

After Recording Return to:

Crossing Trails Resort Owners Association, Inc.
380 Q Street, Suite 240
Springfield, OR 97477
Attn: Martin Hall

DRAFT

**DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND
RESTRICTIONS FOR CROSSING TRAILS RESORT**

THIS DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR CROSSING TRAILS RESORT (this "Declaration"), to be effective upon its recording in Crook County, Oregon, is made and executed on the date hereinafter set forth by 818 Powell Butte, LLC, an Oregon limited liability company, hereinafter referred to as the "Declarant".

WITNESSETH

Declarant is the owner of that certain real property described on attached Exhibit A (the "Development Property"). Declarant desires to develop the Development Property as a destination resort pursuant to Oregon law and Crook County ordinance. The destination resort shall be known as Crossing Trails Resort. Declarant currently intends, but shall not be obligated to, construct the following components of such destination resort: 500 single family homes, 154 recreational vehicle-compatible casitas, and 96 multifamily nightly rental units, an 18-hole golf course, clubhouse, ATV center/gas station, boat storage center, restaurant/convention facility, ancillary supporting commercial uses and other recreational and related amenities.

Declarant desires to create the single-family residential component of Crossing Trails Resort as a planned community to be known as Crossing Trails Resort. It shall be developed on that portion of the Development Property described on attached Exhibit B, which property was platted pursuant to that certain plat recorded in the real property records of Crook County at _____ on _____, 2008, and on such other land as may be added thereto pursuant to the terms and provisions of this Declaration.

NOW THEREFORE, the Declarant declares that the Development Property, the real property described on attached Exhibit B, and any property subsequently annexed into this Declaration (collectively, the "Property"), shall be held, sold, hypothecated, and conveyed subject to the covenants, conditions, and restrictions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each Lot and other portions of the Property in order to maintain within the Property in order to maintain within the Property a community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof. By recordation of this Declaration in the real property records of Crook County, Oregon, Declarant is hereby creating a Class I planned community, pursuant to and subject to ORS 94.550 to 94.785, and applicable successor provisions.

All development within the Property will be subject to this Declaration and the Design Guidelines attached as Exhibit C hereto and shall be compatible with the landscape of the area. All development within the Property shall comply with the dimensional standards established by the

Declarant and the County, attached as Exhibit D hereto. All development within the Property shall comply with the external setbacks established by CCC (Crook County Code) Chapter 18.116 and any additional setbacks imposed by the County.

Funds for the maintenance and operation of common maintenance areas will be provided through assessments against those who purchase property within Crossing Trails Resort, although to assist with the development, Declarant may, but is not obligated to, from time to time itself provide some improvements. For the protection of all owners of property in Crossing Trails Resort, there will be a system designed to assure that each person who purchases property in Crossing Trails Resort will pay an equitable share of the costs for maintenance and development of the common maintenance areas.

1. DEFINITIONS

1.1 "Amenity Owner"

"Amenity Owner" shall mean the holder or holders of record fee title to any portion of the Development Property that is developed as a separately owned amenity or such owner's designee(s).

1.2 "Amenity Class A Member"

"Amenity Class A Member" shall mean the Owner of any Amenity Property.

1.3 "Amenity Property"

"Amenity" shall mean that portion of the Development Property that is developed as a separately owned and identified amenity facility which may include, for example, a golf course, a restaurant/convention center.

1.4 "Architectural Review Committee" or "ARC"

"Architectural Review Committee" shall mean the Crossing Trails Resort Architectural Design Committee, established pursuant to Section 5.1.

1.5 "Association"

"Association" shall mean Crossing Trails Resort Owners' Association, Inc., an Oregon nonprofit corporation established for the purposes set forth herein and pursuant to ORS Chapter 65.

1.6 "Board"

"Board" shall mean the Board of Directors of Crossing Trails Resort Owners' Association, Inc.

1.7 "Bylaws"

"Bylaws" shall mean the Bylaws of the Association, as amended from time to time. The Bylaws shall be recorded in the real property records of Crook County, Oregon.

1.8 "Common Areas"

"Common Areas" as used herein, shall mean only that portion of the Property, together with all improvements located thereon, that is established for the common use and benefit of property owners within Crossing Trails Resort and identified as "Common Areas" on a plat of any portion of the Property, in an amendment to this Declaration or in a supplemental declaration or Declaration of Annexation, and which shall be conveyed to the Association for the use and benefit of the Owners. The initial Common Areas are identified on the Plat as Tracts _____, _____, _____, _____, and _____. The Common Areas are anticipated to include _____ and _____. A legal description of the Common Areas is attached hereto as Exhibit E. Until the Turnover Meeting, the Declarant shall have the right to designate Common Areas in the future by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration or Declaration of Annexation. In addition, the private ways (roads) are initially designated as Common Maintenance Areas, but the Declarant reserves the right at any time in the future (prior to the Turnover Meeting) to designate such private ways and sidewalks (whether relocated or not) as Common Areas. Not later than the Turnover Meeting, Declarant shall convey in fee the Common Areas to the Association, subject to the Association's agreement to continue maintenance thereon. The Common Areas are subject to such easements as may be recorded against them and/or shown on the Plat and as reserves within this Declaration.

1.9 "Common Maintenance Areas"

"Common Maintenance Areas" shall mean that property and/or Improvements for which the Association bears some responsibility to operate and/or maintain and/or repair and/or replace and/or insure. Common Maintenance Areas include the Common Areas, but also includes other property and/or Improvements owned by third parties. The Association shall not be responsible for insuring and/or replacing real property that it does not own, though it may choose to do so, if the Board, in its sole discretion, deems the same to be in the best interests of the Association. The Common Maintenance Areas shall include the following:

1. The Common Areas, including all improvements located thereon;
2. Sidewalks, some of which cross individual Lots;
3. Any areas within public rights of way that are landscaped and/or irrigated by Declarant and/or the Association.
4. Utilities that serve Common Areas and, in the discretion of the Board, that serve Common Maintenance Areas;
5. Any street identification signs, including but not limited to traffic control and parking signs, or Lot markers and address markers installed by Declarant and/or the Association; and
6. Any areas within public rights-of-way, public easements, tracts, public parks or any other property (including improvements) that the board deems necessary or appropriate to maintain for the common benefit of the Owners.

Until the Turnover Meeting, the Declarant shall have the right to designate additional Common Maintenance Areas (including Common Areas) in the future or to remove Common Maintenance Areas (but excluding Common Areas unless approved by a vote of the Owners) by recordation of a duly approved amendment to this Declaration or by recordation of a supplemental declaration or Declaration of Annexation.

1.10 "Conversion Date"

"Conversion Date" shall be the date upon which Class "B" membership (as defined in Section 2.2) shall cease and be converted to Class "A" membership (as defined in Section 2.2). Such date shall be the date which is the earliest of (i) the date at which one hundred percent (100%) of the total Lots existing at any time (including any annexed Lots) have been conveyed to Class "A" members; or (ii) twenty five (25) years after conveyance of the first Lot to a Class "A" member; or (iii) at such earlier time as Declarant may elect in writing to terminate Class "B" membership.

1.11 "County"

"County" shall mean Crook County, Oregon.

1.12 "Declarant"

"Declarant" shall mean 818 Powell Butte, LLC, and/or its successors and assigns, who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

1.13 "Declaration"

"Declaration" shall mean this Declaration of Protective Covenants, Conditions, and Restrictions for Crossing Trails Resort and any amendments and supplements thereto made in accordance with its terms.

1.14 "Design Guidelines" or "Guidelines"

"Design Guidelines" or "Guidelines" shall mean the Crossing Trails Resort Architectural and Landscape Design Guidelines, established and revised pursuant to Section 5.2.

1.15 "Directors"

"Directors" shall mean the Board of Directors of the Association.

1.16 "Lot"

"Lot" shall mean any of the plots or lots of land indicated upon the recorded subdivision plat of the Property or any part thereof creating single-family Lots, with the exception of the Common Areas and the private ways (roads) and areas deeded to a governmental authority or utility, together with all Improvements thereon.

1.17 "Improvement"

"Improvement" shall mean every structure or improvement of any kind, including, but not limited to, a Residence, landscaping, screening features, site walls, walls, driveways, fixtures, shelters, or other product of construction efforts (including painting, alternations, and reconstruction) on or with respect to Crossing Trails Resort.

1.18 "Master Plan"

"Master Plan" shall mean the final plan for development of Crossing Trails Resort as approved by the County.

1.19 "Open Space"

"Open Space" shall mean all areas shown as "open space" on the Open Space Plan attached as Exhibit F, which are designated on the Plat as Open Space and included in the legal description of the Development Property described on attached Exhibit A.

1.20 "Overnight Lodging Unit"

"Overnight Lodging Unit" shall have the definition set forth in Section 11.1

1.21 "Owner"

"Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

1.22 "Phase"

"Phase" shall mean all the Lots made subject to this Declaration together as part of the same Plat.

1.23 "Plat"

"Plat" shall mean the duly recorded plat of _____, recorded as Recorder's No. _____, Official Records, Crook County, Oregon and any other recorded plats of real property brought within the jurisdiction of the Association and made subject to this Declaration by a Declaration of Annexation.

1.24 "Property"

"Property" shall mean the real property described on the attached Exhibit A, and such additions thereto as may be brought within the jurisdiction of the Association and be made subject to this Declaration by a Declaration of Annexation.

1.25 "Residence"

"Residence" shall mean any residential dwelling and all related accessory buildings suited upon any Lot.

1.26 "Crossing Trails Resort"

"Crossing Trails Resort" shall mean the community of Crossing Trails Resort created on the Property.

1.27 "Single Family Class A Members"

"Single Family Class A Members" means the Class A Members other than the Sub-Association Class A Members and the Amenity Class A Members.

1.28 "Sub-Association"

"Sub-Association" shall mean any sub-association created from time to time by Declarant to govern the administration of any subset of Lots that are subject to this Declaration. Each Sub-Association shall be subject to a separate declaration of covenants, conditions and restrictions and such other documents as may be established by Declarant or its successors and assigns in its sole discretion; provided, however, the terms of such document shall remain subordinate to and subject to the terms of this Declaration and the Articles of Incorporation and Bylaws of the Association. A Sub-Association shall have the right to levy assessments separate from and in addition to the assessments levied hereunder by the Association. Notwithstanding the foregoing, a Sub-Association itself shall have no votes independent and apart from the votes of its individual Sub-Association Class A Members, and Sub-Association Class A Members need not vote in a collective unit to have their votes counted.

1.29 "Sub-Association Class A Members"

"Sub-Association Class A Members" means the Owners of Residences within the Sub-Association.

1.30 "Turnover Meeting"

"Turnover Meeting" shall be the meeting of the Owners called by the Declarant to turn over control of the Association to the Class A members.

1.31 "Visitor-Oriented Accommodations"

"Visitor-Oriented Accommodations" shall mean Overnight Lodging Units, restaurants and meeting facilities designed to provide for the needs of visitors rather than residents of Crossing Trails Resort. "Visitor-Oriented Accommodations" shall not include Residences.

2. CROSSING TRAILS RESORT OWNERS' ASSOCIATION, INC.

2.1 Membership

The Declarant and every Owner of a Lot by virtue of ownership of such Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Until the Conversion Date, there shall be two (2) classes of membership, Class A and Class B as described in Section 2.2.

2.2 Voting Rights

The Association shall have two (2) classes of voting membership:

2.2.1 Class A

Class A members shall be all Owners with the exception of Declarant (except that beginning on the date on which Class B membership is converted to Class A membership, and thereafter, Class A members shall be all Owners, including Declarant) and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

2.2.2 Class B

The Class B member shall be the Declarant, who shall be entitled to one hundred twenty-five (125) votes for each Lot it owns until the Conversion Date at which time the Class B membership shall be converted to a Class A membership.

2.4 Turnover Meeting

The Declarant shall call a Turnover Meeting within ninety (90) days following the Conversion Date for the purposes of turning over control of the Association to the Class A members. The Declarant shall give notice of the Turnover Meeting to each Owner as provided in the Bylaws. The Turnover Meeting shall be conducted in accordance with the Bylaws of the Association. At the Turnover Meeting, the Declarant shall turn over to the Association the responsibility for the planned community of Crossing Trails Resort and of the Association and the Association shall accept such administrative responsibility. At the Turnover Meeting, the Owners shall elect a Board in accordance with the Bylaws. At the Turnover Meeting, the Declarant shall deliver to the Association those items and documents required by ORS 94.616 or applicable successor provisions. In order to facilitate an orderly transition, during the three-month period following the Turnover Meeting, the Declarant or an informed representative shall be available to meet with the Board on at least three mutually acceptable dates to review the documents delivered pursuant to this Section 2.4. Not later than ninety (90) days after the Turnover Meeting, the Association shall provide Declarant with an estoppel certificate (i) certifying that Declarant has satisfied all of its obligations owed to the Association, including, without limitation, any obligations arising out of or related to this Declaration, or (ii) identifying with specificity the extent to which any such obligations remain unsatisfied.

2.5 Immunity of the Board

No individual member of the Board shall have any personal liability to the Association, any Owner or any other person for the acts or omissions of the Board if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the Association, the Board or any member thereof arising from such acts or omissions.

2.6 Clarification of Role of Association

The Association shall have the general powers and duties of a nonprofit corporation pursuant to the Oregon Nonprofit Corporations Act, as well as the specific powers and duties set forth in the provisions of this Article and the other provisions of this Declaration that expressly relate to the Association, as well as pursuant to the Articles of Incorporation of the Association ("Articles") and the Bylaws. However, unless expressly set forth herein or in the Articles or the Bylaws, the Association shall not act in the capacity of settling disputes between Owners or resolving problems that Owners may experience. Disputes or problems experienced by Owners to which the Association has no express authority or role as set forth in this Declaration shall be resolved by private, lawful means chosen by the affected Owners and there shall be no recourse to the Association.

2.7 Transitional Advisory Committee

Declarant or the Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant for the planned community of Crossing Trails Resort to administrative responsibility by the Association. Not later than the sixtieth (60th) day after Declarant has conveyed to Owners other than Declarant Lots

representing fifty (50 percent or more of the Lots then existing in Crossing Trails Resort, Declarant shall call a meeting of Owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three (3) or more members. The Owners, other than Declarant, shall select two (2) or more members. Declarant may select no more than one (1) member. The Transitional Advisory Committee shall have reasonable access to all information and documents that Declarant is required to turn over to the Association under ORS 94.616(3), or applicable successor provisions.

2.8 Funding

Subject to the terms of this Article II, the Declarant hereby covenants for each Lot owned within the Property, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (i) annual or periodic assessments or charges; and (ii) special assessments for capital improvements to the Common Areas and Common Maintenance Areas, such assessments to be established and collected as hereinafter provided. The annual or periodic assessments shall include any reserve assessments necessary to establish and maintain any reserve funds created under Section 2.12. Such assessments will remain effective for the full term (and extended term, if applicable) of this Declaration. The annual and special and other assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Lot(s) at the time when the assessment fell due.

2.9 Annual Assessment or Charge for Lots

Subject to the terms of this Article, each Lot is hereby subject to an assessment in an amount not to exceed an amount determined by the Board (until such assessment charge shall be modified as provided in the Bylaws of the Association), for the purpose of creating a fund to be designated and known as the "maintenance fund" for matters described under Section 2.11, the "reserve fund" for matters described under Section 2.12, as well as any other funds contemplated under this Declaration, or any other fund called for by this Declaration or a Declaration of Annexation. Charges and assessments for funding such funds will be paid by the Owner or Owners of each such Lot in advance in monthly, quarterly or annual installments commencing as provided in this Section 2.9. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly or annually, will be determined by the Board at least thirty (30) days in advance of each assessment period. Said rate may be adjusted from time to time by the Board as the needs of the Association may, in the judgment of the Board, require. The annual assessment (excluding additional assessments pursuant to Section 2.13 and/or Section 2.15) for each Lot shall be uniform except as specifically provided herein or as provided in any Declaration of Annexation for Crossing Trails Resort. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment for a particular Lot has been paid for a particular assessment period. No Lot Owner shall have any right to any common profits of the Association. All Lots in a Phase (including those owned by Declarant) become subject to assessment on the day the first Lot in that Phase is conveyed to an Owner other than Declarant. Notwithstanding any other terms contained herein, the Declarant shall have the right (i) to abate or pro-rate the initial imposition of annual assessments for the first Phase for a period of time determined by Declarant; and/or (ii) to abate or pro-rate annual assessments for Lots sold prior to The date on which all intended subdivision improvements and/or improvements to Common Maintenance Areas are completed, all in Declarant's reasonable discretion.

2.10 Declarant Responsibility

So long as there is Class B membership, Declarant hereby covenants and agrees that in the event that the annual maintenance fund revenues are insufficient to pay the operating expenses of the Association, it shall provide the funds necessary to make up the deficit, within thirty (30) days of receipt of request for payment thereof from the Association, provided that if the deficit is the result of the failure or refusal of an Owner or Owners to pay their annual maintenance assessments, the Association shall diligently pursue all available remedies against such defaulting Owners, including the immediate institution of litigation to recover the unpaid assessments, and shall reimburse the Declarant the amounts, if any, so collected.

2.11 Establishment of Maintenance Fund

The Association shall establish a maintenance fund composed of annual maintenance assessments and shall use the proceeds of such fund in providing for the operating expenses and normal, recurring maintenance expenses of the Association. Those items to be funded by such assessments may include, by way of clarification and not limitation, any and all of those items listed in Section 3.2.

2.12 Reserve Funds

2.12.1 Reserve Fund for Replacing Common Maintenance Areas

Declarant shall in addition establish a reserve fund in the name of the Association for replacement, in whole or in part, of the Common Areas and any Improvements located in, on, or under the Common Maintenance Area for which the Association is responsible pursuant to this Declaration, that will normally require replacement in more than three (3) and fewer than thirty (30) years, including exterior painting, if any. The reserve account need not include those items that could reasonably be funded from the maintenance fund. Declarant may elect to defer payment of accrued assessments for reserves for a Lot owned by Declarant until the date the Lot is conveyed; provided, however, the Declarant may not defer such payment beyond the date of the Turnover Meeting. The book and records of the Association shall reflect the amount owing from the Declarant for all reserve assessments. For purposes of funding the reserve fund, the Association shall impose an assessment to be called the "Reserve Fund Assessment" against each Lot, which assessment shall be spread equally over the Lots. The reserve fund shall be kept separate from other funds and may be used only for the purposes for which reserves have been established as specified in this Section. However, after the Turnover Meeting (as required by ORS 94.616 or applicable successor provisions), if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of funds, the Board may borrow funds from the reserve account to meet high seasonal demands on the regular operating funds or to meet unexpected increases in expenses. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period. The Association shall administer the reserve fund and shall make periodic payments into the account. The Board shall set future assessments for the reserve fund annually. Any funds established for any of the purposes mentioned in this Section shall be deemed to be a reserve fund notwithstanding that it may not be so designated by the Board. The amount of the reserve fund shall constitute an asset of the Association and shall not be refunded or distributed to any Owner. The reserve portion of the initial assessment determined by the Declarant shall be based upon the initial reserve study described in Section 2.12.B.a, or other sources of reliable information.

2.12.2 Reserve Study

(i) Prior to conveying the first Lot, the Declarant shall conduct an initial reserve study, which shall comply with the requirements for reserve studies set forth in Section 2.12.2(i) below and applicable law.

(ii) The Board shall annually commission or conduct a reserve study, or review and update an existing study, to determine the reserve fund account requirements and may adjust the amount of payments as indicated by the study or update and provide for other reserve items that the Board, in its discretion, may deem appropriate. The reserve study shall include (a) identification of all items for which reserves are required to be established; (b) the estimated remaining useful life of each item as of the date of the reserve study; (c) the estimated cost of maintenance, repair, or replacement of each item requiring replacement in more than three (3) years but less than thirty (30) years at the end of its useful life; and (d) a thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on the reserve fund, to meet the maintenance, repair, and replacement schedule.

2.13 Non-payment of Assessments: Remedies of the Association

Any assessment not paid with ten (10) days after the due date shall bear interest from the due date at the rate set by the Board by resolution from time to time but in no event greater than the highest rate of interest allowed by Oregon law at the time of the non-payment. The Association shall have the authority to impose late charges to compensate for the administrative, legal (if any) and processing costs of late payments on such terms as it may establish by duly adopted resolutions, and the Association may bring an action at law against the Owner personally obligated to pay the same. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of Owner's Lot and/or Residence.

2.14 Subordinated Lien to Secure Payment and Other Obligations

To secure the payment of the maintenance charge and all other assessments (including for reserves) established hereby and to be levied on individual Lots as provided in this Article II and the payment of interest, late charges, attorneys' fees or other charges against Owners provided for in this Declaration and/or the Bylaws and all other obligations of a Lot Owner under this Declaration and the Bylaws, there is hereby reserved a lien for the benefit of the Association on each Lot, said lien to be enforceable through appropriate proceedings at law or in equity by such beneficiary; provided, however, that each such lien shall be specifically made secondary, subordinate and inferior to any prior recorded deed of trust securing payment for the subject Lot and/or the Residence on such Lot, and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, the Association shall give the holder of such first mortgage lien sixty (60) days written notice of such proposed action, such notice, which shall be sent to the nearest office of such first mortgage lien holder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lien holder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. The provisions of ORS 94.709 (or applicable successor provisions) shall apply to the Association's lien. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments that became due before such sale or transfer. No sale, foreclosure or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof. No sale, foreclosure or transfer shall extinguish the personal obligation of the Owner who owned the Lot at the time the delinquent assessment and/or payment became due. The lien described herein shall include not just assessments but also interest, late charges, attorneys' fees, costs or other amounts imposed hereunder or under the Bylaws, regardless of whether the same are characterized as assessments.

2.15 Additional Assessments

In addition to the periodic assessments described in this Article II, the Association shall have the authority to assess an Owner's Lot(s) for costs and expenses incurred by the Association for corrective action that is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's family members, tenants, guests, contractors or invitees, including, without limitation, a breach of this Declaration. Each such additional assessment, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land, a continuing lien upon the Lot, and the personal obligation of the Owner in the manner described in Section 2.8 for annual and special assessments.

2.16 Limited Assessments

In addition to the other assessments set forth herein, the Association shall have the authority to levy assessments to satisfy the common expenses of a particular project or effort undertaken by the Association that benefits some, but less than all, of the Lots (such assessments, "Limited Assessments"), as determined by the Board of Directors in its reasonable discretion. Limited Assessments shall be levied against the Owners of those Lots that benefit from the project or effort undertaken by the Association. An example, for illustrative purposes only and not as a limitation, of a project or effort giving rise to a Limited Assessment, is maintenance or repair of a tract of property that benefits and serves certain Lots, but not other Lots.

2.17 Reallocation Upon Annexation of Property

If additional property is annexed to the Property, the Association shall, during the next annual budget cycle, recompute the budget based upon the additional Lots and Common Areas and Common Maintenance Areas and recompute all applicable assessments for each Lot. New Lots shall be subject to assessment from the time of annexation of such Lots to the Property even though such assessment may not be levied for several months, pending the reallocation during the next annual budget cycle. The Association shall send notice of any applicable assessment to the Owners of new Lots not later than the next occurring annual assessment. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than thirty (30) days after the date the notice is mailed or at such other time or times as the Association may specify in the notice in accordance with this Declaration or the Bylaws. If additional property is annexed to the planned community of Crossing Trails Resort during the Association's fiscal year, the Association shall send notice of and shall collect adjustments to assessments for Lots that were within the Property prior to the annexation. Notice of the adjustment in the assessments shall be sent to such Owners with the next occurring annual assessment. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment.

2.18 Association Maintenance Standards

The Association shall maintain the Common Maintenance Areas to such standards as the Board may establish from time to time in its sole and absolute discretion.

2.19 Professional Management

The Association may be professionally managed. In the event that the Board or the Owners elect to use a professional manager, the same shall be selected and hired by the Association Board. After the Turnover Meeting, the Board shall not engage any professional manager if any member of the Board has any financial (whether direct or indirect) or familial relationship with such manager unless such member (the "Interested Member") has disclosed the relationship and a majority of the Board other than the Interested Member has approved the contract. As used herein, familial relationship shall

mean and include the following (whether natural or adopted): spouses, parents (including in-laws), siblings (including in-laws), children, grandparents, grandchildren, aunts, uncles, nieces, nephews, and first cousins. If a professional manager is engaged, the Board shall annually review the scope of and compensation provided by the management contract.

2.20 Transfer Fee

In addition to any assessment authorized by this Declaration, a transfer fee of \$ _____ will be imposed upon the sale of each Lot (with or without Improvements thereon) within the Property. The fee will apply to initial sales and all subsequent resales or other transfers (but excluding transfers in which the beneficial ownership of the Lot does not change). The proceeds of such transfer fees shall be paid to the Crossing Trails Foundation for use in accordance with the Foundation's bylaws, articles of incorporation and other applicable governing documents. The Association shall have the power to enforce and administer the collection of this transfer fee and its remission to the Crossing Trails Foundation.

3. GENERAL POWERS AND DUTIES OF BOARD OF DIRECTORS

3.1 Interim Board

Declarant shall have the right to appoint an interim board of three (3) directors, who shall serve as the Board until replaced by Declarant or until their successors have been elected by the Owners at the Turnover Meeting.

3.2 Purpose of Maintenance Fund

The Board, for the benefit of the Owners, shall provide and shall pay for out of the maintenance fund provided for in Article II above the following:

(a) Labor, supplies and operating costs associated with running the Association and performing its obligations hereunder, including the operation of Common Maintenance Areas;

(b) Normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for landscaping) and the Improvements to such Common Maintenance Areas, such as fences, columns, walls, grounds, landscaping, lights, irrigation systems and entry monuments, provided that the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas;

(c) Repairs and enhancement of the Common Maintenance Areas;

(d) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Lots and/or Owners, if any;

(e) Payment of expenses for utilities serving Common Maintenance Areas for which the Association is responsible or the Board deems to be in the best interest of the Association;

(f) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the

Association, whether such personnel are employed directly by the Board or by the manager; provided that a management agreement entered into prior to the Turnover Meeting shall not have a term in excess of three (3) years and shall be terminable without penalty if the Board gives not less than thirty (30) days written notice of termination to the other party not later than sixty (60) days after the Turnover Meeting. The management agreement may provide that if it is not terminated as provided in the foregoing sentence, it will renew automatically for successive one-year periods, until terminated by either party (i) without cause, effective as of the next scheduled renewal date, by providing not less than thirty (30) days' written notice to the other party; or (ii) with cause, effective upon the date of written notice, by providing such notice to the other party,

(g) Legal and accounting services for the benefit of the Association or otherwise deemed necessary by the Board, including, without limitation, payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions and conditions affecting the Property;

(h) Payment of all reasonable and necessary expenses in connection with the collection and administration of assessments and Association funds;

(i) A policy or policies of insurance insuring the Association and/or its Board and officers against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board, including a policy or policies of insurance as provided in Article IV;

(j) Workers compensation insurance to the extent necessary to comply with any applicable laws;

(k) Such fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable; and

(l) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes, assessments, fees or costs, which (i) the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law; (ii) are necessary to fulfill the obligations of the Association hereunder; (iii) in the Board's opinion shall be necessary or proper for the enforcement of this Declaration; (iv) are necessary or desirable in the opinion of the Board to keep the Property neat and in good order or; (v) the Board considers to be of general benefit to the Owners or occupants of the Property.

The judgment of the Board in the expenditure of funds and what constitutes a proper expense under Section 2.9, 2.11, 2.12 and this Section 3.2 shall be final and conclusive so long as such judgment is exercised in good faith.

3.3 Powers and Duties of Board

The Board, for the benefit of the Owners, shall have the following general powers and duties, in addition to the specific powers and duties provided for herein and in the Bylaws of the Association and the powers and duties of a non-profit corporation pursuant to the Oregon Nonprofit Corporation Act and a homeowners association pursuant to ORS 94.630:

(a) To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all Owners.

(b) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit.

(c) To enter into contracts, maintain one (1) or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association.

(d) To protect or defend the Common Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements.

(e) To make reasonable rules and regulations for Crossing Trails Resort, including the operation of the Common Areas, and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the Owners, or with respect to a rule applicable to less than all of the Property, by the Owners in the portions affected.

(f) Within ninety (90) days after the end of the fiscal year, the Board shall prepare or cause to be prepared an annual financial statement consisting of a balance sheet and income and expenses statement for the preceding fiscal year and distribute a copy of such financial statement to each Owner and, upon written request, to any mortgagee of a Lot. In the event annual assessments of the Association exceed \$75,000.00, the Board shall cause the financial statement to be reviewed by an independent certified public accountant licensed in the State of Oregon, as required by ORS 94.670(4), as it may be changed or modified from time to time.

(g) To make available for inspection by Owners within sixty (60) days after the end of each year an annual report and to make all books and records of the Association available for inspection by Owners at reasonable times and intervals.

(h) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency.

(i) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

(j) To collect all assessments and enforce all penalties for non-payment including the filing of liens and institution of legal proceedings.

(k) To grant easements, licenses and concessions through or over the Common Areas.

3.4 Board Powers Exclusive

The Board shall have the exclusive right to contract for all goods, services and insurance, payment of which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board except as otherwise provided herein. The foregoing shall not be construed so as to prohibit the Board from delegating some or all of its contracting or other day-to-day management authority to a professional manager(s) and/or an officer(s), provided the Board maintains supervisory authority over such manager(s) and/or officer(s) and such manager(s) and/or officer(s) operate within a budget approved by the Board.

3.5 Maintenance Contracts

The Board, on behalf of the Association, may enter into contracts by which the Association agrees to perform services that the Association is not otherwise required to perform. Such contracts may be with any Owner or other person or entity and shall be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association. Without limiting the generality of the foregoing and by way of example, the Association may contract to resurface an Owner's driveway at the same time as the Association is completing road projects on Common Maintenance Areas.

3.6 Indemnification

The Association shall indemnify every officer, director, or member of a committee established under the Bylaws against all expenses, including attorneys' fees and costs, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as an expense funded by maintenance assessments, maintain adequate officers' and directors' liability insurance to fund this obligation.

4. COMMON MAINTENANCE AREAS

4.1 Improvements

The Declarant has or will construct the following Improvements to the Common Maintenance Areas (which shall become Common Maintenance Areas upon completion): (To Be Determined), and roads and sidewalks. The foregoing shall not be construed so as to require that such Improvements be built to any specified design or other standards, except applicable Crook County or State of Oregon codes and requirements. Notwithstanding the foregoing, the Declarant does not choose to limit its right to add Improvements not described in this Declaration to the planned community of Crossing Trails Resort, whether on Common Maintenance Areas or not

4.2 Association to Hold

Declarant shall convey the Common Areas to the Association, free and clear of financial liens and encumbrances not later than the Turnover Meeting. The Association shall own all Common Areas in fee simple and assume all maintenance obligations with respect to any Common Maintenance Areas, including any Common Areas that may be hereafter established. Nothing contained herein shall create an obligation on the part of Declarant to establish any additional Common Area. Following the conveyance of the Common Areas to the Association, the dedication, mortgage, or conveyance of any Common Areas shall require the affirmative vote of at least seventy five percent (75%) of the outstanding votes.

4.3 Liability Insurance; Casualty Insurance

From on and after the date on which title to or responsibility for any Common Areas or Common Maintenance Areas vests in the Association, the Association shall purchase and carry (i) insurance for all insurable improvements in the Common Maintenance Areas against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief, which insurance shall cover the full replacements costs of any repair or reconstruction in the event of damage or destruction from any such hazard if the insurance is available at reasonable cost; and (ii) a general comprehensive public liability insurance policy for the benefit of the Association, covering occurrences

on the Common Areas and in the Common Maintenance Areas and all damage or injury caused by the negligence of the Association, which policy limits shall be as determined by the Board of the Association, but shall include public liability insurance of at least One Million Dollars (\$1,000,000.00) per occurrence. The Association shall use its best efforts to see that such policy shall contain, if available, cross-liability endorsements or other appropriate provisions for the benefit of the Board, the Owners and other insureds, as their interests may be determined by the Board, ensuring all against liability to each other insured as well as third parties. Any proceeds of insurance policies owned by the Association shall be received, held in a segregated account and distributed to all interested parties, as their interests may be determined. The insurance coverage obtained and maintained by the Association may not be brought into contribution with insurance bought by Owners or their mortgagees.

4.4 Condemnation

If there is a condemnation or a sale in lieu thereof of all or any portion of the Common Areas, the Association shall represent the Owners in negotiations with the condemning authority. The funds payable with respect thereto shall be payable to the Association and shall be used by the Association to purchase additional Common Areas to replace that which has been condemned or to take whatever steps it deems reasonably necessary to repair or correct any damage suffered as a result of the condemnation. If the Board of Directors of the Association determines that the funds cannot be used in such a manner due to the lack of available land for additional Common Areas or for whatever reason, any remaining funds may be distributed to each Owner based on an equal amount per Lot.

4.5 Maintenance of Common Maintenance Areas

The Association will permanently maintain, repair and replace as necessary:

- (a) All Common Maintenance Areas (including Common Areas); and
- (b) The Improvements installed pursuant to Section 4.1, to the extent the same benefit the Association and/or the Owners.

4.6 Prohibited Activities

Neither the Association nor any Owner shall conduct any of the following activities within any Common Maintenance Area or any Common Area: i) the removal of any tree without the written approval of the Architectural Review Committee; ii) the removal of any other vegetation without the written consent of the ARC, excepting cutting of grass and other routine maintenance involving vegetation; iii) the modification, grading, excavation, filling or other activities which would alter the topography or vegetative cover of any Common Maintenance Area or Common Area without the written consent of the ARC; v) the disposal or placement of any debris, refuse, soil, rock, landscape debris or other deleterious materials; vi) parking, storage, repair, or disposal of any motor vehicle; and vii) motor vehicle access (except on roads or roadways or as may be necessary for repairs or maintenance approved by the Board or in conjunction with maintenance of utilities). The prohibitions contained in this Section 4.6 shall not apply to the activities of Declarant or to any Lots owned by Declarant.

5. ARCHITECTURAL REVIEW

5.1 Architectural Review Committee

A committee to be known as the Architectural Review Committee (the "ARC") shall be established consisting of the number of members as determined by the Board, except that the ARC shall

consist of an odd number of members, not less than three (3) but not more than five (5). ARC members need not be members of the Association.

(a) The members of the ARC shall be appointed, terminated and/or replaced by the Declarant until the earlier to occur of the following: (i) the date of expiration of the Initial Term of this Declaration; or (ii) the date on which Declarant records an instrument in the real property records of Crook County stating that it is turning over control of architectural review, including appointment of ARC members, to the Association, which shall occur no earlier than the date of the Turnover Meeting, but which may occur later than the date of the Turnover Meeting. Thereafter the Board shall appoint the members of the ARC. After Declarant has turned over control of architectural review, members of the ARC may be terminated and/or replaced by the Board with or without cause. Individuals may serve as members of the Board and members of the ARC simultaneously. The Board may elect to compensate members of the ARC who are not Owners for such member's services to the ARC.

(b) The purpose of the ARC is to enforce the architectural and design standards of the community and to approve or disapprove plans for Improvements proposed for the Lots.

(c) The ARC shall act by simple majority vote, and shall have the authority to delegate its duties or to retain the services of a professional engineer, architect, designer, landscaper, inspector or other person to assist in the performance of its duties.

(d) The ARC shall establish an appeal procedure from time to time, but after exhaustion of such appeal(s), the decision of the ARC shall be final. In no event may an ARC decision be appealed to the Board.

(e) No approval of the ARC required hereunder shall be valid unless and until the same is granted in writing.

5.2 Architectural Guidelines

The Declarant has adopted the initial Crossing Trails Resort Architectural and Landscape Design Guidelines attached hereto as Exhibit C (the "Design Guidelines"). Amendments, modifications, or revisions to the Guidelines may be made by the Declarant, without the consent of anyone, prior to the date on which Declarant turns over control of the Architectural Review Committee pursuant to Section 5.1A, unless such amendment, modification or revision causes the Design Guidelines to differ materially from those originally approved by the County. Thereafter, the ARC shall have the sole authority to amend, modify, or revise the Guidelines. No such amendments, modifications, or revisions shall affect any prior ARC approval.

5.3 Scope of Review

No building, wall, patio, deck, outbuilding, landscaping, pool, athletic facility or other structure or Improvement shall be erected, altered or added onto or repaired upon any portion of the Property without the prior written consent of the ARC, provided however, that all Improvements erected, altered, added onto or repaired by Declarant shall be exempt from the provisions of this Article V. The Guidelines shall include restrictions on, and ARC review shall include review of, materials, colors, design, location and such other items as the ARC shall determine from time to time in its sole discretion.

5.4 Submission of Plans

Before the initiation of construction upon any Lot (including material changes to landscaping), the Owner thereof shall first submit to the ARC such documents and materials as may be required by the Guidelines in accordance with the procedure outlined in the Guidelines. Such submission shall include payment of the review fee payable pursuant to the schedule established and amended by the ARC from time to time.

5.5 Plan Review

The ARC shall review all submissions in accordance with the procedures established in the Guidelines. A non-refundable ARC plans review fee of \$250.00 is to be tendered to the order of the Crossing Trails Resort Homeowners' Association, or to such other entity or person as may be designated in writing from time to time by the Crossing Trails Resort Homeowners' Association, together with the plans to be reviewed. Said fee will not be refunded in the event the submitted plans are not approved. If the subject plans are rejected by the ARC and the Lot owner desires to resubmit replacement or refined plans, the Lot owner will be obligated to pay an additional \$250.00 plans submission fee. The proposed Improvements will be approved if, in the sole opinion of the ARC: (i) the Improvements will be of an architectural style and material compatible with the other structures in the Property; (ii) the Improvements will not violate any restrictive covenant or encroach upon any easement or cross building setback lines; (iii) the Improvements will not result in the reduction in property value, use or enjoyment of any of the Property; (iv) the individual or company intended to perform the work has provided proof that it is licensed under the laws of the State of Oregon, has procured insurance reasonably acceptable to the ARC and it is in good standing with the ARC; and (v) the Improvements will be substantially completed, including all cleanup, within the schedule set by the ARC.

5.6 Non-Conforming Structures

If there shall be a material deviation from the approved plans in the completed Improvements, such Improvements shall be in violation of this Article V to the same extent as if erected without prior approval of the ARC unless the Owner subsequently obtains ARC approval for such deviation, which approval may be granted or denied in the ARC's sole discretion. The ARC, the Association or any Owner may maintain an action at law or in equity for the removal or correction of the non-conforming structure and, if successful, shall recover from the Owner in violation all costs, expenses and fees incurred in the prosecution thereof, which, if incurred by the ARC and/or the Association, shall constitute an assessment against the applicable Lot(s).

5.7 Immunity of ARC Members

No individual member of the ARC shall have any personal liability to any Owner or any other person for the acts or omissions of the ARC if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the ARC or any member thereof arising from acts of omissions of the ARC committed in good faith and without malice.

5.8 Limited Review

Any review and approval made by the ARC is limited to compliance with the intent of the architectural and design standards of the neighborhood as may from time to time be established by the ARC and/or the Guidelines. The review and approval made by the ARC is not to be construed as superseding, replacing, or modifying any review, approval, or permit required by any local, state or federal jurisdictional agencies. It is the applicant's responsibility to obtain and comply with any permits that may be required by any local, state, or federal jurisdictional agency. Nor shall any such review or

approval by the ARC be deemed an assurance or statement of compliance with any applicable laws, ordinances or regulations.

5.9 Address for Notice

Requests for ARC approval or correspondence with the ARC shall be addressed to Crossing Trails Resort Architectural Review Committee, (To Be Determined), or such other address as may be designated from time to time by the ARC in a writing addressed to all Owners. No correspondence or request for approval shall be deemed to have been received until actually received by the ARC in a form satisfactory to the ARC.

5.10 Completion of Improvements

Once construction has commenced, each Owner shall substantially complete construction, including all cleanup, of the initial Residence and the installation of landscaping on the Lot within the schedule set by the ARC. ARC approval shall be deemed invalid if construction does not commence on the approved Improvement within a period established by the ARC. The ARC shall have the right to grant extensions for any deadlines it established with respect to any Lot when it deems the same reasonable under the circumstances.

5.11 Unimproved Lot Maintenance

Each Owner shall maintain any vacant Lot in accordance with standards set forth by the ARC. At a minimum, all vacant lots shall be maintained in good condition and clear of debris and vegetation or other materials constituting a fire hazard.

5.12 ARC Jurisdiction over Declarant and Amenity Properties

The ARC shall have no jurisdiction over, or control over, the Declarant or any properties owned by Declarant, including but not limited to the Amenities Property. Notwithstanding the foregoing, nothing in this Section 5.12 shall be construed to permit the Declarant to develop any part of the Developed Property, including the Amenities Property, in violation of the Design Guidelines.

6. **EASEMENTS**

6.1 Common Areas

Each Owner shall have a non-exclusive right and easement for the ingress to, egress from, use and enjoyment of the Common Areas, which shall be appurtenant to and shall pass with the title to every Lot, subject to this Declaration. The easements and rights to use of the Common Areas shall exist regardless of whether they are also set forth in individual grant deeds to Lots.

6.2 Utility Easements

As long as the Declarant owns a Lot, the Declarant hereby reserves the right to grant perpetual, nonexclusive easements for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Common Area for ingress, egress, installation, replacement, repair, maintenance, use and operation of all utility and service lines and service systems, public and private, including, without limitation, fiber optic cables. Declarant, for itself and its designees, reserves the right to retain title to any and all pipes, lines, cables or other improvements installed on or in such easements.

The Board shall also have the right to grant the easements described herein, subject to the approval of the Declarant so long as Declarant owns a Lot.

6.3 Declarant's Easement to Correct Drainage

Declarant hereby reserves for the Benefit of Declarant (including its contractors and employees) a blanket easement, including a right of entry, on, over and under the ground within the Property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of health, safety and appearance and shall be entitled to remove trees or vegetation, without liability for replacement or damages, as may be necessary to provide adequate drainage facilities. Notwithstanding the foregoing, nothing herein shall be interpreted to impose any duty upon Declarant to correct or maintain any drainage facilities within the Property.

6.4 Easement for Unintentional Encroachment

The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any structure upon the Common Area caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment as an easement appurtenant to the encroaching property to the extent of such encroachment.

6.5 Easements Reserved by Declarant.

So long as Declarant owns any Lot, Declarant reserves an easement over, under and across the Common Areas in order to carry out sales and rental activities necessary or convenient for the sale or rental of Lots. In addition, Declarant hereby reserves to itself and for the owners of Lots in all future phases of Crossing Trails Resort a perpetual easement and right-of-way for access over, upon and across the Common Areas for construction, utilities, communication lines, drainage, and ingress and egress over in, upon, under and across the Common Areas and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property or other real property owned by Declarant provided, however that no such rights shall be exercised by Declarant in such a way as to unreasonably interfere with the occupancy, use, enjoyment or access to an Owner's Lot by the Owner or his family, tenants, employees, guests or invitees.

6.5 Entry Easement

If the Owner of any Lot fails to maintain the Lot as required herein, fails to comply with any requirement hereunder, or if there is an emergency, the Association and/or the ARC (in the case of violations of the Design Guidelines) shall have the right to enter upon the Lot as provided herein. The Association shall have the right to enter upon the Lot to make emergency repairs without providing advance notice. The Association shall have the right to enter upon the Lot to do other work reasonably necessary for the proper maintenance and operation of the Lot after providing five (5) days' written notice to the Owner. In the event that the failure to comply is related to Article V and/or the Guidelines, the ARC shall have the right to enter upon the Lot to do the work reasonably necessary to bring the Lot into compliance by providing one (1) day written notice to the Owner. In each case that notice is required, such notice may be made by a posting on the front door of the Residence located on the particular Lot or, if the Lot is vacant, upon a post placed on the Lot. Entry upon the Lot as provided herein shall not be deemed a trespass, and neither the Association nor the ARC shall be liable for any damage so created unless such damage is caused by the Association's or the ARC's willful misconduct or gross negligence.

6.6 Reserved Easements

Easements for installation and maintenance of utilities and/or buffers with adjacent property are reserved as may be shown on the Plat or any replat of the Property. Within these easement areas, 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 would violate the terms of the easements as described on the Plat. The easement area of each Lot and all improvements contained therein shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority, utility company or the Association is responsible. In addition, the Declarant hereby reserves an easement in favor of the Association to permit maintenance, repair and replacement of sidewalks, utilities serving Common Maintenance Areas and all other Common Maintenance Areas, as deemed reasonably necessary by the Board.

6.7 Temporary Completion Easement

Until the Turnover Meeting, all Lots shall be subject to an easement of ingress and egress for the benefit of the Declarant, its employees, subcontractors, successors and assigns, over and upon the front, side and rear yards of the property as may be expedient or necessary for the construction, servicing and completion of Improvements on Common Areas or Common Maintenance Areas and construction of dwellings and landscaping upon Lots adjacent to the property.

6.8 Maintenance Easements

An easement is hereby granted and reserved in favor of the Association and its successors, assigns, contractors, property managers, agents and employees over, across and upon the Common Areas and any Common Maintenance Areas or other areas of Crossing Trails Resort necessary or appropriate for purposes of accomplishing the maintenance, repair, replacement or other obligations of the Association hereunder. The foregoing includes, without limitation, an easement individual Lots to permit maintenance, repair and replacement of sidewalks.

6.9 Environmental Easement

There is hereby reserved for the benefit of Declarant, the Association, and their respective invitees, a non-exclusive easement on, over and across all portions of the Crossing Trails Resort, excluding structures, for the purposes of taking any action necessary to effect compliance with environmental rules, regulations, and procedures promulgated or instituted from time to time by the board or by any governmental entity. This easement includes, without limitation, the right, but not the obligation, to implement erosion control procedures and practices, the right to maintain any and all wetland areas on Crossing Trails Resort, the right to drain standing water and the right to do whatever is necessary to comply with federal, state or local laws governing toxic or hazardous wastes.

6.10 Amenity Easements:

The easements and rights specified in this subsection 6.10 are hereby created for the benefit of the Amenity Property, the Amenity Owner and all Invitees of the Amenity Owner whose presence at the Amenity Property is at the request of or approved by the Amenity Owner and shall exist whether or not such easements are also set forth in individual grant deeds conveying Lots. All easements shall be appurtenant to the Amenity Property and shall be binding upon the successors-in-interest and assigns of the owners of both the dominant and servient tenements. No easement set forth in this subsection shall be construed to act as a limitation upon the ability of either Amenity or the Amenity Owner to hold resort events from time to time and to provide whatever temporary services and facilities

are deemed appropriate by the Amenity Owner in connection with such public function, including but not limited to, parking and storage on Common Areas.

6.10.1 Golf Facility Overspray and Intrusion Easement:

There is reserved for the benefit of the golf facility Amenity Property, the Amenity Owner, and its Invitees a non-exclusive right and easement appurtenant to the golf facility Amenity Property for purposes of overspray in connection with the watering of the golf courses, for the intrusion of golf balls from the fairways, roughs and greens thereof and for the retrieval of golf balls. Any person or entity for whose benefit the right and easement for overspray and intrusion is reserved shall be not liable to any Owner or the Association for any damage to person or property occasioned by such overspray or intrusion unless occasioned by the intentional act of such person. The rights and easements reserved by this subsection shall be for the benefit of the golf facility Amenity Property as well as for the Declarant and the Amenity Owner and for the benefit of their employees, contractors, agents, guests, invitees, licensees or members (collectively referred to as "beneficiaries"). Each Owner of a Lot acknowledges and agrees that owning property adjacent to a golf course has benefits as well as detriments and that the detriments include the risk of damage to property or injury to persons and animals from golf balls or from players retrieving golf balls. Each Owner hereby assumes such risks, releases Declarant, the Amenity Owner and their beneficiaries from and agrees to indemnify Declarant, the Amenity Owner and their beneficiaries and hold Declarant, the Amenity Owner and their beneficiaries harmless from and against any and all liability for damage or injury caused by golf balls which intrude in, on or around the Owner's Lot or Residence.

6.10.2 Utility Easement:

The Amenity Property shall have and is hereby granted a non-exclusive easement over, under, through and across the Common Area for the purposes of installing, maintaining, repairing and replacing, and using master television antenna or cable systems, wireless communication systems, security and similar systems, and all permanent and temporary utilities, including, but not limited to, sewers, drainage systems, storm drainage systems, retention ponds, electrical, gas, telephone, and water necessary or appropriate for the development or operation of the Amenity Property, including Events held on any portion of the Amenity Property.

6.10.3 Ingress and Egress Easement:

The Amenity Property shall have and is hereby granted a non-exclusive appurtenant easement over and across the Common Area for the purposes of ingress to and egress from the Amenity Property by maintenance vehicles, pedestrians and bicycles using or visiting the Amenity Property. The Association may not unreasonably restrict rights of ingress and egress to the Amenity Property. The Association may not impose any restrictions, limitations or requirements for entry into any portion of the Amenity Property that are not imposed and enforced against all Owners and Invitees. If vehicle passes are issued to Association's Members, they must be made available to the Amenity Owner and their licensees and members on the same terms as they are made available to Association's Members.

6.10.4 General Easements onto Common Area and 20 Foot Strip Over Lots:

The Amenity Property shall have and is hereby granted a non-exclusive appurtenant easement over and across the Common Area and the first twenty (20) feet of any Lot which shares a common boundary with the Amenity Property for the following purposes: (i) use and enjoyment of the golf cart paths by golf course maintenance vehicles and vehicles and pedestrians using the Amenity located within the Amenity Property, provided however, no golf cart path shall be constructed on any portion of a Lot,

(ii) constructing, maintaining, repairing and replacing pedestrian and golf cart paths and directional signs related to the golf course located within the Amenity Property, (iii) maintaining any lake, pond, wetland area, waterway, or other body of water and moving and removing unsightly brush, and (iv) permitting registered golf course players and their caddies to enter to retrieve golf balls in accordance with the rules of the game of golf (any such entry shall be limited to pedestrian access for the minimum period of time required to retrieve golf balls).

6.10.5 Easements To Facilitate Events:

The Amenity Property shall have and is hereby granted a non-exclusive easement over and across the Common Area appurtenant to the Amenity Property for all purposes reasonably necessary to hold and conduct resort events at any Amenity located on the Property including without limitation, ingress and egress by vehicular and pedestrian traffic, parking, utility services, directional signs, traffic control and other related uses. During such periods, the Amenity Owner shall have the right to take all reasonable actions which are appropriate for holding such an event. The Amenity Owner shall be solely responsible for all additional costs incurred as a result of the Event and shall repair any damage caused to the Common Area as a result of the Event. The Association shall have no right to prohibit or impair the ability of the Amenity Owner to take any and all reasonable actions which are appropriate for holding a public function.

6.10.6 Additional Easements:

The Amenity Owner and its duly authorized agents and representatives shall have a non-exclusive right and easement as is necessary or appropriate to the exercise of any rights granted to the Amenity Property or to the Amenity Owner by this Declaration, including the right to enter upon Lots and Common Area, subject to the limitations contained in this Declaration.

6.10.7 Sign Easements:

The Amenity Property shall have and is hereby granted a non-exclusive easement over and across the Common Area appurtenant to the Amenity Property for the purposes of locating, establishing, maintaining, repairing, replacing and lighting all of its signs permitted pursuant to this Declaration, subject to Crook County regulations.

7. **USE, OCCUPANCY, CASUALTY, AND INSURANCE**

7.1 Open Space.

At least 50 percent of the Property shall be designated as Open Space, and shall remain Open Space as defined by the County. This Section 7.1 is a covenant and equitable servitude, which cannot be amended without the consent of the County, which runs with the land in perpetuity, and which is for the benefit of all of the Property initially included in or annexed to the project, each Owner, the Declarant, the Association, and any golf club(s) that may be developed on the Property, as well as the County. Any of these individuals or entities may enforce the covenant and equitable servitude. All Open Space designated on the Open Space Plan is the Open Space that is protected by this Declaration. All deeds conveying a Lot or any part of the Property shall include a restriction specifying that the Property is subject to the provisions of the Master Plan and this Declaration and nothing that the Master Plan and this Declaration contain a delineation of open space areas which shall be maintained as open space areas in perpetuity.

7.2 Use of Property in General

All uses of any part of the Property, including any Lot or Residence and the Amenities Property, are restricted to uses permitted under CCC 18.116.060, or accessory uses listed in CCC 18.116.070 that are ancillary to the destination resort and consistent with the purposes of CCC Chapter 18, including as any of the same may be amended in the future.

7.3 Residential Use/Rental/Compliance by Invitees

All Lots and Residences shall be used only for single-family residential purposes in accordance with, and subject to, the other provisions of this Declaration. No Lot and/or Residence may be sold to or owned by more than four (4) people or entities jointly. Pursuant to ORS 94.811, in no event shall any Lot and/or Residence, other than the Overnight Units, be used as a "timeshare" (as that term is defined by Oregon law, ORS 94.803). No Owner or Owners of any Lot may rent his or her Residence to any person or persons for transient occupancy, except for those designated as Overnight Units pursuant to Article XI. As used herein, "transient occupancy" shall mean a period of thirty (30) days or less. Transient use shall not include a rental of any Residence for a period of in excess of thirty (30) consecutive calendar days. Each Owner shall be responsible for compliance by all of such Owner's visitors, tenants or invitees, whether such visitor, tenant or invitee is occupying the Owner's Lot and/or Residence or otherwise visiting or using any portion of the Property, with all provisions of this Declaration, any and all rules and regulations, and all applicable laws.

7.4 Commercial, Institutional, or Other Non-Residential Uses

No commercial, institutional, or other non-residential use (including residential day care facilities) shall be conducted on any Lot without the written approval of the Board; provided, however, home offices shall be permitted unless so long as the same does not constitute a nuisance. In the event of disputes, the determination of the Board as to whether a home office constitutes a nuisance shall be final. Any such use must comply with applicable law, including, without limitation, zoning requirements. The decision of the Board shall be final and conclusive. The Board may review, and repeal, any such approval from time to time at the discretion of the Board if, in the opinion of the Board, the use has changed or increased to a level not consistent with the original approval. In no event shall the decision of the Board as to permissibility of a requested non-residential use be construed as a representation of the legal permissibility of such use.

7.5 Declarant Use/Construction Trailers

The provisions of this Article shall not apply to the use of any Lot or Residence by the Declarant, as i) a model home, sales office, or construction office; or ii) the use of any Lot as a site for a sales office trailer or construction office trailer. Construction trailers may be permitted with written approval from the ARC, which approval may be granted or withheld in the ARC's sole discretion.

7.6 Casualty

In the event of damage to or destruction of a Residence, the Owner of the Residence shall repair, reconstruct, and rebuild the damaged or destroyed portions of the Residence to substantially the same condition that existed prior to the damage or destruction or consistent with such plans and specifications as are approved in accordance with Article V of this Declaration. Alternatively, the Owner shall promptly clear the Lot of all debris and ruins and maintain the Lot consistent with the terms of Section 5.11. All clearing, repair, reconstruction, or rebuilding shall begin within six (6) months following the damage or destruction, and shall be diligently pursued to completion within twelve (12) months following the damage or destruction (or within such other schedule as is established by the ARC

in writing), unless work is delayed by causes beyond the reasonable control of the Owner. If an Owner fails to timely repair such damage or clear the Lot, the Association shall have all rights of enforcement and remedies set forth under this Declaration. The ARC shall have the right to extend the deadlines contained in this Section 7.4 if it deems the same reasonable under the circumstances; provided, however, in no event may any Owner leave his or her Residence or Lot in a condition that poses a health or safety hazard.

7.7 Appearance of Amenity

Each Owner acknowledges and agrees that neither any Owner nor the Association nor the ARC shall have any right to compel the Amenity Owner or the owner of an Amenity on any portion of the Amenity Property to maintain the Amenity Property or Amenities or any improvements thereon to any particular standard of care and that the appearance of the Amenity Property, Amenities and improvements shall be determined in the sole discretion of the Amenity Owner.

7.8 Amenity Areas

Owners and their Invitees adjacent to all Amenity areas of the Amenity Property shall not engage in any action which would distract from the quality use of the Amenity. Such actions include but are not limited to burning materials where the smoke will cross the Amenity Property, maintaining pets which are creating excess noise, playing loud radios, stereos, televisions or musical instruments, running, walking, jogging, bicycle riding, or skateboarding on the crossing paths, picking up amenity features or otherwise interfering with other persons using the Amenities.

7.9 Amenity Paths

Portions of the Amenity path system for the Amenity Property may be situated on the Common Area. No Owner or Invitee shall have any right to use any portion of the Amenity path system, including any portion situated on the Common Area or any Lot without the prior approval of the owner or manager of the affected portion of the Amenity Property. All Amenity paths shall be maintained, repaired and replaced by the Amenity Owner.

7.10 Amenity and Crossing Trails Resort Events

From time to time, some portion of the Amenity Property may be used for Amenity and/or Crossing Trails Resort events ("Event"). At such times, vehicular and pedestrian traffic within Crossing Trails Resort is likely to increase substantially as persons who will participate in the Event as well as persons who will watch the Events will be invited, the broadcast media and their equipment may be present, and additional parking, utility services, directional signs, traffic control, security, clean-up crews and other services may be required. During all such periods, the applicable Amenity Owner(s) shall have the right to take all reasonable actions which are appropriate for holding such an Event as long as such Amenity Owner(s) is solely responsible for all additional costs incurred as a result of the Event, including repairing any damage caused to the Common Area as a result of the Event. The Association shall have no right to prohibit the Amenity Owner from taking any and all reasonable actions which are appropriate for holding an Event.

7.11 Intrusion onto Amenity

Neither the Association nor any Owner shall have any right of entry onto any portion of the Amenity Property without the prior written consent of the Amenity Owner. All permitted entry shall be made only through entry points designated by the Amenity Owner; no Owner may access any portion

of the Amenity Property from any adjacent residential Lot. Neither the Association nor any Owner may permit any irrigation water to overspray or drain from its Common Area or Lot onto any portion of the Amenity Property without approval of the Amenity Owner. Neither the Association nor any Owner may permit any fertilizer, pesticides or other chemical substances to overspray, drain, flow or be disposed of in any manner upon any portion of the Amenity Property. If the Association or any Owner violates the provisions of this Section 7.9, it shall be liable to the Amenity Owner for all damages to the turf resulting from the violation and all damages, including consequential damages suffered by the Amenity Owner.

7.12 Liquor Sales

The Amenity Property may be used for the sale of liquor to be consumed on-site and/or off-site. In addition, special event liquor licenses and other permits may be obtained for activities within Crossing Trails Resort from time to time. Special event liquor licenses for events held with Common Area or for events which utilize Common Area are subject to the approval of the Board; the Board shall have sole and absolute discretion to determine whether to grant approval of any request. By acceptance of a deed to a Lot, each Owner agrees not to contest any application for a liquor license to be used for the sale of liquor within the Amenity Property or any other portion of the Development Property and not to object to any special event liquor licenses applied for or issued from time to time.

7.13 Ownership of Property Near a Golf Course

By acceptance of a deed to a Lot, each Owner acknowledges and agrees that owning property adjacent to the golf course has benefits as well as detriments and that the detriments include: (a) the risk of damage to property or injury to persons and animals from golf balls which are hit onto an Owner's Lot or other portion of the Project utilized by the Owner, (b) the entry by golfers onto Owner's Lot or other portions of the Project utilized by the Owner to retrieve golf balls, (c) overspray in connection with the watering of the roughs, fairways and greens on the golf courses; (d) noise from golf course maintenance and operation equipment (including, without limitation, irrigation systems, compressors, blowers, mulchers, tractors, utility vehicles and pumps, all of which may be operated at all times of the day and night and/or continuously); (e) odors arising from irrigation and fertilization of the turf situated on the golf courses; (f) disturbance and loss of privacy resulting from golf cart traffic and golfers; and (g) noise, vehicular and pedestrian traffic, congestion and loss of privacy as a result of Event(s) held on the golf courses. Additionally, each Owner acknowledges that pesticides and chemicals may be applied to the golf courses throughout the year and that reclaimed water, treated waste water or other sources of non-potable water may be used for irrigation of the golf courses. Each Owner expressly assumes such detriments and risks and agrees that neither Declarant, the Amenity Owner or manager of the golf course, nor any of their successors or assigns shall be liable to the 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 the Owner's Lot or Residence to the golf courses, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the manager or Amenity Owner of the golf course, or their successors or assigns. Each Owner hereby agrees to indemnify and hold harmless Declarant and the Amenity Owner, manager of the golf courses, and their respective successors and assigns, against any and all such claims by Owner's Invitees.

By acceptance of a deed to a Lot, each Owner acknowledges and agrees that there are no express or implied easements over the golf facility Amenity Property for view purposes, and no guaranty or representation is made by Declarant or any other person that any view over and across the golf facility Amenity Property will be preserved without impairment, and that neither the Amenity Owner, the

Declarant nor the Association shall have any obligation to prune or thin trees or other landscaping to preserve views over the golf facility Amenity Property.

By acceptance of a deed to a Lot, each Owner specifically covenants and agrees that he or she will specifically disclose the existence and contents of this Section 7.11 to his or her subsequent transferees.

7.14 Wells and Septic Systems

Except as specifically permitted and approved by Declarant in connection with the conveyance of a Lot and as permitted by Crook County, no well for water shall be constructed or installed on any Lot. No septic system and/or tank shall be constructed or installed on any Lot. Declarant has no express or implied obligation to permit the installation of any well and approving the installation of any well or wells does not impose any express or implied obligation on Declarant to approve the installation of any other well. Owners may not contract with any provider for water or sewer service other than the providers designated by the Declarant or, after the Turnover Date, by the Association.

7.15 Casualty to Common Maintenance Area: Insurance

7.15.1 Damage and Destruction

Immediately after damage or destruction to all or any part of the Common Maintenance Area covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or Improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Maintenance Area shall be repaired or reconstructed unless Members representing at least 75 percent of the Class A voting power and the Declarant, so long as Declarant owns any property described on Exhibit A or B, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60 day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 50 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed. Assessments of the Association shall not be abated during the period of insurance adjustment and repair and reconstruction.

If it is determined in the manner described above that damage or destruction to the Common Maintenance Area shall not be repaired or reconstructed and no alternative Improvements are authorized, the affected property shall be cleared of all debris and ruins and maintained by the Association in a neat and attractive, landscaped condition consistent with Section 5.11.

8. **PROPERTY RIGHTS**

8.1 Owner's Use and Occupancy

Except for the easements shown on the Plat and/or granted herein, or as otherwise provided herein, by applicable law or by the terms of any instruments recorded against the applicable Lot, the Owner of a Lot shall be entitled to the exclusive use and benefit of such Lot. Declarant, the ARC and any representative

of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether or not the use of and/or Improvements on such Lot are then in compliance with this Declaration; provided however, except in the case of emergency, the Association shall first provide the Owner with five (5) days' prior written notice if entry is to be by the Association or Declarant or one (1) day written notice if entry is to be by the ARC, which notice may be given by posting on the front door of the Residence or, if the Lot is vacant, upon a post placed on the Lot. No notice shall be required in the case of emergency. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Lot.

8.2 Owners' Easements of Enjoyment

Every Owner shall have a right and easement in and to the Common Areas and a right and easement of ingress and egress to, from and through said Common Areas, and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to establish and publish rules and regulations governing Crossing Trails Resort, including use of the Common Areas, affecting the welfare of Association members.

(b) The right of the Association (subject to such notice and/or hearing requirements as may be imposed by applicable law) to suspend the right of use of the Common Areas and the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid or during which such Owner is otherwise in material breach hereunder; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

(c) The right of the Association, subject to the provisions hereof, to dedicate or transfer all or any part of the Common Areas, if any, to any public agency, authority or utility for public right-of-way purposes. Any other transfer or mortgage of Common Areas requires the consent of at least seventy-five percent (75%) of the votes outstanding, and consent of the Declarant so long as Declarant owns a Lot.

(d) All easements herein described are easements appurtenant to and running with the land; they shall at all times inure to the benefit of and be binding upon the undersigned, all of their grantees, and their respective heirs, successors, personal representatives and assigns, perpetually and in full force.

8.3 Effect of Declaration

Reference in any deed, mortgage, trust deed or any other recorded documents to the easements, restrictions and covenants herein described or to this Declaration shall be sufficient to create and reserve such easements and covenants to the respective grantees, mortgagees, or trustees of said parcels as fully and completely as if those easements, restrictions and covenants were fully related and set forth in their entirety in said documents.

8.4 Rezoning Prohibited

No Lot shall be rezoned without the prior written consent of the Board and of the Declarant so long as Declarant owns a Lot, which may be withheld in the Board's or Declarant's sole discretion, as applicable. Declarant or the Board may enforce this covenant by obtaining an injunction against any non-approved rezoning at the expense of the enjoined party.

8.5 Lot Consolidation and Division

An Owner may consolidate multiple Lots he or she owns, provided, however, the same is first approved by the Crook County and then the ARC has approved the design plan for the Residence. No Lot may be subdivided. Notwithstanding the foregoing, so long as there is at least one Class B Member, Declarant shall have the right to consolidate and/or subdivide Lots within Crossing Trails Resort, subject to applicable Crook County Ordinances without first obtaining the consent of the ARC. Upon the completion of a subdivision of a Lot, each newly created parcel shall immediately constitute a Lot, and the Owner of fee title thereof shall become an Owner with all of the rights granted to Owners hereunder. Upon the completion of a subdivision of a Lot, each newly created Lot shall be entitled to the voting rights as set forth in Section 2.2, and assessments shall be reallocated and reapportioned in the manner set forth in Section 2.17 as if each of the newly created lots had been annexed into Crossing Trails Resort. Upon the completion of a consolidation of multiple Lots, the newly created Lot shall be treated as the original number of Lots for voting and assessment purposes.

8.6 Drainage Alteration Prohibited

The surface water drainage contours of each Lot shall conform to the approved grading plan established by the Declarant. No Owner shall fill or alter any drainage swale established by the Declarant, nor shall any Owner install landscaping or other improvements that divert surface water runoff from the drainage patterns, swales and easements established by the Declarant. Each Owner shall take steps to assure that its Lot has adequate drainage and does not cause runoff to be directed onto any adjacent property.

8.7 Damage or Destruction By Owner

If damage to any Common Area or Common Maintenance Area is directly attributable to an Owner or the family members, invitees, licensee, or guest of an Owner, then that Owner shall repair such damage or destruction as soon as reasonably practicable, but in no event later than fifteen (15) days after the date the damage occurred, at his or her sole expense and without a right of reimbursement. If an Owner fails to repair such damage timely, the Association shall have all rights of enforcement and remedies set forth under this Declaration.

8.8 Consent of Master Plan

By acquiring a Lot, purchasers of property within Crossing Trails Resort hereby consent to the Master Plan for the Project, as the same may hereafter be amended. By adoption of such Master Plan and this Declaration, Declarant is not committing itself to take any action for which definite provision is not made below. One who acquires property in Crossing Trails Resort will have the advantage of any further development of the Project, but shall not have any legal right to insist that there be development, except as provided in this instrument or in the instruments which hereafter may be recorded annexing areas to Crossing Trails Resort and subjecting areas to this Declaration.

9. **USE RESTRICTIONS/BUILDING STANDARDS**

9.1 Exterior Lighting and Noise-making Devices

All exterior lighting and noise-making devices shall be subject to the Design Guidelines, the review and approval of the ARC and all applicable ordinances.

9.2 Nuisances

No noxious or offensive activity shall be carried out upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Without limiting the generality of the foregoing, "noxious or offensive activity" shall include the generation of noxious odors or noise. The Board shall have the sole authority to determine nuisances and its decision shall be final and conclusive.

9.3 Development Activity

Notwithstanding any other provision herein, Declarant, and its successors and assigns to whom Declarant assigns such rights, shall be entitled to conduct on the Property all activities normally associated with and convenient to the development of the Property and the construction and sale of dwelling units on the Property.

9.4 Temporary Structures

No structure of a temporary character, including, without limiting the generality thereof, any trailer, tent, shack, garage, barn, motor home or mobile home or other outbuilding, and no prefabricated or relocated structure shall be used on any Lot at any time as a residence, either temporarily or permanently, other than approved use of recreational vehicles in designated casita nightly rental areas. This restriction shall not be interpreted to limit the right of Declarant to use trailers or outbuildings as sales offices, construction offices, material storage facilities, or sanitation facilities.

9.5 Signs

Except as permitted in this Section 9.5, no sign or emblem of any kind may be kept or placed upon any Lot or mounted, painted or attached to any Residence or other improvement upon such Lot or carried by any person or by any other means displayed within the Property except with the written approval of the ARC. Notwithstanding the foregoing, "for sale" signs shall be permitted on a Lot provided the same complies with ARC design standards. In addition, until the Turnover Meeting, Declarant may erect signs or billboards, and at any time, Declarant or the Association shall have the right to erect signs or monuments that identify Crossing Trails Resort, in either case without the need for ARC approval. This Section 9.5 shall not be construed to prohibit flags; flags shall be subject to such restrictions and/or prohibitions as may be contained in the Guidelines and/or the rules and regulations.

The Declarant and/or the Amenity Owner may post the following signs on Common Areas:

9.5.1 Amenity Crossing Signs: Appropriate signs may be displayed by the Amenity Owners to identify, warn and otherwise control crossings of streets and roads within the Project by golf carts, pedestrian golfers, horses and ATV's;

9.5.2 Amenity Identification: Permanent and temporary signs may be displayed by the Amenity Owners to identify the Amenities and provide appropriate directions to the Amenity Property and/or Amenities for motorists and pedestrians;

9.5.3 Amenity Boundaries: Permanent and temporary markers may be displayed by the Amenity Owners to identify the boundaries of the Amenities;

9.6 Campers, Boats, Recreational Vehicles, Certain Trucks, Commercial

Vehicles, and other Non-Passenger Vehicles

No campers, boats, boat trailers, recreational vehicles, commercial vehicles, trucks weighing more than 10,000 pounds GVW, or other types of non-passenger vehicles, equipment, implements, or accessories shall be kept or stored on any Lot except (i) with the Board's approval, or (ii) as provided below:

- (a) Except to the extent the same is screened from public view and from the view from adjacent property (including adjacent Lots and public rights of way), no recreational vehicles, disabled vehicles, campers, boats, boat trailers, recreational trailers, or other types of non-passenger vehicles, equipment, implements, building materials or accessories shall be parked or stored on or adjacent to any Lots. In the event of a dispute as to whether there is adequate screening for purposes of this Section 9.6, the determination of the ARC shall be definitive.
- (b) The Board, as designated in this Declaration, shall have the absolute authority to determine from time to time whether a vehicle, equipment, implements and/or accessory is operable and adequately screened from public view and from the view from any portion of the Property other than the applicable Lot. Upon an adverse determination by said Board, the vehicle and/or accessory shall be removed and/or otherwise brought into compliance with this Section 9.6
- (c) No dismantling or assembling of motor vehicles, boats, trailers, recreational vehicles, or other machinery or equipment shall be permitted in the streets within the Property, or in any driveway or yard adjacent to a street, or that is not screened from public view and from the view from any portion of the Property other than the applicable Lot.
- (d) Recreational vehicles may be allowed only in the designated nightly rental area/s where casitas are located, and recreational vehicles are to be driven only on Crossing Trails Resort roadways designated for recreational vehicle use. Exceptions to this rule may be made only with prior written approval of the Homeowners' Association.

9.7 Pets, Livestock and Poultry

No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except for cats, dogs or other generally recognized household pets of a reasonable number, provided that they are not kept, bred, maintained for any commercial purpose. In the event of a dispute, the Board shall make the final decision as to what constitutes "a reasonable number" under particular circumstances. All such animals shall be kept on the Lot and in strict accordance with all applicable laws and ordinances (including leash laws) and in accordance with all rules established by the Association. No animal shall be allowed to run at large, and all animals shall be kept within enclosed areas which must be clean, sanitary, and reasonably free of refuse, insects and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the ARC, shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof, and shall be subject to the ARC approval. Each Owner is solely responsible for his or her pets, shall assure that such pets do not create a nuisance or otherwise damage any portion of the Property, and shall clean up after such pets.

9.8 Garbage and Refuse Disposal: Wood Piles

No Lot, Common Area or any other portion of Crossing Trails Resort shall be used or maintained as a dumping ground for rubbish. Compost, recycling, trash, garbage or waste shall not be kept, or disposed of, on any Lot or Common Area except in sanitary containers. All equipment for the

storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of compost, trash, garbage, refuse, rubble, debris, or recyclable materials shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage, rubbish, or recyclable materials, and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day. All screening shall be of an attractive nature, consistent with the overall development scheme of Crossing Trails Resort. Wood storage shall be subject to ARC approval.

9.9 Parking in Common Areas/No Parking Signage

No vehicles, trailers, implements or apparatus may be driven or parked in the Common Areas or on any easement unless in use for maintaining such Common Areas, provided however, that this restriction shall not apply to driveways, streets or paved areas intended for vehicular use, and any areas designated by the plat or by Declarant as being suitable for parking, including the area of the Bonneville Power Administration easement on the easterly portion of the Property. In addition, parking of vehicles is prohibited on any public or private street within the Property that is signed or otherwise marked for "No Parking" by the Association or a governmental authority. The Association shall have the right to tow any vehicles in violation of this Section 9.9 at the vehicle owner's expense.

9.10 Commercial or Institutional Use

No Lot, and no building erected or maintained on any Lot shall be used for manufacturing, industrial, business, commercial, institutional or other non-residential purposes, except as set forth in Article VII.

9.11 Detached Buildings

No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot without the prior consent of the ARC. Every detached accessory building, inclusive of such structures as storage buildings, greenhouses, doghouses, or children's playhouses shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition and consistent with the Guidelines.

9.12 General Landscaping and Exterior Maintenance

(a) Each Lot Owner shall keep all shrubs, trees, grass, and plantings of every kind on his or her Lot cultivated, pruned, free of trash, and other unsightly material. Each Lot Owner shall keep all Improvements upon his or her Lot in good condition and repair and adequately painted or otherwise maintained. Declarant, the Association, and the ARC shall have the right at any reasonable time to enter upon any Lot to replace, maintain, and cultivate shrubs, trees, grass, or other plantings as deemed necessary; and to paint, repair, or otherwise maintain any improvements in need thereof, and to charge the cost thereof to the Lot Owner, provided, however, except in the case of emergency, the Declarant, the Association and/or the ARC shall first provide the Owner with at least one (1) day prior written notice, which notice may be given by a posting on the front door of the Residence located on such Lot or, if the Lot is vacant, upon a post placed on the Lot.

(b) The initial landscaping, as well as all subsequent material changes to such landscaping, shall be subject to final approval by the ARC. All landscaping shall remain fully irrigated in accordance with water conservation practices hereinafter defined in subsection (d) of this section unless otherwise approved by the ARC. All Owners shall keep their Lots, including all Improvements thereon,

well maintained and in an attractive condition, consistent with the overall development approved within Crossing Trails Resort by the ARC. All vacant Lots shall be maintained in a manner that is consistent with ARC guidelines for vacant Lots.

(c) Except in the case of imminent threat of harm to persons or Improvements or as may be deemed advisable by the Association, the removal of trees shall require the prior written approval of the ARC. All tree removal shall comply with applicable laws and ordinances.

(d) Water is to be conserved to the greatest practical extent. Xeriscape practices consistent with water conservation and management are encouraged in all areas of Crossing Trails Resort. Prohibited practices include, but are not limited to, the use of water as a method of sweeping water-impervious ground surfaces clean, excepting occasional professional pressure washing; irrigation equipment set so as to allow water to be applied to non-vegetated areas; and the application of water to areas populated with natural native vegetation. The Board shall have final and uncontestable discretion and authority to determine and publish from time to time refined standards and guidelines regarding water conservation, and the Board has authority to assess penalties to the owners of Lots who do not, after having first been given warning in writing, effect corrective action and pay for any costs incurred by the Board or Association in acting to further the conservation of water.

9.13 Fire Prevention Standards

Each Owner shall maintain the Owner's Lot and Improvements in compliance with the Crook County Neighborhood Residential standards for fire prevents as the same may be changed from time to time and which currently include the following:

9.13.1 Fire. Create primary and secondary fuel breaks through fuel reduction, plant spacing, species selection, and placement restrictions.

(i) Fuel Break. Owners will create and maintain primary and secondary fuel breaks.

(ii) Fuel Break Around Structures. The Owner shall maintain a primary fuel break extending 30 feet from any structure or to the property line if it is closer, and 5 feet on each side of the driveway. Owner shall also maintain a secondary fuel break to the property line on lots where the depth or width of the lot extends beyond the 30-foot primary fuel break.

(iii) Primary Fuel Breaks. Primary fuel breaks are comprised of substantially non-flammable ground cover and/or dry grass not exceeding 4" in height on average and arranged in such a way that materials do not create a continuous fuel bed. Primary and secondary fuel breaks are comprised of single specimen plants or isolated groupings of plants from the Crook County Neighborhood Area Plant List, provided they are kept green, free of dead plant material, free of ladder fuel, and arranged to prevent the spread of fire through the fuel break. Flammable mulches are permitted when kept away from flammable structures and applied so that they will not convey fire to adjacent areas.

9.13.2 Structures. Built to be Fire Resistant.

(i) Openings in Structures. All permanent openings such as vents, into and under structures are completely covered with noncombustible, corrosive-resistant mesh screening materials with openings ¼ inch or less.

(ii) Roofing. Roof materials are fire resistant. Trees overhanging structures have substantially no dead material.

(iii) Siding. Fire-resistant siding material is strongly encouraged.

(iv) Surfacing. Walkways, decking, porches, railings, and similar surfaces are made of nonflammable materials.

(v) Chimney/Stove. No vegetation exists within 10 feet of chimney or stove outlets.

(vi) Chimneys and Stove Pipes. Shall be used only if completely covered with a spark arrester which is constructed of 12 USA standard gauge wire having openings which are no larger than one-half inch in size.

(vii) Decks. Undersides of decks are completely closed off with noncombustible, corrosive-resistant mesh screening material with openings ¼ inch or less, or are free of flammable materials.

(viii) Outside Storage. Firewood, flammable building materials and other flammable materials are located 30 feet or more from structures or within a fully enclosed space.

(ix) Fencing. Wooden and other flammable fencing is located 20 feet from flammable structures. Non-flammable fencing may be attached to flammable structures.

9.13.3 Planting Theme. Landscape plants shall include those from the Crook County Neighborhood Area Planting List.

(i) Plant Health. Plants shall be healthy, green and substantially free of dead plant material.

(ii) Standing Dead Trees. None shall be allowed.

(iii) Dead and Down Trees. None shall be allowed.

(iv) Irrigation. As required for plants on plant list.

(v) Maintenance. Plants are pruned and dead material removed annually from the Lot. Trees and shrubs regenerating in natural areas and outside of fuel breaks meet natural Open Space Standards.

9.13.4 Neighborhood. Each Property will be maintained to support the fire-survivability of adjacent properties.

(i) Open Fires. All open must be conducted under a permit from the Crook County rural Fire Protection District. Owners shall follow all requirements of the Crook County Burn Ordinance that is currently in effect.

(ii) Grills, Incinerators, Outdoor Fireplaces, Permanent Barbecues, and Similar Outdoor Devices. Shall be maintained in good repair, in safe condition, and have all openings completely covered by a spark arrester, a screen, or by a door.

(iii) Outdoor Equipment or Devices Capable of Generating Heat, Sparks, or Open Flames. Shall be conducted in compliance with all applicable permit and fire safety requirements.

(iv) Safety. Street layout to provide easy access to lots and structures and easy evacuation from lots.

9.14 Antennae, Satellite Dishes and Solar Collectors

No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar implement or apparatus, or solar collector panels or equipment upon any Lot unless such apparatus is erected and maintained in such a way that it is screened from public view and from the view from any portion of the Property other than the applicable Lot; and no such apparatus shall be erected without the prior written consent of the ARC. The ARC, as designated in this Declaration, shall have the absolute authority to determine whether an accessory is adequately screened. The authority of the ARC in this matter shall be subject to any regulations issued by the Federal Communications Commission ("FCC") or any other applicable governmental authority.

9.15 Clothes Hanging Devices/Fences

Clothes hanging devices exterior to a dwelling shall be temporary, unaffixed structures shall not be visible from adjacent property or any portion of the Property. Clothes hanging devices shall be screened from public view and from the view from any portion of the Property other than the applicable Lot. No fences shall be permitted except as may installed by the Association.

9.16 Security

Neither Declarant nor the Association shall be responsible for security of the Common Maintenance Areas (including the Common Areas) or any Residence or Lot, and the Owners are exclusively responsible for their own security and the security of their Residences, Improvements, Lots and property. The Association may elect to, but shall not be required to, provide security features, such as security guards, patrols and/or security cameras within Crossing Trails Resort. The provision of such security features shall not, in any event, be construed to obligate the Association to provide security for Crossing Trails Resort, nor shall it subject the Association to liability for any failures of such security features. By acceptance of a deed, each Owner specifically agrees to the terms of this Section 9.15.

9.17 Construction Activities

This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction or remodeling of or making of additions to improvements by a Lot Owner (including Declarant) upon any Lot within the Property. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities, provided that such construction is pursued to completion with diligence and conforms to usual construction practices in the Crook County area. In the event that construction upon any Lot does not conform to usual practices in the area as determined by the ARC in its sole good faith judgment, the ARC shall have the authority to obtain an injunction to stop such construction. In addition, if during the course of construction upon any Lot, there is excessive accumulation of debris of any kind which is offensive, or detrimental to it or any other portion of the Property, then the ARC may contract for or cause such debris to be removed, and the Lot Owner shall be liable for all expenses incurred in connection therewith. Each

Owner shall assure that his or her contractor(s) shall strictly comply with such construction rules and regulations as may be set forth by the ARC and/or the Board from time to time.

9.18 Residence Construction

All buildings or other Improvements, permanent or temporary, habitable or uninhabitable, must be constructed, placed and maintained in conformity with such setback and height standards as may be imposed by the local governmental jurisdictional authority, as may be set forth in the deed for a particular Lot and/or as may be established by the ARC from time to time. In no event shall any Owner apply to the applicable local governmental jurisdictional authority and/or the ARC for a variance to construct any Improvement in excess of thirty (30) feet in height.

9.19 ARC Supervisory Authority Over Construction Activities

All construction activities on the Property, including, without limitation, staging, shall be governed by the ARC and such guidelines, rules and regulations as it may promulgate from time to time. The foregoing is intended and shall be construed to give the ARC the right, but not the obligation, (i) to provide supervision of construction activities; and (ii) to enforce ARC guidelines, rules and regulations.

9.20 Motorized Vehicles

Except for emergency vehicles, security and maintenance vehicles (to the extent owned, commissioned or authorized by the Association) and utility maintenance vehicles, no motorized vehicles of any kind shall be permitted on any part of the Property other than roads and driveways.

9.21 By Amenity

If either the Association or an Owner ("Defaulting Party") fails to maintain any landscaping or fencing situated adjacent to any portion of the Amenity Property and within twenty (20) feet of any portion of any Amenity, the Amenity Owner shall have the right, but not the duty, to maintain the landscaping or fencing at the sole cost and expense of the Defaulting Party. If the Amenity Owner desires to perform any such maintenance authorized by the preceding sentence, the Amenity Owner shall first notify the Defaulting Party in writing and provide the Defaulting Party with at least thirty (30) days from the date of the notice to perform such maintenance. If the Defaulting Party fails to commence and complete such maintenance within said thirty (30) day period, the Amenity Owner shall have the right to enter the Lot or Common Area on which the maintenance is required during reasonable business hours and perform such maintenance. Written notice of the costs incurred by the affected Amenity Owner in performing such maintenance and/or repair shall be given to the Defaulting Party who shall have ten (10) days to reimburse the Amenity Owner in full. The Amenity Owner shall have the right to deduct any charges which remain unpaid for longer than thirty (30) days from its obligation to the Association described in Section 9.20 of this Declaration. The Association may then assess any such charges which are attributable to a specific Owner against that Owner and the Owner's Lot as an Additional Assessment.

9.22 Notice of Sale or Transfer

An Owner desiring to sell or otherwise transfer title to his or her Lot (except transfers by operation of law) shall give the Board at least seven days prior written notice of the name and address of the purchaser or transferee, the date of the transfer of title, and such other information as the board may reasonably require.

9.23 Use of Name of Crossing Trails Resort

No person shall use the name "{Crossing Trails Resort}" or any derivative, or any other form which Declarant may select as the name of the Development Property or any component thereof, in any printed or promotional material, on the Internet or any means of advertising without Declarant's prior written consent. Owners may use the word "Crossing Trails Resort" in printed or promotional materials solely to specify that particular property is located within the Development Property, and the Association shall be entitled to use the word "Crossing Trails Resort" in its name.

9.24 Waiver of Remonstrance for Agricultural Practices

Crossing Trails Resort is subject to a recorded waiver of remonstrance regarding agricultural practices on adjacent land. Pursuant to this waiver, each owner within Crossing Trails Resort is deemed to have waived his or her rights of remonstrance regarding accepted agricultural practices on land adjacent to Crossing Trails Resort that is zoned EFU (Exclusive Farm Use). Without limiting the generality of the foregoing, this means, in part, that owners may not raise legal objections to accepted agricultural practices on adjacent EFU land, even if such practices create noise, pollution, inconvenience or other undesirable impacts on Crossing Trails Resort. As defined in the waiver, the phrase "accepted agricultural practices" is defined as "a mode of operation that is common to farms and ranches of a similar nature, necessary for the operation of such farms and ranches to obtain a profit in money, and customarily utilized in conjunction with farm or ranch use."

9.25 Waiver of Remonstrance for Authorized Wildlife Damage Control Activities

Crossing Trails Resort is subject to a recorded waiver of remonstrance for authorized wildlife damage control activities. Pursuant to this waiver, each owner within Crossing Trails Resort is deemed to have waived his or her rights of remonstrance regarding authorized wildlife damage control activities occurring on the Crossing Trails Resort property or on land adjacent to Crossing Trails Resort. Without limiting the generality of the foregoing, this means in part, that owners may not raise legal objections to authorized wildlife damage control activities on Crossing Trails Resort or adjacent property, even if such practices create noise, pollution, inconvenience or other undesirable impacts on Crossing Trails Resort. Pursuant to the waiver, wildlife damage control activities are only authorized if they are conducted by "an authorized state or federal agency, such as the U.S. Fish and Wildlife Service, the Animal Plant Health Inspections Services, and the Oregon Department of Fish and Wildlife (ODFW), or any individual property owner in coordination with such agencies.

9.26 Propane Tanks

Any propane tank is to be located, if at all, at the side of the Lot and screened from public view. The location of any propane tank is to conform to all fire and safety regulations and prudent fire prevention practices established by the Board or Association, and any tank is to be located so as to facilitate easy access for the purpose of refilling the tank.

10. ANNEXATION

10.1 Annexation by Declarant

At any time during the Initial Term of this Declaration, the Declarant may, at its sole option, annex additional property into the Association to be subject to the terms hereof to the same extent as if originally included herein and subject to such other terms, covenants, conditions, easements and restrictions as may be imposed thereon by Declarant. Declarant currently anticipates that there will be a

total of approximately 2400 Lots in the planned community of Crossing Trails Resort, including the Lots currently existing and Lots expected to be created in property to be annexed to Crossing Trails Resort, but this number may be adjusted at the sole discretion of Declarant, subject to the terms of Section 10.1.A. There shall be no maximum number of Lots which may be created by Declarant. Declarant shall have no obligation of any kind to annex any additional property to the Property.

10.1.1 Eligible Property

Any or all of the real property in Crook County, Oregon adjacent to ("adjacent" property shall include property on the other side of a public right of way, a public or private street or a river) or contiguous with the Property shall be eligible for annexation. There is no limitation on the amount of land that Declarant may annex to the Property, or the right of Declarant to annex common property, except as may be established by applicable ordinances, agreements, or land use approvals or as set forth herein.

10.1.2 Consent or Joinder Not Required

No consent or joinder of any Class A Member or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section.

10.1.3 Declaration of Annexation

Annexation shall be evidenced by a written Declaration of Annexation (the "Declaration of Annexation") executed by the Declarant, or (in the case of an annexation by action of members) by the Board and the owners of the property being annexed, setting forth the legal description of the property being annexed and any additional covenants, conditions and restrictions to be applied to such annexed property. Notwithstanding any provision apparently to the contrary, a declaration of annexation with respect to any annexed property may:

establish such limitations, uses, restrictions, covenants and conditions with respect thereto as Declarant may deem to be appropriate for the development of the annexed property;

establish additional or different limitations, uses, restrictions, covenants and conditions as Declarant may deem to be appropriate for the development of such annexed property; and/or

contain provisions necessary or appropriate to comply with any condition, requirement, or imposition of any governmental or regulatory authority.

Without limitation of the meaning of the foregoing provisions of this Section 10.1, in any Declaration of Annexation Declarant may, but shall not be obligated to, establish easements particular to different Lots and/or to create any such Sub-Associations as it may elect.

10.1.4 Voting Rights: Allocation of Assessments

Upon annexation, additional Lots so annexed shall be entitled to the voting rights as set forth in Section 2.2, and assessments shall be reallocated and reapportioned in the manner set forth in Section 2.17.

10.2 Annexation by Action of Members

At any time the Board may request approval of the membership for the annexation of additional property into the Association to be subject to all of the terms of this Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved by at least seventy-five percent (75%) of the outstanding votes and by Declarant so long as Declarant owns at least one (1) Lot. Any property that is contiguous to existing property subject to this Declaration may be annexed hereto according to the foregoing requirements, provided however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation must be evidenced by a Declaration of Annexation as set forth in Subsection 10.1.C above executed by the parties herein described.

10.3 No Duty to Annex

Nothing herein contained shall establish any duty or obligation on the part of the Declarant or any member to annex any property into the Association and no owner of property excluded from the Association shall have any right to have such property annexed thereto.

11. **OVERNIGHT LODGING**

11.1 Designated Overnight Units:

All Lots designated on the Plat as Lots to be owned by Individuals, but recorded with deed restrictions identifying such Lots as "overnight lodging" (each, an "Overnight Unit") shall comply with this Article XI. Each Lot or overnight unit that is created on or from another part of the Development Property and that is recorded with a deed restriction identifying such Lots or units as "overnight lodging" shall also be considered an "Overnight Unit" and shall comply with this Article XI. All Overnight Units shall be available for overnight rentals no fewer than 45 weeks per year. Such rentals shall be through one or more central reservation systems established for the Project. Such central reservation systems may be created and operated by Declarant or created and/or operated by an entity to which Declarant assigns such central reservation system, which entity may be the owner or operator of a hotel in the Project.

11.2 RIGHTS OF COUNTY:

In consideration of the approval by Crook County of the Project, Declarant hereby covenants and agrees, and each Owner of a Lot by the acceptance of any deed thereto, for itself and its heirs, executors, administrators, successors in interest and assigns, covenants and agrees as follows:

11.2.1 If any Owner of an Overnight Unit fails to comply with the terms of this Article XI, the County shall have authority to enforce such terms.

11.2.2 It is understood that by the provisions hereof, the County is not required to take any affirmative action, and any action undertaken by the County shall be that which, in its sole discretion, it deems reasonable to enforce the provisions.

11.2.3. it is understood that action or inaction by the County, under the provisions hereof, shall not constitute a waiver or relinquishment of any of its rights to seek redress for the violation of any of the provisions of this Article XI or any of the rules, regulations and ordinances of the County, or of other laws by way of a suit in law or equity in a court of competent jurisdiction or by other action.

11.2.4 It is further understood that the remedies available to the County by the provision of this Article XI or by reason of any other provisions of law shall be cumulative and not exclusive, and the maintenance of any particular remedy shall not be a bar to the maintenance of any other remedy.

11.2.5 Amendment: This Article XI cannot be amended or eliminated without the written consent of the County.

12. GENERAL

12.1 Remedies

If any default by any Owner under the provisions of the Declaration, Bylaws, Design Guidelines or rules and regulations of the Association shall occur, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Declaration, the Bylaws and said rules and regulations, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. No remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. All expenses of the Association in connection with any such action or proceedings, including court costs and attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest from the due date until paid at the rate set by the Board by resolution from time to time but in no event greater than the highest rate allowed by Oregon law at the time of the non-payment, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of his respective additional assessment or maintenance assessment (to the same extent as the lien provided herein for unpaid assessments), upon the Lot and upon all of his additions and Improvements thereto, and upon all of his personal property upon the Lot. Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner. Without limiting the generality of this Section 12.1, any and all costs incurred by the Association and/or the ARC in remedying an Owner's violation of this Declaration shall be an assessment against such Owner's Lot in accordance with Section 2.15, secured by a lien upon such Lot pursuant to the terms of Section 2.14.

Except as specifically provided for in this Declaration or the Bylaws, no party in any arbitration, mediation or other proceeding shall be entitled to recover costs or attorney's fees in connection therewith. To the fullest extent allowed by law, the Association shall not file or maintain any litigation for damages in excess of \$5,000 unless first approved by at least sixty-six percent (66%) of the outstanding votes of the Owners, and the defendant may cause any such litigation filed without such prior approval to be dismissed with prejudice. The foregoing restriction shall not apply to litigation related to the collection of assessments, fines or interest owed to the Association pursuant to the terms of this Declaration or the Bylaws; for actions initiated by the Association for so long as there is a Class B Member; for actions challenging ad valorem taxation or condemnation proceedings; initiated against any contractor or vendor hired by the Association or supplier of goods and services to the Association; to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it; actions to appoint a receiver pursuant to Section 5.9 of these Bylaws; for the defense of the Association of an action or proceeding brought against the Association; or to actions to summarily abate and remove a structure or condition that violates the Declaration or the Bylaws. The limitation set forth in this paragraph shall increase by \$500 on each fifth anniversary of the recording of this Declaration.

12.2 Fines Imposed by the Association

In addition to any other remedies available to the Association hereunder, the Association shall have the right to impose reasonable fines upon an Owner who violates the Declaration, Bylaws and any rules or regulations of the Association, in the manner and amount the Board deems appropriate in relation to the violation. Prior to collecting (but not prior to imposing) such fines, the Association shall give such written notice and an opportunity to be heard as may be required by applicable law. All such charges or fines shall be based upon (i) a schedule contained in the Bylaws (or amendment thereto or to this Declaration that is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing addresses designated in writing by the Owners); or (ii) a resolution of the Association or its Board that is delivered to each Lot, mailed to the mailing address of each Lot or mailed to the mailing addresses designated in writing by the Owners.

12.3 Term and Amendments

The covenants and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date this Declaration is recorded (the "Initial term"), after which time they shall be automatically extended for successive periods of ten (10) years each, unless a signed petition containing the signatures of at least seventy-five percent (75%) of the votes outstanding is presented to the Board or other duly appointed and authorized persons, which shall authorize the Board, or other duly appointed and authorized persons, to execute and properly record a notice of termination of this Declaration in the real property records of Crook County, Oregon. This Declaration may be amended at any time during the first thirty (30) year period or any extension thereof, by a signed petition containing the signatures of at least seventy-five percent (75%) of the votes outstanding, and the consent of the Declarant so long as the Declarant owns any part of the Property or has the right to annex additional property to the project whichever is longer, which shall authorize the Board, or other duly appointed and authorized persons, to execute and properly record an instrument amending this Declaration. Notwithstanding the foregoing, no amendment to this Declaration shall change the boundaries of any Lot or any uses to which any Lot or Residence is restricted or change the method of determining liability for common expenses, the method of determining the right to common profits or the method of determining voting rights of any Lot unless the Owners of affected Lots or Residence unanimously consent to the amendment. Upon approval of an amendment as provided herein, the president and secretary shall execute an instrument amending this Declaration and certifying that the amendment was adopted in accordance with this Declaration and ORS 94.590, which certification shall be properly acknowledged in the manner of acknowledgment of deeds, and the Board, or other duly appointed and authorized persons, shall record the instrument amending this Declaration. For purposes of voting on an amendment to this Declaration pursuant to this Section 13.3, Declarant shall be treated as a Class A Member with one vote (1) per Lot owner, except as otherwise provided by ORS 94.585. Subject to the provisions of Section 11.4, notwithstanding any provisions hereof to the contrary, the Declarant may, at its sole discretion and without consent being required of anyone, modify, amend or repeal this Declaration at any time before the closing of the sale on the first Lot, provided said amendment, modification, or repeal is in writing and properly recorded in the Deed Records of Crook County, Oregon. In no event shall an amendment pursuant to this Section create, limit, or diminish Declarant's special rights (including without limitation, Declarant's rights as the Amenity Owner hereunder for so long as Declarant owns any Amenity Property) without Declarant's written consent or change the boundaries of any Lot or any use to which any Lot is restricted unless the Owners of the affected Lots consent to the amendment. In no event shall an amendment pursuant to this Section limit or diminish any special rights granted hereunder to any Amenity Owner.

Declarant further reserves the right at any time to amend this Declaration, or any amendment hereto, in order to correct scrivener's errors. In no event shall an amendment pursuant to this Section create, limit, or diminish Declarant's special rights without Declarant's written consent or change

the boundaries of any Lot or any use to which any Lot is restricted unless the Owners of the affected Lots consent to the amendment.

12.4 Regulatory Amendments

Notwithstanding the provisions of Section 11.3, until the Turnover Meeting described in the Bylaws and to the extent permitted by applicable law, Declarant shall have the right to amend this Declaration or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of any department, bureau, board, commission or agency of the State of Oregon or to comply with any applicable law, including, without limitation, the Oregon Planned Community Act.

12.5 Declarant's Right of Consent

For a period of 10 years after the date of the Turnover Meeting or for so long as Declarant owns any property within the Development Property, whichever is longer, the Bylaws, the rules and regulations, and this Declaration, the Bylaws and rules and regulations may not be modified, added to, amended, or repealed without Declarant's prior written consent in each instance.

12.6 Severability

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

12.7 Rights and Obligations

The provisions of this Declaration and the Articles of Incorporation and Bylaws and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and mortgagees. By the recording or the acceptance of a deed conveying a Lot or any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Declaration and the Articles of Incorporation and Bylaws, whether or not mention thereof is made in said deed.

12.8 Miscellaneous Provisions

Any provision of this Declaration or of the Articles of Incorporation and Bylaws to the contrary notwithstanding, the following provision shall control:

12.8.1 Notice to Institutional Holders of First Mortgage Liens

The following actions will require notice to all institutional holders of first mortgage liens: (i) abandonment or termination of the Association; or (ii) material amendment to the Declaration.

12.8.2 Notice to Institutional Holders of First Mortgage of Default or Liens

Upon the written request of any first mortgagee of a dwelling on a Lot, the Association shall furnish to such mortgagee a written notice of any default by the Owner of such dwelling in the performance of such Owner's obligations under the within Declaration or the Bylaws or Association rules or regulations which is not cured within thirty (30) days. Any first mortgagee of a dwelling who comes into possession of the said dwelling pursuant to the remedies provided in the mortgage, a foreclosure of

the mortgage, or deed (or assignment) in lieu of foreclosure, shall take such property free of any claims for unpaid assessments or charges in favor of the Association against the mortgaged dwelling which accrued before the time such holder comes into possession of the dwelling.

12.8.3. Consent of Institutional Holders of First Mortgage Liens

Unless at least seventy-five percent (75%) of the first mortgagees (based upon one (1) vote per Lot for each mortgage) have given their prior written approval, neither the Association nor the Owners shall be entitled to:

i) by act or omission seek to abandon, partition, encumber, or transfer the Common Areas, if any, or any portion thereof or interest therein except for the purpose of dedication for public right of way. (The granting of easements for public utilities or other public purposes consistent with the intended use of such property shall not be deemed a transfer within the meaning of this clause.);

ii) substantially change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner by the Association;

iii) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of the Residences or maintenance of the Residences or Lots; or

iv) fail to maintain liability and extended coverage insurance on insurable property comprising a part of the Common Areas on a current replacement cost basis in an amount not less than one hundred (100) percent of the insurable value (based on current replacement costs).

12.9 Personal Pronouns

All personal pronouns used in this Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

12.10 Statutory References

All references to particular statutory provisions in this Declaration shall be deemed to refer to such statutory provisions or their successor provisions, if applicable.

12.11 Headings

The headings contained in this Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Declaration.

12.12 Conflicts

If there is a conflict between the terms of this Declaration and any Bylaws, the Design Guidelines, rules, regulations or Articles of Incorporation of the Association, this Declaration shall control.

12.13 Partial Invalidity

The invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

EXHIBIT "A"

PROPERTY SUBJECT TO DECLARATION

EXHIBIT "B"
SINGLE-FAMILY LOT PORTION

EXHIBIT "C"
DESIGN GUIDELINES

EXHIBIT "D"

DIMENSIONAL STANDARDS

EXHIBIT "E"
COMMON AREAS

EXHIBIT "F"
OPEN SPACE AREAS