

RULES AND REGULATIONS OF THE COMMUNITY OF CANYON LAKES

The Board of Directors of Canyon Lakes Property Owners' Association adopts the following rules and regulations of the Community of Canyon Lakes pursuant to the Master Declaration of Covenants, Conditions and Restrictions for the Community of Canyon Lakes (the "Declaration").

Section 1. Definitions. The capitalized terms set forth herein shall have the meanings specified in the Declaration.

Section 2. Use of Roads and Streets. All posted speed limits shall be complied with. Parking shall be permitted on the roads within the Community in designated areas only. No extended parking on any street or road within the Community shall be allowed by any house trailer, travel trailer, boat trailer, camper or incapacitated motor vehicle.

Section 3. Use of Common Areas. Common Areas shall not be used in any manner which will disturb the residents of the Community. No deposit of 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. No person shall use the Common Areas in such a way as to create a nuisance or interfere with the use of the Common Areas by other persons entitled to use the Common Areas.

Section 4. Signs. One sign, identifying the contractor during construction, or advertising a home for sale, is permitted, provided it is single sided, green and white with a maximum area of 250 square inches and the longest dimension not greater than 20 inches. The sign is to be on its own post and shall not be placed higher than 36 inches from the prevailing ground plain. The sign must be placed no closer than 30 feet from the nearest roadway and be approximately parallel to the centerline of the roadway. It must be placed where it will not be seen from the golf course. Wording of contractor signs shall be limited to the name and phone number of the contractor, the words "contractor" or "general contractor", if not contained in the firm name, and the architect or designer and owner(s) of the home. Subcontractor and materialmen signs are prohibited.

Wording of a for sale sign shall be limited to the words "for sale" and name and phone number of listing real estate agency. "Realtor" and "By Appointment" may also be used if appropriate. If being sold by the owner, the name of the owner or "by owner" shall be substituted for the listing real estate agency. Exceptions to the above criteria may be granted by the committee upon application.

No other signs shall be permitted except as specified in this section, unless otherwise approved by the Architectural Review Committee.

Section 5. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept within the Community, except dogs, cats or other tame, domestic household pets, provided that such household pets are not kept, bred, or maintained for any commercial purpose.

Section 6. Trash Control. No part of any Unit shall be used or maintained as a dumping ground for rubbish, trash, garbage or any other waste. No garbage, trash or other waste shall be

kept or maintained on any part of the property except in a sanitary container or in a compost receptacle approved by the Architectural Review Committee.

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

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

Section 9. Storage. Parking of boats, trailers, motorcycles, trucks, camper/trucks and like equipment for an extended period of time shall not be allowed on Private Area within Canyon Lakes No. 1 and Canyon Lakes No. 2 except within the confines of an enclosed garage.

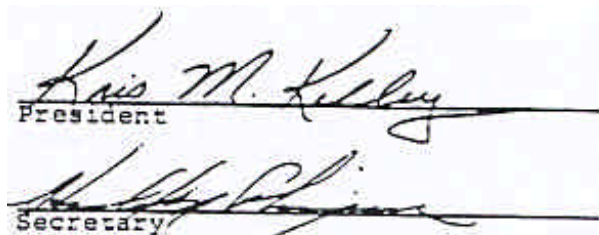
Section 10. Completion of Improvements. It shall be the obligation of each Unit Owner other than Developer to begin and diligently pursue construction of a residence on each residential lot within the Community within three years after the initial sale of such lot by Developer or to plant a lawn on the lot with an underground sprinkler system. Landscaping of all lots will be completed within three months after completion of construction of a residence on the lot. Lawns planted pursuant to this Section 10 shall be maintained in a condition satisfactory to the Architectural Review Committee.

Section 11. Upkeep of Lots. If any residential lot within Canyon Lakes No. 1 or Canyon Lakes No. 2 shall become overgrown or unkempt so as to create a visual nuisance, the Association may, following ten days' written notice to the owner of the lot, take appropriate clean-up action and charge the cost thereof to the owner, which 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. The burning of open fires shall not be permitted within Canyon Lakes No. 1 and Canyon Lakes No. 2 unless adequate and approved fire precautions have been made and prior approval obtained from any and all public agencies having jurisdiction. Excessive smoke or soot accumulation from open fires shall not be allowed. All outdoor firepits shall be visually screened from neighboring property and streets.

Section 13. Mailboxes and Newspaper Receptacles. All units within Canyon Lakes No. 1 and Canyon Lakes No. 2 shall use mailboxes and newspaper receptacles approved by the Architectural Review Committee.

The foregoing rules and regulations were adopted by action of the board of directors of the Canyon Lakes Property Owners' Association on December 18, 1981.



Kris M. Kelley
President

Secretary