

DECLARATION OF COVENANTS, CONDITIONS,
AND RESTRICTIONS

WHEREAS, METHOW PROPERTIES, INC., a Washington corporation, hereinafter called "Declarant," is the owner of the following described property:

Lots 1 through 149, inclusive, of the Plat of Sun Mountain Twin Lakes Area No. 1, according to the Map recorded in Volume 15367 at pages 38 to 39, inclusive, Okanogan County Records, which Plat shall hereinafter be referred to as the "Unit."

WHEREAS, it is the desire and intention of the Declarant to sell the Unit and to impose on it mutual beneficial restrictions under a general plan or scheme of improvement for the benefit of all the units or lands in the Unit and the Sun Mountain subdivisions 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 a 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 Mountain Twin Lakes Area No. 1 (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 those 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 and shall run for a period of fifteen (15) years. They will be automatically renewed unless changed or rescinded by a 60% majority of the lot owners canvassed on an individual basis.

1. Land Classifications and Definitions:

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

(b) Common Areas: As used herein, a Common Area shall be any area described in the above referenced recorded plat 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 and residential living purposes, with appurtenant structures and a garage and one barn as further defined in Article IV (a) below.

(a) Lots shall only be permanently improved with single family residential structures, 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. The permanent dwelling or residence structure or complex shall provide a minimum living floor area of 720 square feet, exclusive of garages, porches, patio and accessory structures and shall have no more than two stories. Permanent mobile home construction may be allowed as defined in Article II (c)

(b) All above-ground improvements, except landscaping and necessary crossings by access drives, bridges or paths, shall be set back at least thirty (30) feet in distance from the front and rear boundaries and twenty (20) feet in distance from the side boundaries of the lot established by setback lines as noted on the recorded plat of the Unit, and otherwise in accordance with applicable covenants and regulations.

(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 Architectural Committee defined in Paragraph VI hereof and hereinafter referred to as the "Committee." All residences must be completed within twelve (12) months and must be on a permit basis. A mobile house trailer may become a permanent residence when set on a proper permanent foundation with skirting as approved by the Architectural Committee.

(d) Common areas and easements as shown shall be reserved for pedestrian and equestrian use only and reserved for that purpose and also reserved for domestic water, sanitary sewer, and power and telephone lines, and shall exclude the use of all motor powered vehicles of all kinds. Said motor powered vehicles shall be restricted to private or public roadways and thoroughfares. All said usages subject to written approval of architectural committee.

(e) Owners, invitees, or licensees, granted non-exclusive easement for ingress and egress over and across the roads and trails which easement of ingress and egress shall be appurtenant to each lot.

(f) Declarant reserves for itself, its successors, or assigns and is hereby granted the right to grant such other rights of way and easements for the use of the roads and utilities and road easements or any part thereof for such purposes and uses, including access for utilities and fire districts and on such terms and conditions as declarant deems advisable.

(g) Lots shall be and remain 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 Association Board as defined in Section VII (d) below. No lot or tract shall be divided to the extent that any building area or subdivided lot shall be less than 20,000 square feet and meet the Okanogan County Zoning restrictions whichever provides the largest area.

(h) All building plans, specifications, and plot plans shall be reviewed in advance of any construction and approved conditionally or otherwise by the Architectural Committee in writing. Committee requirements as to the approval of the architectural design shall apply only to the exterior appearance of said improvements with emphasis on exterior elevation and materials, it not being the intent of these restrictions to control the interior layout or design of said structures. The Architectural Committee shall further approve the workmanship and the materials harmonious with esthetic design with existing structures and location with respect to topography and finished grade elevation.

(i) For the period of time specified herein, the Architectural Committee will be appointed by Declarant, and any party seeking approval therefrom may contact the Committee through Declarant. At any time, Declarant may require and thereupon the Property Membership Association, as defined in Paragraph VII herein and herein referred to as the "Association," shall assume the responsibility for appointment of the Committee, provided that in any event appointment of the Committee shall be the sole and exclusive responsibility of the Association when a period of sixty calendar months shall have elapsed from the date of 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 judgment 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 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 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: 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 temporary commercial activity for a maximum of nine (9) years from date of recordation. Each lot owner may maintain his normal household pets and a maximum of one horse per 20,000 square feet. Cattle, swine, sheep, and goats are prohibited.

(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, in compliance with Okanogan County requirements.

(c) Maintenance of Property: All property within the Unit and Subdivision, including Common Areas, and all improvements on any such property shall be kept and maintained by the owner thereof in clean, safe, attractive and slightly 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. No lot may be used for open storage, including rolling equipment. Clothes lines and storage areas are to be screened from view of roads and adjacent lots.

(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. No firearms shall be used on the property. No hunting or target practice. No vehicles shall be parked or kept on the improved portions of road in plat. There shall be no open camp fires on any lot or tract or common area except by prior written approval by the Architectural Committee.

(f) Restriction on signs: No signs or advertising devices of any nature shall be erected or maintained on any lot or common area within the Subdivision or the Unit except as necessary to identify the ownership of such property and its address, unless the prior written approval of the Committee 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 Committee. Declarant reserves right to place signs for sale or lease.

(g) UTILITIES: All utilities shall be designed within the rules and regulations and constructed to the standards of the appropriate Local and State Regulatory Agencies. This includes:

Water: Domestic water supply and distribution shall be operated at all times to provide acceptable potable water.

Sewage: Sewage disposal facilities shall be operated in such a way to protect health of the public and shall not cause a nuisance of any type.

Solid Refuse: All garbage and other refuse shall be kept within sanitary containers which are concealed from view and regularly emptied and the contents deposited into areas set aside for the disposal of such.

All utilities are subject to inspection and control by the Okanogan County Health Department, the Washington Dept. of Social and Health Services and the Washington Dept. of Ecology.

(h) Trees: No tree with a trunk in excess of three (3) inches in diameter on real property shall be removed or destroyed without prior written approval and consent of the Architectural Committee except that area set aside for the construction of residence or barn, stable, or driveway.

(i) Vehicle Parking: No vehicle shall be parked or kept on the improved portions of the roads shown in the plat. In the event that any vehicle was parked or kept on any such road the Association at its option shall have the right to remove the same at the expense of the owner. No truck, boat, trailer, or commercial vehicle and no other commercial equipment used in or about any business or commercial endeavor shall be regularly kept or maintained on any lot unless the same shall be wholly screened from view of all parts of the real property and all abutting streets and lots.

(j) 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 for nine(9) years from date of recordation and by the Board thereafter.

(k) Lakes and Streams: No lot or lot owner shall have any title to the water in lakes or streams located in the Unit and/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.

(l) Real Estate Taxes: Real Estate Taxes as assessed by Okanogan County against all green belt areas, pedestrian and equestrian trails and Private roads and common recreational facilities shall be paid by the Association as provided for in Article VII (d)

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, for the first nine (9) years after date of recordation and by the Architectural Committee with 60% approval of the lot owners thereafter. 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 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. Architectural Committee

(a) The Architectural Committee (hereinabove and hereinafter referred to as the "Committee"), shall consist of three (3) members. At least one member shall be an architect or builder or engineer who shall be designated specifically as the "Architect" or "Engineer" member. There may be designated one or more alternate member for each regular member of the Committee 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 Committee shall be appointed by and shall serve at the pleasure of 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 for nine (9) years after date of recordation.

(b) Action by the Architectural Committee: The vote or written consent of any two members shall constitute action of the Committee, provided, however, that approval of plans, drawings and specifications by the Committee shall require the vote or written consent of the Architect or Engineer Member and at least one other member. The Committee 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, within thirty (30) days.

(c) Limitation on Liability of the Architectural Committee:

Neither the Committee 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 Committee or any such member shall have proceeded hereunder in good faith and without malice.

VII. Members Association:

(a) The Sun Mountain Ranch Club & Membership Association (hereinafter and hereinafter referred to as the "Association"), has been incorporated in the State of Washington as a non-profit 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 or provided by Association itself 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 the 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. Additional persons may become association members under rules prescribed by the Board of Directors of the association or as specified by Declarant. 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 acquired with title to a lot 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.

(v) 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 including the payment of real estate taxes in common areas and common area improvements. 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 proportionately 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 monthly charge of 5.20 (FNE) 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 on or before the date established by the Board of Directors pursuant to the resolution adopted by such Board fixing the amount of the 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 the 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 Auditor's 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 a 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 the nine (9) 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 and reciprocal benefit of each and every lot in the Unit and the 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 heirs, 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 Joint Venturers, 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 within 10 miles 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 declarations 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 a 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 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 monthly 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 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 multiplefamily 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 the reasonable charge for maintenance, repair and up-keep, or in return for the reciprocal use and enjoyment of Common Areas of such facilities, or a combination of both. Declarant has right to include any property within Township 34 North and Township 35 North, Range 21 East and Range 22 East, thereby entitling owners to membership with all privileges, rights and obligations.

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, or 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 person or persons, firms, or corporations, violating or attempting to violate said covenants and restrictions, or any of them and either to prevent them or him from so doing or 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 attorney's 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 of 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 attorney's 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 breached or violations hereon.

XIII. Miscellaneous Provisions:

(a) Severability: Invalidity of any of these covenants, conditions and restrictions by judgment 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, or waive in individual cases by declarant or board.

(d) WATER QUALITY MONITOR PROGRAM: The Sun Mountain Ranchclub & Membership Association shall participate with the Okanagon County Health Department in a water Quality Monitoring Program on Twin Lake. Samples will be withdrawn at representative periods of the year to maintain a record of changes in the quality of the surface water. Estimated annual contribution is to be \$100.00 maximum.

IN WITNESS WHEREOF, the undersigned has executed the within Declaration as of the 6TH day of JULY, 1972.

METHOW PROPERTIES, INC.

By [Signature]
President

Attest:

[Signature]
Secretary

STATE OF WASHINGTON)
) ss
County of KING)

On this 6TH day of JULY, 1972, before me, the undersigned, a Notary Public In and for the State of Washington, Duly Commissioned and sworn, personally appeared John P. Barron, to me known to be the President and David E. Hartmen, known to me to be the Secretary of the corporation that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal hereto affixed the day and year first above written.

Harvey E. Ager
NOTARY PUBLIC, In and for the State
of Washington, residing at SEATTLE

Watkins
FILED FOR RECORD

SUPPLEMENTAL DECLARATION TO COVENANTS
CONDITIONS AND RESTRICTIONS

October 9, 1992

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REEL
OKANOGAN COUNTY

WHEREAS, it is the desire and intent of the Board of Directors of the Sun Mt. Ranch Club to fully abide by, and enforce, to the best of its ability, the By-Laws and Covenants of this organization, and in this declaration, as especially pertains to the Covenants as recorded in the Okanogan County Auditor's file #589903, volume H, section 1, pages 38-39, on July 6, 1972; and

WHEREAS, it is the intent of the Board of Directors to fully abide by, and enforce, those Covenants, to preserve and protect the Development as was intended by the original developer, Jack P. Barron, and his associates, as stated in paragraph 3 of those covenants; and

WHEREAS, over the past twenty years, confusion has arisen from time to time regarding interpretation of section 4, paragraph "a" of said covenants, entitled "No Business or Commercial Activity", as pertains to rental property within the development, the Board of Directors hereby clarifies this covenant as meaning the following:

A. The Board defines a Business or Commercial activity as one requiring a City, County, or State license/permit for operation, and the proposed location of said business or commercial activity is to be within the Development. Such a proposal is prohibited.

B. Use of a member's personal telephone or mailbox in connection with their business or commercial activity located outside the perimeter of the Development, is permitted.

C. Short term rental to transient persons, such as nightly, week-end, weekly, or vacation rentals, shall be considered a business or commercial activity, and shall be prohibited.

D. Long term residential rental, defined as a minimum 3 months lease of a member's property, i.e. house, cabin, mobile home, etc., is not considered a business or commercial activity, and is permitted.

WHEREAS, a recent decision of the Okanogan County Attorney supported our Covenants, as written, unless "it can be shown that the covenant against business or commercial activity has been violated without enforcement"; the Board shall hereby require that all residential rental properties within the Development be of a minimum 6 months duration, and a copy of the lease, with dollar amounts deleted if desired be forwarded to the Board for inclusion with the operational records. This resolution/declaration shall be considered sufficient enforcement of Covenant 4A, and shall absolve the Board of Directors, Officers, and Ranch Club Members from all legal litigation regarding enforcement of the Covenant as proscribed herein.

Matt Bates 5/29/93
Matt Bates, President

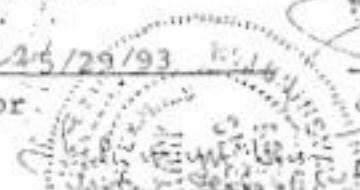
Evelyn Watkins 5/29/93
Evelyn Watkins, Director/Secretary

Art Bryant 5/29/93
Art Bryant, Vice-President

Charlotte Schessler 5/29/93
Charlotte Schessler, Director

Wendy Davis 5/29/93
Wendy Davis, Director

James A. Harbour 5/29/93
Jim Harbour, Director



~~INDEXED~~
~~FILED~~
~~RECORDED~~
~~APR 22 1995~~

WHEREAS, it is the desire and intent of the Board of Directors of the Sun Mt. Ranch Club and Membership Ass'n. to fully abide by, and to enforce to the best of their ability, the By-Laws and Covenants of this organization, the Directors do hereby unanimously vote, and hereby declare their interpretation of certain sections of said Covenants which were recorded in the Okanogan County Auditor's file #589903, volume H, section 1, pages 38-39, on July 6, 1972, and

WHEREAS, it is the intent of the Board of Directors to preserve and protect the Development as was intended by the original developer, Jack P. Barron, and

WHEREAS, the developer's statement of intent within the Covenants is to establish and maintain a recreational/residential area of highest quality and value, where natural beauty and view will combine with improvements to provide a private and pleasant environment for all members, and

WHEREAS, the Directors did seek, and did receive, advice and counsel from David Ebenger, Attorney at Law for the Association--response in written form dated March 11, 1995, and thence included in the Ranch Club records, the Board does hereby interpret those certain Covenants as follows

COVENANTS 2A and 2C--Covenant 2A uses the term "mobile home" construction, and refers the reader to Covenant 2C, but in 2C makes reference to "mobile house trailer". The Board, considering the 1972 date of the Covenants, believes the terminology used in these cases both applied to what is known today as "mobile" or "modular" homes. Therefore, the interpretation is: Mobile and modular homes must be placed on permanent foundations and skirts conforming with applicable County regulations, and within one (1) year of arrival within the perimeter of the Association. Camping trailers shall be those considered easily towable by automobile or pick-up truck. These are classed as temporary shelters, along with campers, tents, etc., and used for recreational purposes. The Covenants state that the camping trailer may be used as permanent housing if skirted and placed on a permanent foundation. The Board finds no other restriction pertaining to such shelters when left on the property year-round, and being in use periodically.

A member must make a proper effort to complete any construction within twelve (12) months. Waivers and extensions may be granted by the Board if needed.

COVENANT 2F--Infringements upon greenbelts, roadways, utility rights-of way, or other Association owned property, must be removed upon notice from the Board. If the member causing the infringement does not comply, the Board may arrange for same, and the cost of removal will be billed to that member. Non-payment of costs will be treated as non-payment of dues. A lien will be filed against the property, followed by foreclosure action, all payable by the member involved. Attorney Ebenger states the Board not only has the right, but the obligation, to protect Association owned property in this manner. The Board may only rarely issue a varience when requested, and only in cases of dire need.

COVENANT 4A--Small business activities of a "hobby" nature, which do not involve signs or cause undue traffic within the area, or which are mainly conducted by telephone, will be allowed on a case-by-case basis, by vote of the Directors. The Board decision will be issued to the applicant in writing, and a copy entered in the Association records.

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OKANOGAN COUNTY AUDITOR

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--Continued from Page 1--

Owners may lease their residence as stipulated under "Supplimental Declaration To Covenants, Conditions, and Restrictions" recorded by the Board on June 16, 1993, under Auditor's file #804194, which prohibits rentals of less than 3 months duration, on a lease basis only, a copy of which, minus dollar figures, if desired, ~~must~~ be filed with the Board.

COVENANT 4B--The Board will base their decision in these cases upon Okanogan County requirements. Complaints will be forwarded to the County.

COVENANTS 4C and 4D--The Directors find these Covenants to be largely a matter of individual opinion. Wishing, therefore, to permit all members the freedom to enjoy their property as they so desire, while still respecting the rights of neighboring members, the Board will use the guidelines stated in Covenant 4B. If the Board finds that the subject of complaints presents either a hazard to the safety, or to the health-or both-of others, a request for determination will be forwarded to the County.

COVENANT 4E--The Board views this as the one which protects our lives, our property, and our wildlife. Attorney Ebenger confirms that this Covenant is valid even on a member's own property: The discharge of firearms, arrows, or use of any other device as a weapon, is prohibited.

Open campfires shall be confined to containers, or rock enclosed areas for campfires. Fire extinguishers and/or hoses connected to a water source must be nearby, and of a nature to extinguish the existing fire. No brush fires are permitted since the Ranch Club has a brush dump area where a controlled burn takes place each fall. No open burning is permitted when banned by the Forest Service.

Vehicles parked on roadways or other Association owned rights-of-way without written permission of the Board, shall be impounded at owner expense.

COVENANT 4F--The only signs permitted within the Ranch Club are owner names and lot numbers, and roadway signs erected by the Road Committee. Member signs may be posted at Larkspur Park upon approval of the Board.

COVENANT 4I--Due to the damage caused to our fragile roadways, all heavy equipment such as that used in construction, semi tractors and/or tractor-trailer combinations, and large ocean-going type fishing boats and boat trailers; may be stored on an owner's property for periods of 3 months, or more, and are not to leave the property during that storage time. If they are to be moved, they must be stored outside the perimeter of the Ranch Club. A boat, or vehicle stored on owner property for the minimum 3 mos. or more, may not return for storage once removed, for another 3 mos. A boat or vehicle in storage on member property, must be parked as far as possible from the roadway, and from neighboring property.

COVENANT 7B--The Board is required, under the Covenants, to keep Association property in good repair. This takes most of our dues monies. The Road system will not support speeding, "laying rubber", etc. We have no police patrol, but are allowed to prosecute chronic offenders. Witnesses need only provide the Board with date, time, and license #, and be willing to testify.

The Board of Directors hereby records this document in the belief that it has done it's best to clarify the Covenants in a manner fair and just to all our members.

<u>Art Bryant</u>	4-22-95	<u>Joan Bassen</u>	4/22/95
Art Bryant, President	Date	Joan Bassen, Director	Date
<u>Jim Harbour</u>	4/22/95	<u>Fred Edelman</u>	4/22/95
Jim Harbour, Director	Date	Fred Edelman, Director	Date
		<u>Evelyn Watkins</u>	4-22-95
		Evelyn Watkins, Director	Date

827808



1 Recording Requested By and
When Recorded Mail To:

2 KARRO & SMITH, PLLC
3 Attorneys at Law
4 P.O. Box 67
Twisp, WA 98856

5
6 ORIGINAL

7
8 **RESOLUTION IN REVOCATION OF**
9 **SUPPLEMENTAL DECLARATIONS**

10 Grantor: SUN MOUNTAIN RANCH CLUB & MEMBERSHIP ASSOC.
11 Grantee: PUBLIC
12 Legal Description (abbreviated):
13 Additional legal(s) on Page ____
14 Assessor's Tax Parcel ID # _____
15 Reference Nos. of Related Documents: _____

16 A Resolution of the Board of Directors of the Sun Mountain Ranch Club and
17 Membership Association, as follows:

18 WHEREAS, The Board of Directors of the Sun Mountain Ranch Club and
19 Membership Association (hereinafter Board of Directors), adopted two Supplemental
20 Declarations to Covenants, Conditions and Restrictions, the first dated May 29, 1993 and
21 recorded June 16, 1993 under Okanogan County Auditor's file No. 804194, and the second
dated April 22, 1995 and recorded April 27, 1995 under Okanogan County Auditor's File
No. 827808; and

22 WHEREAS, Said Supplemental Declarations were adopted without approval of
23 sixty (60) percent of the lot owners of Sun Mountain Ranch as required by the Declaration
24 of Covenants, Conditions and Restrictions executed July 6, 1972 and recorded July 6, 1972
under Okanogan County Auditor File No. 589903; and

25 WHEREAS, The Board of Directors has determined that said Supplemental
26 Declarations are invalid for failure of the Board of Directors at that time to follow proper
27 adoption procedures and that it is in the best interests of the Association to revoke said
28 supplemental declarations;

RESOLUTION OF SHAREHOLDERS - 1
(SMRC-5/16/07)

Karro & Smith, PLLC
Lawyers
P.O. Box 67
Twisp, WA 98856
509-997-3324



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NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Sun Mountain Ranch Club and Membership Association, at a duly called and noticed meeting of said Board, does hereby revoke the following:

1. Supplemental Declaration to the Covenants of the Sun Mountain Ranch and Membership Association for purpose of clarification/interpretation of specific Covenants dated May 29, 1993 and recorded June 16, 1993 under Okanogan County Auditor's File No. 804194, and

2. Supplemental Declaration to the Covenants of the Sun Mountain Ranch and Membership Association for purpose of clarification/interpretation of specific Covenants dated April 22, 1995 and recorded April 27 1995 under Auditor's File No. 827808.

PASSED, APPROVED and ADOPTED this 23rd day of August, 2007.

SUN MOUNTAIN RANCH CLUB
AND MEMBERSHIP ASSOCIATION

Paul Tillman
PAUL TILLMAN PRESIDENT

Rhonda Davis
RHONDA DAVIS DIRECTOR

Alan Muzzy
ALAN MUZZY DIRECTOR

Rick Avery
RICK AVERY DIRECTOR

Steven Smith
STEVEN SMITH DIRECTOR



1 STATE OF WASHINGTON)
2) ss.
3 County of Okanogan

4 I certify that I know or have satisfactory evidence that Paul Tillman is the person
5 who appeared before me, and said person acknowledged that he/she signed this instrument,
6 on oath stated that he/she was authorized to execute the instrument and acknowledged it as
7 the President of SUN MOUNTAIN RANCH CLUB AND MEMBERSHIP ASSOCIATION
8 to be the free and voluntary act of such party for the uses and purposes mentioned in the
9 instrument.

10 GIVEN under my hand and official seal this 23 day of AUGUST, 2007.



11 Teri J. Parker
12 Notary Public in and for the State of
13 Washington, residing at Winthrop.
14 My commission expires 3-9-09.

15 STATE OF WASHINGTON)
16) ss.
17 County of Okanogan)

18 I certify that I know or have satisfactory evidence that Rhonda Davis is the person
19 who appeared before me, and said person acknowledged that he/she signed this instrument,
20 on oath stated that he/she was authorized to execute the instrument and acknowledged it as a
21 Director of SUN MOUNTAIN RANCH CLUB AND MEMBERSHIP ASSOCIATION to
22 be the free and voluntary act of such party for the uses and purposes mentioned in the
23 instrument.

24 GIVEN under my hand and official seal this 23rd day of August, 2007.



25 Teri J. Parker
26 Notary Public in and for the State of
27 Washington, residing at Winthrop.
28 My commission expires 3-9-09.



1 STATE OF WASHINGTON)
2 County of Okanogan) ss.

3 I certify that I know or have satisfactory evidence that Alan Muzzy is the person
4 who appeared before me, and said person acknowledged that he/she signed this instrument,
5 on oath stated that he/she was authorized to execute the instrument and acknowledged it as a
6 Director of SUN MOUNTAIN RANCH CLUB AND MEMBERSHIP ASSOCIATION to
7 be the free and voluntary act of such party for the uses and purposes mentioned in the
8 instrument.

9 GIVEN under my hand and official seal this 23rd day of August, 2007.



Teri J. Parker

10 Notary Public in and for the State of
11 Washington, residing at Winthrop.
12 My commission expires 3-9-09.

13 STATE OF WASHINGTON)
14 County of Okanogan) ss.

15 I certify that I know or have satisfactory evidence that Rick Avery is the person who
16 appeared before me, and said person acknowledged that he/she signed this instrument, on
17 oath stated that he/she was authorized to execute the instrument and acknowledged it as a
18 Director of SUN MOUNTAIN RANCH CLUB AND MEMBERSHIP ASSOCIATION to
19 be the free and voluntary act of such party for the uses and purposes mentioned in the
20 instrument.

21 GIVEN under my hand and official seal this 23rd day of August, 2007.



Teri J. Parker

22 Notary Public in and for the State of
23 Washington, residing at Winthrop.
24 My commission expires 3-9-09.

25
26
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1 STATE OF WASHINGTON)
2) ss.
3 County of Okanogan)

4 I certify that I know or have satisfactory evidence that Steven Smith is the person
5 who appeared before me, and said person acknowledged that he/she signed this instrument,
6 on oath stated that he/she was authorized to execute the instrument and acknowledged it as a
7 Director of SUN MOUNTAIN RANCH CLUB AND MEMBERSHIP ASSOCIATION to
8 be the free and voluntary act of such party for the uses and purposes mentioned in the
9 instrument.

10 GIVEN under my hand and official seal this 29 day of August, 2007.

11 [Signature]
12 Notary Public in and for the State of
13 Washington, residing at Winthrop.
14 My commission expires 9/21/08.



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