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PRIME PROPERTIES

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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
CANYON HILLS SUBDIVISION**





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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CANYON HILLS SUBDIVISION

PRIME PROPERTIES, L.L.C., a Washington corporation, the owner of real property located in Douglas County, Washington and described as follows:

See Exhibit "A", attached hereto and incorporated by this reference.

does hereby establish the following protective covenants, conditions and restrictions for said property, said covenants to run with the land:

PREAMBLE

These protective covenants are reasonable, but carefully guarded to ensure that what is established in the theme is retained for the future of property values. Underground utilities will be included. Landscaping themes will be consistent. However, every location will be afforded a freedom of expression to encourage individualism.

1. DEFINITIONS

Defined terms will appear throughout this Declaration with the initial letter of such term capitalized. Unless the context clearly states otherwise, the following terms used in this Declaration are defined as follows:

1.1 "Association" shall mean and refer to the Canyon Hills Homeowners Association, its successors and assigns.

1.2 "Board" shall mean and refer to the Board of Directors of Canyon Hills Homeowners Association.

1.3 "Common Areas" shall mean all real property owned or to be maintained by the Association for the common use and enjoyment of the Owners. The Common Areas include, but are not limited to the entries, drainage holding areas and landscaped areas for common enjoyment

1.4 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Douglas County Auditor.

1.5 "Developer" shall mean and refer to Prime Properties L.L.C., and its successors or assigns.

1.6 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Areas.

1.7 "Majority of Members" shall mean and refer to the Members holding more than 50% of the total votes entitled to be cast with respect to a given matter (not just those represented at a meeting); and any specified fraction or percentage of the Members means the Members holding that fraction or percentage of the total votes entitled to be cast with respect to a given matter. Unless otherwise specified, any provision herein requiring the approval of the Members means the approval of a Majority of Members.

1.8 "Member" shall mean and refer to those persons entitled to membership as proved in the Declaration.

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

1.10 "Properties" shall mean and refer to that certain real property subject to the Declaration of Covenants, Conditions and Restrictions of Canyon Hills, and such additions as may be brought within the jurisdiction of the Association.

1.11 "Transition Date" shall mean and refer to the first to occur of:

1.11.1 June 30, 2008; or

1.11.2 The day on which title to the last Lot in the Property owned by the Developer is conveyed to any third party for value, other than as security for performance of any obligation (for purposes hereunder, "third party" shall be defined as any person or entity that is not the Developer, a lineal descendant of the principal shareholders of the Developer, or spouse of any lineal descendant); or

1.11.3 Such date as Developer requires the Members to assume control of the Association, it being the Developer's right (but not obligation) to require the Members to assume control of the Association at any time.

2. ANNEXATION OF ADDITIONAL PROPERTY

Prior to the Transition Date, some or all of the real property described as Phases III, IV, and V in Exhibit "B" may be annexed to and become subject to this Declaration as set forth in this Section 2. Phases III, IV, and V are within the property described on Exhibit "C". Developer may amend Exhibits "B and C" at any time to delete property described thereon.

2.1 Annexations. Developer may elect to annex some or all the real property described in Exhibit "B" in increments of any size whatsoever, or to annex more than one such increment to any given time and in any given order. Developer is not obligated to annex any of said property, and none of said property shall become subject to this Declaration unless and until a supplemental declaration shall have been recorded as herein provided.

2.2 Supplemental Declaration. A supplemental declaration shall be a writing in recordable form which annexes additional real property to the plan of this Declaration and which incorporates by reference all of the covenants, conditions, restrictions, easements and other provisions as are set forth in this Declaration relating to supplemental declarations. Supplemental declarations may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the annexed property and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such supplemental declaration revoke, modify or add to the covenants established by this Declaration with respect to the Property already subject to this Declaration.

2.3 Annexation Without Approval of Association. The annexed property may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Association without the approval, assent or vote of the Association or its Members, provided that a supplemental declaration covering the annexed property shall be recorded by Developer. The recordation of said supplemental declaration shall constitute and effectuate the annexation unless a later effective date is specified in the supplemental declaration, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter the annexed property shall be part of the Property for all intents and purposes of this Declaration and all the Owners of Lots in the annexed property shall automatically be Owners.

2.4 Boundary Line Adjustments. Developer shall retain and have the right at any time and from time to time to adjust any lot lines and/or boundaries and/or the configuration of the Canyon Hills Subdivision with respect to any lots or properties within the Canyon Hills Subdivision which are unsold, retained by or otherwise owned by Developer, provided, however, Developer shall not have the right or authority to move or adjust the boundary of any lot(s) owned by another party without first obtaining the consent of such party.

3. HOMEOWNERS ASSOCIATION

3.1 Purpose. The Association shall be formed by the Developer for the purpose of managing the Common Areas and enforcing the Declaration.

3.2 Membership. Every person or entity who is an Owner shall become a Member of the Association. Membership shall be appurtenant to and may not be separated from the Owner's interest in Canyon Hills. All Members shall have rights and duties as specified in this Declaration, and in the Articles, Bylaws, rules and regulations of the Association. The Association shall be governed by a Board of Directors as set out in the Bylaws.

3.3 Voting Rights. There shall be one vote for each membership in the Association. An Owner shall be entitled to one membership in the Association for each Lot he owns, so long as he is the Owner of the Lot. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

If the Owner of a Lot is other than one individual, the Owner shall specify, in writing to the Association, the individual who is the Member of the Association for the Lot. In the absence such written specification, Assessments shall nevertheless be charged against the Lot and Owner thereof, but there shall be no right to vote the membership. The Member must be an individual who is either an Owner or, if the Owner is or includes a Person other than an individual; an individual who is a partner, if the Owner is or includes a partnership; or an officer of the corporation, if the Owner is or includes a corporation; or a beneficiary of the trust, if the Owner is or includes a trust; or an owner of the entity, if the Owner is or includes a Person other than an individual, a partnership, a corporation or a trust. The Member, as so specified, shall be the only person entitled to vote for the Owner of the Lot at Association meetings and elections. An Owner may change the individual who is the Member for his Lot, provided each such individual is eligible to be a Member hereunder, in such manner and with such frequency, and subject to such reasonable processing fees, as the Board from time to time may permit.

3.4 Temporary Developer Control. All of the rights duties and functions of the Association shall be exercised only and entirely by the Developer until the Transition Date. To carry out this provision, Developer may, from and after the date of recording thereof, adopt and enforce temporary Bylaws, rules and regulations for the Association; may give notices and call meetings; determine, assess, collect, receive and expend assessments and Association funds; hire a manager or other employees or service agencies as required; purchase supplies and equipment and determine maintenance and other policies; set up and maintain Association books and accounts; and generally exercise all powers necessary to carry out the provisions of the Declaration. Acceptance of an interest in the Properties described in this Declaration indicates acceptance of the management authority of Developer until the Transition Date and, in carrying out the same, Developer is entitled to the power, indemnities and protections set forth in the Declaration for the Association.

3.5 **Property Rights in Common Areas.** Every Member, and his guests or tenants, shall have a right and easement of enjoyment in the Common Areas, which rights and easements shall be appurtenant to and shall pass with the transfer of every Lot, subject to the following restrictions.

3.5.1 The right of the Association to limit the number of guests of Members, and to adopt rules and regulations;

3.5.2 The right of the Association to exclusive use and management of said Common Areas for utilities such as pumps, pipes, wires, conduits and other utility equipment, supplies and materials;

3.5.3 The rights reserved to the Developer in the Declaration; and

3.5.4 The other restrictions, limitations and reservations contained or provided for in this Declaration, the Articles and Bylaws of the Association, and rules or regulations adopted by the Association.

3.6 **Maintenance.**

3.6.1 The Association shall maintain the Common Areas and improvements located thereon in the same condition as a reasonable prudent Owner would maintain his own home so that Canyon Hills will reflect a high pride of ownership.

3.6.2 Each Owner hereby covenants and agrees to maintain his respective property in the same condition as a reasonable prudent Owner would maintain his own home so that Canyon Hills will reflect a high pride of Ownership. If any Owner shall fail to so maintain his property, the Association shall have the right to notify said Owner in writing of the maintenance required. If said maintenance shall not be performed within thirty (30) days from the date said notice is delivered to the non-performing Owner, the Association shall have all remedies as provided in this Declaration.

3.7 **Common Expense.**

3.7.1 Certain expenses shall be paid by the Association for the benefit of all Owners and shall be referred to as common expenses. The common expenses shall be paid by the Association from funds collected monthly, quarterly, or semi-annually and special assessments to be paid by Owners.

All expenses of maintaining and operating the Common Areas, whether held by the Developer or the Association, shall be common expenses. The common expenses shall include, but not be limited to, the following:

- a. The expenses of maintaining the Common Areas held by either the Association or the Developer;
- b. The cost of maintaining insurance coverage on Common Areas held by the Association or the Developer;
- c. The cost of any repairs or replacement of the Common Areas held either by the Association or the Developer;
- d. Costs of operating the Association; and
- e. Any other expense which shall be designated as a common expense in the Declaration or, from time to time, by the Association.

3.7.2 An adequate reserve fund for the replacement of Common Area improvements shall be established and shall be funded by depositing into said fund a portion of the assessments collected from the Owners. The portion of the assessments deposited into said reserve fund shall be determined by the Developer until the Transition Date, and thereafter by the Association.

3.8 Assessments.

3.8.1 From and after the date of the first sale from the Developer to an Owner is executed and the transaction relating thereto is closed, each Lot shall be subject to monthly, quarterly, or semi-annual assessments or charges in an amount to be determined by the Developer until the Transition Date, and thereafter by the Association. The amount of assessments shall be that necessary to pay common expenses. The amount of the assessments may be increased or decreased periodically as may be necessary from time to time to properly provide for payment of said common expenses.

3.8.2 The amount of the assessments shall be equal for all Lots.

3.8.3 The Association shall, upon written demand, furnish a certificate in writing, setting forth whether the assessments on a specified Lot have been paid. A reasonable charge may be made for the issuance of these certificates.

3.8.4 In addition to the assessments authorized above, the Association, by and through its Board of Directors, may levy, in any year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of facilities in the Common Areas, including the necessary fixtures and personal property related thereto, or for any other purpose determined necessary by the Board of Directors of the Association. The special assessment shall be equal for all Lots. Special assessment may be payable in monthly installments, quarterly installments, or such other periodic installments as shall be determined by the Association.

3.9 Collection of Assessments, Enforcement of Declaration, Attorneys' Fees and Costs.

3.9.1 All assessments, together with interest, costs of collection and reasonable attorneys' fees, shall be charged against and shall be a continuing lien upon said Lot against which each assessment is made. Said lien shall have all the incidents of a mortgage on real property. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner at the time the assessment fell due.

3.9.2 If any assessment is not paid within thirty (30) days after its due date, the assessment shall bear interest from the due date at the higher of 12 percent or the maximum rate allowed by law. Each Owner hereby expressly vests in the Association or its agents the right and power to bring all actions against such non paying Owner personally for the collection of delinquent assessments as a debt or to enforce lien rights of the Association by all methods for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in like manner as a Washington mortgage on real property, and each owner hereby expressly grants to the Association the power of sale in connection with such liens. The liens shall be in favor of the Association, shall be for the benefit of the Association, and the amount of said liens shall include interest, costs of collection and reasonable attorneys' fees. The Association shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same. In the event the Association employs an attorney to enforce said liens, or the collection of any amounts due, or to enforce compliance with or specific performance of this Declaration, Articles, Bylaws, rules and regulations of the Association or provisions of this Declaration, the Association shall be entitled to the award of reasonable attorneys' fees and costs incurred. In the event any Owner shall be in arrears in the payment of the assessments due or shall be in default of the performance of any of the terms of the Articles, Bylaws, or rules and regulations of the Association or this Declaration for a period of thirty (30) days, said Owner's right to vote shall be suspended and shall remain suspended until all payments are brought current and all defaults remedied. In addition, the Association shall have other remedies against such delinquent Owners as may be provided in the Articles, Bylaws, rules and regulations of the Association.

3.10 Indemnification. To the fullest extent permitted by law, every director and officer of the Association and Developer (to the extent a claim may be brought against the Developer by reason of his appointment, removal or control over members of the Board) shall be indemnified by the Association, and every other person servicing as an employee or direct agent of the Association, against all expenses and liabilities, including without limitation attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Association (or in the case of Developer by reason of having appointed, removed, controlled or failed to control members of the Board), or any settlement thereof, whether or not he is a director or officer or serving in such other specified capacity at the time such expenses are incurred, provided that the Board shall determine, in good faith, that

such officer, director, other person, or Developer, did not act, fail to act, or refused to act with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such persons may be entitled at law or otherwise.

3.11 Non-Liability of Officers. To the fullest extent permitted by law, neither Developer, the president, the Board, any committees of the Association or any member thereof, nor any directors or officers of the Association, shall be liable to any Member, Owner, occupant, the Association or any other person for any decision, approval or disapproval of drawings or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which Developer, the president, the Board, or such committees or person reasonably believed to be with the scope of their respective duties.

4. GENERAL COVENANTS

4.1 Aesthetic Control. No grading, building (including outbuildings), fences, walls, landscape, hardscape or artwork shall be erected, placed or altered on any Lot until construction plans and specifications and a plan showing the location of the structure, the location and the surfacing of the driveway and the landscaping for the entire lot have been approved in writing by the Board of Directors of the Association as to quality of workmanship and materials, harmony of external design with existing structures and the intended nature of the plat, as to conformity with these covenants and as to location with respect to topography and finished grade elevations. Harmony is to be maintained through use of earth-tone colors and natural building materials where possible. Bright colors and reflective materials are to be avoided. The Board may delegate this function to an Aesthetic Control Committee appointed by the Board. Either the Board or the Aesthetic Control Committee may employ an architect or designer to review the plans.

4.2 Architectural Review

Application for architectural review by the Canyon Hills Owners Association will be reviewed and recommendations made within thirty(30) days from date of receipt of such plans submittals or resubmittals.

The following drawings must be included with each application. Other drawings or exhibits may be included if the owner feels that they might be of help to the Board in reviewing the project. The Board will not review incomplete applications.

1. Site Plan
2. Floor Plans
3. Elevations

4. **Building Specifications:** Building specifications should fully describe all materials, colors, and finishes to be visible on the building exterior. All colors shall be earth tones.

4.3 **Subdivision.** No Lot may be subdivided.

4.4 **Maintenance of Vacant Lots.** It is the intent of these restrictions that vacant lots be maintained in a manner which enhances rather than detracts from the overall appearance of the subdivision. Lots should be mowed periodically during the summer to provide a maintained vs. unmaintained appearance. Upon thirty (30) days notice to the owner, the Association shall have the right at all times to enter upon any Lot to remove debris or other waste material and to mow overgrown vegetation and to charge the expense thereof to the Owner as an assessment. The Association shall have all rights and remedies for the collection of said assessment as provided in Section 3.9.

4.5 **Nuisances.** No activity shall be carried on upon any Lot or permitted thereon which may be or becomes a nuisance to the neighborhood.

4.6 **Electrical, Telephone and CATV Service.** No outdoor overhead wire or service drop for the distribution of electric energy, telecommunications or CATV purposes, nor any pole, tower or other structure supporting said outdoor overhead wires, shall be erected, placed or maintained. All Owners shall use underground service to connect to the underground electrical, telephone and CATV utility facilities.

4.7 **Animals.** No animals shall be allowed except traditional household pets. All pets must be kept within the boundary of the Owner's Lot.

Owners exercising their pets within the Canyon Hills Subdivision, within public right of way or on any commonly maintained property, will be responsible for keeping their pet on a leash and for cleaning up after their pets.

4.8 **Refuse.** No trash, garbage, rubbish, refuse or other solid waste of any kind, including particularly, inoperable automobiles, appliances and furniture, shall be thrown, dumped, stored, disposed of, or otherwise placed on any part of the subdivision. Garbage and similar solid waste shall be kept in sanitary containers well suited for that purpose. Garbage cans and sanitary containers shall be screened, enclosed or otherwise out of view as discussed in Section 4.15 (Sightliness) of these covenants.

4.9 **Temporary Dwellings and Buildings.** No mobile homes, trailers, basement, tents or other outbuilding shall be used on any Lot at any time, either temporarily or permanently, as a residence.

During construction of a permanent residence a temporary construction office may be permitted, but such use shall be limited to six (6) months. Such construction office must be located on-site or immediately adjacent to the lot under construction. Under no circumstances may the construction office or other vehicle or boat be used as a living facility for owner(s) or construction worker(s).

No outhouse or lavatory for privy purposes shall be erected or maintained or placed on any Lot or Lots; such convenience must be incorporated within or be a part of the building to which they appertain. However, during the construction of a residence, Owners and their contractors are encouraged to use portable sanitary facilities for privy purposes to provide workers with on-site bathroom facilities. These units should be placed to minimize their visibility from the roadway and other residences.

4.10 Landscaping. The landscaping approved by the Board must be completed on each Lot, as soon as practical after completion of construction, but no later than one year from the date the dwelling is completed. No trees, hedges or shrubs shall be grown or maintained in a fashion which unreasonably interferes with the other Lot Owners' use and enjoyment of their respective properties, this provision applies to, but is not limited to: tree or plant heights, fullness and color. The Board shall determine whether any given trees, hedges or shrubs unreasonably interfere with those rights and such determination shall be conclusive. All fruit trees shall be kept insect and disease free. Lawns shall be watered and cut and neatly trimmed during the summer at least weekly. All spec houses shall have, as a minimum, the front yard planted in grass as soon as construction is completed. Grass may be hydroseeded or sodded only.

4.11 Easements. Easements for utilities and drainage are reserved as delineated on the plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements in it for which a public authority, utility company or the Association is responsible.

4.12 Natural Drainage. No Owner shall change or interfere with the natural drainage of any part of the developed area without the prior written approval of the Board.

4.13 Excavations/Drilling. No excavation for minerals, stone, gravel or earth shall be made upon any Lot other than excavation for necessary construction purposes relating to main dwelling units, retaining and court walls, outbuildings and pools, and for the purpose of contouring, shaping, fencing and generally improving any Lot.



No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

4.14 Signs. No billboard or advertising sign of any kind may be erected, placed or maintained on any Lot or Lots or on any building or structure thereon, except one "For Sale" sign used by a builder or Lot Owner to advertise a Lot. No sign may be more than six square feet, except with the proper written permission of the Board.

4.15 Antennae. There shall be no antennae of any sort either installed or maintained which is visible from neighboring Lots, streets or public areas. Satellite dishes of no larger than eighteen inches (18") in diameter are permitted.

4.16 Sightlines. All service areas, clotheslines, mechanical equipment, other equipment, motorcycles, snowmobiles, motor homes, boats, recreational vehicles, any vehicle over 1-Ton, wood piles and storage piles shall be walled or screened to conceal them from the view of other Lots within the subdivision, streets or public areas. No resident's vehicles shall be parked on the streets.

4.17 Businesses. No store or business shall be carried on upon said premises or permitted thereon which involves on-premise sales or on-premise customers, of which constitutes a nuisance.

4.18 Fire Safety. There shall be no exterior fires whatsoever, except for barbecues.

4.19 Firearms. The use of firearms or explosives, including fireworks, except such fireworks as may be expressly approved by the Board, are prohibited, except the use of explosives as is required for construction work duly authorized by the Board.

4.20 Driveways. All driveways shall be surfaced by asphalt pavement or concrete.

4.21 Storage Tanks. No storage tanks for fuel or gas, surface or underground, shall be permitted within the Canyon Hills Subdivision.

4.22 Vehicle Repairs. No major or extended vehicle repairs shall be performed unless inside a closed garage.

4.23 Repair. All buildings located on any Lot shall be kept in good repair and in generally attractive condition.



4.24 Parking. At the time a structure is built on a Lot, adequate off street parking for at least four cars shall be provided on the Lot. A minimum of a two car garage with garage door must be provided, while the additional parking may be permitted in paved areas provided for that purpose or on driveways. All parking areas shall be constructed of asphalt paving or concrete. No street parking will be permitted for residents' vehicles. Trucks larger than one ton, construction type equipment and mobile or stationary trailers shall be permitted within the development and parked on the streets for the purposes of construction of improvements within the development.

The intent of this provision is that residents' cars should be parked in an enclosed garage. Garages are to be used for the purpose of housing cars and not for boat storage, storage or other purpose unless all resident cars are accommodated within garages.

4.25 Recreation Vehicle (RV) Parking. RV parking will be allowed within the Canyon Hills Subdivision so long as the RV is parked on the owners lot and is screened from view by a 6' high solid fence.

4.26 Swimming Pools. Swimming pools shall be designed as being visually connected to the residence through walls, decks, or courtyards and must be screened from view of neighbors, streets, and public places.

4.27 Letter and Delivery Boxes. The Developer will install approved postal boxes at locations and in clusters approved by the post office. The Board in the future may renegotiate with the post office and alter the system initially installed.

4.28 Address Identification. Individual address identification devices for each residence may be installed by the Lot Owner. Such devices must utilize the same materials and colors as the residence and shall reflect its design character. No "unique" identification devices will be installed. The Board may in the future require installation of uniform address identification devices for all lots, including those with previously constructed identification devices.

5. BUILDING COVENANTS

5.1 Single Family Dwellings. No structure shall be erected on any Lot except one single-family dwelling and associated accessory building. Such accessory buildings shall also be submitted to the Canyon Hills Owners Association for approval and shall be of the same exterior building materials and colors as the primary structure.

5.2 Existing Structures. No existing structure of any nature shall be moved onto said premises.

5.3 Manufactured or Mobile Homes. No manufactured, modular or mobile homes may be placed on any Lot.

5.4 Code. All buildings shall conform to the Uniform Building Code and any code adopted by Douglas County.

5.5 Material. The use of new materials is required on all construction within the Canyon Hills Subdivision.

Materials indigenous to the Pacific Northwest are preferred.

No reflective finishes shall be used on exterior surfaces, including, but not limited to: roofs, projections above roofs; fences; doors; trims; window frames; pipes; equipment; etc.

5.6 Height Limit. The maximum height of any structure placed on the lot shall be that as allowed by Douglas County ordinances at the time of building permit application.

5.7 Roofs.

5.7.1 Roof Slopes

All roof slopes of residences, including garages, are to be no less than 3" in 12" or greater than 6" in 12". Slopes in excess of 6" in 12" will be considered on a lot by lot basis, taking into account the impact on views, and the aesthetics of the dwelling for which it is being proposed. The preferred roof form for the Canyon Hills Subdivision is the Hip Roof. Owners are encouraged to use this form of roof whenever possible. Roof form and appearance will be an important consideration when the Board is determining the acceptability of the home design.

5.7.2 Roof Materials

All roof materials shall meet 25-year architectural composition standards and any local jurisdictional standards.

5.7.3 Roof Heights

Maximum Roof heights will be as specified by Douglas County code.

5.8 Dwelling Size. The minimum size of living area for a one level residence shall be 1300 square feet. This does not include garages, balconies, patios and the like.

5.9 Garage Doors. All garages must be equipped with garage doors.



5.10 Fences, Walls, and Retaining Devices. No fences or walls may be constructed without the prior written approval by the Board. Any fence which is built must be maintained in a desirable manner, so that the fence is not broken, leaning, or otherwise having an unsightly appearance. Maximum fence height is to be six (6) feet as defined by Douglas County code. Walls and fences must be finished so as to present an attractive appearance on both sides.

Chain link or other metal fencing is not allowed except for minor uses such as a dog run/kennel or swimming pool; provided however, that the metal fencing is not an integral part of the property fencing or border and is properly screened from view.

5.11 Time of Completion. Any dwellings or structures erected on said subdivision shall be completed within nine (9) months of commencement of construction.

6. ADMINISTRATIVE COVENANTS

6.1 Duration. This plat and dedication are made subject to the above restrictions and covenants which shall run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then owners of a majority of the lots has been recorded, agreeing to change said covenants in whole or in part.

6.2 Amendment. Amendment of these covenants shall be by two-thirds (2/3) vote, with one vote per lot; provided, there shall be no amendment for the first three (3) years. Amendments shall be in writing, executed by a voting majority, and recorded in the same manner as these covenants.

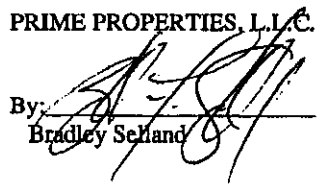
6.3 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provision shall not affect any other provision hereof.



6.4 Enforcement. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant either to restrain violation or to recover damages.

The prevailing party in any dispute of the enforcement of these covenants shall be entitled to recover reasonable attorneys' fees.

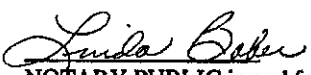
DATED this 1 day of Oct, 1996.

PRIME PROPERTIES, L.L.C.
By: 
Bradley Selland

STATE OF WASHINGTON)
) ss.
COUNTY OF CHELAN)

ON this day personally appeared before me BRADLEY SELLAND and SHARON SELLAND, husband and wife, to me known to be the individuals described in and who executed the within and foregoing instrument, and acknowledged to me that they signed the same as their free and voluntary act and deed for the uses and purposes therein mentioned.

GIVEN under my hand and official seal this 1 day of October, 1996.


NOTARY PUBLIC in and for the
State of Washington, residing
at Douglas County.

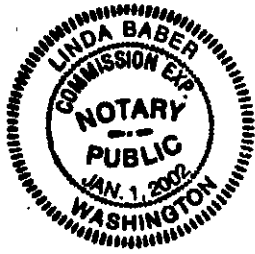




EXHIBIT "A"
CANYON HILLS SUBDIVISION
PRELIMINARY PLAT
LEGAL DESCRIPTION

In the County of Douglas, State of Washington

PARCEL "A"

That portion of the Northeast quarter of Section 36, Township 23 North, range 20, E.W.M., Douglas County, Washington, lying Southerly of Badger Mountain County Road.

EXCEPT that portion thereof described as follows:

Beginning at the Northeast corner of said Section 36, running thence South 652 feet to the True Point of Beginning; thence running South 1970 feet to the quarter corner between Section 36, Township 23 North, Range 20, E.W.M., and Section 31, Township 23 North, Range 21, E.W.M., thence run North 89°25' West 530.7 feet; thence North 7°17' West, 500 feet; thence run North 4° West 653.3 feet; thence North 34°30' East 380 feet; thence North 32°14' East 600.5 feet; thence South 87°32' East 108.6 feet to the True Point of Beginning.

AND EXCEPT that portion conveyed to East Wenatchee Water District, a municipal corporation by deed recorded July 16, 1987, under auditor's no. 245333, described as follows:

Commencing at the center of Section 36, Township 23 North, Range 20 E.W.M., thence South 89°46'35" East along the East-West center line of said Section 36 for 858.00 feet; thence North 11°26'00" West for 138.44 feet to the True Point of Beginning for this description; thence 7°36'00" West for 200.00 feet; thence North 82°24'00" East for 200.00 feet; thence South 7°36'00" East for 200.00 feet; thence South 82°24'00" West for 10.02 feet to the True Point of Beginning.

PARCEL "B"

That portion of Northeast quarter of Section 36, Township 23 North, Range 20, E.W.M., Douglas County, Washington, more particularly described as follows:

Commencing at the center quarter of said Section 36, from whence bears East quarter North 89°44'04" East 2597.22 feet; thence North 00°15'42" West along the North-South center of section line 1258.53 feet to the northerly right of way line of Badger Mountain Road and the True Point of Beginning; thence along said right of way of a curve to the right along a chord bearing North 70°46'37" East and a chord distance of 67.27 feet having a central angle of 8°48'15" and a radius of 438.20 feet for an arc length of 67.33 feet; thence North 75°10'44" East along said right of way for 382.70 feet; thence along said right of way on a curve to the left along a chord bearing of North 48°28'08" East and a chord distance of 488.13 feet having a central angle of 53°25'12" and a radius of 543.00 feet for an arc length of 506.27 feet; thence North 21°45'32" East along right of way for 508.70 feet; thence along said right of way on a curve to the right along a chord bearing of North 58°12'15" East and a chord distance of 374.40 feet having a central angle of 72°55'25" and a radius of 315.00 feet for an arc length of 400.92 feet; thence on a curve to the left along a chord bearing of South 70°33'13" West and a chord distance of 928.12 feet having a central angle of 63°39'08" and a radius of 880.00 feet for an arc length of 977.63 feet; thence South 38°43'38" West for 690.17 feet to a point on the North-South centerline of said Section 36; thence South 00°15'42" East along said centerline for 265.90 feet to the True Point of Beginning.