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Palmer Homes
P.O. Box 184
Bend, OR 97709

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CROSSWINDS

These Covenants, Conditions and Restrictions are made this 18th day of October, 2007, by VERNON C. PALMER, INC., an Oregon Corporation, hereinafter referred to as "Declarant".

Recitals:

1. Vernon C. Palmer, Inc., an Oregon corporation, owns that real property in the City of Bend, Deschutes County, Oregon legally described on the attached Exhibit A.

2. The property described in Exhibit A is hereby subject to these Covenants, Conditions and Restrictions ("CCRs") and will be known as Crosswinds.

3. Declarant reserves the right, but not undertaking the obligation, to annex additional property to the Association and subject it to the terms and provisions of these CCRs, the Articles and the Bylaws of the Association.

4. Crosswinds is being developed as a residential community. Except where this Declaration for Crosswinds conflicts with any applicable government municipal regulations, this Declaration shall be binding upon all property subject to this Declaration and its Owners and their successors in interest as set forth herein. In the event any of the development standards or use restrictions of this Declaration should conflict with a more restrictive standard or requirement set by an applicable zoning ordinance of the City of Bend, the more restrictive standard or requirement of the applicable City of Bend ordinance shall apply.

5. The property described in Exhibit A was formerly the site of a wood products treatment facility which used hazardous materials. After closure of the treatment facility, the site underwent remedial clean up action through the Department of Environmental Quality (DEQ) to ensure any hazardous materials discharged on site from the wood products treatment process did not present a danger to public health or the environment. As a part of the remedial clean up action, a Consolidated Cap (aka "Berm") was constructed in the area shown on the Crosswinds subdivision plat as Tract A. The property is subject to a recorded Easement and Equitable Servitudes including a monitoring and maintenance plan recorded on April 18, 2005 in the offered records of the Deschutes County Clerk at Volume 2005, Page 23211, attached hereto as Exhibit C.

6. The Association shall own the Consolidated Cap. This Consolidated Cap consists of an engineering control design to encapsulate contaminated soils, which are covered with clean topsoil and native flora. The Consolidated Cap shall be monitored and maintained in accordance with Sections 2 and 4 of these CCRs. Except upon prior written approval from DEQ, no persons shall be allowed to conduct any activity on or around the Consolidated Cap. The HOA shall enforce this by maintaining a fence around the berm. Each owner has a duty to report any trespass upon or alteration to the Consolidated Cap to the Board of Directors of this Association.

Based on the remedial clean up, DEQ determined the property is protective of public health and the environment and issued a conditional No Further Action (NFA) determination on April 25, 2005.

7. The DEQ has or will release the property describe on Exhibit A, except Tract A, from the Easement and Equitable Servitudes under the terms of a Partial Release Easement and Equitable Servitudes in substantially the same form as Exhibit D hereto. Tract A including the Berm and Consolidated Cap shall remain subject to the Easement and Equitable Servitudes attached as Exhibit C. Declarant declares that the Property shall be held, transferred, sold, conveyed and occupied subject to the provisions of the Oregon Planned Community Act, ORS 94.550 et seq., and to the CCRs, easements, charges and liens set forth in these CCRs.

Section 1. DEFINITIONS.

1.1 "ARC" shall mean the Architectural Review Committee.

1.2 "Articles" shall mean the Articles of Incorporation for the non-profit corporation, Crosswinds Homeowners Association.

1.3 "Association" shall mean the Crosswinds Homeowners Association and its successors and assigns.

1.4 "Berm" shall mean that area shown on the Crosswinds subdivision plat as Tract A containing the Consolidated Cap.

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

1.6 "Bylaws" shall mean the Bylaws of the Association.

1.7 "CCRs" shall mean the Covenants, Conditions and Restrictions set forth in this document as amended from time to time and all other provisions set forth in these CCRs.

1.8 "Common area" shall mean all real and personal property now or hereafter owned in common by the Crosswinds Homeowners Association for the common use and enjoyment of the Owners, including the Berm shown on the Crosswinds subdivision plat as Tract A.

1.9 "Common Expenses" shall mean and include the actual and estimated expenses of operating the Association, including any reasonable reserve fund to comply with the monitoring and maintenance of the Consolidated Cap as described in these CCRs and Exhibit C.

1.10 "Consolidated Cap" is the feature located on Tract A containing contaminated soils as described in the Recitals hereto and otherwise known as the "Berm."

1.11 "Crosswinds" shall mean all of the real property now or hereafter made subject to this Declaration.

1.12 “Declarant” shall mean Vernon C. Palmer, Inc., an Oregon Corporation, or its successors in interest.

1.13 “Declaration” shall mean this Declaration of Covenants, Conditions and Restrictions for Crosswinds.

1.14 “Homesite” shall mean a Lot as defined herein.

1.15 “Improvements” shall include, but not be limited to any buildings, outbuildings, private roads, driveways, parking areas, fences and barriers, retaining walls and stairs, decks, hedges, windbreaks, planting, planted trees and shrubs, signs, storage areas and all other structures or exterior landscaping, vegetation or ground cover of every type of any kind above the land surface.

1.16 “Living Unit” or “Unit” shall mean any portion of a structure situated upon the Property designed and intended for use and occupancy as a residence by a single family.

1.17 “Lot” shall mean each lot described on the subdivision plat or partition map to any alteration thereof as may be made by a valid lot line adjustment.

1.18 “Occupant” shall mean the occupant of a Living Unit who shall be either the Owner, lessee or any other person authorized by the Owner to occupy the premises.

1.19 “Owner” shall mean any person or entity, including the Declarant, at any time owning a Building Lot, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Building Lot. Notwithstanding to the foregoing sentence, for all purposes under this Declaration, Declarant shall be deemed to be the Owner of any Building Lot owned by Vernon C. Palmer, Inc. and Vernon C. Palmer, Inc. shall not be deemed to be an "Owner".

1.20 “Property” shall mean all real property and all improvements located on the real property subject to these CCRs, as more particularly set forth on Exhibit A attached.

1.21 “Rules and Regulations” shall mean the Rules and Regulations and policies adopted by the Board of Directors of the Association or the ARC as may be from time to time amended.

1.22 “Streets” shall mean any street, or thoroughfare within or adjacent to Crosswinds and shown on any recorded subdivision or partition map, or survey map of record, whether designated thereon as street, boulevard, place, drive, road, terrace, way, lane, circle or otherwise.

Section 2. PROPERTY SUBJECT TO THE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR CROSSWINDS.

2.1 General Declaration Creating Crosswinds. Declarant hereby declares that all of the real property located in Deschutes County, Oregon, described in Exhibit A is owned and shall be hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part subject to this Declaration. All of said Restrictions are declared and agreed to be established with the purpose of protecting the desirability and attractiveness of said real property and every part thereof. All of the Covenants, Conditions and Restriction of Crosswinds run with all of said real property for all purposes and shall be binding upon and inure to the benefit of Declarant and all Owners and their successors in interest as set forth in this Declaration.

2.2 Initial Development. All land within the Initial Development of Crosswinds is included in one of the following classifications:

2.2.1 Lots 1-29. Lots 1 through 29 as shown on the Crosswinds subdivision plat are reserved for single-family residential use containing one Living Unit per Lot.

2.2.2 Common Area. Common area shall consist of the Berm on Tract A containing the Consolidated Cap and any other area designated as common area or open space on the plat of the Initial Development or in any supplemental Declaration or the plat of any land annexed by supplemental Declaration. Tract A shall be subject to the Easement including restriction on use set forth below and shall be monitored and maintained in accordance with the obligations set forth in these CCRs.

2.3 Annexation. Declarant reserves the right to annex property and further develop Crosswinds in subsequent phases in accordance with the provisions set forth herein.

2.3.1 The procedure for this annexation is as follows:

2.3.1.1. Declarant may develop additional land, possibly in phases, with standard residential improvements including streets, curbs, utilities, etcetera. All improvements would be done in a similar manner and of a similar quality to Phase I improvements. Upon completion of improvements, the plat for that new phase would be recorded, and that part of the property would become subject to all privileges and limitations of the Crosswinds Homeowners Association, Inc. Declarant will notify the Association when additional land is made subject to the Association.

2.3.2 The Owners of Lots in annexed areas shall be accorded the same voting rights as Owners of Lots in Phase I.

2.3.3 The formula for reallocating the expenses upon the annexation of additional Lots to the Association shall be as described in Section 7, Maintenance Assessment / Special Assessments. If Lots are annexed during the fiscal year, common expenses shall be reapportioned equally among all Lots on the beginning of the next month following annexation.

2.4 Common Area Easement and Maintenance. As set forth in Section 2.2 above, the Initial Development includes common area designated on Tract A containing the Consolidated Cap. Declarant hereby reserves for the Association a perpetual easement for access to and maintenance of Tract A in accordance with these CCRs and Exhibit C. At all times, the Association will maintain a secure fence around the Berm and restrict access to the Berm only to that access necessary for the maintenance of the fence and the monitoring and maintenance of the Consolidated Cap in accordance with Exhibit C. No person shall be allowed to conduct any activity on or around the Consolidated Cap without prior written approval from DEQ and such approval shall be requested by and through only the Association.

Section 3. ARCHITECTURAL REVIEW COMMITTEE.

3.1 Responsibility. The Architectural Review Committee (ARC) will be responsible for the approval of plans and specifications for the development of any building, structure or other improvements on any Lot.

3.2 Membership. The ARC shall consist of three (3) members and shall initially be the Declarant. A majority of the committee may designate a representative to act for it. In case of death or resignation of any member of the committee, the remaining member or members shall have full authority to designate a successor. Neither the members of the committee nor its designated representative shall be entitled to any compensation for services performed by said members. In the event that the deaths of resignations of all members of the committee shall occur without successors having been appointed, the majority of the Owners shall have full power to designate successors.

3.3 Action. The committee may render its decisions only by written instrument setting forth the actions taken by the members consenting thereto.

3.4 Failure to Act. In the event the committee, or its designated representative, fails to approve or disapprove plans and specifications within thirty (30) days after the same have been submitted to it in writing, or in any event, if no suit to enjoin the construction has been commenced before completion, approval will not be required and these provisions shall be deemed to have been fully complied with.

3.5 Non-waiver. Consent by the ARC to any matter proposed to it or within its jurisdiction shall not be deemed to constitute a precedent or waiver impairing its right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent.

3.6 Liability. Neither the ARC nor any member thereof shall be liable to any Owner for any damage, loss, prejudice suffered or claimed on account of any action of failure to act of the committee or any member thereof, provided that the members acted in accordance with actual knowledge possessed by them, and that they acted in good faith.

Section 4. RESTRICTIONS.

4.1 Berm. No person shall be allowed to travel upon Tract A (the Berm and Consolidated Cap) or otherwise use affect the Berm in any way. The Berm shall remain fenced at all times. Each owner has a duty to promptly report any trespass upon or alteration to the Berm to the Association.

4.2 Governmental Restrictions. All uses, occupancy, construction and other activities conducted on any Lot shall conform with and be subject to applicable zoning, use restrictions, setback requirements, construction and building codes and environmental laws of all local, state and federal public authorities.

4.3 Uses. All Lots and Living Units shall be used for residential, recreation and vacation purposes only. Home Occupation in any Living Unit shall be subject to municipal zoning codes.

4.4 Landscaping. Front, rear and side yards must be improved and landscaped not later than thirty (30) days from occupancy. However, in the event the occupancy occurs between November 1st and March 1st, the landscaping shall be completed by April 1st to allow for the installation of landscaping during the growing season. Trees shall not be removed without written consent of the ARC. Trees and shrubs shall be trimmed and pruned and lawns cut sufficiently and maintained year round so that they do not become eyesores and detrimental to the values of other properties. If a Lot is not properly maintained, the Association shall notify said Lot Owner of the violation. The notice shall be sent to the Owner at the last known address and the Owner will be given fifteen (15) days from date of notice to correct the violation. If the violation is not corrected within fifteen (15) days, the Association shall have the right to maintain the landscaping of the Lot at the Owner's expense. If the funds expended by the Association are not paid within thirty (30) days from written notification to the Owner of the amount due, a lien will be filed against the Owner's Lot. Said lien shall bear interest at the rate of twelve percent (12%) per annum until paid and the lien shall be subject to foreclosure per the terms of this Declaration of Covenants, Conditions and Restrictions and the Oregon Statutes.

4.5 Approval Required. No Improvements, as defined in Section 1.15, shall be erected, placed, altered, maintained, or permitted to remain on any land subject to this Declaration until final plans and specifications have been submitted to and approved in writing by the ARC.

4.6 Appearance. All garbage, trash, cuttings, refuse, clothes drying apparatus and other service facilities located on the Lot shall be screened from view, in a manner approved by the ARC. Garbage and refuse containers must also be screened from view except for twelve hours prior and twelve hours following collection time. Boundary fences, walls or hedges must be kept in good condition and repair. No window air conditioning units will be installed or approved by the ARC. Each Lot within Crosswinds shall be maintained in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard or visual pollution.

4.7 Nuisances. No obnoxious, offensive or commercial activity or pursuit shall be carried on upon any Lot therein nor shall anything be done thereon which may be an annoyance or nuisance to the other Owners. Any use or practice that is a reasonable source of annoyance to

Owners or which interferes with the peaceful possession and proper use of the property by its Owners is prohibited.

4.8 Signs. Except as provided in paragraph 8.2, other Lot Owners may place one (1) "For Sale" or "For Rent" sign on their Lot only. The maximum size of the sign shall be four (4) square feet. Signs of any other type are prohibited without the consent of the ARC.

4.9 Manufactured Homes. Campers, mobile homes, trailers, or manufactured homes as described in ORS 446.003(20)a and as amended from time to time are prohibited for use as a residence on any Lot within Crosswinds.

4.10 Exterior Lighting or Noise Making Device. No exterior lighting or noise-making device shall be placed on a Lot or any portion thereof without the prior written consent of the ARC.

4.11 Underground Utilities and Satellite Dishes. No outdoor overhead wire or service drip for the distribution of electric energy or for telecommunication purposes, nor any pole, tower or other structure for independent reception, transmission or support of any of the above shall be erected, placed or maintained within the property. No television antenna, radio antenna, satellite antenna or dish, or other device shall be placed on any Lot without the prior written consent of the ARC.

4.12 Pets. Dogs shall be prohibited from running at large and shall be kept under the Owner's control at all times when outside the Living Unit. Excessive barking is prohibited. Owners of dogs shall clean up after their dogs. Breeding of dogs or cats for commercial purposes is prohibited. The Association shall have the right to require any Owner to remove any pet that is a nuisance or that interferes with the right to quiet enjoyment in Crosswinds. Any dispute arising out of this Section shall be decided by a Majority of the Board of Directors of the Association and any decision of the Board on this matter shall be binding upon the affected Owner.

4.13 Parking. Parking of boats, trailers, motor homes, trucks (except pickups of ¾ ton weight or less), truck campers, motorcycles, or other recreational vehicles or similar equipment and vehicles shall not be allowed on any part of the property, common areas, public streets or alleys adjacent thereto for more than 48 hours, excepting only within areas designated for such purposes by the Board, in accordance with the terms of this Declaration, or within the confines of any enclosed garage or screened area. All plans for enclosed structures must comply with applicable ordinances, agreements or land use approvals, and must be approved in writing by the ARC prior to construction. No portion of the same may project beyond the screened area, or area otherwise visible from the street. All parking in private alleys is prohibited.

4.14 Fence, Sign, and Utility Easements. Declarant hereby reserves a nonexclusive easement for the purpose of the installation, maintenance and repair of a fence, entrance sign, utilities and a rock or sign standard. Construction will be of such material as Declarant, in its sole discretion, shall deem appropriate. No Owner shall make any repair, change or alteration of these improvements without the prior written approval of the Declarant, ARC or Association.

4.15 Sight Distance at Intersection. On a corner Lot, no fence, wall, or shrub planting which obstruct sight lines at elevations between two (2) and six (6) feet above roadways shall be placed or permitted to remain within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in the case of a rounded property corner, from the intersection of the street property lines extended.

The same sight line limitations shall apply on all Lots within the first ten (10) feet of a street right of way line. No trees shall be permitted to remain within such distances unless the foliage line is maintained a sufficient height to prevent obstruction of such sight lines.

4.16 Walls and Fences. No wall or fence of any height shall be constructed on any Lot until after the height, design, type and approximate location therefore, shall have been approved in writing by the ARC. Side and rear setback spaces may have a fence constructed to a maximum height of six (6) feet and must be constructed of wood fencing materials. An exception to the fencing along the side setback is noted above in section 4.15. No boundary line hedge or shrubbery shall be permitted with a height of more than six (6) feet. The heights or elevations of any wall or fence shall be measured from the existing elevations of the property at or along the applicable points or lines.

4.17 Firearms and Related Activity. No firearm, crossbow, bow and arrow or air gun, including without limitation, BB type or pellet guns, whether for purposes of hunting or target practice, shall be used within the subdivision.

4.18 Severability. Invalidation of any use 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.

Section 5. MEMBERSHIP AND VOTING RIGHTS.

5.1 Homeowners Association. Declarant shall establish the Crosswinds Homeowners Association as a non profit corporation, and shall record Bylaws for said corporation with the Deschutes County Clerk. Said Bylaws are attached as Exhibit B.

5.2 Membership. Every Owner of a Lot that is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment. Transfer of ownership of a Lot automatically transfers membership in the Association. Occupants and Owners shall be governed and controlled by these CCRs, the Articles, Bylaws, and Rules and Regulations of the Association.

5.3 Voting Rights.

5.3.1 Members. Members shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

5.3.2 Declarant. Notwithstanding paragraph 5.3.1, Declarant reserves the right to vote on behalf of all Members of the Association, until one hundred eighty (180) days after Declarant has sold eighty-five percent (85%) of the Lots in the Property or until Declarant terminates this reservation of special Declarant rights by notice in writing to the Association.

5.4 Voting by Lot. When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum. The total number of votes as of such Termination Date and thereafter, shall be equal to the total number of Lots annexed to the Property and subject to these CCRs as of such Termination Date.

5.5 Procedure. All meetings of the Association, the Board of Directors, the ARC, and Association committees shall be conducted in accordance with such rules of order as may from time to time be adopted by the Board of Directors. A tie vote does not constitute a Majority or approval of any motion or resolution.

Section 6. DECLARANT CONTROL.

6.1 Interim Board and Officers. Declarant reserves administrative control of the Association until one hundred eighty (180) days after Declarant has sold eighty-five percent (85%) of the Lots in the Property or until Declarant terminates the reservation of special Declarant rights by notice in writing to the Association. Declarant, in his or her sole discretion, shall have the right to appoint and remove Members of a three-Member Interim Board of Directors, which shall manage the affairs of the Association, and which shall be invested with all powers and rights of the Board of Directors. Notwithstanding the provisions of this Section, at the Turnover Meeting at least one (1) Director shall be elected by Owners other than Declarant, even if Declarant otherwise has voting power to elect all Directors.

6.2 Transitional Advisory Committee. Declarant shall form a Transitional Advisory Committee to provide for the transition of administrative control of the planned community from Declarant to the Association not later than the sixtieth (60^{th}) day after Declarant has conveyed Lots representing fifty percent (50%) or more of the Lots then existing in the community other than to a successor to Declarant. The committee shall consist of three or more members, one of which may be selected by the Declarant, and at least two of which shall be selected by the Owners. The committee shall have reasonable access to all information and documents which the Declarant is required to turn over to the Association under ORS 94.616.

6.2.1 Declarant Failure to Call Meeting. Any Owner may call a meeting of Owners to select the Transitional Advisory Committee if Declarant fails to do so as provided above.

6.2.2 Owners' Failure to Select Members. Notwithstanding the foregoing, if the Owners do not select members for the Transitional Advisory Committee as described above, Declarant shall have no further obligation to form the Transitional Advisory Committee.

6.2.3 Turnover Meeting. Declarant shall call a meeting for the purpose of turning over administrative control of the Association from Declarant to the Owners within ninety (90) days after the expiration of the period of Declarant control. Declarant shall give notice of the meeting to each Owner as provided in the Bylaws. If Declarant does not call a meeting required under this Section, any Owner may do so.

Section 7. MAINTENANCE ASSESSMENTS/SPECIAL ASSESSMENTS.

7.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Building Lot owned by it or Vernon C. Palmer, Inc. within the Property, does hereby covenant, and each Owner of any Building Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant, to pay to the Association all assessments or other charges as may be fixed, established and collected from time to time in the manner provided in this Declaration or the Bylaws. Such assessments and charges, together with any interest, expenses or attorneys' fees imposed pursuant to paragraph 7.5, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth in paragraph 9.2. No Owner may avoid such personal obligation by abandonment of Owner's Building Lot.

7.2 General Assessments.

7.2.1 Purpose of Assessments. The assessments levied under this Article shall be used for the purpose of improvement and maintenance of the Property, including payment of premiums for insurance required under these CCRs, monitoring and maintenance of the Berm, and maintenance of the fence around the Berm, to fund a replacement reserve for items which the Association has maintenance responsibility, and for payment of any common operating expenses such as landscaping, maintenance, Association management services, legal and accounting services and the like.

7.2.2 Basis for Assessment. There shall be two levels of assessments against Lots dependent upon whether such Lots have been improved with substantially completed Living Unit.

7.2.2.1 Unimproved Lots. Lots that have not been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. The assessment against such unimproved Lots shall include only amounts attributable to the Maintenance Reserve account. Declarant, at Declarant's option, may accrue the Maintenance Reserve Account portion of the assessment for an unimproved Lot until such Lot is conveyed to an Owner other than Declarant at which time the accrued amount is due to the Association. Owner may not accrue the liability insurance portion.

7.2.2.2 Improved Lots. Lots that have been improved with a substantially completed Living Unit shall be assessed equally with other such Lots. All initial, general and special assessments shall be equally allocated among the improved Lots. The assessment of Lots improved with substantially complete Living Units shall include the following items:

7.2.2.2.1 Expenses of administration.

7.2.2.2.2 Expenses, Maintenance and repair of common areas including compliance with the monitoring and maintenance requirements for the Consolidated Cap, including contracting with an environmental compliance or other qualified company to perform such obligations.

7.2.2.2.3 Expenses for the procurement and premium payments for an environmental site liability insurance policy covering pollution incidents associated with the Consolidated Cap with liability limits of not less than $250,000.

7.2.2.2.4 Expenses of maintenance and repair of Crosswinds signage, and any landscaping.

7.2.2.2.5 Any deficit in expenses for any prior year.

7.2.2.2.6 The cost of any professional management desired by the Board of Directors.

7.2.2.2.7 Any other items properly chargeable as an expense of the Association.

7.2.2.2.8 Reserve items.

7.2.3 Method of Assessment. The Board of Directors shall determine the annual assessment. Both annual and special assessments shall be fixed at a uniform rate for all Lots as described in paragraph 7.2.2. The Board shall set the date(s) such assessment shall become due. The Board may provide for collection of assessments annually or in monthly, quarterly or semi-annual installments; provided, however, upon the default in the payment of any one or more installments, the entire balance of such assessment may be accelerated at the option of the Board and be declared due and payable in full, together with interest, attorneys fees and costs as provided.

7.3 Date of Commencement of Annual Assessments. The general assessments with respect to the Lots shall commence at the time the Directors declare, but in no event later than the first day of the month following the conveyance of a Lot to an Owner other than Declarant. The pro rata annual assessment shall commence, with respect to an improved Lot, upon the substantial completion of a Living Unit on such Lot.

7.4 Reserve Study. The Board of Directors shall annually conduct a reserve study or review and update an existing study of the property components to determine the reserve account requirements. The reserve study shall include:

7.4.1 Identification of all items for which reserves are required to be established;

7.4.2 The estimated remaining useful life of each item as of the date of the reserve study;

7.4.3 The estimated cost of maintenance, repair or replacement of each item at the end of its useful life; and

7.4.4 A thirty (30) year plan with regular and adequate contributions, adjusted by estimated inflation and interest earned on reserves, to meet the maintenance, repair and replacement schedule.

7.4.4.1 The 30-year plan under subsection (3) of this section shall be appropriate for the size and complexity of the common property; address issues related to warranties and the useful life of the common property.

7.4.4.2 Within 30 days of conducting the reserve study the Board of Directors shall provide a written summary of the study and any revisions to every owner.

7.5 Special Assessments. The Board of Directors shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes:

7.5.1 To correct a deficit in the operating budget;

7.5.2 To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the CCRs, the Bylaws, or the Association's Rules and Regulations, by a vote of a Majority of the Board;

7.5.3 To compensate the Association for damage done by Owner or Owner's guests or invitees to property maintained by the Association;

7.5.4 To make repairs to the property maintained by the Association;

7.5.5 To make capital acquisitions, additions or improvements, provided, however, that Declarant reserves a special Declarant right to approve any such assessment until the Termination date.

7.6 Effect of Non-Payment of Assessments: Remedies of the Association. In addition to any other remedies provided by law, the Association may bring an action at law against the Owner personally obligated to pay an assessment or foreclose a lien upon the Property. No such action or judgment shall be a waiver of the lien of the Association as provided in ORS 94.709. No Owner may waive or otherwise escape liability for the assessments by non-use of the Property or abandonment of his or her Lot.

Section 8. DECLARANT'S SPECIAL RIGHTS.

Until the Living Units on all Lots on the Property have been constructed, fully completed and sold, with respect to each Lot on the Property, Declarant shall have the following special rights:

8.1 Sales Office and Model. Declarant shall have the right to maintain a sales office and model residence on one or more of the Lots which Declarant owns or leases. Declarant, prospective purchasers, and their agents shall have the right to use and occupy the sales office and model residences during reasonable hours any day of the week.

8.2 "For Sale" Signs. Declarant may maintain a reasonable number of "For Sale" signs at reasonable locations on the Property, including without limitation the property maintained by the Association.

Section 9. GENERAL PROVISIONS.

9.1 Insurance. The Board of Directors shall purchase as a Common Expense such insurance as it deems necessary provided however that the Association shall at all times purchase and maintain environmental site liability insurance covering limits of not less than $250,000 covering pollution incidents associated with the Consolidated Cap.

9.2 Records. The Board of Directors shall preserve and maintain Minutes of the meetings of the Association, the Board and any committees. The Board of Directors shall also keep detailed and accurate financial records including individual assessment accounts of Owners, the balance sheet and income and expense statements. Individual assessment accounts shall designate the name and address of the Owner or Owners of the Lot, the amount of each assessment as it becomes due, amounts paid upon the account, and the balance due on the assessments. The minutes of the Association, the Board and Committees, and the Association's financial records shall be reasonably available for review and copying by the Owners. A reasonable charge may be imposed by the Association for providing copies.

9.3 Enforcement. The Association and the Owners within the Property or any mortgagee on any Lot shall have the right to enforce all of the Covenants, Conditions, Restrictions, reservations, easements, liens and charges now or later imposed by any of the provisions of these CCRs as may appertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by either the Association or by any Owner or mortgagee to enforce any covenant or restriction shall not be a waiver of their right to do so thereafter. In the event suit or action is commenced to enforce the terms and provisions of these CCRs, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

9.4 Severability. Invalidation of any one of these Covenants, Conditions or Restrictions by judgment or court order shall not affect the other provisions, which shall remain in full force and effect.

9.5 Duration. The Covenants and Restrictions of these CCRs shall run with and bind the land for a term of thirty-five (35) years from the date of these CCRs being recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless rescinded by a vote of at least ninety percent (90%) of the Owners and ninety percent (90%) of the first mortgagees; provided in these CCRs; provided, however, that if any of the provisions of these CCRs violate the rule against perpetuities or any other limitation on the duration of the provisions herein contained imposed by law, then such provision shall be deemed to remain in effect only for the maximum period permitted by law. If these CCRs are rescinded, and if as a result of that rescission the Association is terminated or dissolved, then prior to termination or dissolution the Association shall transfer its obligations for Tract A and the Consolidated Cap to each of the Owners, who thereafter shall be jointly and severally liable for these obligations.

9.6 Amendment. These CCRs may be amended at any time by an instrument approved by not less than seventy-five percent (75%) of the total votes. Any amendment must be executed, recorded and certified as provided by law; provided, however, that no amendment of these CCRs shall effect an amendment of the Bylaws or the Articles of Incorporation without compliance of such documents and the Oregon Non-Profit Corporation Act. No amendment may change the plat. No amendment may limit any right of Declarant reserved under ORS 94.580(3) or (4) without the express written consent of Declarant or its successors and assigns. No amendment may remove or modify the obligation of the Association to monitor and maintain the Consolidated Cap, or alter the responsibilities of the Association for Tract A and the Consolidated Cap without the express advance approval of the State of Oregon, acting by and through the Oregon Department of Environmental Quality, or its successor.

9.7 Release of Right of Control. Declarant may give up its right of control, in writing, at any time by notice to the Association.

9.8 Unilateral Amendment by Declarant. Declarant may amend these CCRs in order to comply with the requirements of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee or provide financing in connection with development of the Property and sale of Lots. Prior to the Turnover Meeting, no such amendment shall require notice to or approval by any Member.

9.9 Resolution of Document Conflicts. In the event of a conflict among any of the provisions in the documents governing Crosswinds, such conflict shall be resolved by looking to the following documents in the order shown below:

9.9.1 Declaration of Covenants, Conditions and Restrictions except to the extent the Declaration is inconsistent with the Oregon Planned Community Act, ORS 94.550 to 94.783;

9.9.2 Articles of Incorporation;

9.9.3 Bylaws; and

9.9.4 Rules and Regulations

IN WITNESS WHEREOF, the undersigned as Declarant has executed this instrument this 18 day of October, 2007.

"Declarant"
VERNON C. PALMER, INC., an Oregon Corporation

By: Vernon C Palmer Date: 10/18/07
Vernon C. Palmer

STATE OF OREGON)
)
COUNTY OFDESCHUTES)

The above named Vernon C. Palmer, personally appeared before me and acknowledged the execution of the foregoing instrument to be his free and voluntary act.

OFFICIAL SEAL
SHERYL ABELL
NOTARY PUBLIC-OREGON
COMMISSION NO. 377194
MY COMMISSION EXPIRES FEB. 8, 2008

Sheryl Abell
Notary Public for State of Oregon
My Commission expires: 02-08-2008

EXHIBIT A
PROPERTY INCLUDED

(Follow this page)

Exhibit A

The plat of "Crosswinds" as recorded June 25, 2007 in plat cabinet H, page 364 in the office of the Deschutes County Clerk.

9-19-07

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JULY 17, 1986
PETER A. MANLEY
2214

RENEWAL DATE: 12/31/08

S:\Land Projects\CROSSWINDS-MASON\docs\Crosswinds.doc
9/19/2007

EXHIBIT B
(Bylaws)

(follow this page)

BYLAWS
OF
CROSSWINDS
HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1. NAME

The name of this association shall be "Crosswinds Homeowners Association" (the "Association").

ARTICLE 2. OBJECT

Section 2.1 Purpose.

The object of the Association shall be those actions required to protect and enhance all properties lying within the boundaries of the Property. The Association shall also maintain and monitor the Berm as described herein and in the CCRs.

Section 2.2 Applicability.

All present of future Owners, tenants, occupants, or their employees, or any other person that might use the facilities of Crosswinds, in any manner, are subject to the regulations set forth in these Bylaws.

Section 2.3 Definitions.

The terms in these Bylaws shall have the same meaning as set forth in the Crosswinds Declaration of Covenants, Conditions and Restrictions for Crosswinds, recorded or to be recorded in the Records of Deeds of Deschutes County, Oregon, as the same may be amended or supplemented by instruments of record (the "Declaration" or "CCRs").

ARTICLE 3. MEMBERSHIP

Section 3.1 Membership in the Association.

Membership in the Association shall be by ownership, either by deed or purchase under a contract of sale, of one or more Lots. All Owners shall automatically be Members of the Association and shall remain a Member of the Association until such time as the Member's ownership ceases.

Section 3.2 Voting Rights.

3.2.1 Members. Member shall be entitled to one (1) vote for each Lot owned by the Member with respect to all matters upon which Owners are entitled to vote.

3.2.2 Declarant. Notwithstanding paragraph 3.2.1., Declarant reserves the right to vote on behalf of all Members of the Association, until one hundred eighty (180) days after Declarant has sold eighty five percent (85%) of the Lots in the Property or until Declarant terminates this reservation of special Declarant rights by notice in writing to the Association.

3.2.3 Lot. When more than one (1) person or entity owns a Lot, the vote for such Lot may be cast as they shall determine, but in no event will fractional voting be allowed. Fractionalized or split votes shall be disregarded, except for purposes of determining a quorum.

Section 3.3 Majority of Owners.

As used in these Bylaws, the term "Majority" shall mean those Owners holding over fifty percent (50%) of the votes present at any legal meeting.

Section 3.4 Quorum.

Except as otherwise provided in these Bylaws, the presence, in person, by absentee ballot or by proxy, of Owners holding fifteen percent (15%) or more of the outstanding votes in the Association, as defined in these Bylaws, shall constitute a quorum. A legal meeting is one duly called pursuant to these Bylaws where a quorum is present, in person or by proxy, at a formal gathering. Unless otherwise stated in these Bylaws, the act of a Majority of Owners present shall be the act of the Members.

Section 3.5 Written Ballot.

Any action that may be taken at any annual, regular or special meeting of the Association may be taken without a meeting if the Association delivers a written ballot to every Association Member that is entitled to vote on the matter, provided that the Board of Directors provides owners at least ten (10) days' notice before ballots are mailed. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Matters proposed in the written ballot shall be deemed approved or rejected as provided by the Oregon Planned Community Act.

Section 3.6 Place of Meetings.

Meetings of the Association shall be held at the Association's principal office or such other suitable place convenient to the Owners as may be designated by the Board of Directors.

Section 3.7 Annual Meetings.

The Association shall hold an Annual Meeting as directed by the Board of Directors. At such meeting, new Members of the Board of Directors shall be elected in accordance with these Bylaws. The Owners may transact such other business of the Association as may properly come before them.

Section 3.8 Special Meetings.

Special Meetings may be called by the President of the Association, the Board of Directors or by Petition signed by twenty percent (20%) or more of the Owners.

Section 3.9 Notice of Meetings.

It shall be the duty of the Secretary of the Association to mail a notice of each annual meeting, stating the purpose, time and place of the meeting. Notice shall be mailed at least seven (7) days but not more than fifty (50) days prior to such meeting. The notice shall be mailed to the Owner's address last given the Secretary in writing by the Owner. If Lot ownership is split or the Lot has been sold on contract, notice shall be sent to a single address of which the Secretary has been notified in writing by such parties.

Section 3.10 Initial Meeting.

The initial meeting of the Association shall be held as soon as reasonably practical following the filing of the Articles of Incorporation. Notice of said meeting shall be provided per Section 3.9.

ARTICLE 4. BOARD OF DIRECTORS

Section 4.1 Number and Qualification.

The affairs of the Association shall be governed by a Board of Directors composed of three (3) to five (5) persons, all of whom must be an Owner or Co-Owner of a Lot.

Section 4.2 Powers and Duties.

The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association except as limited by the Declaration and Bylaws. The Board of Directors may do all such acts and things as are not by law, or by these Bylaws, directed to be exercised and done by the Owners. The Board, in the exercise of its official duties, is governed by applicable sections of ORS Chapter 63.

Section 4.3 Other Duties.

In addition to duties imposed by these Bylaws or by resolutions of the Association, the Board of Directors shall have the authority to carry out and shall be responsible for the following matters:

4.3.1 Establishing and maintaining replacement reserve accounts and other reserves and annually conducting a reserve study, or reviewing and updating an existing study, of the Association maintained property components to determine the reserve account requirements.

4.3.2 Designating and collecting monthly assessments from the Owners. The Association shall keep current records of: the regular and special assessments due from each Owner; including times and charges owed by such Owner; accrued interest, and late payment charges. The Association shall maintain a current record of the percentage rate at which interest accrues on assessments not paid when due, and the method of calculating late payment penalties.

4.3.3 Establishing of a budget and payment of all common expenses of the Association, including the method of approving vouchers.

4.3.4 Reviewing and maintaining insurance policies in respect to the Association.

4.3.5 Designating and dismissing personnel necessary for the maintenance and repair of all common areas.

4.3.6 Preparing and distributing annual financial statements of the Association to each Owner.

4.3.7 Adopting and amending administrative rules and regulations governing the details of operation, provided, however, any such Rules or Regulations remain subject to rescission or amendment by the Association upon Majority vote of Owners present at any properly called meeting.

4.3.8 Causing the Association to comply with the Oregon Planned Community Act relating to maintenance and distribution of financial statements and maintaining copies suitable for duplication of the current, effective versions id the following: CCRs, Bylaws, Association Rules and Regulations the recorded plat if feasible, and any amendments thereto, most recent annual financial statement, the current operating budget of the Association, the reserve study if any, and architectural standards and guidelines. Documents pertaining to matters listed in ORS 94.670 may be withheld from examination.

4.3.9 Causing the Association to maintain a current mailing address.

4.3.10 Monitoring the Consolidated Cap to ensure against damage to it, as set forth in the CCRs, and immediately reporting to DEQ any changes to the Cap, as set forth in the same document.

4.3.11 Ensuring that no persons enter Tract A by, among other things, maintaining a fence around it that will discourage children and adults and animals from entering it.

4.3.12 Designating, paying, and monitoring a qualified professional or professional firm to monitor and maintain the Consolidated Cap in accordance with the obligation set forth in the CCRs.

4.3.13 Establishing and maintaining a reserve account in a minimum amount of $14,500 for payment of costs incurred under section 4.3.12 and costs associated with damage or destruction of the Consolidated Cap that are not covered by insurance.

Section 4.4 Income Tax Returns; Determination of Fiscal Year.

The Board of Directors, in its sole discretion, shall determine the manner in which all necessary income tax returns are filed and shall select any and all persons to prepare and file such returns.

Section 4.5 Budgets and Financial Statements.

4.5.1 The Board of Directors, at least annually, shall adopt a budget for the planned community. Within 30 days of adoption, a summary of the budget shall be provided to all Owners. If the Board fails to adopt a budget the last adopted annual budget shall continue in effect.

4.5.2 The following financial and related information shall be annually prepared and distributed by the Board of Directors to all Members of the Association within 90 days after the end of the fiscal year:

4.5.2.1 A summary of the budget for the immediately ensuing fiscal year consisting of at least the following information shall be distributed.

4.5.2.1.1 Estimated revenue and expenses.

4.5.2.1.2 The amount of the total cash reserves of the Association currently available.

4.5.2.1.3 An estimate of the current replacement costs of, the estimated remaining life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components of the property and facilities which the Association is obligated to maintain.

4.5.2.2 A report consisting of the following shall be distributed annually after the close of the fiscal year.

4.5.2.2.1 A balance sheet as of the end of the fiscal year.

4.5.2.2.2 An operating (income) statement for the fiscal year.

4.5.3 If the Board of Directors fails to adopt a budget, the last adopted annual budget shall continue in effect.

Section 4.6 Interim Board and Officers.

The Declarant reserves administrative control of the Association until the Turnover Meeting. The Declarant, in his sole discretion, shall have the right to appoint and remove Members of an Interim Board of Directors and interim Officers. Notwithstanding the provisions of this Section, at the Turnover Meeting at least one (1) Director shall be elected by owners other than the Declarant, even if the Declarant otherwise has voting power to elect all other Directors.

Section 4.7 Election and Term of Office.

At the Turnover Meeting, upon agreement by vote of the Owners, the Board of Directors may be elected by a single ballot with each Owner permitted to vote for the number of openings in that year. The term of office of Directors shall be staggered so that approximately one-half of the Directors term will expire in one (1) year and the remaining half will expire in two (2) years. In the Turnover Meeting election, the two (2) nominees receiving the highest number of votes shall be the two (2) year Directors and the three (3) nominees receiving the next highest numbers of votes shall be the one (1) year Directors. The Directors shall hold office until their successors have been elected and hold their first meeting. The Association may increase or decrease the number of Directors and length of terms for which each is elected upon amendment of this Section. Should more Directors be added, the same sequential election terms shall apply as nearly as is practicable. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected to serve a term of two (2) years.

Section 4.8 Vacancies.

Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled for the balance of the term of each directorship by a vote of a Majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be Director until a successor is elected upon expiration of the term for which such person was elected by the other Directors to serve.

Section 4.9 Removal of Directors.

At any legal Annual or Special Meeting, other than a meeting by ballot, any one of the Directors may be removed with or without cause, by a Majority vote of the Owners and a successor may be then and there elected to fill the vacancy created; provided, however, the notice of the meeting specifically indicates that the removal of one or more named Directors is an agenda item for such meeting. Any Director whose removal has been by the Owners shall be given an opportunity to be heard at the meeting.

Section 4.10 Regular Meetings.

Regular Meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a Majority of the Directors. Notice of Regular Meetings of the Board of Directors may be called by the President of the Association on three (3) days notice to each Director given personally, by mail, telephone, fax or e-mail, which notice shall state the time, place and purpose of the meeting.

Section 4.11 Special Meetings.

Special Meetings of the Board of Directors may be called by the President or Secretary of the Association or on the written request of a Majority of Directors. Special Meetings of the Board of Directors may be called on three (3) days notice to each Director given personally, by mail, telephone, fax or e-mail, which notice shall state the time, place and purpose of the meeting.

Section 4.12 Waiver of Notice to Directors.

Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. The attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her. If all the Directors are present at any meeting of the Board, no notice to Directors shall be required and any business may be transacted at such meeting.

Section 4.13 Quorum.

At all meetings of the Board of Directors, a Majority of the existing Directors shall constitute a quorum for the transaction of business, and the acts of the Majority of the Directors shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the Majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4.14 Board of Directors Meetings Open to All Association Members, Exceptions.

All meetings of the Board of Directors shall be open to any and all Members of the Association, except that at the discretion of the Board of Directors the following matters may be considered in executive session:

4.14.1 Consultation with legal counsel concerning the rights and duties of the Association regarding existing or potential litigation, or criminal matters;

4.14.2 Personnel matters including salary negotiations and employee discipline; and

4.14.3 Negotiations of contracts with third parties. A contract or an action considered in executive session does not become effective unless the Board of Directors, following the executive session, reconvenes in open meeting and votes on the contract or an action, which must be reasonably identified in the open meeting and included in the minutes.

4.14.4 Collection of unpaid assessments.

Except in the case of an emergency, the Board of Directors of the Association shall vote in an open meeting whether to meet in executive session. If the Board of Directors votes to meet in executive session, the presiding officer of the Board of Directors shall state the general nature of the action to be considered and, as precisely as possible, when and under what circumstances the deliberations can be disclosed to owners. The statement, motion or decision to meet in executive session must be included in the minutes of the meeting.

No Association Member shall have a right to participate in the Board of Directors meetings unless such Member is also a Member of the Board of Directors. The President of the Association shall have the authority to exclude any Association Member who disrupts the proceedings at a meeting of the Board of Directors.

Section 4.15 Notice to Association Members of Board of Directors Meetings.

For other than emergency meetings, notice of Board of Directors meetings shall be posted at a place on the property at least three (3) days prior to the meeting or notice shall otherwise be provided to each Member of the Association reasonably calculated to inform all Members of such meeting. The posting of such notice shall be at a reasonable location which has been generally publicized to the Owners.

Section 4.16 Emergency Meetings.

Emergency Meetings may be held without notice if the reason for the Emergency Meeting is stated in the Minutes of the meeting. In the event of an Emergency Meeting, the Board of Directors may conduct the meeting by telephonic communication. Such telephonic meetings shall be carried on by means of a "conference call" in which each Director may speak with any of the other Directors. The Directors shall keep telephone numbers on file with the President of the Association to be used for telephonic meeting of the Board of Directors. No notice to either Directors or Association Members shall be required for a telephonic meeting of the Board of Directors to be held for any emergency action; provided, however, no such telephonic meeting shall occur unless at least seventy-five percent (75%) of the Board of Directors participate in the same and after an attempt has been made to call each Director at the telephone number maintained on file with the Board of Directors for such purpose.

Section 4.17 Compensation of Directors.

No Director shall be compensated in any manner, except for out-of-pocket expenses, unless such compensation is approved by vote of the Owners.

ARTICLE 5. OFFICERS

Section 5.1 Designation.

The principal Officers of the Association shall be a President, Vice-President, Secretary and Treasurer.

Section 5.2 Election of Officers.

The Officers of the Association shall be elected by the Board of Directors from its Members, and shall hold office at the pleasure of the Board.

Section 5.3 Removal of Officers.

Upon an affirmative vote of a Majority of the Members of the Board of Directors, any Officer may be removed, either with or without cause, and his or her successor elected at any regular or special meeting of the Board of Directors.

Section 5.4 President.

The President shall be the Chief Executive Officer of the Association. The President shall preside at all meetings of the Association and Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to, the power to appoint committees from among the Owners from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5.5 Vice President.

The Vice President shall act in the stead of the President if the President is unable or fails to act.

Section 5.6 Secretary.

The Secretary shall keep the Minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he or she shall have charge of such books and paper as the Board of Directors may direct; and he or she shall, in general, perform all the duties incident of the office of the Secretary.

Section 5.7 Treasurer.

The Treasurer shall have responsibility for Association funds and securities not otherwise held by the managing agent as directed by the Board of Directors, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

Section 5.8 Directors as Officers.

Any Director may be an Officer of the Association.

ARTICLE 6. OBLIGATIONS OF THE OWNERS

Section 6.1 Assessments.

All Owners are obligated to pay assessments imposed by the Association to meet all the Association's general common expenses as more particularly set forth in the CCRs. Assessments shall be payable on a periodic basis, not more frequently than monthly, as determined by the Board of Directors.

Section 6.2 Special Assessments.

Special assessments or charges may be levied as described in the CCRs.

Section 6.3 Default.

Failure by an Owner to pay any assessment of the Association when due shall be a default by such Owner of his or her obligations pursuant to these Bylaws, the CCRs and the Oregon Planned Community Act. The Board of Directors may, at its option, impose an interest rate, late charge, collection costs, attorney's fees, or any other appropriate mechanism for monthly assessment not paid when due. The Association shall be entitled to any remedy at law, including a lien which may be enforced upon compliance with the provisions of the Oregon Planned Community Act and the CCRs. In any foreclosure suit by the Association with respect to such lien, the Association shall be entitled to collect reasonable rent from the defaulting Owner for the use of his or her Lot or shall be entitled to the appointment of a receiver. Any default by the Owner under any provisions of these Bylaws or the Oregon Planned Community Act shall be deemed to be a default by the Owner of any mortgage to which the Owner is a party or to which the Lot is subject.

ARTICLE 7. OCCUPANCY RESTRICTION; RULES OF CONDUCT

Failure by an Owner (his family, invitees or lessees) to comply with the rules of conduct and restrictions set forth in the CCRs, these Bylaws or other rules promulgated by the

Board of Directors shall be cause, for which the Board of Directors may enforce any of the options available to them as set forth in the CCRs.

Section 7.1 The Berm.

No Owner shall enter upon Tract A (the Berm) or allow any person to do the same. Each owner shall promptly report any trespass upon or alteration of the Berm to the Board.

Section 7.2 Rentals.

Rentals of building for less than thirty (30) days are prohibited. This provision is intended to prohibit short term rentals of buildings. It is the intent of the Association to insure buildings are Owner occupied or rented on a long term basis.

Section 7.3 Additional Rules.

Rules and regulations concerning other use of the Property may be made and amended from time to time by the Board of Directors. Copies of such rules and regulations will be furnished to all Owners and residents of the Project, upon passage and upon request.

ARTICLE 8. INSURANCE

The Board of Directors shall obtain and maintain at all times environmental site liability insurance in an amount of not less than $250,000, insuring against pollution events in connection with the Association's ownership of the Consolidated Cap. In addition, the Board shall obtain and maintain insurance of the type and kind and in the amounts referred by Oregon Planned Community Act or as determined by the Board of Directors from time to time.

ARTICLE 9. AMENDMENT

These Bylaws may be amended at any time by an instrument approved by at least a Majority of the Owners present, in person or proxy, at a duly constituted meeting, by written ballot in lieu of meeting, or other procedure permitted by these Bylaws. Any amendment must be executed and certified by the President and Secretary of the Association as having been adopted in accordance with these Bylaws, and shall be notarized and recorded. No amendment of the Bylaws may effect an amendment of the CCRs or the Articles of Incorporation without compliance with the provisions of such documents and the Oregon Nonprofit Corporation Act. No amendment of the Bylaws may alter the responsibilities of the Association with respect to the Consolidated Cap or the Easement and Environmental Servitudes as set forth in the CCRs without the express advance approval of DEQ or its successor.

ARTICLE 10. COMPLIANCE WITH STATUTES

These Bylaws are intended to comply with the provisions of the Oregon Planned Community Act. In case any of the provisions conflict with the provisions of said statutes, the statutory provisions shall apply. In case of any conflict between the provisions and the CCRs, the provisions of the CCRs shall apply. These Bylaws area also intended to comply with the Oregon statutes governing nonprofit corporations, including ORS Chapter 65. In the event of a conflict between ORS Chapter 65 and these Bylaws, these Bylaws control.

ARTICLE 11. INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

The Association shall indemnify any Director, Officer, and may indemnify any employee or agent who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by the Association) by reason of the fact that he or she is or was a Director, Officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of no contest or its equivalent, shall not of itself create a presumption that a person did no act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had reasonable cause to believe his or her conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action suit or proceeding as and when incurred, subject only to the right of the Association, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a Director or Officer shall have a right of contribution over and against all other Directors or Officers and Members of the Association who participated with or benefited from the acts which created said liability.

ARTICLE 12. ASSESSMENT COLLECTION COSTS; SUITS AND ACTIONS

Owners shall be obliged to pay reasonable fees and costs including, but not limited to, attorney fees incurred in connection with efforts to collect any delinquent unpaid assessments. In addition to the monthly assessment for operating expenses and the funding of reserves, such assessments may include fees, late charges, fines and interest imposed pursuant to Oregon law. In the event suit or action is commenced by the Directors for the collection of any amounts due pursuant to these Bylaws or for the enforcement of any provisions of the CCRs, Bylaws or the Oregon Planned Community Act, the Owner or Owners, jointly and severally, will in addition to all other obligations, pay the costs of such suit or action, including reasonable attorney fees to be fixed by the trial court and, in the event of an appeal, the cost of the appeal, together with reasonable attorney fees in the appellate court to be fixed by such court.

ARTICLE 13. WAIVER

No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have abrogated or been waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

These Bylaws have been adopted by Vernon C. Palmer, Inc. Declarant of Crosswinds.

Dated this 18 day of October, 2007.

Crosswinds Homeowners Association, Inc.

Vernon C Palmer

Vernon C. Palmer

EXHIBIT C
(Easement and Equitable Servitudes)

(Follow this page)

DESCHUTES COUNTY OFFICIAL RECORDS
NANCY BLANKENSHIP, COUNTY CLERK 2005-23211

$101.00

00358273200500232110150151

04/18/2005 02:17:09 PM

D-EAS Cnt=1 Stn=25 SHIRLEY
$75.00 $11.00 $10.00 $5.00

15
15

After recording, return to:

Grantee
Oregon Department of Environmental Quality
2146 NE 4th Street, Suite 104
Bend, Oregon 97701
Att: Cliff Walkey
(541) 388-6146, ext. 224

EASEMENT AND EQUITABLE SERVITUDES

This Easement and Equitable Servitudes is made April 7, 2005 between Barbara Van Osten (***Grantor***) and the State of Oregon, acting by and through the Oregon Department of Environmental Quality (***DEQ*** or ***Grantee***).

RECITALS

A. Grantor is the owner of certain real property located at 21372 Highway 20 in Deschutes County, Oregon in Deschutes County Tax Map [Account 171235CA03900] (***Property***) the location of which is more particularly described in Exhibit A to this Easement and Equitable Servitudes, and referenced under the name Van Osten Property, ECSI # 365 in the files of DEQ's Environmental Cleanup Program at Eastern Region office located in Bend, Oregon. Interested parties may contact the Eastern Region office of DEQ to review a detailed description of implemented remedial actions at the Property. These descriptions can be found in Feasibility Study Report on-site Surface Soil Van Osten Property, Bend Oregon, prepared by Hart Crowser, Inc. dated October 2, 2000, and in Remedial Action Consolidated Cap for Van Osten Parcel Bend, Oregon, prepared by Hart Crowser, Inc., dated December 18, 2002, and documents cited in each of these reports.

B. The United States Environmental Protection Agency (USEPA) conducted a *Preliminary Assessment (PA)* on the property and surrounding properties, which is documented in a report dated August 31, 1988. Limited site characterization work was sponsored by Barbara Van Osten during the early and middle 1990s. The site was placed on the Oregon Department of Environmental Quality's *Confirmed Release List (CRL)* and *Inventory of Hazardous Substance Sites (Inventory)* in November 1996. DEQ added the Property to its *Orphan Site Program* in January 1999, because the owner (Barbara Van Osten) demonstrated a financial inability to pursue further investigation and cleanup. From April 26 to April 30, 1999, the DEQ arranged for 1,252 tons of soil containing pentachlorophenol (PCP) to be excavated and transported off-site for disposal.

C. In May 2001, the Director of the Oregon Department of Environmental Quality or delegate selected the remedial action for the Property set forth in the Record of Decision (ROD) for the Property (*Record of Decision, Selected Remedial Action for the Van Osten Properties Facility, May 2001*). The remedial action selected required, among other things, the *On-site Disposal (Consolidated Cap)* of residual dioxin-containing soils

DOCUMENT POOR QUALITY
AT TIME OF RECORDING

(described in Section 9.1 of ROD). The ROD specified that an institutional control in the form of a deed restriction would be placed on the portion of the parcel containing the consolidated cap to provide assurance that long-term reliability would be maintained (DEQ, May 2001, page 24).

D. From September 23, 2002, to October 15, 2002, remedial action were performed at the Van Osten Parcel site. The construction of the Consolidated Cap was initiated and completed during this timeframe, and included the initial landscaping that consisted of native flora planting, hydro seeding, installing of hydration packs, and miscellaneous activity. Landscaping improvements have occurred since the initial construction and have included replanting of native flora, weeding, constructing an irrigation system, watering of flora, and other miscellaneous activity.

E. The provisions of this Easement and Equitable Servitudes are intended to protect human health and the environment

F. As of the date of this Easement and Equitable Servitudes there is in existence the Cap, defined below and described in the public document titled Remedial Action Consolidated Cap for Van Osten Parcel Bend, Oregon, which was prepared by Hart Crowser, Inc., dated December 18, 2002, and may be found at the Eastern Region Office of DEQ.

1. DEFINITIONS

1.1 "Cap" is the same thing as the Consolidated Cap referred to in Recital C, above, and means the hardware cloth overlying the dioxin-contaminated soils and the volume of clean topsoil, approximately one foot in depth, over that hardware cloth, as well as the Native Flora growing on and in the 1 foot of clean topsoil, all of which is on the area of the Property described in *Attachment*B to the EES, and the topographic features of which are depicted in *Attachment*C (Consolidated Cap Grading Plan – As Constructed) to the EES.

1.2 "DEQ" means the Oregon Department of Environmental Quality, and its employees, agents, and authorized representatives. "DEQ" also means any successor or assign of DEQ under the laws of Oregon, including but not limited to any entity or instrumentality of the State of Oregon authorized to perform any of the functions or to exercise any of the powers currently performed or exercised by DEQ.

1.3 "Owner" means any person or entity, including Grantor, who at any time owns, occupies, or acquires any right, title, or interest in or to any portion of the Property or to a vendee's interest of record to any portion of the Property, including any successor, heir, assign or holder of title or a vendee's interest of record to any portion of the Property, excluding any entity or person who holds such interest solely for the security for the payment of an obligation and does not possess or control use of the Property.

1.4 "Property" means the real property described in Exhibit A, (which is the entire 5.14 acre Van Osten parcel) to this Easement and Equitable Servitudes. Maps, to be used for informational purposes only, are on *Attachment* A.

2. GENERAL DECLARATION

Grantor, in consideration of DEQ's agreement to enter into a GENERAL JUDGMENT on Stipulation and Consent and its entry into the records of the Circuit Court of Oregon for Deschutes County, and in consideration of DEQ's issuance of a No Further Action letter, and for other good and valuable consideration, grants to DEQ an Easement for access and accepts the Equitable Servitudes described in this instrument and, in so doing, declares that the Property described in Exhibit A to this Easement and Equitable Servitudes, is now subject to and shall in future be conveyed, transferred, leased, encumbered, occupied, built upon, or otherwise used or improved, in whole or in part, subject to this Easement and Equitable Servitudes. Each condition and restriction set forth in this Easement and Equitable Servitudes touches and concerns the Property and the equitable servitudes granted in paragraph 3 and easement granted in paragraph 4 below, shall run with the land for all purposes, shall be binding upon all current and future owners of the Property as set forth in this Easement and Equitable Servitudes, and shall inure to the benefit of the State of Oregon. Grantor further conveys to DEQ the perpetual right to enforce the conditions and restrictions set forth in this Easement and Equitable Servitudes.

3. EQUITABLE SERVITUDE (RESTRICTIONS ON USE)

3.1 **Soil Cap Use Restrictions:** Except upon prior written approval from DEQ, Owner shall not conduct, permit, or allow activity on the Property or use or permit others to use the Property in any way that will penetrate the Cap or jeopardize its functional integrity, including without limitation any excavation, drilling, scraping, or erosion. Owner shall maintain the Cap in accordance with the *Monitoring and Maintenance Plan* approved in writing by DEQ, which is attached hereto as *Attachment* D. If there is a release of a hazardous substance on the Property or if the Cap is breached, Owner shall make repairs and take other remedial action needed to return the Property to *status quo ante*.

3.2 **Notification:** Owner shall notify DEQ as soon as possible if any condition occurs or arises that compromises and/or threatens to compromise the integrity or function of the *Cap* as defined in *Attachment* D to this Easement and Equitable Servitudes.

3.3 **Use of the Property:** Owner shall not occupy or allow other parties to occupy the Property unless the controls and restrictions set out in this Paragraph 3 are maintained and an annual report submitted to DEQ including photo-documentation, to document that the restrictions and prohibitions of this Easement and Equitable Servitude are intact and continue to protect public health and the environment. The annual reporting requirements are specified in the *Monitoring and Maintenance Plan* (*Attachment* D).

3.4 **Notice of Transfer.** Owner shall notify DEQ at least thirty (30) days before the effective date of any conveyance, grant, gift, or other transfer, in whole or in part, of Owner's interest in or occupancy of the Property, or the start of any development activities or change in use, or legal partition of the Property that might expose human or environmental receptors to contaminants at the Property. In addition to the foregoing, Owner shall not commence any development inconsistent with the conditions or restrictions in this Paragraph 3 without prior written approval from DEQ, or removal of the condition or restriction as provided in Paragraph 3.5 below.

3.5 **Development.** To protect the Cap, Owner shall submit for DEQ review and approval, development, use, and building plans, or other similar and adequate documentation, before any material physical changes or disturbances are made to the Property that my infringe upon or impact the area described on *Attachment* B. Owner shall not commence any such activities without prior written approval of DEQ.

3.6 **Zoning Changes.** Owner shall notify DEQ no less than thirty (30) days before Owner's petitioning for or filing of any document initiating a rezoning of the Property that would change the base zone of the Property under the City of Bend zoning code or any successor code. As of the date of this Easement and Equitable Servitude, the base zone of the Property is Standard Urban Residential (RS).

3.7 **Partition.** Owner shall notify DEQ no less than thirty (30) days before Owner's petitioning for or filing of any document initiating a partition of the Property, or relating to a possible partition of the Property.

4. EASEMENT (RIGHT OF ENTRY)

During reasonable hours and subject to reasonable security requirements, DEQ has the right to enter upon and inspect any portion of the Property to determine whether the requirements of this Easement and Equitable Servitudes have been or are being complied with. DEQ shall have the right, privilege, and license, but not the obligation, to enter upon the Property at any time to abate, mitigate, or cure at the expense of the Owner, the violation of any condition or restriction contained in this Easement and Equitable Servitudes, provided DEQ first gives written notice of the violation to Owner describing what is necessary to correct the violation and Owner fails to cure the violation within the time specified in such notice. Owner grants DEQ a lien against the Property for any such expense, and such lien may be made of record by filing in the lien records of Deschutes County in the same manner as provided for the filing of a construction lien, or in any other manner allowed by law. Any such entry by DEQ shall not be deemed a trespass, and DEQ shall not be subject to liability to Owner for such entry and any action taken to investigate, abate, mitigate, or cure a violation of the requirements of this Easement and Equitable Servitudes.

5. GENERAL PROVISIONS

5.1 The existence of this Easement and Equitable Servitudes, the date of its recording, the name of the Grantee, and any other information needed to locate it in the Deed Records of Deschutes County shall be recited in any deed conveying the Property or any portion of the Property, and shall run with the land so burdened until such time as the condition or restriction is removed by written certification from DEQ, recorded in the Deed Records of Deschutes County, certifying that the condition or restriction is no longer required in order to protect human health or the environment.

5.2 Upon the recording of this Easement and Equitable Servitudes, all future Owners, as defined in Paragraph 2.2 above, shall be conclusively deemed to have consented and agreed to every condition and restriction contained in this Easement and Equitable Servitudes, whether or not any reference to this Easement and Equitable Servitudes is contained in an instrument by which such person or entity occupies or acquires an interest in the Property.

5.3 Upon any violation of any condition or restriction contained in this Easement and Equitable Servitudes, DEQ, in addition to the remedies described in Paragraph 4 above, may enforce this Easement and Equitable Servitudes as provided in the Consent Judgment, or may seek any other available legal or equitable remedy to enforce this Easement and Equitable Servitudes.

5.4 Until specifically advised otherwise by DEQ, any notice to DEQ shall be given to DEQ in writing as set forth in *Attachment* D.

IN WITNESS WHEREOF Grantor and Grantee have executed this Easement and Equitable Servitude as of the date and year first set forth above.

GRANTOR: [NAME OF GRANTOR]

By: Barbara Van Osten
[Barbara Van Osten, Owner] Date: 3/19/05

STATE OF ~~OREGON~~ ARIZONA)
) ss.
County of Pima)

The foregoing instrument is acknowledged before me this 19 day of March, 2005, by LH of Lori M Hanson, on its behalf.

DOCUMENT POOR QUALITY
AT TIME OF RECORDING

LOIS M. [illegible]
My Commission Expires Aug 18, 2007

NOTARY PUBLIC FOR ~~OREGON~~ ARIZONA
My commission expires: AUG 18 2007

GRANTEE: State of Oregon, Department of Environmental Quality

By: ____________________ Date: 4-7-05
[Joni Hammond, Eastern Region Administrator]

STATE OF OREGON)
) ss.
County of UMATILLA)

The foregoing instrument is acknowledged before me this 7th day of APRIL, 2005 by JONI HAMMOND of the Oregon Department of Environmental Quality, on its behalf.

OFFICIAL SEAL
BARBARA DE MAURO
NOTARY PUBLIC-OREGON
COMMISSION NO. 389075
MY COMMISSION EXPIRES MAR. 22, 2009

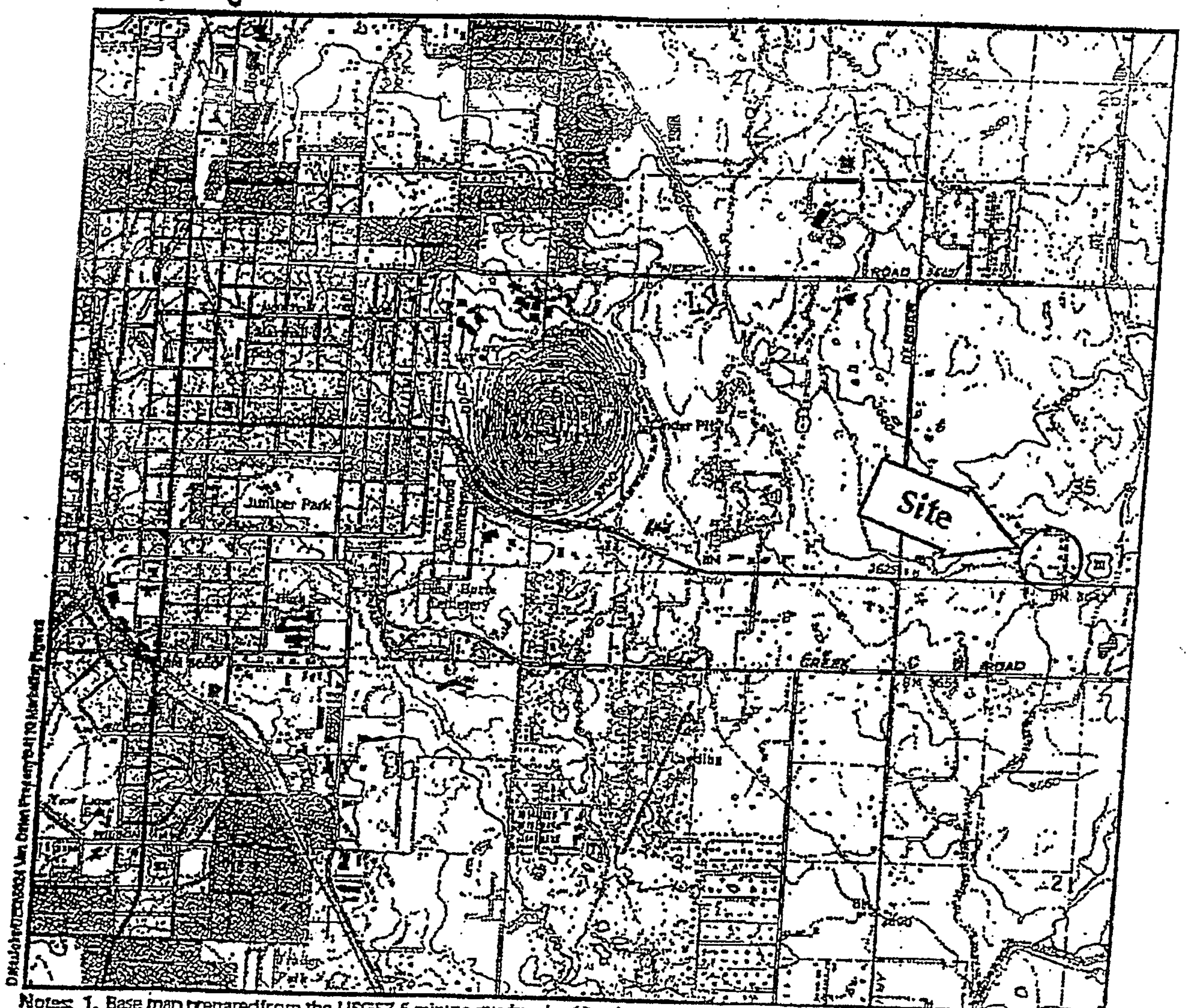
NOTARY PUBLIC FOR OREGON
My commission expires: MARCH 22, 2009

EXHIBIT "A"

A portion of the Northeast Quarter of the Southwest Quarter (NE1/4 SW1/4) of Section 35, Township 17 South, Range 12 East of the Willamette Meridian, Deschutes County, Oregon, described as follows:

Beginning at a point located West 380 Feet along the North line of said Northeast Quarter of the Southwest Quarter (NE1/4 SW1/4) and South 699.5 feet from the Northeast corner of said Northeast Quarter of the Southwest Quarter (NE1/4 SW1/4); thence West, 360.5 feet; thence South, 570 feet, more or less, to a point on the Northerly right-of-way line of U.S. Highway No. 20; thence Northeasterly along the Northerly Highway right-of-way line of said highway, a distance of 344.00 feet, more or less, to a point which is 396.5 feet West of the East boundary line of said Northeast Quarter of the Southwest Quarter (NE1/4 SW1/4); thence Northeasterly at an angle, a distance of 50 feet to a point which is 380 feet West from the East boundary line of the Northeast Quarter of the Southwest Quarter (NE1/4 SW1/4) and 506.6 feet South of the point of beginning; thence North 506.6 feet to the point of beginning.

Figure 2-1 - Site Location Map
Van Osten Properties Facility
Bend, Oregon



Notes: 1. Base map prepared from the USGS 7.5-minute quadrangle of Bend, Oregon, photorevised 1981.
2. Figure prepared by Hart Crowser, Inc.

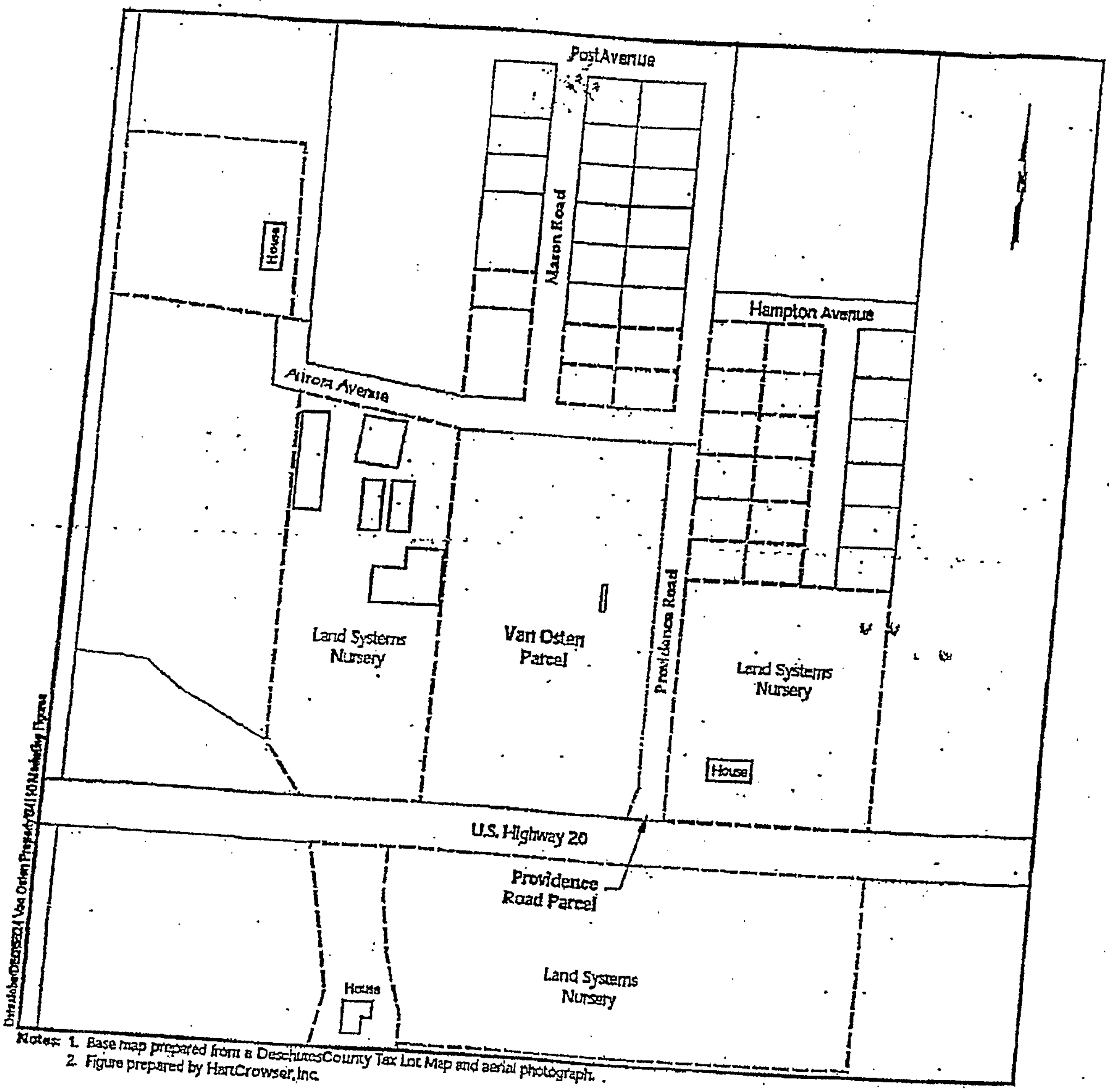
SCALE 1 : 24 000

1 ½ 0 1 MILE

1000 0 1000 2000 3000 4000 5000 6000 7000 FEET

CONTOUR INTERVAL 20 FEET
NATIONAL GEODETIC VERTICAL DATUM OF 1929

Figure 2-2 - Site Map
Van Osten Properties Facility
Bend, Oregon



Notes: 1. Base map prepared from a Deschutes County Tax Lot Map and aerial photograph.
2. Figure prepared by HartCrowser, Inc.

Legend:

Tax Lot Boundary

Structure

Nearby Properties

0 100 200 400

Approximate Scale in Feet

Attachment A Page 2 of 2

AREA OF DEED RESTRICTION

A parcel of land located in the Northeast One-Quarter of the Southwest One-Quarter (NE1/4, SW1/4) of Section 35, Township 17 South, Range 12 East, Willamette Meridian, City of Bend, Deschutes County, Oregon, more particularly described as follows:

Beginning at a 5/8" iron rod with a yellow plastic cap marked 'HWA' at the southwest corner of the parcel of land described in Warranty Deed as recorded in Vol. 45, Page 104 of Deschutes County Official Records; thence along the west boundary of said parcel North 00°19'15" West a distance of 130.00 feet; thence leaving said west boundary North 89°48'36" East a distance of 360.50 feet to the east boundary of said parcel; thence along said east boundary the following two (2) courses:

South 00°19'15" East a distance of 80.00 feet;
South 17°57'17" West a distance of 52.62 feet to the north right of way of the Central Oregon Highway;

thence leaving said east boundary and along said right of way South 89°48'36" West a distance of 344.00 feet to the Point of Beginning, the terminus of this description.

Subject to: All easements, restrictions and right-of-ways of record and those common and apparent on the land.

See attached drawing entitled "EXHIBIT B" hereby incorporated by reference.

7-28-04

REGISTERED PROFESSIONAL LAND SURVEYOR

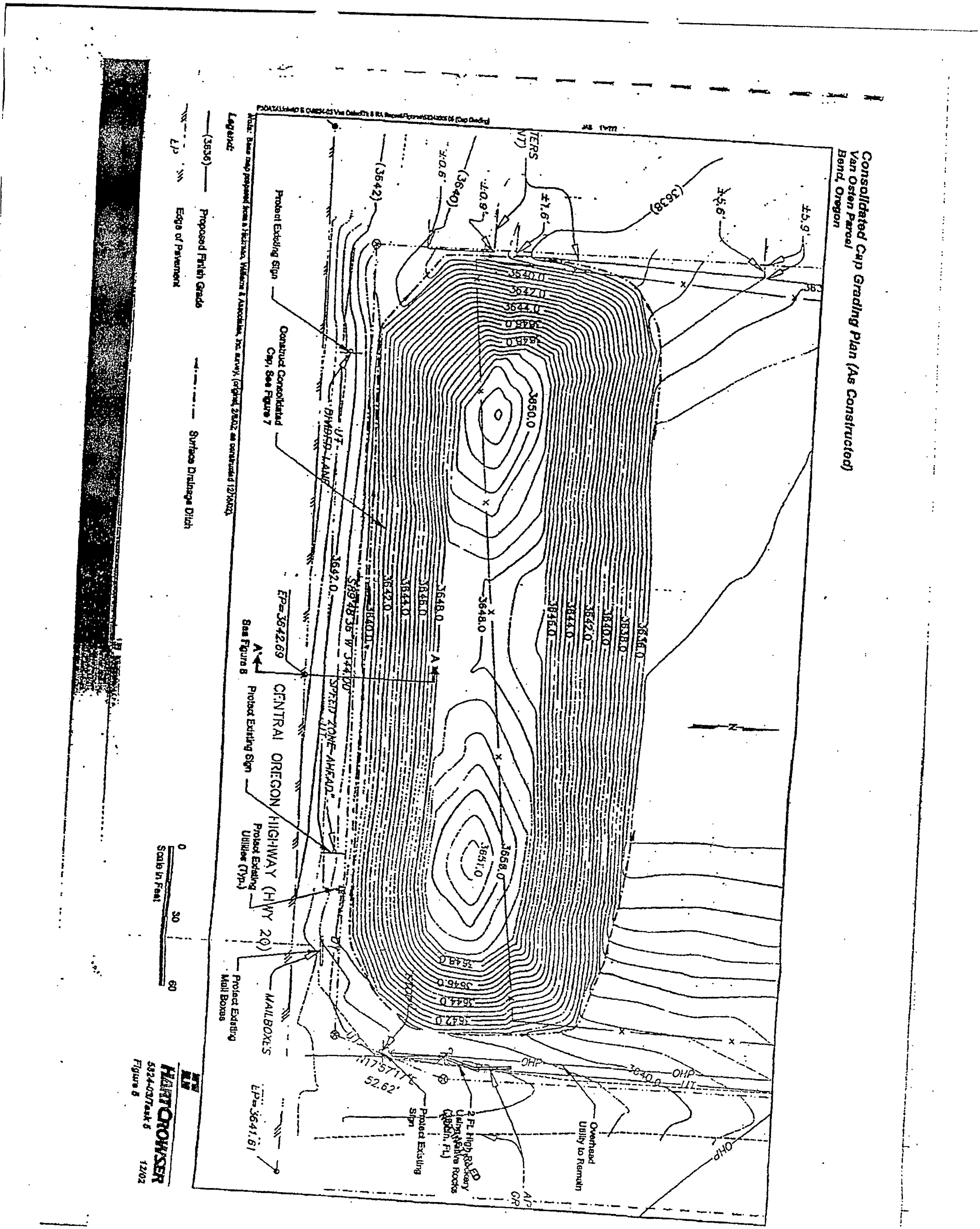
OREGON
JULY 17, 1986
PETER A. MANLEY
2214

RENEWAL DATE: 12/31/04

RECEIVED
JUL 30 2004
Eastern Region - Bend

S:\Land Projects\020223A- Hart Crowser Extras\Docs\RESRICTION-DESCRIPTION.doc

Attachment B



Attachment C

MONITORING AND MAINTENANCE PLAN
VAN OSTEN CONSOLIDATED CAP
ATTACHMENT D

Purpose

The Van Osten Consolidated Cap (Cap) is an engineering control designed to encapsulate dioxin-containing soil in a protective manner as stipulated by the Oregon Department of Environmental Quality (DEQ) Record-of-Decision (ROD) dated May 2001. The purpose of this Monitoring and Maintenance Plan (the Plan) is to protect human health and the environment at the Property by ensuring that hazardous substances under the Cap are not released into the environment. This Plan describes activities required to protect the Cap.

Applicable Documents

This Attachment C is made a part of the Easement and Equitable Servitudes (EES) in which Barbara Van Osten is Grantor and State of Oregon, Department of Environmental Quality (DEQ) is the Grantee. Unless the context of this Attachment C indicates otherwise, all terms and definitions in the EES are also applicable to this Plan. The description of the portion of the Property to which this Attachment C applies is in Attachment D to the EES. Topographic elevations associated with the Cap are provided in Attachment B (Consolidated Cap Grading Plan – As Constructed) to the EES. Attachments A, B, C, and D to the EES together support a detailed description of the physical dimensions and maintenance and reporting requirements for the Cap.

Definitions

"Cap" is the same thing as the Consolidated Cap referred to in Recital C of the EES, and means the hardware cloth overlying the dioxin-contaminated soils and the volume of clean topsoil, approximately one foot in depth, over that hardware cloth, as well as the Native Flora growing on and in the 1 foot of clean topsoil, all of which is on the area of the Property described in Attachment A to the EES, and the topographic features of which are depicted in Attachment B (Consolidated Cap Grading Plan – As Constructed) to the EES.

"DEQ" is the Department of Environmental Quality of the State of Oregon.

"EES" means the Easement and Equitable Servitudes signed by Barbara Van Osten and granted to DEQ.

"Encapsulation Mound" means the area of the property where the dioxin-containing soils and the Cap are located.

"Native Flora" means those plants that are drought resistant, occur naturally and thrive in Central Oregon High Desert eco-environments.

"Noxious weed" means those plants considered invasive that were introduced to Central Oregon eco-systems and/or are considered undesirable. As of the date of the signing of the EES, a listing of those plants can be found at the website of the Oregon Department of Agriculture, http://oda.state.or.us/plant/weed_control/index.html.

"Owner" means any person or entity, including Grantor in the EES, who at any time owns, occupies, or acquires any right, title, or interest in or to any portion of the Property or to a vendee's interest of record to any portion of the Property, including any successor, heir, assign or holder of title or a vendee's interest of record to any portion of the Property, excluding any entity or person who holds such interest solely for the security for the payment of an obligation and does not possess or control use of the Property.

"Property" means the real property described in Exhibit A to the EES **{entire Van Osten 5-acre parcel-need complete legal description}**.

General Objectives

This Plan describes the activities necessary to maintain the integrity and functional performance of the Cap. Compliance with the Plan is necessary to protect human health and the environment and to ensure the condition of the Cap is equivalent to or superior to its condition at the time the EES is first recorded.

Required Tasks

It is the Owner's responsibility to perform the following required actions:

1. Notify DEQ as soon as possible should any condition exist which compromises and/or threatens to compromise the functional integrity of the Cap. The functional integrity includes both the structural effectiveness and aesthetic quality of the Cap.

2. Conduct physical inspections of the Cap with sufficient frequency, but in no event less frequently than once every 6 month, to ascertain whether any specific situation exists that constitutes a compromise of the Cap. Physical inspections must include looking for differential erosion (sloughing of soil cover); erosion due to precipitation, irrigation events or wind; vandalism; rodent or mammal burrowing or digging; trespassing (human or vehicular); damage or mortality to Native Flora from any cause; fire damage; pest infestation; and any other specific circumstances that may have occurred since the last Cap inspection suggesting that it is, or may soon, fail to prevent a release from the Encapsulation Mound. Documentation and reporting of existing conditions found by the Cap inspections is required and shall, at minimum, include photographic evidence and associated text, but may also include land surveys, and/or other appropriate documentation. Cap inspections shall be conducted by a person or persons qualified to

determine whether any of the items listed above have occurred or are in danger of occurring.

3. An Annual Report (Report) shall be submitted to DEQ that documents that the requirements of the EES, particularly Section 3.1, are intact and continue to protect public health and the environment, and that the requirements of this Plan are being met. The Report shall include photo-documentation, narrative, and other supporting information, as necessary. If corrective action has been taken or is in progress, the Report shall fully document the corrective action that was or is being taken. The Report shall include at least the inspection dates, personnel performing inspections, photographs, unusual weather, miscellaneous surveys, field notes, descriptions of flora condition and coverage, description of corrective action taken and other relevant and material information.

   The Report shall address all significant activities, inspections, and situations during the twelve (12) month period that the Report covers. The first Report is due no later than the last day of the twelfth month following the month in which the EES is recorded with the Deschutes County property recorder. Subsequent Reports are due by the same date each subsequent year. Extension requests may be addressed to the appropriate staff officer at DEQ.

4. Native Flora shall be maintained in a manner that is conducive to providing a landscape design that is aesthetically pleasing, that functionally stabilizes the topsoil portion of the Cap, and that prevents significant erosion of this soil layer. DEQ carefully designed the Cap landscaping with a variety of hearty Native Flora. Once established, the Native Flora should require little to no maintenance, except for occasional weed removal and augmented irrigation during extremely dry desert conditions. Maintenance actions may include, but are not limited to irrigation of flora; replanting of flora; hydro seeding; weed removal; soil nutrient amendment; thinning and/or harvesting to reduce density; pruning; and pest and vector control. The application of any chemical product should be applied at agronomic rates and DEQ must be notified in the event that chemical application is necessary. Only Native Flora should be cultivated on the Cap.

5. Should a condition be observed that requires special repair of the Cap, Owner shall notify DEQ and obtain DEQ's agreement before undertaking such activities.

6. Any cost associated with inspections, submission of Reports, corrective actions, and Cap maintenance or repair shall be borne by the Owner.

Modification to Plan

Any modification to this Plan must be approved in writing by DEQ. Owner shall have the revised Plan recorded with the Deschutes County Recorder's office.

Notice to DEQ

Until further notice, Reports, requests for extension, and any other notice or documentation required or permitted to be given to DEQ under this Plan shall be submitted to the DEQ Bend, Oregon office by hard copy to:

Cliff Walkey (or assigned Staff)
Department of Environmental Quality
2146 NE 4th Street, Suite 104
Bend, Oregon 97701
(541) 388-6146 x 224

Notice to Owner

Until otherwise notified in writing by an additional or subsequent Owner, any notice required or permitted to be given to Owner shall be deemed provided if mailed to:

Barbara Van Osten
3380 WEST EXCALIBUR RD.
TUCSON AZ 85746
(520) 870-2149

THIS MONITORING AND MAINTENANCE PLAN APPROVED BY DEQ THIS 5 DAY OF April, 2005

W. C. Walkey
, DEQ

OFFICIAL SEAL
NANCY SWOFFORD
NOTARY PUBLIC-OREGON
COMMISSION NO. 364243
MY COMMISSION EXPIRES FEB. 21, 2007

State of Oregon

County of Deschutes

On april 5, 2005 personally appeared before me,
X who is personally known to me to be the signer of the above document, and he/she acknowledged that he/she signed it.

Nancy Swofford
Notary Public

EXHIBIT D
(Partial Release of Easement and Equitable Servitudes)

(follow this page)

AFTER RECORDING RETURN TO:
Tia Lewis
Schwabe, Williamson & Wyatt
549 SW Mill View Way, Suite 100
Bend, Oregon 97701

PARTIAL RELEASE OF EASEMENT AND EQUITABLE SERVITUDES

PARTIES:

Vernon C. Palmer, Inc.,
an Oregon Corporation ("Palmer")

and

The State of Oregon, acting by and through the
Oregon Department of Environmental Quality ("DEQ")

RECITALS:

A. DEQ is the Grantee and beneficiary of an Easement and Equitable Servitudes, and associated Monitoring and Maintenance Plan, recorded on April 18, 2005 in the official records of the Deschutes County Clerk's office, as Volume 2005, Page 23211 between DEQ and Barbara Van Osten (the "Easement");

B. Palmer now owns the real property burdened by the Easement, which is a 5.14 acre parcel located in Section 35, Township 17 South, Range 12 East, W.M., Deschutes County, Oregon as described in Exhibit A to this Partial Release ("the Burdened Property").

C. Palmer has received all necessary approvals from the City of Bend to subdivide the Burdened Property for residential development in a subdivision called the Crosswinds Subdivision. The Crosswinds Subdivision Plat, recorded in the official records of Deschutes County Clerk's office on June 25, 2007 in plat cabinet H, Page 364, includes 29 home lots and a 46,014 square foot lot at the south end of the property entitled "Tract A." Tract A entirely contains the Consolidated Cap described in the Easement.

D. Palmer desires to remove the Easement from all of the Burdened Property except Tract A. Palmer and DEQ have agreed upon a Plan (the "Plan") to ensure that monitoring and maintenance obligations set forth in the Easement will be met with respect to Tract A. The Plan includes transfer of title to Tract A to the Crosswinds Homeowners Association and the assumption by the Crosswinds Homeowners Association of authority and the obligation to maintain the Consolidated Cap as described in and required by the Easement and the authority and obligation to pay for monitoring and maintenance of the Consolidated Cap. The Homeowner's

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Association will also maintain an environmental site liability insurance policy covering pollution incidents associated with the Consolidated Cap.

E. DEQ is satisfied that the responsibilities set forth in the Easement and Associated Monitoring and Maintenance Plan will be satisfied through the Plan agreed to by Palmer and DEQ, and is prepared in consequence to remove the easement from that portion of the Burdened Property which does not include Tract A (the "Released Property"), as described in Exhibit B, and believes that such removal is not likely to present an increased risk of harm to the environment or human health.

NOW, THEREFORE,

RELEASE OF EASEMENT

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, DEQ does hereby terminate the Easement insofar and only insofar as it affects the Released Property described in Exhibit B to this Partial Release.

The Easement remains in effect as to Tract A of the Burdened Property.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 197.352. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES, TO DETEMRINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 197.352.

Dated this 4 day of October 2007.

DEQ:
The State of Oregon, acting by and through the Oregon Department of Environmental Quality

[signature]

By: Joni Hammond
As: Administrator, Eastern Region

FFICI
ORAH
Y PUB
ISSIO
ON EX

(5 pages total

STATE OF OREGON)
) ss
County of Multnomah)

Before me personally appeared on the date set forth above, Joni Hammond, Administrator, Oregon Department of Environmental Quality Eastern Region, who acknowledged the execution of this instrument to be her voluntary act and deed, and acknowledged further that she is acting under authority granted to her by the State of Oregon acting by and through the Oregon Department of Environmental Quality.

OFFICIAL SEAL
DEBORAH K NESBIT
NOTARY PUBLIC-OREGON
COMMISSION NO. 409848
MY COMMISSION EXPIRES SEPT. 12, 2010

Deborah K. Nesbit
Notary Public for Oregon
My commission expires: 09/12/2010

SEAL
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NO.
IRES

Exhibit A

The plat of "Crosswinds" as recorded June 25, 2007 in plat cabinet H, page 364 in the office of the Deschutes County Clerk.

9-19-07

REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JULY 17, 1986
PETER A. MANLEY
2214

RENEWAL DATE: 12/31/08

N
3
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IT
ON
848
PT. 12, 2

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9/19/2007

Exhibit B

The plat of "Crosswinds" as recorded June 25, 2007 in plat cabinet H, page 364 in the office of the Deschutes County Clerk.

Excepting therefrom: Tract A of said plat.

9-19-07

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Peter A. Manley

OREGON
JULY 17, 1986
PETER A. MANLEY
2214

RENEWAL DATE: 12/31/08

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9/19/2007

Secretary of State
Corporation Division
255 Capitol Street NE, Suite 151
Salem, OR 97310-1327

Phone:(503)986-2200
Fax:(503)378-4381
www.filinginoregon.com

Registry Number: 471501-98
Type: DOMESTIC NONPROFIT CORPORATION

Next Renewal Date: 10/18/2008

CROSSWINDS HOMEOWNERS' ASSOCIATION
120 SW CROWELL WAY
BEND OR 97702

Acknowledgment Letter

The document you submitted was recorded as shown below. Please review and verify the information listed for accuracy.

If you have any questions regarding this acknowledgement, contact the Secretary of State, Corporation Division at (503)986-2200. Please refer to the registration number listed above. A copy of the filed documentation may be ordered for a fee of $5.00. Submit your request to the address listed above or call (503)986-2317 with your Visa or MasterCard number.

Document
ARTICLES OF INCORPORATION

Filed On
10/18/2007

Jurisdiction
OREGON

Nonprofit Type
MUTUAL BENEFIT WITH MEMBERS

Name
CROSSWINDS HOMEOWNERS' ASSOCIATION

Registered Agent
SW&W LEGAL SERVICES DESCHUTES, INC.
%BRIAN L GINGERICH
549 SW MILL VIEW WAY STE 100
BEND OR 97702

Mailing Address
120 SW CROWELL WAY
BEND OR 97702

SALPOO
ACK
10/18/2007

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FILED

OCT 18 2007

OREGON
SECRETARY OF STATE

ARTICLES OF INCORPORATION
OF
CROSSWINDS HOMEOWNERS' ASSOCIATION

In compliance with the requirements of Chapter 65, Oregon Revised Statutes (the "**Act**"), the undersigned incorporator, a natural person over eighteen (18) years of age, does hereby form a corporation not for profit and does hereby certify:

ARTICLE 1
Name

The name of the corporation is the Crosswinds Homeowners' Association (the "**Association**").

ARTICLE 2
Nature of the Association

The Association is a mutual benefit corporation.

ARTICLE 3
Principal Office

The principal office of the Association is located at 120 SW Crowell Way, Bend, Oregon 97702.

ARTICLE 4
Registered Agent

SW&W Legal Services Deschutes, Inc., whose address is c/o Brian L. Gingerich, 549 SW Mill View Way, Suite 100, Bend, OR 97702, is hereby appointed the initial registered agent of the Association. The registered office of the Association is located at the address given in the preceding sentence. The alternate corporate mailing address required by Section 65.047(1)(c) of the Act is 120 SW Crowell Way, Bend, Oregon 97702.

ARTICLE 5
Purpose and Powers of the Association

The Association does not contemplate pecuniary gain or profit to the members thereof and shall exist exclusively for non-profit purposes. No part of the net earnings of the Association shall inure to the benefit of any private member or members or any individual.

The Association shall have, exercise and perform all of the following powers, duties and obligations:

5.1 CCRs. The powers, duties and obligations granted to the Association by that certain Declaration of Protective Covenants, Conditions and Restrictions of Crosswinds to be recorded in the Office of County Recorder of Deschutes County, Oregon, as the Declaration may be amended from time to time as therein provided (the "**CCRs**"), and by the Bylaws of the Association (the "**Bylaws**").

5.2 Statutory Powers. The powers, duties and obligations of a nonprofit corporation pursuant to the general nonprofit corporation laws of the State of Oregon, as such may be amended from time to time.

5.3 General. Any additional or different powers, duties and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to the CCRs or otherwise promoting the general benefit of the owners of lots within the Property (as defined in the CCRs).

The Association understands and acknowledges that its powers are subject to applicable laws, rules, and regulations and that without limitation, annexation of additional properties, mergers and consolidations, mortgaging common area, dissolution, and amendment of these Articles may require the approval of certain federal, state, or local governmental agencies or bodies.

The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in the CCRs made in accordance with the provisions therein, accompanied by changes in these Articles of Incorporation or the Bylaws made in accordance with, and to the extent required under such instruments and with the nonprofit corporation laws of the State of Oregon.

ARTICLE 6
Membership

The Association shall have members. Every owner of one (1) or more lots constituting a single-family home site within the Property (the "Lots") shall, during the entire period of such owner's ownership of one (1) or more Lots, be a member of the Association. Such membership shall commence, exist, and continue simply by virtue of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

ARTICLE 7
Voting Rights

Voting rights within the Association shall be allocated as follows:

7.1 Lots. Subject to the provisions of Section 7.2, Lots shall be allocated one (1) vote per Lot.

7.2 Classes of Voting Membership. The Association shall have two classes of voting membership.

A. Class A. Class A members shall be all owners of Lots with the exception of Declarant (as that term is defined in the CCRs) (except that beginning on the date on which the Class B membership is converted to Class A membership, and thereafter, Class A members shall be all owners, including Declarant). Class A members shall be entitled to one (1) vote for each Lot owned. When more than (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more votes be cast with respect to any Lot then as set forth in the CCRs. If the co-Owners of a Lot cannot agree upon the vote, the vote of the Lot shall be disregarded in determining the proportion of votes with respect to the particular matter at issue.

B. Class B. The Class B member shall be Declarant and it shall be entitled to three (3) votes for each Lot it owns. The Class B membership shall cease and be converted to Class A membership on the Conversion Date (as defined in the CCRs).

ARTICLE 8
Board of Directors

The affairs of the Association shall be governed by the Board, which shall consist of three (3) directors prior to the Turnover Meeting (as defined in the Bylaws) and three (3) directors after the Turnover Meeting. The directors need not be members of the Association prior to the Turnover Meeting, but shall be members of the Association after the Turnover Meeting. The Board of Directors shall initially consist of those three (3) Directors of the Association ("Directors") designed in this Article, as such persons may be removed and replaced by Declarant or its designee pursuant to the Bylaws, until the Turnover Meeting has been held. At the Turnover Meeting, all of the then-serving Directors shall submit their resignations and the replacing Directors shall be elected in accordance with the Bylaws. All Directors shall hold office for the term indicated in the Bylaws and until their successors have been qualified and elected except as stipulated in this Article. There shall be no limit on the number of successive terms a Director may serve on the Board of Directors, if elected as herein provided.

The names and addresses of the persons who are to act in the capacity of Directors until the election of their successors, each of whom has consented to serve in such capacity, are:

Vernon C. Palmer
Gretchen M. Palmer
Suzanne R. Abbott
Vernon C. Palmer, Inc.
120 SW Crowell Way
Bend, Oregon 97702

ARTICLE 9
Dissolution

Subject to any contrary provisions of the Act, as amended, the Association may be dissolved with the assent given in writing and signed by owners holding not less than seventy-five percent (75%) of the voting power within the Association, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided in the

CCRs. Upon dissolution of the Association, it shall automatically be succeeded by an unincorporated association of the same name and having the same purposes. All of the assets, property, powers, and obligations of the Association existing prior to the dissolution shall thereupon automatically vest in the successor unincorporated association.

ARTICLE 10
Duration

The Association shall exist perpetually.

ARTICLE 11
Liability of Directors

To the fullest extent authorized by law, the Board, acting on behalf of the Association, may indemnity or advance costs of defense, or commit the Association to indemnify or advance costs of defense in the future, to any person who is made or threatened to be made a party to an action, suit, or proceeding, whether civil, criminal, administrative, investigative, or otherwise (including an action, suit, or proceeding by or in the right of the Association) by reason of the fact that the person is or was a director, officer, employee or agent, of the Association, or serves or served at the request of the Association as a director, officer, partner, trustee, agent or employee of another corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. In exercising the authority granted by this Article 11, the Board may choose, on the Association's behalf, to utilize the procedures provided in the Act, prescribe other approval processes, or eliminate any procedures for specific findings or further approval in the individual matter. This Article 11 shall not be deemed exclusive of any other provision for indemnification of directors, officers, fiduciaries, employees, or agents that may be included in any statute, bylaws, resolution of owners or directors, agreement, or otherwise, either as to any action in any official capacity or action in another capacity while holding office.

ARTICLE 12
Amendments

These Articles, or any provision thereof, may be amended or repealed by the Board acting on behalf of the Association upon receipt of a petition providing written consent of owners holding not less than seventy-five percent (75%) of the outstanding votes within the Association, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided in the CCRs.

ARTICLE 13
Incorporator

The name and address of the incorporator is:

Brian L. Gingerich
Schwabe, Williamson & Wyatt, PC
549 SW Mill View Way, Suite 100
Portland, OR 97702

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Oregon, I, the undersigned, constituting the incorporator of this Association, have executed these Articles of Incorporation this 18th day of October, 2007, and declare that the foregoing Articles of Incorporation, to the best of my knowledge and belief, are true, correct and complete.

Incorporator:

Brian L. Gingerich

Person to contact about this filing: Brian L. Gingerich
Daytime phone number: 541-749-4046