

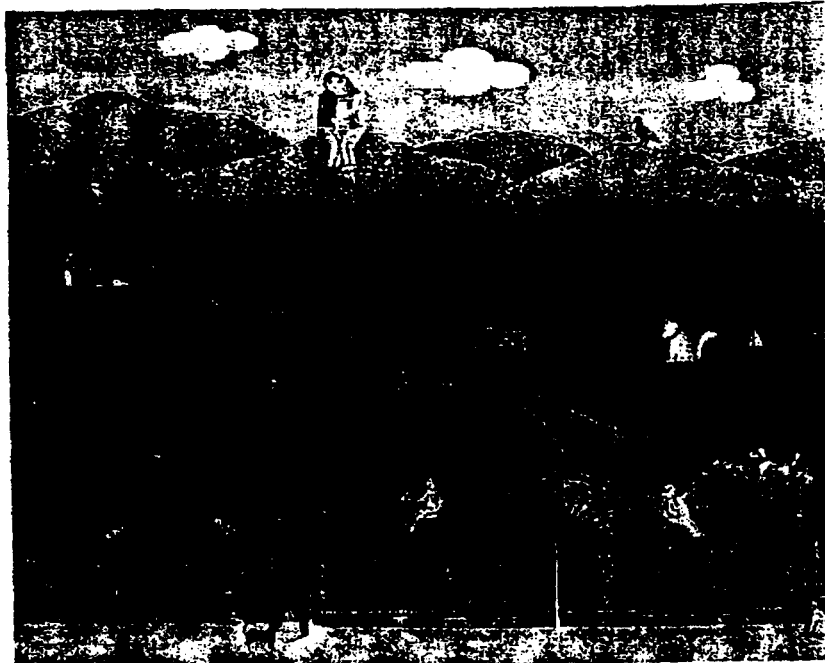


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Chelan Co, WA

**RECORDER'S NOTE.
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Karma Canyon Amended and Restated Protective Covenants

Chelan County, Washington



Grantor/Grantee: Karma Canyon LLC

Legal Description (abbreviated): Plat of Karma Canyon, being a ptn. of Sec. 7, T. 27 N., R. 22 E.W.M., Chelan County, Washington. Additional legal description on page 2.

Assessor's Tax Parcel ID#: 27-22-07-705-005, 27-22-07-705-010, 27-22-07-705-027, 27-22-07-705-030, 27-22-07-705-080, 27-22-07-705-108 and 27-22-08-330-200

Reference Number of Covenants Amended: 2239457

Karma Canyon Protective Covenants

Page 1

Protective covenants ammended



Karma Canyon LLC, the "Developer" is the developer and owner of the sole option to purchase the real property legally described as the Plat of Karma Canyon, according to the Plat thereof recorded under Chelan County Auditors No. 2239455 in Volume 30 of Plats, Page 77-79, Chelan County, Washington as may be amended (the "Karma Canyon Subdivision"). The Developer does hereby establish the following protective covenants, conditions and restrictions which shall run with, shall be for the benefit of, and shall burden the Property, subject to the limitations set forth below.

These Amended and Restated Protective Covenants shall replace, in their entirety, the Karma Canyon Cluster Development Protective Covenants and Karma Canyon Pool and Park Association Rules and Regulations recorded at Chelan County Auditor's No. 2239457.

I. Recitals

- 1.1 The Property consists of 67.19 acres.
- 1.2 Lots 1-17 comprise the developed area, which is equivalent to 19.73 acres.
- 1.3 The Developer shall retain Lot 17 for winery purposes.
- 1.4 The purpose of these Covenants, Rules and Regulations is to maintain a pleasant, suitable environment and provide for repair, maintenance and improvement of the common areas, roadways, paths and swimming pool area.

II. Definitions

- 2.1 Residential Lots. For purposes of these covenants, the term "Residential Lots" shall mean building lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of the Property.
- 2.2 Vineyard Tracts. For purposes of these covenants, the term "Vineyard Tracts" shall mean those properties designated for agricultural use in the Karma Canyon Subdivision, which appear as dedicated "open space" equivalent to approximately 47 acres. These tracts will be retained under ownership of the Developer.
- 2.3 Open Space Tracts. For purposes of these covenants, the term "Open Space" or "Open Space Tracts" shall mean those tracts designated for roads and recreation purposes, including paths, parks and swimming pool, in Karma Canyon, which Developer shall convey to the Association.
- 2.4 Owner. For purposes of the covenants, the term "Owner" shall mean the owner of any Residential Lot, Vineyard Tract or Open Space Tract unless specifically restricted to a particular type of lot or tract.
- 2.5 Homeowners Association. The term "Homeowners Association" or "Association" for purposes of these covenants shall refer to the Karma Canyon Homeowners Association, a Washington nonprofit corporation.
- 2.6 Board. The term "Board" for purposes of these covenants shall refer to the board of directors authorized to conduct the affairs of Homeowners Association pursuant to its Articles of Incorporation and Bylaws.
- 2.7 Property. The term "Property" or "Karma Canyon" shall mean all the real property depicted and legally described in the Karma Canyon Subdivision.



III. Scope of Covenants

Except as limited herein, these covenants shall be for the benefit of, and shall burden, all Residential Lots, Open Space Tracts and Vineyard Tracts within the Property, as well as all other tracts or parcels existing or created within the Property.

IV. Preamble

Sometimes it is difficult to differentiate between protecting property owners and inhibiting their life style. To fully understand the following protective covenants, it is necessary to understand the underlying theme or intent of the Karma Canyon Subdivision as a development; rural living surrounded by active vineyards and a winery with insured quality and protected lifestyle.

V. Administration

5.1 Administration. These covenants shall be administered by the Homeowners Association. The affairs of the Homeowners Association shall be conducted according to the Homeowners Association Articles of Incorporation, the Bylaws and these Protective Covenants.

5.2 Members; Association Control. All owners of Residential Lots located within the Property shall be members of the Association ("Members"). Vineyard Tract owners shall not be members of the Association. Members of the Association shall be entitled to vote, and shall be entitled to one vote per Residential Lot; provided, that until all of all lots are sold, the Developer shall act as the Board and have all votes of the Members. Developer may transfer administration and control to the Association at any earlier time in its sole discretion.

5.3 Amendments and Alterations. The Members may, at any time, amend said covenants, in whole or in part, by execution and recording of a written alteration or amendment approved by sixty-seven (67%) of the Members eligible to vote; provided that any such alteration or amendment must be consistent with the Karma Canyon Subdivision, and if necessary, the alteration or amendment must be approved by Chelan County, and an Amendment to the Subdivision filed, if required by Chelan County; provided further that in the event of a proposed amendment will have any significant impact upon any Vineyard Tract, then all Vineyard Tract owners shall be entitled to vote regarding that proposed amendment. The alteration or amendment shall be accomplished by execution and recording of a written alteration or amendment approved by sixty-seven percent (67%) of the Members and Vineyard Tract owners if significantly impacted, with one vote per Residential Lot and one vote per Vineyard Tract.

5.4 Assessments. Annually the Association Board shall estimate the charges to be paid each year for administration of the covenants and shall include a reasonable reserve fund for maintenance, repairs and replacement of common areas, including the pool and park areas. Said estimate shall be assessed against the Members on an equal per lot basis. The Board may make special assessments as necessary. Should a Member fail to pay an assessment, the Board may:

- a) file a lien against the lot and foreclose the lien like a mortgage;
- b) bring an action for monies owed; or
- c) seek injunctive relief.

5.5 Approval. When any action under these covenants requires Member approval, such approval shall be by sixty-seven percent (67%) vote, with one vote per Residential Lot; provided, however, in the event that an approval will have any significant impact upon any Vineyard Tract, then all Vineyard Tract



owners shall be entitled to vote regarding that approval. The matter at issue in that case shall require sixty-seven percent (67%) approval of the Members and Vineyard Tract owners if significantly impacted, with one vote per Residential Lot and one vote per Vineyard Tract.

5.6 Waiver. Waiver of any of these covenants shall be by sixty-seven percent (67%) vote, with one vote per Residential Lot; provided, however, that in the event a proposed waiver will have any significant impact upon any Vineyard Tract, then all Vineyard Tract owners shall be entitled to vote regarding that proposed waiver. The waiver at issue in that case shall require sixty-seven percent (67%) approval of the Members and Vineyard Tract owners if significantly impacted with one vote per Residential Lot and one vote per Vineyard Tract.

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

5.8 Mediation. In the event a dispute arises between the parties regarding these Covenants, the parties may submit the dispute to mediation. In that event, the first party shall select a mediator and notify the other party (second party) of the selection. The second party shall either approve such mediator and proceed to mediation or select an alternate mediator. The second party shall notify the first party of such acceptance or selection within seven days of the first notification. Upon receiving notification of the selection of an alternate mediator, the first party shall then approve the mediator and proceed to mediation or reject the alternate mediator. The first party shall notify the second party of such approval or rejection within seven days of receipt of the notice from the second party. In the case of rejection, the first two selected mediators shall select a third mediator. The third mediator shall mediate the dispute. The mediators shall be familiar with residential development in the Chelan County area. The mediator shall not be related to either party by blood or marriage, or to a principal of either party, and shall have no economic interest direct or indirect with either party. Mediation shall take place within seven days after the mediator has been selected. The parties shall split the cost of mediation.

5.9 Arbitration. In the event that a dispute is not resolved by mediation pursuant to the terms of preceding paragraph, or in the event either party chooses not to mediate, either party (first party) may submit the issue to arbitration by selecting an arbitrator and notifying the other party (second party) of the selection. The second party shall either approve such arbitrator and proceed to arbitration or select an alternate arbitrator. The second party shall notify the first party of such acceptance or selection within seven days of the first notification. Upon receiving notification of the selection of an alternate arbitrator, the first party shall then approve the arbitrator and proceed to arbitration or reject the alternate arbitrator. The first party shall notify the second party of such approval or rejection within seven days of receipt of the notice from the second party. In the case of rejection, the first two selected arbitrators shall select a third arbitrator. The third arbitrator shall arbitrate the dispute. The arbitrators shall be familiar with residential development in the Chelan County area. None of the arbitrators shall be related to either party by blood or marriage, or be related to a principal of either party, and shall have no economic interest direct or indirect with either party. The decision of the arbitrator shall be made within thirty (30) days after the arbitrator has been named and shall be binding upon the parties and non-appealable, other than as allowed under RCW 7.04A.230. The nonprevailing party shall pay the expense of the arbitration proceedings.

5.10 Enforcement. Enforcement, including enforcement of an arbitrator's decision, shall be by proceedings at law or in equity against any person or person violating or attempting to violate any covenant, either to restrain violation or to recover damages. The substantially prevailing party in any dispute involving the enforcement of these covenants shall be entitled to recover reasonable attorney's fees. Venue for any such action arising under these Protective Covenants shall be in the Chelan County Superior Court.



VI. General Covenants

6.1 Subdivision/Partition of Lots. No Residential Lots may be subdivided. Owners of Residential Lots may not cause the partition of a lot by agreement or court order. All owners of Residential Lots waive any statutory or common law rights to partition. Vineyard Tracts and Open Space Tracts may be subdivided or partitioned only if approved by Chelan County, but no subdivision or partition of a Vineyard Tract or an Open Space tract shall affect the limitations on use imposed upon the Karma Canyon Plat or the limitations imposed by these Protective Covenants.

6.2 Approval of Plans. No building, including outbuildings, 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 surfacing of the driveway and the landscaping immediately surrounding the structure have been approved by the Board.

6.3 Aesthetic Control. The homes in Karma Canyon will be classic designs with traditional architecture, rich in character and detail, reminiscent of homes found in the wine country of France and Italy. The unifying concept for home designs is that they each exhibit a wine country aesthetic. Whether it is the Napa Valley, Tuscany, Provence, Epemay, or Burgundy, desirable homes in these wine country locations around the world all share timeless principles and qualities. The Board shall adopt guidelines to give the Residential Lot owners and their architects a community design framework and standards for design of all homes and ancillary structures that may be built on the building pad and landscape areas.

The main objective of site development and landscape design for homes is to blend into and enhance the beautiful natural environment of the surrounding foothills, mountains, and vineyards.

The Board shall consider quality of workmanship and materials, harmony of external design, with existing structures and the intended nature of the plat, conformance with these covenants and location with respect to topography and finished grade elevation. Harmony is to be maintained through use of earth-tone colors and natural building materials where possible. Bright colors and reflective material are to be avoided. The Board may employ the services of an architect, engineer or any other person to render professional advice, and may pay reasonable compensation for services, which compensation may be charged directly to any applicant who has submitted plans for review. Board decisions on site, building and landscape plans shall be binding on all Members, subject to the mediation and arbitration provisions set forth below. The Board may appoint and empower an Aesthetic Control Committee to enforce this and other sections of these Covenants.

6.4 Use of Rental of Premises. No Residential Lots shall ever be used in fashion which unreasonably interferes with the other owners' use and enjoyment of their respective properties. No daily or weekly rentals shall be allowed. The Residential Lots shall be rented only on a not less than monthly basis pursuant to a written lease.

6.5 Marketing. The Developer (and to the extent approved by Developer, custom builders) shall have the right to: a) maintain model homes, signs, banners, flags, sales offices, sales and construction trailers, leasing offices, storage areas, parking lots and related facilities in any lots owned or controlled by Developer or custom builders within the project as are necessary or reasonable, in opinion of Developer, for the sale or disposition of the lots, b) use lots owned or controlled by Developer or custom builders in accordance with any promotional programs established from time to time by Developer, and c) conduct its business of disposing of lots by sale, lease or otherwise.



6.6 Maintenance of Vacant Lots. All vacant Residential Lots shall be maintained in a reasonably presentable condition. After reasonable notice to the Member, the Association shall have the right at all times to enter upon any lot to water, mow, remove debris or other waste material and to charge the expense thereof the Member as an assessment.

6.7 Offensive Activity. No noxious or offensive activity shall be carried on upon any lot or tract, nor shall anything be done or maintained thereon which may be, or become, an annoyance or nuisance, or adversely affect the use, value, occupation and enjoyment of any property in the development.

6.8 Animals. No animals shall be allowed except traditional small household pets. All dogs must be kept within the boundary of the lot or tract Owners' property, or under the control of the lot or tract Owner (family or guests) when using the open space parks or trail system.

6.9 High Intensity Lighting. No exterior mercury vapor lamps are to be installed, except by prior written approval of the Board.

6.10 Electrical and Telephone Service. No outdoor overhead wire or service drop for the distribution of electric energy or for telecommunication 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 or telephone utility facilities.

6.11 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 development. Garbage and similar solid waste shall be kept in sanitary containers well suited for that purpose.

6.12 Vehicles/Outhouses. No recreational vehicle or equipment, including, without limitation, park model R.V.'s, mobile homes, trailers, boats, campers, buses, tents or outbuildings shall be used on any lot any time, either temporarily or permanently, as a residence, including construction periods. No free-standing outhouse or lavatory for privy purposes shall be erected or maintained or placed on any lot or lots except during the construction of a home or upon Board consent. Notwithstanding the foregoing, the Developer temporary residence (mobile home) is located on lot 14 and will be removed no later than September 30, 2007.

6.13 Parking and Storage of Vehicles. No street parking of any type is permitted. Only passenger vehicles permitted for operation on public roads shall be allowed to park on driveways. All other vehicles, motorized or unmotorized, including trailers and R.V.'s must be parked and/or stored in an approved garage.

6.14 Drives and Off-Street Parking. At the time a structure is built on a lot, adequate off-street parking for at least two (2) cars shall be provided on the lot. All driveways and parking bays shall be constructed of asphalt paving or concrete unless approval for use of other material is granted in advance in writing by the Board.

6.15 Landscaping. The landscaping approved by the Board must be completed on each Residential Lot within one year from the date the dwelling is first occupied. No trees, hedges or shrubs shall be grown or maintained on any residential lot in a fashion which unreasonably interferes with the other Owners use and enjoyment of their respective properties. 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. All landscaping shall be maintained and cared for in a manner consistent with the originally approved design. Noxious weed control is the



KARMA CANYON

COVEN# 42.00

Chelan Co, WA

responsibility of the individual lot and tract Owners. Owners shall not use herbicides to which grapes are sensitive such as Phenoxy-type herbicides (i.e., 2,4-d, Dicamba, MCPA).

6.16 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 or tract, except for those improvements in it for which a public authority or utility company is responsible or those improvements controlled by the Association.

6.17 Emergency Exits. Trail system is the only emergency exit.

6.18 Vineyards. By acceptance of a deed to a lot in Karma Canyon Subdivision, each Owner acknowledges that the development is integrated throughout with existing or planned vineyards. Owners acknowledge and agree that the Vineyard Tract property Owners have a continued right to operate their properties for agricultural purposes and that these uses have impacts, including (but not limited to), a) overspray in connection with the watering of the vineyards, b) noise from maintenance and operation of equipment including without limitation, irrigation system, compressors, blowers, mulchers, tractors, utility vehicles and pumps, all of which may be operated at all times of the day and night or continuously, c) odors arising from irrigation, fertilization, and spraying, including sulfur, of the vineyards, d) dust caused by wind or farming operations, including plowing, and e) disturbance and loss of privacy resulting from personnel and equipment working in the vineyards or equipment temporarily parked in the vineyards or roadway. The existence and operation of the vineyards may cause or increase the symptoms of people with allergies. Additionally, each Owner acknowledges that pesticides and chemicals, including sulfur, may be applied to the vineyards throughout the year. Each Owner expressly accepts such impacts and agrees that neither Developer of the vineyard operator or any of their successors or assigns shall be liable to an Owner or anyone claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's lot or residence to any vineyard, including without limitation, any claim arising in whole or in part from the concurrent negligence of Developer or the vineyard operator or their respective successors or assigns. The Owners hereby agree to indemnify and hold harmless Developer and any entity operating the vineyards and their respective successors and assigns, against any and all such claims by any Owner's invitees. Each Vineyard Tract owner agrees to make reasonable efforts to minimize the impact of agricultural operations upon the owners of Residential Lots. Vineyard Tract owners agree to use sound horticultural practices to the extent not inconsistent with these covenants in the operation of their properties.

6.19 Vineyard Tract Maintenance. The Vineyard Tracts are to be owned and operated by entities other than the Association. The Vineyard Tracts may not be redeveloped into residential use. If agricultural use is suspended, these tracts shall nonetheless be maintained. If any Vineyard Tract is not maintained, or is abandoned, the Board may undertake maintenance such as regular mowing and watering, or pest and weed control, of the Vineyard Tract at the tract owner's expense. If not reimbursed, the Board may seek reimbursement from the Vineyard Tract owner pursuant to Paragraph 5.4 above and these Protective Covenants.

6.20 Development of Lots 14 and 17. Notwithstanding any other provisions of these Covenants, lots 14 and 17 of the Property may be developed for a winery production facility, with agricultural shop and storage buildings, as approved by Chelan County as part of the Karma Canyon Subdivision. These lots



will have the ability to accommodate necessary winery operations such as: concerts, additional wine caves, tours, and additional guest dwellings within the Chelan County code.

6.21 Development of Parcel "swimming pool". Notwithstanding any other provisions of these Covenants, the "swimming pool" located in Karma Canyon may be used for all purposes that meet the Open Space requirements imposed by Chelan County for the Karma Canyon Subdivision. This limitation on use can be modified, and other uses allowed, provided that any such other uses meet with the approval of Chelan County as having no impact upon the Karma Canyon Cluster Plat.

6.22 Open Space. The areas designated Open Space shall be restricted in use and protected as detailed in section 11.76.090(8) of the Chelan County Code or any replacement thereof, unless otherwise approved by Chelan County. The Association shall maintain the Open Space areas as required by the underlying conditions of the Planned Unit Development and County Code. Open Space may not be developed in a manner inconsistent with underlying Planned Unit Development or the County Code without approval of seventy-five percent (75%) of the Members and Chelan County, and an Amendment of the Planned Unit Development filed, if required by Chelan County.

6.23 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. Owners of Vineyard Tracts have the right to utilize stream water provided a permit is granted.

6.24 Excavations. 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.

6.25 Archeology and Historic Preservation. If any Native American gravesites or archeological resources are discovered or excavated, the Owner/developer/contractor shall stop work immediately and notify Chelan County Department of Building/Fire Safety and Planning and the Washington State Office of Archeology and Historic Preservation in conformance with RCW 27.53.020.

6.26 Disturbed Earth. Removal and disruption of vegetative cover shall be minimized to protect the existing vegetation to the fullest extent possible. Disturbed areas shall be reseeded or landscaped.

6.27 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, 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. Wine caves will be allowed on lots 14 and 17. Any other site for a wine cave requires Board consent.

6.28 Signs. Except as provided in section 6.5, Marketing, 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 to advertise the property for sale. No sign may be more than three feet square, except with the prior written permission of the Board. Lots 14 and 17 may erect temporary and/or permanent signs from time to time for winery operation purposes.

6.29 Businesses. Except for Lots 14 and 17, the Residential Lots shall be restricted in use as single-family residences unless an in-home business is approved pursuant to a conditional use permit. No store or business shall be carried on upon said premises or permitted thereon which involves on-premises sales, or which constitutes a nuisance.



6.30 Antenna. There shall be no satellite dish of any sort either installed or maintained which is visible from neighboring property except with prior written approval of the Board.

6.31 Sightliness. All clothes lines, garbage cans, equipment, motorcycles, and storage piles shall be walled in or screened to conceal them from the view of the neighboring lots and streets.

6.32 Fires. There shall be no exterior fires whatsoever, except for barbecues or whenever permitted by Chelan County code.

6.33 Trucks. No trucks larger than one (1) ton, construction type equipment or mobile or stationary trailers shall be permitted on any lot, except for the purpose of construction of improvements within the subdivision, unless approved in advance in writing by the Board.

VII. Building Covenants

7.1 Type of Structures. No more than three outbuildings, i.e., garages, barns, boathouses, etc., will be allowed on each lot.

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

7.3 Code. All buildings shall conform to the Uniform Building Code.

7.4 Materials. The use of new materials on all exterior surfaces shall be required, except that used brick is permissible. No reflective finishes (other than glass or hardware fixtures) shall be used on exterior surfaces, including, but not limited to, the exterior surface of any of the following: roofs, all projections above roofs, fences, doors, trims, window frames, pipes, equipment and mailboxes.

7.5 View. One objective of the Board's review of plans is to value views of each site, both among adjacent neighbors and within the community. Building location on each lot shall be situated to the extent possible to not unreasonably interfere with established views of adjoining lots. The Board shall determine whether the height of any proposed structure unreasonably interferes with those rights. Tree planting and landscaping shall not unreasonably interfere with established views of adjoining lots.

7.6 Roof Materials. No building or structure shall be permitted on any lot without Class A non-combustible roofing material as defined in the Uniform Building Code.

7.7 Dwelling Size. No single story dwelling shall be constructed having a fully enclosed main floor living area of less than 2,000 square feet (this does not include garages, balconies, patios and the like), except on written waiver by the Board. If two stories, the main floor shall be not less than 1600 square feet.

7.8 Garages. Garages on lots may be detached from the main dwelling structure. However, carports must be a part of the main dwelling structure or be connected to it by a roof or fence. At least one side of a carport must be enclosed. The design, roof slope and materials of garages and carports shall be compatible with those of the main dwelling and must conform to all set-back restrictions.

7.9 Fences. Any fence which is built must be maintained in an aesthetic manner, so that the fence is not broken, leaning, or otherwise has a shabby appearance.

7.10 Time of Completion. Any dwelling or structure shall be completed as to external appearance, including finished painting, within one year from the date of the initial issuance of the building permit;



provided, however, that such period for completion shall be extended sufficiently to compensate for unavoidable delays caused by acts of God, strikes, embargoes, hostilities, seizures, order of governmental authorities or any other interruption beyond the control of the Owner.

7.11 Repair. All buildings located on any lot in Karma Canyon shall be kept in good repair and in a generally attractive condition.

VIII. Utility and Common Elements Covenants

8.1 Storm Sewer. The Association shall maintain and repair as necessary the storm sewer system and retention area in its originally designed condition and in accordance with any applicable governmental regulations.

8.2 Roads and Sidewalks. The Association shall maintain and repair as necessary the roads and sidewalks in their originally designed condition and in accordance with any applicable governmental regulation, and shall provide for timely snow removal, unless dedicated to a governmental authority that accepts responsibility for such maintenance, repair and snow removal. All Owners shall have the right to use the roadways.

8.3 Gates and Signs. The Association shall maintain all gates, all signs and the perimeter deer fencing.

8.4 Group Mailbox System. The Association shall maintain the group mailbox system.


8.5 Water. Water for domestic systems and for fire suppression is provided by Lakeview Utilities Company, Inc. ("Lakeview"). Irrigation water service will be provided by Karma Ventures, LLC. Lakeview will have a separate service agreement with each Owner which will include the right to lien property for failure to pay the utility bills. Lakeview will maintain the domestic water system up to the domestic meter. The Association shall maintain the irrigation system up to the valve on each lot's lateral line. Lakeview will maintain the fire suppression system. The Association shall have no maintenance or repair responsibilities for either the domestic or the fire suppression system.

8.6 Park and Trails. The development will include a park and trail system which the Association shall maintain. The Owners and their invitees shall have access to the park and trail system. Other users may be allowed to use the facilities upon Board approval. All costs for maintenance and repairs shall be assessed to Members on a per lot basis. It is the intent of the Developer to grant future reciprocal access through the trail system to be able to connect to other trails (such as Clos CheValle). This intent is to add to the greater good of the community.

8.7 Interpretation. These Protective Covenants shall be interpreted to be consistent with the Karma Canyon Subdivision as approved by Chelan County. To the extent of any inconsistency, the provisions of the Karma Canyon Subdivision as approved by Chelan County shall control.

Dated this 17 day of October, 2006.

KARMA CANYON, LLC
A Washington Limited Liability Company

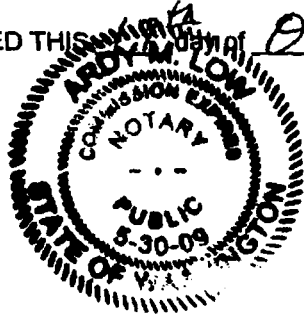
By 
JULIE PITTSINGER, Manager



STATE OF WASHINGTON)
)
COUNTY OF Chelan) §

I certify that I know or have satisfactory evidence that JULIE PITTSINGER is the person who appeared before me and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as the Manager of KARMA CANYON LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED THIS 14th day of October, 2006.



Ardy M. Low

Typed/Printed Name ARDY LOW
Notary Public in and for the State of Washington
My appointment expires 5/30/09



Return Address:

Mr. Donald L. Dimmitt
Jeffers, Danielson, Sonn & Aylward, P.S.
2600 Chester Kimm Road
P.O. Box 1688
Wenatchee, WA 98807-1688

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SECOND AMENDMENT TO COVENANTS

Grantor/Grantee: Karma Ventures, LLC, a Washington limited liability company
Legal Description (abbreviated): Plat of Karma Canyon, Chelan County, Washington.
Additional legal description on page 1.
Assessor's Tax Parcel ID#: 27-22-07-705-005, 27-22-07-705-010, 27-22-07-705-027,
27-22-07-705-030, 27-22-07-705-080, 27-22-07-705-108 and 27-22-08-330-200
Reference Number of Covenants Amended: 2239457 and 2243889

Parties

1.1 Owner. Karma Ventures, LLC, a Washington limited liability company.

Prior Agreement

2.1 Covenants. Those Covenants dated September 26, 2006, recorded under Chelan County Auditor's No. 2239457.

2.2 Amended and Restated Protective Covenants. Those amended and restated protective covenants, recorded December 6, 2006 under Chelan County Auditor's No. 2243889.

Property Description

3.1 Property Description. A portion of the following described real property, situated in the County of Chelan, Washington:

Plat of Karma Canyon, Chelan County, Washington, according to the plat thereof recorded in Volume 30 of Plats, Pages 77-79.



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Agreement

4.1 Agreement. The parties agree to amend the Covenants upon the terms and conditions set forth below.

4.1.1 Owner shall have the right to amend the Plat on its signature only to record a revised Plat showing boundary lines between the "open space" and "vineyard tracts" as approximately depicted on Exhibit "A."

No Other Changes

5.1 No Other Changes. Except as otherwise amended herein, the parties hereby ratify the terms and conditions of the Covenants.

"OWNER"

KARMA VENTURES, LLC
A Washington Limited Liability Company

By 
JULIE PITTSINGER, Member

By 
BRET PITTSINGER, Member

Date 12-6-06

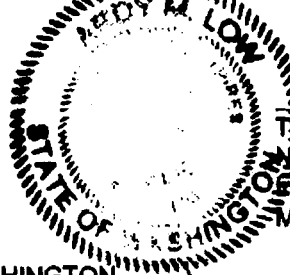


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STATE OF WASHINGTON)
COUNTY OF Chelan) ss.

I certify that I know or have satisfactory evidence that JULIE PITTSINGER is the person who appeared before me and said person acknowledged that she signed this instrument, on oath stated that she was authorized to execute the instrument and acknowledged it as a Member of Karma Ventures, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 6th day of December, 2006.



Ardy Low
Typed/Printed Name ARDY LOW
NOTARY PUBLIC
In and for the State of Washington
My appointment expires 5/30/09

STATE OF WASHINGTON)
COUNTY OF Chelan) ss.

I certify that I know or have satisfactory evidence that BRET PITTSINGER is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as a Member of Karma Ventures, LLC, a Washington limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated this 6th day of December, 2006.



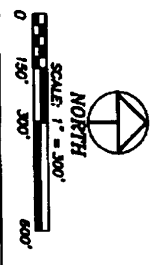
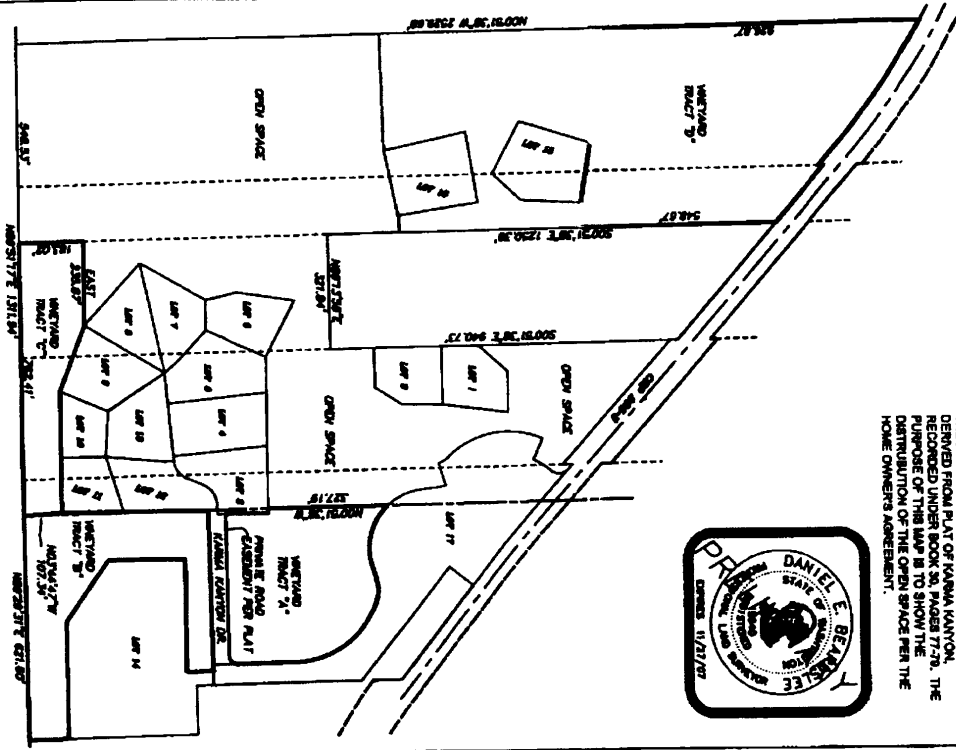
Ardy Low
Typed/Printed Name ARDY LOW
NOTARY PUBLIC
In and for the State of Washington
My appointment expires 5/30/09

KARMA KANYON

EXHIBIT A

DISTRIBUTION OF OPEN SPACE EXHIBIT
 REFERENCE PLAT RECORDED BK. 30, PAGES 77-79

NOTE:
 THE BOUNDARIES SHOWN ON THIS MAP ARE DERIVED FROM PLAT OF KARMA KANYON, RECORDED UNDER BOOK 30, PAGES 77-79. THE PURPOSE OF THIS MAP IS TO SHOW THE DISTRIBUTION OF THE OPEN SPACE PER THE HOME OWNERS AGREEMENT.



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SHEET 1 OF 1

DATE: 12/05/05
 DRAWN BY: JLN
 CHECKED BY: JLN
 SCALE: 1" = 300'