on any recorded subdivision map of the Property, with the exception of any Common Areas.

Section 10. "Lot Owner" or "Owner" shall refer to the owner of record, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Property, including contract purchasers, but excluding contract sellers and those having an interest merely as security for the performance of an obligation.

Section 11. "Member" shall mean every person or entity who holds membership in the Association.

Section 12. "Mortgage" shall include a Deed of Trust, Real Estate Contract, or other security interest.

Section 13. "Natural Environment" shall mean "Natural" as that which is existing in or produced by nature and not artificial, and "Environment" shall mean the complex of physical, chemical, and biotic factors (such as climate, soil, and living things) that are part of the ecological system of the Property and the surrounding area.

Section 14. "Notice" shall mean written notice delivered personally or mailed to the last known address of the intended recipient.

Section 15. "Property" shall mean the Property as legally described on Exhibit "A," and as amended under the terms of this Declaration.

Section 16. "Wildlife" shall mean living things that are neither human nor domesticated, such as, but not limited to, mammals, birds, gaming fowl, and any other living things included in the definition by approval of the Board of Directors.

ARTICLE II

MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Every Lot Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to this Declaration.

Section 2. Voting. The Owners of each Lot shall be entitled to one (1) vote. When more than one person holds an interest in any Lot, all such persons shall be Members, but combined they shall have only one vote. The vote for any Lot shall be divisible and exercised as the Lot Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Voting may be carried out either in person, by mail, fax, or by written proxy.



ARTICLE III

PROPERTY RIGHTS

Section 1. Lot Owners' Easements of Enjoyment. Each Lot Owner shall have a right and an easement of enjoyment in and to any easement granted to the Association and in any easement reserved on the plat of the Property as shown on Exhibit "A", or in any other instrument of record, subject to the following provisions:

a. The right of the Association to suspend any Lot Owner's voting rights and right to use any community facilities for any period during which any assessment against the Lot Owner's Lot remains unpaid or the Lot Owner (or its invitee or tenant, etc.) is in material breach of this Declaration.

b. No Lot Owner shall in any way obstruct, restrict, or limit another Lot Owner's use of the roads or community easements, if any, by parking or storing any vehicle or structure or other item, or installing and or constructing any building which would obstruct use of the easement.

c. Any Lot Owner may delegate, in accordance with this Declaration, that owner's right to enjoyment of the easements and associated facilities to the members of the Lot Owner's family, invitees, and/or guests.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien--Personal Obligation of Assessments. Each Lot Owner agrees to pay to the Association annual assessments or charges, and special assessments and emergency assessments. These assessments are to be established and collected from time to time as provided for under this Declaration and the controlling documents of the Association. Any annual, special, and emergency assessments, together with interest, costs, collection costs, and reasonable attorney's fees (including those for appeals) shall be a continuing lien on the Lot against which such assessment is made and shall also be the joint and several personal obligations of all persons who hold an ownership interest in such Lot at the time when the assessment fell due. This provision shall be enforced in accordance with the provisions of Section 10 of this Article. The personal obligation for delinquent assessments shall not pass to a successor in title unless expressly assumed by the successor.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property, and for the improvements and maintenance of Association easements and rights of way, and for the payment of taxes, insurance, maintenance, and repairs of any Common Area.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to a Lot Owner, the maximum annual assessment shall be \$250 per Lot for those lots that take access from an easement road and \$150 per Lot for those lots that take access from a county road. Thereafter, from and after January 1 of the year immediately following the conveyance of the first Lot to a Lot Owner, the annual assessment may be increased by approval of sixty percent (60%) of the Lot Owners, except that the Board of Directors may increase the annual assessments in any year by up to ten percent (10%) without a vote of the Members. However, Declarant shall not be required to pay assessments on any Lot so long as Declarant is holding any such Lot for sale, and not as a Lot to be retained by Declarant. If Declarant does retain a Lot, then Declarant shall pay any assessments for any retained Lot as would any other Lot Owner, commencing with Declarant's decision to retain that Lot.

Section 4. Determination of Assessments. The Association shall not be required to return excess assessments for any year over and above actual expenses paid or incurred. Such excesses shall be placed in a reserve account in the Association's name to be used as the Board of Directors sees fit. Written notice of the annual assessment shall be sent to every Lot Owner. The assessment established for the prior year shall automatically be continued until such time as the Association votes to change the assessment. The annual assessments shall be sufficient to meet the obligations imposed by the Declaration and any amendments to the Declaration, and shall be sufficient to establish an adequate reserve fund for the



maintenance, repair, and improvement of the roads and any other Common Areas, plus any other costs or fees incurred by the Association.

Section 5. Paid Assessments. Paid assessments shall be promptly deposited in a commercial bank account selected by the Board of Directors, which account shall be clearly designated in the name of the Association. The Board of Directors shall be responsible for maintaining the account, giving notice of all assessments, collecting all assessments, and enforcing all assessments. Any withdrawals from the bank account shall require the signature of the President or Treasurer of the Board of Directors.

Section 6. Special Assessments. In case the annual assessment is insufficient for any reason, the Association shall have the authority to levy a special assessment or emergency assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, or unexpected repair or replacement of any road or any Common Area, or to make up the deficiency in the reserve fund. Any special or emergency assessment must be approved by sixty percent (60%) of the Lot Owners.

Section 7. Notice. Written notice of any meeting called for the purpose of taking any actions authorized under any section of this Declaration shall be sent to all members not less than thirty (30) days and no more than sixty (60) days in advance of the meeting.

Section 8. Uniform Rate of Assessment. All annual, special, and emergency assessments must be fixed at a uniform rate for all Lots and shall be collected on an annual basis (subject to provisions for Declarant as set forth in Section 3 above).

Section 9. Due Dates of Annual Assessments. The annual assessments shall be due on the first day of July for each calendar year. A pro-rated initial annual assessment shall be paid by each new Lot Owner on the close of the sale's escrow for each particular Lot. Special and emergency assessments shall be paid within thirty (30) days of the mailing of a request to pay the same, unless the Board of Directors establishes a different time period.

Section 10. Effective Non-Payment of Assessments; Lien Rights; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum, or the highest rate allowed by law, whichever is lower. The Board of Directors on behalf of the Association may sue the Lot Owner personally obligated to pay and/or foreclose a lien against the Lot in the same manner as a mortgage of real property. If an attorney is retained, the Lot Owner liable for the assessment shall pay all of the costs and expenses, including reasonable attorney's fees (including those for appeals), all of which shall be secured by the lien.

Section 11. Subordination of Lien to Mortgages. The lien of an assessment shall be subordinated to the lien of any First Mortgage. A sale or a transfer of any Lot shall not affect the assessment lien. However, where the mortgagee of a mortgage of record or other purchaser of a Lot obtains possession of the Lot as the result of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, such possessor, the successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association chargeable to such Lot which became due prior to such possession. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lot Owners, including such possessor, successor(s) and/or assigns(s).

ARTICLE V

EASEMENTS

Section 1. Roadway/Utility/Drainage Easements. A sixty (60) foot wide right-of-way easement shall be reserved on the final plat of the Property or shown by any instrument of record. These rights-of-way are to be used for roadways, utilities, and drainage, biking and walking. The Association shall maintain, improve, repair, and control the roadways and the area over, under, and above the rights-of-way easement areas. All Lot Owners shall have use of the sixty (60) foot rights-of-way, subject to any limitations established by the Board of Directors. Within these rights-of-way, no structures, plantings, or fill materials shall be placed or allowed to remain which may, in the opinion of the DRC, damage or interfere with the installation and maintenance of roads, utilities, and drainage. These rights-of-way easements shall be perpetual,

shall run with the land, shall be binding on and inure to the benefit of the Lot Owners and their heirs, successors, and assigns. The Board of Directors shall control use of the rights-of-way and shall have the right to limit use by snowmobiling, all terrain vehicles, or other means of transportation.

Section 2. Easement for Association. The Association and its agents shall have an easement for access to each Lot and to the exterior of any building located on any Lot to make emergency repairs necessary for the health, safety, and protection of the Property and Wildlife, or to do maintenance or repair work required under the terms of this Declaration, which has not been completed in a timely manner by any Lot Owner. This easement shall also run with the land and be binding on and inure to the benefit of the Association. Reasonable notice shall be given, except in emergency situations.

Section 3. Easement for Government Personnel. A perpetual easement for access by police, fire, rescue, and other government personnel is reserved across all Common Areas and easements, roadways, and Lots as is necessary or appropriate for the performance of public duties.

Section 4. Conveyance to Public Entity. The Board of Directors reserves the right to convey, at any time to the relevant government agency, the rights-of-way easements, or to give any public utility an easement to install facilities such as power lines, gas lines, sewer lines, water lines, cable lines, etc. All rights granted under this Section shall require approval by more than fifty (50) percent of the Board of Directors.

ARTICLE VI

DECLARANT'S RIGHT TO APPOINT MEMBERS OF BOARD OF DIRECTORS AND DRC

Until all Lots within the Property described on Exhibit "A" have been sold to third parties and/or retained by Declarant, or Declarant has determined not to add such real property to this Declaration, Declarant shall have the sole right to appoint the Members of the Board of Directors and the Members of the DRC.

ARTICLE VII

DESIGN REVIEW COMMITTEE

Section 1. Appointment. A Design Review Committee ("DRC") consisting of three (3) persons shall be appointed by the Board of Directors. Each member shall hold office until that member resigns, is removed, or until a successor has been appointed by the Board of Directors and deemed qualified. Declarant, however, shall have the authority to appoint the members of the DRC and the Board of Directors until all Lots subject to this Declaration have been sold to a party other than the Declarant. Thereafter, the members of the DRC shall be appointed by the Board of Directors.

Section 2. Duties. Unless limited by the Board of Directors, the DRC shall have the authority to review and act on behalf of the Association and the Board of Directors in all matters relating to enforcement of the protective covenants listed in this Declaration or the use, blockage, or limitation of any easement referred to in this Declaration, or the enforcement of any other decision of the Board of Directors which the Board of Directors designates to the DRC. However, this designation of authority to the DRC does not remove or limit in any way the authority of the Board of Directors to at any time enforce the provisions of this Declaration, the Articles and Bylaws of the Association, or other rules and regulations established by the Board of Directors.

Section 3. Meetings; Compensation. The DRC shall meet as necessary to properly perform its duties, and shall keep and maintain a record of all actions taken at the meetings or otherwise. Unless authorized by the Association, the members of the DRC shall not receive any compensation for their services. However, all members shall be entitled to reimbursement for reasonable expenses incurred in connection with the performance of any DRC duties.

Section 4. Non-Waiver. Approval by the DRC of any plans, drawings, or specifications shall not be a waiver of the right to withhold approval of any similar plan, drawing, specification, or matter submitted for approval. However, approval shall not be unreasonably withheld.



Section 5. Liability. Neither the DRC nor any of its members shall be liable to the Association or to any Lot Owner for any damage, loss, or prejudice resulting from any action taken in good faith on a matter submitted to the DRC for approval, nor shall the DRC nor any of its members be liable to the Association or to any Lot Owner for failure to approve any matters submitted to the DRC. The DRC or its members may consult with the Association or any Lot Owner with respect to any plans, drawings, or specifications, or other proposals submitted to the DRC.

ARTICLE VIII

VARIANCE FROM COVENANTS

Because the Property includes land with different characteristics, the Declarant or the Board of Directors may allow a variance of the Protective Covenants set forth below if the variance is approved by the Declarant or a majority of the members of the Board of Directors. All decisions shall be final.

ARTICLE IX

PROTECTIVE COVENANTS

Section 1. Residential Use. Only single family dwellings with attached garages, barns, and outbuildings, and related units and amenities to any residence shall be constructed or maintained in areas designated for residential purposes, provided that variances may be allowed if first approved in writing as described in Article VIII. Barns and outbuildings shall be constructed of similar materials and workmanship as the single family dwellings. All building plans must be submitted to the DRC for architectural approval prior to obtaining a building permit or any other type of permit from Okanogan County or other governmental agency.

Section 2. Architectural Compliance and Construction of Buildings. All buildings must meet with all zoning and building regulations of the relevant governmental agencies. Furthermore, all construction must be completed within one year of initiation of construction. Also, placement of all buildings and outbuildings must be approved by the DRC prior to initiation of construction, with special attention given to maintaining view easements for all owners. Placement of buildings shall be done in a manner to have the least impact on areas considered sensitive by any governmental agency. In approving the placement of residences, driveways, and other buildings, the DRC is given broad powers. All building plans must be approved by the DRC prior to the commencement of clearing for a building site or commencement of construction as well as prior to any remodeling or adding on to the exterior of an existing building.

Section 3. Compliance with Okanogan County Zoning and Building Regulations. All construction must be consistent with and done in compliance with the zoning and building regulations for Okanogan County, and any other relevant governmental agency. However, where the terms of this Declaration are more restrictive than those of a relevant governmental agency, this Declaration shall prevail.

Section 4. Temporary Structures. No structure of a temporary character shall be erected or maintained on any Lot, nor shall any such structure or basement, garage, or trailer be used at any time for living quarters. However, a temporary dwelling such as a trailer or 5th wheel may be used as housing during the time of construction of a permanent residence but only after DRC approval of the residence and after a building permit has been issued by Okanogan County for said residence.

Section 5. Manufactured Homes. No manufactured homes are allowed.

Section 6. Roofs and Exterior Materials. All roof materials must be tile, shake, metal, wood shingle, or of a composition material with at least a 30-life. No T-111 or other similar sheet-type siding may be used as an exterior siding except board and batten will be allowed.

Section 7. View Protection. Although existing trees must remain, they may be topped or trimmed by a Lot Owner on a Lot Owner's Lot. However, trees planted by any Lot Owner after the recording of this Declaration may not interfere



with the view of any other Lot Owner in Methow River Ranch Phase II. All structures must be situated so as to not block the view of any adjoining property. In any dispute regarding view protection, the DRC shall make the final decision.

Section 8. Utilities. Utilities, that is electric service and telephone lines, to service Lots will be installed from an existing overhead system to an underground system on the rights of way unless there are mitigating circumstances due to topography or geology. Declarant shall have the right to make exceptions to this right of way provision, at his sole discretion, after consulting with affected parties, if any, at the time.

Section 9. Sewage Disposal. All sewage disposal shall be by means of septic tanks of a type construction consistent with Okanogan County Health Department standards. No individual sewage disposal system shall be permitted on any Lot unless such system is designed, located, and constructed in accordance with the requirements, standards, and recommendations of the Okanogan County Health Department, or other governmental agency of Okanogan County, Washington, having authority and jurisdiction to approve the same.

Section 10. Garbage and Refuse. No garbage, refuse, rubbish, or debris of any kind shall be deposited on or left on any Lot unless placed in a sanitary container and according to local regulations. Where reasonably possible, containers should be screened from the view of any other Lot Owner. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition.

Section 11. Burning. No outside fires of any kind shall be permitted during an official "burn ban." Otherwise, outside fires are only allowed on Lots in containers approved by the DRC.

Section 12. Landscape and Maintenance. Any landscaping shall conform to the general pattern of other Methow River Ranch Phase II residences or shall be approved by the Declarant while the first three residences are constructed. All yards and growth shall be maintained to minimize fire hazards. All driveways shall be constructed with culverts where necessary as required by DRC.

Section 13. Slope and Drainage Easements. Each Lot Owner will not block, hinder, or interfere with the established drainage pattern over such other adjoining or adjacent Lot Owners.

Section 14. Fences, Hedges, and Walls. No planting or structure obstructing vision at roadway intersections or driveways shall be allowed. All fencing must be approved in writing by the DRC prior to its construction on any Lot, and the maintenance of that fencing then becomes that Lot Owner's responsibility or the responsibility of successors. The DRC reserves the right to require the alteration or removal of any fence installed or altered without its prior approval.

Section 15. Further Subdivision of Lots. No Lot may be subdivided, nor may boundary line revisions be used in order to create a new Lot. No divisions whatsoever may occur for purposes of sale or lease of any Lot.

Section 16. Hunting/Poison. Absolutely no hunting shall be allowed on the Lots, whatsoever, whether by use of firearms, bows and arrows, traps, or any other means of catching or killing wildlife, except the poisoning or trapping of rodents or garden pests is permitted under the terms of this Declaration. Similarly, there shall be no discharge or firing whatsoever of any firearm or any hunting equipment of any sort. Rat or mice poison may only be used where it is not a danger to other wildlife

Section 17. Domesticated Animals. No pigs are allowed on any Lot. Dogs are limited to two per Lot, as are cats. However, if a dog or cat has a litter, the additional dogs or cats may remain on the Property for up to five (5) months, but no Lot Owner shall keep, breed, or maintain pets for commercial purposes. Any animal, whether household pet or farm animal, must be restrained to remain within each Lot Owner's Lot. Furthermore, all dogs belonging to residents, occupants, guests, or other persons lawfully on the Property must be kenneled, leashed, or under direct human supervision at all times and not allowed to roam freely. All animals must be kept off the other Lots in the Property. Any animal causing a nuisance or unreasonable disturbance or danger to other Lot Owners or the wildlife shall be permanently removed from the Lot within ten (10) days' notice from the DRC. Any dispute as to the raising or keeping of animals shall be submitted to the DRC, and the decision of the DRC in all such matters shall be final. The number of horses on any Lot shall be no more than two (2) horses, unless approved by the DRC. There shall be no commercial raising of dogs, poultry or fur-bearing



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animals, nor shall there be any kennels operated on a commercial basis. Household pets may not be kept, bred or maintained for a commercial purpose.

Section 18. Timber Removal. Lot Owners cannot remove, or have removed, timber from their Property without approval of the DRC, except that Lot Owners may remove any diseased or dangerous trees, or occasionally thin trees for that Lot Owner's use on that Lot for wood burning stoves, fireplaces, etc. Clearing for any recreational/residential dwelling or for driveways, outbuildings, or the removal of trees must be approved by the DRC.

Section 19. Commercial Enterprises. No commercial enterprises are allowed, except as approved by the Board of Directors. The Board of Directors shall have no authority to approve any commercial enterprise other than that which would be commensurate with the development of the Property under the terms of this Declaration. At any given time, only one Lot may be used as a bed and breakfast residence. However, there shall be allowed no more than five (5) for-use bedrooms in any bed and breakfast excluding the Owners' bedroom.

Section 20. Signs. No commercial signs or signs for any kind of advertising may be placed on any Lot, except as allowed by the DRC for any accepted quasi-commercial usage (e.g., bed and breakfast).

Section 21. Rentals. Lot Owners may rent out their homes, but all tenants must be made aware of this Declaration. Each Lot Owner hereby grants to the DRC the right to evict any tenant if that tenant is violating any term of this Declaration, or any of the rules or regulations established by the Board of Directors, or the Articles and Bylaws of the Association. Although it is the Lot Owner's duty to evict such a tenant, the DRC may do so if the Lot Owner fails to do so in a timely manner. Any costs and fees incurred by the DRC shall be a lien on the Lot Owner's Lot and shall be treated as a lien for unpaid assessments.

Section 22. Snowmobiles. Snowmobiles shall not be used in a manner that interferes with other Property owners' usage. Snowmobiling at the Property will only be allowed along the right-of-way easements.

Section 23. Recreation Vehicles. All campers, trucks, motor homes, campers, or boats parked on any Lot shall be kept currently licensed or the owner will be required to remove same from subject Lot. The DRC shall have wide latitude enforcing this covenant. No truck, camper, motor home, trailer or boat shall be parked or shall overhang on any easement, other than parked temporarily (in no case longer than 24 hours) for the sole purpose of loading or unloading or for a service call except within the garage structure of any Lot residence.

Section 24. Hazardous Materials. No hazardous materials, other than petroleum-based products used solely by the Lot Owner (such as oil and gas for consumption on the Property) shall be stored, used, or transported across the Property. All use of any materials identified as hazardous by any local, state, or federal governmental agency or legislation or ordinance shall be included in this paragraph. Each Lot Owner shall be responsible for clean-up of any contamination or spill in accordance with all governmental regulations. If a Lot Owner fails to complete any such clean-up or remediation, the DRC may do so after giving thirty (30) days written notice (except in emergencies where no notice is required) to the Lot Owner. The costs and fees associated with any such clean-up or remediation shall be a lien against that Lot Owner's Lot, and be treated the same as a lien for an unpaid assessment.

Section 25. Utility Pay-Back. If the local public utility district will allow, a latecomer's fee may be charged for installation of utilities if a Lot Owner (including Declarant) brings utilities across or in front of any other Lot Owner's Lot. Latecomer's fees must be paid at the time of hook-up to the public utility by the latecomer. Any unpaid latecomer's fee shall incur the same interest as an assessment and shall be considered as a lien for an unpaid assessment, except that such lien shall be collected solely by the Lot Owner who is to receive the pay-back.

Section 26. Authority to Adopt Additional Rules and Restrictions. The Board of Directors shall have the authority to adopt additional written rules and restrictions governing the use of the Property, provided such rules and restrictions are consistent with the purposes of the Declaration. The Board of Directors shall also have the authority to establish penalties for violation of those rules and restrictions. If rules and restrictions are adopted, they, along with the established penalties, shall be available to all Members on request. If sixty percent (60%) of the Lot Owners vote to not accept a rule or regulation, that rule or regulation shall be void.



Section 27. Motor Vehicles. Motor vehicles absent a current vehicle license, or absent a fully functional and legal muffler system, shall not be operated at any time on the private roads within the Methow River Ranch. No vehicle absent a current vehicle license shall be allowed to be stored on any Lot unless the vehicle is kept inside a garage or storage building.

Section 28. Satellite Dishes. Only satellite dishes with a diameter less than 24 inches will be allowed on any Lot.

Section 29. Natural Springs. No owner will be allowed to use water from a natural spring occurring on any Lot for domestic, landscaping or irrigation purposes. The water from any natural spring or springs is to benefit the native wildlife at Methow River Ranch. Enforcement of this restriction will be among the duties of the Design Review Committee.

ARTICLE X

GENERAL PROVISIONS

Section 1. Binding Effect. All present and future Lot Owners or occupants shall be subject to and shall comply with the provisions of this Declaration and with any amendments. The acceptance of a deed or conveyance or the entry into occupancy of any Lot shall constitute an agreement that the provisions of this Declaration and amendments are accepted and ratified by such Lot Owner or occupant, and all such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Lot as though such provisions were recited and stipulated at length in each and every deed and conveyance or lease thereof.

Section 2. Enforcement. Any Lot Owner, the DRC, and/or the Board of Directors shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now and hereafter imposed by the provisions of this Declaration. Should any Lot Owner employ counsel to enforce any of the foregoing covenants, conditions, reservations, or restrictions, all costs incurred in such enforcement (whether negotiated, stipulated, arbitrated, or determined by a court), including reasonable attorney's fees and costs (including those for appeals), shall be paid by the non-prevailing Lot Owner.

Section 3. Arbitration. Should any dispute arise as to the terms of this Declaration, the dispute shall be resolved through arbitration according to the rules of Okanogan County if Okanogan County has a Mandatory Arbitration Program, or through any private arbitration service selected by the Board of Directors. In all circumstances, arbitration shall be final and binding, and the nonprevailing party shall pay all costs and fees, including reasonable attorney's fees and costs, including those for appeals. A copy of any judgment may be recorded in any county.

Section 4. Failure to Enforce. No delay or omission on the part of the Declarant, the Board of Directors, the DRC, or any Lot Owner in exercising any rights, power, or remedy provided for in this Declaration shall be construed as a waiver or acquiescence, and no action shall accrue, nor shall any action be brought or maintained by anyone against the Declarant or the Board of Directors or the DRC for failure to bring any action on account of any breach of these covenants, conditions, reservations, and restrictions, or for imposing restrictions which may be unenforceable by any of the above.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way effect any other provisions which shall remain in full force and effect.

Section 6. Interpretation. This Declaration shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting and enhancing Methow River Ranch Phase II.

Section 7. Certain Rights of Declarant. For such time as Declarant shall own Lots for purposes of selling those Lots, there shall be no amendments to the Declaration, the Articles of Incorporation, the Bylaws of the Association, or any rules or regulations adopted by the Association (unless agreed to by Declarant) which:

- a. discriminate or tend to discriminate against the Declarant's rights as an Owner;
- b. change "Definitions" as set forth in this Declaration in a manner which alters Declarant's right or status;



- c. alter the character and rights of membership or the rights of Declarant as provided for in this Declaration;
- d. alter previously recorded or written agreements with public or quasi-public agencies regarding easements and rights-of-way;
- e. alter Declarant's rights as set forth in this Declaration and the Articles and Bylaws, such as relating to architectural controls, the right to appoint Members of the Board of Directors and the DRC, and assessments;
- f. alter the basis for assessments;
- g. alter the provisions of the use restrictions as set forth in this Declaration; or,
- h. alter the Declarant's rights in any way as they appear under this Article.

Section 8. Attorney's Fees. If any dispute arises regarding the terms and conditions or enforcement of any of the terms and conditions of this Declaration, or to determine the rights of any party claiming privity, the prevailing party shall be entitled to reasonable attorney's fees and costs, including those for appeals.

ARTICLE XI

ADDITIONAL DIVISIONS

Declarant, or Declarant's heirs, successors, or assigns, reserve the sole right to add other divisions of the Property legally described on Exhibit "A" to this Declaration. Such property shall become subject to this Declaration on the recording of an amendment to this Declaration signed by Declarant, or Declarant's heirs, successors, and assigns. No notice shall be required to the Association, nor shall any vote be necessary.

ARTICLE XII

TERM

These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty (30) years from the date these covenants are recorded, after which time the covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by all of the then Lot Owners has been recorded, agreeing to change the covenants in whole or in part. However, nothing in this Article shall be deemed to affect or limit in any way the duration of those easements which are granted as perpetual easements by this Declaration.

ARTICLE XIII

AMENDMENT

This Declaration and its covenants, conditions, and restrictions may be amended at any time by an instrument signed by Owners of at least sixty percent (60%) of the Lots (subject to Declarant's rights). Any amendment must be recorded. However, under no circumstances may this Declaration be amended in a manner to change any of Declarant's rights, without the approval of Declarant. Also, any amendment which attempts to change in any way the purpose and goal of the Declarant in establishing the Property as a residential community shall require approval of the Lot Owners owning ninety percent (90%) of all the Lots within the Property.

EXHIBIT "A"
Legal Description

The Ranch

The West half of the Northeast quarter, Government Lots 6, 11, 14, 15, the East 439.6 feet of Government Lot 5: That part of Lot 7, lying East of the following described line:

Beginning at a point on the North line of Lot 5 said Section 7 a distance 439.6 feet from the Northeast corner of said Lot 5; Thence run South 1 ° 39 ' East a distance of 1724.5 feet;
Thence North 58 ° 26 ' East to a point, from which, the center of said Section 7 bears North 36 ° 13 ' East a distance of 355.5 feet;
Thence, from said point, said line runs South 1 ° 48 ' East, a distance of 756.3 feet, more or less, to the meander line of the Methow River Phase II in said Lot 7;

All in Section 7;

The South half of the Southeast quarter and the Southeast quarter of the Southwest quarter of Section 8;

The West half of the Southwest quarter of Section 9;

The North half and the Southwest quarter of Section 17;

Government Lots 7, 11, 12, 13 and the Northeast quarter of the Northeast quarter of Section 18;

The Southeast quarter of the Southeast quarter of Section 7;

The Southwest quarter of the Southwest quarter and the East half of the Northwest quarter of the Southwest quarter of Section 8;

That portion of the Northeast quarter of the Southeast quarter lying South and West of the County Road and the Northwest quarter of the Southeast quarter and the Northeast quarter of the Southwest quarter of Section 8;

All in Township 30 North, Range 23 East, W.M.

All within Okanogan County, Washington

River Access

A parcel of land lying within Government Lot 7, Section 7, Township 30 North, Range 23 East, Willamette Meridian, Okanogan County, Washington, being more particularly described as follows:

That part of Lot 7, lying West of County Road and East of the following described line:

Beginning at a point on the North line of Lot 5 said Section 7, distant 439.6 feet from the Northeast corner of said Lot 5; thence run South 1°39' East, a distance of 1724.5 feet; thence North 58°26' East to a point, from which, the center of said Section 7 bears North 36°13' East a distance of 355.5 feet; thence, from said point, said line runs South 1°48' East, a distance of 756.3 feet, more or less, the meander line of the Methow River Phase II in said Lot 7.

Together with:

That part of Lot 11, lying West of said County Road, said Section 7.

Subject to any rights of way and easements of record

