

**MASTER
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTHWEST CROSSING**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR NORTHWEST CROSSING (this "Declaration") is made this 20th Day of December 2001, by West Bend Property Company LLC, an Oregon limited liability company, hereinafter referred to as "Declarant."

OBJECTIVES

Declarant is the owner of the real property described in Exhibit "A" and depicted on Exhibit Map A-1, (including any property annexed into the Declaration from time to time, the "Property"), attached hereto and incorporated herein by reference. Declarant intends by this Declaration to:

- (1) Impose upon the Property restrictions under a general plan of improvement for the benefit of all owners of any portion of the Property;
- (2) Provide a flexible and reasonable review process for construction within the overall development of the Property to assure a consistent and attractive development;
- (3) Create Easements, Covenants, Conditions and Restrictions to protect the value and desirability and the intended development outcome of the Property.

The Property is being developed as a master planned, mixed-use development known as "NorthWest Crossing." NorthWest Crossing is not a "planned community" as that term is defined by ORS 94.550 et seq. Except where this Declaration conflicts with any applicable government municipal regulations, this Declaration shall be binding upon the owners of all property subject to this Declaration. In the event any of the development standards or use restrictions of this Declaration should conflict with a more restrictive standard or requirement set by an applicable ordinance of the City of Bend or other governmental entity, the more restrictive standard or requirement shall apply.

ARTICLE 1: DEFINITIONS

1.1 "Accessory Dwelling": means a separate, complete dwelling unit, either attached to or separate from the primary dwelling unit, as more particularly described in the Bend City Code, Section 22D, NorthWest Crossing Overlay Zone as the same may be amended from time to time.

1.2 "ARC" or "Architectural Review Committee": means the committee appointed pursuant to Section 4.8, or the board elected pursuant to Article 7, as applicable, to review all planned improvements to the property prior to start of construction according to the NorthWest Crossing Prototype Handbook and Rules and Design Guidelines.

1.3 "Association": means the non-profit corporation of any Planned Development within NorthWest Crossing that may be formed to serve as the owners association for owners owning property in the subject Planned Development.

1.4 "Declarant": means West Bend Property Company LLC, an Oregon limited liability company, any person who succeeds to any special Declarant right and to whom all the Declarant's ownership interest in the Property is transferred, or any person, other than Owners, to whom Declarant has transferred, for purposes of resale, all of Declarant's ownership interest in NorthWest Crossing or phases within NorthWest Crossing.

1.5 "Design Guidelines" or "NorthWest Crossing Prototype Handbook and NorthWest Crossing Rules and Design Guidelines": means those certain NorthWest Crossing Prototype Handbook and NorthWest Crossing Rules and Design Guidelines promulgated by Declarant and/or the ARC from time to time and applicable to NorthWest Crossing.

1.6 "Homesite": means a residential lot platted or legally partitioned within the Property subject to this Declaration.

1.7 "Improvement": means every temporary or permanent structure or improvement of any kind including, but not limited to, buildings, fences, walls, driveways, parking areas, storage shelters, signs, trash screens, and/or other products of construction efforts on or in respect to any property within NorthWest Crossing, including landscaping, and every exterior alteration, painting or reconstruction thereof.

1.8 "Initial Development": means the property referred to in Section 2.2, which will be the first phase of development within NorthWest Crossing.

1.9 "Living Unit": means any single family home, townhouse, condominium, rowhouse, Accessory Dwelling, or live/work residential dwelling located on a Lot and designated for occupancy, whether occupied or not.

1.10 "Lot": means a platted or legally partitioned lot, within NorthWest Crossing.

1.11 "Master Development Plan": means the plan of development for NorthWest Crossing expressed in and implemented by the NorthWest Crossing Overlay Zone set forth in the City of Bend Zoning Ordinance and the NorthWest Crossing Prototype Handbook and Rules and Design Guidelines.

1.12 "NorthWest Crossing": means the property described on attached Exhibit A and any property subjected to this Declaration pursuant to a Supplemental Declaration, which property is to be developed as a master planned, mixed-use development. The Property will be developed in phases (each, a "Phase") of one or more Lots.

1.13 "Overlay Districts": means overlay zoning districts within NorthWest Crossing adopted by the City of Bend, which permit flexible, diverse development and variations in density.

1.14 "Overlay Zone": means the City of Bend NorthWest Crossing Overlay Zone.

1.15 "Owner": means a person or persons, corporation or other legal entities, including Declarant, owning any Lot within NorthWest Crossing.

1.16 "Phase": means one or more Lots developed together within NorthWest Crossing as described in Section 2.2.

1.17 "Planned Development": means a community created on a portion of the Property and subject to the rules and regulations established by a separate declaration, which may include the creation of an Association.

1.18 "Supplemental Declaration": means the instrument(s) annexing and subjecting additional real property to this Declaration.

ARTICLE 2: PROPERTY SUBJECT TO THIS DECLARATION

2.1 General Declaration Creating NorthWest Crossing. Declarant hereby declares that all of the real property located in Deschutes County, Oregon described in Exhibit "A" is and shall be sold, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part subject to this Declaration, unless withdrawn by Declarant, pursuant to Section 2.4.

2.2 Initial Development. Declarant anticipates that the Property will be developed in phases (each, a "Phase"), each of which will consist of one or more Lots and each of which will be created by recordation of a plat in Deschutes County. The first Phase of NorthWest Crossing, known as NorthWest Crossing, Phase 1, shown on Exhibit "B", is currently anticipated to consist of sixty (60) residential standard lots, one (1) commercial limited lot and two (2) future development residential parcels. The initial sixty (60) residential standard lots are not anticipated to be a Planned Development. The one (1) commercial limited lot and two (2) future development residential parcels may be a part of a Planned Development.

2.3 Annexation of Additional Property. Declarant may from time to time and in its sole discretion annex to NorthWest Crossing and this Declaration any adjacent real property now or hereafter acquired by Declarant. The annexation of such adjacent real property shall be accomplished as follows:

(a) Supplemental Declaration. Declarant shall record a Supplemental Declaration which shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be annexed, establish any additional limitations, uses, restrictions, covenants and conditions which are intended to be applicable to such property, and declare that such property is sold, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part subject to this Declaration.

(b) Provisions of Supplemental Declaration. Notwithstanding any provision to the contrary, a Supplemental Declaration with respect to any annexed property may:

(i) Establish such new land classifications and such limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property.

(ii) With respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants, and conditions with respect thereto as Declarant may deem to be appropriate for the development of such annexed property.

(c) Effects of Annexation. The property included in any such annexation shall thereby become a part of NorthWest Crossing and this Declaration, and the Declarant shall have and shall accept and exercise administration of this Declaration with respect to such property.

(d) No Limitation on Annexation. There is no limitation on the number of Lots that Declarant may create within or annex to NorthWest Crossing.

2.4 Withdrawal of Property. Declarant may withdraw property from NorthWest Crossing only by duly adopted amendment to this Declaration in accordance with this Section 2.4. Declarant may withdraw any portion of the Property from this Declaration at any time, unless the portion of the Property to be withdrawn is a part of a Phase in which a Lot has already been conveyed to a party unrelated to Declarant. Any such withdrawal shall be by a declaration stating that Declarant is exercising its right to remove such property from NorthWest Crossing and the jurisdiction of this Declaration, which declaration shall be executed by Declarant and recorded in the official records of Deschutes County. If a portion of the Property is so withdrawn, all voting rights otherwise allocated to Lots being withdrawn shall be eliminated. The right of Declarant to withdraw property hereunder shall not expire until the first Lot in the last Phase of NorthWest Crossing has been sold.

ARTICLE 3: LAND CLASSIFICATIONS

3.1 Master Development Plan. NorthWest Crossing is subject to a Master Development Plan which is established and implemented by the City of Bend NorthWest Crossing Overlay Zone and the NorthWest Crossing Prototype Handbook and the Rules and Design Guidelines. These documents establish permitted and conditional uses, Lot requirements, building heights and other development standards. The Overlay Zone establishes five major zones in NorthWest Crossing, which zones roughly mirror the primary zones in the City of Bend Zoning Ordinance. The Overlay Zone also creates Overlay Districts that allow specific standards within subareas of NorthWest Crossing. Accordingly, all real property subject to the Master Development Plan, and therefore, all real property initially subject to this Declaration, is classified as one or more of the following zones:

- (a) Residential Standard Density
- (b) Commercial Limited
- (c) Mixed Employment
- (d) Industrial Park
- (e) Public Facilities

Within each of the zones, one or more of the following Overlay Districts may apply:

- (a) Urban Standard Residential District
- (b) Residential Townhome Overlay District
- (c) Residential Multiple-Family Overlay District
- (d) Residential Mixed-Use Overlay District
- (e) Commercial/Mixed Employment Overlay District
- (f) Industrial Park Overlay District

3.2 Additional Land Classifications. Additional land classifications and uses may hereafter be established in any Supplemental Declaration as provided in Section 2.3 above and consistent with applicable governmental laws and regulations.

3.3 Conversion of Lots to Common Areas or Areas of Common Responsibility. Declarant may elect to build common facilities on one or more Lots and designate such Lots as common areas to benefit and be maintained by an Association of a Planned Development.

3.4 Consolidation of Lots. The Owner of two adjoining Lots, with the approval of the Declarant, or the Architectural Review Committee, and the City of Bend, may elect to consolidate such Lots into one Lot. The Architectural Review Committee may impose conditions or restrictions on the granting of its approval of a lot consolidation, including, but not limited to maintenance or landscaping requirements and limitations on use. The consolidation shall be effective upon the recording in the deed records of Deschutes County a declaration of the Owner stating that the two lots are consolidated. The deed shall include all restrictions and conditions imposed as a condition of such consent by the Declarant, Architectural Review Committee and the City of Bend. Thereafter, and except if otherwise provided by the Declarant or Architectural Review Committee as a condition to its consent, the consolidated Lots shall constitute one Lot for all the purposes of this Declaration.

ARTICLE 4: ARCHITECTURAL CONTROLS

4.1 Approval Required. No Improvement, as defined in Section 1.7 above, shall be erected, placed, altered, maintained, or permitted to remain on any Property subject to this Declaration until final plans and specifications have been submitted to and approved in writing by the Architectural Review Committee. All submittals shall be in conformance with the Design Guidelines, unless otherwise approved by the Architectural Review Committee.

4.2 Procedure. Any Owner proposing to construct any Improvements within NorthWest Crossing shall follow the procedures outlined in the Design Guidelines and shall be subject to the approvals required by this Article 4. Failure to follow such procedures or obtain such approvals as required by this Article 4 shall be deemed a breach of this Declaration.

4.3 Required Documents. Any Owner proposing to utilize, improve, or develop real property within NorthWest Crossing shall submit such application forms as the Architectural Review Committee may promulgate from time to time with accompanying application fee.

4.4 Review. All plans and drawings submitted in accordance with Section 4.3 above shall be submitted to the Architectural Review Committee for review prior to the performance of any proposed work. Such plans and drawings shall be accompanied by a check payable to Declarant in an amount to be determined by the Architectural Review Committee from time to time. No plans shall be reviewed until the application fee is paid in full and all items specified in the application are submitted. Within 30 days, or such other period of time as may be specified in the Design Guidelines, following receipt of such plans and drawings, and the full amount of the application fee, the Architectural Review Committee shall review the plans and shall inform the Owner in writing whether the plans conform to the Design Guidelines. In the event the Architectural Review Committee fails to notify the Owner in writing as to the conformity of the plans within the review period, the plans are conclusively presumed to be approved as submitted. Delivery of notification shall be as provided in Section 10.8. In the event any of the plans do not conform to the Design Guidelines, the Owner shall resubmit those nonconforming portions of the plans for review in accordance with the procedures outlined in Section 4.3 above and in this Section 4.4. No work may be performed relating to any Improvement unless and until all aspects of all plans required under Section 4.3 above and this Section 4.4 have been approved by the Architectural Review Committee. Any site plans, construction plans, or similar plans and drawing submitted to the City of Bend for a building permit without the approval of the Architectural Review Committee are submitted at the Owner's own risk.

4.5 Design Guidelines. The development concept for NorthWest Crossing shall be determined by Declarant or the Architectural Review Committee with Declarant's approval and shall be in accordance with applicable statutes, ordinances, regulations, zoning, and other governmental land use controls. Design Guidelines setting forth various aspects of the development concept, in addition to this Declaration, may be published from time to time by the Declarant or the Architectural Review Committee with Declarant's approval. Declarant or the Architectural Review Committee, with Declarant's approval, shall have the right to alter, rescind, or amend any published Design Guidelines without prior notice to any party; provided, however, that once approval has been given pursuant to Section 4.4 above, work may, subject to the provisions of Section 4.11, proceed in accordance with the approved plans and drawings, notwithstanding any changes in the development concept. All such Design Guidelines shall be in general conformity with this Declaration.

4.6 Inspection. All work related to any Improvement within NorthWest Crossing shall be performed in strict conformity with the plans and drawings approved under Section 4.4 above. The Architectural Review Committee shall have the right to inspect any such work to determine its conformity with the approved plans and drawings and reserves the right to order a stop to all work if, in good faith, it believes that any such work is nonconforming. In the event that it is determined in good faith by the Architectural Review Committee that certain work is nonconforming, a stop work notice may be issued, without necessity of court order, which shall require the Owner to correct all nonconforming work specified in the notice before the remainder of the proposed work may be completed. Continued work without correction of any such nonconforming items shall be deemed a breach of this Declaration. Neither Declarant, nor the

Architectural Review Committee, nor any officer, director, employee, agent, or servant of Declarant shall be responsible for any damages, loss, delay, cost, or legal expense occasioned through a stop work notice given in good faith, even if it is ultimately determined that such work was in conformity with the approved plans and drawings.

4.7 Waiver. Any condition or provision of Sections 4.2 through 4.6 above may be waived by the Architectural Review Committee, in its exclusive discretion. Any such waiver shall not be deemed a general waiver of any aspect of the Design Guidelines or the required procedures and approvals specified under Sections 4.2 through 4.6. The granting of a waiver as to one Owner shall not automatically entitle any other Owner to the waiver of the same or similar conditions or provisions. No waiver shall be valid unless it is in writing, signed by an authorized representative of the Architectural Review Committee and delivered by certified mail to the party claiming the benefit of such waiver.

4.8 Architectural Review Committee. The Architectural Review Committee shall be appointed by Declarant and shall consist of as many members but not less than three, as Declarant may appoint from time to time. At such time as Declarant shall no longer desire to exercise its rights of approval as set forth in this Article 4, such approval rights shall be exercised by an Architectural Review Committee as provided for in Article 7 below, or shall cease to exist.

4.9 Majority Action. Except as otherwise provided herein, a majority of the members of the Architectural Review Committee shall have the power to act on behalf of the Architectural Review Committee, without the necessity of a meeting and without the necessity of consulting or notifying the remaining members of the Architectural Review Committee. The Architectural Review Committee may render its decision only by written instrument setting forth the action taken by the members consenting thereto.

4.10 Liability. The scope of the Architectural Review Committee's review is not intended to include any review or analysis of structural, geophysical, engineering, building or zoning code compliance, or other similar considerations. Neither Declarant nor the Architectural Review Committee nor any member thereof shall be liable to any Owner, occupant, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any action or failure to act of the Architectural Review Committee or a member thereof, provided only that Declarant or the Architectural Review Committee has, or the member has, in accordance with the actual knowledge possessed by the Architectural Review Committee or by such member, acted in good faith.

4.11 Effective Period of Consent. The Architectural Review Committee's consent to any proposed Improvement shall automatically be revoked one year after issuance unless construction of the Improvement has been commenced or the Owner has applied for and received an extension of time from the Architectural Review Committee.

4.12 Construction by Declarant. Improvements constructed by Declarant on any property owned by Declarant are not subject to the requirements of this Article 4.

4.13 Appeal. Any Owner who disagrees with a decision of the Architectural Review Committee related to that Owner's Lot may appeal the decision in writing to the Architectural Review Committee pursuant to the procedures set forth in the Design Guidelines.

ARTICLE 5: RESTRICTIONS ON USE OF PROPERTY

5.1 Occupancy. No Owner shall occupy, use, or permit his Lot, or any part thereof, to be used for any purpose other than those allowed within the NorthWest Crossing Overlay Zone, the Master Development Plan as described in Article 3 and the applicable portions of the City of Bend Zoning Code. Any Owner may lease such Owner's Living Unit for periods of no shorter duration than thirty (30) days when such Owner is not in occupancy, except as may be otherwise allowed in certain Overlay Districts. Nothing in this Section 5.1 shall be deemed to prohibit (a) activities relating to the sale of Living Units, or leasing of industrial or commercial space, or (b) the right of Declarant or any contractor or homebuilder to construct Improvements on any Lot, and to store construction materials and equipment on Lots in the normal course of construction. Declarant may use any Living Unit as a sales office or model home for purposes of carrying out real estate sales activities in NorthWest Crossing.

5.2 Improvements. Each Lot and all Improvements shall be maintained in a clean and attractive condition, in good repair, and in such a fashion as not to create a fire hazard.

5.3 Appearance. All garbage, trash, cuttings, refuse, garbage and refuse containers, clothes drying apparatus, and other service facilities located on each Lot shall be screened from view in a manner approved by the Architectural Review Committee.

5.4 Construction and Alteration. Nothing shall be altered or constructed in or removed from or placed on a Lot except with the prior written consent of the Architectural Review Committee.

5.5 Offensive Activity. No offensive activity shall be carried on, nor shall anything be done on any Lot that may be or become an annoyance or nuisance to the other Owners, unless the specific activity is allowed in the applicable Overlay District.

5.6 Signs. No signs shall be erected or maintained on any Lot except signs that are approved as to appearance and location pursuant to the Design Guidelines.

5.7 Exterior Lighting or Noise Making Device. All exterior lighting shall be shielded and directed down. No exterior lighting or noise-making device shall be placed on a Lot, or any portion thereof, without the written approval of the Architectural Review Committee.

5.8 Antennas and Satellite Dishes. Exterior satellite receivers, transmission dishes, exterior antennas, or other sending or receiving devices shall not be permitted without the written approval of the Architectural Review Committee.

5.9 Limitations on Transfer. No Owner shall transfer, either by conveyance, contract of sale, or lease, any interest in his Lot which would result in ownership of such Lot being held by more than ten (10) persons.

5.10 Prohibited Structures. No house trailer, mobile home, manufactured home assembled off-site, tent, shack, barn, or other similar outbuilding or structure, whether permanent or temporary, except for construction trailers, shall be erected or placed on any Lot.

5.11 Single Family Residences. No more than one single family residence shall be erected or placed on any Homesite, with the exception of Accessory Dwellings as described in the Design Guidelines, unless otherwise allowed in the Master Development Plan or the NorthWest Crossing Overlay Zone.

5.12 Utilities. No above-ground utilities, pipes, or wires shall be used to connect Improvements with supplying facilities.

5.13 Parking. Parking in Commercial, Mixed Employment, Industrial Park and Residential zones may be subject to a separate parking district governed by an Association, and subject to the Declaration, Articles of Incorporation and Bylaws of a Planned Development.

5.14 Control of Pets. No pets or domestic animals shall be permitted to run loose or unattended. Owners of pets shall be responsible for compliance with all City of Bend leash laws and other laws related to the control of pets. No animals shall be kept or raised on any Lot except household pets and domestic animals not used for any commercial purpose, unless allowed in the applicable Overlay District.

5.15 Firearms or Other Weapons. All Owners shall comply with the City of Bend regulations on firearms, air pistols, archery, sling shots, fireworks, or any other weapons, projectiles or incendiary devices.

5.16 Limitations After Failure to Establish Successor ARC. If after the Effective Date of the Relinquishment Declaration (as defined in Section 7.1), no successor ARC is organized pursuant to Article 7, there shall no longer be ARC approval requirements for the items or activities described in Sections 5.3, 5.4, 5.6, 5.7 or 5.8, but Owners shall not install and/or maintain signs, place exterior lighting or place exterior satellite receivers, transmission dishes, exterior antennas or other sending or receiving devices unless, and to the extent, the same are generally compatible and consistent with the overall development pattern, scheme and aesthetic appearance of the then-existing development within NorthWest Crossing.

ARTICLE 6: ENFORCEMENT

6.1 Non-qualifying Improvements and Violations of General Protective Covenants. In the event any Owner constructs or permits to be constructed on such Owner's Lot an Improvement contrary to the provisions of this Declaration, or causes or permits any activity, condition or nuisance contrary to the provisions of this Declaration to remain uncorrected or unabated on such Owner's Lot, then the Architectural Review Committee shall notify the Owner in writing of any such specific violations of this Declaration and may require the Owner to remedy or abate the same in order to bring the Owner's Lot, the Improvements thereon, and the Owner's use thereof, into conformance with this Declaration. If the Owner is unwilling or refuses to comply with the notice by remedying or abating the violation promptly after reasonable notice and opportunity to be heard, then the Architectural Review Committee shall

have, in addition to any other rights or remedies provided in this Declaration, at law or in equity, the right to do any or all of the following:

(a) Remove Cause of Violation. Enter onto the offending Lot, without being subject to any trespass, conversion or any other claim for damages, and remove, alter, or repair the item which is in violation of the Declaration in such a manner as to make it conform thereto, in which case the Architectural Review Committee may assess such Owner for the entire cost of the work done.

(b) Suit or Action. Bring suit or action against the Owner on behalf of the other Owners to enforce this Declaration.

(c) Fines. Impose one or more fines as provided in Section 6.4.

(d) Other Remedies. The Architectural Review Committee shall have any other remedy available to it by law.

6.2 Default in Payment of Charges; Enforcement of Lien. If any fine or other charge levied under this Declaration is not paid within thirty (30) days of its due date, such fine or charge shall become delinquent and shall bear interest from the due date until paid at a rate not to exceed what is allowable under State and Federal laws, and in addition, the Architectural Review Committee may exercise any or all of the following remedies:

(a) Suspension of Rights; Acceleration. The Architectural Review Committee may suspend such Owner's voting rights under Article 7 and Article 9 until such amounts, plus other charges under this Declaration are paid in full.

(b) Lien. The Declarant, on behalf of the Architectural Review Committee, or a nonprofit corporation that has become the ARC pursuant to Article 7, shall have a right to lien any Lot within NorthWest Crossing for any fines or other charges imposed under this Declaration against the Owner of the Lot from the date on which the fine or charge is due. The provisions regarding the attachment, notice, recordation, and duration of liens established on real property under ORS 87.352 to 87.386 shall apply to the lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Declarant or the non-profit corporation that has become the ARC pursuant to Article 7, may, through its duly authorized agents, bid on the Lot at such foreclosure sale and may acquire and hold, lease, mortgage, and convey the Lot in accordance with applicable laws.

(c) Other Remedies. The Architectural Review Committee shall have any other remedy available to it by law.

6.3 Expenses, and Attorney Fees. In the event the Declarant, the Architectural Review Committee or any Owner brings suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorney fees at trial and upon any appeal or petition for review thereof or in any bankruptcy proceeding.

6.4 Fines. The Declarant or the Architectural Review Committee may establish a schedule of fines applicable to violations of this Declaration or Design Guidelines established pursuant to this Declaration. Fines may be imposed by the Declarant or the Architectural Review Committee after giving notice to the alleged violator and shall be payable as of the date given on the notice.

6.5 Right of Owners to Enforce Declaration. In the event that the Declarant elects to relinquish its control of the ARC and the Owners do not establish a successor ARC, then individual Owners shall have the right to enforce the terms and provisions of this Declaration by bringing suit or action against the defaulting Owner. Notwithstanding the foregoing, such rights of enforcement shall not include design review rights for new Improvements described in Article 4.

ARTICLE 7: RELINQUISHMENT OF DECLARANT'S ROLE

7.1 Declarant's Control. At such time as the Declarant shall no longer desire to exercise the architectural, landscaping, signing and lighting controls over NorthWest Crossing, Declarant shall cause to be recorded in the official records of Deschutes County, Oregon, a declaration or other similar document (the "Relinquishment Declaration") stating that Declarant no longer desires to exercise any further controls over development in NorthWest Crossing and is relinquishing its rights under the Declaration effective as of thirty days after recordation of such Relinquishment Declaration (the "Effective Date"). Recordation of the Relinquishment Declaration shall, as of the Effective Date, formally terminate Declarant's interest in this Declaration and all rights of architectural, landscaping, signing and lighting controls, as well as any and all other obligations or duties of Declarant under this Declaration.

7.2 Formation of the Owner-Controlled Architectural Review Committee.

(a) Not later than the date of recordation of the Relinquishment Declaration, Declarant shall notify all Owners in writing of its intent to record the Relinquishment Declaration. Such notice shall comply with Section 10.8 and shall include a copy of the Relinquishment Declaration and shall inform the Owners that the Relinquishment Declaration will terminate all of Declarant's rights as Declarant hereunder. Such notice shall advise Owners that the Relinquishment Declaration will further terminate the Architectural Review Committee and the architectural review of Improvements established by Article 4 unless a majority of Owners then owning Lots elect to continue the Architectural Review Committee as provided in this Section 7.2. Such notice shall also appoint an interim Architectural Review Committee to serve for up to sixty (60) days after the Effective Date. Declarant's notice shall include a notice of a meeting to be held not less than twenty (20) days nor more than sixty (60) days after the date of such notice, at which time the Owners may elect to continue the Architectural Review Committee by forming an Oregon non-profit corporation and electing an initial five-member board of directors.

(b) In order to continue the Architectural Review Committee, a majority of Owners owning Lots at the time of the scheduled meeting must appear in person or by proxy at the meeting and elect to form a non-profit corporation to take over the function of the ARC. If the Owners so vote, they shall then elect an initial five-member board of directors and direct the

directors to take such steps as are reasonably necessary to form the non-profit corporation. Once the non-profit corporation is formed, the interim ARC members appointed by Declarant pursuant to Section 7.2(a) shall cease to serve, and the board of directors shall immediately commence serving and shall constitute the Architectural Review Committee. The board shall promptly promulgate bylaws for the corporation, which bylaws may be amended by the directors and shall provide for director elections by Owners in accordance with Section 7.2(c). The bylaw shall establish the frequency of board elections and the term for directors. The bylaws shall not permit cumulative vote. As the ARC, the board shall have all the rights granted to the ARC herein, including, without limitation, pursuant to Article 4 as well as all powers, responsibilities and rights of Declarant under this declaration with respect to the exercise of architectural, landscaping, signing and lighting controls (specifically excluding Declarant's rights under Section 9.2).

(c) Persons eligible for the board shall be limited to Owners of any Lot within NorthWest Crossing. Declarant may solicit from and circulate to all Owners a proposed list of nominees for the first election of board members. Any Owner may make nominations from the floor at the initial meeting. Declarant shall then conduct an election of the initial board of directors. The total number of votes for each director's position shall be based upon the total number of Lots within NorthWest Crossing with each Owner entitled to one (1) vote for each Lot owned within NorthWest Crossing. The five nominees obtaining the five highest vote totals shall constitute the members of the board.

(d) Neither the ARC nor a successor non-profit corporation shall have the right to assess Owners or Lots unless and until this Declaration is amended in accordance with Section 9.2 and applicable law. The foregoing shall not negate the right of the ARC or a successor non-profit corporation to charge a reasonable review fee for performing the review functions described in Section 4. In no event shall this Section 7.2(d) be construed so as to prevent the establishment of any homeowners' association(s) covering one or more of the Lots, which association has the right to levy assessments on member owners or lots, provided such association is established in accordance with applicable law.

7.3 Declarant's Obligations. Regardless of whether a majority of Owners elect to continue the ARC by forming a non-profit corporation, Declarant's obligations hereunder shall terminate after sending the notice described in Section 7.2(a) and arranging meeting space for the meeting described in Sections 7.2(a) and 7.2(b). Thereafter, Declarant shall have no further responsibilities relating to the ARC or this Declaration or liability to the Owners of Lots within NorthWest Crossing. Any failure to organize a post-Declarant ARC shall not affect the effectiveness of this Declaration.

7.4 Failure to Establish Successor ARC. In the event that a majority of Owners do not elect to create a nonprofit corporation to continue as the ARC, the provisions of Article 4 shall cease, and together with the Design Guidelines, shall no longer apply to NorthWest Crossing.

ARTICLE 8: ASSOCIATION OF PLANNED DEVELOPMENTS

8.1 Planned Developments. Declarant shall, at the time of creating a Planned Development that is subject to these Declarations, form an Association with appropriate Articles of Incorporation and Bylaws for such Planned Development. Organization of the Association and turn over of control of the Association by Declarant shall be described in the declarations and bylaws of each Planned Development. All Planned Developments within NorthWest Crossing shall at all times remain subject to this Declaration.

ARTICLE 9: DURATION OF THIS DECLARATION/AMENDMENTS

9.1 Duration. The Covenants, Conditions and Restrictions of NorthWest Crossing shall run with the land and shall continue to remain in full force and effect at all times with respect to the Property, and each part thereof, now or hereafter made subject thereto (subject however, to the right to amend and repeal provided as provided in Section 9.2), for a period of thirty (30) years from the date this Declaration is recorded. However, unless within one (1) year from the date of said termination, there shall be recorded an instrument directing the termination of the Declaration signed by Owners of not less than seventy-five percent (75%) of the Lots then subject to this Declaration, this Declaration, as in effect immediately prior to the expiration date, shall be continued automatically without further notice for an additional period of ten years and thereafter for successive periods of ten years unless terminated as described herein.

9.2 Amendment. Except as otherwise provided in this Section 9.2, this Declaration or any provision hereof, or any Covenant, Condition or Restriction contained herein, may be modified or amended, as to the whole of the Property or any part thereof with a written consent of the Owners of seventy-five percent (75%) of the Lots subject to this Declaration. Notwithstanding the foregoing, (i) any amendment to or termination of the provisions of Article 5 shall require the written consent of Declarant; and (ii) until the Effective Date of the Relinquishment Declaration, the provisions of Article 4, hereof, shall inure to the benefit of and be enforceable solely by Declarant, shall be capable of being amended by Declarant without the consent of any other Owners, person or entity and shall not give any third party any right or cause of action on account of the terms of this Declaration, and further provided that no amendment which enlarges or diminishes the powers and responsibilities of the Declarant shall be effective without the written consent of the Declarant. Any amendment, deletion, or repeal of this Declaration shall not become effective until recorded in the Official Records of Deschutes County, Oregon.

ARTICLE 10: MISCELLANEOUS PROVISIONS

10.1 Covenants Run with the Land. This Declaration shall run with the land and shall be binding upon and inure to the benefit of the Declarant and the Owners of the Property and their respective successors and assigns.

10.2 Regulatory Amendments. Notwithstanding the provisions of Article 8 and 9 above, Declarant shall have the right to amend this Declaration in order to comply with the requirements of any applicable statute, ordinance, or regulation or of the Federal Housing Administration, the Veterans Administration, the Farmers Home Administration of the United States, the Federal National Mortgage Association, the government National Mortgage

Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provides financing.

10.3 Joint Owners. In any case in which two or more persons share the ownership of any Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a joint and several responsibility and the act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest.

10.4 Lessees and Other Invitees. Lessees, invitees, contractors, family members, and other persons, excluding the general public, entering NorthWest Crossing under rights derived from an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement, or enjoyment of such Owner's Lot and other areas within NorthWest Crossing. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.

10.5 Nonwaiver. Failure by the Declarant, the Architectural Review Committee or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

10.6 Construction; Severability. This Declaration and all declarations annexing property to NorthWest Crossing shall be liberally construed as one document to accomplish the purposes stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration and all declarations annexing property to NorthWest Crossing shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

10.7 Number and Captions. As used herein, the singular shall include the plural and the plural the singular, and the neuter shall each include the masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

10.8 Notices and Other Documents. All notices and other communications under this Declaration shall be in writing and shall be deemed to have been given on the day of delivery when delivered by personal service and to have been given three business days after delivery to the United States mail, addressed to the party to which such notice is directed at its address determined as provided in this section.

(a) Addresses. All notices and other communications under this Declaration shall be given to the parties hereto at the following addressed:

(i) If to an Owner, then to the last address for such Owner as show in the tax records of Deschutes County.

(ii) If to Declarant:

**West Bend Property Company LLC
296 SW Columbia Street, Suite A
Bend, Oregon 97702**

(b) Change of Address. Any party hereto may change the address to which notices shall be directed by giving notice of such change delivered as provided herein.

FINE STRUCTURE FOR NORTHWEST CROSSING ARCHITECTURAL REVIEW COMMITTEE

Based on paragraph 6.4 of the NorthWest Crossing Covenants, Conditions and Restrictions, the NorthWest Crossing Architectural Review Committee has established the following schedule of fines applicable to violations of the CC&R's and Rules & Design Guidelines.

In every case in which there is a potential fine, the Homeowner shall be provided notice of the proposed fine and an opportunity to correct the violation. Notice of the decision of the Committee will be provided in writing to the homeowner. Any fines levied against a homeowner will be payable within ten days after receipt of written notice of the imposition of the fine. (All fines received by the Committee will be deposited in the Homeowners Association' operating account.)

FINE STRUCTURE

Article 5, Section 5.1, Occupancy, including rental and other non-conforming uses

Any violation of Article 5, Section 5.1 of the NorthWest Crossing CC&R's will result in a fine not more than \$200 per day from the date the penalty is imposed until the date that a rental contract for greater than 30 days is entered into or until the renter vacated the premises, whichever is earlier.

Article 5, Section 5.2 and 5.3, Home sited and improvements shall be maintained

Violation of Article 5, Section 5.2 and 5.3 of the NorthWest Crossing CC&R's will result in a fine of up to \$100. The failure to bring the home site into compliance with Article 5, Section 5.2 and 5.3 within 30 days after the original fine is levied, will result in an additional fine of up to \$500. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.2 and/or 5.3

Article 5, Section 5.4, Construction and Alterations

Any improvement/alteration, as defined by Article 5, Section 5.4 of the NorthWest Crossing CC&R's that is not specifically approved in advanced as provided for in the CC&R's and/or Rules and Design Guidelines will result in a fine not to exceed \$500. If the improvement/alteration is deemed to be out of conformance with Article 5, Section 5.4 of the NorthWest Crossing CC&R's an additional fine in the amount equal to the estimated cost of remedying the non-conforming improvement will be levied. The fine for a non-conforming improvement/alteration will compound quarterly until the improvement/alteration is remedied.

Article 5, Section 5.5, Offensive or Commercial Activity

Any violation of Article 5, Section 5.5 of the NorthWest Crossing CC&R's will result in a fine of not more than \$1,000. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.5.

Article 5, Section 5.6, Non Conforming Signs

Any violation of Article 5, Section 5.6 of the NorthWest Crossing CC&R's will result in a fine of not more than \$100. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.6.

Article 5, Section 5.7, Exterior Lighting or Noisemaking Device

Any violation of Article 5, Section 5.7 of the NorthWest Crossing CC&R's will result in a fine of not more than \$100. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.7.

Article 5, Section 5.8, Antennas & Satellite dishes

Any violation of Article 5, Section 5.8 of the NorthWest Crossing CC&R's will result in a fine of not more than \$100. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.8.

Article 5, Section 5.9, Number of homeowners

Violations of Article 5, Section 5.9 of the NorthWest Crossing CC&R's will result in a fine of not more than \$100. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.9.

Article 5, Section 5.10, Structure, Tent, Mobile Homes, Outbuildings

Violations of Article 5, Section 5.10 of the NorthWest Crossing CC&R's will result in a fine of not more than \$500. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.10.

Article 5, Section 5.11, One Single Family residence per home site

Violations of Article 5, Section 5.11 of the NorthWest Crossing CC&R's will result in a fine of not more than \$500. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.11.

Article 5, Section 5.12, No above ground wires or pipes

Violations of Article 5, Section 5.12 of the NorthWest Crossing CC&R's will result in a fine of not more than \$200. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.12.

Article 5, Section 5.14, Control of Pets

Any violations of Article 5, Section 5.14 of the NorthWest Crossing CC&R's will result in a fine of not more than \$100. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.14.

Article 5, Section 5.15, Firearms or Other weapons

Any violation of Article 5, Section 5.15 of the NorthWest Crossing CC&R's will result in a fine of not more than \$500. The NWX ARC reserves the right to levy additional fines for a continuing violation of Article 5, Section 5.15.

Burning

Violations of 'Burning', in the NorthWest Crossing Rules and Design Guidelines (page 8), will result in a fine of not more than \$200. The NWX ARC reserves the right to levy additional fines for a continuing violation of the NorthWest Crossing Rules and Design Guidelines, 'Burning' restrictions.

Misc. Violations

All other violations of the NorthWest Crossing CC&R's, Rules and Guidelines, or Rules and Regulations as adopted by the NWX ARC will result in a fine of not more than \$300. The ARC reserves the right to levy additional fines for continuing violations such as unscreened trash cans and recycling bins, unscreened HVAC equipment, unapproved storage structures or any other non-compliant item.

Unpaid Fines

West Bend Property Company LLC has the right to place a lien on the property in order to collect unpaid assessments plus the reimbursement of fees associated with filing a lien.

If fines are not paid within thirty (30) days of the due date, the balance due will bear interest at the rate of nine percent (9%) from the due date until paid and a lien on the property will be filed with Deschutes County. All fees associated with filing the lien will be added to any unpaid balance.

Revisions to Fine Structure

The NWX ARC reserves the right to revise and/or update this fine structure as necessary.