

SUN RANCH

RESTATEMENT OF

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

WHEREAS, LIVING ENVIRONMENTS OF WASHINGTON, INC., A Washington Corporation, hereinafter called "Declarant", is the owner of the following described property:

Lots 1 to 195 inclusive, of the Plat of Cape LaBelle Ranches of sun Ranch, according to the Map recorded in Volume H of Plats, Section 1, of pages 1 to 6 inclusive, Okanogan County Records, which Plat shall hereinafter be referred to as the "Unit": AND

(Lots 298 to 464 inclusive, of the Plat of Lyman Lake Ranches of sun Ranch, Division No. 1, according to the Map recorded in Volume H of Plats, Section 1, at pages 17 to 24 inclusive, Okanogan County Records, which plat shall hereinafter be referred to as the "Unit";)

((This Declaration of Covenants, Conditions, and Restrictions was filed on the 6th day of April, 1970, at 51 minutes past 11:00 o'clock A.M. in Volume 222 of Deeds, page 250-259, records of Okanogan County, Washington, Auditors File No. 572520, for the Cape LaBelle Plat, and was repeated on the Lyman Lake Ranches, Division 1, of Sun Ranch Plat filed for record on the 9th day of November, 1970 bearing Auditor's ,File No. 576689.))

and WHEREAS, it is the desire and intention of Declarant to sell the Unit and to impose on it mutual beneficial restrictions under a general plan or scheme of improvement for the benefits of all the units or lands in the Unit and the sun Ranch subdivision and the future owners of those lands; and

WHEREAS, it is the desire and intention of Declarant to establish and maintain as a general plan for all property including the Unit, now or hereafter subject to this Declaration a scenic and pastoral recreational-residential area of the highest quality and value; a recreational-residential area where property values, desirability and attractiveness will be enhanced and protected; a recreational-residential area where natural beauty and view will combine with real property improvements to provide a private and pleasant living environment for persons acquiring title to such property.

NOW, THEREFORE, The Declarant hereby declares that all of the property described above is held and shall be held, conveyed, hypothecated, or encumbered, leased, rented, used, occupied, and improved, subject to the following limitations, restrictions, conditions, and covenants, all of which are declared to be in furtherance of a plan for the subdivision, improvement, and sale of the Unit which will be one of several units in the subdivided land area generally known as sun Ranch, (hereinafter referred to as the "Subdivision"), which have been or will be developed from adjoining lands owned by Declarant and annexed to the subdivision as detailed herein. Declarant does hereby establish: these limitations, restrictions, conditions, and covenants for the purpose of enhancing and protecting the value, desirability, and attractiveness of the subdivision and every part thereof. All of the limitations, restrictions, conditions and covenants shall run with the land

and shall be binding on all parties having or acquiring any right, title, or interest in the Subdivision real property, or any part thereof.

I. Land Classifications and Definitions

(a) Lot: As used herein, a lot shall be any lot or tract described in the above referenced recorded plats of the Unit which is not otherwise identified on the recorded plat as a common area by or by some other specific land classification designation.

(b) Common Area: As used herein, a Common area shall be any area described in the above referenced recorded plats of the Unit as a common area.

(c) Any other parcel in the Unit identified by some other specific land classification may be changed to one of the land use classifications set forth herein, i.e., Lot or Common Area by Declarant by Supplemental Declaration recorded prior to conveyance of such parcel by Declarant.

II. Lot Covenants

Lots within the Unit shall be used exclusively for recreational-residential living purposes, including maintenance of horses and other livestock and fruit and other agricultural crops, and such other purposes as are customarily incident thereto. However, unless otherwise specified on a recorded plat or in a supplemental declaration covering a lot within the Unit:

(a) Lots shall only be permanently improved with a dwelling or residence structure or complex, together with such other improvements and structures as are necessary or customarily incident to the lot purposes set forth above, including without limitation stable, corral, barn and other similar structures. A permanent dwelling or residence structure or complex shall provide a minimum living floor area of 500 square feet, exclusive of garages, porches, patio and accessory structures.

(b) All above-ground improvements, except landscaping and necessary crossings by access drives, bridges or paths, shall be set back at least 20 feet in distance from the boundaries of the lot established by setback lines shown on the recorded plat of the Unit.

(c) A mobile house trailer or camper, or other temporary shelter may be used as a temporary residence, subject to approval from time to time by the Cattlemen's Board defined in Paragraph VI hereof and hereinafter referred to as the "Board".

(d) Pedestrian and equestrian ways shall be reserved where shown on the recorded plat of the Unit and shall be subject to the use of pedestrians, animals, and vehicles of all kinds, so as to provide reasonable access to and from streets and roads so as to serve the subject lot and all other lots in the Subdivision and the Unit.

(e) Lots shall be and remain of the size and dimension shown on the recorded Survey or Plat Map of the Unit save and except where a change in lot size and dimension shall be approved by the Board.

(f) All building plans, specifications and plot plans shall be reviewed in advance of any construction and approved conditionally or otherwise by the Board in writing. Board requirements as to the approval of the architectural design shall apply only to the exterior appearance of said improvements, it not being the intent of these restrictions to control the interior layout or design of said structures.

(g) For the period of time specified herein, the Board will be appointed by Declarant, and any party seeking approval therefrom may contact the Board through Declarant. At any time, Declarant may require and thereupon the Property Owner's Association, as defined in Paragraph VII hereon and herein referred to as the "Association", shall assume the responsibility for appointment of the Board, provided that in any event, appointment of the Board shall be the sole and exclusive responsibility of the Association when a period of sixty calendar months shall have elapsed from the date of the Declarant's recording a plat or survey map for any unit or division to be included in the Subdivision.

III. Common Area Covenants

Common Areas shall be owned, developed and maintained by Declarant in accordance with Declarant's best judgement and sole discretion as scenic or natural open park areas for the use and enjoyment of all lot owners in the Subdivision and the Unit. Portions of the Common Areas may be developed by Declarant (but Declarant shall have no obligation to do so) for recreation and leisure-time activities and portions thereof may be developed as may be reasonably necessary, including ponding of water and clearing of timber for installation of utilities, creation of water recreation facilities or open park areas or to improve access to or from the Common Areas or to enhance the use and enjoyment of or to protect, support or preserve the Subdivision and the Unit, all in the Declarant's sole discretion. Declarant shall have the right to develop any Common Area as provided above while it owns the same. All Common Areas shown on the record plat map of the Unit shall be conveyed by the Declarant to the Association within five years following date of recordation of this Declaration. Common Areas upon conveyance to the Association shall be maintained by the Association and shall be held by the Association for the exclusive use of owners of property, their invitees and guests, and upon conveyance thereof to the Association, the Association may from time to time prescribe rules and regulations governing use of the Common Areas and may, if some owners of the property wish to use and develop a portion of Common Areas for recreation facilities and are willing to pay the cost of developing and maintaining the same, permit such development on such terms and conditions as may be deemed advisable to the Association.

IV. General Covenants

(a) No Business or Commercial Activity: Unless specifically permitted in a Supplemental Declaration, no property within the Subdivision and/or the Unit shall be used by a lot owner at any time for business or commercial activity unless Declarant consents in writing to such use. Declarant or its nominee may use any of the property within the Subdivision for commercial activity. The rental of property by a lot owner for residential living purposes, the raising of cattle or horses or agricultural crops by a lot owner, shall not be considered a business or commercial activity.

(b) Occupancy Limitations: No dwelling or residence on any lot or other property area created under any Supplemental Declaration shall be used for living purposes by more persons than it was designed to accommodate in a sanitary, safe and comfortable manner.

(c) Maintenance of Property: All property within the Unit and Subdivision, including the common Areas, and all improvements on any such property shall be kept and maintained by the owner thereof in clean, safe, attractive and slightly used condition and in good repair. Common Areas shall be maintained by the Association notwithstanding the fact that the Common Areas may not have been conveyed to the Association by Declarant.

(d) No Noxious, Unsightly or Offensive Activity: No noxious, unsightly or offensive activity shall be carried on upon any lot within the Subdivision or the unit nor shall anything be done or placed on any property which is or may be unsightly or become a nuisance or cause embarrassment, disturbance or annoyance to others.

(e) No Hazardous Activities: No activities shall be conducted on any lot within the Subdivision or the Unit and no improvements constructed on any such property which are or might be unsafe or hazardous to any person or property.

(f) Restriction on Signs: No signs or advertising devices of any nature shall be erected or maintained on any lot within the Subdivision or the Unit except as necessary to identify the ownership of such property and its address; or to show such property is for sale for rent unless the prior written approval of the Board shall be obtained and which approval shall be given only if such signs shall be of attractive design in keeping with the scenic and rustic nature of the Subdivision and shall be placed or located as directed or approved by the Board.

(g) Other Restrictions For Additional Areas: Declarant, by any Supplemental Declaration may impose other restrictions or alter these restrictions as to the property within the Subdivision or the Unit or property to be added to the Subdivision thereafter.

(h) Lakes and Streams: No lot or lot owner shall have any title to the water in lakes or streams located in the Unit/or the Subdivision and title thereto shall be in the Association. Each lot shall be entitled to reasonable use of the water within the Subdivision upon such reasonable terms and conditions as shall be required by the Association, with personal domestic use of lot owners having priority over other uses. No lot or lot owner shall have or acquire any title or interest in the beds of any lakes or streams located in the Subdivision and no lot or lot owner shall have any riparian or littoral rights. None of the foregoing restrictions shall apply to Declarant until such time as all Common Areas shown on the plat map of the Unit have been conveyed by Declarant to the Association.

V. Required Approval of All Changes to Property Within the Unit or Subdivision:

(a) Approval of All Changes to Property Required: No material changes in the existing state of any property within the Unit or Subdivision shall be made or permitted, except by Declarant, without the prior written approval of the Board. Material changes in the existing state of such property shall include, without limitation, the construction of any building, structure or other improvement, including utility facilities; the excavation, filling or similar disturbance of the

surface of the land, including, without limitation, change of grade, stream bed, ground level or drainage pattern, and the clearing or planting of trees, shrubs or other growing things.

(b) Board Criteria for Approval: The Board shall have complete discretion to approve or disapprove any change in the existing state of property within the Subdivision or the Unit but shall exercise such discretion with the following objective in mind: To carry out the general purposes expressed in this Declaration; to prevent violation of any specific provision of this Declaration or any Supplemental Declaration; to prevent any change which would be unsafe or hazardous to any person or property; to minimize obstruction or diminution of the view of others; to preserve visual continuity of the area and to prevent a marked or unnecessary transition between improved and unimproved areas and any sharp definition of boundaries of property ownership; to assure that any change will be of good and attractive design and in harmony with the rustic and natural setting of the area and will serve to preserve and enhance existing features of natural beauty.

VI. Cattleman's Board:

(a) The cattleman's Board (hereinabove and hereinafter referred to as the "Board"), shall consist of three (3) members. At least one member shall be a licensed architect or landscape architect who shall be designated specifically as the Architect Member. There may be designated one or more alternate members for each regular member of the Board who shall be authorized to act in the place and stead of the member for whom they are an alternate in the event of his absence or inability to act. Members and alternate members of the Board shall be appointed by and shall serve at the pleasure of the Declarant, provided that, at any time, Declarant may assign the right to appoint and remove one or more members and alternate members of the Board to the Association.

(b) Action by the Board: The vote or written consent of any two members shall constitute action of the Board, provided, however, that approval of plans, drawings and specifications by the Board shall require the vote or written consent of the Architect Member and at least one other member. The Board shall report in writing all approvals and disapprovals of changes in the existing state of property to the Association and shall keep a permanent record of all such reported action.

(c) Limitation on Liability of the Board: Neither the Board nor any member thereof shall be liable to any party for any action or for any failure to act under or pursuant to the provisions of this Declaration, provided only that the Board or any such member shall have proceeded hereunder in good faith and without malice.

VII. Owners' Association:

(a) The Sun Ranch Owners' Association (herinabove and hereinafter refered to as the "Association"), has been incorporated in the State of Washington as a nonprofit corporation. The purposes and powers of the Association and the rights and obligations inherent in membership are set forth in its Articles of Incorporation and the provisions of this Declaration, with respect thereto are for general descriptive purposes only. The Association is and shall be obligated to

accept title to and maintain Common Areas and any improvements thereon and any streets, drainage, sewage or other such utility facilities conveyed by Declarant to the Association and to assume the functions and obligations imposed on it or contemplated for it under this Declaration and any similar functions and obligations under any Supplemental Declaration with respect to property now or hereafter subject to this Declaration.

(b) Association Purposes: The general purpose of the Association is to further and promote the community welfare of property owners of the Unit and the Subdivision. The Association is to be responsible for the operation, maintenance, repair and upkeep of Common Areas and community facilities within the Unit and Subdivision and on the appurtenant drainage, slope, and other utility easements reserved by Declarant. The Association shall also be the means for the promulgation and enforcement of all regulations necessary to the governing of and use and enjoyment of such streets and parks and such other properties within the Unit and the Subdivision as it may from time to time own.

(c) Association Membership: Every person, including Declarant, who acquires title, legal or equitable, to any lot in the Unit shall automatically become a member of the Association, provided, however, that such membership is not intended to apply to those persons who hold an interest in any such lot merely as security for the performance of an obligation to pay money, e.g. mortgages, deeds of trust, or real estate contract purchases. Declarant's membership (by reason of its ownership of unsold lots) need not be evidenced by certificates of membership as provided in the Association's By-Laws. Each membership is and shall always be appurtenant to the title of a particular lot and is entitled to one vote in matters submitted to a vote of the membership of the Association.

(d) Association Expenses and Power to Assess:

(i) The Association shall have all the powers that are set forth in its Articles of Incorporation and By-Laws or that belong to it by operation of law, including the power to levy against every lot in the unit uniform annual charges to cover its actual and estimated costs and expenses of performing its functions and obligations under this Declaration or any Supplemental Declaration. Notwithstanding anything herein to the contrary, expenses incurred by the Association in the maintenance of its properties and in the furthering and promoting of its purposes shall be borne proportionally by all lot owners, as herein provided, excluding Declarant insofar as it retains title to any unsold lots within the Unit or Subdivision. The initial annual charge of \$12.00 per lot shall not be increased or decreased without a 60% vote of the Board of Directors of the Association.

(ii) Every such charge made shall be paid by the Association member to the Association on or before the date established by the Board of Directors pursuant to the resolution adopted by such Board fixing the amount of the annual charge. Written notice of the charge so fixed and the date of payment shall be sent to each member. Said charges shall constitute a personal debt of the lot owner and remain a lien upon the property of the respective member until paid.

(iii) Upon adoption of a resolution of charges, the Association may in the event such charges are not paid promptly, cause a notice thereof and of the lien created thereby to be signed and acknowledged by it and recorded in the offices of the County Auditor of Okanogan County, Washington.

(iv) Such recorded notice shall embody said resolution and state the -rate of the charge, the time payable, and when it becomes a lien. When paid, the Association shall from time to time execute, acknowledge and record in the Okanogan County Auditors offices a release or releases of lien with respect to the property for which payment has been made. Full receipts shall be issued to lot owners upon payment.

(v) Each lot owner in the Unit shall, by acceptance of a deed thereto or the signing of a contract or agreement to purchase the same, whether from Declarant or a subsequent owner of such lot, bind himself, his heirs, personal representatives and assigns to pay all charges determined and levied upon such lot, including interest thereon and collection costs thereof, if any, including attorneys' fees; and the obligation to pay such charges, interest and costs thereby constitutes an obligation running with the land. Sale or transfer of any lot shall not affect any lien for charges provided for herein.

(vi) All liens (whether or not notice thereof shall have been recorded) herein provided for shall be enforceable by foreclosure proceedings in the manner provided by law of the state of Washington for the foreclosure of mortgages, shall be collectable in full plus interest at the maximum legal rate of interest from date payment of charges was due, plus all costs and expenses of collecting the unpaid charges including reasonable attorney's fees; provided, however, that no proceeding for foreclosure shall be commenced except upon the expiration of four (4) months from and after the date and charge giving rise to such lien becomes due and payable.

(vii) The funds arising from such charges, so far as may be sufficient, shall be applied toward the payment of expenses incurred by the Association in the operation and maintenance of its properties and in furthering and promoting the community welfare of property owners in the unit.

(viii) The lien hereinabove provided for shall be junior to the lien of any mortgage or deed of trust placed upon the lot for the purpose of constructing a residential building or the lien of a subsequent permanent (take-out) mortgage or deed of trust for the same purpose.

(e) Board of Directors: Declarant has and shall have the power and authority to designate three out of five (or at least 60%) of the members of the Board of Directors of the Association until the first annual meeting of members and for five years thereafter. Members of the Board of Directors of the Association other than those designated by Declarant shall be elected by cumulative voting of the membership of the Association.

VIII. Mutuality of Benefit and Obligation:

The declarations and agreements set forth herein are made for the mutual benefit of each and very lot in the Unit and Subdivision and are intended to create mutual, equitable servitudes upon each of said lots in favor of each and all of the other lots herein; to create reciprocal rights between the respective owners of all of said lots; to create a privity of contract and estate between the grantees of said lots, their heirs, successors and assigns; and shall, as to the owner of each such lot, his/hers, successors or assigns, operate as covenants running with the land for the benefit of each and all other lots in the Unit and Subdivision and their respective owners. Declarations substantially the same as those contained herein shall be recorded on all future units of the Subdivision in conformity with the general scheme of improvement of all lands to be included therein.

IX. Annexation of Subsequent Units or Parcels;

(a) Declarant, or its successors in interest, may from time to time and in its sole discretion, annex to the Subdivision all or any part of the real property presently or hereafter owned by Declarant in the County of Okanogan, State of Washington, less that portion thereof to which these declarations are already applicable; and to all such units of the Subdivision presently of record to which declaration substantially identical to those set forth herein apply.

(b) Such annexation shall be effective upon the recordation of declarations, designating the property subject thereto, which property shall thereupon become and constitute a part of the Subdivision and the Association shall accept and exercise such powers and jurisdiction over such property as are granted to it by such declarations. Such declarations shall be substantially the same as those contained herein; provided, however, that:

(i) The use in said restrictions of the word "Unit" shall be deemed to apply to the particular unit for which such restrictions are recorded; the use of the word "Subdivision" shall be deemed to mean the aggregate of all previously recorded units designated as being part of the Declarant's general subdivision scheme of development; and the use of the words "lot" or "lots" shall be deemed to mean all subdivided lots described and set forth in any recorded plat maps of the Subdivision;

(ii) Such restrictions shall not discriminate against lot owners whose property is already included in the Subdivision;

(iii) The Association's powers to make assessments and enforce liens shall not be curtailed with respect to such newly annexed units;

(iv) The uniform annual charges upon each lot in the Unit or other units already annexed to the Subdivision may be increased as a result of any annexation (but the Association may provide for a higher annual charge upon lots in the newly annexed Unit when and if warranted by a different classification or use).

(c) Any portion of such property described above and available for annexation into the Subdivision may, at the option of the Declarant, its successors or assigns, subject, however, to

sub-paragraphs (a) through (b) inclusive, of this paragraph, be so annexed as a condominium, or for use as a multiple-family residential, guesthouse, inn or hotel facility. Should property related to any of such uses not be so annexed, the Association shall, nevertheless, grant to the owners thereof the right to the use and enjoyment of the private streets and parks within the Subdivision, or any other assets of the Association, upon the payment of a reasonable charge for maintenance, repair and upkeep or in return for the reciprocal use and enjoyment of Common Areas of such facilities, or a combination of both.

X. Grantee's Acceptance:

The grantee of any lot subject to the coverage of these declarations, by acceptance of a deed conveying title thereto, or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of such lot, shall accept such deed or contract upon and subject to each and all of these declarations and the agreements herein contained, and also the jurisdiction, rights and powers of Declarant, and by such acceptance shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent and agree to and with Declarant, and to and with the grantees and subsequent owners of each of the lots within the Subdivision to keep, observe, comply with and perform said declarations and agreements.

Each such grantee also agrees, by such acceptance, to assume, as against Declarant, its successors or assigns, all the risks and hazards of ownership or occupancy attendant to such lot, including but not limited to its proximity to any parks, including children's recreational facilities and public paths, streams or other water courses.

XI. Enforcement:

(a) If any lot owner in the Unit or their heirs and assigns, to any person or persons, firm or corporation deriving title from or through them shall violate or attempt to violate any of the covenants, conditions and restrictions herein, it shall be lawful for the Association or any other person or persons, firm or corporation owning real property situated within the bounds of the Unit to prosecute and proceed at law or in equity against such persons or persons, firm or corporation, violating or attempting to violate said covenants and restrictions, or any of them and either to prevent them or him from doing so to recover damages for such violation, notwithstanding the fact that such errant lot owner may no longer hold title to a lot in the Unit.

(b) The covenants, restrictions and conditions contained in this Declaration or any Supplemental Declaration shall be enforceable by proceeding for prohibitive or mandatory injunction. Damages shall not be deemed an adequate remedy for breach or violation, but, in an appropriate case, punitive damages may be awarded. In any action to enforce any such covenant, restriction or condition, the action to enforce any such covenant, restriction or condition, the party or parties successful in the action shall be awarded costs including reasonable attorneys' fees.

(c) In addition to the remedies stated in subparagraph (b) above, the Association, upon violation or breach of any covenant, restriction or condition contained in this Declaration or any Supplemental Declaration, may enter upon any lot where such violation or breach exists and may abate or remove the thing or condition causing the violation or breach or may otherwise cure the violation or breach. The costs incurred shall be billed to and paid by the owner or owners of the lot. If the owner or owners of the lot fail, after demand, to pay such costs then the

Association shall have a lien, from and after the time a notice of such failure to pay is recorded in the records of Okanogan County, Washington, against the lot of such owner or owners for the amount due and not paid, plus interest from the date of demand for payment at the rate of 8% per annum, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees. The lien may be foreclosed in the manner for foreclosure of mortgages in the State of Washington.

XII. Protection of Mortgage or Deed of Trust Holder:

No violation or breach of any restriction, covenant or condition contained in this Declaration or any Supplemental Declaration and no action to enforce the same shall defeat, render invalid or impair the lien of any mortgage or deed of trust taken in good faith and for value or the title or interest of the holder thereof or the title acquired by any purchaser upon foreclosure of any such mortgage or deed of trust. Any such purchaser shall, however, take subject to this Declaration and any Supplemental Declaration, except only that violations or breaches which occurred prior to such foreclosure shall not be deemed breaches or violations hereon.

XIII. Miscellaneous Provisions:

(a) Severability: Invalidation of any of these covenants, conditions and restrictions by judgement or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

(b) Paragraph Headings: The paragraph headings in this instrument are for convenience only and shall not be considered in construing the restrictions, covenants and conditions herein contained.

(c) No Waiver: Failure to enforce any restriction, covenant or condition in this Declaration or any Supplemental Declaration shall not operate as a waiver of any such restriction, covenant or condition or of any other restriction, covenant or condition.

IN WITNESS WHEREOF, the undersigned has executed the within Declaration as of the 23rd day of March, 1970.

LIVING ENVIRONMENTS OF WASHINGTON, INC.

By S/Charles W. Mertel, President

Attest:

S/Garv F. Linden, Secretary