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AMENDED & RESTATED DECLARATION
OF
COVENANTS, CONDITIONS, RESTRICTIONS AND
RESERVATIONS
FOR
CRESCENT RIDGE RANCH P.U.D.

TITLE OF DOCUMENT:	AMENDED & RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS FOR CRESCENT RIDGE RANCH P.U.D.
DOCUMENT AFFECTED:	COVENANTS, AF# 1335907
GRANTOR:	CRESCENT RIDGE RANCH DEVELOPMENT COMPANY LLC
GRANTEE:	THE GENERAL PUBLIC

Final: 10-28-15

TABLE OF CONTENTS

ARTICLE I – PRELIMINARY MATTERS, PURPOSE..... 1

 1.1. Identification of Original Declaration of Covenants and Prior Amendments..... 1

 1.2. Amendment Rights..... 1

 1.3. Submission of Property to Ordinance..... 1

 1.4. Reference to Platting Documents - Description of Land Burdened by Covenants..... 1

 1.4.1. Reference to Platting Documents..... 1

 1.4.2. Description of Land Burdened by Covenants..... 2

 1.5. Purpose..... 2

 1.5.1. General Purpose - Legally Binding Covenants..... 2

 1.5.2. Specific Purpose - Governance of Planned Community..... 2

 1.6. Amendment Completely Supersedes All Earlier Declarations..... 2

ARTICLE II – DEFINITIONS..... 2

ARTICLE III – DESCRIPTION OF PROJECT, DEVELOPMENT PLAN & DEVELOPMENT RIGHTS..... 8

 3.1. Description of Project..... 8

 3.1.1. General Details..... 8

 3.1.2. Description of Neighborhood or General Vicinity..... 8

 3.1.3. Roads and Municipal Services..... 8

 3.2. Development Plan..... 8

 3.2.1. Development Agreement with Grant County..... 8

 3.2.2. General Development Plan..... 9

 3.2.3. Scenic Views Require Protection..... 9

 3.2.4. Common Areas - Maintained by Community Association..... 9

 3.2.5. Subordinate Projects and Subordinate Project Associations..... 9

 3.2.6. Neighborhoods and Neighborhood Committees..... 10

 3.3. Development Rights..... 10

 3.3.1. Description..... 10

 3.3.2. Procedure for Exercise..... 11

 3.3.3. Time Limits on Development Rights..... 11

 3.3.4. Sequence of Exercise of Rights..... 11

 3.3.5. Declarant's Rights to Land and Liability for Expenses..... 12

 3.3.6. Legal Status of Development Rights..... 12

ARTICLE IV – SUBORDINATE PROJECTS AND NEIGHBORHOODS; CONSTRUCTION WITHIN LOTS..... 12

 4.1. Initial Development Areas..... 12

 4.2. Garages at Crescent Ridge Ranch Condominium Subordinate Project..... 12

 4.2.1. Number and Location of Units..... 12

 4.2.2. Description of Limited Common Areas..... 13

 4.2.3. Name of Association Governing Garages at Crescent Ridge Ranch Condominium..... 13

 4.3. Estates Neighborhood..... 13

 4.3.1. Number and Location of Lots..... 13

 4.3.2. Description of Limited Common Areas in Estates Neighborhood..... 13

 4.3.3. Landscape Buffer Areas in Estates Neighborhood..... 13

 4.3.4. Neighborhood Committee Governing Neighborhood..... 14

 4.4. Requirements for Dwellings and Accessory Structures - Estates Neighborhood..... 14

 4.4.1. Permitted Dwellings..... 14

 4.4.2. Permitted Accessory Structures..... 14

 4.4.3. Fences..... 14



4.4.4.	Service Yards and Driveways.....	15
4.4.5.	Temporary Structures.....	15
4.4.6.	Landscaping and Control of Vegetation.....	15
4.5.	Architectural and Design Review.....	15
4.6.	Construction of Buildings and Other Improvements Within Lots.....	16
4.6.1.	Establishment of Building Site and Basic Site Services - Design Guidelines.....	16
4.6.2.	Accessory Structures.....	16
4.6.3.	Construction of Additional Improvements by Lot Owner.....	16
4.6.4.	No Deviation from Plans.....	16
4.6.5.	Governmental Permits.....	17
4.6.6.	Timing of Construction.....	17
4.6.7.	Dust Control.....	17
4.7.	Upkeep of Lots.....	17
4.7.1.	Owners' General Responsibility.....	17
4.7.2.	Maintenance of Roof/lot Drain Collection Systems.....	18
4.7.3.	Upkeep by Community Association.....	18
4.8.	Alterations of Dwellings and Lots.....	18
4.9.	Damaged Improvements - Reconstruction is Mandatory - Remedies for Noncompliance.....	19
4.9.1.	Mandatory Reconstruction of Damaged Improvements.....	19
4.9.2.	Remedies for Noncompliance.....	19
4.10.	Subdivision of Lots Prohibited.....	20
4.11.	Permanent Construction in Easement Areas Prohibited.....	20
ARTICLE V – COMMON AREAS, LIMITED COMMON AREAS AND RESERVED COMMON AREAS...		20
5.1.	Common Areas and Common Facilities.....	20
5.2.	Partition, Conveyance, or Encumbrance.....	21
5.3.	Allocated Interests - Common Areas Declared an Appurtenance.....	21
5.4.	Upkeep By Community Association.....	22
5.5.	Schedules for Preventative Maintenance.....	22
5.6.	Reserves for Major Repairs and Replacement.....	22
5.7.	Right of Access.....	22
5.8.	Use of Common Areas.....	22
5.8.1.	General Rights and Restrictions.....	22
5.8.2.	Limitations to Reduce Overuse.....	23
5.9.	Interference with Common Areas.....	23
5.10.	Prohibition Against Dumping.....	23
5.11.	Limited Common Areas.....	23
5.12.	Reserved Common Areas.....	23
5.13.	Rights of Grant County.....	24
5.13.1.	General Rights and Benefits.....	24
5.13.2.	Specific Rights.....	24
ARTICLE VI – SPECIAL USE AND UPKEEP PROVISIONS.....		24
6.1.	Description of Principal Common Amenities.....	24
6.1.1.	Initial Amenities.....	24
6.1.2.	Possible Future Common Amenities.....	25
6.2.	Responsibility for Operations and Upkeep.....	25
6.2.1.	Upkeep of Roads.....	25
6.3.	Upkeep and Use of Private Water System.....	25
6.3.1.	Description - General Requirements.....	25
6.3.2.	Water System Maintenance.....	25
6.3.3.	Water Conservation Measures.....	26

(ii)



6.3.4.	Restrictions on Furnishing Water to Additional Parties.	26
6.4.	Upkeep and Use of Sanitary Sewerage System.....	26
6.5.	Upkeep of Stormwater Drainage Facilities and Reservoir.....	26
6.6.	Upkeep of Fire Suppression System.	27
6.7.	Upkeep of Landscape Buffer Areas.....	27
6.8.	Upkeep of Open Space Areas.	27
6.9.	Upkeep and Use of Common Recreational Facilities.	27
6.10.	Use by Lot Owners.	27
6.11.	Reserves to Maintain, Repair & Replace Common Facilities and Amenities.	28
ARTICLE VII – COMMUNITY ASSOCIATION.		28
7.1.	Name and Form of Community Association.	28
7.2.	Powers of Community Association.....	28
7.3.	Membership Rights and Privileges.	28
7.4.	Voting.	28
7.4.1.	Voting Rights.	28
7.4.2.	Allocated Interests for Voting..	29
7.5.	Bylaws of Community Association.	29
7.5.1.	Board of Directors - Representation of Subordinate Communities.	29
7.5.2.	Election of Directors of Community Association.	29
7.5.3.	Neighborhood Committee.	29
7.6.	Community Association May Provide Additional Services.....	29
7.7.	Perpetual Existence - Rights of Grant County.....	30
ARTICLE VIII – MANAGEMENT OF THE PLANNED COMMUNITY.		30
8.1.	Management by Declarant.....	30
8.2.	Professional Management.	30
8.3.	Authority of the Board.....	30
8.3.1.	General Authority.....	30
8.3.2.	Incurring and Payment of Common Expenses.....	31
8.3.3.	Acquisition of Property.....	32
8.3.4.	No Business Authority.....	32
8.4.	Right of Entry.....	32
8.4.1.	General Right.	32
8.4.2.	Entry to Protect Private Property from Damage from Freezing.....	32
8.5.	Board as Attorney in Fact.....	33
ARTICLE IX – PERMITTED USES; ARCHITECTURAL CONTROL.		33
9.1.	Permitted Uses.....	33
9.1.1.	Residential Use.	33
9.1.2.	Commercial Uses.....	33
9.1.3.	Vehicle Parking and Operation.	33
9.1.4.	RV Parking.	34
9.1.5.	Signs.	35
9.1.6.	Animals.....	35
9.1.7.	Noise.	36
9.1.8.	Offensive or Illegal Activity.	36
9.1.9.	Hazardous Substances.....	36
9.1.10.	Television and Radio Antennas, Dishes.	36
9.1.11.	Security Systems.	36
9.1.12.	Fencing.	37
9.1.13.	Effect on Insurance.	37



9.1.14.	Accessory or Temporary Structures.	37
9.1.15.	Lease Restrictions.	37
9.2.	Architectural Control.	37
9.2.1.	General Authority of Declarant and Board of Directors.	37
9.2.2.	Authority to Perform or Delegate Functions of ARC.	38
9.2.3.	Coordination of Architectural Control with Subordinate Project Associations.	38
9.2.5.	Status of Design Guidelines.	38
9.2.6.	Authority to Grant Variances.	38
9.2.7.	No Liability for Architectural Review.	39
9.3.	Recreational Facilities.	39
ARTICLE X – COMMON EXPENSES AND ASSESSMENTS.		39
10.1.	Budget for Common Expenses.	39
10.1.1.	General Budget for Common Expenses.	39
10.1.2.	Sub-Budgets for Limited Common Expenses for Neighborhoods or Subordinate Projects	39
10.2.	Meeting of Community Association to Ratify Budget.	40
10.3.	Reserves for Capital Improvements, Replacements, Major Repairs & Insurance Deductibles. . .	40
10.3.1.	Establishment of Reserves.	40
10.3.2.	Reserve Study.	40
10.3.3.	Limitations on Withdrawals From Reserve Account.	41
10.4.	Assessments for Common Expenses.	41
10.4.1.	Liability of Lots.	41
10.4.2.	Payment of Assessments by Subordinate Project Association.	41
10.4.3.	Assessment of Undeveloped Lots.	41
10.4.4.	Timing of Payments - Authority for Installment Payments.	41
10.4.5.	Initial Assessment Deposits - New Owners Fee.	42
10.4.6.	Transfer Fees on Resales.	42
10.5.	Assessments to Pay Judgment Against Community Association.	42
10.6.	Allocated Interests.	42
10.7.	Special Assessments.	42
10.8.	Specially Allocated Assessments.	43
10.9.	Accounts; Commingling Prohibited - Maintained in State.	43
10.10.	Surplus Funds.	43
10.11.	Liability of Lot Owners for Community Association Obligations.	44
10.12.	Owners Personally Liable for Common Expenses.	44
10.13.	Liability Following Conveyance of Lot.	44
10.14.	Statement of Unpaid Assessments.	45
10.15.	Lien for Assessments and Power of Sale.	45
10.16.	Perfection of Lien.	45
10.17.	Priority of Lien.	46
10.18.	Enforcement of Lien.	46
10.19.	Limitation of Lien Enforcement.	47
10.20.	Rent Subject to Lien for Assessments.	47
10.20.1.	Rent Payable to Community Association Upon Default of Owner.	47
10.20.2.	Community Association Entitled to Appointment of Receiver.	47
10.21.	Suspension of Utility Services, Use of Recreational Facilities.	47
10.22.	Remedies Cumulative.	48
ARTICLE XI – INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION.		48
11.1.	Authority, Name of Insured.	48
11.2.	Insurance Policies and Coverage.	48



11.2.1	Basic Coverage.....	48
11.2.2	Directors' and Officers' Insurance.....	49
11.2.3	Fidelity Insurance.	49
11.3.	Deductible.	50
11.4.	Unavailability, Cancellation or Nonrenewal.	50
11.5.	Owners' Individual Policies Required.....	50
11.5.1	Property and Liability Insurance.....	50
11.5.2	No Obligation of Community Association to Monitor Coverage.	50
ARTICLE XII	– CONDEMNATION.	51
12.1.	Condemnation of Common Areas.....	51
12.2.	Condemnation of Limited Common Areas.....	51
12.3.	Community Association Necessary Party to Proceeding..	51
12.4.	Reconstruction and Repair..	51
12.5.	Notice to Mortgagees..	51
12.6.	Payment of Award.	51
ARTICLE XIII	– COMPLIANCE WITH LAW AND COVENANTS.	52
13.1.	Compliance by Owners and Occupants.	52
13.2.	Occupants Subject to Rights and Responsibilities of Owners.....	52
13.3.	Liability for Conduct Causing Common Expense.....	52
13.4.	Enforcement by Community Association.	53
13.4.1.	Authority of the Board.....	53
13.4.2.	Abatement of Violations.....	53
13.4.3.	Legal Proceedings..	53
13.4.4.	Additional Provisions of Bylaws.....	53
13.4.5.	No Waiver of Rights.	54
13.4.6.	Remedies Cumulative.....	54
ARTICLE XIV	– LIMITATION OF LIABILITY.....	54
14.1.	Association is Not a Guarantor - No Liability for Utility Failure, Etc..	54
14.2.	Liability of Officers and Directors, Indemnification.	54
14.3.	No Bailment.....	55
ARTICLE XV	– MORTGAGEE PROTECTION.	55
15.1.	Percentage of Eligible Mortgagees.....	55
15.2.	Notice of Actions.	55
15.3.	Inspection of Books..	56
15.4.	Financial Statements.....	56
15.5.	Enforcement.....	56
15.6.	Attendance at Meetings..	56
15.7.	Limitations on Mortgagees' Rights.....	57
15.8.	Implied Approval by Mortgagee.....	57
ARTICLE XVI	– EASEMENTS AND SPECIAL DECLARANT RIGHTS.....	57
16.1.	Easements for Lots and Lot Owners.	57
16.2.	Easement for Community Association Functions.	57
16.3.	Easement for Utilities and Emergency Access.....	57
16.3.1.	Easement for Utilities.	57
16.3.2.	Easement for Emergency Access.....	58
16.4.	Easements for Declarant.	58
16.4.1.	General Reservation.....	58

(v)



16.4.2.	Specific Rights.....	58
16.4.3.	Liability for Costs.....	58
16.5.	Easements Shown on Platting Documents.....	59
16.5.1.	General Provisions.....	59
16.5.2.	Shared Easement for Ingress, Egress & Utilities - Ridgeview Drive.....	59
16.6.	Special Declarant Rights.....	59
16.6.1.	General Reservation.....	59
16.6.2.	Declarant Control Period.....	60
16.6.3.	Legal Status of Special Declarant Rights.....	60
ARTICLE XVII – AMENDMENT OF DECLARATION OF COVENANTS.....		60
17.1.	Procedure for Amendment of Declaration of Covenants.....	61
17.2.	Recordation Required.....	61
17.3.	Special Restrictions.....	61
17.4.	Amendments by Declarant.....	61
ARTICLE XVIII – MISCELLANEOUS.....		61
18.1.	Notices for All Purposes, Delivery.....	62
18.2.	Severability.....	62
18.3.	No Right of First Refusal.....	62
18.4.	Effective Date.....	62



THIS AMENDMENT is made this ____ day of _____, 2015 by CRESCENT RIDGE RANCH DEVELOPMENT COMPANY LLC, a Washington Limited Liability Company, hereinafter referred to as the "Declarant."

ARTICLE I

PRELIMINARY MATTERS, PURPOSE

1.1. Identification of Original Declaration of Covenants and Prior Amendments.

The Declarant platted Crescent Ridge Ranch P.U.D. and caused a Declaration of Covenants [the "Covenants"] to be recorded in the land records of Grant County, Washington, at Auditor's File No. 1335907; the Covenants have not been previously amended.

1.2. Amendment Rights.

Under Section 17.4 of the Declaration of Covenants, the Declarant may unilaterally amend the Planned Community's Governing Documents from time to time, to clarify or expand upon same, and it now appears necessary to clarify matters addressed in several Sections of the Covenants. The amendments are sufficiently numerous to justify a restatement of the Covenants. That is the purpose of this document.

1.3. Submission of Property to Ordinance.

The Declarant has submitted the land burdened by these Covenants, together with all associated improvements, easements, rights and appurtenances, collectively referred to hereinafter as "the Property", to the provisions of the Planned Unit Development Ordinance of Grant County ("the Ordinance", i.e., Chapter 23.04.800 of the County Code), and has created from and within such Property a Planned Unit Development ("P.U.D.") which may be developed in several phases at the option of Declarant. This Planned Unit Development is known as "Crescent Ridge Ranch", and shall hereinafter be referred to as the "Planned Community."

1.4. Reference to Platting Documents - Description of Land Burdened by Covenants.

1.4.1. Reference to Platting Documents.

The Declarant has recorded with the Auditor of Grant County, Washington a certain P.U.D. Plat Map pursuant to the Ordinance, showing the location and dimensions of the land included within the first phases of the P.U.D., the location and dimensions of the Lots, Tracts, Parcels and Common Areas within the Community, together with other necessary information. This Plat Map is recorded at Auditor's File No. 1330224, Records of Grant County, Washington. This initial map and any similar maps recorded to bring future phases of this Planned Community into existence are hereinafter referred to as the "Platting Documents".



1.4.2. Description of Land Burdened by Covenants.

This Declaration of Covenants thus benefits and burdens the following described real property: Lot 1 of Crescent Ridge Ranch Phase 1, P.U.D. Plat Map, Book 29 of Plats, Pages 79-81, Recorded under Auditor's File No. 1330224, Records of Grant County, Washington, and Parcels 1 and 2, Crescent Ridge Ranch Record of Survey-Segregation, Book 67, Pages 73-74, Recorded under Auditor's File No. 1324948.

1.5. Purpose.

1.5.1. General Purpose - Legally Binding Covenants.

This Declaration of Covenants, together with the Platting Documents referred to herein, state covenants, conditions, restrictions and reservations intended by the Declarant to effect a common plan for the development of the Property mutually beneficial to all of the described Lots. The covenants, conditions, restrictions, reservations and plan, are binding upon and run with the land with respect to the entire Property and upon each such Lot as a parcel of realty, and upon its Owners or Occupants, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the Property or any security interest therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosures, or sales of Lots under security instruments, or of any forfeiture, foreclosures, or sales instituted for nonpayment of government tax, levy or assessment of any kind.

1.5.2. Specific Purpose - Governance of Planned Community.

The specific purpose of this Declaration of Covenants is two-fold: (1) to establish a flexible plan for the future development of the Planned Community; and (2) to develop and maintain an effective governance structure for the Planned Community so that the well-being of the Occupants of the Planned Community, and the values of the Lots and other private property in the Planned Community may be assured and maintained in perpetuity. The Planned Community shall be governed in perpetuity by the Community Association described at Section 7.1 of this Declaration of Covenants.

1.6. Amendment Completely Supersedes All Earlier Declarations.

This Amended and Restated Declaration of Covenants for the Planned Community shall entirely supersede the original Declaration of Covenants and any previous amendments thereto as to all events and circumstances occurring after the date of the recordation of this Amendment.

ARTICLE II

DEFINITIONS



2.1. "Architectural Review Coordinator" ("ARC") means the individual or Committee designated by the Declarant or the Board of Directors pursuant to Section 9.2 hereof, to coordinate compliance with the Design Guidelines of the Planned Community.

2.2. "Allocated interest" means the undivided interest in the Common Areas, the liability for Assessments for Common Expenses, and votes in the Community Association allocated to each Lot by the provisions of Sections 5.3, 7.4.2 and 10.6 of this Declaration of Covenants.

2.3. "Assessment" means all sums chargeable by the Community Association against a Lot including, without limitation: (a) Regular, Special and Specially Allocated Assessments for Common Expenses imposed by the Community Association; (b) interest and late charges on any delinquent account; and (c) all costs of collection, including without limitation reasonable attorneys' fees, incurred by the Community Association in connection with the collection of a delinquent Owner's account.

2.4. "Board of Directors" means the body with primary authority to manage the affairs of the Community Association.

2.5. "Commercial Tract" means a tract within the Planned Community on which lawful commercial activities may be conducted.

2.6. "Common Areas" means all portions of the Planned Community other than the Lots. Such areas are typically denoted as "Tracts" on the Platting Documents and include areas of land, along with specific facilities and improvements. To the extent that some Common Areas may be depicted within the boundaries of any Lot within this Planned Community, such Common Areas consist of easements burdening such Lot for the benefit of the Community Association or other Owners and Occupants of the Property within this Planned Community.

2.7. "Common Expenses" means expenditures made by or financial liabilities of the Community Association, together with any allocations to reserves.

2.8. "Common Expense liability" means the liability for Common Expenses allocated to each Lot pursuant to Section 10.6 of this Declaration of Covenants.

2.9. "Community Association" means the nonprofit corporation incorporated at the direction of the Declarant to manage the Common Areas of this Planned Community.

2.10. "Conveyance" means any transfer of the ownership of a Lot, including a transfer by deed or by real estate contract, but shall not include a transfer solely for security.

2.11. "County" means Grant County.

2.12. "Declarant" means the entity, person or group of persons acting in concert (a) who executes this Declaration of Covenants, or (b) who reserves or succeeds to any Special Declarant



Right under the Declaration of Covenants [a "Successor Declarant"]. An "Affiliate" of the Declarant means any Person who controls, is controlled by, or is under common control with the Declarant, in the sense described in RCW 64.34.010(1).

2.13. "Declarant control" means the right of the Declarant or persons designated by the Declarant to appoint and remove Officers and members of the Board of Directors or to veto or approve a proposed action of the Board or Community Association pursuant to Sections 8.1 and 16.6 of this Declaration of Covenants.

2.14. "Declaration of Covenants" means this document, which facilitates the governance and management of this Planned Community; the term also includes any lawful amendments to this document.

2.15. "Design Guidelines" means standards for construction of improvements within the Lots developed by the Board of Directors or a Committee pursuant to Article IX hereof, and any standards established by the Declarant.

2.16. "Development Plan" means any formal plan of development, however termed under the Ordinance, approved by the County in which the Planned Community is situated. The term also includes any amendments thereto approved by applicable governmental entities.

2.17. "Development Right" means any right or combination of rights reserved by the Declarant in the Declaration of Covenants: (a) To add real property or improvements to the Planned Community; (b) to create Subordinate Projects and Neighborhoods within the real property included in or which may be added to the Planned Community; (c) to create Lots, Common Areas, or Limited Common Areas within real property included in or which may be added to the Planned Community; (d) to subdivide or combine Lots or convert Lots into Common Areas; or (e) to withdraw real property from the Planned Community. Development Rights affecting this Planned Community are described in Section 3.3 hereof. Development Rights are personal to the Declarant and may be exercised, or not exercised, in Declarant's sole and absolute discretion.

2.18. "Dispose" or "disposition" means a voluntary transfer or conveyance to a purchaser or lessee of any legal or equitable interest in a Lot, but does not include the transfer or release of a security interest.

2.19. "Dwelling" or "Dwelling Unit" means an improved portion of the Property designed for separate ownership and intended to serve as a personal residence. The term includes single family detached housing units, as well as each unit in a townhouse building.

2.20. "Eligible Insurer" means the insurer or guarantor of a mortgage on a Lot that has filed with the secretary of the Community Association a written request that it be given copies of notices of any action by the Community Association that requires the consent of mortgagees. The term "Eligible Insurer" includes such entities as the Veterans Administration, the Federal Housing Administration and the like.



2.21. "Eligible Mortgagee" means the holder of a mortgage on a Lot that has filed with the secretary of the Community Association a written request that it be given copies of notices of any action by the Community Association that requires the consent of mortgagees. The term "Eligible Mortgagee" also includes the "servicer" of a mortgage which has been acquired or securitized by secondary mortgage market entities such as the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") or the like.

2.22. "Foreclosure" means a forfeiture or judicial or nonjudicial foreclosure of a mortgage or a deed in lieu thereof.

2.23. "Future Phase Amendment" means an amendment to this Declaration of Covenants which will be executed and recorded by the Declarant concurrently with the creation of each new Phase of Development. The Future Phase Amendment will describe (a) the land included within each such Phase by reference to a recorded Platting Document, (b) the number and location of Lots and/or Units within the Phase, (c) the name and general description of the Subordinate Project or Neighborhood containing such Lots and/or Occupancy Units, (d) a description of any Limited Common Areas serving the Subordinate Project or Neighborhood, (e) a description of the separate Subordinate Project Association or Neighborhood Committee which may be responsible for Upkeep of such Limited Common Areas, and (f) any other matters that are necessary or appropriate for the proper governance of such Phase.

2.24. "Governing Documents" means this Declaration of Covenants, the Platting Documents, the Design Guidelines, the Articles of Incorporation and Bylaws of the Community Association, along with any Rules and Regulations adopted by the Board of Directors, and any lawfully adopted amendments to any of the above.

2.25. "Governing Law" means the Washington Homeowners Association Act (Chapter 64.38 RCW, the "HOA Act") or any successor statute, and any amendments thereto.

2.26. "Limited Common Area" means a portion of the Common Areas which is designed to serve only the Owners of Lots in a single Subordinate Project or Neighborhood. Maintenance responsibility for Limited Common Areas is to be born by the Owners of the Lots in the Subordinate Project or a Neighborhood benefitted by such area.

2.27. "Limited Common Expenses" are portions of the Common Expenses for which one or more, but fewer than all Lot Owners may become liable under the terms of the Governing Documents.

2.28. "Lot" means a physical portion of the Planned Community designated for separate ownership, the boundaries of which are depicted on the Platting Documents as a separate lot of record. The term "Lot" may also include the word "tract", where a parcel depicted on the Platting Documents is susceptible to private as opposed to common ownership; the term "Lot" may also include the word "unit", when applicable to a condominium Subordinate Project in the Planned



Community, unless the context clearly indicates a contrary construction.

2.29. "Lot Owner" means the Declarant or any other person who owns a Lot, but does not include a person who has an interest in a Lot solely as security for an obligation. "Lot Owner" means the vendee, not the vendor, of a Lot under a real estate contract.

2.30. "Mortgage" means a mortgage, deed of trust or real estate contract.

2.31. "Neighborhood" means a portion of the Property containing Lots which will not be governed by a separate community association, but which instead will be represented in the Community Association by a Neighborhood Committee described in Section 4.3 hereof or in a Future Phase Amendment recorded by the Declarant when the Neighborhood is created. A Neighborhood and its Occupants will be subject in all respects to this Declaration of Covenants, and will be subject to the jurisdiction and control of the Community Association.

2.32. "Neighborhood Committee" means the Committee of the Community Association that is or will be formed to represent the interests of Owners of Lots in each Neighborhood with respect to the Upkeep of Limited Common Areas serving the Neighborhood and other matters peculiarly affecting the Neighborhood.

2.33. "Occupant" means a person lawfully occupying any Lot; the term includes without limitation Lot Owners, tenants, and the family members of Lot Owners and tenants.

2.34. "Ordinance" or "the Ordinance" means the law, statute, ordinance authorizing the creation of this Planned Community in the jurisdiction in which the Property is situated, described with greater particularity in Section 1.1 hereof, along with any administrative regulations implementing same. The term includes any changes, revisions, substitutions and/or deletions in such law or regulations which may exist from time to time.

2.35. "Person" means a natural person, corporation, partnership, limited partnership, trust, governmental subdivision or agency, or other legal entity.

2.36. "Planned Community" means all the Property within the Platting Documents, along with all the improvements constructed therein, and all other institutions and things serving the Owners of Lots therein governed by the Community Association.

2.37. "Property" or "the Property" means the real property designated on the Platting Documents and legally described thereon, and includes all real property which may be from time to time acquired by the Community Association pursuant to Section 8.3.3 hereof, or which may be added to this Planned Community under Development Rights reserved in Section 3.3 hereof.

2.38. "Purchaser" means any person, other than the Declarant or a dealer, who by means of a disposition acquires a legal or equitable interest in a Lot other than as security for an obligation.



2.39. "Reserved Common Area" means a portion of the Common Areas which is designed for temporary use, storage or other specified purposes by one or more Owners or occupants, upon payment to the Community Association of such user fees and upon satisfaction of such other conditions as the Board, by resolution, may deem appropriate; the right to use a Reserved Common Area shall be deemed to be a license rather than an interest in the property so reserved.

2.40. "Residential purposes" means use for dwelling and human habitation, whether on an ownership, rental or lease basis and for reasonable social, recreational or other uses normally incident to such purposes.

2.41. "Special Declarant Rights" means rights reserved for the benefit of the Declarant: (a) to complete improvements indicated on the Platting Documents filed with the Declaration of Covenants; (b) to exercise any Development Right described in Section 3.3 hereof; (c) to maintain sales offices, management offices, signs advertising the Planned Community, and models; (d) to grant and/or use easements through the Common Areas for the purpose of making improvements within the Planned Community or within real property which may be added to the Planned Community under Development Rights reserved hereinafter; or (e) to appoint or remove any Officer of the Community Association or any member of the Board of Directors or of any Committee, or to veto or approve a proposed action of the Board or of the Community Association during any period of Declarant Control reserved in this Declaration of Covenants. Special Declarant Rights are described in Section 16.6 hereof.

2.42. "Specially Allocated Assessment" means a portion of the Common Expenses of the Community Association which may be specially assessed against one or more but fewer than all of the Lots pursuant to Section 10.8 of this Declaration of Covenants.

2.43. "Subordinate Project" means a portion of the Property containing Lots or Units which will be governed by an independent, incorporated Subordinate Project Association. A Subordinate Project and its Occupants are subject in all respects to this Declaration of Covenants, and will remain subject to the jurisdiction and control of the Community Association.

2.44. "Subordinate Project Association" means a separate community association established pursuant to Chapter 64.38 RCW under covenants for such Subordinate Project recorded by the Declarant, or a condominium association established pursuant to Chapter 64.34 under a declaration for such Subordinate Project recorded by the Declarant. A Subordinate Project Association shall be formed to represent the interests of Owners of Lots or Units in such Subordinate Project, to provide for the Upkeep of Limited Common Areas serving the Subordinate Project, and to provide self-governance with respect to other issues uniquely affecting the Subordinate Project.

2.45. "Upkeep" means any care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction that is required to maintain property in a decent, safe and sanitary condition, in keeping with the high standards of the Planned Community.



ARTICLE III

DESCRIPTION OF PROJECT, DEVELOPMENT PLAN & DEVELOPMENT RIGHTS

3.1. Description of Project.

3.1.1. General Details.

This project is an Equestrian Themed Master Planned Resort containing neighborhoods with housing of several distinct types, along with recreational facilities and a condominium garage/storage facility. Use of many of the Lots and recreational areas is expected to be seasonal; provisions are made in these Covenants to permit the Community Association to perform periodic maintenance to improvements in the Lots and Common Areas during winter months, to prevent damage from freezing.

3.1.2. Description of Neighborhood or General Vicinity.

The Planned Community is located outside of Quincy, Washington, located above (easterly of) the Sunsera at Crescent Bar community, and is accessed via the main entrance road to Sunsera at Crescent Bar. The Planned Community is expected to include a development of approximately 107 acres in total.

3.1.3. Roads and Municipal Services.

Roads are private; the Planned Community is accessed by easements described in greater detail in Section 16.5.2 hereof. Electric power is provided by Grant County PUD. Telecommunications facilities will be provided. Fire protection is provided by Grant County Fire District. Police protection is provided by Grant County Sheriff's Department. Water is supplied by a private Class A water system described with greater particularity in Section 6.3 hereof. Sanitary sewerage services are provided by a private, on-site sewage disposal system regulated by Grant County Health Department and operated by the Community Association described in Section 7.1 hereof.

3.2. Development Plan.

3.2.1. Development Agreement with Grant County.

The Planned Community is being developed in accordance with a Planned Unit Development plan ["Development Plan"] approved by Grant County under Council Resolution No. 13-008-CC which approved a Development Agreement for the Project under the provisions of RCW 36.70B.170. The Development Agreement is recorded at Auditor's File No. 1311838, Records of Grant County, Washington. The Development Agreement specifies that the project is an "Equestrian Themed Master Planned Resort", to be developed under the authority of the County's Planned Unit Development Ordinance, ("the Ordinance", i.e., Chapter 23.04.800 of the Grant County Code), under



which a PUD district is created to promote diversity and creativity of site design, and to protect and enhance natural and community features. Platting requirements associated with the project were addressed under Chapter 22.04, Grant County Code. All further use and development of the Property in this Planned Community shall be consistent with the Ordinance and with such Development Plan, as it may be amended; individual Phases of the Planned Community may be modified unilaterally by the Declarant subject to approval by Grant County.

3.2.2. General Development Plan.

The Planned Community will be developed in phases by the Declarant, in accordance with the Development Plan and any amendments thereto approved by Grant County. In general, the Development Plan contemplates the creation by the Declarant of groups of Lots organized in a Subordinate Project or Neighborhood, as further described below. The Planned Community shall be governed by the Crescent Ridge Ranch Community Association ["Community Association"], a nonprofit corporation described in Article VII hereof in which all Lot Owners will be members. The Community Association is charged with responsibility for providing a panoply of goods and services designed to serve and support the Neighborhoods, Subordinate Projects and all Occupants of the Planned Community.

3.2.3. Scenic Views Require Protection.

The Planned Community is located upland of the Columbia River. Many Lots enjoy views of scenic features over broad expanses of Grant County. Such views add value to the Lots, as well as provide esthetic enjoyment to Owners and Occupants in the Planned Community. Many provisions of the Governing Documents, including without limitation requirements for building setbacks and height limitations, are designed to protect such scenic views from untoward obstruction and/or to avoid a cluttered, non-uniform appearance of Lots within Planned Community; such provisions are to be liberally construed towards this end.

3.2.4. Common Areas - Maintained by Community Association.

Common Areas in the Planned Community will be maintained, repaired, replaced, managed and insured by the Community Association. Roads in the Planned Community are private and are to be maintained by the Community Association. Costs associated with Upkeep of arterial roads in the Planned Community will be assessed equally against all Lots; costs associated with Upkeep of local roads and other local amenities will be primarily assessed against the Lots within each Neighborhood or Subordinate Project served by such particular amenities. Long-term open storage or parking of recreational vehicles, boats and other items when not in use is generally prohibited within the Lots so as to maintain an uncluttered look to the Planned Community. Such storage is permitted in the Garages at Crescent Ridge Ranch Condominium.

3.2.5. Subordinate Projects and Subordinate Project Associations.

A Subordinate Project is a portion of the Planned Community which contains Lots



which shall be governed by a Subordinate Project Association consisting of a condominium association established pursuant to Chapter 64.34 under a condominium declaration for such Subordinate Project, or a separate community association established pursuant to RCW 64.38 under a separate set of covenants adopted for such project. A Subordinate Project and its Occupants nevertheless will be subject in all respects to this Declaration of Covenants, and will remain subject to the jurisdiction and control of the Community Association. Portions of the Common Areas serving only a Subordinate Project will constitute Limited Common Areas, Upkeep for which shall be the responsibility of the Subordinate Project Association governing such Subordinate Project. Neither the Subordinate Project Association nor the Lot Owners in a Subordinate Project will be responsible for expenses incurred solely for the benefit of a Neighborhood.

3.2.6. Neighborhoods and Neighborhood Committees.

A Neighborhood is a portion of the Planned Community which contains Lots which will not be governed by a separate community association, but which instead will be represented by a Committee of the Community Association. A Neighborhood and its Occupants are subject in all respects to this Declaration of Covenants, and will remain subject to the jurisdiction and control of the Community Association. Portions of the Common Areas serving only a Neighborhood will constitute Limited Common Areas. Costs associated with Upkeep for such Limited Common Areas shall be assessed exclusively against the Owners of Lots in the Neighborhood under Section 10.8 hereof, following input from the Neighborhood Committee representing such Neighborhood, as hereinafter provided. Neither the Neighborhood Committee nor the Lot Owners in a Neighborhood will be responsible for expenses incurred for sole the benefit of a Subordinate Project.

3.3. Development Rights.

3.3.1. Description.

The Declarant reserved Development Rights to facilitate the future development of the Planned Community in several phases, as described below. To accomplish this process of phased development, the Declarant reserves the rights to construct improvements within the Property, including without limitation additional roads, paths, utility installations, fencing, retaining walls, building, storage areas, lighting, and landscaping features; to create Subordinate Projects and Neighborhoods within the real property included in the Planned Community and to adopt and record Local Covenants governing the Lots in any such Subordinate Project or Neighborhood; to create Lots, Common Areas, or Limited Common Areas within real property included in the Planned Community; to subdivide Lots, combine Lots or convert Lots or Tracts [including Commercial Tracts] into Common Areas; to add additional parcels of real property ["Additional Land"] to the Planned Community by the Declarant, as may be permitted under the Development Plan.

(a) Phase 1 in general, is a nonresidential condominium Subordinate Project designed for garage and storage purposes in Garages at Crescent Ridge Condominium, located in Phase 1 of the P.U.D.



(b) Phase 2, in general, will consist of twenty-two (22) residential Lots in the Estates Neighborhood, in Phase 2 of the P.U.D., along with three Commercial Tracts [Tracts B, D, E & F] depicted on the Platting Documents; Tracts D & E are described on the Platting Documents as Equestrian Pasture Areas that include a Barn structure and various other improvements; Tract B includes the Planned Community's water reservoir, water system booster house and its equipment; Tract F is a pool/spa Area.

(c) Phase 3, in general, could consist of up to thirty-two (32) additional Lots in the Estates Neighborhood.

(d) Phase 4, in general, could consist of up to one hundred (100) Lots.

(e) Any of the above-described Phases 2, 3 and 4 may be further subdivided, combined, or developed in a sequence different from that described above; for example and not by way of limitation, the Garages at Crescent Ridge Ranch Condominium may be developed in multiple phases over an extended period of time. The Estates Neighborhood may also be developed in several sub-phases. Phase 4 may include fewer or more Lots than the total described above, and additional Phases may be added. Phasing of Subordinate Projects and Neighborhoods is designed to lead to flexibility in development, to avoid a "scattered" appearance and to satisfy the concerns of lenders in the project.

(f) At any time within the period specified in Section 3.3.3 hereof, the Declarant may also create additional Common Areas or facilities, or relocate existing common facilities within the Planned Community.

3.3.2. Procedure for Exercise.

To exercise any Development Right reserved under Section 3.3.1 of this Declaration of Covenants, the Declarant shall execute and record a Future Phase Amendment to this Declaration of Covenants, shall obtain any necessary amendments to the Development Plan, along with all necessary building and occupancy permits for new construction within each additional Phase, and, if necessary, shall prepare, execute, and record any new covenants, condominium declarations and survey maps, or any amendment to the Platting Documents or to this Declaration of Covenants that is or may be required under the Ordinance or the Development Plan.

3.3.3. Time Limits on Development Rights.

The Declarant may exercise the Development Rights described in Section 3.3.1 of this Declaration of Covenants within twenty (20) years from the date of the conveyance by the Declarant of the first Lot or Tract in the Planned Community to a person other than the Declarant.

3.3.4. Sequence of Exercise of Rights.

The Development Rights described in Section 3.3.1 of this Declaration of Covenants



shall be exercised at any time and in any sequence, at the sole option of the Declarant.

3.3.5. Declarant's Rights to Land and Liability for Expenses.

In addition to the liability that the Declarant as a Lot Owner has under this Declaration of Covenants, the Declarant alone is liable for all expenses in connection with real property subject to Development Rights. No other Lot Owner and no other portion of the Planned Community is subject to a claim for payment of those expenses unless Lot Owners other than the Declarant have rights to use such areas. Any income or proceeds from real property subject to Development Rights inures to the Declarant.

3.3.6. Legal Status of Development Rights.

Each Development Right reserved by Declarant in this Declaration of Covenants is and shall remain an equitable servitude burdening all lands subject thereto and running with such lands. Each Development Right shall exist for the benefit of the Declarant and/or any assignee of Declarant and/or any successor declarant. Declarant has and shall retain, with respect to each Development Right, a power coupled with Declarant's interest in said lands. The Development Rights reserved in this Declaration of Covenants include the right, but not the obligation, to create future interests or future estates in real property, and to own, convey, mortgage, lease and/or otherwise use and deal with such real property and such future interests or future estates free and clear of any interest of other Lot Owners or the Community Association, except as may be otherwise specifically provided herein.

ARTICLE IV

SUBORDINATE PROJECTS AND NEIGHBORHOODS; CONSTRUCTION WITHIN LOTS

4.1. Initial Development Areas.

The Planned Community initially shall contain one Subordinate Project and one Neighborhood.

4.2. Garages at Crescent Ridge Ranch Condominium Subordinate Project.

The first Subordinate Project to be created in the Planned Community is The Garages at Crescent Ridge Ranch, a Condominium. It is a nonresidential condominium project that has been designed to provide garage space for recreational vehicles, boats or storage for other materials.

4.2.1. Number and Location of Units.

This Subordinate Project contains twenty-nine (29) Units which are located in Phase 1 of the Planned Community. This Subordinate Project is subject to expansion under development



rights reserved in the condominium declaration for such Subordinate Project.

4.2.2. Description of Limited Common Areas.

At present, there are no Limited Common Areas serving this Subordinate Project.

4.2.3. Name of Association Governing Garages at Crescent Ridge Ranch Condominium.

The Subordinate Project Association representing the Owners of property within this Subordinate Project shall be known as The Garages at Crescent Ridge Ranch Condominium Association, which has been or will be incorporated as a nonprofit corporation under the laws of the State of Washington to provide an independent governance structure for such Owners, and to exercise such forms of architectural control over the Lots within the Subordinate Project as may be permitted under Section 9.2.3 hereof.

4.3. Estates Neighborhood.

The first Neighborhood in the Planned Community is the Estates Neighborhood. It is a single family neighborhood located in Phase 2 and proposed Phase 3 that may contain a variety of housing types.

4.3.1. Number and Location of Lots.

This Neighborhood will contain twenty-two (22) residential Lots, which will be located in the Plat of Phase 2 and proposed Phase 3 of the Planned Community on Ridgeview Drive, along with three Commercial Tracts [Tracts B, D and E], presently including Equestrian Pasture Areas, a Barn structure and significant portions of the private water system serving the Planned Community. More Lots may be added to this Neighborhood under Development Rights reserved by the Declarant.

4.3.2. Description of Limited Common Areas in Estates Neighborhood.

The Landscape Buffer Areas on each Lot lying adjacent to Ridgeview Drive, as depicted on the Platting Documents, the Open Space areas in Tract C and the Pool and Spa to be constructed within Tract F, along with common fencing and landscaping within easement areas within the Lots in the Estates Neighborhood are Limited Common Areas allocated for the exclusive use of the Lots in Phase 2 and proposed Phase 3.

4.3.3. Landscape Buffer Areas in Estates Neighborhood.

Each Lot in this Neighborhood within the Plat of Phase 2, and Lots 23 through 27, inclusive within proposed Phase 3, are burdened with an easement approximately twelve (12) feet in width measured inward from the edge of the Lot abutting the roadway (the "Landscape Buffer Area"), within which common fencing and landscaping will be installed as Limited Common Areas



serving the Lots in this Neighborhood; provided, the easement for the Landscape Buffer Area shall not impede any Lot Owner's access to his or her Lot, including such Lot Owner's ability to construct a driveway through a portion of the Landscape Buffer Area in accordance with the Covenants and applicable rules and regulations. The Landscape Buffer is proposed to burden Lots numbered 1 through 27 within the Estates Neighborhood, and the Declarant reserves the right to expand the Buffer to include additional lots within that portion of the Estates Neighborhood known as Phase 3 of the PUD. The Declarant nevertheless reserves the right to reduce the number of Lots subject to the Buffer as needed to accommodate space constraints, and instead let the common fence taper back to the road. At the Association's sole election, the Association may create walking paths through the Landscape Buffer Area, which may be traveled upon by lawful Occupants of this Neighborhood and well-behaved guests of such persons. No parking is permitted within the Landscape Buffer Area.

4.3.4. Neighborhood Committee Governing Neighborhood.

The Neighborhood Committee representing the Owners of property within this Neighborhood shall be known as the Estates Neighborhood Committee, which exists to provide representation for such Owners in the Community Association.

4.4. Requirements for Dwellings and Accessory Structures - Estates Neighborhood.

4.4.1. Permitted Dwellings.

No mobile homes, manufactured housing units or modular homes are permitted. Except as may be changed by the ARC in the exercise of its discretion and except for duplex or townhouse units, all Dwellings constructed on any Lot shall have not less than 1,800 square feet of living space, exclusive of porches, patios and garages. Except as may be changed by the ARC in the exercise of its discretion, any duplex or townhouse Dwelling constructed on any Lot shall have not less than 1,400 square feet of living space, exclusive of porches, patios and garages.

4.4.2. Permitted Accessory Structures.

Children's playhouses, gardening sheds, small greenhouses and other items may be permitted, subject to Design Guidelines adopted by the Declarant or the Board. Accessory Structures are subject to the Design Review and Construction standards described in Sections 4.5 and 9.2 hereof.

4.4.3. Fences.

Privacy fencing between Lots, backyard fencing or fencing placed elsewhere within a Lot and/or animal fencing shall be governed by Design Guidelines for this Neighborhood.



4.4.4. Service Yards and Driveways.

Each Lot shall provide visually screened areas to serve as service yards in which garbage and recycling containers, fuel tanks, mechanical equipment and any materials, supplies and equipment that are stored outside must be placed or stored in order to conceal them from view from roads or adjacent properties. Such service yards shall be enclosed with materials approved by the Board. Driveway material shall be of asphalt, brushed concrete, stamped or exposed aggregate concrete or other types of surfaces described in Design Guidelines or otherwise approved in advance by the Architectural Review Coordinator (“ARC”) described below.

4.4.5. Temporary Structures.

No structure of a temporary character, and no trailer, shack, shed or other temporary accessory buildings shall be erected, used or maintained on any Lot except in connection with construction activities, and then only during such time periods for construction as provided in Section 4.6.6 hereof.

4.4.6. Landscaping and Control of Vegetation.

Every Lot Owner shall control the growth of vegetation within the Lot such that it maintains a tidy and kempt appearance. Landscaping features shall be installed and maintained appropriately, in accordance with any Design Guidelines adopted for such purpose.

4.5. Architectural and Design Review.

4.5.1. Design Guidelines.

Design for improvements constructed within the Subordinate Projects and Neighborhoods of this Planned Community shall be generally consistent with theme of the Planned Community established by the Declarant. Each Neighborhood and/or Subordinate Project may have its own Design Guidelines, initially created by or on behalf of the Declarant. Any and all construction activities undertaken within any Lot other than a Commercial Tract must be approved in writing in advance by the Architectural Review Coordinator (“ARC”), as provided in Sections 4.5.2 and 9.2 below. The Board of Directors shall also have the authority to adopt and amend Design Guidelines and procedures to implement the basic theme contained herein, as provided in Section 9.2 hereof.

4.5.2. Design Review.

To preserve a harmonious architectural and aesthetic appearance of the Subordinate Projects and Neighborhoods within the Planned Community, no new construction or improvements of any nature whatsoever shall be constructed or placed on any Lot by any person other than the Declarant until detailed plans depicting all such improvements have been reviewed and approved by the ARC or the Board. Two copies of such plans, specifications and related data must be



submitted to the ARC for review, along with the Design Review fee described in the Design Guidelines or in the Local Covenants governing the Subordinate Project or Neighborhood in which the Lot is situated. Upon approval, one set of plans shall be retained among the permanent records of the Community Association and one copy shall be returned to the Owner, appropriately marked. The builder and/or Lot Owner are encouraged to submit plans to the ARC at the earliest possible date.

4.5.3. Time for Approval - No Construction Prior to Approval.

The ARC shall approve or disapprove plans, specifications and details within the time described in Section 9.2 hereof. No construction activity may commence prior to such approval.

4.6. Construction of Buildings and Other Improvements Within Lots.

4.6.1. Establishment of Building Site and Basic Site Services - Design Guidelines.

To maintain an uncluttered and esthetically harmonious appearance, ARC approval is required for the Owner's preferred building site within the Lot. The Declarant will cause Basic Site Services to be made available to each Lot, consisting of water, septic sewer and electric power. Construction of all Dwellings within the Planned Community shall occur under the supervision of the ARC in conformity with Design Guidelines adopted by the Declarant, as hereinafter provided. Each Owner is deemed to understand that no life or personal safety or engineering responsibilities are undertaken by the ARC; Owners are responsible for obtaining their own engineering and architectural advice with regard to any construction activities that occur on a Lot.

4.6.2. Accessory Structures.

Any accessory building structures constructed within a Lot, such as service or storage sheds, shall conform to the same theme of design described in Section 4.5.1 hereof, and shall be of such size, constructed of such materials and colors as to present a harmonious appearance in relation to the Dwelling or other permitted structures within the Lot. No such structure may be constructed at any time within a Lot by any person without the advance written approval of the Board of Directors. See Section 9.2 hereof.

4.6.3. Construction of Additional Improvements by Lot Owner.

To preserve the architectural integrity of the Community, no construction of any other additional improvements within a Lot, whether to the Dwelling or otherwise, may be undertaken absent the advance written approval of the ARC.

4.6.4. No Deviation from Plans.

Any person obtaining approval of the ARC shall not deviate materially from the approved plans and specifications without the prior written consent of the ARC. Such person shall



notify the ARC when the alterations or improvements are complete. Approval of any particular plans and specifications or design does not waive the right of the ARC to disapprove such plans and specifications, or any elements or features thereof, if such plans and specifications are subsequently submitted for use in any other instance or by any other person.

4.6.5. Governmental Permits.

Approval by the ARC shall not relieve an Owner from the obligation to obtain any required governmental permits. The Owner shall deliver all approvals and permits required by law to the ARC prior to the commencement of any construction requiring such approval or permit. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement to any Lot or improvement located on any Lot requires execution by the Community Association, and provided consent has been given by the ARC, then the application shall be executed on behalf of the Community Association by an Officer, without incurring any liability on the part of the Community Association to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having a claim for personal injury or property damage arising therefrom.

4.6.6. Timing of Construction.

Any person obtaining approval of the ARC for construction of improvements on a Lot shall substantially complete any such construction or alteration within twelve (12) months of such approval, unless a different period is specified in the ARC approval. If work is not completed within the time period required by the ARC, then the approval shall lapse. The ARC may require that material deviations from approved work be demolished and reconstructed. Unless otherwise provided in Local Covenants, any landscaping which is the responsibility of the Lot Owner shall be completed within fifteen (15) weeks after initial occupancy, unless required to be installed earlier by Grant County.

4.6.7. Dust Control.

At all times, including during any period of construction, each Owner shall control and mitigate any dust originating from such Owner's Lot.

4.7. Upkeep of Lots.

4.7.1. Owners' General Responsibility.

Each Lot Owner shall, at his or her sole expense, have the right and the duty to keep the landscaping vegetation and the Dwelling and other improvements erected within the Lot and any equipment, appliances, and fixtures contained therein, in good order, condition and repair and shall perform all interior and exterior Upkeep, redecorating and painting at any time necessary to maintain the good appearance and condition of such property. This Section shall not be construed as permitting any interference with or damage to the structural integrity of either the Common Areas



or of any other Lot(s), nor shall it be construed to limit the powers or obligations of the Community Association hereunder. See also Section 8.4 hereof.

4.7.2. Maintenance of Roof/lot Drain Collection Systems.

Each Lot shall be improved such that drainage shall flow towards the adjoining road, except for those Lots below the road, where sheet flow will slope to the pasture area. Each individual Lot Owner shall be solely responsible for all Upkeep of the individual roof/lot drain collection system, including the roof gutters, down-spouts, and footing drains serving the Owner's Dwelling, to the point where such individual drain lines connect with a common collector line within either a Utility Easement or a Drainage Easement area, if any.

4.7.3. Upkeep by Community Association.

If Upkeep to portions of any Dwelling or other portions of a Lot for which the Owner is responsible is reasonably necessary, in the opinion of the Board, to protect the Common Areas or to preserve the appearance and value of the Planned Community, and the Owner of said Lot has failed or refused to perform said maintenance or repair, as required by Section 4.7.1 of this Declaration of Covenants, within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered by the Board to the Owner, the Community Association may, but is not obligated, to perform such Upkeep. In order to ensure a reasonably consistent level of landscape maintenance, regardless of an Owner's Upkeep, the Association shall have the right, but not an obligation, to provide (either directly or by contract with third parties) landscaping and landscape maintenance services to any or all Lots, and to assess each Lot so benefitted for the costs incurred or to be incurred in so providing. The costs of Upkeep provided by the Community Association to or for the benefit of a Lot under the authority of this Section shall constitute a Specially Allocated Assessment against any Lot affected hereby, pursuant to Section 10.8 of the Declaration of Covenants. Further, and notwithstanding anything to the contrary in this Declaration of Covenants, the Association shall have the right to exclusively control the installation and maintenance of the landscaping and fencing upon and within the Landscape Buffer Area on each Lot, to the exclusion of the rights of any other party (including the Owners of any such Lots) to install or maintain such landscaping or fencing, or to place or install any other thing thereon. The costs of Upkeep provided by the Community Association related to installation or upkeep of such landscaping and/or fencing shall constitute a Specially Allocated Assessment pursuant to Section 10.8 of the Declaration of Covenants against all Lots in Phase 2 and, when added, in Phase 3.

4.8. Alterations of Dwellings and Lots.

Subject to the provisions of this Declaration of Covenants and other provisions of law, a Lot Owner:

4.8.1. May make any improvements or alterations to the interior portions of a Dwelling constructed within an Owner's Lot that do not affect the structural integrity or mechanical



or electrical systems of any other Lot or the Common Areas, or lessen the support of any portion of the Planned Community;

4.8.2. May not change the appearance of the Common Areas or the exterior appearance of any structure, including the Dwelling, Accessory Structure or Service Yard improvements constructed within the Lot, nor construct or erect any additional improvements within the Lot without permission of the ARC;

4.8.3. Shall perform any permitted reconstruction of the exterior portions of any improvements constructed within a Lot, or construction of any permitted additional improvements within the Lot, in a manner consistent with the provisions of Section 4.6 hereof;

4.9. Damaged Improvements - Reconstruction is Mandatory - Remedies for Noncompliance.

4.9.1. Mandatory Reconstruction of Damaged Improvements.

Except as provided below in this Section, if a Dwelling or other major improvement located upon a Lot is damaged or destroyed, the Owner thereof shall restore the site by repairing or reconstructing such building or improvement to a condition and appearance equal to or better than its condition immediately prior to such damage or destruction. Unless the Board of Directors permits a longer time period, such work must be commenced within six months after the casualty and must be substantially completed within twelve months after the casualty. The six-month period may be extended for a reasonable period thereafter in the event that repairs or reconstruction have not commenced because of factors beyond the control of the Owner, provided that the Owner has exercised and does thereafter continue to exercise due diligence in an effort to commence required work. The exterior appearance of the Dwelling, as it existed immediately prior to the casualty, shall be maintained or re-created during reconstruction, except as may be authorized by the Board of Directors under Section 9.2 hereof. In the event that a Lot upon which improvements have been damaged is acquired by the Owner of an adjoining Lot, no reconstruction is required if the new Owner of the damaged Lot causes complete demolition and removal of all improvements from such Lot and maintains it as one continuous pasture/lawn area as an extension of the landscaping on such new Owner's Lot.

4.9.2. Remedies for Noncompliance.

The architectural scheme of design for the entire Community would be seriously compromised in the event that a Dwelling were not repaired or reconstructed following its loss or damage. An Owner's failure to properly rebuild damaged improvements shall constitute a nuisance for which the remedy of damages at law shall be considered inherently inadequate. The Community Association or any aggrieved Owner may sue to abate such nuisance.



4.10. Subdivision of Lots Prohibited.

No Lot shall be subdivided by its owner unless it is divided in two and both such parcels are acquired by the adjacent Lot Owners who maintain the same as additional landscaped areas serving their respective Lots. Lots may be combined by their owners, using lawful procedures for such purposes then in effect in Grant County. In the event that two or more Lots are combined, the resulting Lot shall have allocated to it all the liabilities for Common Expense Assessments and votes in the Community Association formerly allocated to the Lots affected by the combination. In the event that adjoining Lots are owned by the same Lot Owner and only one Lot is improved with a Dwelling, the landscaping on both adjoining Lots shall be harmoniously developed and maintained.

4.11. Permanent Construction in Easement Areas Prohibited.

No permanent placement or construction of brick, rock, masonry or other components that may interfere with the construction, reconstruction, reliability, maintenance, and safe operation of utilities within easement areas within a Lot is permitted. Utility providers may trim and/or remove trees, bushes and landscaping, without compensation to the Lot Owner.

ARTICLE V

COMMON AREAS, LIMITED COMMON AREAS AND RESERVED COMMON AREAS

5.1. Common Areas and Common Facilities.

The Common Areas and Common Facilities of the Planned Community, which may also be referred to as "General Common Areas," consist of the following:

5.1.1. The Planned Community's identification signage facilities and the landscaped areas at the entrance to the Property.

5.1.2. The private road known as Ridgeview Drive, depicted on the Platting Documents as Tract A.

5.1.3. The common portions of the Water System, if any, from their points of disconnection from the water system reservoir and/or booster system within Tract B, to their point of connection with the meter on each Lot.

5.1.4. The Sanitary Sewer System, including the drainfield areas depicted on the Platting Documents in the Equestrian Areas [Tracts D & E] and the lines serving same.

5.1.5. The Fire Suppression System, its pumping equipment and distribution lines.



5.1.6. The Stormwater Drainage System, consisting of swales and infiltration facilities.

5.1.7. The Open Space Areas [currently, Tract C], including any facilities constructed therein.

5.1.8. Any and all other areas depicted on the Platting Documents, not including any Commercial Tracts, that have a common purpose but have not been dedicated to public use, including areas of Lots burdened by easements depicted on the Platting Documents for drainage or other specific common purposes.

5.1.9. The foregoing list is not exhaustive; Declarant reserves the right to create additional Common Areas within the land included in the Planned Community, and within the Additional Land which may be added to this Planned Community pursuant to Development Rights reserved under Section 3.3.1 hereof.

5.2. Partition, Conveyance, or Encumbrance.

5.2.1. Except as permitted by this Declaration of Covenants or the Ordinance, the Common Areas shall remain undivided and shall not be abandoned by act or omission, and no Lot Owner or other person may bring any action for partition or subdivision of the Common Areas.

5.2.2. Any purported conveyance, encumbrance, or other voluntary transfer of Common Areas, unless made pursuant to this Section, is void. A conveyance or encumbrance of Common Areas pursuant to this Section shall not deprive any Lot of its rights of access and support, nor shall it affect the priority or validity of preexisting encumbrances.

5.3. Allocated Interests - Common Areas Declared an Appurtenance.

The Declarant declares that each Lot in the Planned Community has allocated to it an equal undivided interest in the Common Areas of the Planned Community, which is known as the Lot's Allocated Interest in the Common Areas and which shall be conclusively presumed to be a perpetual appurtenance to such Lot. This Allocated Interest shall be deemed included with each Lot in any conveyance of such Lot, irrespective of whether so stated in the conveyance deed. No Allocated Interest in the Common Areas may be severed from, mortgaged or conveyed separately from the Lot. Any purported severance, mortgaging or conveyance shall be void. Each Lot Owner shall thus be a tenant in common with all other Lot Owners with respect to the Common Areas. In the event that the Declarant exercises a Development Right to create additional Lots to the Planned Community in future phases of development, the initial Allocated Interests shall be reallocated so that all Lots in the Planned Community will always have equal Allocated Interests in the Common Areas. Notwithstanding the foregoing, the Community Association shall have sole responsibility to deal with the Common Areas on behalf of the Owners. Owners' easement rights in the Common Areas are described in Section 16.1 hereof.



5.4. Upkeep By Community Association.

The Community Association is responsible for all necessary maintenance, repair, and replacement of the Common Areas. Provisions relating to Upkeep of the most important Common Areas, known as "Principal Common Amenities", appear in Article VI hereof.

5.5. Schedules for Preventative Maintenance.

The Board, with the assistance of the Community Association's Manager and/or other competent professionals, shall develop a schedule of routine Preventative Maintenance for all components of the Common Areas which require same, establishing appropriate times during each year when such maintenance should occur, and identifying qualified employees, agents or contractors to conduct such inspections and Preventative Maintenance.

5.6. Reserves for Major Repairs and Replacement.

The Board shall maintain reserves to repair and replace components of the Community, including portions of the Lots described in Section 4.6.1 hereof, that are subject to Upkeep by the Community Association. Periodically, the Board shall undertake an analysis of the adequacy of the Community Association's reserve fund; such analysis should (i) ascertain the probable remaining useful life of each component of the Common Areas which will require replacement or major repairs, (ii) estimate the probable cost of such replacement or repair for each such component, (iii) establish an annual reserve budget which would, when funded, eliminate the necessity for the imposition of a special assessment upon the Owners within the foreseeable future. Consistent with mandatory provisions of the Governing Law, the Bylaws shall continuously contain provisions for Reserve Studies designed to assess the adequacy of the Community Association's reserve fund, to eliminate, to the extent possible, the need for the Community Association to impose a special assessment against the Owners to pay for deferred Upkeep of the Common Areas.

5.7. Right of Access.

Each Lot Owner shall afford to the Community Association and to its employees, agents, and licensed contractors, access through the Owner's Lot as may be reasonably necessary for the purposes of maintenance, repair and replacement of Common Areas. If damage is inflicted on the Common Areas, or on any Lot through which access is taken, the Lot Owner responsible for the damage, or the Community Association, as appropriate, shall be liable for the repair thereof, as provided in Section 8.4 hereof.

5.8. Use of Common Areas.

5.8.1. General Rights and Restrictions.

The Common Areas shall be used only for the furnishing of such services and facilities for which the same are reasonably suited and which are incident to the use and occupancy



of the Lots. The improvements located on the Common Areas shall be used only for their intended purposes. Except as otherwise expressly provided in the Governing Documents, no Owner shall make any private, exclusive or proprietary use of any of the Common Areas.

5.8.2. Limitations to Reduce Overuse.

The Community Association may promulgate regulations designed to restrict the numbers and classes of persons [Owners vs. Occupants and/or guests, Owners within only certain Neighborhoods or other geographic areas of the Planned Community, or etc.] using Common Areas, and/or limiting the times of use of portions of the Common Areas, to maximize the quality of enjoyment of such Common Areas by persons lawfully using same.

5.9. Interference with Common Areas.

No Lot Owner shall obstruct any of the Common Areas nor shall any Lot Owner place or cause or permit anything to be placed on or in any of the Common Areas without the approval of the Board. Nothing shall be altered or constructed in or removed from the Common Areas except with the prior written consent of the Board of Directors.

5.10. Prohibition Against Dumping.

The dumping of solvents or oil is expressly prohibited anywhere in the Planned Community. The dumping of concrete or concrete residue, or water that is heavily laden with sediments is permitted only after Board approval and in accordance with any terms and conditions for such approval that may have been imposed by the Board.

5.11. Limited Common Areas.

Any portion of the Common Areas which is designed to serve only a Subordinate Project or a Neighborhood shall constitute a Limited Common Area. Upkeep for such areas serving a Subordinate Project will be provided by the separate association governing the Subordinate Project, unless otherwise specified in the Subordinate Project Covenants or Future Phase Amendment; costs for such Upkeep will be assessed against the Owners of Lots in such Subordinate Project. Upkeep for such areas serving a Neighborhood will be provided by the Community Association, under the direction of the Neighborhood Committee representing such Neighborhood; costs for such Upkeep will constitute Limited Common Assessments against the Lots within the Neighborhood pursuant to the provisions of Section 10.8 hereof.

5.12. Reserved Common Areas.

There are presently no Reserved Common Areas, but the Declarant has reserved Development Rights to create them in the future. Any Reserved Common Elements, and any other portions of the Common Areas which are designed for temporary storage or other specialized purposes by one or more Owners or Occupants shall be made available for such use in a uniform and



non-discriminatory fashion upon payment to the Community Association of such user fees and upon satisfaction of such other conditions as the Board, by resolution, may deem appropriate. The right to use a Reserved Common Area shall be deemed to be a license rather than a legal interest in the property so reserved.

5.13. Rights of Grant County.

5.13.1. General Rights and Benefits.

These Covenants contain provisions which require the owners of Lots within the Planned Community and the Community Association to provide ongoing compliance with the conditions of approval of the Plat. The obligations of the Lot Owners and of the Community Association to the County are for the benefit of the County, and shall not operate to create an obligation of the County or by the County to the Owners or to any third party. The rights of the County contained in this Section 5.13 are cumulative, and in addition to all other rights and privileges held by the County, and are not in lieu thereof. The obligations of the Owners to the County shall not be amended or altered without the express written consent of the County.

5.13.2. Specific Rights.

The County shall have the right, for the benefit of the County and of the public health, safety and welfare, to perform or provide Upkeep to any or all of the Common Areas of the Community in the event that the Community Association or the Owners, or any of them, should fail to perform or provide such Upkeep in a competent and/or timely manner. In the event that the County shall incur any costs or expend any funds, directly or indirectly, including without limitation the cost of the County's own equipment and employees in performing or providing any such Upkeep, the Community Association shall be liable to the County for all costs and expenses so expended or incurred.

ARTICLE VI

SPECIAL USE AND UPKEEP PROVISIONS

6.1. Description of Principal Common Amenities.

6.1.1. Initial Amenities.

The private road network, a private sanitary septic system and Open Space Areas serving the Planned Community all provide Lot Owners of the Planned Community with various benefits. The Board of Directors is charged with responsibility to maintain these areas in a condition suitable for their multiple purposes. Declarant's ownership of the Tracts within which much of this common infrastructure is situated shall not interfere with the Community Association's rights to make use of such infrastructure for the benefit of the Owners.



6.1.2. Possible Future Common Amenities.

Equestrian Pasture Areas, a Barn which may contain office, accessory dwelling units, storage facilities, and other areas and facilities may be constructed by Declarant under Development Rights reserved in this Declaration of Covenants. Some such areas may be retained by the Declarant or an affiliate or successor to the Declarant, in which case the rights of use of such areas and facilities may be subject to the payment of license fees, user charges or the like.

6.2. Responsibility for Operations and Upkeep.

The Community Association shall be responsible for the operation and Upkeep of the Principal Common Amenities, as provided hereinafter.

6.2.1. Upkeep of Roads.

The Community Association shall provide for the striping, signage, lighting and Upkeep, including leaf litter and snow removal services, for all private roads in the Planned Community which are not maintained by a Subordinate Project Association.

6.3. Upkeep and Use of Private Water System.

6.3.1. Description - General Requirements.

The private Water System serving the Planned Community is known as Sunsera at Crescent Bar Water System, No. AA7454A, which is regulated by Grant County Health Department, the Washington Department of Ecology and the Washington Utilities and Transportation Commission. The Water System has been designed to Washington State Department of Ecology Group "A" standards [hereinafter, "DOE Standards"]. The Water System is operated by Riverview at Crescent Bar, L.L.C., known herein as the "Operator" and serves both this Planned Community and the adjoining Sunsera planned community. If the Operator of the Water System so requires, the Community Association shall lease on reasonable terms and/or accept ownership of and perpetually maintain those portions of the Water System that serve only Crescent Ridge Ranch. In such event, Upkeep to the Water System shall be made in accordance with applicable DOE Standards and with the Operations and Maintenance Manual prepared for the Water System. The Community Association shall then maintain provisions in its Budget in perpetuity to ensure that adequate funding shall always exist for such purposes.

6.3.2. Water System Maintenance.

The Operator is responsible only for supplying water to the Planned Community. All pipelines in the components of the Water System within Crescent Ridge Ranch shall be maintained by the Association so that there will be no leakage or seepage, or other defect which may cause contamination of the water, wastage of water, or injury or damage to persons or property. All materials used in repairs to the components of the Water System shall comply with Health



Department requirements. Costs of repairing or maintaining such common distribution pipelines shall constitute a Common Expense. The Community Association shall be responsible for the Upkeep of pipe supplying water from the common water distribution piping to the water meter for each Lot. Lot Owners are responsible for Upkeep to the water meter and the line connecting the meter with the Dwelling on the Lot.

6.3.3. Water Conservation Measures.

The Water System is designed for normal residential household use and for fire protection. If the Operator of the Water System notifies the Board that drought or other serious conditions necessitate exceptional water conservation measures, the Board shall promptly provide notice of such conditions to all users of the system. All Occupants shall then cease using the Water System for irrigation or other specified forms of external or internal water consumption and instead shall restrict water use as required by the Operator. The Board shall have the right to impose other restrictions to insure that sufficient water exists for household domestic purposes, including, but not limited to, a schedule for using the Water System for irrigation and/or metering water used by each Lot to insure a fair system for distributing available water.

6.3.4. Restrictions on Furnishing Water to Additional Parties.

The Community Association shall not furnish water to any parties who are not Owners or Occupants of Lots or Tracts in the Planned Community.

6.4. Upkeep and Use of Sanitary Sewerage System.

The Planned Community's private on-site Sewer System has been designed to collect sanitary septage in a series of holding tanks and disperse liquid effluent into drainfields located within the Equestrian Areas. The Community Association shall continuously maintain the Sewer System in accordance with applicable Health Department requirements, and with the Operations and Maintenance Manual for the system prepared by the Declarant's engineers. The Community Association shall maintain provisions in its Budget in perpetuity to ensure that adequate funding shall always exist for such purposes.

6.5. Upkeep of Stormwater Drainage Facilities and Reservoir.

The Stormwater Drainage Facilities consist of swales, infiltration facilities, a tie-in to the stormwater system of the adjoining Sunsera Crescent Bar P.U.D. project. All necessary Upkeep of the components of the Stormwater System shall be conducted by the Community Association in accordance with the provisions of the Storm Water Maintenance Program that has been prepared by Declarant's engineers in accordance with the DOE Stormwater Management Manual for Eastern Washington ["DOE Stormwater Manual"], as the same may be updated from time. The Community Association shall consistently engage the services of qualified personnel to perform Upkeep to the Stormwater System, and shall maintain provisions in its Budget to ensure that adequate funding shall always exist for such purposes.



6.6. Upkeep of Fire Suppression System.

The Fire Suppression System consists of [i] a network of water lines leading from the main storage tank to fire hydrants located strategically throughout the community, as per code, [ii] a booster pump with a back-up generator to provide adequate fire flow to the hydrants, and [iii] private individual fire sprinkler systems installed in all structures in the Planned Community, as may be required by relevant code. The Community Association shall continuously provide Upkeep to the common components of the Fire Protection System [but not the individual fire sprinkler systems in Dwellings or other private structures], and subject them to periodic inspection and testing in accordance with applicable Fire District requirements, and with the Operations and Maintenance Manual for the system prepared by the Declarant's engineers. The Community Association shall maintain provisions in its Budget in perpetuity to ensure that adequate funding shall always exist for such purposes.

6.7. Upkeep of Landscape Buffer Areas.

The Landscape Buffer Areas depicted on the Platting Documents exist for the protection of trees and other vegetation to preserve and enhance the aesthetic and environmental values of the Planned Community. No structures or improvements are permitted to be constructed in these areas other than as identified on the face of the approved Platting Documents, or common fencing installed by the Declarant or the Association. Dumping of debris, yard waste or organic matter in such areas is prohibited.

6.8. Upkeep of Open Space Areas.

No structures or improvements are permitted to be constructed in the Open Space areas depicted on the Platting Documents other than as may be permitted on the face of the approved Platting Documents, or as may be approved by the ARC. Vegetation in such areas shall be trimmed so as to reasonably preserve scenic views available to affected Lots.

6.9. Upkeep and Use of Common Recreational Facilities.

The Community Association will provide necessary Upkeep for any common recreation facilities constructed within the Common Areas. So long as the Barn and Equestrian Pasture Areas remain in private hands, the owner(s) of such facilities shall bear the costs of such Upkeep, subject to rights of deriving income from license fees, user charges or the like.

6.10. Use by Lot Owners.

Owners and occupants of the Planned Community may use the Open Space Areas for wildlife viewing, picnicking and other low-impact recreational uses which will not disturb wildlife or interfere with the proper functioning of the storm-water system. Reasonable rules and regulations adopted by the Board may further restrict the use of all or any portion of such areas.



6.11. Reserves to Maintain, Repair & Replace Common Facilities and Amenities.

Pursuant to Sections 8.3.2 and 10.1 hereof, a portion of the annual budget for the Community Association shall be devoted to reserves for maintenance, repairs and replacement of the Principal Common Amenities, and all Owners shall be assessed by the Community Association for their share of such costs and expenses in proportion to the Allocated Interest for common expense liability, as described in Sections 10.4 and 10.6 hereof.

ARTICLE VII

COMMUNITY ASSOCIATION

7.1. Name and Form of Community Association.

The name of the Community Association shall be "Crescent Ridge Ranch Community Association" The Community Association has been or will be incorporated by the Declarant as a non-profit corporation under the laws of the State of Washington. The rights and duties of the members and of said corporation shall be governed by its Articles of Incorporation, the provisions of the Ordinance and of the Governing Documents. The Community Association shall remain organized as a nonprofit corporation. In case of any conflict between Chapter 24.06 RCW, the Nonprofit Miscellaneous and Mutual Corporations Act, and the Governing Law, the Governing Law shall control.

7.2. Powers of Community Association.

The Community Association shall have, through its Board of Directors, all powers available to homeowners associations under the Governing Law, and such additional powers as may be prescribed in the Bylaws of the Community Association.

7.3. Membership Rights and Privileges.

The Owner of each Lot shall be a member of the Community Association, and such membership shall be an inseparable appurtenance to the Owner's Lot. Membership rights and privileges are specified in the Bylaws of the Community Association

7.4. Voting.

7.4.1. Voting Rights.

The manner of voting shall be as prescribed in the Articles of Incorporation and Bylaws.



7.4.2. Allocated Interests for Voting.

The Declarant has allocated to each Lot in the Planned Community an equal vote in the Community Association which is known as the Lot's Allocated Interest for voting, or "vote".

7.5. Bylaws of Community Association.

Bylaws for the administration of the Community Association and for other purposes not inconsistent with the Homeowners Association Act and this Declaration of Covenants have been or will be prepared by the Declarant for adoption by the Board of Directors of the Community Association. Special provisions of these Bylaws, which may not be altered absent an amendment to this Declaration of Covenants, appear below:

7.5.1. Board of Directors - Representation of Subordinate Communities.

The Board of Directors of the Community Association shall be composed of one Director representing each Subordinate Project or Neighborhood which has been developed within the Planned Community, one Director representing any Commercial Tracts and, if necessary to avoid deadlock on the Board, one At-Large Director.

7.5.2. Election of Directors of Community Association.

The Articles of Incorporation and Bylaws of the Community Association shall provide that voting for members of its Board of Directors shall be partially restricted by class, such that the Owner of a Lot in a Subordinate Project or Neighborhood or Commercial Tract may cast votes only for the Director representing such Subordinate Project, Neighborhood or Tract. After termination of the Declarant Control Period described in Section 8.1 hereof, all Lot Owners may cast votes for the At-large position on the Board.

7.5.3. Neighborhood Committee.

The Bylaws shall provide that the Director elected by the Owners in each Neighborhood shall serve on a Neighborhood Committee formed to provide input to the Board of Directors of the Community Association regarding the specific needs of the Owners of Lots in such Neighborhood and, if appropriate, to help the Community Association devise an appropriate Budget of Limited Common Expenses for the Owners of Lots in the Neighborhood under Section 10.8 hereof, to provide for the Upkeep of any Limited Common Areas serving the Neighborhood.

7.6. Community Association May Provide Additional Services.

Any Subordinate Project or Neighborhood, through its Subordinate Project Association or Neighborhood Committee, may request that the Community Association provide a higher level of service than that which the Community Association is generally obligated to provide for the benefit of the Lots within such Subordinate Project or Neighborhood under this Declaration of Covenants.



The Community Association may agree to provide such additional level of service, if the Board of Directors determines that it is practical, feasible and cost-effective to do so. In such event, the cost of providing such additional services, which may include reasonable administrative charges associated with the provision of such additional services, shall constitute a Limited Common Assessment against the Lots in the affected Subordinate Project or Neighborhood.

7.7. Perpetual Existence - Rights of Grant County.

The Community Association shall have perpetual existence; it may not be dissolved or abandoned, nor may the Community Association's obligations under this Declaration of Covenants with respect to the Common Areas be altered or abandoned absent the advance written approval of Grant County, following a public hearing before the Planning Commission. Should the corporate charter for the Community Association be dissolved for any reason in violation of the foregoing, the Lot Owners shall become jointly and severally liable for all obligations imposed upon the Community Association under these Covenants.

ARTICLE VIII

MANAGEMENT OF THE PLANNED COMMUNITY

8.1. Management by Declarant.

The Declarant has reserved the rights to (a) appoint and remove the Officers and members of the Board of Directors of the Community Association, and (b) veto or approve a proposed action of the Board or the Community Association, for a period of time known as the "Declarant Control Period". Limitations on the Declarant Control Period are specified in Section 16.6 hereof.

8.2. Professional Management.

The Board of Directors may cause the Community Association to be managed by a professional property manager with substantial community association management experience. Provisions for professional management of the Community Association are made in Section 8.2 of its Bylaws.

8.3. Authority of the Board.

8.3.1. General Authority.

The Board, for the benefit of the Planned Community and the Owners, shall enforce the provisions of the Governing Documents and shall have all powers and authority granted to the Board or the Community Association under the Governing Law and this Declaration of Covenants which are not expressly subject to the approval of the Owners.



8.3.2. Incurring and Payment of Common Expenses.

The Board shall acquire and shall pay for, as Common Expenses, all goods and services deemed necessary or desirable for the proper functioning of the Community Association. Without limitation, such Common Expenses may include:

(a) Common water and sewer, common electrical and, if deemed necessary or desirable by the Board of Directors, common garbage and/or trash collection, and any other necessary utility service as required for the Common Areas. With respect to garbage/trash collection, curbside collection may be made available under conditions where, if the Owner leaves a garbage can or other approved receptacle out for more than 24 hours following collection, the Association is authorized to move the can onto the Lot in a location reasonably determined by the Association and to subject the Owner to surcharge in an amount reasonably determined by the Board.

(b) Policies of insurance or bonds required by Article XI.

(c) The services of persons or firms as required to properly manage the affairs of the Planned Community to the extent deemed advisable by the Board as well as such other personnel as the Board shall determine are necessary or proper for the operation of the Common Areas, whether such personnel are employed directly by the Board or are furnished by a Manager.

(d) The services of attorneys, engineers and other consultants, along with bookkeepers and accountants qualified to maintain Association records in the manner required by Section 8.4 of the Bylaws, and to perform the independent audit required under Section 8.5 of the Bylaws.

(e) Painting, maintenance, repair and replacement of the Common Areas, landscaping and gardening work for the Common Areas, and such furnishings and equipment for the Common Areas as the Board shall determine are necessary and proper.

(f) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Board is required by law to pay or procure or which in its opinion shall be necessary or proper for the operation of the Planned Community, the maintenance, repair or replacement of the Common Areas, or for the enforcement of this Declaration of Covenants.

(g) If maintenance or repair to portions of any such Dwellings or other portions of the Lots for which the Owner is responsible is reasonably necessary, in the opinion of the Board, to protect the Common Areas or to preserve the appearance and value of the Planned Community, and the Owner of said Lot has failed or refused to perform such Upkeep as required by Section 4.4.1 of the Declaration of Covenants within a reasonable time after written notice of such failure has been delivered by the Board to the Owner, the Community Association may cause such Upkeep to be performed. The cost of such maintenance or repair shall constitute a Specially Allocated Assessment against the Lot of such Owner, pursuant to Section 10.8 of the Declaration of Covenants.



8.3.3. Acquisition of Property.

The Board may acquire and hold in the name of the Community Association, for the benefit of the Owners, tangible and intangible personal property and real property and interests therein, and may dispose of the same by sale or otherwise. Such property shall thereafter be held, sold, leased, rented, mortgaged or otherwise dealt with for the benefit of the Community Association as the Board may direct.

8.3.4. No Business Authority.

Nothing herein contained shall be construed to give the Board authority to conduct an active business for profit on behalf of all of the Owners or any of them. Notwithstanding the foregoing, nothing shall prohibit the Board from charging fees or providing services for payment if such does not violate its nonprofit status.

8.4. Right of Entry.

8.4.1. General Right.

The Board and its agents or employees may enter any Lot or Limited Common Area when necessary in connection with any maintenance, landscaping or construction for which the Board is responsible, or in the event of emergencies. Except in the case of an emergency or normal maintenance, reasonable advance notice shall be given to the Lot Owner and, if applicable, to any lawful tenant or subtenant in any Dwelling on the Lot. Such entry shall be made with as little inconvenience to the occupant(s) as practicable, and any damage caused thereby shall be repaired by the Community Association out of the Common Expense fund if the entry was due to an emergency (unless the emergency was caused by the Owner or lawful occupant of the Lot entered, in which case the cost shall constitute a Specially Allocated Assessment against the Lot entered) or for the purpose of maintenance, or repairs, to Common or Limited Common Areas where the repairs were undertaken by or under the direction or authority of the Board. If the repairs or maintenance were necessitated by or for the Lot entered or its Owners or lawful occupants, or requested by its Owners, the costs thereof shall constitute a Specially Allocated Assessment against the Lot .

8.4.2. Entry to Protect Private Property from Damage from Freezing.

Each Lot Owner shall abide by Rules and Regulations of the Association, as published/amended from time to time, designed to protect private and common property from damage from freezing and other dangerous winter conditions. Lot Owners may be required to place remotely monitored thermometers and/or humidity sensors in the Units as an alternative to or to supplement periodic physical inspections. The Association may (but is not obligated to) enter Dwellings of Lot Owners who have not timely provided satisfactory assurances that they have completed normal winterization procedures. If an inspection by the Association reveals that further winterization of such a Dwelling is necessary, the Association shall not be liable for a failure of any



winterization performed by the Association that fails to completely protect the Dwelling or its contents from freezing or suffering other winter-weather-related damage.

8.5. Board as Attorney in Fact.

Each Owner, by the act of becoming an Owner of a Lot, shall be deemed to have irrevocably appointed the Board of Directors as his or her attorney-in-fact, with full power of substitution, to take such actions as are reasonably necessary to perform the duties of the Community Association and Board hereunder, including, but not limited to, the duties to maintain, repair and improve the Property, to grant licenses and easements, and to secure and distribute condemnation awards and/or insurance proceeds affecting the Common Areas.

ARTICLE IX

PERMITTED USES; ARCHITECTURAL CONTROL

9.1. Permitted Uses.

9.1.1. Residential Use.

Dwellings constructed within Lots in this Planned Community shall be used primarily for residential purposes. The Board may also permit the use of portions of a Dwelling for a professional office or other low impact commercial use, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority, and so long as such use does not generate any appreciable levels of client or customer traffic, noise or other disturbance to other members of the Planned Community. As a condition to consenting to such office use, the Board may require the Lot Owner to provide proof of adequate commercial liability insurance coverage under which the Community Association and any Subordinate Project Association shall be named an additional insureds.

9.1.2. Commercial Uses.

Nonresidential uses for garage and storage uses are permitted in Garages at Crescent Ridge Ranch Condominium. Commercial Tracts may be used for any lawful purposes. Other than those uses, and the home office and other uses described in Section 9.1.1 hereof, there shall be no other commercial activities conducted within the Property.

9.1.3. Vehicle Parking and Operation.

9.1.3.1. General Restrictions.

Parking of vehicles in driveways within Lots shall be permitted, up to a maximum of 21 consecutive days. Driveway areas are restricted to use for parking of operable,



properly registered automobiles, light trucks and family vans, boats, recreational vehicles, ATVs, jet skis, snowmobiles, trailerable aircraft and other similar vehicles; other items and equipment may be parked or kept therein only if expressly permitted by Rules and Regulations and only in such areas, if any, as may be designated for such purpose by the Board of Directors. Garages within Lots are restricted to use for parking of automobiles, motorcycles, light trucks, family vans and other similar vehicles, and for storage of such other items that pose no unreasonable health, safety or fire risks to persons or property. The Board of Directors may promulgate further Rules and Regulations governing vehicle parking. Vehicle repairs and light maintenance are permitted if conducted quietly and solely within the confines of a garage. Oil or other fluid changes are permitted, but spills of oil or other fluids is prohibited. The Board may require removal of any inoperative or unregistered vehicle, and any other equipment or item improperly stored in parking areas. If the same is not removed, the Board may cause removal at the risk and expense of the owner thereof, under such reasonable procedures as may be provided by Rules and Regulations adopted by the Community Association. Any designated visitors parking areas shall be left open for use by visitors, guests, invitees and licensees of Lot Owners and their tenants. Any designated handicapped parking areas are restricted to use by vehicles validly displaying State handicapped vehicle placards.

9.1.3.2. Parking and Driving on Private Roads.

Parking is prohibited on any private road in the Planned Community, except in designated parking areas, or unless permitted in a Future Phase Amendment for a new Subordinate Project or Neighborhood. Vehicles must be operated in a safe manner within the Planned Community. The Board may regulate the speed, parking and/or other operations of vehicles on road surfaces and/or other portions of the Common Areas.

9.1.4. RV Parking.

Except as hereinafter provided, junk vehicles (as defined in RCW 46.55.010), Recreational Vehicles (including without limitation camper-trailers, mobile homes, motor homes, "fifth-wheels" off-road vehicles, boats, airplanes or etc.), large commercial-style vehicles (including without limitation trucks, tractors, large vans or other types of vehicles or equipment of any length which either require a commercial vehicle operator's license or which exceed 11,000 lbs in gross vehicle weight), or any type of vehicle or equipment not previously enumerated that exceeds 24 feet in length, may not be stored, kept or maintained anywhere within the Community. Nevertheless, such items may be maintained within a Lot, if fully enclosed within a garage or an approved accessory structure. *Bona fide* Recreational Vehicles of any size not prohibited by resolution of the Board of Directors may be parked in driveway areas for up to a maximum of 21 consecutive nights to accommodate guests and facilitate the loading, unloading or cleaning thereof. The Board may require removal of any vehicle or equipment not authorized by this Section; if it is not so removed, the Board may cause its removal at the risk and expense of the owner thereof, under such reasonable procedures as may be consistent with the provisions of RCW 46.55. Failure of an Owner or other occupant to remove such a vehicle or equipment from a Lot or the Common Areas may result in any or all remedies available to the Community Association under the Governing Documents. The Board may adopt additional rules and regulations regarding parking and storage of Recreational



Vehicles. Violations of the provisions hereof shall constitute a nuisance. The Board may require removal of any vehicle or equipment not authorized by this Section; if it is not so removed, the Board may cause its removal at the risk and expense of the owner thereof, under such reasonable procedures as may be consistent with the provisions of RCW 46.55. Failure of an Owner or other occupant to remove such a vehicle or equipment from a Lot or the Common Areas may result in any or all remedies available to the Community Association under the Governing Documents. The Board may adopt additional rules and regulations regarding parking and storage of Recreational Vehicles.

9.1.5. Signs.

No sign of any kind shall be displayed to the public view on or from any Lot or the Common Areas without the prior consent of the Board; provided that this section shall not apply to Declarant or Declarant's agents, nor shall it be deemed to prohibit the Owner of a Lot from displaying a normal Realtor's sign for a period of time during which an "open house" within the Lot is actively occurring. A kiosk or panel designed to display Realtors' signs may be erected at the entrance to the Planned Community for longer-term advertising of Lots for sale or rent. No signs advertising home businesses are permitted. The Board may by resolution establish further policies regarding signs, to reflect the sentiments of the Planned Community while giving due regard to traditional democratic rights of free speech, religion and expression of Owners and Occupants of Lots in the Planned Community. The Board's judgment in such matters shall be conclusive, except as to matters controlled by applicable Federal or State law.

9.1.6. Animals.

The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Lot or upon the Common Areas, except that the keeping of small birds, aquarium fish, well-behaved dogs and/or cats and other well-behaved animals which do not normally leave the Lot is permitted, subject to Rules and Regulations adopted by the Board of Directors. The owner of any animal maintained on the Property shall exercise appropriate control over the animal, and shall clean up after such animal and shall not permit deposits of fecal matter or foodstuffs from or for such animal to remain anywhere on the Common Areas. Any Lot Owner who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Community Association, each Lot Owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Planned Community. All animals shall be registered and inoculated as required by law. The Board may at any time require the removal of any animal which it finds is or has become an unreasonable source of annoyance, through aggressive behavior, excessive barking or otherwise, and may exercise this authority for specific animals even though other animals are permitted to remain.



9.1.7. Noise.

No person shall cause any unreasonably loud noise anywhere on the Property, nor shall any person permit or engage in any activity, practice or behavior for the purpose of causing annoyance, discomfort or disturbance to any person lawfully present on any portion of the Property.

9.1.8. Offensive or Illegal Activity.

No noxious, offensive, noisy, smelly, or illegal activity shall be carried on in any Lot or the Common Areas, nor shall anything be done therein which is or may become a nuisance or an unreasonable source of annoyance to other Owners or other lawful occupants of the Planned Community. Normal use of pools, walking paths, etc., shall not constitute a nuisance. In this equestrian-themed community, equestrian activities such as horseback riding, stabling and boarding of horses and the like, and the noises and odors that flow naturally from such activities, shall not constitute nuisances.

9.1.9. Hazardous Substances.

A person shall maintain or store on or in the Property only such property and materials which may be legally possessed by such person. No person shall improperly store within or release from a Lot or into the Common Areas any petroleum distillates, liquid or aromatic hydrocarbons, medical wastes or infectious biological agents, acids, caustics, carcinogens, mutagens, heavy metals, or any other inflammable, toxic, explosive, radioactive, or other type of substance which may be hazardous to either the Property or to the public health or safety, or the health or safety of any lawful occupants of the Planned Community, any and all such substances being known herein as Hazardous Substances.

9.1.10. Television and Radio Antennas, Dishes.

Satellite TV antennas/dishes 1 meter or less (approximately 36") in diameter are governed by F.C.C. regulations. Larger satellite dishes and other types of reception or transmission antennas may be installed within a Lot only if reasonably screened from view from other Lots and the Common Areas. Ham radio and "citizens band" antennas may be used for transmission purposes only so long as they do not cause interference with electronic equipment of neighboring property owners. No reception or transmission devices may be located within the Common Areas unless expressly permitted by the Board of Directors.

9.1.11. Security Systems.

In the event that either the Declarant or the Community Association shall install a central security system within the Planned Community, no Owner shall install or maintain any alternative security system which shall interfere with the proper operation of the central system, nor shall any Lot's individual security system be connected in any way with any such central system without the advance written approval of the Board of Directors.



9.1.12. Fencing.

Fencing, if permitted within any Subordinate Project or Neighborhood, is subject to Design Guidelines.

9.1.13. Effect on Insurance.

Nothing shall be done or maintained in any Lot or in the Common Areas which will increase the rate of insurance on the Common Areas or Lots without the prior written consent of the Board. No Owner shall permit anything to be done or maintained in his or her Lot or in the Common Areas which will result in the cancellation of insurance on any Lot or any part of the Common Areas.

9.1.14. Accessory or Temporary Structures.

No structure of a temporary character, nor any trailer, tent, shack, barn, pen, kennel, run, stable, outdoor clothes line, shed or other accessory buildings shall be erected, used or maintained on any Lot absent the written consent of the Board of Directors, which may promulgate rules and regulations governing such matters. Temporary structures, as reasonably necessary, may be erected in connection with construction activities associated with the original construction of Dwellings within the Planned Community, for such periods of time as may be reasonable for such purposes.

9.1.15. Lease Restrictions.

Any lease agreement shall be required and deemed to provide that the terms of the lease shall be subject in all respects to the provisions of the Governing Documents, and that any failure by the Lessee to comply with such provisions shall be a default under the lease, entitling the Community Association to enforce such provisions as a real party in interest. Subleasing shall not be permitted.

9.2. Architectural Control.

9.2.1. General Authority of Declarant and Board of Directors.

To assure the health, safety and enjoyment of persons lawfully using any portion of this Planned Community, and to promote visual harmony within the Planned Community, the Architectural Review Coordinator ("ARC") shall have the power to enforce architectural control over the improvements constructed within the Planned Community on all Lots other than the Commercial Tracts. Initially, as provided in Section 4.5 hereof and Section 9.2.2 below, the Declarant shall constitute or designate the ARC to perform such architectural control, and may regulate the external design, signage, appearance, construction, use and Upkeep of the Property in accordance with Design Guidelines adopted for this purpose. Following the termination of the Declarant Control Period, or at such earlier time as the Declarant may permit, the Board of Directors may promulgate or modify Design Guidelines for the Planned Community and may perform



architectural control to the extent permitted in this Declaration of Covenants. The Board of Directors shall have the power to impose reasonable application fees to evaluate any additions or changes to a Dwelling proposed by an Owner; such fees shall constitute a Specially Allocated Assessment against the affected Owner.

9.2.2. Authority to Perform or Delegate Functions of ARC.

The Declarant or its designees shall initially serve as the ARC for the Community Association. Following the termination of the Declarant Control Period, the Board of Directors may directly perform the activities of the ARC, or the Board may designate an individual to be the ARC, or it may establish an Architectural Review Committee (also to be known as the "ARC"), to coordinate compliance with the Design Guidelines of the Planned Community.

9.2.3. Coordination of Architectural Control with Subordinate Project Associations.

The Board of Directors of the Community Association may delegate some or all of the architectural review functions described herein to the board of directors of a Subordinate Project Association, upon such conditions as may appear appropriate. Such conditions may include that a designated individual representing the Community Association shall be consulted by the board of directors of the Subordinate Project Association, or its designee, prior to the granting of any architectural approval required or permitted under the covenants of a Subordinate Project.

9.2.4. Time for Approval - No Construction Prior to Approval.

The ARC shall approve or disapprove plans, specifications and details within six weeks of receipt thereof. Upon a failure to respond within such period, then the plans shall be deemed approved. No construction activity may commence prior to such approval. By regulation, the Board may establish more specific time-frames for the granting of approval following the termination of the Declarant Control Period.

9.2.5. Status of Design Guidelines.

Design Guidelines approved by the Declarant or by the Board of Directors shall be enforceable as if set forth in full herein as covenants.

9.2.6. Authority to Grant Variances.

The ARC shall have the authority, either by act or omission, to waive enforcement of or grant variances from any written Design Guidelines without a specific finding that enforcement of such guidelines would impose an unfair burden on such Owner, but describing the variance and the reasons therefor in a written instrument which shall be part of the records of the Community Association. ARC precedent shall be deemed useful, but are not conclusively binding. Upon such written approval of any specific variance or exception from the requirements of the Design Guidelines, all development conforming to such variance or exception shall be deemed lawful.



9.2.7. No Liability for Architectural Review.

Neither the Declarant nor the Community Association nor any permitted designee shall be liable to any party for any good faith action or failure to act under the provisions of this Declaration of Covenants, with respect to elements of architectural control or as to views, or otherwise.

9.3. Recreational Facilities.

[Reserved]

ARTICLE X

COMMON EXPENSES AND ASSESSMENTS

10.1. Budget for Common Expenses.

10.1.1. General Budget for Common Expenses.

Not less than 45 days prior to the Annual meeting of the Community Association, or at such other time as may be deemed necessary or desirable by the Community Association's accountant, the Board shall prepare an Annual Budget that shall estimate the Common Expenses, described generally in Sections 2.6 and 8.3.2 hereof, to be paid during such year. The Budget shall also contain provisions for creating, funding and maintaining reasonable reserves for major repairs and replacements of components of the project for which the Community Association is responsible, capital improvements approved by the membership or required by public authorities, and the amount of any deductible under any insurance policy obtained by the Community Association. The Budget shall further take into account any expected income and any surplus available from the prior year's operating fund. The income necessary to balance the expenses identified in the Budget shall comprise the Common Expense Assessments to be allocated among the Lots in the manner described in Sections 10.6 and 10.8.1 hereof.

10.1.2. Sub-Budgets for Limited Common Expenses for Neighborhoods or Subordinate Projects.

The Annual Budget shall include Sub-Budgets that separately list all Limited Common Expenses, including reserves, for each Neighborhood and, if applicable, Subordinate Project. The Community Association shall impose Specially Allocated Assessments against the Lots or Units in such Neighborhoods or Subordinate Projects, to offset such Limited Common Expenses, in the manner described in Section 10.8.1 hereof. Only the Lots within a Neighborhood or Subordinate Project subject to such a Sub-Budget shall have voting rights with respect thereto in the budget ratification process described in Section 10.2 hereof.



10.2. Meeting of Community Association to Ratify Budget.

Within thirty days after adoption of any proposed regular or special budget for the Community Association, the Board of Directors shall provide a summary of the budget to all the Lot Owners and shall set a date for a meeting of the Lot Owners to consider ratification of the budget not less than fourteen nor more than sixty days after mailing of the summary. Unless at that meeting the Owners of Lots to which a majority of the votes in the Community Association are allocated reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected or the required notice is not given, the periodic budget last ratified by the Lot Owners shall be continued until such time as the Lot Owners ratify a subsequent budget proposed by the Board of Directors. See Section 10.1.2 for limitations on voting associated with Sub-Budgets for Limited Common Expenses and reserves for specific Neighborhoods or Subordinate Projects.

10.3. Reserves for Capital Improvements, Replacements, Major Repairs & Insurance Deductibles.

10.3.1. Establishment of Reserves.

The Board of Directors shall establish and maintain reasonable reserves for major repairs and replacements, in accordance with Section 5.6 hereof. Reserves shall also be established for at least the maximum deductible for single loss under the insurance policy to be obtained pursuant to Article XI hereof, exclusive of earthquake and/or related coverages. The Annual Budget of the Community Association shall always contain provisions for such reserves. The Board may also establish and maintain reserve funds for operations, capital improvements, or for deferred maintenance to any Limited Common Areas, assessable against only the Lots in a Neighborhood or Units in a Subordinate Project benefitted thereby, and for such other purposes as may appear advisable. All reserves shall be identified and segregated on the books of the Community Association; with respect to Limited Common Areas, the Community Association's reserve budget shall contain sub-budgets for reserves allocated exclusively to the Neighborhood or Subordinate Project served by same. The portions of the Lots' Assessments paid into such reserves shall be conclusively deemed to be non-refundable contributions to the capital of the Community Association by the Unit Owners. Such reserves may be expended only for the purposes for which they were established unless the Owners, at a duly-constituted meeting of the Community Association, otherwise decide, or if the procedure described in Section 10.3.3 below is followed.

10.3.2. Reserve Study.

The Community Association should prepare and update a Reserve Study, in accordance with the relevant 2011 amendments to the Homeowners' Association Act [RCW 64.38.065, *et seq*]. In preparing a Reserve Study, the Community Association shall estimate the anticipated major maintenance, repair, and replacement costs, whose infrequent and significant nature make them impractical to be included in an annual budget. The Bylaws contain additional provisions dealing with Reserve Studies.



10.3.3. Limitations on Withdrawals From Reserve Account.

The Board may withdraw funds from its reserve account to pay for unforeseen or unbudgeted costs that are unrelated to maintenance, repair, or replacement of the reserve components. The Board of Directors shall record any such withdrawal in the minute books of the Community Association, cause Notice of any such withdrawal to be provided to the mailing address of each Lot or to any other address designated in a Record by the Lot Owner, and adopt a repayment schedule not to exceed twenty-four months unless the Board determines that repayment within twenty-four months would impose an unreasonable burden on the Owners. Payment for major maintenance, repair, or replacement of the reserve components out of cycle with the reserve study projections or not included in the reserve study may be made from the reserve account without meeting the notification or repayment requirements under this Section.

10.4. Assessments for Common Expenses.

10.4.1. Liability of Lots.

Except as provided in Sections 10.4.2 and 10.8 below, the total amount of the estimated funds required to pay the Common Expenses of the Community Association set forth in the Annual Budget adopted by the Board of Directors for the fiscal year shall be assessed against the Lots in proportion to their respective Allocated Interests for Common Expense liability described in Section 10.6 hereof.

10.4.2. Payment of Assessments by Subordinate Project Association.

The Covenants [Declaration] for Garages at Crescent Ridge Ranch Condominium shall provide that the Subordinate Project Association representing the Condominium shall pay the assessments imposed by the Community Association upon all Units within the Subordinate Project.

10.4.3. Assessment of Undeveloped Lots.

The assessment set forth in the Annual Budget shall be reduced and phased in as follows: Until the Pool and Spa shall have been substantially completed upon Tract F, the assessment for all Lots shall be reduced to 25% of the otherwise applicable assessment amount. Following substantial completion of such Pool and Spa, then, (i) as to Lots held as inventory by the Declarant on which no construction activities take place, the assessment shall be reduced to 50% of the otherwise applicable assessment amount, until conveyance by the Declarant; and (ii) as to Lots conveyed by the Declarant, the assessment shall be reduced to 50% of the otherwise applicable assessment amount, through December 31, 2017.

10.4.4. Timing of Payments - Authority for Installment Payments.

Unless otherwise determined by the Board of Directors, the annual Assessment against each Lot for its proportionate share of the Common Expenses shall be payable quarterly, or



in 12 equal, monthly installments; each such installment shall be payable in advance on the first day of the month of the applicable period.

10.4.5. Initial Assessment Deposits - New Owners Fee.

An initial assessment deposit known as the "New Owners Fee," in the amount of \$500.00, shall be payable to the Association by the purchaser of each Lot at the time of the Closing of the initial sale of the Lot from the Declarant; this initial New Owners Fee may be used by the Association to defray expenses in its operating budget or to fund the Association's reserves, at the discretion of the Board of Directors.

10.4.6. Transfer Fees on Resales.

A New Owners Fee equal to three (3) months' worth of the annual assessment against the Lot shall continue to be due and owing to the Association upon the transfer of title of a Lot upon its resale to a subsequent purchaser. The Resale New Owners Fee shall be collected at the Closing of a Lot's resale in addition to any outstanding assessment obligations affecting the Lot, to fund the Association's reserves so as to enhance the Association's ability to maintain, repair, replace, manage and improve the Common Areas of the project, for the common benefit of all the Lot Owners.

10.5. Assessments to Pay Judgment Against Community Association.

Assessments to pay a judgment against the Community Association may be made only against the Lots in the Planned Community at the time the judgment was entered, in proportion to their Allocated Interests for Common Expense Liability at the time the judgment was entered.

10.6. Allocated Interests.

The Declarant has allocated to each Lot in the Planned Community an equal obligation to pay the general Common Expenses of the Community Association, which obligation is known as the Lot's Allocated Interest for Common Expense Liability. Notwithstanding the foregoing, Lots may subject to differential assessments for Common Expenses under Sections 10.4.3 and 10.8 hereof.

10.7. Special Assessments.

The Board of Directors may levy a Special Assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any other deficiencies in operations or reserves occurring from time to time. The Board of Directors shall give notice to the Lot Owners of any such Special Assessment by a statement in writing giving the amount and reasons therefor, along with a date for a Special Meeting of the Community Association to be held not less than 14 days following such notice, for approval of the Special Assessment. Subject to the provisions of Section 10.2 hereof, such Special Assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly Assessment payment which is due more than thirty days after the delivery or mailing of such notice. All Lot Owners shall be obligated to pay the



adjusted monthly amount or, if the Special Assessment is not payable in installments, the full amount of such Special Assessment, in proportion to their Allocated Interests for Common Expense Liability.

10.8. Specially Allocated Assessments.

10.8.1 All costs and expenses associated with Upkeep to any Limited Common Area shall be assessed exclusively against the Lots located within the Neighborhood or against the Lots or Units in the Subordinate Project served by such Limited Common Area, as appropriate.

10.8.2 To the extent that any Common Expense is caused by the negligence or misconduct of any Lot Owner, the Community Association may, subject to the provisions of Section 7.10 of the Bylaws, levy a Specially Allocated Assessment for that expense against the Owner's Lot. In addition and without limitation, the liability of a Lot Owner to pay for Upkeep to the Lot performed by the Community Association, or for expenses associated with any Reserved Common Areas or any other costs, fees, charges, insurance deductibles or fines imposed or incurred by the Community Association associated with the Lot, along with any costs and/or attorney's fees recoverable under the Governing Documents, and late fees and interest on any delinquent account shall be deemed a Specially Allocated Assessment which, unless otherwise directed by the Board, shall be due and payable within thirty (30) days following their imposition.

10.8.3 Any portions of the Common Expenses which vary among the Lots based upon divergent usage of special services or facilities, or other factors which justify differential assessment rates, including, by way of example only, any metered utilities, telecommunications, television, etc., shall be assessed differentially among the Lots. Any other Common Expense or portion thereof which benefits fewer than all of the Lots shall be assessed exclusively against the Lots so benefitted.

10.9. Accounts; Commingling Prohibited - Maintained in State.

Amounts collected by the Board of Directors as Assessments against the Lots for operating expenses or Reserves shall be kept in accounts in the name of the Community Association and shall not be commingled with funds of any other Association, nor with the funds of any Managing Agent or any other person responsible for the custody of such funds. Any reserve funds shall be kept in one or more insured, segregated accounts and any transaction affecting such funds, including the issuance of checks, shall require the signature of at least two persons who are Officers or Directors of the Community Association. Accounts in the name of the Community Association over which a Managing Agent has any control must be maintained in a financial institution located in the State of Washington.

10.10. Surplus Funds.

Any surplus funds of the Community Association remaining after payment of or provision for Common Expenses and any prepayment of reserves shall, in the discretion of the Board of



Directors, either be paid to the Lot Owners in proportion to their Allocated Interest for Common Expense Liability or credited to them to reduce their future Common Expense Assessment liability.

10.11. Liability of Lot Owners for Community Association Obligations.

The liability of any Lot Owner arising out of any contract made by the Board of Directors, or tort of the Community Association not fully covered by insurance, or arising out of the indemnification of the Board of Directors, shall be limited to that proportion of the total liability thereunder as the Allocated Interest of his or her Lot bears to the aggregate Allocated Interests of all Lots.

10.12. Owners Personally Liable for Common Expenses.

Each Assessment shall be the joint and several obligation of the Owner or Owners of the Lot to which the same are assessed as of the time the Assessment is due. Suit to recover a personal judgment for any delinquent Assessment shall be maintainable in any court of competent jurisdiction without foreclosing or waiving the lien securing such sums. No Lot Owner may exempt himself or herself from liability with respect to the Common Expenses by waiver of the enjoyment of the right to use any of the Common Areas or by leasing, rental or abandonment of his or her Lot or otherwise. The failure or delay of the Board of Directors to adopt the Annual Budget for any year shall not constitute a waiver or release in any manner of a Lot Owner's obligation to pay his or her allocable share of the Common Expenses as herein provided, and in the absence of an Annual Budget or adjusted Annual Budget, each Lot Owner shall continue to pay (with or without notice) a monthly Assessment at the rate established for the preceding fiscal year until an Assessment is made under a current Annual Budget or adjusted Annual Budget and notice thereof has been sent to the Lot Owner.

10.13. Liability Following Conveyance of Lot.

A selling Lot Owner shall not be liable for the payment of any part of the Common Expenses assessed against his or her Lot subsequent to a sale, transfer or other conveyance by him of such Lot. The purchaser of a Lot shall be jointly and severally liable with the selling Lot Owner for all unpaid Assessments against the Lot up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Lot Owner the amounts paid by the purchaser therefore. Except as provided in Section 10.17 hereof, the holder of a mortgage or other purchaser of a Lot who obtains the right of possession of the Lot through foreclosure shall not be liable for Assessments that became due prior to such right of possession. Such unpaid Assessments shall be deemed to be Common Expenses collectible from all the Lot Owners, including such mortgagee or other purchaser of the Lot. Foreclosure of a mortgage does not relieve the prior Owner of personal liability for Assessments accruing against the Lot prior to the date of such sale as provided above.



10.14. Statement of Unpaid Assessments.

The Community Association, upon written request, shall furnish to a Lot Owner or a mortgagee a statement signed by an officer or authorized agent of the Community Association setting forth the amount of unpaid Assessments against that Lot. The statement shall be furnished within fifteen days after receipt of the request and is binding on the Community Association, the Board of Directors, and every Lot Owner, unless and to the extent known by the recipient to be false.

10.15. Lien for Assessments and Power of Sale.

10.15.1. The Community Association shall have a lien on each Lot for any unpaid Assessments levied against a Lot from the time the Assessment is due. If an Assessment is payable in installments, the Community Association has a lien for each installment thereof as and when it becomes due.

10.15.2. All Lots in the Planned Community, which are not used principally for agricultural purposes, together with all tenements, hereditaments, and appurtenances now or hereafter thereunto belonging or in any manner appertaining, and the rents, issues and profits thereof shall be deemed granted and conveyed to Stewart Title Company, as "Trustee" in trust WITH POWER OF SALE, to secure the obligations of the Lot Owners to the Community Association, as "Beneficiary", for the payment of any Assessments lawfully levied under this Declaration of Covenants. Each and every Lot Owner shall be deemed for all purposes, as of the time of his or her acquisition of title to any Lot, to have joined as an additional "Grantor" in the conveyance in trust above described, and to have at that time granted, bargained, sold and conveyed such Lot, along with its undivided Allocated Interest in the Common Areas, to such Trustee, to secure all obligations imposed by this Declaration of Covenants on such Lot Owner to pay Assessments to the Community Association. The Power of Sale provided and granted herein shall be operative in the case of a default in the obligation to pay Assessments. Upon a default by such Grantor in the payment of any indebtedness secured hereby, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary. In such event and upon written request of Beneficiary, Trustee, or an alternate trustee designated by the Community Association, shall sell the trust property, in accordance with the Deed of Trust Act of the State of Washington, at public auction to the highest bidder. Any person except Trustee may bid at Trustee's sale. Trustee shall apply the proceeds of the sale as follows: (1) to the expenses of sale, including a reasonable Trustee's fee and attorney's fee; (2) to the obligations secured by this Declaration; (3) the surplus, if any, shall be distributed to the persons entitled thereto.

10.16. Perfection of Lien.

Recording of this Declaration of Covenants constitutes record notice and perfection of the lien for Assessments. While no further recording of any claim of lien for Assessments shall be required to perfect the Community Association's lien, the Community Association may record a notice of claim of lien for Assessments under this Section in the real property records of Grant County.



10.17. Priority of Lien.

10.17.1. A lien under this Section shall be prior to all other liens and encumbrances on a Lot except: (a) Liens and encumbrances recorded before the recording of the Declaration of Covenants; (b) a mortgage on the Lot recorded before the date on which the Assessment sought to be enforced became delinquent; and (c) liens for real property taxes and other governmental assessments or charges against the Lot.

10.17.2. The Community Association's lien shall also be prior to the mortgages described in subpart (b) of Section 10.7.1 hereof, to the extent of the "priority amount," that is, an amount equal to (1) the Common Expense Assessments against the Lot, excluding any amounts for capital improvements, based on the periodic Budget adopted by the Community Association pursuant to Section 10.2 hereof, along with any Assessments against the Lot for Limited Common Expenses that are properly assessable against the Lot under such periodic Budget, which would have become due in the absence of acceleration during the six months immediately preceding the institution of proceedings to foreclose either the Association's lien or a lien described in Subsection 10.17.1(b) hereof; and unless the Governing Law prohibits the same, (2) the Community Association's actual costs and reasonable attorney's fees incurred in foreclosing its lien up to the time when any person pays to the Community Association the full priority amount described above, including the Community Association's attorneys' fees and costs. The term "institution of proceedings," as used herein, shall mean either: (i) the date of recording of a notice of trustee's sale by a deed of trust beneficiary; (ii) the date of commencement, pursuant to applicable court rules, of an action for judicial foreclosure either by the Association or by the holder of a recorded mortgage; or (iii) the date of recording of a notice of intention to forfeit in a real estate contract forfeiture proceeding by the vendor under a real estate contract. The term "capital improvements," as used herein, does not include making, in the ordinary course of management, repairs to common areas or facilities or replacements thereof with substantially similar items, subject to: (a) availability of materials and products, (b) prevailing law or (c) sound engineering and construction standards then prevailing.

10.18. Enforcement of Lien.

10.18.1. The lien arising under this Section may be enforced judicially by the Association or its authorized representative in the manner set forth in Chapter 61.12 RCW, or non-judicially in the manner set forth in chapter 61.24 RCW for nonjudicial foreclosure of deeds of trust. The Community Association or its authorized representative shall have the power to purchase the Lot at the foreclosure sale and to acquire, hold, lease, mortgage, or convey the same. Upon an express waiver in the complaint of any right to a deficiency judgment in a judicial foreclosure action, the period of redemption shall be eight months. The Community Association may elect to take a deed in lieu of foreclosure in any such proceeding. The Community Association may also elect to pursue alternative dispute resolution options in attempting to enforce its lien.



10.18.2. If the Community Association forecloses its lien non-judicially pursuant to Chapter 61.24 RCW, the Association shall not be entitled to the lien priority provided for under Section 10.17.2 hereof.

10.19. Limitation of Lien Enforcement.

A lien for unpaid Assessments and the personal liability for payment thereof is extinguished unless proceedings to enforce the lien are instituted within six years after the amount of the Assessments sought to be recovered becomes due.

10.20. Rent Subject to Lien for Assessments.

10.20.1. Rent Payable to Community Association Upon Default of Owner.

If a Lot is rented or leased by its Owner, the Community Association may collect and the tenant shall pay over to the Community Association so much of the rent for such Lot as is required to pay any delinquency in assessments that has existed for greater than 30 days, plus late fees, interest, attorneys' fees and other costs of collection. The tenant shall not have the right to question payment to the Community Association, and such payment shall discharge both the tenant's duty to pay rent to the Lot Owner and the Lot Owner's obligation to pay assessments, *pro tanto*. The Community Association shall not resort to this remedy where a receiver has been appointed and is collecting such rents under Section 10.20.2 hereof.

10.20.2. Community Association Entitled to Appointment of Receiver.

From the time of commencement of a judicial action by the Community Association to foreclose a lien for nonpayment of delinquent Assessments against a Lot that is not occupied by the Owner thereof, the Community Association shall be entitled to the appointment of a receiver to collect from the lessee thereof the rent for the Lot as and when due. If the rental is not paid, the receiver may obtain possession of the Lot, refurbish it for rental up to a reasonable standard for rental dwelling units in this type of project, rent the Lot or permit its rental to others, and apply the rents first to the cost of the receivership and attorneys' fees thereof, then to the cost of refurbishing the Lot, then to applicable charges, then to costs, fees, and charges of the foreclosure action, and then to the payment of the delinquent Assessments. Only a receiver may take possession under this subsection, and a receiver shall not be appointed less than ninety days after the delinquency. The exercise by the Community Association of the foregoing rights shall not affect the priority of preexisting liens on the Lot.

10.21. Suspension of Utility Services, Use of Recreational Facilities.

If an Owner shall become delinquent in the payment of amounts in excess of three (3) months' worth of regular assessment obligations, the Board shall have the right, following ten (10) days' notice to such Owner, cut off any or all common utility services to such Owner's Lot until such assessments are paid; PROVIDED, however that this remedy shall not be utilized during very cold



weather where a danger of freezing pipes is present, and further provided that if the Unit is not occupied by its Owner, that any tenant in the Unit be given not less than 20 days' notice in advance of termination of such utilities. The Board, on the same types of notice, may also suspend the privileges of the Owner, the Owner's family members and any tenant, to use the recreational facilities of the Planned Community.

10.22. Remedies Cumulative.

The remedies provided are cumulative and the Board may pursue them concurrently, along with any other remedies which may be available under the law although not expressed herein.

ARTICLE XI

INSURANCE, DESTRUCTION, RESTORATION AND DISTRIBUTION

11.1. Authority, Name of Insured.

The Board of Directors should obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors, but unless not reasonably available. The name of the insured under each required policy shall be stated as follows: "Crescent Ridge Ranch Community Association."

11.2. Insurance Policies and Coverage.

11.2.1 Basic Coverage.

Any insurable common improvements in this Planned Community subject to the primary jurisdiction of the Community Association shall be insured against casualty or physical damage in an amount equal to the maximum insurable replacement value thereof (i.e., 100% of replacement costs based upon the value of replacing all such insurable improvements in the Planned Community exclusive of land, excavations and foundations, utilizing contemporary building materials and technology). Levels of coverage shall be determined annually by the Board of Directors with assistance of the agent of the insurance company affording such coverage. Such coverage shall afford protection against:

(a) loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard "broad form" and/or "special" extended coverage endorsements or their equivalent, and such other perils customarily covered by insurance for similar projects. The policy shall also cover other Common property including fixtures, building service equipment and common personal property and supplies owned by the Community Association or included in the Common Areas.



(b) liability for death, personal injury and property damage arising from the use, ownership or maintenance of any of the Common Areas. The insurance should also cover any commercial spaces that are owned by the Community Association, even if they are leased to others. Coverage should be afforded under a commercial general liability policy for the entire Planned Community, including all areas under the supervision of the Community Association. Limits of liability shall in no event be less than \$1,000,000 with respect to any single occurrence; and

(c) medical payments coverage, in such amounts as are customarily provided in such policies.

11.2.2 Directors' and Officers' Insurance.

If reasonably available, the Board shall acquire Directors' and Officers' errors and omissions insurance to satisfy the Community Association's indemnification responsibilities under the Bylaws of the Community Association.

11.2.3 Fidelity Insurance.

The Community Association should also obtain blanket fidelity insurance for any person who either handles (or is responsible for) funds that he or she holds or administers, whether or not that individual receives compensation for services; such a policy should name the Community Association as the insured and include a provision that calls for ten days' written notice to the Community Association before the policy can be canceled or substantially modified for any reason. The policy should cover the maximum funds that will be in the custody of the Community Association or its Manager at any time while the policy is in force. A Manager that handles funds for the Community Association may be covered by its own fidelity insurance policy, which must provide the same coverage required of the Community Association.

11.2.4 Additional Insurance.

The Board shall also acquire such additional insurance coverage as it may deem advisable and appropriate, including Workmen's Compensation insurance, where necessary to meet the requirements of law. Further, and notwithstanding any other provisions herein, the Community Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity insurance meeting the insurance and fidelity bond requirements, if any, for similar projects established by Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Veteran's Administration, or other governmental or quasi-governmental agencies involved in the secondary mortgage market, so long as any such agency is an Eligible Mortgagee or Owner of a Lot within the Planned Community, if such additional coverage is reasonably available.



11.3. Deductible.

Except as otherwise provided herein, the deductible under any policy of insurance purchased by the Board of Directors should not exceed the lesser of \$10,000 or 1% of the face amount of the policy. Except as provided herein, the amount of the deductible shall be paid by the Community Association as a Common Expense. Funds to cover the amount of the deductible shall be included in the Community Association's reserve accounts. The deductible should be established at a level that is sufficiently high to eliminate minor "nuisance" claims which could cause cancellation of the Community Association's master policy.

11.4. Unavailability, Cancellation or Nonrenewal.

If the insurance described in Section 11.2 hereof is not reasonably available, or is modified, canceled or not renewed, the Community Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by first class United States mail to all Lot Owners, and to each Eligible Mortgagee, at their respective last known addresses.

11.5. Owners' Individual Policies Required.

11.5.1 Property and Liability Insurance.

Each Owner shall obtain, at such Owner's expense, a policy or policies of insurance providing coverage against personal liability and against casualty or physical damage to the Dwelling and other insurable improvements on the Lot in an amount equal to the maximum insurable replacement value thereof (i.e., 100% of replacement costs based upon the value of replacing all such improvements exclusive of land, excavations and foundations, utilizing contemporary building materials and technology). Such coverage shall afford protection against:

(a) loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard "broad form" and/or "special" extended coverage endorsements or their equivalent, and such other perils customarily covered by insurance for Dwellings in similar projects.

(b) liability for death, personal injury and property damage arising from the use, ownership or maintenance of any part of the Lot; and such other coverage as is customarily included in homeowners insurance policies.

11.5.2 No Obligation of Community Association to Monitor Coverage.

The Board of Directors is not obligated to monitor the existence or nonexistence of any insurance required under this Section 11.5; such responsibility, and the risks to the Owner of a failure to have proper insurance, are to be borne solely by the Lot Owner. A failure by the Owner or Occupant of any Lot or Unit to maintain insurance, which failure results in any economic loss or



other harm or damage to the Community Association, shall constitute misconduct on the Owner's part.

ARTICLE XII

CONDEMNATION

12.1. Condemnation of Common Areas.

If parts of the Common Areas are acquired by condemnation, the portion of the award attributable to the Common Areas taken shall be paid to the Owners based on their respective Allocated Interests in the Common Areas unless the Community Association, at a special meeting called for such purpose, decides otherwise.

12.2. Condemnation of Limited Common Areas.

Any portion of an award attributable to the acquisition of a Limited Common Area must be equally divided among the Owners of the Lots to which that Limited Common Area was allocated at the time of acquisition.

12.3. Community Association Necessary Party to Proceeding.

The Community Association, through its Board of Directors, shall be a necessary party to any condemnation proceedings and shall, to the extent feasible, act as a fiduciary on behalf of all Lot Owners affected by such proceedings. Should the Community Association not act on the Owners' behalf in a condemnation proceeding, the affected Owners may individually or jointly act on their own behalf.

12.4. Reconstruction and Repair.

Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Article XI hereof, provided that the Board may retain and apply such portion of each Owner's share of the Condemnation Award as is necessary to discharge said Owner's liability for any Special Assessment arising from the operation of said Article XI.

12.5. Notice to Mortgagees.

The Board of Directors shall promptly give written notice to all Eligible Mortgagees of the pendency of any condemnation proceedings affecting any portion of the Planned Community.

12.6. Payment of Award.

When a Lot Owner becomes entitled to receipt of a condemnation award, or of any portion of such an award, or of any payment in lieu of such an award, then any such payment shall be made



payable jointly to such Lot Owner and to the holders of any Mortgages encumbering such Owner's Lot, as their interests may appear.

ARTICLE XIII

COMPLIANCE WITH LAW AND COVENANTS

13.1. Compliance by Owners and Occupants.

Each Owner and occupant of a Lot shall comply strictly with the provisions of the Ordinance, this Declaration of Covenants, the Bylaws and any Rules and Regulations properly adopted by the Board of Directors, as the same may be lawfully amended from time to time.

13.2. Occupants Subject to Rights and Responsibilities of Owners.

Any tenant or other Occupant of a Lot shall be deemed to be bound by all portions of the Governing Documents that are binding upon the Owner. All rights, remedies and procedures available to the Community Association when dealing with Owners under the Governing Documents shall be available to the Community Association when dealing with any tenant of an Owner or other Occupant of a Lot. In addition, the Community Association shall have the right (but not the obligation) to terminate the lease of a tenant who, in a hearing held pursuant to the Bylaws, has been found to have violated the Governing Documents; the Community Association shall be deemed a "real party in interest" in any legal proceeding brought to enforce this right. The Community Association shall not resort to this remedy unless the Owner of the Lot occupied by such tenant has failed and refused to take steps designed to cure the tenant's violation(s) within thirty (30) days following notice from the Community Association to the Owner of the necessity for such curative action.

13.3. Liability for Conduct Causing Common Expense.

Each Lot Owner shall be liable for the cost of all maintenance, repair or replacement rendered necessary by his or her or her act, neglect or carelessness, or the act, neglect or carelessness of any member of his or her or her family or his or her or her employees, agents, tenants or licensees, but only to the extent that such cost is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Lot or its appurtenances. To the extent that any Common Expense is caused by the negligence or misconduct of any Lot Owner, the Community Association may specially assess that expense against the Owner's Lot under Section 10.8 hereof, PROVIDED that no such Specially Allocated Assessment may be levied unless the allegedly offending Owner has been provided with notice of and an opportunity to be heard at a hearing to be conducted pursuant to Section 7.10 of the Bylaws.



13.4. Enforcement by Community Association.

13.4.1. Authority of the Board.

The Board of Directors shall have primary responsibility for maintaining and enforcing compliance with the covenants, conditions and restrictions contained in this Declaration of Covenants, the Bylaws, and any Rules and Regulations adopted by the Board of Directors. Without limiting the authority and powers conferred upon the Board, the Board shall have the following power and authority:

13.4.2. Abatement of Violations.

The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any provision of the Governing Documents or the Ordinance shall give the Board of Directors the right, in addition to any other rights set forth in the Bylaws, to enter the Lot or any Limited Common Area in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Lot Owner, any thing or condition that constitutes such a violation, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass. PROVIDED, that this remedy is subject to the provisions of Section 8.4 hereof, and the remedy shall not be utilized when a breach of the peace is likely to occur or if any items of construction within the Lot or any of the Common Areas will be altered or demolished; in any such case the Board shall not proceed without commencing legal proceedings.

13.4.3. Legal Proceedings.

Failure to comply with any of the terms of the Governing Documents shall be grounds for legal relief, including without limitation, actions to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Assessments, any other relief provided for in the Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Community Association, the Board of Directors, the Managing Agent or, if appropriate, by any aggrieved Lot Owner, and shall not constitute an election of remedies. Except in the case of bona fide emergencies, prior to commencing litigation for any purpose other than (1) to collect assessments, (2) to enforce written contracts entered into by the Board, or (3) to enforce provisions of the Governing Documents, the Board must obtain a majority vote of Lot Owners at a duly constituted Meeting of the Association.

13.4.4. Additional Provisions of Bylaws.

Additional rights and remedies available to the Community Association appear in its Bylaws.



13.4.5. No Waiver of Rights.

The failure of the Community Association, the Board of Directors or of a Lot Owner to enforce any right, provision, covenant or condition which may be granted by the Governing Documents or the Ordinance, shall not constitute a waiver of the right of the Community Association, the Board or the Lot Owner to enforce such right, provision, covenant or condition in the future.

13.4.6. Remedies Cumulative.

All rights, remedies and privileges granted to the Community Association, the Board of Directors or any Lot Owner pursuant to any term, provision, covenant or condition of the Governing Documents or the Ordinance shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other rights, remedies or privileges as may be granted to such party by the Governing Documents or the Ordinance or at law or in equity.

ARTICLE XIV

LIMITATION OF LIABILITY

14.1. Association is Not a Guarantor - No Liability for Utility Failure, Etc.

The Community Association is not a guarantor of the health, safety or property of the Lot Owners and other Occupants of the Planned Community. Except to the extent covered by insurance obtained by the Board pursuant to Article XI hereof, neither the Community Association nor the Board nor the Declarant shall be liable for any failure of any utility or other service obtained by the Board; or for injury or damage to person or property caused by the elements, or resulting from electricity, water, rain, dust or sand which may leak or flow from any of its pipes, drains, conduits, appliances, or equipment, or from any other place, or for inconvenience or discomfort resulting from any action taken to comply with any law, ordinance or orders of a governmental authority. No diminution or abatement of liability for Common Expense Assessments shall be claimed or allowed for any such utility or service failure, or for such injury or damage, or for such inconvenience or discomfort.

14.2. Liability of Officers and Directors, Indemnification.

The Directors and Officers shall exercise ordinary and reasonable care in discharging their responsibilities and shall not be liable to the Community Association or to the Lot Owners for mistakes of judgment or for negligence not amounting to gross negligence, willful misconduct or bad faith. The Community Association shall indemnify and hold harmless each of the Directors and Officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or Officers on behalf of the Community Association or the Lot Owners unless such



contract was made in bad faith or contrary to the provisions of the Governing Documents. The Directors and Officers shall not be personally liable for contracts made by them on behalf of the Community Association. The Community Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that (s)he is or was a Director or Officer of the Community Association, against amounts paid in settlement incurred by him in connection with such action, suit or proceeding if (s)he acted in good faith and in a manner (s)he reasonably believed to be in, or not opposed to, the best interests of the Planned Community or the Community Association, to the fullest extent authorized by RCW 23B.08.510, 520, 530, and 570, and any amendments thereto, whether or not the Community Association is incorporated under RCW 23B.

14.3. No Bailment.

Neither the Board of Directors, the Community Association, any Owner nor the Declarant shall be considered a bailee of any personal property stored or placed on the Common Areas (including property located in vehicles parked on the Common Areas), whether or not exclusive possession of the particular area is given to an Owner for parking or otherwise, nor shall they be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE XV

MORTGAGEE PROTECTION

This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain mortgages. This Article is supplemental to, and not in substitution for, any other provisions of the Governing Documents, but in the case of conflict, this Article shall control.

15.1. Percentage of Eligible Mortgagees.

Wherever in this Declaration of Covenants the approval or consent of a specified percentage of Mortgagees is required, it shall mean the approval or consent in writing of Eligible Mortgagees holding first lien mortgages on Lots, and the percentage shall be based upon the votes attributable to Lots with respect to which Eligible Mortgagees have an interest.

15.2. Notice of Actions.

The Community Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of, and each Lot Owner hereby consents to, and authorizes the giving of notice of:



(a) Any condemnation loss or any casualty loss which affects a material portion of the Planned Community or any Lot in which there is a first mortgage held, insured, or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;

(b) Any delinquency in the payment of Common Expense Assessments owed by a Lot Owner whose Lot is subject to a first mortgage held, insured, or guaranteed, by such Eligible Mortgagee or Eligible Insurer, as applicable, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Community Association.

15.3. Inspection of Books.

The Community Association shall maintain current copies of the Declaration of Covenants, Bylaws, Articles of Incorporation, Rules and Regulations, books and records and financial statements. The Community Association shall permit any Eligible Mortgagee, Eligible Insurer or other first mortgagee of a Lot, or the authorized agent of any of the foregoing, to inspect the books and records of the Community Association during normal business hours.

15.4. Financial Statements.

The Community Association shall provide any Mortgagee or Eligible Insurer who submits a written request, a copy of its annual financial statement within one hundred twenty (120) days following the end of each fiscal year of the Community Association. Such financial statement shall be audited by an independent certified public accountant if:

(a) The Community Association's budget for annual assessments is fifty thousand dollars or more, in which case the cost of the audit shall be a Common Expense; or

(b) The Community Association's budget for annual assessments is less than fifty thousand dollars and any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

15.5. Enforcement.

The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors, and may be enforced by any of them by any available means, at law, or in equity.

15.6. Attendance at Meetings.

Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting which a Lot Owner may attend.



15.7. Limitations on Mortgagees' Rights.

No requirement for approval contained in this Article may operate to (1) deny or delegate control over the general administrative affairs of the Community Association by the Lot Owners or the Board of Directors, or (2) prevent the Community Association or the Board of Directors from commencing, intervening in, or settling any litigation or proceeding, or receiving and distributing any insurance proceeds except as provided in this Declaration of Covenants.

15.8. Implied Approval by Mortgagee.

The failure of an Eligible Mortgagee to respond within sixty (60) days to a written request from the Community Association delivered by certified or registered mail to such Eligible Mortgagee, "return receipt requested", seeking approval of [i] an amendment to the Governing Documents, or [ii] any other proposed action of the Community Association as to which the approval of Eligible Mortgagees is required, shall constitute an implied approval by such Eligible Mortgagee of such amendment or other action.

ARTICLE XVI

EASEMENTS AND SPECIAL DECLARANT RIGHTS

16.1. Easements for Lots and Lot Owners.

Each Lot has an easement in and through each other Lot and the Common Areas for utilities and for lateral and/or subjacent support, and each Lot Owner in Good Standing has a perpetual right of ingress to and egress from his or her Lot over any sidewalks or roadways included in the Common Areas.

16.2. Easement for Community Association Functions.

There is hereby reserved to the Community Association, or its duly authorized agents and representatives, such easements as are necessary to perform the duties and obligations of the Community Association as are set forth in the Declaration of Covenants, the Bylaws, or the Rules and Regulations. See Section 8.4 hereof.

16.3. Easement for Utilities and Emergency Access.

16.3.1. Easement for Utilities.

A non-exclusive perpetual blanket easement is hereby granted over and through the Property for ingress, egress, installation and Upkeep of any utility lines, pipes, wires, ducts, conduits and/or other facilities and equipment for providing to any portion of the Property utilities of any type, whether public or private; such easement is hereby granted to any person installing or providing



Upkeep for such utilities, including without limitation the City. Any pipes, conduits, lines, wires, transformers or any other apparatus necessary for the provision or metering of any utility may be installed, maintained or relocated where permitted by the Declarant or where approved by resolution of the Board of Directors.

16.3.2. Easement for Emergency Access.

A non-exclusive perpetual easement is hereby granted on, over, under and across the Common Areas to all police, fire, ambulance and other rescue personnel for the lawful performance of their functions during emergencies.

16.4. Easements for Declarant.

The Declarant reserves an easement through the Property as may be reasonably necessary for the purpose of discharging the Declarant's obligations or for exercising Development Rights and Special Declarant Rights. Without limiting the generality of the foregoing, such easements include the following:

16.4.1. General Reservation.

Declarant reserves non-exclusive easements for ingress, egress and utilities over and across all Common Areas within the initial Phase(s) of development, all portions of the Property subject to Development Rights and across all Common Areas included within any subsequently completed Phase of the Planned Community.

16.4.2. Specific Rights.

The easements reserved under this Section shall entitle the Declarant, for the development of real property constituting each successive phase of the Planned Community, to tie into water, sewer, storm sewer, irrigation, electrical, gas, telephone or other utility conduits or lines of all varieties, and to travel over and connect with roadways, driveways, walkways, open areas or utility systems developed and employed in any completed phases of the Planned Community. The Declarant also reserves the right to grant easements to public or private utility companies and to convey to such companies utility lines, pipes, wires, ducts, channels, conduits and/or other facilities in furtherance of such grants. The Declarant further reserves the rights to create or relocate utility lines, pipes, wires, ducts, channels, conduits and/or other facilities at any location within the Property.

16.4.3. Liability for Costs.

Declarant shall bear the costs of construction and tie-ins to such utilities and roads and shall not connect with such utilities in a manner that impairs or significantly reduces the quality of the utility service to any completed phase of the Planned Community; provided, that if said tie-ins



cause an increase in the cost of delivering affected utility services to any completed phase of the Planned Community, that cost shall be borne by the Declarant.

16.5. Easements Shown on Platting Documents.

16.5.1. General Provisions.

Any easement shown on the Platting Documents which benefits one or more Lots in the Planned Community or which benefits any real property not included within the Planned Community, confer various rights and benefits upon the owner(s) of such real property, and may also impose obligations upon the Community Association.

16.5.2. Shared Easement for Ingress, Egress & Utilities - Ridgeview Drive.

Rights of ingress, Egress and Utilities over private roadways leading to Ridgeview Drive are provided under easements recorded at Auditor's File Nos. 1166783 and 1166786, Records of Grant County, Washington. The document under recording number 1166783 is an easement from Crescent Bar Road to a point in what is now the Sunsera development; this easement across Sunsera Phases 1 and 2 replaced the old Teal Road that had been vacated. The document under recording number 1166786 contains an easement that is intended to start at the terminus of the prior easement, and lead to the Crescent Ridge Ranch property; it is an easement across Riverview which became Sunsera Phase 4. Under these easements, costs of Upkeep to the improvements within the easement areas are to be shared with Sunsera at Crescent Bar Homeowners Association.

16.6. Special Declarant Rights.

16.6.1. General Reservation.

The Declarant has reserved the following Special Declarant Rights for the purpose of furthering and completing the development of the Planned Community: To complete any improvements indicated on the Platting Documents filed with the Declaration of Covenants; to exercise any Development Right under Section 3.3.1 hereof; to maintain sales offices, management offices, signs advertising the Planned Community, and models on the Property, all in such location or locations as the Declarant may unilaterally determine; to use easements through the Common Areas for the purpose of making improvements within the Planned Community; to control the Community Association during the Declarant Control Period described in Section 16.6.2 below, and to make the Planned Community and/or the Community Association subject to a Master Association, including without limitation Greater Crescent Bar Owner's Association. Special Declarant Rights other than those specified in Section 16.6.2 hereof, or that relate to an exercise of Development Rights, shall persist until the last Lot in the Planned Community is conveyed by the Declarant to a party other than an Affiliate of the Declarant, or until a date which is fifteen (15) years following the recordation of this Declaration of Covenants, whichever first occurs.



16.6.2. Declarant Control Period.

The Declarant has reserved the rights to designate a majority of the members of the Board of Directors of the Community Association, and to appoint or remove any Officer of the Community Association or any member of its Board of Directors or of any Committee, or to veto or disapprove a proposed action of the Community Association, its Board of Directors or any Committee, for a period of time known as the "Declarant Control Period," The Declarant shall be deemed to hold a proxy from all Lot Owners during the Declarant Control Period for all such purposes. The Declarant Control Period shall not exceed seven (7) years following the recordation of this Declaration of Covenants, subject to the following limitations:

(a) Not later than sixty days after conveyance of twenty-five percent of the Lots which may be created to Owners other than the Declarant, at least one member of the Board of Directors must be elected by Owners other than the Declarant.

(b) Not later than sixty days after conveyance of fifty percent of the Lots which may be created to Owners other than the Declarant, another member of the Board of Directors must be elected by Owners other than the Declarant.

(c) The Declarant Control Period shall terminate sixty days after conveyance of seventy-five percent of the Lots which may be created in the Planned Community to Owners other than the Declarant.

16.6.3. Legal Status of Special Declarant Rights.

Each Special Declarant Right reserved by Declarant in this Declaration of Covenants has been, is and shall remain an equitable servitude burdening all lands subject thereto and running with such lands. Each Special Declarant Right shall exist for the benefit of the Declarant and/or Affiliate of Declarant and/or any Successor Declarant. Declarant has and shall retain, with respect to each Special Declarant Right, a power coupled with Declarant's interest in said lands. The Special Declarant Rights reserved in this Declaration of Covenants include the right, but not the obligation, to exercise Development Rights to create future interests or future estates in real property, and to own, convey, mortgage, lease and/or otherwise use and deal with such real property and such future interests or future estates free and clear of any interest of other Lot Owners or the Community Association, except as may be otherwise specifically provided herein.

ARTICLE XVII

AMENDMENT OF DECLARATION OF COVENANTS



17.1. Procedure for Amendment of Declaration of Covenants.

Amendments to the Declaration of Covenants shall be made by an instrument in writing entitled "Amendment to Declaration of Covenants" which sets forth the entire amendment. Except as otherwise specifically provided for in this Declaration of Covenants, any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Except in cases of amendments that may be adopted by the Declarant unilaterally pursuant to Section 17.4 hereof, amendments may be adopted only at a meeting of the Owners if at least sixty-seven percent (67%) of the votes in the Community Association are cast for such amendment, or without any meeting if all Owners have been duly notified and Owners holding at least sixty percent-seven (67%) of the votes in the Community Association consent in writing to such amendment. In all cases, the amendment when adopted shall bear the acknowledged signature of the President of the Community Association.

17.2. Recordation Required.

Every amendment to the Declaration of Covenants must be recorded with the County Auditor and is effective only upon recording. An amendment shall be indexed in the name of the Planned Community and shall contain a cross-reference by recording number to the Declaration of Covenants and each previously recorded amendment thereto.

17.3. Special Restrictions.

No amendment may restrict, eliminate, or otherwise modify any Special Declarant Right provided in the Declaration of Covenants without the consent of the Declarant and any mortgagee of record with a security interest in the Special Declarant Right or in any real property subject thereto, excluding mortgagees of Lots owned by persons other than the Declarant.

17.4. Amendments by Declarant.

The Declarant anticipates that significant changes to the Governing Law may be made by the Washington State Legislature during the early phases of development of the Planned Community. The Declarant also anticipates a need to clarify, expand upon, or alter provisions of this Declaration of Covenants to better suit the governance of the Planned Community. The Declarant thus may unilaterally adopt and file amendments to the Declaration of Covenants and to the Platting Documents for so long as the Declarant is the Owner of any Lot in the Planned Community or until the expiration of the time limit for the exercise of any Development Rights reserved by the Declarant.

ARTICLE XVIII

MISCELLANEOUS



18.1. Notices for All Purposes, Delivery.

17.1.1. Any notice permitted or required to be delivered under the provisions of the Declaration of Covenants or the Bylaws may be delivered either personally or by mail, addressed to the person entitled to such notice at the most recent address given by such person to the Board in a Record, or to the most recent address known to the Board. Notice to the Owner of any Lot shall be sufficient if mailed to his or her Lot if no other mailing address has been given to the Board. With the advance written consent of any Owner, required notice may be provided electronically. Mailing addresses may be changed from time to time by notice provided by the Owner in a Record to the Board. Notice to be given to the Community Association may be given to the President or Secretary of the Community Association, or to its Registered Agent. Notice also may be provided to any person in any manner permitted by statute.

17.1.2. New Lot Owners must supply their names and addresses, telephone numbers and, if so desired in order to receive notices from the Community Association, e-mail addresses, to the Secretary of the Community Association promptly after conveyance.

18.2. Severability.

The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof, if the remainder complies with the Ordinance and furthers the common plan of this Planned Community

18.3. No Right of First Refusal.

There is no right of first refusal in the Community Association limiting or restricting the right of any Lot Owner to sell, transfer or convey his or her Lot.

18.4. Effective Date.

This Amended & Restated Declaration of Covenants shall take effect upon recording.

SIGNATURES APPEAR ON THE FOLLOWING PAGES:



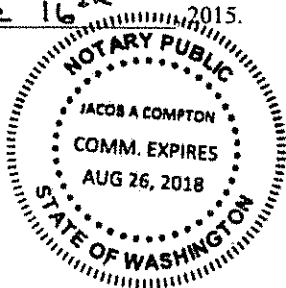
DECLARANT:
CRESCENT RIDGE RANCH DEVELOPMENT COMPANY LLC,

By: *Maas Clemenshaw*
ROSS CLEMENSHAW, Its Co-Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF Grant)

I hereby certify that I know or have satisfactory evidence that ROSS CLEMENSHAW is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Co-Manager of CRESCENT RIDGE RANCH DEVELOPMENT COMPANY LLC, a Washington Limited Liability Company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: November 16th, 2015.



Jacob A. Compton
NOTARY PUBLIC for the State of
Washington. My Commission
expires Aug 26, 2018

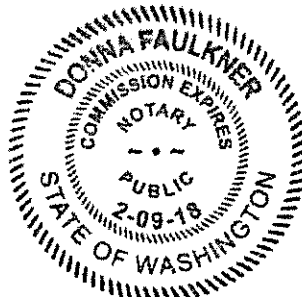
CONCURRENCE:
CRESCENT RIDGE RANCH LAND COMPANY, LLC

BY: *Robert M. Hadley*
Robert M. Hadley, Its Manager

STATE OF WASHINGTON)
) ss.
COUNTY OF GRANT)

I hereby certify that I know or have satisfactory evidence that Robert M. Hadley is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the-Manager of CRESCENT RIDGE RANCH LAND COMPANY LLC, a Washington Limited Liability Company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: October 30, 2015.



Donna Faulkner
NOTARY PUBLIC for the State of
Washington. My Commission
expires 2/9/2018