

ElkRidge Heights

PUBLIC OFFERING STATEMENT

PURSUANT TO WASHINGTON STATE LAND DEVELOPMENT ACT

PART I

This Public Offering Statement (this "Disclosure") is dated as of _____ 2011 ("Effective Date") and is provided by D & J ELK RIDGE HEIGHTS LLC, a Washington limited liability company ("D & J"). D & J has purchased developed lots in a residential property community in Spokane County, Washington known as ElkRidge Heights ("Property"), and is offering those lots for sale. D & J is therefore considered a "Developer" as that term is defined in RCW 58.19.020(7). To the best of D & J's knowledge, all information, statements and representations made in this Disclosure are true, correct and complete:

1. Location of Property:

The Property is improved as a residential development located in the Spokane Valley approximately 4.2 miles south of Interstate 90 and immediately west of Highway 27. The street entrance into the Property off Highway 27 is named and identified by signage as East Copper River Lane.

2. D & J's name and address are as follows:

D & J ELK RIDGE HEIGHTS LLC
c/o Jeffery Amistoso
1615 W. Pinehill Road
Spokane, WA 99208

3. The name and address of the management company for the Property:

HOMEOWNERS ASSOCIATION
SERVICES, INC.
c/o Kim Transue
408 N. Mullan Road, Suite 202
Spokane Valley, WA 99206

4. The relationship of the management company to D & J:

No relationship other than that of customer and client. D & has also engaged Homeowner Association Services, Inc. as the management company in another property development in Spokane County, Washington.

5. Nature of the interest being offered for sale:

Fee simple ownership of residential lots at the Property. D & J was not the initial developer of these lots, but purchased them in a bulk sale after they had been substantially completed.

6. Brief description of permitted uses and restrictions:

The lots in the property are intended to be built on and used for single-family residential purposes. Certain restrictions are imposed based on a recorded Declaration of Covenants, Conditions and Restrictions covering the Property ("Declaration"). A copy of the Declaration is attached at Appendix "A." Each purchaser of a lot is intended to become the owner of that lot and a member of the ElkRidge Heights Homeowners' Association, each owner/member will have the right to use and enjoy all the common areas and amenities in common with all other owners/members of lots in the Property.

7. Lot ownership in the Property:

The total number of existing lots (separate tax parcels developed for residential development) in the Property is 140. The lots presently in the Property are filed of record with the Spokane County Auditor, and are identified as follows:

ElkRidge Heights

<u>Block</u>	<u>Lot(s)</u>
1	1-11
2	1-25
3	1-48
4	1-9
5	1-21
6	1-14
7	1-8
8	1-1
9	<u>1-2</u>
Total:	140

As part of finalizing improvements for the Property, it is likely that D & J will eliminate approximately 20 of the above lots that are not considered suitable for residential development. The eliminated lots will either be divided up and made part of other lots or will be converted into open space and common area tracts within the Property.

Of the lots that are part of the overall Property, the following lots were sold to third parties prior to D & J's acquisition of any portion of the Property and have never been owed by D & J.

ElkRidge Heights

<u>Block</u>	<u>Lot(s)</u>
1	5, 8, 10 and 11
2	10 and 20
3	15 and 22
4	none
5	none
6	6 through 13
7	none
8	1 and 2
9	none

As of the Effective Date, D & J owns all lots in the Property other than those listed immediately above. NOTE: Lots are being offered for sale and some of the lots owned by D & J as of the Effective Date of this Disclosure may have been sold to other purchasers at the time a prospective purchaser receives this Disclosure.

In addition to the residential lots referred to above, the Property consists of common area tracts identified on the face of the Plat as Tracts A through E. The common area tracts include identified open spaces and private roads. The common area tracts are all owned by ElkRidge Heights Homeowners' Association ("Association"), a Washington nonprofit corporation in which all lot owners are automatically members.

There is additional real property located adjacent to and generally south and west of the Property that has been preliminarily platted as Phase II of ElkRidge Heights ("Phase II"). Phase II has not been improved with infrastructure or developed as residential lots. If D & J develops Phase II, it is likely the additional property will

become part of and be incorporated into ElkRidge Heights. Under the provisions of the Preliminary Plat, Phase II could be developed as approximately 90 additional lots, though it is anticipated that if this additional property is developed, fewer lots will be developed. It is unknown whether any Lots will be created, or if developed, how many lots will actually be created, within Phase II.

8. A list of principal common amenities in the Property:

Common amenities include a gated entry statement, an entry feature that incorporates a manmade waterfall and operating equipment, drainage tracts and swales largely planted in grass, a perimeter fence running along the outer boundaries of the Property, private roads providing a means of access for all lots in the Property, commonly owned sidewalks adjacent to the private roads, open space areas and tracts, and stormwater drainage ponds and swales. D & J reserve the right to establish, add to, modify or withdraw from these or any other common area amenity hereafter established from time to time. Common area amenities may be located on land owned by the Homeowners Association or on land owned by others, including owners of lots within the Property and subject to use and/or easement rights in favor of the Association.

9. Property not in the development having access to or rights in any part of the Property:

Apart from the addition of additional property preliminarily platted as Phase II, as described in Section 7 above (that may enable D & J and future owners to have access to portions of the Property, including the private roads), there is no other real property outside of the Property, the owner of which has access to any of the Property or the improvements or amenities within the Property.

10. Status of the construction of improvements in the Property:

Lots in the Property have been substantially improved, though some clearing needs to be completed on some of those lots. Portions of the private roads and some other common amenities require completion and/or repair.

As noted above, other modifications to the Property are contemplated, including adjustment of common area boundaries and lot lines that will result in the elimination of approximately 20 of the lots currently included within the Property. Further as noted above, the eliminated lots are intended to be incorporated into other lots within the Property and/or to be converted in some instances to open space and common area tracts, all based on D & J's determination and analysis regarding the suitability of some of the lots and portions of lots for residential development and promotion of its plan to present and market a successful residential development.

11. Estimated current homeowners association expense:

General Assessments are set at \$600.00 per year per lot in the Property. This General Assessment amount will continue in effect through the end of 2016. During this time, D & J is obligated to cover Association expenses not funded by the Regular Assessment amounts contributed by lot owners, but without accumulating any amounts as reserve for future repairs or replacements of the common areas or common area improvements.

At the closing of a purchase of a lot, the purchaser will pay a pro-rated share of the annual General Assessment for the calendar year of purchase, plus an initial set-up and administrative fee for establishing an account with the Association's property manager, Homeowner Association Services, Inc., the amount of which is currently set at \$250.00. After the end of the year during which an Owner purchases a lot, it is expected future General Assessments will be billed and payable quarterly.

Further, at closing, property taxes for a lot will be prorated and paid and Seller will pay required excise taxes and pay the premium for a standard coverage owner's policy of title insurance covering the lot.

12. Estimated fees imposed by D & J apart from Association assessments:

D & J imposes no additional fees on owners apart from the items listed in Section 9. However, lot owners may also be responsible for assessments which may be charged by local fire protection districts, schools, and other public service providers within the jurisdiction, with any initial service assessments in the form of equalization or impact fees expected to be payable upon issuance of a building permit.

13. Assessments agreed to or known by D & J which, if not paid, may constitute a lien against any portion of the Property:

Apart from property taxes and assessments generally payable by owners of land in the vicinity of the Property, as well as fees for utilities and services provided to the Property, D & J is not aware of any such assessments or agreements for assessments.

14. Identification on any parts of the Property for which a purchaser will have responsibility to maintain:

The purchaser of each lot will be a member of the Association and have the shared responsibility through the Association, along with owners of other lots in the Property for maintaining the common area amenities generally described in Section 6 above.

15. A description of any blanket encumbrances covering the Property:

There are no blanket encumbrances covering D & J's lots in the Property or any of the common areas.
16. A list of any physical hazards known to D & J that affect the Property or immediate vicinity that are not readily ascertainable by a purchaser:

The Property and surrounding area are subject to no known hazards as defined in RCW 58.19.020(7).
17. Construction warranties to be provided to the Purchaser:

D & J is selling residential building lots that were substantially completed prior to D & J becoming an owner of the Property. D & J is not engaged in the business of constructing structures or houses on any of the lots and does not provide construction warranties.
18. Any building code violation citations that have not been corrected:

D & J has received no building code citations in connection with any portion of the Property.
19. A statement of any satisfied judgments or pending suits against the Association or the Property:

There are none.
20. Disclosure regarding advertising and sales restrictions:

D & J agree not to sell lots sight unseen, not to actively or knowingly advertise or promote a program of selling for investment purposes, not to advertise facilities or amenities not actually planned and expected to be constructed, not to represent that facilities or amenities presently exist which are not actually in existence, and not to engage in those types of advertising and promotional activities noted and prohibited by the State of Washington.
21. Disclosure required pursuant to RCW 58.19.045:

Unless a prospective purchaser is given this Public Offering Statement along with copies of the documents described in Section 20 more than two days before execution of a contract for the purchase of any lot within the Property, such

purchaser shall have the right to cancel their contract within two days after receiving a copy of this Public Offering Statement and documents copies and, if necessary, in order to have two days to review this Public Offering Statement and document copies, to extend the closing date to a date not less than two days after the first receipt of this Public Offering Statement and document copies. For purposes of this provision, the two day period shall not include Saturdays, Sundays or legal holidays.

Any purchaser electing to cancel a purchase and sale contract may do so by hand-delivering notice thereof to D & J or by mailing notice thereof by pre-paid United States mail to D & J at the address stated above in this Offering Statement, or at any address provided for service of process. If cancellation is by mailing notice, the date of the postmark on the mail shall be the official date of cancellation. Cancellation may be made without penalty, and all payments made by the purchaser before cancellation will be refunded within 30 days from the date of cancellation.

22. Project documents to be included with this Public Offering Statement:

This Offering Statement is to be accompanied by copies of the following:

- (a) Declaration of Covenants, Conditions and Restrictions for the Property in effect as of the day of this Offering Statement (Appendix "A");
- (b) recorded plat map for the Property (Appendix "B");
- (c) Articles of Incorporation for the Association (Appendix "C");
- (d) Bylaws for the Association (Appendix "D");
- (e) rules and regulations, if any (none have been adopted as of the Effective Date of this Public Offering Statement);
- (f) current proposed budget for the Association (none has been prepared as of the Effective Date of this Public Offering Statement); and
- (g) balance sheet of the Association current within 90 days if assessments have been collected for 90 days or more (not applicable as of the Effective Date of this Public Offering Statement).

23. Disclosure pursuant to RCW 58.19.055(x):

A purchaser may not rely on any representation or express warranty unless it is contained in this Public Offering Statement or made in writing signed by the Developers or by any person identified in this Public Offering Statement as the Developers' agent.

24. Disclosure pursuant to RCW 58.19.050(y):

This Public Offering Statement is only a summary of the some of the significant aspects of purchasing an interest in this development and any documents which may govern or affect the Property may be complex, may contain other important information, and create binding legal obligations. You should consider seeking assistance of legal counsel.

PART II

**GENERAL INFORMATION ABOUT THE
COMMONLY OWNED PROPERTY
AND COMMUNITY ASSOCIATION**

1. Multiple Offering:

As a non-profit corporation, ElkRidge Heights Homeowners' Association has been created to own, operate and maintain common properties and amenities, and to generally regulate the use and governance of the Property on behalf of the owners and their guests. The major portions of the common area improvements owned by the Association are briefly described Part I, Section 8 above. When you purchase a lot, you will also acquire indirect interests in and the rights to use and enjoy the common areas, along with all other lot owners in the Property. Your right to participate and assist in making decisions regarding those uses will be provided through the ability to participate in the Association.

2. What is the Association?

An automatic-member community homeowners association such as ElkRidge Heights Homeowners' Association should not be confused with a voluntary civic or social club. The Association will manage the Property, operating under legal documents that may restrict the uses of all portions of the Property, including your lot and home. In many situations, the majority rules; and the decisions made by the group, so long as within the permitted scope of the documents and agreements governing the Property, will be decisions you will also have to accept. In addition to providing a means for ownership and management of the common areas and amenities, the Association serves other purposes. The Association will eventually provide a means to accomplish architectural control in the Property and to enforce the covenants and restrictions imposed by the covenants, as well as some other land

use restrictions. Any purchaser needs to realize that there are restrictions that may be enforced limiting the ways in which an owner may improve or use their land or residence.

3. Voting Control of Association:

If you are making your purchase during an early stage of D & J's sale program, it is likely D & J will effectively control the affairs of the Association. It is usually good planning and necessary that controlling ownership holders of property do so during these early stages. At some point during the sales program, at a given percentage of lot sales in the Property, control and management of the Association will transfer from D & J to all lot owners collectively. The date or condition when this is to occur is determined by the voting rights of membership as stated in the governing documents, which include the Declaration, Articles and By-Laws of the Association. For this reason, you SHOULD READ THE DECLARATION, ARTICLES AND BY-LAWS CAREFULLY. YOU ARE TO BE GIVEN COPIES OF THEM AS ATTACHMENTS WITH THIS DISCLOSURE STATEMENT.

It is vitally important to the owners of individual lots that the transition from D & J to lot owner control be accomplished in an orderly manner and in the spirit of cooperation.

4. Assessments and Association Budget:

In order to provide funds for operation and maintenance of the common areas and amenities, the Association has the authority to levy assessments against an owner's lot. IF AN OWNER IS DELINQUENT IN THE PAYMENT OF ASSESSMENTS, THE ASSOCIATION MAY ENFORCE PAYMENT THROUGH COURT PROCEEDINGS OR THE LOT MAY BE LIENED AND SOLD THROUGH THE EXERCISE OF A POWER OF SALE. THROUGH THE END OF 2016, REGULAR ASSESSMENTS ARE FIXED AT \$600.00 PER YEAR PER LOT AND ARE BILLED AND PAYABLE QUARTERLY. D & J WILL COVER ANY SHORTFALL IN EXPENSES WITH NO OBLIGATION TO SET FUNDS ASIDE FOR RESERVES FOR FUTURE REPAIRS OR REPLACEMENTS. THE ANTICIPATED INCOME AND EXPENSES OF THE ASSOCIATION, WILL BE OUTLINED IN AN ANNUAL BUDGET. IF A BUDGET HAS BEEN PREPARED, A COPY IS ATTACHED AS APPENDIX "F". THE BUDGET, IF PREPARED, SHOULD BE EXAMINED CAREFULLY. DOES IT REALISTICALLY AND ACCURATELY PROJECT THE ANTICIPATED COSTS OF MANAGING AND MAINTAINING ASSOCIATION PROPERTIES? IF D & J IS NO LONGER COVERING SHORTAGES IN CURRENT OBLIGATIONS, DOES IT PROVIDE ADEQUATE RESERVES FOR MAJOR MAINTENANCE EXPENSES OR REPLACEMENT OF FACILITIES?

5. Assessments – Non-Resident Owners:

If you are purchasing a lot with the possibility of being an absentee owner for any period of time, you should realize that you must still pay the usual and prescribed homeowner assessments to the Association, whether or not you build a home or actively use association properties or facilities. Assessments begin on the date of acquiring ownership. If the Association properly elects to increase assessments for any authorized improvements or to pay for increased or unforeseen maintenance costs, you will have the same legal obligations to pay as would any resident owner.

6. Financial Reports – Books and Records of the Association:

The Association is required to follow certain practices relative to management, record keeping and reporting of the Association's finances. The Association BOOKS AND FINANCIAL RECORDS ARE TO BE MADE AVAILABLE FOR YOUR INSPECTION AT REASONABLE HOURS AND TIMES. You should also be provided with a report on the finances and the proposed budget of the Association at least once a year.

7. Cooperative Living – Restrictions on Activity and Land Use:

When contemplating the purchase of a lot in a common-interest development, you should consider factors beyond the attractiveness of the lot itself. Study the governing instruments and give careful thought to whether you will be able to exist happily in an atmosphere of cooperative living when the interests of the group must be taken into account as well as the interests of the individual. Remember that managing a common-interest association is very much like governing a small community - the management can serve you well, but you will have to work for its success. There are actions that can be taken by the governing body without a vote of the members of the association which can have a significant impact upon the quality of life for association members. You should contemplate active participation in the affairs of the association as directors or on committees created by a board. In short, the association will be you and your neighbors. In addition to restrictions on land use and to some degree personal activity, you will find that building and construction are subject to prior review and approval by an architectural control committee. You should study the limitations and restrictions on building activity found in the governing documents carefully and realize that they are most likely enforceable in a court of law.

8. Your Obligations as a Member of an Association:

a. To pay Assessments properly authorized and to share expenses of the

Association.

- b. To comply with the provisions of the governing documents, including proper and reasonable restrictions on land use or personal activity.
 - c. To attend member meetings, vote, and participate actively in the affairs of the association.
 - d. To take proper care of Association property.
9. Your Rights as a Member of an Association:
- a. To proper use and sharing of Association properties and facilities.
 - b. To receive annual reports on the financial and business affairs of the Association.
 - c. To attend board and member meetings, to vote, run for office and serve on committees.
 - d. To have reasonable access to Association books and records, including minutes of meetings (except any minutes related to board actions taken in executive session).
 - e. To have written notice of all member and board meetings and voting matters.

PART III

GENERAL INFORMATION ABOUT THE ASSOCIATION

1. Creation:

The ElkRidge Heights Homeowners' Association was established on June 23, 2011 by the filing of Articles of Incorporation with the Secretary of State, State of Washington, pursuant to the provisions of RCW Chapter 24.06, the Washington Non-Profit Miscellaneous and Mutual Corporations Act. Its state U.B.I. number is 603 124 230. The initial registered agent and registered office of the Association are Brian C. Balch, 601 S. Division Street, Spokane, Washington 99202-1335.

AS A NON-PROFIT CORPORATION, THE ASSOCIATION CANNOT MAKE

A PROFIT FOR DISTRIBUTION TO ITS MEMBERS, OFFICERS OR DIRECTORS. WERE IT TO ATTEMPT TO DO SO, IT MIGHT LOSE ITS LEGAL STANDING, BE SUBJECT TO SUIT, OR LOSE CERTAIN MEMBER IMMUNITIES AND TAX BENEFITS. ITS PRIMARY PURPOSE IS TO OWN AND MANAGE FOR THE BENEFIT OF ITS MEMBERS THE RECREATIONAL, SOCIAL AND AMENITY FACILITIES CONSTITUTING THE COMMUNITY PROPERTY.

2. Number of Members to be Making Use of Facilities:

There are currently 132 platted lots in the Property, with the anticipation that approximately 20 lots will be eliminated by D & J as D & J determines, in its discretion, which lots should be divided and added to other lots or should be set aside as common area, in some cases with respect to portions of the Property not considered appropriate or advantageous for residential construction. As noted in Part I, there is additional real property preliminarily platted as Phase II that could, at some point, be developed in order to provide additional lots that would become part of the Property. The Declaration of Covenants gives ElkRidge the right to annex additional areas into the Property and develop such additional property as one or more additional phases that would become part of the Property without approval of other members of the Association.

3. The Association, its Operations and Management:

The Declaration of Covenants, Conditions and Restrictions of record provide for the creation of the Association and generally indicate that its purpose is to own and manage the common areas advertised as part of the Property, as well as to manage aspects of the use of lots and common areas in the Property.

A. Board of Directors: The business affairs of the Association are generally conducted and controlled by a Board of Directors. There are currently two members of the Board of Directors who are Douglas Main and Jeffery Amistoso. The Board is elected by general vote of the members at the annual meetings. Note that while D & J owns a majority of the lots in the Property, this effectively means that D & J has the voting control and authority to elect the members of the Board of Directors. Currently, no members of the Board of Directors receive compensation for their services as such.

B. Association Officers: Association officers are selected or hired through an advisory vote of the membership, which vote is approved or rejected by the Board. The Board has ultimately authority to appoint the officers of the Association. Currently, no officers receive compensation for their services as such. The current officers are:

- a. Gordon Cawthray, President
- b. Dave Bauer, Vice President
- c. Rick Braddock, Secretary
- d. Nate Koenig, Treasurer

All officers are lot owners and residents living at the Property.

C. Registered Agent: The registered agent for the Association as of the date of this Public Offering Statement is Brian C. Balch, 601 S. Division Street, Spokane, Washington 99202-1335. The purpose for this agent is to receive official communications from governmental authorities should any be sent to the Association, as well as to accept service on behalf of the Association were the Association to be named as a defendant in legal proceedings. The address at which business records for the Association are currently to be maintained is that of the management company operating on behalf of the Association identified in Part I, Section 3. Information regarding Association records and agreements should be directed to Kim Transue. She can be reached at 509/922-2494. Any person requesting approval for any proposed improvement or modification to improvements on their lot shall also initially be directed to Kim Transue. Questions regarding enforcement of restrictions and requirements within the Declaration of Covenants should initially be directed to one of the Association's officers.

D. Removal of Directors and Officers: Pursuant to the Bylaws of the Association, directors are selected by the membership of the Board of Directors. D & J effectively retains the ability to elect members of the Board of Directors while it retains voting control of the Association through its lot ownership. A director may be removed from office at any time by a majority vote at any regular or special meeting of the membership of the Association (see Bylaws, Article III, Section 6). Officers are appointed by the Board of Directors (Bylaws, Article IV, Section 2), and as such, the Board of Directors has authority to remove or change the identity of any or all of the officers at any time.

E. Amending Governing Documents: The Declaration of Covenants may be amended pursuant to the provisions of Section 12.2 of the Declaration that provides that so long as Declarant is an owner of any lot in the Property. In addition, any amendment requires the vote or written consent of owners representing more than two-thirds of the votes of lots in the Property.

The Bylaws of the Association may be amended at any time by a vote of two-thirds (2/3) of the voting power of the Association once D & J no longer has voting control. Until that time, the Bylaws are subject to amendment by D & J.

By statute, the Articles of Incorporation of the Association could be amended to change the Association's name by a vote of the Board of Directors without member approval. Any other amendments to the Articles of Incorporation would need to be accomplished through presentation of a resolution of the Board of Directors submitted to a vote of the membership at a meeting for which notice is given, and then approved by at least two-thirds of the votes by members present in person or by proxy at a meeting at which a quorum is present. Pursuant to Article II, Section 3 of the Bylaws, a majority of the membership votes of the Association must be present, in person or by proxy, to constitute a quorum at a membership meeting.

F. Annual Meetings: Annual meetings of the Association are to be held each year. **PURSUANT TO ARTICLE II, SECTION 2, AND ARTICLE III, SECTION 4 OF THE BY-LAWS, THE BOARD OF DIRECTORS OF THE ASSOCIATION IS TO CONDUCT AN ANNUAL MEETING EACH YEAR. NOTICE OF THE DATE AND PLACE OF EACH ANNUAL MEETING IS TO BE SENT TO OWNERS NOT LESS THAN 30 DAYS PRIOR TO MEETING.** Pursuant to RCW 24.06.105, notice of annual meetings shall be sent no more than 50 days prior to the date of the meeting, and notice of any regularly scheduled or special meeting is to be sent not less than ten nor more than 50 days prior to the date of the meeting.

G. Association Records: The Association's books and records are required to be available for member inspection at reasonable hours and times and upon reasonable prior notice. Charges may be imposed for copies of requested records. As of the Effective Date, the Association's records are maintained at the offices of the management company acting on behalf of the Association, Homeowner Association Services, Inc., c/o Kim Transue, 408 N. Mullan Road, Suite 202, Spokane Valley, Washington 99206; telephone number 509/922-2494. If and when the location of the Association's office is changed, notification will be sent to all owners.

The treasurer of the Association, acting in conjunction with the property manager, is required to keep financial records for the Association. At least once annually, the treasurer acting through the Association's property manager is required to make available to all owners certain financial information including a balance sheet, a statement of cash flow, and the proposed budget for the coming year. Owners are to be information of the amount of collections, amount of any funds and interest earned, the identity and purposes of disbursements which can be identified by category, and the identity of any members delinquent in payment of their assessment obligations.

4. Amount and Payment of Assessments:

Each owner will be required to pay assessments to the Association. Upon closing the purchase of lot for personal use, an owner will be required to pay a prorated share of the annual assessments for the year of purchase. Thereafter, assessments are billed and payable quarterly. If there is a shortfall in the amount of assessments through the end of 2016 in covering necessary operation and repair expenses, but without accumulating any reserves, the deficiency will be made by D & J. The amounts of assessments after 2016 will be projected from Association budgets that will be prepared and submitted by the Board and considered by the members at a meeting conducted for that purpose. THE AMOUNT FOR ASSESSMENTS MAY BE INCREASED BEYOND THE AMOUNTS ORIGINALLY BUDGETING DUE TO UNFORESEEN CONTINGENCIES, INADEQUATE RESERVE PROTECTIONS, FAILURE OF OTHER OWNERS TO PAY ASSESSMENT OBLIGATIONS, A LAG IN ASSESSMENT COLLECTIONS OR FOR OTHER REASONS.

5. Effective collection of assessments:

Effective collection of assessments is an important and necessary part of Association management and the conduct and operation of the Association's business. Unpaid assessments may result in financial problems for the Association and a greater financial burden being placed upon other owners. IF A MEMBER FAILS TO PAY REASONABLE ASSESSMENTS DUE, THE FOLLOWING RESULTS ARE BOTH LEGAL AND PROBABLE:

- a. The owner will pay penalties for each delinquency.
- b. The deficiencies constitute a lien on the owner's lot which must be paid before any resale, or which may be collected by the association through legal proceedings.
- c. The owner may be sued personally for amounts due, together with delinquency charges, interest, costs, and attorney fees.
- d. The owner's name will appear as a delinquent on all association financial reports going to association members.
- e. The lien for unpaid assessments could be foreclosed in a manner similar to foreclosure resulting from a default under a deed of trust obligation owed to a lender.

6. Liability Insurance:

The Association could be responsible to third parties for its acts or omissions or for

injury caused to others through use of association property, and the association has obtained liability insurance protection. This liability coverage likely will not cover injuries to others through an owner's own acts while on Association property, or while on the owner's own lot. OWNERS SHOULD CARRY THEIR OWN LIABILITY INSURANCE FOR SUCH PROTECTION.

Insurance for fire and general casualty coverage on improvements to Association property is carried by the Association. It is anticipated that losses may be excluded from coverage if caused deliberately by an Association member, and that other provisions regarding coverage and exclusions may apply. It is also anticipated that this coverage will not protect an owner's personal property.

The information provided in this Disclosure has been presented in an effort to provide general guidance and information regarding ElkRidge, the Association, and the nature of owners' benefits, rights and responsibilities in connection with ownership and use of property in ElkRidge Heights.

Dated _____

D & J ELK RIDGE HEIGHTS LLC

By: _____
Jeffery Amistoso, Member

APPENDIX "A"

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS



RETURN ADDRESS:

**BRIAN C. BALCH
LAYMAN LAW FIRM, PLLP
601 S. DIVISION STREET
SPOKANE, WA 99202-1335**

Reference No.:

5488220

Document Title:

**AMENDED AND RESTATED DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR ELKRIDGE HEIGHTS**

Grantor(s):

1. D&J ELKRIDGE HEIGHTS, LLC
2. JOHN W. ASPLUND

Additional Grantors on page 2.

Grantee(s):

1. Same as Grantors

Legal Description:

All of ElkRidge Heights

Parcel Numbers:

44031.0740 - .0742	44031.0810	44031.0901 - .0903
44031.0912 - .0922	44031.1001 - .1014	44031.1101 - .1108
44035.1303	45344.0501 - .0511	45344.0601 - .0608
45344.0611 - .0619	45344.0621 - .0625	45344.0701 - .0715
45344.0716 - .0730	45344.0732 - .0748	45344.0801 - .0810
45344.0902 - .0912	45344.0923,	45344.1201 - .1202
45344.1301 - .1304	46344.0505	

**AMENDED AND RESTATED DECLARATION ESTABLISHING COVENANTS,
CONDITIONS AND RESTRICTIONS FOR ELKRIDGE HEIGHTS**

THIS AMENDED AND RESTATED DECLARATION ESTABLISHING COVENANTS, CONDITIONS AND RESTRICTIONS ("Restated Declaration") is made this 6th day of September 2011 by D&J ELKRIDGE HEIGHTS, LLC, a Washington limited liability company ("Declarant"); and JOHN W. ASPLUND and REBECCA J. ASPLUND, husband and wife; DAVID S. BOWER AND ELAINE S. BOWER, husband and wife; RICK BRADDOCK and BETTY BRADDOCK, husband and wife; FREDRICK TODD BROOKING and TAMI S. BROOKING, husband and wife; GORDON H. CAWTHRAY and DIANNE M. CAWTHRAY, husband and wife; NATE KOENIG, a married person as his sole and separate property; SALACHIAN PROPERTIES, LLC, a California limited liability company; ROBERT E. SLAVIK, Trustee of the ROBERT E. SLAVIK REVOCABLE TRUST; and CLARENCE H. WAGNER and LINDA H. WAGNER, husband and wife ("Additional Owners"). Declarant and Additional Owners are sometimes referred to below as "Grantors."

This Restated Declaration amends and supersedes, in entirety, the Declaration of Covenants, Conditions, Restrictions and Easements for ElkRidge Heights recorded January 23, 2007 in the Office of the Spokane County, Washington Auditor under Recording Number 5488220 ("Prior Declaration"). In place and stead of the Prior Declaration, this Restated Declaration provides as follows:

RECITALS

A. **WHEREAS**, Declarant is hereby designated by all Grantors as the successor to the original declarant ("Initial Declarant") specified in the Prior Declaration;

B. **WHEREAS**, Declarant and Additional Owners own the real property described on Exhibit "A" attached hereto, together with improvements to be made thereon, which real property and improvements are all part of a residential community commonly known as "ElkRidge Heights," and all of which are collectively referred to hereinafter as the "Property;"

C. **WHEREAS**, Grantors are executing this Restated Declaration for the benefit and protection of the Property, and to enhance its value and attractiveness as a desirable place to live, and with the covenants, conditions, restrictions and easements reserved created or confirmed herein to run with the land except to the extent otherwise expressly provided;

NOW, THEREFORE, Declarant and Additional Owners do hereby declare that the Property, and all portions thereof, are made subject to this Restated Declaration.

ARTICLE I: GENERAL PROVISIONS

1.1 Recitals Incorporated. The recitals stated above are substantive provisions in this Restated Declaration.

1.2 Development and Construction. Certain improvements intended in conjunction with development of the Property were completed by the Prior Declarant under the Prior Declaration. Declarant intends to further develop and complete some improvements upon and within the Property as part of a residential community for single-family home purposes. Nothing in this section shall be construed as requiring Declarant to assume or in any way being deemed to become responsible for any warranties, representations, promises or duties or obligation of the Initial Declarant under the Prior Declaration or in any way in connection with the Property.

1.3 Compliance With Restated Declaration Not Considered Government Approval. Any person or entity becoming an Owner of a Building Lot or other property interest within the Property acknowledges, by virtue of obtaining such ownership or interest, that said Building Lot or other portion of the Property is subject to zoning and subdivision ordinances and regulations and such other governmental laws, ordinances, regulations, approvals and legal requirements as may be in effect or as may from time to time be imposed. It shall be solely the obligation of such Owner, or other person or entity acquiring an interest in a portion of the Property, to become familiar with and comply with the same. No authorization, approval or provision of this Restated Declaration, or any action taken by the Association or any person or entity acting in conjunction with or on behalf of the Association shall be considered to constitute any representation or assurance of compliance with any of the foregoing.

ARTICLE II: DECLARATION

Grantors hereby declare that the Property, including each Building Lot or portion thereof, and all Common Areas and interests shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms, covenants, conditions, easements and restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Property; and to enhance the value, desirability and attractiveness thereof. The terms, covenants, conditions, easements and restrictions set forth herein shall run with the land, and with each estate therein, and shall be binding upon all persons and entities having or acquiring any right, title or interest in the Property, or any portion thereof; shall inure to the benefit of and be binding upon Grantors, Grantors' successors in interest and each grantee or Owner and such grantee's or Owner's respective successors in interest, and, except to the extent expressly provided or limited below, may be enforced by Declarant, by the Association, any Owner or such Owner's successors in interest, against any other Owner, tenant, or occupant or interest holder of any part of the Property.

Notwithstanding the foregoing, no provision of this Restated Declaration shall be construed so as to prevent or limit Declarant's right to complete development of all portions of the Property and to construct improvements thereon and all such rights are reserved to Declarant. This reservation expressly includes the right reserved to Declarant to modify and adjust boundary lines among Building Lots, proposed roads and streets and Common Areas;

