

**DECLARATION OF:
COVENANTS, CONDITIONS AND RESTRICTIONS
PLAT OF CANYON RIDGE**

This Indenture and declaration of protective covenants running with the land, made this 15 day of July, 1999, by Canyon Ridge Development Corporation of Washington.

WHITNESSETH:

WHEREAS, Declarant is the owner of the property in the County of Snohomish State of Washington as described as follows:
All lots of the Plat of Canyon Ridge Divisions I, except Lot 125 Division I, as recorded in Volume _____ of Plats, Pages _____ to _____, records of County of Snohomish, State of Washington under Recording Number 1999-07145006.

IT IS HEREBY MADE KNOWN THAT said parties do by these presents, make, desire, establish, conform and hereby impress upon Canyon Ridge Divisions I, Snohomish County, Washington, according to the plat thereof recorded in the records of Snohomish County- Auditor as described in instrument recorded under Auditor's File No. 199907145006 which property is all located in County of Snohomish, State of Washington, the following protective covenants to run with said land, and do hereby bind said parties and all of their future grantees, assignees and successors to said protective covenants for the term herein after stated as follows:

ARTICLE I.

Definitions

Section 1.

"Association" shall mean and refer to the Canyon Ridge Homeowner's Association, a non-profit corporation, its successors and assigns.

Section 2.

"Owner" shall refer to the person (or if more than one, then collectively) entitled by deed or real estate contract to the occupancy of any Lot.

Section 3.

"Declarant" shall refer to (Canyon Ridge Development Corporation) and shall be considered the Owner of all lots which it has not yet sold or which it retains.

"Developer" shall refer to (Canyon Ridge Development Corporation) and shall be considered the Owner of all lots which it has not yet sold or which it retains.

Section 4.

"Plat" shall mean and refer to The Recorded Plat and such additions thereto as may hereinafter be brought within the jurisdiction of the Association.

Section 5.

"Common Property" or "Common Area" shall mean all real property (including the improvements thereto) owned by the Association, facilities existing within easements where the Association is Grantee, and the Storm Water Run-off system as defined hereinafter in Article IV, for the common use, benefit and enjoyment of the Owners. The common area owned by the Association and/or for which the Association shall be responsible are described as follows:

Section 6.

"Lot" shall mean and refer to any parcel of land shown upon any recorded subdivision map of the Plat with the exception of Lot # 125, Open Tracks, the Common Area and any Dedicated Street. Provided, however, that in the event a single-family dwelling, its surrounding grounds and its garage are so constructed as to be located on two or more contiguous "lots", all of the said contiguous lots fronting on the same street shall be considered as one single "lot" for the purposes of this Declaration.

Section 7.

"Appointed" shall mean and refer to Michael Kerr and his successors or assigns designated by them as the Appointed.

Section 8.

"Lender" means all first mortgagees, beneficiaries under a first deed of trust or first vendors under a land contract secured by an interest in any unit or lot and their successors and assigns.

Section 9.

"Development Period" means the period of time from the recording of the Declaration until such time as all lots within the Plat are sold, or, if earlier, the date set forth as the termination date of the Development Period in a notice signed by Developer and recorded in the real property records of Snohomish County, which notice shall include a reference to the recording number of this Declaration.

Section 10.

"Bylaws" shall mean and refer to the Bylaws of the Association which are or shall be adopted by the Board and as such Bylaws may from time to time be amended.

Section 11.

"ACC" shall refer to the Architectural Control Committee as provided in Article VI hereof

ARTICLE II.

Property Rights

Section 1.

Owner's Rights of Enjoyment. Every Owner shall have a right of enjoyment in and to the Common Areas, facilities and maintenance thereof which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. The right of the Association to charge reasonable fees for the maintenance of Common Areas or facilities situated within or associated with the use of the Plat;

B. The right of the Association to suspend the voting rights and the right to use of any common facilities by an Owner for any period of time during which any dues or assessments against his Lot remain unpaid after the thirty (30) day grace period; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

C. The right of the Association to dedicate or transfer all or any part of the Common Areas and/or facilities to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members or required by law.

Section 2.

Delegation of Use Any Owner may delegate in accordance with the Bylaws his right to the enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchaser who resides on a Lot.

ARTICLE III.

MEMBERSHIP AND VOTING RIGHTS

Section 1.

Each Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from Ownership of any lot which is subject to assessment.

ARTICLE IV.

Covenant for Maintenance Dues and Assessments

Section 1.

Creation of Lien and Personal Obligation of Assessments and Dues. The Owners of each Lot hereby covenant and each Owner of any Lot is deemed to covenant, and agrees to pay to the Association: Annual maintenance and operation dues (charges may be payable in more frequent periods, i.e., monthly, semi-monthly) and special assessments for emergency and capital improvements, such assessments to be established as hereinafter provided. The annual dues and special assessments together with interest, costs, and reasonable attorney's fees shall be the joint and several personal obligation of

each person who alone or together with other persons, was Owner at the time the assessment fell due.

In the event that any such dues or assessments remain unpaid to the Association for a period of sixty (60) days after the due date, then the Association may place a written notice of public record in Snohomish County, Washington, that the Association claims a lien against the Lot to which the delinquent Owner's membership is appurtenant for the amount of delinquent dues and charges together with interest at the rate of twelve percent (12%) per annum from the date due until paid and attorney's fees as herein provided. From and after recording such notice, and not prior to such recording, the Lot to which the membership is appurtenant shall be subject to a lien to the Association as security for all unpaid dues and charges in the amount designated therein with interest and attorney's fees, together with all future unpaid dues and charges accrued until the lien arising because of the notice of claim of lien. A release of a lien shall only release the lien arising because of the notice but not rights under this Article to file a subsequent notice of claim of lien for subsequent delinquencies after a notice is released. Such lien may be foreclosed in the manner of a mortgage of real property and in such foreclosure action the Association shall recover a reasonable sum as attorney's fees therein and the reasonable and necessary cost of searching and abstracting the public record. Notwithstanding any provisions hereof appearing to the contrary, the sales or transfer of title to a Lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien created hereby for any unpaid dues and charges which became due prior to such sale or transfer; provided that no sale or transfer shall relieve such Lot from a lien for dues and charges thereafter becoming due and provided further that "mortgage" as used in this sentence means a mortgage, deed of trust or other security given for a debt which is guaranteed by the Veterans Administration or insured by The Federal Housing Administration as agencies of the United States Government.

Section 2.

Purpose of Assessments The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Plat and for the capital improvement and/or maintenance of the Common Area and facilities, depending upon the stated purpose for which said assessment is levied.

Section 3.

Annual Dues: Procedure and Maximum

A. Dues: The Association shall have the power and authority to levy operation and maintenance dues on its members.

(1). The maximum annual dues may be increased each year shall not more than twenty percent (20%) above the maximum assessment for the previous year without a vote of the membership.

(2). From and after January 1, 2001, the maximum annual dues may be increased above twenty percent (20%) by a vote of two-thirds (2/3) of members of the Association who are voting in person or by proxy at a meeting duly called for this purpose.

(3). The Board of Directors may fix the annual dues at an amount not in excess of this maximum.

Section 4.

Special Assessment for Capital Improvements In addition to the annual dues authorized above, the Association 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, reconstruction, repair or replacement of a capital improvement upon the Common Area or facilities, including fixtures and personal property related thereto, when such improvements are deemed necessary by a favorable vote of two-thirds (2/3) of the total membership who are voting in person or by proxy at a meeting duly called for this purpose. Prior to assessment the Board shall solicit no less than three (3) competitive bids from reputable suppliers or contractors, and use its best judgment in the selection thereof.

Section 5.

Rate of Assessment and Reserve Fund Both annual dues and special assessments shall be fixed at equal rates for each Lot to which the assessment or dues apply.

Section 6.

Date of Commencement of Dues. The first annual dues with respect to each Lot, shall be adjusted according to the number of months remaining in the calendar year and shall become payable upon the closing of the development period. Written notice of the annual dues and special assessments shall be sent to every Owner subject thereto. The Association shall upon demand and for a reasonable charge furnish a certificate signed by an officer of the Association setting forth whether the annual dues on a specified Lot have been paid. A properly executed certificate of the Association as to the status of annual dues on a Lot is binding upon the Association as of the date of its issuance.

Section 7.

Effect of Non-payment of Annual Dues or Assessments: Remedies of the Association. Any assessment or dues not paid within thirty (30) days after the due date shall bear interest from and after the due date at the rate of twelve percent (12%) until paid. The Association may bring an action at law against the property in any manner or by any means available under the laws of the State of Washington. Costs and reasonable attorney's fees of any such action shall be added to the total amount of such dues or assessments. No Owner may waive or otherwise escape liability for dues or assessments provided for herein by nonuse of the Common Area or facilities or by abandonment of his Lot.

ARTICLE V

Exterior Maintenance

Section I.

Owner's Obligation. Each owner shall be obligated to provide exterior maintenance of his own Lot and improvements. All building and other structures shall be maintained in good condition and kept properly painted or stained, and all landscaping shall be regularly cultivated and maintained. Owners of non-occupied Lots shall maintain same in good condition (including mowing and watering the grass if applicable) or contract with the Association for said maintenance.

Section 2.

A. Association May Perform. Upon giving notice as herein specified, and upon the failure of the Owner to perform necessary repairs or maintenance, the Association may provide the repairs and maintenance upon any Lot, or Tract of the Recorded Plat (when they are necessary, in the opinion of the Board of Directors, to preserve the beauty, quality and value of the neighborhood), including paint, repair, roof repair and replacement, gutters, downspouts, exterior or building surfaces, completion of building or landscaping as provided in this Article, and yard cleanup and/or maintenance (all of which is referred to in this section as "Maintenance").

B. Notice and Hearing:. When, in the opinion of the Board of Directors, certain repairs or maintenance are necessary on a Lot or Lots, the Board shall notify the Owner thereof, by certified mail specifying exactly the repairs or maintenance required. The Owner shall then have thirty (30) days from receipt of such notice to perform the necessary repairs or maintenance or to make written demand for a hearing before the Board.

C. Hearing. If a hearing is demanded, the Board shall set a date therefore and give the Owner at least ten (10) days notice thereof. The hearing shall be informal and rules of evidence shall not apply. The Board shall render its decision in writing.

ARTICLE VI

Design Review and Architectural Control Committee

Section 1.

A. The Home Owners may form a Home Owners Association after eighty percent of the homes are sold and occupied. The Association shall take charge of the functions of the Architectural Control Committee after the Development period is ninety five percent completed, and will only have control of finished homes. Development period is the duration of the construction of the new homes. The Association shall take charge of all common areas and the maintenance thereof, controlled by the Plat within thirty days of forming of said Association.

B. The Home Owners Association shall have an Architectural Control Committee (ACC) composed of three members after the Development Period has ended. During the Development Period Michael Kerr (Appointed)of Windermere Real Estate / HKW will be the sole member of the Architectural Control Committee.

C. The Appointed may appoint all of the original members of the ACC and all replacements at the end of the Development Period. After termination of the Development Period the Home Owners Association Board shall have the power to appoint all members of the ACC, persons appointed by the Board shall be members of the Association.

Section 2.

Power of the Architectural Control Committee. The ACC shall have the following powers:

A. To review and approve, disapprove or conditionally approve all plans, submittals, applications and requests made or tendered to it by home owners, or their agents, pursuant to its rules and regulations. In connection therewith, the ACC shall investigate and consider the architecture, design, layout, landscaping, energy conservation measures, water conservation measures, fence detail, relationship of dwellings and existing trees, ponds, and other features of the proposed improvement.

B. Publish and make available to home owners and prospective home owners all of its rules, regulations, and criteria.

C. As conditions precedent to approval of any matter submitted to it, the ACC shall find:

1. The approval of the plan is in the best interests of the home owners.
2. General new home architectural considerations and site considerations include; site layout, relationship to adjacent homes, open space, topography, orientation and locations of buildings, vehicular access and parking, setbacks, height, walls, fences, and similar elements, have been designed to provide a desirable environment for the development.
3. General landscape consideration, including the location, type, size, color, texture and coverage of plant materials, provisions for irrigation, maintenance and protection of existing landscaped areas and similar elements have been considered to ensure visual relief, to complement buildings and structures, and to provide an attractive environment for the enjoyment of the home owners in general and the enhancement of the property values in the subdivision, generally.

Section 3.

Submission of Plans. All Plans and specifications or information shall be submitted to the ACC for approvals, shall be submitted to the ACC verbally, if the ACC request said submittal shall be in writing and shall include the name, phone number and address of the person submitting the request and shall set forth the following with respect to a proposed structure:

The location of the structure upon the Lot, the elevation of the structure with reference to the existing and finished lot grade, the general design, the interior layout, the exterior finish materials and including roof materials, the landscape plan, and such other information as may be required to determine whether such structure conforms with these restrictions.

Section 4.

Approval or Disapproval. Within ten days after receipt of plans and specifications or information with a request for approval, the ACC shall by majority vote approve or disapprove the request and may disapprove the request which in its opinion does not conform to these restrictions or its aesthetic or other standards. Approval or disapproval of a request shall be returned to the address shown on the request. If the ACC makes a

negative finding on one or more of the matters set forth in Section 2, Paragraph C above, as applicable to the considerations before it, it shall disapprove such matter or condition, so as to allow variations or modifications by the applicant to the plan. In the event that no disapproval of a request is given within ten days of submission in compliance herewith, the request shall be deemed approved.

Section 5.

Advisors. The ACC may appoint advisors or advisory committees from time to time to advise on matters pertaining to the Plat. No person on the ACC or acting for it shall be responsible for any defect in any plan specification submitted or approved, nor for any defect in any work done according to such plans and specifications.

Section 6.

Variations. The ACC shall have the authority to approve plans and specifications which do not conform to these restrictions in order to overcome practical difficulties or prevent hardships in the application of these restrictions; provided that such variations so approved shall not be materially injurious to the improvement of other Lots and shall not constitute a waiver of the restrictions herein contained, but shall be in furtherance of the purposes and intent of these restrictions.

ARTICLE VII

Section 1.

Architectural Control Committee ("ACC") Approval Required The following improvements or acts may not be done, constructed, permitted, erected or allowed to remain on any Lot unless the Owner of the Lot has received prior ACC (see Article VI) approval for such improvement or act:

A. Any improvement, or structure of any kind, whether temporary or permanent, including, but not limited to any building, home, carport, garage, residence, tent, trailer (other than one which can be stored in a standard residential garage), solar or wind energy or heating device, dwelling, fence, wall, rockery, swimming pool, hot tub or spa including decks, patios or the coverings for same, mailbox or paperbox, tennis or sport court lighting, screen enclosure, drain, decorative building, landscape device or object, satellite dish, or radio transmitting or receiving antennae or tower.

B. Any alteration to improvements or structures as defined in paragraph A. No alteration to an existing structure will be allowed which significantly blocks the view from another lot.

C. The cutting down or destruction of any trees with a diameter of six inches (6") or greater measured at six inches (6") above the ground.

D. The removal of any trees or vegetation of any kind in those areas designated as being beyond the open space "Clearing Limits" as shown on the approved construction plans for the plat of "Canyon Ridge" on file with the County of Snohomish, Washington.

E. Signs. No sign of any kind shall be displayed to the public view on any Lot or at the entry without the prior written approval of the ACC. During the Development Period, all sales and marketing signage by builders and/or their Realtors or agents will be subject to approval by the ACC, whose intent it is to have "high quality" signage in place, throughout the Property, during the Development Period.

ARTICLE VIII
Use Restrictions

Section 1

Enjoyment of Property. The Owners shall use their respective Lots for their own enjoyment of their own respective properties. All Owners shall use their Lots solely and exclusively for single family residences with appurtenant garages. This restriction is to prevent multi-family or group residences.

Section 2.

Derogation of Law. No Owner shall carry on any activity of any nature whatsoever on his Lot that is in derogation or in violation of the laws, codes, zoning and statutes of the State of Washington, Snohomish County or applicable government body.

Section 3.

Pets. Owners shall observe and obey all laws applicable to residents of Snohomish County pertaining to care, control and husbandry of animals and pets. Owners shall register all dogs with the Association together with proof of immunization. Structures to shelter domestic pets shall be permitted only with ACC approval prior to building. No horses or other livestock shall be allowed within the subdivision.

Section 4.

Commercial Activity. There shall be no commercial activity conducted or permitted by the members of this Association within the Plat except for the construction and sale of single-family homes constructed on lots and related activity.

Section 5.

Temporary Structures. No structure of a temporary character such as a trailer or shack or other out-building shall be used on any lot at any time as a residence, after the Development period.

Section 6.

Nuisances. No noxious or offensive activity shall be carried on upon any Properties nor shall anything be done thereon which may become a nuisance as such as defined by the laws of the State of Washington.

Section 7.

Automobiles. Inoperable cars or other unsightly vehicles shall not be stored on any Lot in view of the roads or other homes. No long term parking, greater than two weeks, shall be permitted on the public right-of-way by any vehicles.

Section 8.

Automobile Storage Areas. Each residence shall have an enclosed garage providing sufficient storage space for at least two automobiles. No automobile garage shall be permanently enclosed or converted to other use without the substitution of another automobile garage. Garage doors shall be kept closed at all times practicable so as to maintain the sightlessness of the subdivision as a whole.

Section 9.

Recreation Vehicles. No trailers, mobile homes, motor homes, trailered or non-trailered boats or recreational vehicles of any size or type shall be allowed to be stored within the Plat, or on any Lot, driveway, street or Common Area unless they can be completely covered and enclosed within a garage and isolated from public view. Bonafide guest recreation vehicles are exempt from this provision for a period not to exceed two weeks. The Association may remove, or cause to be removed, any unauthorized vehicle at the expense of the Owner in any manner consistent with law.

Section 10.

Firearms and Related Activity. No firearms, crossbow, bow and arrow, or air gun, including without limitation, BB type or pellet guns, whether for purposes of hunting or target practice, shall be used or discharged in the subdivision.

Section 11

Trash and Trash Containers. All garbage or trash containers must be stored within a permanent structure where they are not visible from outside the premises. No trash, garbage, ashes, yard rakings or other materials resulting from landscaping activity, or other refuse, shall be thrown, dumped, or allowed to accumulate on any lot, building site, street, driveway, NGP area or open tract.

Section 12.

Unoccupied Lots. Owners of unoccupied Lots shall maintain the same in an orderly fashion including maintaining grass and trees in a condition equal to that which existed at the time of Lot purchase. In the event a condition exists inconsistent with this or any other restriction herein, any person entitled to hereunder may use the legal powers as set forth in this Declaration to correct said inconsistent condition.

Section 13.

Mailboxes. Mailboxes and mailbox shelters shall be constructed in locations and according to plans approved by the ACC and/or the Postmaster of Lynnwood. The mailbox and mailbox shelters maintenance, repair, or replacement shall be the responsibility of the Association.

Section 14.

Building Type and Completion. When construction on any unit has begun, it must be pursued to completion with diligence and finished within nine (9) months from the issuance of the building permit. This term may be waived and extended for a reasonable time by the Board or the ACC. No building or structure shall violate local building and/or zoning laws. No building shall be erected, placed or permitted to remain on any Lot other than one single-family dwelling containing not less than 1,750 square feet of livable enclosed floor area for a single story dwelling, and not less than 1,850 square feet of a two-story dwelling (exclusive of open or screen porches, terraces, patios and garages).

Section 15.

Landscaping Completion All yard landscaping shall be complete and in place, within one hundred twenty days of completion of building construction.

Section 16.

Utility Systems. All permanent utility systems, including but not limited to water, sewer, storm drainage, electric, gas, cable television and telephone, shall be underground except for those portions required to be above ground by the applicable utility company (such as transformers for example).

Section 17.

Antennae. No aerial antennae or satellite communication dish shall be placed or erected upon any Lot or affixed in any manner to the exterior of any building structure unless reviewed and approved by the ACC.

Section 18.

Clothes Drying Area No portion of any Lot shall be used as a drying or hanging area for laundry of any kind where it can be viewed from any street or adjacent home.

Section 19.

Roofing Material. Cedar shakes, cedar shingles, earthen colored flat tile, earthen colored 25 yr. architectural asphalt composition or slate are the preferred roofing material for the home construction within the Properties. Said materials shall be used unless a substitute material is reviewed and approved by the ACC.

Section 20.

Driveway Construction All driveways shall be exposed aggregate concrete from the edge of the paved street to connect with the paved surface of the garage floor. Any variation in design or material must be submitted and approved by the ACC, which must review and approve all driveway designs.

Section 21.

Changing Lot Contours. The surface grade or elevation of the various Lots in the subdivision shall not be substantially altered or changed in any manner which would materially and negatively affect the relationship of such lot to the adjoining residential sites, or which would otherwise produce an effect out of harmony with the general development of the immediate area in which said Lot or other residential site is located. Whether or not such alteration or change in the elevation or grade of any Lot or other residential site would produce the effect above prohibited, shall be determined by the ACC in its sole and uncontrolled discretion.

Section 22.

Landscaping Requirements. Planted trees will be limited to maximum height restriction of thirty (30) feet, and may not be planted wherein they significantly block the territorial view from other Properties. Shrubs which block the territorial view from other Properties shall be limited to a growing height of eight (8) feet. It shall be the responsibility of the Owner to limit trees and shrubs to the maximum allowable heights. The Association shall have the right of entry on each Lot to enforce and perform such work as is necessary to control said height restrictions. Whether or not such trees and shrubs significantly block the view from another Lot shall be determined by the ACC in its sole and uncontrolled discretion.

Section 23.

Fencing. No fence, decorative wall, hedge or mass planting shall be permitted to extend nearer to any street than is permitted by local building codes. The erection of a necessary retaining wall shall conform to the local building codes. No fence, wall, hedge or mass planting shall at any time, where permitted, extend higher than six (6) feet above the ground, and the more restrictive building *andlor* zoning laws shall apply in all cases. Chain-link perimeter fence shall be permitted on a Lot only with ACC approvals.

ARTICLE IX
Common Areas and Facilities

Section 1.

Maintenance Developer (Canyon Ridge Development Corp.) shall have full responsibility for maintenance and repair of the Common Area and facilities as defined in Article IV, Section 3 & 4 hereof until the home Owners Association is formed as defined in Article 1.

Section 2.

Governmental Access. Developer hereby grants to the Snohomish County Sheriff and Fire Departments, The Snohomish County Public Works Department and any other government or utility agents and officials with jurisdiction over the Plat, the non-exclusive right to enter upon the Common Area for the purpose of carrying out their official duties.

Section 3.

Developer's Reserved Rights. Developer reserves the right, but has no obligation, to maintain, alter and improve the Common Area during and beyond the Development Period, together with the right to enter any portions of the Plat necessary to maintain, alter and improve said Common Area. Developer reserves to itself and its assigns a non-exclusive perpetual easement for ingress and egress over, under, upon and above all Common Area and the right to grant easements for ingress and egress and utility service over, under, upon and above all Common Area.

The Association shall, within six (6) months of Developer's written request, reimburse Developer for all costs incurred by Developer, after completion of the original Plat improvements, for maintenance, alterations and improvements of the Common Areas, plus interest at the rate of 12% per annum from the date incurred until paid in full. The Association, without further approval of the members or other action, is authorized to levy an assessment to fund reimbursement to Developer.

Section 4.

Storm Run-off. The Association shall maintain the subdivision storm drainage system facilities, including collection and detention systems, unless and until Snohomish County accepts the responsibility for maintenance. The discharge shall adhere to the standards of the Puget Sound Water Quality Authority.

Section 5.

Easements for installation and maintenance; of utilities, walkways and drainage facilities are reserved as shown on the recorded 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 of 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 for which a public authority or utility company is responsible.

Conveyance of Common Area The Association may not convey any portion of the Common Area to any other individual or entity without permission from Snohomish County, and the assent (by vote or written consent) of two-thirds of the members, with the exception of the storm run-off system referred to in Section 4., which will be conveyed to Snohomish County or a storm water utility created by the County. Grant of an easement of any kind shall not be considered a conveyance for the purpose of this paragraph.

ARTICLE X **Right of Lenders**

Section 1.

Notices. Any Owner who encumbers his Lot shall furnish to the Association the name and address of the Lender and the Association shall maintain such information in a suitable ledger. The Association may report to such Lender any unpaid assessments due from the Owner of such Lot at the same time as the Association makes demands of the Owner thereof for the payment of such unpaid assessment. Each Lender shall also be

entitled to written notification from the Association of any default of its Owner in the performance of such Owner's obligations under the terms and provisions of this Declaration which shall not have been cured within thirty (30) days after written notice to such Owner by the Association. Lack of notice to a Lender shall not invalidate any action of the Association to enforce an Owner's obligation under this Declaration.

Section 2.

Delinquent Assessments. A Lender may, but shall not be required to, pay any delinquent dues for his borrower and the amount of such payment shall be added to the secured indebtedness.

ARTICLE XI
Administration and Enforcement of these Covenants

Section 1.

The Association may at all reasonable times enter upon any Lot for the purpose of performing its function under this Declaration. The Board may adopt and publish reasonable rules and regulations governing the use of the Common Area and facilities and interpreting this Declaration and to establish penalties for the violation thereof.

Section 2.

The Association or any Owner shall have the right to enforce by proceeding at law or in equity all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, and, in addition to any other remedy for damages or otherwise, shall have the right to injunctive relief. Failure by the Association or by an Owner to enforce any covenant or restriction therein contained shall in no event be deemed a waiver of the right to do so thereafter. The violators shall be responsible for all costs incurred in enforcing this Declaration including reasonable attorney's fees. The Association may add any such cost due it to the current or next annual assessment, of the offending Owners.

Section 3.

The Association, its Board of Directors, and any agents or employees shall not be liable to any person for acts and omissions done in good faith in the interpretation, administration and enforcement of this Declaration.

ARTICLE XII
Insurance

Section 1.

Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that he shall carry an individual homeowner's policy. Each Owner further covenants and agrees that in the event of damage and/or destruction resulting in total or partial destruction, the Owner shall proceed promptly to repair or reconstruct the damaged structure and all improvements in a manner consistent with the original construction.

Section 2.

Association Insurance. The Board shall obtain and maintain at all times general comprehensive liability insurance insuring the Association, Snohomish County and such others as may be designated by the Board against liability to the public or to the Owners, and their invites or guests, incident to the ownership or use of the Common Area or facilities, with coverage limits of not less than \$1,000,000.00 per occurrence aggregate for personal injury and \$1,000,000.00 per occurrence aggregate for property damage. The insurance shall name the Snohomish County as an additional insured and shall be on the terms required in the "Voluntary Agreement and Declaration of Covenants for Canyon Ridge Plat" referred to in Article VIII, Section 4.

ARTICLE XIII
Amendment

The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended until termination by an instrument which has received the consent of at least seventy-five percent (75%) of the votes eligible to be cast. This Declaration may be amended during the initial twenty (20) year period by an instrument which has received the consent of at least ninety percent (90%) of the votes eligible to be cast. This Declaration may be amended at any time thereafter by an instrument which has received the consent of at least seventy-five percent (75%) of the votes eligible to be cast. This Declaration may be amended during the Development Period by an instrument consented to by the Appointed. The provisions expressly referring to Appointed may not be amended without Appointed's approval.

For the purpose of consent to an amendment by an Owner, such consent shall be binding upon the Owner and of any of their successors for a period of six months after it is given for the purpose of calculating the percentage required for adoption of the consent. Consents required under this Section shall be delivered to the Board which shall tabulate them. Its determination of the sufficiency of the consent shall be conclusive, and an amendment of the Declaration shall be effective when a written Notice of Amendment signed and acknowledged by the president and secretary of the Association is recorded in Snohomish County, Washington, stating that the requisite consent has been obtained and setting forth the amendment in its entirety. Notwithstanding the percentage consents required under the terms of this Section, if the portion of the Declaration being amended relates to a voting requirement which is greater than the percentage consent required by this Section, then the percentage consent required by this Section shall be increased to no less than the voting requirement proposed to be amended.

ARTICLE XIV
Severability

Invalidity of anyone of these covenants, reservations or restrictions by judgment or Court order shall in no way affect or invalidate any other provision, which shall remain in full force and effect.

Board Policy for Enforcement of the CC&Rs

This policy outlines the procedure the Board should take to enforce the Declaration of Covenants, Conditions, and Restrictions Plat of Canyon Ridge (hereinafter referred to as the CC&Rs).

When, in the opinion of the Board, a Property Owner is determined to be in violation of the CC&Rs the Board will take action to correct the violation as outlined below:

1. Notice of Violation: The Board shall send a Notice of Violation to the Property Owner by mail. The notice should clearly identify the violation and should include language from the CC&Rs that addresses violation. The Property Owner shall have fourteen (14) days, from when notice is sent, to correct the violation or request a hearing before the Board to dispute the violation or explain extraordinary circumstances.
2. Hearing: If the Property Owner requests a hearing, the Board shall set a date and give the Property Owner at least seven (7) days notice. The hearing shall be informal, and the Board shall render its decision in writing.
3. Final Notice of Violation and Fines: Upon completion of the steps above, and upon failure of the Property Owner to correct the violation, the Board shall send the Property Owner a Final Notice of Violation by certified mail. The final notice should identify the violation of the CC&Rs and should reference the previous steps taken by the Board. The Property Owner shall be allowed seven (7) days from date of mailing of such notice to correct the violation. If the violation is not corrected after seven (7) days, a fine of fifty (50) dollars will be assessed every fourteen (14) days from then until the violation is corrected. Fines will be added to the Property Owner's dues and failure to pay will be subject to Article IV Section 7 of the CC&Rs.

This Canyon Ridge Policy was adopted by the Board on June 18, 2006.