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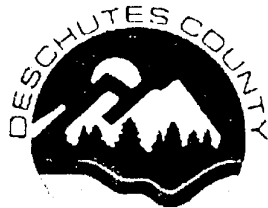
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DESCHUTES COUNTY CLERK

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
LEWIS AND CLARK TOWNHOMES**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR LEWIS AND CLARK TOWNHOMES (this "Declaration") is made and entered into effective this 10th day of MARCH, 2004, by Vernon C. Palmer, Inc., an Oregon corporation ("Declarant").

Recital:

West Bend Property Company LLC, an Oregon limited partnership ("WBPC"), owns that real property in Deschutes County, Oregon legally described on the attached Exhibit A. WBPC consents to the terms and conditions of this Declaration and to its recordation.

1. DEFINITIONS

The following terms shall have the following meanings when used in this Declaration:

1.1 Articles. "Articles" shall mean the Articles of Incorporation of the Association, as amended from time to time.

1.2 Assessment. "Assessment" shall mean any assessment levied against one or more Owners by the Association for payment of expenses relating to the Property and shall include Regular, Special, and Limited Assessments as those terms are defined herein.

1.3 NorthWest Crossing Architectural Review Committee. "NorthWest Crossing Architectural Review Committee" shall mean the architectural committee appointed pursuant to NorthWest Crossing Covenants Conditions and Restrictions.

1.4 Association. "Association" shall mean the non-profit corporation formed or to be formed to serve as the NorthWest Crossing Townhome Association of Owners as provided in this Declaration and such corporation's successors and assigns.

1.5 Board. "Board" shall mean the duly elected Board of Directors of the Association.

1.6 Building Lot. "Building Lot" shall mean a platted or partitioned lot within the Property.

1.7 Building Structure. "Building Structure" shall mean a building structure which is comprised of one or more contiguous dwelling units constructed and located on Building Lots, including, without limitation, garage structures located on the same Building Lots, whether attached to or detached from the Building Structure.

1.8 Bylaws. "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

1.9 Declarant. "Declarant" shall mean Vernon C. Palmer, Inc., an Oregon corporation company, and its successors and assigns if such successor or assign should acquire all of Declarant's rights under the Declaration pursuant to a recorded instrument executed by Declarant. In no event shall WBPC be deemed to be, or have liability hereunder, as Declarant.

1.10 Improvement. "Improvement" shall mean every structure or improvement of any kind, including but not limited to a wall, driveway, storage shelter, patio, deck, or other product of construction efforts on or in respect to a Building Lot.

1.11 Landscaped Areas. "Landscaped Areas" shall mean all portions of a Building Lot other than those portions (i) occupied by a Building Structure or (ii) containing paved driveways or walkways.

1.12 Limited Assessment. "Limited Assessment" shall mean an assessment levied against an Owner by the Association for costs and expenses incurred by the Association for corrective action performed pursuant to this Declaration, which is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees

1.13 Master CC&Rs. "Master CC&Rs" shall mean that certain Master Declaration of Covenants, Conditions, and Restrictions for Northwest Crossing, dated effective as of December 20, 2001, recorded in the Official Records of Deschutes County, Oregon under No. 2001-63854 on December 27, 2001, as amended from time to time.

1.14 Owner. Except as expressly set forth in the final sentence of this subsection, "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 WBPC and WBPC shall not be deemed to be an "Owner".

1.15 Plat. "Plat" shall mean the plat of Northwest Crossing Phase V, recorded in the Official Records of Deschutes County, Oregon.

1.16 Property. "Property" shall mean the real property in Deschutes County, Oregon described in Article 2.

1.17 WBPC. "WBPC" shall have the meaning given in the Recital and shall also mean any successor or assignee of WBPC that obtains all of WBPC's interest in the Property. WBPC is signing this instrument as the current owner. WBPC is not, however, the developer or Declarant hereunder and WBPC shall have no liability therefore.

1.18 Regular Assessment. "Regular Assessment" shall mean an assessment by the Association against all Owners to provide for the payment of all estimated normal expenses of the Association for the performance of the Association's duties as provided in this Declaration.

1.19 Special Assessment. "Special Assessment" shall mean an assessment against all Owners in the event that the Regular Assessment for any particular year is or will become inadequate to meet the expenses of the Association.

2. DECLARATION

2.1 Property Covered. Declarant (and, by its consent hereto, WBPC) hereby declares that all of the real property described below is owned and shall be owned, conveyed, hypothecated, encumbered, used, occupied, and improved subject to this Declaration:

2.1.1 All that certain real property located in the City of Bend, Deschutes County, Oregon, legally described on the attached Exhibit A.

2.2 Purpose. The purpose of this Declaration is to provide for the exterior maintenance of the Building Structures to be constructed upon the Property, to provide for maintenance and repair of Landscaped Areas, to establish a Lewis and Clark Townhomes Homeowners' Association, and to set forth other terms and conditions governing the use and enjoyment of the Property.

2.3 Declaration. Declarant hereby declares that the Property and all lots, parcels and portions thereof made subject to all of the conditions, covenants, restrictions, and provisions contained in this Declaration.

2.4 Limitations on Improvements. Declarant does not elect to limit Declarant's rights to add Improvements not described in this Declaration.

2.5 Easements for the Benefit of the Property. There is hereby reserved to Declarant, its employees, agents, representatives and assigns, an easement for access, construction, placement, maintenance and improvement of utilities and drainage over, under and across any portion of the Property, together with easements in roadways and utility lines specified or established within the Property.

2.6 Master CC&Rs. The property is subject to the Northwest Crossing Master CC&Rs.

3. THE ASSOCIATION

3.1 Organization. Declarant shall, before the first Building Lot is conveyed to an Owner other than Declarant, organize the Association as a nonprofit corporation under the Oregon Nonprofit Corporation Act under the name "Lewis and Clark Townhomes Homeowners Association, Inc." or such similar name as Declarant shall designate. The Articles shall provide for the Association's perpetual existence, but in the event the Association is at any time dissolved, whether inadvertently or deliberately, it shall automatically be succeeded by an unincorporated association of the same name. All of the property, powers and obligations of the incorporated Association existing immediately prior to its dissolution shall thereupon automatically vest in the successor unincorporated association. Such vesting shall therefore be confirmed as evidenced by appropriate conveyances and assignments by the incorporated Association. To the greatest extent possible, any successor unincorporated association shall be governed by the Articles and Bylaws as if they had been drafted to constitute the governing documents of the unincorporated association.

3.2 Membership. Every Owner of one or more Building Lots shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership of one or more Building Lots, be a member of the Association. Such membership shall commence, exist and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.

3.3 Voting Rights. Voting rights within the Association shall be allocated as follows:

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

3.3.2 Declarant. Notwithstanding paragraph 3.3.1, 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 (85%) of the Building Lots in the Property or until Declarant terminates this reservation of special Declarant rights by notice in writing to the Association.

3.3.3 Building Lot. When more than one (1) person or entity owns a Building Lot, the vote for such Building 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.

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

3.4.1 Declaration. The powers, duties and obligations granted to the Association by this Declaration.

3.4.2 Statutory Powers. The powers and obligations of a nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time.

3.4.3 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 this Declaration or otherwise promoting the general benefit of the Owners within the Property. The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the

provisions herein, accompanied by changes in the Articles or Bylaws made in accordance with such instruments and with the Oregon Nonprofit Corporation Act.

3.5 Liability. Neither the Association nor any officer or member of the Board shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Association, any of its officers or any member of the Board, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him or her.

3.6 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 Building 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.

3.7 Transitional Advisory Committee. Declarant shall form a Transitional Advisory Committee to provide for the transition of administrative control of the Association from Declarant to the Owners. Not later than the sixtieth (60th) day after Declarant has conveyed Building Lots representing fifty percent (50%) or more of the Building Lots in the first phase of the planned community other than to a successor to Declarant.

3.7.1 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.

3.7.2 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.

3.7.3 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 the meeting required under this Section, any Owner may do so.

3.8 Association Rules and Regulations. The Association from time to time may adopt, modify or revoke such rules and regulations governing the conduct of persons and use of Building Lots, as it may deem necessary or appropriate in order to assure the peaceful and orderly use and enjoyment of the Property. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each Owner and shall be binding upon all Owners and occupants of all Building Lots upon the date of delivery. The method of adoption of such rules shall be as provided in the Bylaws.

3.9 Special Duties of the Association. Without limiting the generality of the general powers and duties of the Association set forth in Section 3, the Association shall have the power and obligation to conduct and perform the following duties, the costs of which shall be borne as provided in Article 4.

3.9.1 Maintenance of Building Exteriors and Landscaped Areas.

(a) By the Association. The Association shall be responsible for maintenance of the exteriors of all Building Structures; maintenance and repair of all Landscaped Areas, excluding the area within the fenced yards; and maintenance of the fences. Maintenance of the exteriors of Building Structures shall include the painting, staining, restaining, repairing, and replacing of all exterior surfaces, including roofs (but excluding the repair and replacing of exterior doors); painting or staining of exterior window casements, sashes, frames; maintaining, repairing and replacing exterior lighting fixtures, the exterior portions of chimneys, rain gutters, down spouts, and sprinkler timing devices. The Association shall also be responsible for snow removal of walkways and driveways. Maintenance of the Landscaped Areas shall include, among other things, maintaining, repairing, and replacing grass, sod, trees, shrubs, and bushes in a neat, clean and attractive condition, as well as the maintenance

and repair of all underground sprinkler systems to the extent damaged by an act or omission of the Association or its agents or employees. Maintenance of the fences shall include staining of the fencing and repair to the extent damaged by events or others than the Owners. The decision as to the nature and extent of maintenance that is required for a particular Building Structure and the timing of such maintenance shall be solely within the discretion of the Board.

(b) By the Owners. The maintenance responsibilities described in Section 3.9.1(a) specifically do not include the following duties, which are the sole responsibility of the Owners of the Building Lots: repairing, replacing, restoring or cleaning of: glass; exterior items of hardware not specifically described in Section 3.9.1(a) (including replacing and repairing exterior doors); exterior window casements, sashes and frames (other than painting and staining of the same); window screens; walkways and driveways; electrical and mechanical doorbells and knockers; and air conditioning and heating equipment and devices. The Owners of Building Lots shall also be responsible for maintaining, repairing, and replacing the interiors of their respective dwelling units within the Building Structures, including without limitation, maintaining, repairing, and replacing electrical wiring and fixtures, plumbing pipes and conduits, all fixtures and appliances (whether built-in or free-standing), air conditioning, heating, sewage disposal, and interior fire protection systems and all amenities and hardware located within the interiors of the Building Structures. The Owners of the Building Lots are also responsible for any necessary repairs or replacements of the underground sprinkler systems on such Owner's Building Lot except to the extent such repairs or replacements are necessary due to an act or omission of the Association or its agents or employees. The maintenance of the landscaping and underground sprinkler systems within the interior of the fenced yards are the sole responsibility of the Owners of the Building Lots.

4. ASSESSMENTS

4.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Building Lot owned by it or WBPC 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 Section 8.5, shall be a charge on the land and shall be a continuing lien upon the Building 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 Article 8 below. No Owner may avoid such personal obligation by abandonment of Owner's Building Lot.

4.2 Regular Assessments.

4.2.1 Commencement. Regular Assessments against a Building Lot shall commence on a date selected by the Board of Directors, provided that the Board shall provide the Owner of the Building Lot first becoming subject to Regular Assessments thirty (30) day advance notice of the date on which Regular Assessments commence for that Building Lot.

4.2.2 Amount of Annual Regular Assessment. The total annual Regular Assessment against all Building Lots shall be based upon an annual budget prepared by the Board with respect to projected expenses of the Association, including, without limitation, the following:

- (a) maintenance, repair and operation of the Building Structures (to the extent provided in Section 3.9), and Landscaped Areas;
- (b) premiums for all insurance policies which the Association is required or permitted to maintain pursuant to this Declaration;
- (c) professional management fees and expenses, employee salaries, and legal and accounting costs;
- (d) any deficits remaining from the previous fiscal year of the Association;

(e) reasonable contingency reserves of the Association established at the discretion of the Board ; and

(f) such other and further costs, expenses, obligations, and liabilities as the Board, in its discretion, may incur for the management, operation and maintenance of the Property and the Association in accordance with this Declaration.

4.2.3 Allocation of Assessments. All Regular Assessments shall be allocated equally among all Building Lots then subject to assessment such that the Regular Assessment for one Building Lot then subject to assessment shall equal the dollar amount calculated by dividing the total sum of the Regular Assessments allocated to Building Lots then subject to assessment by the number of Building Lots then subject to assessment.

4.2.4. Notice of Regular Assessments and Time for Payment Thereof. Regular Assessments shall be made on a monthly basis or at such other increments determined by the Board. Subject to amendment by the Board, the Association shall give written notice to each Owner as to the amount of the Regular Assessment with respect to each Building Lot on or before December 15 for each year for the calendar year commencing January 1 of the next year. The Regular Assessment shall be due and payable, as the Board shall determine.

4.3 Special Assessments. In addition to the Regular Assessments authorized hereby, the Board shall have the authority to levy Special Assessments to satisfy any actual or projected deficiency between the expenses of the Association and the amounts realized through Regular Assessments. Special Assessments shall be allocated equally among the Owners of Building Lots. Special Assessments are payable as the Board may from time to time determine, within thirty (30) days after mailing notice thereof to affected Owners.

4.4 Limited Assessments. The Association may levy against any Owner a Limited Assessment equal to the costs and expenses incurred by the Association, including legal fees, for corrective action performed pursuant to this Declaration, which is required as a result of the willful or negligent actions or omissions of such Owner or such Owner's tenants, guests, contractors, or invitees.

5. ARCHITECTURAL REVIEW COMMITTEE

5.1 Architectural Review. No alteration to the exterior of the Building Structures is permitted. No improvement, including but not limited to fences, storage buildings, patio trellis, or play structures shall be commenced, erected, placed, altered or maintained on any Building Lot until the design plans and specifications (including, without limitation, site plans, building plans (including elevations), grading plans, landscape plans, lighting plans, and color and/or material samples) showing the nature, shape, heights, materials, colors and proposed location of the Improvements have been submitted to and approved in writing by the NorthWest Crossing Architectural Review Committee. Improvements shall be consistent with the Design Guidelines established by the Architectural Review Committee, as amended from time to time. It is the intent and purpose of this Declaration to achieve a high standard of quality of workmanship and materials and to assure harmony of external design with existing Improvements and location with respect to topography and finished grade elevations.

5.2 Procedure. In all cases, which require NorthWest Crossing Architectural Review Committee approval or consent pursuant to this Declaration, the provisions of the NorthWest Crossing Covenants Conditions and Restrictions shall apply. The procedure and specific requirements for NorthWest Crossing Architectural Review Committee approval or consent may be set forth in Design Guidelines adopted from time to time by the NorthWest Crossing Architectural Review Committee. The NorthWest Crossing Architectural Review Committee may charge a reasonable fee to cover the cost of processing an application for its approval.

6. PROPERTY RIGHTS AND EASEMENTS

6.1 Owners' Use and Occupancy. Except as otherwise expressly provided in this Declaration or in the plat in which any Building Lot was platted or partitioned, the Owner of a Building Lot shall be entitled to the exclusive use and benefit of such Building Lot. Declarant, the NorthWest Crossing Architectural Review

Committee and any representative of the Association authorized by the Association may at any reasonable time, and from time to time at reasonable intervals, enter upon any Building Lot for the purpose of determining whether or not the use of an/or Improvements on such Building Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass, conversion, or otherwise create any right of action in the Owner of such Building Lot. Declarant or the Association may grant or assign easements over or with respect to any Building Lot to municipalities or other utilities performing utility services and to communication companies.

6.2 Utility and Other Municipal Easements. Declarant or the Association may (and, to the extent required by law, shall) grant or assign easements to municipalities or other utilities performing utility services and to communication companies, and the Association may grant free access thereon to police, fire and other public officials and to employees of utility companies and communications serving the Property.

6.6 Encroachments. If an encroachment results from construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, an easement for the encroachment shall exist to the extent that any Building Lot encroaches on any other Building Lot. An easement shall continue for the purpose of maintaining the encroachment so long as the encroachment exists. Nothing in this Section 6.6 shall relieve an Owner of liability in case of an Owner's willful misconduct or shall relieve Declarant or any other person of liability for failure to adhere to any plat of any portion of the Property.

6.7 Maintenance Easement. As easement is hereby reserved in favor of the Association and its successors, assigns, contractors, agents and employees over and across each Building Lot and the Landscaped Areas, for purposes of accomplishing the maintenance, repair, and replacement of the exteriors of Building Structures, landscaping and fences and any other Improvements located upon the Landscaped Areas.

7. ADDITIONAL RESTRICTIONS AND DUTIES

7.1 Structures Permitted. Except to the extent expressly provided or contemplated in this Declaration, no Improvements shall be erected or permitted to remain on any Building Lot except Improvements designed for residential living and Improvements normally accessory thereto.

7.2 Residential Use. Building Lots shall only be used for residential purposes. Except with the consent of the Board, and as allowed by applicable ordinances, agreements, or land use approvals, no trade, craft, business, profession, commercial or similar activity of any kind shall be conducted on any Building Lot, nor shall any goods, equipment, vehicles, materials or supplies used in connection with any trade, service or business be kept or stored on any Building Lot. Nothing in this paragraph shall be deemed to prohibit: (i) activities relating to the rental or sale of Building Structures or Building Lots, and (ii) the right of Declarant or any contractor or homebuilder to construct Building Structures on any Building Lot, to store construction materials and equipment on such Building Lots in the normal course of construction, and to use any Building Structure as a sales or rental office or model home for purposes of sales or rental in the Property.

7.3 Parking. Storage parking of boats, trailers, motorhomes, trucks (except pickups of $\frac{3}{4}$ 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 or on public streets adjacent thereto, excepting only within areas designated for such purposes by the Board in accordance with the terms of this Declaration or within the confines of an enclosed garage or screened area, the plans of which comply with applicable ordinances, agreements, or land use approval and have been reviewed and approved by the NorthWest Crossing Architectural Review Committee prior to construction, and no portion of the same may project beyond the screened area.

7.4 Vehicles in Disrepair. No Owner shall permit any vehicle, which is in an extreme state of disrepair to be abandoned or to remain parked upon any Building Lot for a period in excess of forty eight (48) hours. A vehicle shall be deemed in an "extreme state of disrepair" when the Board reasonably determines that its presence offends the occupants of the neighborhood. Should any Owner fail to remove such vehicle within five (5) days following the date on which notice is mailed to such Owner by the Association, the Association may have the vehicle removed from the Property and charge the expense of such removal to the Owner.

7.5 Signs. No signs shall be erected or maintained on any Building Lot except signs, which are approved as to appearance and location by the NorthWest Crossing Architectural Review Committee.

7.6 Antennas and Satellite Disks. Exterior antennas, exterior satellite receivers and transmission disks shall not be permitted to be placed upon any Building Lot except as approved by the NorthWest Crossing Architectural Review Committee.

7.7 Interior Walls. Each Owner shall ensure that the wall(s) separating such Owner's dwelling unit from other dwelling units within the same Building Structure **are not punctured or otherwise breached** by such Owner or Owner's lessees, invitees, contractors, or family members.

7.8 Access: the Association shall be allowed access to each Building Lot and the Landscaped Areas for purposes of accomplishing the maintenance, repair, and replacement of the exteriors of Building Structures, landscaping and fences and any other Improvements located upon the Landscaped Areas. Owners pets may not be present during the maintenance operations.

8. ENFORCEMENT

8.1 Non-qualifying Improvements and Violation of General Protective Covenants. In the event any Owner constructs or permits to be constructed on such Owner's Building Lot an Improvement contrary to the provisions of this Declaration, or causes or permits any Improvement, activity, condition or nuisance contrary to the provisions of this Declaration to remain uncorrected or unabated on such Owner's Building Lot, then the Association, acting through the Board, may notify the Owner in writing of any such specific violations of this Declaration and may require the Owner to remedy or abate the same in order to bring the Owner's Building Lot, the Improvements thereon and the Owner's use thereof into conformance with this Declaration. If the Owner is unable or unwilling to comply with the Association's specific directives for remedy or abatement, or the Owner and the Association cannot agree on a mutually acceptable solution within the framework and intent of this Declaration, after the Owner has been afforded notice and opportunity to be heard, within sixty (60) days after such notice, then the Association, acting through the Board, shall have, in addition to any other rights or remedies provided in this Declaration, at law or in equity, the right to do any or all of the following:

8.1.1 Fines. Impose reasonable fines against such Owner in the manner and amount the Board deems appropriate in relation to the violation;

8.1.2 Remove Cause of Violation. Enter the offending Building Lot (which entry shall not subject the Association, the directors of the Association or any agent or representative thereof to liability for trespass, conversion or any other claim for damages) and remove the cause of such violation, or alter, repair or change the item which is in violation of the Declaration in such a manner as to make it conform thereto, in which case the Association may assess such Owner for the entire cost of the work done, provided that no items of construction shall be altered or demolished in the absence of judicial proceedings; and/or

8.1.3 Suit or Action. Bring suit or action against the Owner on behalf of the Association and other Owners to enforce this Declaration.

8.2 Default in Payment of Assessments; Enforcement of Lien. If an Assessment or other charge levied under this Declaration is not paid within thirty (30) days after its due date, such Assessment or charge shall become delinquent and shall bear interest from the due date until paid at the rate set forth below and, in addition, the Association may exercise any or all of the following remedies:

8.2.1 Suspension of Rights; Acceleration. The Association may suspend such Owner's voting rights until such amounts, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any Assessment or any other amounts owed by such Owner to the Association immediately due and payable. In no event, however, shall the Association deprive any Owner of access to and from such Owner's Building Lot.

8.2.2 Lien. The Association shall have a lien against each Building Lot for any Assessment levied against such Building Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the Building Lot from the date on which the Assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation, and duration of liens established on real property under ORS 87.352 to 87.382 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Association, through its duly authorized agents, may bid on the Building Lot at such foreclosure sale, and may acquire and hold, lease, mortgage and convey the Lot. If any Assessment is payable in installments, the full amount of the Assessment is a lien from the date the first installment of the Assessment becomes due.

8.2.3 Suit or Action. The Association may bring an action to recover a money judgment for unpaid Assessments, fines and charges under this Declaration without foreclosing or waiving the lien described in Section 8.2.2. Recovery on any such action, however, shall operate to satisfy the lien, or the portion thereof, for which recovery is made.

8.2.4 Other Remedies. The Association shall have any other remedy available to it by law or in equity.

8.3 Notification of First Mortgagee. The Board shall notify any first mortgagee of any Building Lot of any default in performance of the terms of this Declaration by the Building Lot Owner, which is not cured within sixty (60) days.

8.4 Subordination of Lien to Mortgages. The lien for the assessments or charges provided for in this Declaration shall be subordinate to the lien of any mortgage or deed of trust on such Building Lot which was made in good faith and for value and which was recorded prior to the recordation of the notice of lien. Sale or transfer of any Building Lot shall not affect the assessment lien, provided that the sale or transfer of any Building Lot which is subject to a mortgage or deed of trust pursuant to a decree of foreclosure thereunder or pursuant to a proceeding, deed or assignment in lieu of foreclosure shall extinguish the lien of an assessment, notice of which was recorded after the recording of the mortgage or trust deed. Any such sale or transfer, however, shall not release the Building Lot from liability for any assessments or charges thereafter becoming due or from the lien of such subsequent assessments or charges.

8.5 Interest, Expenses and Attorneys' Fees. Any amount not paid to the Association when due in accordance with this Declaration shall bear interest from the due date until paid at a rate three percentage (3%) points per annum above the "prime rate" or "reference rate" offered by Bank of America as of the due date therefore, or at such other rate as may be established by the Board, but not to exceed the lawful rate of interest under the laws of the State of Oregon. A late charge may be charged for each delinquent assessment in any amount established from time to time by resolution of the Board not to exceed thirty (30) percent of such assessment. In the event the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. In the event the Association shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Association all costs and expenses incurred by the Association in connection with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

8.6 Non-exclusiveness and Accumulation of Remedies. An election by the Association to pursue any remedy provided for violation of this Declaration shall not prevent concurrent or subsequent exercise of any other remedy permitted hereunder. The remedies provided in this Declaration are not exclusive, but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law to the Association. In addition, any aggrieved Owner may bring an action against another Owner or the Association to recover damages or to enjoin, abate, or remedy any violation of this Declaration by appropriate legal proceedings.

9. MISCELLANEOUS

9.1 Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty-five (35) years from the date of these covenants, conditions, and restrictions being recorded, after which time such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by members holding at least ninety percent (90%) of the voting power of the Association, which is recorded in the deed records of Deschutes County.

9.2 Amendment and Repeal.

9.2.1 This Declaration, or any provision thereof, as from time to time in effect with respect to all or any part of the Property, may be amended or repealed by the of Owners holding not less than seventy-five percent (75%) of the voting power of the Association. Any such amendment is subject to the operative provisions of the NorthWest Crossing Master CC&Rs.

9.2.2 Any such amendment or repeal shall become effective only upon recordation in the deed records of Deschutes County of a certificate of the president or secretary of the Association setting forth in full the amendment, amendments or repeal so approved and certifying that said amendment, amendments or repeal have been approved in the manner required by this Declaration.

9.2.3 In no event shall an amendment under this Section create, limit or diminish special Declarant rights without Declarant's written consent, or change the boundaries of any Building Lot or any uses to which any Building Lot is restricted unless the Owners of the affected Building Lots unanimously consent to the amendment.

9.3 Regulatory Amendments. Notwithstanding the provisions of Section 9.2, until the turnover meeting described in Section 3.7.3, Declarant shall have the right to amend this Declaration or the Bylaws in order to comply with the requirements of any applicable statute, ordinance, regulation or guideline of the Federal Housing Administration, the Veteran's Administration, the Farmer's Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon which insures, guarantees or provided financing for a planned community or lots in a planned community.

9.4 Amendments for Master CC&Rs. Notwithstanding the provisions of Section 9.2, in the event the Property, or any portion thereof, is made subject to amended provisions of the Master CC&Rs, then Declarant, and the Association, acting through the Board, shall have the right to amend this Declaration or the Bylaws to comply with the applicable requirements of the Master CC&Rs, which amendment shall become effective upon its recordation in the deed records of Deschutes County, Oregon.

9.5 Notices. Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of the same as been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

9.6 Right of Enforcement. Except as otherwise provided herein, any Owner of any Building Lot covered by this Declaration shall have the right to enforce any or all of the provisions hereof against any property covered by this Declaration and the Owners thereof.

9.7 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

9.8 Joint Owners. In any case in which two or more persons share the ownership of any Building Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be a

joint and several responsibility and the act or consent of any one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, that in the event such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, any such person may deliver written notice of such disagreement to the Association, and the vote or right of consent involved shall then be disregarded completely in determining the proportion of votes or consents given with respect to such matter.

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

9.10 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the rights to enforce any such provision or any other provision of said restrictions.

9.11 Restrictions Construed Together. All of the provisions hereof shall be liberally construed together to promote and effectuate the general plan and scheme of the Property.

9.12 Restrictions Severable. Each of the provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

9.13 Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall include the masculine, feminine or neuter.

9.14 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

IN WITNESS WHEREOF, the undersigned, as Declarant, has hereunto set its hand and seal this
10th day of MARCH, 2004.

VERNON C. PALMER, INC., an Oregon corporation

By: Vernon C. Palmer

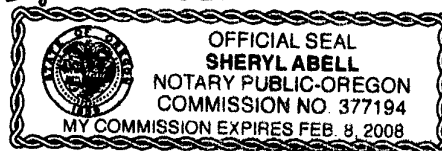
ACKNOWLEDGED AND CONSENTED TO:

WEST BEND PROPERTY COMPANY LLC, an Oregon limited partnership

By: [Signature]

Acknowledged before me
By: David E. Ford 3/11/04

acknowledged before me 3/11/04
By Vernon C. Palmer



Deschutes County
Sheryl Abell



Deschutes County
Karinda L. Hedlund

Exhibit 'A'

Northwest Crossing, Phase 5 – Lots 197-213 and 217-233.