

RULES AND REGULATIONS OF THE COMMUNITY OF CANYON LAKES

The Board of Directors of the Canyon Lakes Property Owner's Association (the "Association") adopts the following Rules and Regulations for the Community of Canyon Lakes pursuant to the Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for the Community of Canyon Lakes, dated November 9th, 2010 (the "Declaration").

Section 1. Scope. The following rules apply to all parcels of real property subject to the Declaration.

Section 2. Use of Roads and Streets. All posted speed limits and other traffic control signs shall be complied with. Parking by Residents shall be permitted on the roads and streets within Canyon Lakes only for such time as is reasonably necessary to load, unload and clean a vehicle or equipment. Parking exceeding 72 hours shall be presumed unreasonable. This restriction shall apply to all vehicles, including without limitation, trailers, boats and recreation vehicles.

The Association may take action to remove any vehicle or equipment in violation of this section by posting written notice on the vehicle or equipment in violation of this section or by mailing a written notice to the registered owner. In such event the Resident shall be responsible for all costs of removal, which may include: towing, impounding, storage fees, court costs and attorney fees. If the Resident fails to pay the cost of the removal after demand for payment has been made, such costs shall become a lien upon the Resident's Unit in the same manner as are past annual assessments.

Nothing herein shall preclude a court action to enjoin a violation. In such event no bond shall be required. Residents shall also be subject to a fine in accordance with the current schedule as adopted and posted on the Association's web site.

(see www.canyonlakespoa.org)

Section 3. Use of Common Areas. Common Areas shall not be used in any manner which constitutes a nuisance, interferes with the use of other persons entitled to use such Common Areas or otherwise disturbs, harasses or annoys Residents of Canyon Lakes. No litter or open burning shall be permitted within the Common Areas. No changes in landscaping within the Common Areas will be permitted without written authorization of the Board.

Section 4. Signs. Signs are prohibited, except that the following signs are permitted:

- (a) One sign identifying the general contractor during construction; or,
- (b) One sign advertising a home for sale or rent; and,
- (c) A reasonable number of political signs before a primary or general public election.

(d) No signs will be allowed in the Canyon Lakes Common Areas unless approved by the CLPOA Board

Any sign(s) permitted by this rule shall be on its own post, shall not be more than seventy-two (72) inches tall, shall not be larger than 550 square inches, shall be placed no closer than five (5) feet to the nearest sidewalk and no sign may be lighted or illuminated in any way. Other signs may be permitted if approved in writing by the Canyon Lakes Architectural Review Committee (the "Architectural Review Committee").

Section 5. Animals. No animals shall be raised, bred or kept within Canyon Lakes, except for dogs, cats or other tame, domestic household pets of similar size, so long as such animals are not for any commercial purpose and do not create a nuisance or otherwise interfere with the quiet enjoyment of residents of Canyon Lakes.

Section 6. Trash Control. No part of any Unit or other real property shall be used as a dumping ground for lawn clippings, rubbish, trash, garbage or any other waste. No garbage, trash or other waste shall be kept on any part of any Unit or residential lot except in a sanitary container or in compost receptacle approved in writing by the Architectural Review Committee. Such containers must be stored in garages, fenced side yards or places that cannot be seen from the street.

Section 7. Nuisances. No noxious or offensive conditions shall be permitted upon any Unit or residential lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to other residents in Canyon Lakes.

Section 8. Residential Restrictions. No trailer, camper, truck, motor home, tent, garage, barn, shack or outbuilding shall at any time be used as a residence, temporarily or permanently, within Canyon Lakes.

Section 9. Storage. Except for time reasonably required to load, unload and clean, parking of boats, trailers, recreation vehicles, campers, inoperative vehicles or like equipment shall not be allowed on any Private Area within Canyon Lakes, except within the confines of an enclosed garage, a fenced side yard or a place that cannot be seen from the street. Parking exceeding 72 hours shall be presumed unreasonable.

Violations of the section shall be subjected to the same remedies provided in Section 2 (Use of Roads and Streets).

Section 10. Completion of Improvements. It shall be the obligation for each Unit Owner to (1) begin and diligently pursue construction of a residence on his or her residential lot within Canyon Lakes within three years of acquisition of his or her lot, or (2) plant a lawn on the lot with an underground sprinkler system, or (3) plant or maintain a xeric landscaping system that eliminates weeds and is aesthetically pleasing. Landscaping of all lots will be completed within three months after completion of construction of a residence on a lot.

The construction, modification or alteration of any residence, structure, landscaping or other form of improvement shall comply with all Rules, Regulations and Guidelines promulgated by either the Board or the Architectural Review Committee. All lawns and

landscaping systems created pursuant to this Section shall be maintained in a condition satisfactory to the Architectural Review Committee.

Section 11. Upkeep of Lots. All Unit Owners and Residents shall keep all Units and the improvements thereon in a clean, attractive, safe and sanitary condition.

If any Unit within Canyon Lakes shall become overgrown or unkempt so as to create a visual nuisance or safety hazard, or if any residential lot shall become unsanitary, the Association may, following ten (10) days written notice to the Unit Owner, take appropriate clean-up action and charge the cost thereof to the owner. If the Unit Owner refuses to pay the cost of the action, the cost shall become a lien upon the lot in the same manner as an overdue assessment pursuant to the provisions of the Declaration.

Section 12. Burning. Open fires shall not be permitted within Canyon Lakes unless adequate fire precautions have been made and prior approval has been obtained from both the Secretary of the Association and all public agencies having jurisdiction. Excessive smoke or soot accumulation from open fires shall not be allowed. All outdoor fire pits shall be visually screened from neighboring property and streets.

Section 13. Mailboxes and Newspaper Receptacles. All Units within Canyon Lakes shall use mailboxes and newspaper receptacles approved by the Architectural Review Committee.

Section 14. Use of Residential Lots. All Units within Canyon Lakes and any improvements located thereon shall be used for residential purposes only. Units shall not be used for any business, commercial, manufacturing or retail activity or purpose without the prior written approval of the Board.

In the event that the Board approves a business, commercial, manufacturing or retail use of a Unit, such use shall not create an annoyance, nuisance or otherwise interfere with the quiet enjoyment of residents of Canyon Lakes.

Section 15. Costs and Legal Fees. In the event that the Association takes any enforcement action arising from a violation of these Rules and Regulations, the person or persons in violation of these Rules and Regulations shall be liable to the Association for all costs, fees and expenses incurred by the Association as a result of the violation and any enforcement action.

Section 16. Remedies. No remedy or fine provided for herein shall be deemed an exclusive remedy for violation of the Rules. Enforcement may in all instances be by injunction or other equitable remedy. The Association and each individual Resident shall have standing to enforce these Rules, and, in any such proceeding, the prevailing party shall be entitled to recover its reasonable attorney fees and costs.

Section 17. Fines. The Association will use the following fining system to address violations of the Rules and Regulations of the Community or Architectural Review Committee Rules. The Board of Directors of the Association may by majority vote, delegate the function of determining violations of Rules and imposing fines to any

officer, director, or agent of the Association. Any notice of violation of Rules or notice of the imposition of the fine shall be in writing by mailing such notice both by first class and certified mail, with return receipt requested, to the address on file with the Association for such Unit Owner. A notice is deemed to have been “provided” to a Unit Owner forty-eight (48) hours after it is posted if delivered by mail.

a. Rules and Regulations of the Community.

Fines may be charged to a Unit Owner in violation of the Rules and Regulations of the Community. A Unit Owner in violation of the Rules and Regulations of the Community will be provided at least two (2) written notices informing them of a violation and the corrective action required before any fine will be imposed.

If a violation continues for more than forty-eight (48) hours after a second written notice is provided to the Unit Owner, the Association may take the following action:

1. Impose by written notice an initial fine in accordance with the schedule attached hereto.
2. If the violation continues for more than five (5) days after the initial fine is imposed and notice thereof has been provided, there shall be an additional fine of twenty-five dollars (\$25) for each day the Unit Owner is in violation.

b. Architectural Review Committee Rules.

Fines may also be charged to a Unit Owner in violation of the Architectural Review Committee Rules. A Unit Owner in violation of the Architectural Review Committee Rules will receive at least two (2) written notices informing them of the violation and the corrective action required.

If the violation continues for more than forty-eight (48) hours after the second notice is provided to the Unit Owner, the Association may impose by written notice a fine of two hundred fifty dollars (\$250.00).

c. Appeal of a Notice of Violation or Imposition of a Fine.

A Unit Owner who has been provided a written notice of violation of the Rules & Regulations of the Community or the Architectural Review Committee Rules, or upon whom a fine has been imposed for violation of a rule may appeal the fine within five (5) days after having been provided any written notice of violation or the imposition of a fine.

All appeals of notices of violation or fines shall be in writing, shall state the basis for the appeal and shall be delivered to the Manager of the Association. The Board of Directors of the Association shall hear the

appeal at the next regularly scheduled meeting of the Board of Directors, and shall render a decision by majority vote. The imposition or collection of a fine shall be stayed while an appeal is pending.

Any Unit Owner who fails to appeal within five (5) days after having been provided a second notice of violation or the imposition of the fine shall be deemed to have waived the right to appeal. A Unit Owner is permitted only one appeal for each violation of the Association's Rules, i. e., if a Unit Owner unsuccessfully appeals a second notice of violation, the Unit Owner may not appeal the imposition of a fine for a repeated violation of the Association's Rules.

d. Collection of Fines.

If a fine is imposed, the Unit Owner does not appeal, or unsuccessfully appeals, and the fine is not paid within ten (10) days of the imposition of the fine, the Board may collect the amount of the fine in the same fashion as an unpaid assessment pursuant to Section 7.9 of the Amended and Restated Master Declaration. Any unpaid fine shall also constitute a lien against the Unit Owner's property which may be foreclosed in the manner of an assessment as provided in the Amended and Restated Master Declaration.

e. Dispute Resolution.

In the event there is any dispute regarding the enforceability of this regulation or a fine imposed hereunder, the matter will be submitted to binding arbitration pursuant to RCW Chapter 7.00A, as supplemented herein, at a location to be mutually agreed upon in Benton County, Washington, provided any action to enforce a lien imposed shall be filed in the Superior Court for Benton County, Washington. In the event the parties are unable to promptly agree upon an arbitrator, the same shall be selected by the presiding judge for the Benton County Superior Court at the request of either party, after seven (7) days written notice to all other effected parties. The mandatory arbitration rules (MAR) as implemented in Benton County Superior Court, shall be binding as to procedure. The foregoing notwithstanding, the Association believes that mediation should precede arbitration, and, if the arbitrator selected believes that good faith mediation has not occurred, the arbitrator, in the arbitrator's sole discretion can adjourn the arbitrator proceedings until such time as mediation has been contemplated. Cost of mediation may be assessed by the arbitrator. The prevailing party in any such dispute shall be entitled to recover their reasonable attorney fees and costs.

The Association's power to impose fines pursuant to this provision of its Rules & Regulations shall be in addition to any other rights or remedies the Association may have to address violations of its Covenants, Conditions, and Restrictions, Bylaws, and Rules & Regulations, including the right to obtain an injunction, or other relief as allowed by law or the Amended and Restated Master Declaration.

The following is a list of the Association's Rules and Regulations that the fining system will enforce:

1. Section 2. Use of Roads and Streets - \$10
2. Section 3. Use of Common Area - \$5
3. Section 4. Signs - \$5
4. Section 5. Animals - \$10
5. Section 6. Trash Control - \$5
6. Section 7. Nuisances - \$5
7. Section 8. Residential Restrictions - \$15
8. Section 9. Storage - \$25
9. Section 10. Completion of Improvements \$ 10
10. Section 11. Upkeep of Lots - \$15
11. Section 12. Burning - \$5
12. Section 13. Mailboxes and Newspaper Receptacles - \$5
13. Section 14. Use of Residential Lots \$ 25
14. Section 15. Costs and Legal Fees - as incurred

- Initial fine as per schedule
- Violation continues more than 5 days: additional fine \$25/day
- Violation continues 5 more days from additional fine: legal action will be taken
- Unpaid fines may become liens against property at Board's discretion

A violation of the Amended and Restated Declaration of Covenants, Conditions, and Restrictions for the Community of Canyon Lakes, as now adopted, or as hereafter amended, shall also constitute a violation of these Rules and Regulations.

In the event that the person or persons in violation of these Rules and Regulations is a Resident or the agent or employee of a Resident, and any costs, fees and expenses incurred by the Association remains unpaid after demand for payment has been made, such costs, fees and expenses shall become a lien upon the lot in the same manner as an annual assessment pursuant to the applicable provisions of the Declaration.

The foregoing Rules and Regulations were adopted by action of the Board of Directors of the Canyon Lakes Property Owner's Association on the 9th day of November, 2010, pursuant to the Declaration and the Bylaws of the Community of Canyon Lakes.

I, Jodi Landefeld, Manager of the Canyon Lakes Property Owner's Association, hereby certify that the foregoing Rules and Regulations of the Community of Canyon Lakes were duly adopted by the Board of Directors of the Canyon Lakes Property Owner's Association on the 9th day of November, 2010, pursuant to Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for the Community of Canyon Lakes and the Bylaws of the Canyon Lakes Property Owner's Association, as amended.

JODI LANDEFELD Manager