

PROTECTIVE COVENANTS

COVE ESTATES MOORAGE OWNER'S ASSOCIATION

CHELAN COUNTY, WASHINGTON

CHELAN ADVENTURES, INC., a Washington corporation ("Declarant"), the owner of real property located in Chelan County, Washington, and described as follows:

See Exhibit "a" attached hereto any by this reference
Made a part hereof.

Does hereby establish the following protective covenants conditions and restrictions for said property ("Property"), said

PREAMBLE

COVE ESTATES MOORAGE OWNERS ASSOCIATION is located on the South Shore of Lake Chelan. The primary usage of the property is to provide for year round deep water boat moorage. There will be a maximum of 76 moorage slips, 65 of which will be tied directly to a condominium, a mobile home lot or a residential lot. There will be a common area which will have a club house, beach area and some associated parking. COVE ESTATES is situated in an area of privately owned homes and which have considerable economic and aesthetic value. The purpose of these Covenants is to maintain a suitable environment and provide for repair, maintenance and improvement of the roadways, water and septic systems, boat docks and other common areas. Except where stated otherwise, these Covenants and conditions and restrictions shall apply to the common areas, boat docks, Phase II, trailer park (Cove Overlook Park Condominiums) and condominiums (Cove Condominiums) located within the described property.

The three residential areas (Cove Overlook Park – 35 units, Cove Condominiums – six units and Phase II/Cove heights – 24 units) all have a separate operating entity (Association) which contain additional covenants.

GENERAL COVENANTS

1) Aesthetic Control. 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 of Directors “(Board)” of the COVE ESTATES MOORAGE OWNERS ASSOCIATION (“Association”), a non-profit corporation, as to quality of workmanship and materials, harmony of external design with existing structures and the intended nature of the plat, as to conformance with these covenants and as to 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 materials are to be avoided.

2) Maintenance of Vacant Lots. It is the intent of these restrictions that vacant lots be maintained in a reasonably presentable condition. After reasonable notice to the owner, the Board shall have the right at all times to enter upon any lot to remove debris or other waste material and to charge the expense thereof to the owner as an assessment. The Board shall have all rights and remedies for the collection of said assessment as provided in Section 41.

3) Nuisances. No activity shall be carried on upon any lot or permitted thereon which may be or become a nuisance to the neighborhood.

4) 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 services to connect to the underground electrical or telephone utility facilities.

5) Pets. Domestic household pets, such as dogs and cats, may be kept by the property owners. Other animals may not be kept. The keeping of pets shall be subject to such reasonable rules and regulations as the Board may from time to time adopt. The Board may require the removal of any animal which the Board in the exercise of reasonable discretion finds is disturbing other property owners and may exercise this authority for specific animals even though other animals are permitted to remain and regardless of when the animal was obtained. The Board shall not be required to compensate any owner for requiring any animal to be removed. Pets shall not be permitted outside an owner's property except while being held, on a leash. Owners shall clean any area soiled by pets.

6) 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 Property. Garbage and similar solid waste shall be kept in sanitary containers well suited for that purpose.

7) Temporary Dwellings. No mobile homes, trailers, basement, tent or other outbuildings shall be used on any lot at any time, either temporarily or permanently, as a residence, except during actual construction of a permanent structure when such use shall be limited to six (6) months. No outhouse or lavatory for privy purposes shall be erected or maintained or placed on any lot or lots; such convenience must be incorporated within or be a part of the building to which they appertain. The provision regarding mobile homes shall not apply to Cove Overlook Park which is designated for mobile homes (manufactured housing) use.

8) Landscaping. The landscaping approved by the Board must be completed on each lot within one year from the date of dwelling is first occupied. No trees, hedges or shrubs shall be grown or maintained in a fashion which unreasonably interferes with the other lot owners' use and enjoyment of their respective properties.

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.

9) 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.

10) Excavations. No excavations 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.

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

12) Signs. No billboard or advertising sign of any kind may be erected, placed or maintained on any lot or lots or on any building or structure thereon, except one "For Sale" sign used by a builder to advertise the property during the construction sales periods. No sign may be more than three feet square, except with the prior written permission of the Board.

13) Antenna. There shall be no antenna or satellite dish of any sort either installed or maintained which is visible from neighboring property.

14) Sightliness. All clothes lines, garbage cans, equipment, motorcycles, snowmobiles, mobile homes, boats, wood piles and storage piles shall be walled in or screened to conceal them from the view of neighboring lots and street

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

16) Fires. There shall be no exterior fires whatsoever, except for barbecues.

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

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

19) Driveways. All driveways shall be surfaced by asphalt pavement, concrete or gravel.

20) Easements. Easements for roads, paths, water systems, utilities and drainage are reserved as delineated on the plats. 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 roads, paths, water systems or utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements in it for which a public authority, utility company, homeowner's association or this maintenance association is responsible. Such easements are contained and described in Chelan County Short Plats #1978 and 1979.

BUILDING COVENANTS

21) Single Family Dwellings. No structure shall be erected on any lot except one single family dwelling and associated accessory buildings. This clause does not apply to condominiums.

22) Existing Structures. No existing structure of any nature shall be moved on to said premises except for mobile homes which are permitted on Cove Overlook Park.

23) Code. All buildings shall conform to the Uniform Building Code.

24) Materials. The use of new materials on all exterior surfaces shall be required, except that used brick is permissible. Exteriors constructed from materials indigenous to the Pacific Northwest is desired. 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, trim, window frames, pipes, equipment and mailboxes.

25) Bedrooms. No unit may have more than two bedrooms.

26) Roof Materials. No building or structure shall be permitted on any lot without a fire retardant roof.

27) Fences. No fences may be constructed without prior written approval by the Board. Any fence which is built must be maintained in a desirable manner, so that the fence is not broken, leaning, or otherwise have a shabby appearance.

28) Time of Completion. Any dwelling or structure erected on said subdivision (except condominiums) shall be completed as to external appearance, including finished painting, within six months 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.

29) Spark Arrestors. Spark arrestors of a type approved by the local Chelan County Fire District must be installed on all chimneys.

30) Repair. All buildings and improvements located on any lot within the Property shall be kept in good repair and in a generally attractive condition.

31) Allocation of Septic Systems. Each lot or condominium shall use the septic system allocated to it on the plat map.

32) Seasonal Use. The drainfields for the Cove Overlook Park Condominiums septic systems are designed for seasonal use. Therefore, the septic system for this Association must be shut down from January 2nd to April 2nd (3 months) each year.

MARINA COVENANTS

33) Sleeping on Boats. The Chelan County Public Health Department advises that it is illegal to sleep on a boat unless there is approved sewer connection at each boat slip and each boat which people intend to sleep are connected to said sewer connection. Until such time as sewer connections are provided or until such time as applicable law is modified accordingly, no party may sleep upon a boat for more than 24 hours while such boat is moored at the COVE ESTATES.

34) Designated Boat Moorage. Each owner of the condominium unit in the three residential developments (Cove Condominiums, Cove Overlook Park and Phase II) will also own a 1/65th interest in the Cove Estates Moorage Association. This Association shall be a non-profit corporation. The interest in the residential unit shall entitle such owners to a vote in the Moorage Owners Association. In other words, to own an interest in the Cove Estates Moorage Owners Association, such owner must also own a unit in either the Cove Condominiums, Cove Overlook Park or Phase II. The owner shall use only the dock or slip designated for the owner and shall not obstruct or in any way impair any other boat dock or slip in the condominium. Additional covenants will be recorded for the Moorage Owners Association.

35) Pump Out Station. The existing pump out station shall be maintained pursuant to the existing contract between Chelan County/National Parks and McClosky.

36) Open Flames. No open flames shall be used for maintenance or repair on any boat or vessel while moored in the Marina. No person shall use any portable barbecue, brazier or cooking devise on any vessel, boat, pier or boat dock at the COVE ESTATES MOORAGE OWNERS ASSOCIATION.

37) Refuse, Waste, Garbage. Members shall cause or permit no waste water, garbage, sewage or other debris to be discharged into the waters of lake Chelan from any boat or vessel moored or docked at the COVE ESTATES MOORAGE OWNERS ASSOCIATION. All garbage, waste water and trash shall be properly disposed of in approved receptacles.

38) Extra Moorage Units. There will be a total of 76 moorage units. A total of 65 will commonly owned by the Association and rented to members on a non-profit basis. Two docks will be rented, one to Virgil McClosky and one to Carl McClosky. The remaining 9 docks will be available for guests and storm victims. The Association shall develop rules and regulations for the allocation of these guests and storm victims docks.

39) Clubhouse. There will be a clubhouse which will be located near the boat dock and such clubhouse will be constructed no later than December 31, 1990.

40) Resort Use. The moorage spaces are restricted in use to permit only social and recreational use or related uses. The units shall be used only as moorage for one individual, or for bona fide single families, and for social, recreational or other reasonable purposes normally incident to such uses. The moorage units may also be used for purposes of operating and managing the condominium. Commmerical use is not permitted.

41) Time Sharing. Time sharing shall not be a permitted use.

42) Carpeting Docks. There shall be no carpeting installed on any dock or moorage space. Carpeting causes rot and increased maintenance.

43) Maintenance of Moorage Space. Each owner shall, at the owner's sole expense, keep the moorage space and its equipment, appliances, and appurtenances in a clean and sanitary condition free of rodents and pests, and in good order, condition, and repair. The owner shall make all repairs to his or her moorage space resulting from that owner's negligence, misuse or neglect; other repairs to moorage space shall be done by the Association. Owners may not, however, modify, paint or otherwise decorate, or in any way alter their respective limited common areas without prior written approval of the Board.

44) Effect on Insurance. Nothing shall be done or kept in any unit or in any moorage space that will increase the rate of insurance on the property without the prior written consent of the Board. Nothing shall be done or kept in any unit or in any common area that will result in the cancellation of insurance on any part of the property, or that would be in violation of any laws.

45) Alteration of Common Area. Nothing shall be altered or constructed in or removed from any common area or facility except upon the prior written consent of the Board.

46) No owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease a unit unless and until all unpaid common charges theretofore assessed by the Board against the unit has been paid in full and until all liens except mortgages against the unit have been satisfied.

47) Virgil McClosky. Declarant hereby grants to Virgil McClosky the right to utilize 80 feet on the inside of the breakwater for moorage of boats owned by Virgil McClosky. The right to use said 80 feet of the breakwater will be exclusive only Virgil McClosky and shall be during his lifetime only. The right to use the 80 feet of the breakwater shall be nontransferable and Virgil McClosky shall be subject to all of the rules and regulations of the Association. In addition, McClosky must pay dues in the same manner as the other members of the Association. In the event Virgil McClosky shall fail to pay any membership dues or assessments set forth by the Association as shall be the same as paid by other members of the Association and

In the event Virgil McClosky shall become two months in arrears he shall forfeit his right to use the breakwater for moorage of boats. This right is that of Landlord and Tenant.

48) Chelan Adventures, Inc. Chelan Adventures, Inc. hereby reserves unto itself the right to use 80 feet on the inside of the breakwater for moorage of a boat owned by either Jerry Fleming or Dave Mehelich or both. Said right to use the 80 feet on the inside of the breakwater is exclusive only to Dave Mehelich and Jerry Fleming. The right shall be for a period of 99 years. In addition, Mehelich and Fleming shall, if they elect to moor a boat on the breakwater, pay dues and assessments in the same manner as other members of the Association. Failure to pay such dues after a period of 60 days shall constitute an immediate forfeiture of the right to utilize the breakwater for the moorage of a boat. This right is that of Landlord and tenant.

ADMINISTRATIVE COVENANTS

49) Owners Association and Voting Membership. All of the owners of the Property shall be members of the Association. Natural persons, partnerships, corporations, trusts or other lawful business entities may own or have ownership interest in the property.

50) Authority of the Board. The Board, for the benefit of the Property and the members, shall enforce and administer these covenants in accordance with the Association Bylaws and shall assess the members in order to acquire and pay for the following.

50.1 Manager. The services of a person or firm to manage the affairs of the Property ("the manager") to the extent deemed advisable by the Board, as well as such other personnel as maintenance and improvement of the roadways, water and septic systems, boat docks, club house and beach common areas, whether such personnel are employed directly by the Board or are furnished by the manager.

50.2 Professional Services. Legal and accounting services may be employed by the Board(s) as necessary or proper in the operation of the Association affairs, maintenance of the roadways, water and septic systems, boat docks, club house and beach common areas or the enforcement of these Covenants.

50.3 Maintenance of Roadways. The Board shall repair, maintain and improve all roads on the Property in a workmanlike manner.

50.4 Maintenance of Water and Systems. The board(s) shall repair, maintain and improve all water and septic systems on the Property in a workmanlike manner. The Board(s) shall adhere to the septic system Operations and Maintenance Manual. The water system shall be operated pursuant to WAC 248-4. There is one off plat water service currently in use. The Association must continue to provide such water service to Carl McClosky. Said service shall be sufficient to provide water to one (1) residence only.

50.5 Maintenance of Boat Docks, Club House and Beach Common Areas. The Board shall maintain the boat docks, club house and beach common areas and surrounding property in a first-rate condition.

50.6 Contracts. The Board(s) shall have the exclusive right to contract for all goods, services and insurance, payment for which is to be made from the common expense fund. This power may be exercised by Declarant until the first Board is formed.

51. Enforcement. Each member shall comply strictly with the provisions of these covenants and with the administrative rules and regulations and bylaws of the Association, as the same may be lawfully amended from time to time, and with decisions adopted pursuant to said Covenants and administrative rules and regulations, and failure to comply shall be grounds for an action to recover sums due for damages, or injunctive relief, or both, maintainable by the Board or manager on behalf of the members, or in a proper case, by an aggrieved member. Enforcement shall be by proceedings at law or in equity against any person or persons

violating or attempting to violate any covenant either to restrain violation or to recover damages.

52) Continuity. The Association shall continue to operate the on-site septic system until all buildings served by the system are connected to an approved sewerage system. In the event no one is willing to serve as directors of the Association, control and operation of the on-site septic system shall pass on to the Public Utility District No. 1 of Chelan County.

53) Duration. These restrictions and covenants shall run with the land and shall be binding on all parties and all persons claiming under them for a period of twenty-five (25) years from the date these covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the then owners of seventy-five (75) of the votes has been recorded, agreeing to change said covenants in whole or in part.

54) Declarant Responsible. Until such time as the Board (or Boards) referred to herein are formed, the Declarant shall be responsible for performing the duties described herein and enforcing these Covenants. The Declarant shall either post a bond or cash collateral sufficient to replace the septic system and drainfield for Cove Overlook Park Association. The estimate to replace the drainfield is approximately \$55,000. Until such time as the bond or cash is posted as required herein, no owner may occupy a mobile home space in Cove Overlook Park.

55) Amendment. Amendment to these covenants shall be by seventy-five 75% of the voters. Amendments shall be in writing and recorded in the same manner as these Covenants.

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

CHELAN ADVENTURES, INC.
A Washington Corporation

By DAVID MEHELICH, President

By JERRY FLEMING, Vice Pres.

STATE OF WASHINGTON)
COUNTY OF CHELAN) SS

On this 28th day of February, 1990, before me personally appeared DAVID MEHELICH and JERRY FLEMING, to me known to be the President and Vice President respectively, of the corporation that executed the within and foregoing instrument and acknowledge said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

Signed: David M. Bohr
NOTARY PUBLIC in and for the
State of Washington,
Residing at Wenatchee.

Exhibit A

Legal description of Parcel “A”

Please refer to Secretary’s book

Parcel “B”

Legal description – Please refer to Secretary’s book