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Recorded at the Request of:

GREENSTONE-KOOTENAI, INC.  
1421 N. Meadowwood Lane, Suite 200  
Liberty Lake WA 99019

MD10407

STATE OF IDAHO  
COUNTY OF KOOTENAI  
AT THE REQUEST OF  
**PIONEER TITLE CO.**

2004 JAN -8 P 2:46

DANIEL J. ENGLISH

*DM*

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9.00

DECLARATION OF ANNEXATION

MONTROSE MASTER ASSOCIATION  
THIRD ADDITION  
CITY OF POST FALLS  
KOOTENAI COUNTY, IDAHO

This Declaration of Annexation is made on the date hereinafter set forth, by GREENSTONE-KOOTENAI, INC., an Idaho corporation ("Declarant"), with reference to the following facts:

A. Declarant is the developer of a certain tract of land located in the City of POST FALLS, Kootenai County, Idaho, being a mixed used planned unit development commonly known as Montrose, which development is governed by that certain Master Declaration of Covenants, Conditions, and Restrictions, dated October 7, 1998, and recorded October 9, 1998, as Document No. 1557674, official records of Kootenai County, Idaho (the "Master Declaration"), the definitions and terms of which Master Declaration are incorporated herein by this reference.

B. Declarant is the purchaser/developer of the following property in the vicinity of the Montrose project, but which has not yet been subjected to the Master Declaration (the "Annexed Property"):

Lots 1 through 32 in Block 1; Lots 1 through 30 in Block 2; Lots 1 through 18 in Block 3; and Lots 1 through 3 in Block 4 of Montrose Third Addition, according to the plat filed in Book "T" of Plats, Pages 376 to 376E, records of Kootenai County, State of Idaho.

C. Declarant desires to subject the Annexed Property to the Montrose project, as provided in this Declaration of Annexation.

NOW, THEREFORE, the Declarant declares as follows:

1. Annexation. Pursuant to the rights reserved to Declarant under Article 15 of the Master Declaration, the Annexed Property is hereby made subject to the Master Declaration and shall for all purposes be a part of the Montrose Project, effective on the date of recordation of the above-referenced Plat. The Annexed Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the declarations, limitations, covenants, conditions, restrictions, and easements set forth in the Master Declaration, all of

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Pioneer Title Company has not examined this document, and assumes no liability as to its validity and its effects upon the title.

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which are for the purpose of enhancing and protecting the value and attractiveness of the entire Montrose Project. All of the limitations, covenants, conditions, restrictions, and easements set forth in the Master Declaration shall constitute covenants and encumbrances which shall run with the Annexed Property for the benefit of the entire Project, and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Annexed Property.

2. Grant and Reservation of Easements. Declarant hereby grants to all Owners of Lots in the Annexed Property all rights and easements created for the benefit of the entire Project, which rights and easements are reserved to Declarant in the Master Declaration. Declarant also hereby reserves from all Owners of Lots in the Annexed Property, and grants to the Owners of Lots in previously Annexed Phases, all rights and easements which were reserved to Declarant under the Master Declaration.

3. Master Association Assessments. Without limiting the generality of the foregoing, Declarant, for each Lot owned within the Annexed Property, hereby covenants, and each Owner of any Lot within the Annexed Property, by acceptance of a deed therefore, is hereby deemed to covenant and agree to pay to Montrose Master Association (the "Association") regular monthly assessments or charges, and extraordinary and special assessments for capital improvements and unexpected expenses, all according to the Master Declaration.

4. Common Area. Those portions of the Annexed Property identified on the Plat, being park areas, shall be deemed "Common Area," which shall be owned in fee and maintained by the Master Association according to the Master Declaration.

The undersigned, being the Declarant herein, has executed this Declaration of Annexation on this 18th day of December 2003.

DECLARANT

GREENSTONE-KOOTENAI, INC.,  
an Idaho corporation

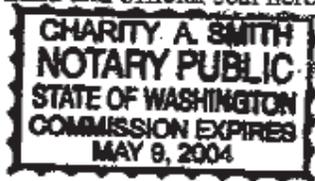
By:   
James M. Frank, CEO

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STATE OF WASHINGTON )  
 )ss  
County of Spokane )

On is 29<sup>th</sup> day of December, 2003 before me, Charity A. Smith, a Notary Public and for the State of Washington, personally appeared JAMES M. FRANK, known or identified to me to be the Chief Executive Officer of GREENSTONE-KOOTENAI, INC., the corporation that executed the instrument and the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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



Charity A. Smith  
Notary Public for Washington  
Residing at Post Falls, Id.  
My Commission Expires on May 9, 2004