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PIERCE COUNTY, WASHINGTON

After Recording Return to:

Terry L. Brink
Gordon, Thomas, Honeywell, Malanca
Peterson and Daheim
P.O. Box 1157
Tacoma, WA 98401

Document Title(s) (or transactions contained therein):
1. Declaration of Covenants, Conditions and Restrictions for Crossroads
2.
Grantor(s) Name (last, first, and initials):
1. Crossroads Development, LLC, a Washington limited liability company
2.
<input type="checkbox"/> Additional Names on Page _____ of Document
Grantee(s) Name (last, first, and initials):
1. The Public
2.
<input type="checkbox"/> Additional Names on Page _____ of Document
Legal Description (Abbreviated i.e. lot/block and plat or section, township and range)
Lots 1 through 168, inclusive, and Tract "A," "B," "D," "E," "F," "G," "H" AND "J" of the Plat of Crossroads as per plat recorded under Pierce County Auditor's No. <u>200804245003</u> .
<input type="checkbox"/> Legal Description is on page _____ of Document.
Reference Number(s) of Documents Assigned or Released:
1. Plat recording number: <u>200804245003</u>
<input type="checkbox"/> Additional Reference Numbers on Page _____ of Document
Assessor's Tax Parcel / Account Number(s)
0419151090; 0419151047; 0419155034; 0419151702

CROSSROADS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

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CROSSROADS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION ("Declaration") is made on the 2nd day of April, 2008, by Crossroads Development, LLC, a Washington limited liability company ("Declarant").

Background

1. Declarant is the owner of certain real property in Pierce County, Washington, that is legally described on the attached **Exhibit "A,"** which is incorporated and made a part hereof by this reference (the "**Property**"). The Declarant intends to create on the Property the residential community of Crossroads ("**Crossroads**"), with permanently maintained Common Areas for the benefit of the future owners within Crossroads ("**Owners**") (collectively, the "**Plat**").

2. Declarant has developed a general plan of development for the benefit of the Property. Declarant desires to preserve and enhance the property values, amenities and opportunities in Crossroads and to provide for the health, safety and welfare of the Owners. To this end, Declarant desires to subject the Property commonly to the covenants, restrictions, easements, charges and liens set forth in this Declaration, all of which are for the benefit of the Property and each of the Owners.

3. Declarant will incorporate "**Crossroads Owners Association**" as a nonprofit Washington corporation (the "**Association**") in order to provide a mechanism for meeting some of the purposes set forth in this Declaration.

Declaration

Declarant hereby declares that the Property is and shall be transferred, sold, conveyed and occupied subject to all of the terms and conditions set forth in this Declaration including, without limitation, the covenants, restrictions, easements, charges and liens set forth in this Declaration.

Further, except with respect to Sections 7.4, 7.5, 7.6, and 7.7, below, Declarant delegates and assigns to the Association, upon its creation, the power of: (i) owning, maintaining, and administering the Common Areas defined below; (ii) administering and enforcing the covenants and restrictions; (iii) collecting and disbursing the Assessments and charges created in this Declaration; and (iv) promoting the recreation, health, safety and welfare of the residents.

Further, Declarant hereby reserves the right to assign any or all of Declarant's rights and/or obligations arising out of this Declaration that are not assigned to the Association pursuant to the preceding paragraph. With respect to Sections 7.4, 7.5, 7.6, and 7.7, below, the Declarant may, at its sole discretion, both:

- (a) Retain all of its rights and obligations arising therefrom; and/or
- (b) Assign these same rights to a Successor Declarant(s).

In the event of such an assignment by Declarant to a Successor Declarant(s), thereafter, the Declarant and Successor Declarant(s) shall both have the same rights with respect to the enforcement provisions set forth in Sections 7.4, 7.5, 7.6, and 7.7 of the Declaration.

Article I
Definitions

Section 1.1 “**ACC**” shall mean the Architectural Control Committee as described in Article IX.

Section 1.2 “**Articles**” shall mean the Association’s Articles of Incorporation a specimen copy of which is attached as **Exhibit “B,”** which is incorporated and made a part hereof by this reference, together with any amendments thereto.

Section 1.3 “**Assessment**” or “**Assessments**” shall mean individual or collective Assessments arising out of Article VI including, without limitation, Annual, Special or Reimbursement Assessments.

Section 1.4 “**Association**” shall mean the Crossroads Owners Association, a Washington nonprofit corporation, and its successors and assigns, if applicable.

Section 1.5 “**Board**” or “**Board of Directors**” shall mean the Board of Directors of the Association.

Section 1.6 “**Builder**” shall mean any entity or person that or who shall purchase one (1) or more Lots and construct a residence thereon for the purpose of selling or leasing the same.

Section 1.7 “**Bylaws**” shall mean the Association’s Bylaws, together with any amendments thereto. A specimen copy of which is attached as **Exhibit “C,”** which is incorporated and made a part hereof by this reference, together with any amendments.

Section 1.8 “**Common Areas**” shall mean the portions of the Property, both real and personal, in which the Association has been granted an ownership interest, easement, lease or right of control by written instrument, including, without limitation, this Declaration and/or by delineation on the Plat of Crossroads for the use and enjoyment of the Members (excepting easements for maintaining Lots as provided for in Section 5.2(a)). The Common Areas to be owned by the Association are legally described on the attached **Exhibit “D,”** which is incorporated and made a part hereof by this reference.

Section 1.9 “**Declarant**” shall mean Crossroads Development, LLC, a Washington limited liability company, its successors and assigns; provided, however, that no Successor Declarant(s) or assignee(s) of Declarant shall have any rights or obligations of Declarant arising out of this Declaration unless such rights and obligations are specifically set forth in an instrument of succession or assignment.

Section 1.10 “**Declaration**” shall mean all of the terms and conditions included in this Declaration of Covenants, Conditions and Restrictions, including without limitation the covenants, restrictions, easements, charges, liens and all other provisions, as they may from time to time be amended in accordance with Section 16.6.

Section 1.11 “**Development Plan**” shall mean the general plan illustrating the intended development of the Property that was approved by Pierce County as shown on the attached **Exhibit “E,”** which is incorporated and made a part hereof by this reference, together with any amendments thereto.

Section 1.12 “**Federal Mortgage Agencies**” shall mean those federal agencies that may have an interest in the properties, such as the Federal Housing Administration (“**FHA**”), the Veterans

Administration ("VA"), the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), or the successors to their respective interests.

Section 1.13 **"First Mortgagee"** shall mean a lender who holds the first mortgage or first deed of trust on a Lot and who has notified the Association in writing of its holdings.

Section 1.14 **"Fiscal Year"** shall mean the accounting year of the Association.

Section 1.15 **"Initial Sale"** shall mean the conveyance of a Lot from Declarant to a Builder.

Section 1.16 **"Lot"** shall mean any numbered parcel of land shown upon any recorded subdivision map of the Property, with the exception of the Common Areas and other areas set aside for nonresidential use.

Section 1.17 **"Manager"** shall mean the person, firm, entity or corporation to whom the Board of Directors may delegate managerial duties.

Section 1.18 **"Member"** shall mean every person or entity that owns a Lot and holds membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot.

Section 1.19 **"Mortgage"** shall mean a deed of trust or any other security instrument.

Section 1.20 **"Notice"** shall mean written notice delivered personally or mailed to the last known address of the intended recipient.

Section 1.21 **"Owner"** shall mean every person or entity, including Declarant, which is a record Owner of the fee simple title to any Lot, or if any Lot is sold under real estate contract, the vendee or vendees under that contract; provided, however, that the term "Owner" shall not include those having an interest merely as security for the performance of an obligation.

Section 1.22 **"Plat"** shall mean the planned residential community commonly known as Crossroads, which is situated on the Property.

Section 1.23 **"Property"** shall mean the real property legally described on the attached Exhibit "A."

Section 1.24 **"Successor Declarant(s)"** shall mean the person, firm, entity, company or corporation to whom the Declarant may assign any right or obligation as provided for above in Section 1.9. In the event of a partial or complete assignment of any rights and/or obligations arising out of the Declaration to a Successor Declarant(s), all references to Declarant throughout the Declaration shall also apply to such Successor Declarant(s) with respect to any and all such assigned rights and/or obligations. With respect to Sections 7.4, 7.5, 7.6, and 7.7, the Declarant may, at its sole discretion, both:

- (a) Retain all of its rights and obligations arising therefrom; and/or
- (b) Assign these same rights to a Successor Declarant(s).

In the event of such an assignment by Declarant to a Successor Declarant(s), thereafter, the Declarant and Successor Declarant(s) shall both have the same rights with respect to the enforcement provisions set forth in Sections 7.4, 7.5, 7.6, and 7.7 of the Declaration.

Article II Property; Development Plan

Section 2.1 The Property. The real property that is subject to this Declaration is legally described on the attached Exhibit "A" and represents the planned residential community commonly known as Crossroads.

Section 2.2 The Development Plan. The Development Plan illustrated on the attached Exhibit "E" is Declarant's intended design for the development of Crossroads as a planned residential community. The Development Plan includes one hundred sixty-eight (168) single-family homes located on approximately forty-five (45) acres. An existing home that was constructed prior to the development of Crossroads is currently situated on Lot 36. Lot 36 shall not be subjected to the terms of this Declaration; except with respect to the terms, conditions, restrictions and requirements of Article X Architectural and Landscape Control and the terms, conditions, restrictions and requirements of Article XI Permitted and Prohibited uses. Tract "H" is encumbered by an existing private road and utility easement benefiting Lot 36 together with other properties situated outside of the Plat. Declarant intends to convey Tract "H" to the owner of Lot 36 in the future.

Section 2.3 Modification of Plan. The Development Plan may be modified and amended as provided in this Declaration and as provided under Pierce County development regulations at any time during the time required to develop Crossroads. It is currently the intention of Declarant to develop Crossroads in full accordance with the Development Plan. The Development Plan is, however, conceptual in nature, and does not bind the Declarant to improve any portion of the Property.

Article III Common Areas

Section 3.1 Dedication. Upon the recording of the Plat of Crossroads, Tracts "A," "B," "D," "E," "F," "G," and "J" as depicted on the Development Plan, were designated as Common Areas and were dedicated to the Association. Tract "A" is a wetland and wetland buffer tract. Tract "B" is a park that shall also serve as a compensatory stormwater storage area. Tract "D," Tract "E" and Tract "F" are open space landscaping entry areas. Tract "G" is an active recreation park or "Tot Lot." Tract "J" is a park and open space tract. Tract "C" and Tract "I" are public stormwater drainage tracts that were dedicated to Pierce County upon the recording of the plat and are not Common Areas. Tract "H" is a not a Common Area.

Section 3.2. Right of Association to Adopt Reasonable Rules. Each Owner shall have a right of enjoyment and use, together with a nonexclusive easement in, over and through the Common Area for ingress and egress, which easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to adopt reasonable rules governing the use of the Common Area and to establish appropriate penalties for the violation of those rules; and
- (b) The right of the Association to dedicate or transfer by deed or easement all or any part of the Common Area to any public agency, authority, or utility; however no such dedication or transfer shall be effective without the approval of two-thirds (2/3rd) of each class of Members.

Section 3.3 Delegation of Use. Any Owner may delegate his, her, their or its right of enjoyment to the Common Area to (i) the members of his, her, their or its family; (ii) his, her, their or its tenants; or (iii) his, her, their or its guests, subject to the limitations set forth in this Declaration.

Section 3.4. Association to Maintain. The Association shall (i) maintain, repair, replace and improve the Common Areas as appropriate for a first-class residential community; and (ii) pay the actual cost of the same from Annual or Special Assessments, as appropriate.

Article IV Association

Section 4.1 General. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to each Lot and may not be separated from ownership of any Lot. Ownership of a Lot shall be the sole qualification for membership in the Association.

Section 4.2. Classes. The Association shall have two (2) classes of voting membership:

(a) Class "A." Class "A" Members shall be all Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be divisible and exercised as the Owners determine, but in no event shall more than one (1) vote be cast with respect to any Lot; and

(b) Class "B." The Class "B" Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot owned. The Class "B" Membership shall cease and be converted to Class "A" Membership upon the happening of either of the following events, whichever occurs earlier:

(i) When the total votes in the Class "A" Membership equals or exceeds the total votes in the Class "B" Membership, which will occur upon the Declarant's sale of one hundred twenty-seven (127) Lots out of the one hundred sixty-eight (168) Lots; or

(ii) On January 1, 2020.

Section 4.3 Board of Directors. The Association shall be managed by a Board of Directors elected or appointed in accordance with the Articles of Incorporation and Bylaws of the Association.

Section 4.4 Delegation to Manager. The Board of Directors may delegate any of its managerial duties, powers, or functions to any person, firm, entity or corporation (the "**Manager**"); provided that any management agreement may be terminated by the Association:

- (a) For cause upon delivery of thirty (30) days advanced written notice; and
- (b) Without cause upon delivery of ninety (90) days advance written notice.

The term of any such management agreement may:

- (a) Not exceed one (1) year; and
- (b) Be renewable by agreement of the parties for successive one- (1) year periods.

The Members of the Board of Directors shall not be liable for any omission or improper exercise by the Manager of any duty, power, or function so delegated by written instrument executed by a majority of the Board of Directors.

Article V Easements

Section 5.1 Utility and Drainage Easements for Declarant and/or its Assigns. In addition to or consistent with easements reserved on the face of the Plat or created by any instrument of record, nonexclusive easements for utilities and drainage are reserved for the Declarant and/or its assigns, over a five foot (5') wide strip along each side of the interior Lot lines and over a ten foot (10') wide strip adjacent to the rear and street side Lot line of each Lot. In addition, a nonexclusive easement is reserved for Declarant and/or its assigns over, under, and on all of the Common Areas. Within all of the easements, no structure, planting or fill material shall be placed or permitted to remain which may, in the opinion of the ACC, damage or interfere with the installation and maintenance of utilities, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements within it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public agency, authority, utility company, and/or the Association is responsible. Fencing and landscape plantings are permitted on the side and rear property lines as approved by the ACC.

Section 5.2 Easement for Association. The Association, the ACC, the Declarant and its agents, successors and assigns shall have a nonexclusive easement for access to each Lot and to the exterior of any building located thereon during reasonable hours as may be necessary for the following purposes:

- (a) The cleaning, maintenance, repair or replacement of any improvement as provided in Section 7.1 (this easement shall also include the reasonable right of entry to the interior of any building, to the extent necessary to perform the work described in Section 7.1);
- (b) The maintenance, repair, replacement, or improvement of any Common Area accessible from a Lot;
- (c) Emergency repairs necessary to prevent damage to a Common Area or to another Lot, or the improvements thereon;
- (d) The cleaning, maintenance, repair, or restoration work that the Owner is required to do, but has failed or refused to do; and
- (e) All other acts necessary to enforce this Declaration.

Except in the event of an emergency where advance notice is not possible, these easements shall be exercised only after reasonable notice to the Owner.

Section 5.3 Easement for Government Personnel. An easement for access by police, fire, rescue and other government personnel is reserved across all Common Areas as necessary or appropriate for the performance of their public duties.

Section 5.4 Easement for Declarant. The Declarant shall have an easement across all Common Areas for ingress, egress, storage and placement of equipment, materials or utilities, and such other actions necessary for or related to:

- (a) The development and/or maintenance of the Property; and
- (b) The development and/or maintenance of any property owned or to be developed by Declarant that is adjacent to or in the vicinity of the Property.

Article VI
Assessments

Section 6.1 Covenants for Maintenance Assessments.

(a) With the exception of the Owner of Lot 36, each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to agree to pay to the Association: (i) "**Annual Assessments**" or charges; and (ii) "**Special Assessments**" for capital improvements.

(b) The Annual Assessments and Special Assessments, together with interest, costs and reasonable accounting fees and attorney's fees shall be a charge and a continuing lien upon the Lot against which each such Assessment is made. Such lien may be foreclosed by the Association in the same manner as a Mortgage on real property.

(c) Each Assessment, together with interest, costs, and reasonable accounting fees and attorney's fees shall also be the personal obligation of the person(s) who is or are the Owner(s) of the Lot assessed at the time the Assessment becomes due and payable. The personal obligation shall not pass to the Owner's successors-in-interest unless expressly assumed by the successor-in-interest. The new Owner shall be personally liable for Assessments that become due and payable on and after the date of sale (e.g., date of closing if sold by real estate contract) or transfer of a Lot to the new Owner (e.g., date of conveyance by deed).

Section 6.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for the purpose of:

- (a) Promoting the recreation, health, safety and welfare of the residents of the Property;
- (b) Improving, maintaining, replacing and/or repairing of the Common Areas and the services and facilities related to the use and enjoyment of said Common Areas;
- (c) Paying the costs associated with taxes and insurance related to the Common Areas, and
- (d) Paying the Association's administrative expenses (e.g., accounting fees, legal fees, office supplies, etc.).

Section 6.3 Annual Assessments. The Board of Directors shall establish the maximum Annual Assessment that may, from time to time, be increased subject to the following conditions and limitations:

- (a) Until January 1, 2008, the maximum Annual Assessment shall be Two Hundred and 00/100ths Dollars (\$200.00) per Lot;
- (b) After January 1, 2008, and continuing until such time as the Class "B" Membership ceases to exist, the Board of Directors may fix and increase the maximum Annual Assessment as necessary to fulfill the purposes set forth in this Declaration; and
- (c) From and after the date upon which the Class "B" Membership ceases to exist, the maximum Annual Assessment may not be materially increased without an affirmative vote of two-thirds (2/3rds) of the Class "A" Members who are voting in person or by proxy, at a meeting duly called for such purpose pursuant to Section 6.11 of this Article. A "material increase" shall be an

increase, which cumulatively for the Association's then current fiscal year increases the Annual Assessment by more than ten percent (10%).

Section 6.4 Commencement of Annual Assessments. The Annual Assessments shall commence as to each Lot within the Property on the first (1st) day of the month following the Initial Sale. The first Annual Assessment shall be prorated to December 31 of the then current calendar year and shall be collected at the closing of the Initial Sale.

Section 6.5 Board to Fix Annual Assessment. The Board of Directors shall fix the Annual Assessment at an amount not in excess of the maximum at least fifteen (15) days prior to the start of the forthcoming fiscal year. Written notice of the Annual Assessment shall be sent to every Owner. In the event the Board fails to fix an Annual Assessment for any fiscal year, then the Assessment established for the prior year shall automatically be continued until such time as the Board acts by modifying the Annual Assessment. The Annual Assessments shall be determined in such a manner so as to be sufficient to:

(a) Meet the obligations imposed by this Declaration and any supplementary declarations; and

(b) Establish an adequate reserve fund for the maintenance, repair and replacement of Common Areas and Common Area improvements that require such actions on a periodic basis.

Section 6.6 Special Assessments for Capital Improvements. In addition to the Annual Assessments authorized above, the Association may levy in any assessment year, a Special Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement upon the Common Areas, including, without exception, the necessary fixtures and personal property related thereto; provided, however, that any such Special Assessment shall have the assent of two-thirds (2/3rds) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose pursuant to Section 6.11 of this Article.

Section 6.7 Reimbursement Assessment. Declarant shall collect a Reimbursement Assessment in the amount of Four Hundred and 00/100ths Dollars (\$400.00) per Lot which represents each Lot's pro rata share of the sums advanced by the Declarant for expenses associated with certain improvements installed by the Declarant on behalf of the Association, including expenses associated with the establishment of the Association. This Reimbursement Assessment shall be the responsibility of the purchaser of the new single-family residence and it shall be paid directly to Declarant by the applicable escrow company at the time a Builder closes a sale of a Lot after the construction of a single-family residence thereon.

Section 6.8 Working Capital Contribution. At the time of an Initial Sale of a Lot within the Property the Builder shall pay One Hundred Fifty and 00/100ths Dollars (\$150.00) per Lot to the Association as a contribution to the working capital of the Association.

Section 6.9 Repair Fund Fee(s). Notwithstanding all of the other provisions included in this Article VI or in Article VII, below, and without in any way whatsoever diminishing or modifying the vitality of the terms and conditions arising from such other provisions, at the time of an Initial Sale of a Lot within the Property the Builder shall pay to the Declarant a fee in the amount of One Hundred and 00/100ths Dollars (\$100.00) per Lot. This nonrefundable fee shall be used to perform repairs required as a result of Pierce County's inspection of the public roads and public storm drainage system at the end of the designated maintenance period (the "**Repair Fund Fee(s)**"). The Repair Fund Fee(s) shall be paid in addition to, not in lieu of, any and all other maintenance costs, expenses, fees or

charges of any name or characterization arising from the other provisions included this Declaration, generally, including without limitation those provided for in Article VII.

Section 6.10 Rate of Assessments. Except as provided for in Section 7.3 below, all Assessments shall be fixed at a uniform rate for all Lots (except Lot 36) within Crossroads.

Section 6.11 Notice and Quorum for any Action Authorized Under Sections 6.3 and/or 6.6. Written notice of any meeting conducted pursuant to Sections 6.3 or 6.6 of this Article shall be sent to all Members not less than thirty (30) days or more than sixty (60) days in advance of the meeting and shall include a statement explaining of the purpose of the scheduled meeting. At the first meeting called for the purposes set forth in Sections 6.3 and/or 6.6, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each separate and distinct class of Membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, a subsequent meeting may be called, subject to the notice requirement set forth above in this Section 6.11, and the required quorum at any such subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting. However, no such subsequent meeting having a reduced quorum requirement shall be held more than sixty (60) days following the preceding meeting.

Section 6.12 Certificate. The Association shall, upon request, furnish a certificate in writing signed by an officer of the Association setting forth whether the Assessments on a specified Lot have been paid. The Association may make a reasonable charge for the issuance of these certificates. Such certificate shall be conclusive evidence of payment or nonpayment of any Assessment.

Section 6.13 Effect of Nonpayment of Assessments; Remedies of Association. Any Assessments that are not paid when due shall be delinquent. A late charge equal to five percent (5%) of the amount overdue shall be charged for any payment made more than ten (10) days past the due date. The Association, after approval by two-thirds ($\frac{2}{3}$ rds) vote of the Board, may increase the percentage rate of the late charge. If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest from the due date at the rate of twelve percent (12%) per annum, and the Association may bring an action at law against the Owner obligated to pay the Assessment, or may foreclose the lien against the Lot, and in either event, interest, costs, and reasonable attorney's fees shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for Annual or Special Assessments by nonuse of the Common Area or by abandonment of his, her, their, or its Lot.

Section 6.14 Suspension of Voting Rights. In the event any Member shall be in arrears in the payment of the Assessments due or shall be in default of the performance of any of the terms of the Articles and Bylaws of the Association, the rules or regulations adopted by the Association, or the Declaration for a period of thirty (30) days, the Member's right to vote shall be suspended and shall remain suspended until all payments are brought current and all defaults are fully remedied. In addition, the Association shall have such other remedies against any such delinquent Member or Members as may be provided in the Articles, Bylaws and/or Declaration.

Section 6.15 Subordination of Lien to Mortgages. The lien of the Assessments provided for in this Declaration shall be subordinate to the lien of any First Mortgage. Sale or transfer of any Lot shall not affect the Assessment lien. However, where the mortgagee of a Mortgage of record or other purchaser of a Lot obtains possession of the Lot as the result of foreclosure of a Mortgage, or by deed or assignment in lieu of foreclosure, such possessor, or his, her, their or its successors and assigns, shall not be liable for the Assessments imposed by the Association chargeable to such Lot which became due prior to such possession. Such unpaid share of common expenses or Assessments

shall be deemed to be common expenses collectible from all of the Owners, including such possessor, his, her, their or its successors and assigns.

Section 6.16 Exempt Property. The following portions of the Property shall be exempt from the payment of all Assessments:

- (a) All portions of the Property dedicated to and accepted by a public agency, authority and/or utility;
- (b) All Common Areas and any other areas set aside for nonresidential use; and
- (c) Lot 36.

Article VII Maintenance

Section 7.1 Standard of Maintenance – Common Areas. The Association shall be obligated to do the following:

- (a) Maintain, repair and replace all community mailboxes, street lights (if not maintained by a public or private utility company), the entry signage and any other privately owned improvement installed or constructed by Declarant during the development of the Property.
- (b) Maintain, repair and replace when necessary the landscaping, fencing, recreational amenities, irrigation systems and other improvements situated within the Common Area.

The Board shall be responsible to make all decisions as to the work required under this provision. All expenses incurred in performing the obligations described in this Article shall be paid for by the Association and become part of the Assessments described above in Article VI; provided, however, that if any of such work is required as the result of any negligent or intentional act or omission of any Owner, or his, her, their or its guests, family or tenants, the cost of such work shall be paid for exclusively by such Owner, and shall become part of the Assessment levied against the Lot owned by such Owner.

Section 7.2 Standard of Maintenance. Each Owner shall have the obligation to maintain his, her, their or its Lot and any building, landscaping, fencing or other improvements located on the Lot (and including as part of the Lot the planting strip and Plat Trees located between the street and the sidewalk adjacent to the Lot, if applicable) to standards appropriate for a first-class residential community.

Section 7.3 Remedies for Failure to Maintain. If the Owner of any Lot fails to so maintain the Lot, buildings, fencing, and/or other improvements to those standards ("Non-Conforming Owner"), the Association, after approval by two-thirds (2/3rds) vote of the Board, shall have the right, through its agents and employees, to enter upon the Lot and to clean, repair, maintain, and restore the Lot and the exterior of the buildings and other improvements; provided, however, that any alteration or demolition of constructed improvements may only take place after judicial proceedings are instituted, with the exception of the maintenance of fencing, which shall not require judicial proceedings. The cost of such exterior maintenance and all court costs, and attorney's fees incurred in enforcing this provision shall be added to and become part of the Assessments for such Non-Conforming Owner's Lot, fully subject to the remedial provisions set forth in Article VI.

Section 7.4 Street Repair, Maintenance and Cleaning. All Builders and Owners shall use due diligence to avoid allowing any unnecessary dirt, debris or other material from washing onto the road as a result of any construction activities and shall at all times remain responsible for keeping the

road clean of any such debris, dirt or material. In addition, all Builders or Owners shall use due diligence to avoid causing any damage to the road or sidewalks and all roads, sidewalks and other improvements constructed by the Declarant. Any Builder or Owner who violates the provisions of this Section shall reimburse the Declarant, upon request, for any expenses incurred by Declarant because of the failure of the Builder or Owner to abide by the terms and provisions of this Section. In the event any Builder or Owner does not pay the same upon request, then the Declarant shall have a lien against the Lot of said Builder or Owner to secure payment of said reimbursement. If it cannot be determined which Builder or Owner was responsible for the violation of the above provisions, then the Association shall reimburse the Declarant for any expenses incurred by the Declarant within thirty (30) days of receipt of Declarant's request. Notwithstanding any other provision in this Declaration, this Section cannot be amended for a period of ten (10) years after recording of this Declaration.

Section 7.5 Maintenance of Stormwater Drainage System. All Builders or Owners shall use due diligence to avoid allowing any materials from washing or being put into the stormwater drainage system as a result of construction activities conducted by said Builder or Owner. This includes any sediment, cement slurry, or other material washing off or coming off of any Lot upon which a Builder or Owner is constructing an improvement. In the event any Builder or Owner is in violation of the provisions of this Section, that Builder or Owner shall pay a maintenance charge to the Declarant in an amount to be determined by the Declarant, but not to exceed five hundred and 00/100ths Dollars (\$500.00) for each violation. In addition, each Builder or Owner agrees to indemnify the Declarant from any costs or charges which the Declarant may incur in connection with the cleaning and maintenance of the stormwater drainage system as a result of any violation. Any Builder or Owner who violates the provisions of this Section shall reimburse the Declarant, upon request, for any expenses incurred by Declarant because of the failure of the Builder or Owner to abide by the provisions of this Section. In the event any Builder or Owner does not pay the same upon request, then the Declarant shall have a lien against the Lot of said Builder or Owner to secure payment of said reimbursement. If it cannot be determined which Builder or Owner was responsible for the violation of the above provisions, then the Association shall reimburse the Declarant for any expenses incurred by the Declarant within thirty (30) days of receipt of Declarant's request. Notwithstanding any other provision in this Declaration, this Section cannot be amended for a period of ten (10) years after recording of this Declaration.

Section 7.6 Utility Repair and Maintenance During Development of Plat. All Builders or Owners shall use due diligence to avoid allowing any damage to occur to any utility or related system improvement as a result of construction activities conducted by said Builder or Owner. In the event that such damage occurs, the Builder or Owner agrees to immediately repair or replace same. Any Builder or Owner who violates the provisions of this Section shall reimburse the Declarant, upon request, for any expenses incurred by Declarant because of the failure of the Builder or Owner to abide by the terms and provisions of this Section. In the event any Builder or Owner does not pay the same upon request, then the Declarant shall have a lien against the Lot of said Builder or Owner to secure payment of said reimbursement. If it cannot be determined which Builder or Owner was responsible for the violation of the above provisions, then the Association shall reimburse the Declarant for any expenses incurred by the Declarant within thirty (30) days of receipt of Declarant's request. Notwithstanding any other provision in this Declaration, this Section cannot be amended for a period of ten (10) years after recording of this Declaration.

Section 7.7 Repairs Required by Pierce County. Any repairs, modifications, alterations, upgrades, improvements and/or labor, material and/or equipment required following Pierce County's inspection of the public roads and public storm drainage system at the end of the designated maintenance period may be paid for from the proceeds of the Repair Fund Fee(s) collected pursuant to

Section 6.9 above and/or, in Declarant's sole discretion, through the procedures set forth herein in Sections 7.4, 7.5, 7.6, and 7.7, generally.

Article VIII Plat Trees

Section 8.1 Condition of Approval. A condition of plat approval for Crossroads requires that certain trees be planted adjacent to the road rights of way (collectively the "**Plat Trees**"). The species and size of the trees required, as well as the location in which each is to be planted, are shown on that certain landscape plan approved by Pierce County for Crossroads that is dated July 7, 2006 (the "**Landscape Plan**"). A copy of the Landscape Plan is attached as **Exhibit "F"** to this Declaration and incorporated herein by this reference.

Section 8.2 Responsibility for Planting Plat Trees. The Declarant shall post a bond in an amount approved by Pierce County for purchasing and planting the Plat Trees in accordance with the Landscape Plan. After the recording of the final plat, but prior to the Initial Sale of a Lot, each individual Builder shall replace a pro-rata share of the Declarant's bond for the Plat Trees based on the number of Lots purchased. The Builders' replacement of the bond shall be achieved by the individual Builders either:

- (a) Obtaining a replacement bond in a form and amount acceptable to Pierce County; or
- (b) Obtaining an assignment of funds in a form and amount acceptable to Pierce County.

Section 8.3 Continuing Maintenance of Plat Trees. Ongoing maintenance and care of the Plat Trees shall be the responsibility of the Owner of the Lot upon which the Plat Tree is planted or, if the Plat Tree is within the right of way, the Owner of the adjacent Lot.

Article IX Architectural Control Committee

Section 9.1 Appointment and Membership. There is hereby constituted an Architectural Control Committee (the "**ACC**"). The Declarant shall have the unilateral right to select the members of the ACC, at the Declarant's sole and exclusive option, until each and every Lot is fully developed and a house is constructed thereon. Thereafter, the ACC shall be appointed by the Board. Initially, the ACC shall be composed of Steven R. Dorenbusch, Richard M. Dorenbusch and Brett D. Goldfarb. A majority of the ACC may designate a representative to act for it, which representative shall be known as the "Control Architect."

Section 9.2 Guidelines. The ACC shall have the authority to adopt and amend written guidelines to be applied in its review of plans and specifications, in order to further the intent and purpose of this Declaration and any other covenants or restrictions covering the Property. If such guidelines are adopted, they shall be available to all Members upon request.

Section 9.3 Meetings; Compensation. The ACC shall meet as necessary to properly perform its duties, and shall keep and maintain a record of all actions taken at the meetings or otherwise. Unless authorized by the Association, neither the Control Architect, nor the members of the ACC shall receive any compensation for their services. Both the Control Architect and members

of the ACC shall be entitled to reimbursement for reasonable expenses incurred in connection with the performance of any ACC authorized duties.

Section 9.4 Nonwaiver. Approval by the ACC of any plans, drawings or specifications shall not be a waiver of the right to withhold approval of any similar plan, drawing, specification, or matter submitted for approval.

Section 9.5 Liability. Neither the ACC nor any of its members shall be liable to the Association or to any Owner for any damage, loss or prejudice resulting from any action taken in good faith on a matter submitted to the ACC for approval or for failure to approve any matter submitted to the ACC. The ACC or its members may, during its review and consideration of any matter or issue over which it has jurisdiction, consult with the Association or any Owner with respect to any plans, drawings, specifications, or any other inquiry received by the ACC and/or proposal submitted to the ACC.

Article X Architectural and Landscape Control

Section 10.1 Approval of Plans Required. Except as provided for in Section 10.2 below, none of the following actions may be taken until plans and specifications for the same have been approved in writing by the ACC:

- (a) The construction of private roads or driveways;
- (b) The construction or erection of any building, fence, wall or other structure, including the installation, erection, or construction of any solar collection or satellite device;
- (c) The remodeling, reconstruction, or alteration of any road, driveway, building or other structure; and
- (d) The landscaping or alteration of any existing landscaping upon any area which is required to be maintained either by the Association or any Owner pursuant to this Declaration.

Section 10.2 Approval Not Required. Notwithstanding any other provision included in this Declaration, the approval of the ACC shall not be required for each of the following:

- (a) Action taken by Declarant to develop the Property in accordance with the Development Plan;
- (b) The construction by Declarant of any single-family home;
- (c) Other development activity undertaken by Declarant (including, without limitation, clearing, grading, construction of utilities, landscaping, construction of driveways, parking areas, fences, etc.) on any Lot or Common Area, and
- (d) Construction by a Builder of any improvement, provided that the Builder has obtained a written waiver in writing from the ACC exempting that Builder from the ACC approval process in advance of commencement of construction. Such waiver may be granted by the ACC following its review and approval of a specific base plan that will be repeatedly constructed in the Plat and must be obtained prior to the initiation of construction.

Section 9.3 Procedure for Review. Any person desirous of obtaining ACC review and approval as provided for in this Article IX shall submit to the ACC a non-refundable review fee in the

amount of two hundred fifty and 00/100ths Dollars (\$250.00) along with two (2) sets of plans and specifications showing at a minimum:

- (a) The size and dimension of the proposed and existing (if applicable) improvements;
- (b) The proposed and existing (if applicable) exterior design;
- (c) The proposed exterior color scheme;
- (d) The exact location of the proposed and existing (if applicable) improvement on the Lot;
- (e) The exact location of proposed and existing (if applicable) driveways and parking areas;
- (f) The proposed and existing (if applicable) scheme for surface water drainage and grading;
- (g) The proposed and existing (if applicable) landscaping plan;
- (h) The proposed and existing (if applicable) outdoor lighting plan; and
- (i) The materials to be used in proposed construction.

Approval or disapproval of such plans and specifications shall be evidenced by written notation on such plans and specifications, one (1) copy of which shall be delivered to the Owner of the Lot upon which the proposed action is to be taken. The ACC shall not be responsible for any structural defects in such plans or specifications or in any building or structure erected according to such plans and specifications. The ACC shall issue its decision within thirty (30) business days from the date the completed plans and specifications satisfying and complying with all of the foregoing stated elements are received by the ACC.

Section 10.4 Criteria for Approval. Approval of plans and specifications will be withheld or conditioned if the proposed action is at variance with any part of this Declaration including without limitation the covenants, other covenants covering the Property, or design guidelines adopted by the ACC. Approval may also be withheld or conditioned if, in the opinion of the ACC, the proposed action will be detrimental to the community because of the grading and drainage plan, location of the improvement on the Lot, color scheme, finish design, proportions, size of home, shape, height, style, materials, outdoor lighting proposed, landscaping plan, or for any other reasonable objection supported by the information reviewed and considered by the ACC.

Section 10.5 Conformity with Approved Plans. It shall be the responsibility of the ACC to determine that the improvement was completed in accordance with the plans as submitted and approved. Such determination must be made within sixty (60) days of the completion of the improvement. If the ACC shall determine that the improvement does not comply with the plans and specifications as approved, it shall notify the Owner within that sixty (60) day period. If the Owner is so notified, that Owner shall within such time as the ACC shall specify, but not less than thirty (30) days either;

- (a) Remove or alter the improvement; or
- (b) Take such other steps as the ACC shall designate to bring the improvement into conformity.

Section 10.6 Governmental Permits. No construction or exterior addition or change or alteration of any structure may be started on any portion of a Lot without the Owner first obtaining a

building permit and any and all other necessary permits from all governmental entities having jurisdiction over the Property.

Article XI Permitted and Prohibited Uses

Section 11.1 General. All Lots shall be used solely and exclusively for private single-family homes with appurtenant garages. A building site shall consist of not less than one (1) Lot as shown on the Development Plan. No Lot shall be divided except with the permission of the ACC and Pierce County. The boundary between two Lots may be adjusted pursuant to a boundary line adjustment authorized by RCW 59.17.040(6). Any building or structure to be erected, constructed or maintained shall be commensurate in quality with the other homes in the Plat.

Section 11.2 Dwelling Quality and Size. Except as provided for in Section 10.2 above, no home shall be permitted on any Lot without the prior written approval of the Control Architect or ACC. It is the intention and purpose of these covenants to assure that all homes shall be of a quality of workmanship and material substantially the same or better than that which can be produced on the date these covenants are recorded for the minimum permitted dwelling size. All homes must have a minimum of 1,500 square feet of living space. Garages and unheated areas shall not be included in determining square footage.

Section 11.3 Land Use and Building Types. All Lots subject this Declaration shall be used only for residential purposes. No structures of any kind shall be erected or permitted to remain on any Lot other than single family homes, garages, workshops, and structures normally accessory to such homes. No carports will be allowed and all garages must have doors. All dwellings shall be "stick-built." Mobile homes, manufactured housing, and modular homes are specifically not permitted. At a minimum, a two-car garage is required. A (3) three-car garage may be permitted. Where it is architecturally possible, the garage shall be incorporated in or made a part of the dwelling. No detached garages shall be permitted except with the express approval of the ACC. If a detached garage is permitted, it may incorporate an "accessory dwelling unit" above the garage; provided that it is approved by all government entities having jurisdiction over the Property. On-site parking provisions for no less than two (2) automobiles shall be provided in addition to garage automobile storage.

Section 11.4 Fences. No fence, wall or hedge shall be erected, placed or altered on any Lot nearer to any street than the less restrictive of:

- (a) The building setback line; or
- (b) The front facade of the primary residence, excluding the garage.

Notwithstanding the foregoing, nothing shall prevent:

- (i) The erection of a necessary retaining wall (the top of which does not extend more than two feet (2') above the finished grade at the back of said wall); and
- (ii) Fences closer to the front boundary of a Lot than otherwise allowed for in this Section, provided that they are approved in advance and in writing by the ACC.

The ACC shall not approve fences unless the proposed fence is the same or similar to those depicted in the design guidelines attached as **Exhibit "G"**, which are incorporated and made a part hereof by this reference.

Section 11.5 Sight Distance at Intersection. No fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two feet (2') and six feet (6') above the finish elevation of the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the right of way lines and a line connecting them at points twenty-five feet (25') from the intersection of the right of way lines, or, in the case of a rounded Lot corner, from the intersection of the right of way lines extended. The same sight-line limitations shall apply on any Lot within ten feet (10') from the intersection of a street-side property line with the edge of a driveway or alley pavement. No tree shall be permitted to remain within such distance of such intersection, unless the foliage line is maintained a sufficient height to prevent obstruction of such sight lines.

Section 11.6 Temporary Structures. No pre-existing building or structure shall be moved onto any portion of the Property. No trailers or manufactured housing shall be maintained on any Lot as a residence. No building of any kind shall be erected or maintained on a Lot prior to the erection of either a detached or attached single family dwelling thereon, except that a garage or other small building or permanent structure may be erected for the storing of tools and other articles but shall not be used for residence purposes. Nothing in this Section shall prevent the temporary use of a construction shack and/or trailer during the construction of any approved dwelling and/or during the development of the Property by Declarant.

Section 11.7 Construction. The work of construction of all building and structures shall be prosecuted diligently and continuously from commencement of construction until the structures are fully completed and painted. All structures shall be completed as to external appearance, including siding on the front of the structure and also including finish painting, within six (6) months from the date of commencement of construction. Except with the advanced written approval of the ACC, no persons shall reside upon the premises of any Lot until such time as the improvements to be erected thereon in accordance with the plans and specifications approved by the Control Architect or ACC have been fully completed to the reasonable satisfaction of the ACC.

Section 11.8 Setbacks. In accordance with Note 12 on the face of the Plat, Lots 58 through 77, inclusive, shall have a thirty foot (30') rear yard setback from the south and west Plat boundary lines. In addition, no building shall be located nearer to any Lot line than the minimum building setbacks adopted by the governmental authority having jurisdiction over the Plat.

Section 11.9 Exterior Lighting. Exterior lighting of any sort that would be visible from any street or from any other Lot shall not be installed without first obtaining advanced written approval of the ACC.

Section 11.10 Roofs. Roofing materials shall be three-tab composition roofing with a minimum life span of twenty (20) years, subject to the condition that the ACC, in its sole discretion and upon request, may permit substitution of other roofing materials.

Section 11.11 Driveways. All driveways, including any access to the rear yard of any residence, shall be of a hard surface construction of concrete.

Section 11.12 Exterior Finish. The front elevation of each home shall be finished with cedar, brick, vinyl lap or bevel lap siding. Panel siding, "T-1-11" or the equivalent is specifically not permitted on the front elevation. All colors and any other type material shall be approved by the ACC. All metal fireplace chimneys shall be either wood or stone wrapped.

Section 11.13 Building Materials. All improvements constructed on any Lot shall be built of new materials, with the exception of "décor" items such as used brick and similar items. The ACC will determine if a used material is a "décor" item. In making this determination, the ACC will consider whether the material harmonizes with the aesthetic character of the other residences and whether the material would add to the attractive development of the Plat.

Section 11.14 Garbage and Refuse Disposal. No garbage, rubbish or cuttings shall be deposited on or left on the Lot premises, unless placed in an attractive container suitably located and screened from public view.

Section 11.15 Storage and Placement of Building Materials. No building material of any kind shall be placed or stored upon any portion of the Property in the Plat until the Owner is ready to commence construction; then such material shall be placed only within the boundary of the Lot upon which structures are to be erected and shall not be placed in the street or on any Common Area.

Section 11.16 Nuisances. No noxious or undesirable thing or noxious or undesirable use of the Property shall be permitted or maintained whatsoever. The ACC's determination shall be conclusive with respect to any undesirable or noxious:

- (a) Object; and/or
- (b) Use of the Property.

The ACC may recommend and the Board may direct that steps be taken as are reasonably necessary, including institution of a legal action of the imposition of fines to abate any activity, remove anything or terminate any use which is determined by the ACC or described in this Declaration to constitute a nuisance.

Section 11.17 Signs. No sign of any kind shall be placed on the Property, except:

- (a) Signs identifying the Owner and address of the Lot; or
- (b) Signs designating a Lot or residence for sale or rent.

No such signs shall be of a size greater than two feet (2') square (e.g. four square feet) and shall not be of a nature offensive or obnoxious to Owners within the Plat. No business signs, advertising signs or signs in any way relating to occupation or profession shall be allowed.

None of the foregoing provisions shall apply to signs placed upon the Property by the Declarant during the initial development of the Plat.

Section 11.18 Oil and Mining Operations. Oil drilling or oil development operations, refining, mining operations of any kind or the operation of quarries, gravel and sand pit, solid removing or topsoil stripping shall not be permitted on any of the Lots. No oil wells, tanks, tunnels, mineral excavations or shafts shall be permitted. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained or permitted on any Lot.

Section 11.19 Individual Water Systems. No individual water supply systems shall be permitted on any Lot.

Section 11.20 Clotheslines. No outdoor clotheslines shall be located on any Lot.

Section 11.21 Fuel Tanks. No fuel tank shall be maintained above ground on any Lot, unless screened from view in a manner satisfactory to the ACC as evidenced by a written advanced approval. No underground fuel tanks shall be placed, buried or maintained on the Property.

Section 11.22 Excavation. Except with the advanced written approval of the ACC, or except as may be necessary in connection with the construction of any improvement, no excavation shall be made on nor shall any dirt be removed from any Lot.

Section 11.23 Animals. No animals, livestock or poultry of any kind, other than household pets, shall be kept or maintained on any part of the Property. Dogs and cats, not to exceed a total of two (2), may be kept on any Lot, provided that they are not kept, bred or maintained for any commercial use or purpose. No reptiles shall be kept upon the premises. Any dogs must be kept so as to minimize excessive noise from barking or otherwise shall be considered a nuisance according to the terms of this Declaration. Animals shall not be allowed to roam loose outside the boundaries of the Lot upon which they are kept.

Section 11.24 Cutting of Trees. Except as provided in Section 10.2 above, no cutting of trees on the Property shall be permitted without the advanced written approval of the ACC.

Section 11.25 Natural Drainage. The Owner of any Lot shall not take any action which would interfere with surface water drainage across that Lot either through natural drainage or drainage easements. Except with the advanced written approval of the ACC, the natural drainage course over any Lot shall not be changed.

Section 11.26 Vehicle Parking. No vehicle may be parked on any building Lot, except on designated and approved driveways or parking areas, which areas shall be hard-surfaced. Any hard surfaces shall be constructed only in accordance with the site plan approved in writing in advance by the ACC. Only the cars of temporary guests and visitors may be parked on the public streets. All other vehicles shall be parked in garages or on designated and approved driveways or parking areas located entirely on a Lot.

Section 11.27 Inoperable Vehicles. No inoperable vehicles, motorcycles or other motorized apparatus shall be stored on the Lots, the Common Areas, the streets or anywhere within the Plat. If an Owner refuses to remove an inoperable vehicle, the ACC shall have the power to remove the vehicle at the Owner's expense at anytime twenty-four (24) hours after the posting of an intent to tow notice conspicuously on the vehicle.

Section 11.28 Recreational Vehicle Prohibition. Except with the advanced written approval of the ACC, Owners at no time shall keep or permit to be kept on their Lot any house trailer, unattached camper, recreational vehicle ("RV"), boat or boat trailer, unless the same is housed within a garage or located in the rear yard and suitably screened from view from the street and adjacent Lot(s) using a solid board fence at least six feet (6') in height the design of which has been approved by the ACC in advance of the commencement of its construction.

Section 11.29 Recreational Vehicle Limited Exception. Owners who have guests visiting them intending to stay in a camper, trailer, or other form of recreational vehicle may secure written permission from the ACC for guests to park a vehicle upon the Lot or the public street for a time not to exceed seventy-two (72) hours in any calendar year. The privilege shall only exist, however, after the written permission has been obtained from the ACC, or its authorized representative. An Owner that stores a recreational vehicle off-site may park the vehicle on the driveway or other unscreened area for twenty-four (24) hours for the purpose of preparing for departure or upon return to facilitate preparation and return from travel.

Section 11.30 Repair of Vehicles or Equipment. No repair or dismantling of any automobile, motorcycle, other vehicle or equipment shall be permitted on the Property; except within enclosed garage which are kept closed. No mechanical repairs shall be conducted upon the premises; except minor maintenance and mechanical work by an Owner on said Owner's private vehicle;

provided that any such conduct be in a manner which is not offensive to persons residing in the Plat, is not unsightly, does not result in unusual noise or debris being placed upon the Property and is in keeping with a first-class residential community.

Section 11.31 Utility Lines; Radio and Television Antennas and Dishes. All electrical service, telephone lines and other outdoor utility lines shall be placed underground. No exposed or exterior radio or television transmission or receiving antennas or dishes shall be erected, placed, or maintained on any part of a Lot if they are visible from any street unless it is approved in advance in writing by the ACC prior to installation or construction. Any waiver of these restrictions shall not constitute a waiver as to other Lots or lines, antennas or dishes.

Section 11.32 Firearms and Fireworks. No firearms or fireworks of any kind shall be discharged within the Plat.

Section 11.33 Dirt Bikes and/or ATVs. No unlicensed motor vehicles, including motorcycles, dirt bikes, motor scooters, ATVs, etc., shall be permitted on any road within the Plat, nor shall dirt bikes or ATVs be permitted to operate on any Lot within the Plat.

Article XII Insurance Requirements

The Association shall continuously maintain in effect such casualty, flood and liability insurance and/or fidelity bonds needed to meet the insurance and fidelity bond requirements, if any, for a planned unit development project established by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, and Government National Mortgage Association, so long as any of them are a mortgagee or Owner of a Lot within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Veterans Administration, and Government National Mortgage Association.

Article XIII Damage or Destruction

Section 13.1 In the event of damage or destruction to all or part of the Common Areas, the insurance proceeds, if sufficient, shall be applied to repair, reconstruct or rebuild the damaged and/or destroyed Common Areas in accordance with the original plans. Such repair, reconstruction or rebuilding shall be arranged for promptly by the Board.

Section 13.2 If the insurance proceeds are insufficient to pay for the cost to repair the Common Areas, the Board shall promptly, but in no event later than ninety (90) days after the date of damage or destruction, give notice to and conduct a special meeting of the Owners to review the proposed repairs, replacement, and reconstruction, as well as the projected cost of such repairs, replacement or reconstruction. The Owners shall be deemed to have approved the proposed repairs, replacement, and reconstruction as proposed by the Board at that meeting, unless the Owners decide by an affirmative vote of fifty-one percent (51%) of the total votes cast at such meeting (provided a quorum exists), to repair, replace, or reconstruct any portion of the Common Areas in accordance with the original plan in a different manner than that proposed by the Board. In any case, however, use of hazard insurance proceeds for other than repair, replacement, or reconstruction of any portion of the Common Areas in accordance with the original plans shall not be permitted without the prior written

approval of at least sixty-seven percent (67%) of the First Mortgagees (based on one (1) vote for each First Mortgage owned) or Owners (if there is no First Mortgage on that Lot) of the Lots.

Article XIV Condemnation

In the event of a partial condemnation of the Common Areas, the proceeds shall be used to restore the remaining Common Areas, and any balance remaining shall be retained by the Association.

In the highly unlikely event that the entire Common Area is taken or condemned, or sold, or otherwise disposed of in lieu of or in avoidance thereof, the condemnation award shall remain in the Association as additional working capital.

No proceeds received by the Association as the result of any condemnation shall be distributed to any Owner or to any other party in derogation of the rights of the First Mortgagee of any Lot.

Article XV Mortgagees' Protection

Section 15.1 As used in this Declaration: (a) "mortgagee" includes the beneficiary of a deed of trust, a secured party, or other holder of a security interest; (b) "foreclosure" includes a notice and sale proceeding pursuant to a deed of trust or sale on default under a security agreement; and (c) "institutional holder" means a mortgagee which is a bank or savings and loan association or established Mortgage company, or other entity chartered under federal or state laws, any corporation or insurance company, or any federal or state agency.

Section 15.2 The prior written approval of at least seventy-five percent (75%) of the First Mortgagees (based on one vote for each first Mortgage owned) of the individual Lots shall be required for each of the following:

(a) Any material amendment to this Declaration or to the Articles of Incorporation or Bylaws of the Association, including, but not limited to, any amendment which would change the ownership interests of the Owners in the Plat, change the pro rata interest or obligation of any individual Owner for the purpose of levying assessments or charges or for allocating distributions of hazard insurance proceeds or condemnation awards;

(b) The effectuation of any decision by the Association to terminate professional management and assume self-management (however this shall not be deemed or construed to require professional management);

(c) Partitioning or subdividing any Lot;

(d) Any act or omission seeking to abandon, partition, subdivide, encumber, sell or transfer any portion of the Common Areas; provided, however, that the granting of easements for public utilities or other public purposes consistent with the intended use of the Common Areas shall not be deemed a transfer within the meaning of this clause;

(e) Any act or omission seeking to change, waive or abandon any scheme of regulations or enforcement thereof, pertaining to the architectural design or the exterior appearance of buildings and other improvements, the maintenance of common areas, landscaping, perimeter fencing, or to the upkeep of lawns and plantings on the Property;

(f) Any act or omission whereby the Association fails to maintain fire and extended coverage on insurable Common Areas or commonly owned property on a current replacement cost basis in an amount not less than one-hundred percent (100%) of the insurable value (based on current replacement costs); and

(g) Use of hazard insurance proceeds for losses to any common property for other than the repair, replacement or reconstruction of such damaged or destroyed Common Areas.

Section 15.3 Each First Mortgagee (as well as each Owner) shall be entitled to timely written notice of:

- (a) Any significant damage or destruction to the Common Areas;
- (b) Any condemnation or eminent domain proceeding effecting the Common Areas;
- (c) Any default under this Declaration or the Articles of Incorporation or Bylaws which gives rise to a course of action against the Owner of a Lot subject to the mortgage of such institutional holder or insurer, where the default has not been cured in thirty (30) days; and

(d) Any material amendment of this Declaration or to the Articles of Incorporation or Bylaws of the Association.

Section 15.4 Each First Mortgagee shall be entitled, upon request, to:

- (a) Inspect the books and records of the Association during normal business hours;
- (b) Require the preparation of, at its sole expense, and, if preparation is so required, receive an annual audited financial statement of the Association for the immediately preceding fiscal year, except that such statement need not be furnished earlier than ninety (90) days following the end of such fiscal year; and
- (c) Receive written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

Section 15.5 First Mortgagees of any Lot may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Areas, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Common Areas, and the First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

Article XVI General Provisions

Section 16.1 Binding Effect. All present and future Owners and/or occupants of Lots shall be subject to and shall comply with the provisions of this Declaration, and the Bylaws and rules and regulations of the Association, as they may be amended from time to time. The acceptance of a deed or conveyance and/or the entering into occupancy of any Lot shall constitute an agreement that the provisions of this Declaration, the Articles of Incorporation, the Bylaws, and rules and regulations of the Association, as they may be amended from time to time, are accepted and ratified by such Owner or occupant, and all such provisions shall be deemed and taken to the covenants running with the land and shall bind any person having at any time any interest or estate in such Lot, as though such

provisions were recited and stipulated at length in each and every deed, conveyance, rental agreement or lease thereof.

Section 16.2 Enforcement. The Declarant, Association and any Owner shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Should the Declarant, Association or any Owner employ counsel to enforce any of the foregoing covenants, conditions, reservations, or restrictions, all costs incurred in such enforcement, including a reasonable fee for counsel, shall be paid by the party found to be:

(a) In violation of said condition, covenant, reservation, restriction or any provision of this Declaration; or

(b) Delinquent in the payment of said lien or charge.

Section 16.3 Failure to Enforce. No delay or omission on the part of the Declarant, Association or the Owners of Lots in exercising any rights, power, or remedy provided in this Declaration shall be construed as a waiver of or acquiescence in any breach of the covenants, conditions, reservations, or restrictions set forth in the Declaration. No action shall be brought or maintained by anyone whatsoever against the Declarant for or on account of its failure to bring any action for any breach of these covenants, conditions, reservations, or restrictions, or for imposing restrictions which may be unenforceable.

Section 16.4 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any other provision included in this Declaration which shall remain in full force and effect.

Section 16.5 Interpretation. In interpreting this Declaration, the term "person" may include natural persons, partnerships, limited liability companies, corporations, associations, and personal representatives. The singular may also include the plural and the masculine may include the feminine, or vice versa, where the context so admits or requires. This Declaration shall be liberally construed in favor of the party seeking to enforce its provisions to effectuate the purpose of protecting and enhancing the value, marketability, and desirability of the Property by providing a common plan for the development of the Plat.

Section 16.6 Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time by a vote of seventy-five percent (75%) of the Members subject to the limitations set forth in this Declaration (e.g., Sections 16.7 and 16.8, etc.). Any amendment must be in writing, signed by the approving Members or Owners, and prior to its effectiveness, must be recorded with the Pierce County Auditor's office.

Section 16.7 Power of Declarant to Amend to Meet Financing Requirements. Notwithstanding anything in this Declaration to the contrary, Declarant may without the consent of any Owner, at any time prior to the time it has sold and closed seventy-five percent (75%) of the Lots, amend this Declaration by an instrument signed by Declarant alone in order to satisfy the requirements of the Federal Mortgage Agencies.

Section 16.8 Certain Rights of Declarant. For such time as Declarant shall own Lots there shall be no amendments to the Declaration, the Articles of Incorporation, the Bylaws of the Association, or any Rules and Regulations adopted by the Association which:

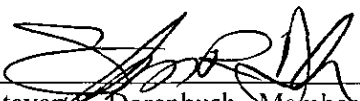
- Owner.
- (a) Discriminate or tend to discriminate against the Declarant's rights as an
 - (b) Change Article I ("Definitions") in a manner that alters Declarant's rights or status.
 - (c) Alter the character and rights of membership or the rights of Declarant as set forth in Article IV.
 - (d) Alter previously recorded or written agreements with public or quasi-public agencies regarding Crossroads.
 - (e) Alter Article VII, Sections 7.4, 7.5, 7.6 or 7.7.
 - (f) Alter its rights as set forth in Articles IX and X relating to architectural controls.
 - (g) Alter the basis for Assessments.
 - (h) Alter the provisions of the use restrictions as set forth in Article XI.
 - (i) Alter the number or selection of Directors as established in the Bylaws.
 - (j) Alter the Declarant's rights as they appear under this Article.

IN WITNESS WHEREOF, the undersigned have caused this Declaration to be executed this 2ND day of APRIL, 2008.

CROSSROADS DEVELOPMENT, LLC
a Washington limited liability company

By its Managing Member:

HOMELAND VENTURES, LLC,
a Washington limited liability company,

By:  Date: 4/2/2008
Steven K. Dorenbush, Member

STATE OF WASHINGTON

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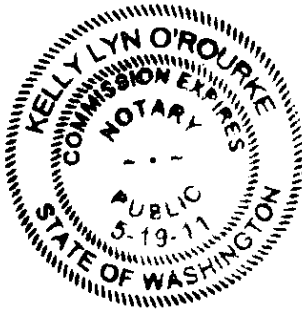
COUNTY OF PIERCE

)

I certify that I know or have satisfactory evidence that *Steven R. Dorenbusch* is the person who appeared before me, and said person acknowledged that he signed this instrument as *Member of Homeland Ventures, LLC*, a Washington limited liability company the entity that is *Managing Member of Crossroads Development, LLC*, a Washington limited liability company, and acknowledged it to be the free and voluntary act of such limited liability company for the uses and purposes mentioned in this instrument.

Dated: 4/2/2008

Notary Stamp



Kelly Lyn O'Rourke
Kelly Lyn O'Rourke
Type/Print Name
Notary Public in and for the state of Washington
My appointment expires: 5/19/11

Exhibit List

Exhibit "A"

Legal Description for Crossroads

Exhibit "B"

Articles of Incorporation for Crossroads Owners Association

Exhibit "C"

Bylaws for Crossroads Owners Association

Exhibit "D"

Legal Description of Common Areas

Exhibit "E"

Development Plan for Crossroads

Exhibit "F"

Landscape Plan for Crossroads

Exhibit "G"

Fence Design Guidelines

EXHIBIT "A"
LEGAL DESCRIPTION FOR CROSSROADS

LOTS 1 THROUGH 168, INCLUSIVE, AND TRACT "A," "B," "D," "E," "F," "G," "H" AND "J" OF THE
PLAT OF CROSSROADS AS PER PLAT RECORDED UNDER PIERCE COUNTY AUDITOR'S NO.
200804245003.

SITUATE IN THE COUNTY OF PIERCE, STATE OF WASHINGTON.

Exhibit "B"
Articles of Incorporation for Crossroads Owners Association

**ARTICLES OF INCORPORATION
FOR
CROSSROADS OWNERS ASSOCIATION**

Exhibit "B"
Articles of Incorporation for Crossroads Owners Association

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Exhibit "B"
Articles of Incorporation for Crossroads Owners Association

**ARTICLES OF INCORPORATION
OF
CROSSROADS OWNERS ASSOCIATION**

Steven R. Dorenbush, for the purpose of forming a nonprofit corporation under Chapter 24.03 of the Revised Code of Washington, adopts the following Articles of Incorporation:

ARTICLE I

Name

The name of the corporation is the CROSSROADS OWNERS ASSOCIATION, hereinafter referred to as the "Association."

ARTICLE II

Duration

The period of duration of the Association is perpetual.

ARTICLE III

Purposes

The Association is organized exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986 (or the corresponding provision of any future U.S. Internal Revenue law). This Association does not contemplate pecuniary gain or profit to its members.

The specific purposes for which this Association is formed are to provide for the maintenance, preservation, and architectural control of the buildings, grounds, and Common Areas within a residential development (the "Property") located in Pierce County, Washington that is commonly referred to as Crossroads.

The Property is subject to a certain Declaration of Covenants, Conditions and Restrictions recorded on _____ under Pierce County Auditor's File No. _____ (the "Declaration"), which authorizes the formation of the Association. The Association will promote the health, safety, and welfare of the residents within the Property, all in accordance with the provisions of the Declaration.

ARTICLE IV

Powers

Without limiting the foregoing, the Association has the authority to exercise any powers conferred by the Declaration, or Bylaws, as currently enacted or hereafter amended or superseded; exercise all other powers

[Articles exhibit]

Exhibit "B"
Articles of Incorporation for Crossroads Owners Association

that may be exercised in this state by the same type of corporation as the Association; and exercise any other powers necessary and proper for the governance and operation of the Association.

ARTICLE V
Dissolution

The Association may be dissolved with the assent given in writing and signed by eighty percent (80%) of the votes in the Association that are allocated. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association will be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is not accepted, or in the event that there is not an appropriate public agency, such assets will be granted, conveyed, and assigned to any nonprofit corporation, association, trust or other organization or allocated in an undivided interest to each Owner of a Lot within the property to be devoted to such similar purposes.

ARTICLE VI
Registered Office and Agent

The address of the initial registered office of the Association is 1416 East Main Street, Suite A, Puyallup, WA 98372. The name of the registered agent at that address is Steven R. Dorenbush.

ARTICLE VII
Management

A Board of Directors will manage the affairs of the Association. The right to make, alter, or repeal the Bylaws of the Association is vested in the Board of Directors as set forth in the Bylaws.

ARTICLE VIII
Directors

The number of Directors constituting the initial Board of Directors of the Association is three (3), and the names and addresses of the persons who are to serve as Directors until the earlier of: (i) the first annual meeting of the members, or (ii) until their successors are elected and qualified are as follows:

Steven R. Dorenbush
1416 East Main Street, Ste. A
Puyallup, WA 98372

Richard M. Dorenbush
1416 East Main Street, Ste. A
Puyallup, WA 98372

Brett D. Goldfarb
1416 East Main Street, Ste. A
Puyallup, WA 98372

Exhibit "B"
Articles of Incorporation for Crossroads Owners Association

The number, qualifications, terms of office, manner of election, time and place of meetings, and powers and duties of the Directors are prescribed in the Bylaws.

ARTICLE IX
Limitation of Director Liability

A Director of the Association is not personally liable to the Association or its members for monetary damages for conduct as a Director, except for liability of the Director: (i) for acts or omissions which involve intentional misconduct by the Director or a knowing violation of law by the Director; or, (ii) for any transaction from which the Director will personally receive a benefit in money, property, or services to which the Director is not legally entitled. If the Washington Nonprofit Corporation Act is amended to authorize corporate actions further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Association is eliminated or limited to the fullest extent permitted by the Washington Nonprofit Corporation Act, as amended. Any repeal or modification of the foregoing paragraph by the Members of the Association will not adversely affect any right or protection of a Director of the Association existing at the time of such repeal or modification.

ARTICLE X
Indemnification of Directors and Officers

The Association indemnifies its Directors and Officers against all liability, damage, and expenses arising from or in connection with service as Directors and Officers with this Association to the maximum extent and under all circumstances permitted by law.

ARTICLE XI
Incorporator

The name and address of the incorporator is Steven R. Dorenbush, 1416 East Main Street, Suite A, Puyallup, WA 98372.

ARTICLE XII
Earnings

No part of the net earnings of the Association inures to the benefit of any Member or other individual other than by acquiring, constructing, or providing management, maintenance, and care of Association property, and other than by a rebate of excess membership dues, fees, or assessments.

ARTICLE XIII
Members

Every Owner of a Lot is a member of this Association. Membership is appurtenant to and may not be separated from ownership of any Lot that is subject to assessment. Natural persons, partnerships, corporations, trusts, or other lawful business entities may own or have an ownership interest in a Lot.

Exhibit "B"
Articles of Incorporation for Crossroads Owners Association

ARTICLE XIV
Amendment

These Articles may be amended by the assent of sixty-seven percent (67%) of the entire membership; provided, however, that the Board of Directors has the authority to appoint a new registered agent, and the Directors shall be appointed or elected as stated in the Bylaws.

ARTICLE XV
Terms

The terms used in these Articles of Incorporation have the same meaning as in the Declaration.

IN WITNESS WHEREOF, for the purpose of forming this Association under the laws of the State of Washington, the undersigned, constituting the incorporator of this Association, has executed these Articles of Incorporation this _____ day of _____, 2007.

INCORPORATOR:

Steven R. Dorenbush

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

BYLAWS
OF
CROSSROADS OWNERS ASSOCIATION

EXHIBIT "C"
 BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

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EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

**BYLAWS
OF
THE CROSSROADS OWNERS ASSOCIATION**

**ARTICLE I
Name and Location**

The name of the corporation is Crossroads Owners Association, hereinafter referred to as the "Association." The mailing address of the principal office of the Association will be 1416 East Main Street, Ste. A, Puyallup, WA 98372, but meetings of members and directors may be held at such places within the State of Washington, County of Pierce, as may be designated by the Board of Directors.

**ARTICLE II
Definitions**

The terms used in these Bylaws have the same meaning as those used in the Declaration of Covenants, Conditions and Restrictions for Crossroads that was recorded on _____ under Pierce County Auditor's File No. _____ (the "Declaration").

**ARTICLE III
Meetings of Members**

Section 1. Annual Meetings. The first annual meeting of the Members will be held at the discretion of the original Directors within one (1) year from the date of incorporation of the Association. Thereafter, annual meetings will be held on the anniversary of such date in each succeeding year, or on such date as approved by a majority of the membership if they decide the annual meeting should be held on another date for each succeeding year. If the anniversary date of the annual meeting of the Members is a Saturday, Sunday, or legal holiday, the meeting will be held at the same hour on the first day following which is not a Saturday, Sunday, or legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president, a majority of the Directors, or on written request of Members entitled to vote, in the aggregate, ten percent (10%) or more of the votes.

Section 3. Notice of Meetings. Written notice of each meeting of the Members will be given by, or at the direction of, the Secretary or other person authorized to call the meeting, by hand delivering or by mailing a copy of such notice, postage prepaid, not less than fourteen (14) nor more than sixty (60) days before such meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied in writing by such Member to the Association for the purpose of notice. Such notice will specify the place, day, and hour of the meeting, and the items on the agenda to be voted on by the Members, including the general nature of any proposed amendment to the Declaration, Articles of Incorporation, or Bylaws, changes of a previously approved budget that result in Assessment

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

obligations, and any proposal to remove a Director or officer. All meetings will be held at such place as is convenient for the Members as determined by the Board of Directors, but in any event, in Pierce County, Washington.

Section 4. Quorum. Except as set forth and required in Sections 6.3 and 6.5 of the Declaration, the presence at the beginning of any meeting of Members entitled to cast fifty-one percent (51%) of the votes of the Association constitutes a quorum throughout that meeting for any action. If a quorum is not present or represented at any meeting, the Members entitled to vote may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented.

Section 5. Manner of Voting. At all meetings of Members, each Member may vote in person, by mail, or by proxy. When more than one (1) person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be divisible and exercised as the Owners determine, but in no event shall more than one (1) vote be cast with respect to any Lot. A voting agent may be designated by the Owner or Owners of a Lot by written notice signed by each party with an ownership interest and filed with the Secretary of the Board of Directors. The voting agent need not be an Owner. Any designation of voting agent may be revoked at any time by any one of the parties with an ownership interest in the Lot on written notice filed with the Secretary of the Board of Directors. Such designation is deemed revoked when the Secretary receives actual notice of the death or judicially declared incompetence of the Owner of the Lot, or of the conveyance of such ownership interest. When no designation is made, or where designation has been made and revoked and no new designation has been made, the voting agent is the person or group composed of all Owners of that Lot who attend any meeting of the Association. A proxy is void if it is not dated or purports to be revocable without notice. Unless stated otherwise in the proxy, a proxy terminates eleven (11) months after its date of issuance.

Section 6. Classes. The Association shall have two (2) classes of voting membership:

- (a) Class "A." Class "A" Members shall be all Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be divisible and exercised as the Owners determine, but in no event shall more than one (1) vote be cast with respect to any Lot.
- (b) Class "B." The Class "B" Member shall be the Declarant, and shall be entitled to three (3) votes for each Lot that may be created on the Property as depicted on the Development Plan. The Class "B" Membership shall cease and be converted to Class "A" Membership upon the happening of either of the following events, whichever occurs earlier:

- (i) When the total votes in the Class "A" Membership equals or exceeds the total votes in the Class "B" Membership, which will occur upon the Declarant's sale of one hundred twenty-seven (127) Lots out of the one hundred sixty-eight (168) Lots envisioned in the Development Plan; or

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

(ii) On January 1, 2020.

ARTICLE IV
Board of Directors; Selection; Term of Office

Section 1. Number of Directors. A Board of Directors manages the affairs of the Association. The Board has three (3) Directors. Until succeeded by the Directors elected by the Owners, the Directors need not be Lot Owners.

Section 2. Compensation. No Director may receive compensation for any service rendered to the Association.

Section 3. Term of Office. The members of the first Board of Directors elected entirely by the Owners will serve terms of office as follows: one (1) Director will serve for a term of one (1) year; one (1) Director will serve for a term of two (2) years and one (1) Director will serve for a term of three (3) years. At each annual meeting after the initial Board is elected, the Members will elect to a two (2) year term one (1) new Director for each Director whose term has expired that year.

Section 4. Removal. Any Director may be removed, with or without cause, upon the affirmative vote of a majority of the Members entitled to vote in the Association present, in person or by proxy, at a properly called meeting at which a quorum is present.

ARTICLE V
Standard of Care for Directors

Section 1. Standard. A Director performs the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association; and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

In performing the duties of a Director, a Director is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (a) One or more officers or employees of the Association whom the Director believes to be reliable and competent in the matter presented;
- (b) Counsel, public accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- (c) A committee of the Board upon which the Director does not serve, duly designated in accordance with a provision in the Articles of Incorporation or Bylaws, as to matters within its designated authority, which committee

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

the Director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

This section does apply where the consequences of an act, omission, error, or negligence are covered by the insurance obtained by the Board.

Section 2. Amendment. If the statutory standard of care is, at any time, different than the standard of care set forth in these Bylaws, the Bylaws are deemed amended so that the standard of care is that standard set forth statutorily for nonprofit corporations in the state of Washington.

ARTICLE VI
Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors will be held no less than one (1) time a year at such place and hour as may be fixed by the Board of Directors. Notice will be given annually to the Directors of next year's meetings times.

Section 2. Special Meetings. Special meetings of the Board of Directors will be held when called by the president of the Association, or by any Director, after not less than three (3) days notice to each Director. The meeting will be held at the same place as the regular meetings, unless unavailable, in which event the president will designate the place of the special meeting.

Section 3. Quorum. A quorum is deemed present throughout any meeting of the Board of Directors if a majority of the Board of Directors are present at the beginning of the meeting. Directors present through use of telephone are deemed present for purposes of a quorum and may vote by telephone. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as an act of the Board.

Section 4. Open Meetings. Except as provided in this subsection, all meetings of the Board of Directors are open for observation by all Members of record and their authorized agents. The Board of Directors will keep minutes of all actions taken by the Board, which shall be available to all Members. Upon the affirmative vote in an open meeting to assemble in closed session, the Board of Directors may convene in closed executive session to consider personnel matters; consult with legal counsel or consider communications with legal counsel; and discuss likely or pending litigation, matters involving possible violations of the governing documents of the Association, and matters involving the possible liability of a Member to the Association. The motion will state specifically the purpose for the closed session. Reference to the motion and the stated purpose for the closed session are to be included in the minutes. The Board of Directors will restrict the consideration of matters during the closed portions of meetings only to those purposes specifically exempted and stated in the motion. No motion or other action adopted, passed, or agreed to in closed session may become effective unless the Board of Directors, following the closed session, reconvenes in open meeting and votes in the open meeting on such motion, or other action which is

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BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

is reasonably identified. The requirements of this subsection do not require the disclosure of information in violation of law or which is otherwise exempt from disclosure.

ARTICLE VII
Powers and Duties of Board of Directors

Section 1. Powers. The Board of Directors has the power to do the following:

- (a) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the Members of the Association by other provisions of these Bylaws, the Articles of Incorporation, the Declaration or as set forth in Chapter. 64.38 RCW, as currently enacted or hereafter amended;
- (b) As necessary to pursue the Association responsibilities, employ an independent contractor, or such other employees as the Board deems necessary, and to prescribe their duties; and
- (c) Enforce all covenants, restrictions, and conditions of the Declaration as amended (this power does not in any way reduce the power of any Owner to enforce such covenant, nor does it require enforcement unless the Board of Directors deems such enforcement necessary).

The Board may not act on behalf of the Association to:

- (a) Amend the Declaration in any manner that requires the vote or approval of the Members;
- (b) Amend the Articles of Incorporation;
- (c) Take any action that requires the vote or approval of the Members;
- (d) Terminate the Association; or
- (e) Elect members of the Board of Directors or determine the qualifications, powers, and duties, or terms of office of members of the Board of Directors; provided, however, that the Board of Directors may fill vacancies in its membership for the unexpired portion of any term.

Section 2. Duties. It is the duty of the Board of Directors to:

- (a) Keep a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any one of the Members who are entitled to vote;

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

- (b) Supervise all officers, agents, and employees of this Association, and see that their duties are properly performed;
- (c) As more fully provided in the Declaration, to do as follows:
 - (i) Fix the annual budget at least fifteen (15) days in advance of each fiscal year;
 - (ii) Send written notice of, and call a meeting of the Members to ratify the budget, not less than fourteen (14) nor more than sixty (60) days in advance of the meeting;
 - (iii) File a lien in the public records if an Assessment is not paid within sixty (60) days of the date it is due; and
 - (iv) When deemed necessary, may foreclose on the lien no sooner than sixty (60) days nor later than ten (10) years from date the lien of the unpaid Assessment is filed in the public records;
- (d) Issue, or to cause an appropriate officer to issue, on demand by any person, a certificate signed by the treasurer setting forth whether or not any Assessment has been paid. The Board may make a reasonable charge for the issuance of such certificate. Such certificate shall be conclusive evidence of such payment or nonpayment of any Assessment;
- (e) Enforce covenants as provided in the Declaration when deemed necessary by a vote of a majority of the Directors (this power of enforcement is in addition to the powers of the enforcement of any individual Member);
- (f) In the event of Common Areas, procure and maintain adequate liability and hazard insurance on property owned by the Association. If available at a reasonable cost, maintain earthquake insurance on all Common Areas that could be damaged in the event of an earthquake. Procure and maintain adequate liability insurance for the Directors of the Board of Directors;
- (g) Maintain all Common Areas and fulfill all other obligations as set forth in Article VII of the Declaration, specifically, and contained elsewhere in the Declaration, generally; and
- (h) Perform any and all other functions that are necessary for the maintenance and continuance of the Association.

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

ARTICLE VIII
Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association are a president, vice president, secretary, and treasurer, who at all times are members of the Board of Directors, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers will take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association are elected annually by the Board and each holds office for one (1) year, or until that officer's successor is elected, unless the officer sooner resigns, or is removed, or otherwise is disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association require, each of whom holds office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. The Board may remove any officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy serves for the remainder of the term of the officer who is replaced.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The president presides at all meetings of the Board of Directors; sees that orders and resolutions of the Board are carried out; signs all written instruments, and co-signs all checks and promissory notes of the Association.

(b) Vice President. The vice president acts in the place and stead of the president in the event of absence, inability, or refusal to act, and exercises and discharges such other duties as may be required by the Board.

(c) Secretary. The secretary records the votes and keeps the minutes of all meetings and proceedings of the Board and of the Members; serves notice of meetings of the Board and of the Members; keeps appropriate current records listing the Members of the Association together with their addresses; prepares, executes, certifies and records amendments to the Declaration on behalf of the Association and performs such other duties required by the Board.

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

(d) Treasurer. The treasurer receives and deposits in appropriate bank accounts all monies of the Association and disburses such funds as directed by resolution of the Board of Directors; co-signs all checks and promissory notes of the Association; keeps proper books of accounts; causes an annual audit of the Association books to be made by a certified public accountant whenever the Annual Assessment exceeds \$50,000, unless waived by sixty-seven percent (67%) of the Members; and prepares an annual budget and a statement of income and expenditures as set forth above. The desired time for preparation is before the regular annual meeting so that the budget and statement can be presented to the Members at its regular annual meeting.

ARTICLE IX
Committees

The Board of Directors may appoint such committees, as it deems appropriate in carrying out its purpose.

ARTICLE X
Books and Records

The books, records, and papers of the Association are at all times, during normal business hours as determined by the Board, subject to inspection by any Member, holder of a mortgage on a Lot, and their respective agents on reasonable advance notice. The Declaration, the Articles of Incorporation, the Bylaws and the Budget of the Association are available for inspection by any Member at the office of the Secretary of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI
Amendments

Section 1. Bylaws. These Bylaws may be amended only with the written approval of a majority of the Directors. Any amendment will be signed by the approving Directors and copies delivered to all Members within thirty (30) days of adoption.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

ARTICLE XII
Indemnification of Directors and Officers

Section 1. Right of Indemnification. The Association indemnifies its Directors and Officers against all liability, damage, or expense resulting from the fact that such person is or was a Director or Officer, to the maximum extent and under all circumstances permitted by law.

Section 2. Effect on Other Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article is

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

not exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Incorporation, Bylaws, agreement, vote of shareholders, or disinterested Directors or otherwise.

Section 3. Insurance. The Association may maintain insurance, at its expense, to protect itself and any Director, officer, employee, or agent of the Association against any expense, liability, or loss, whether or not the Association would have the power to indemnify such person against such expense, liability, or loss under the Washington Nonprofit Corporation Act. The Association may enter into contracts with any Director or officer of the Association in furtherance of the provisions of this Article and may create a trust fund, grant a security interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

Section 4. Advance Payment. The Association may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a proceeding to employees and agents of the Association with the same scope and effect as the provisions of this Article with respect to the indemnification and advancement of expenses of Directors and officers of the Association or pursuant to rights granted pursuant to, or provided by, the Washington Nonprofit Corporation Act or otherwise.

ARTICLE XIII
Transactions Involving Directors

Section 1. Transactions. No contracts or other transactions between this Association and any other corporation, and no act of this Association is in any way affected or invalidated by the fact that any Director of this Association is pecuniarily or otherwise interested in, or is a trustee, director, or officer of, such other corporation.

Section 2. Disclosure. Any Director, individually, or any firm of which any Director may be a member, may be a party to, or may be pecuniarily or otherwise interested in, any contracts or transactions of the Association; provided, that the fact that such Director or such firm so interested is disclosed to or is known by the Board of Directors or a majority thereof.

ARTICLE XIV
Attorney Fees

Should any dispute arise regarding the terms of these Bylaws, the Declaration, the Articles of Incorporation, or the rules and regulations of the Association, the prevailing party may recover reasonable attorney fees and costs, including those for appeals.

ARTICLE XV
Venue

Venue, for purposes of these Bylaws, is Pierce County, Washington.

EXHIBIT "C"
BYLAWS FOR CROSSROADS OWNERS ASSOCIATION

ARTICLE XVI
Fiscal Year

The fiscal year of the Association is a calendar year, unless determined otherwise by the Board of Directors.

IN WITNESS WHEREOF, we, being all of the Directors of Crossroads Owners Association have hereunto set our hands on the date(s) indicated below.

DIRECTORS:

Steven R. Dorenbush

Date

Richard M. Dorenbush

Date

Brett D. Goldfarb

Date

EXHIBIT "D"
LEGAL DESCRIPTION
FOR
COMMON AREAS TO BE OWNED AND MAINTAINED BY THE
CROSSROADS OWNERS ASSOCIATION

TRACTS "A," "B," "D," "E," "F," "G," AND "J" AS DEPICTED ON THE PLAT OF CROSSROADS AS
RECORDED UNDER PIERCE COUNTY AUDITOR'S FILE NO. 200804245003.

SITUATE IN THE COUNTY OF PIERCE, STATE OF WASHINGTON.

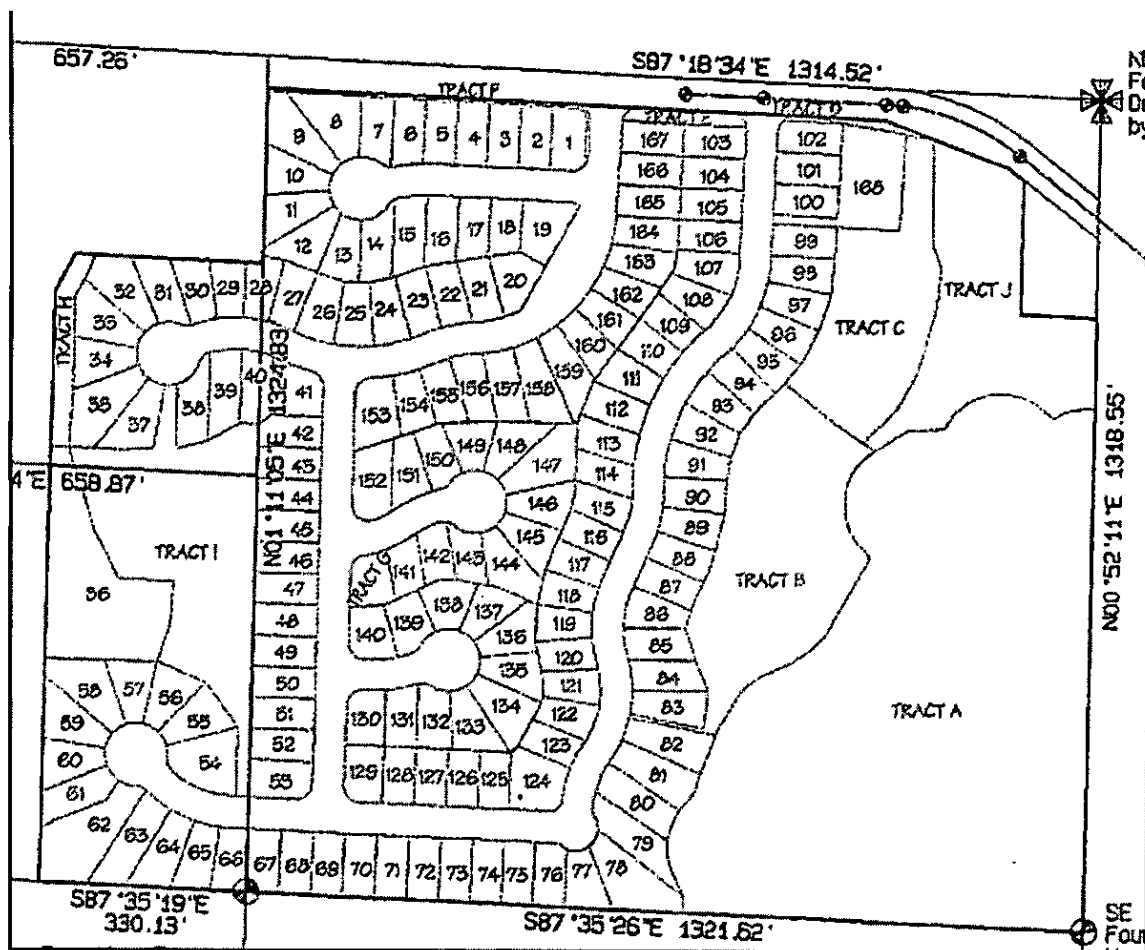
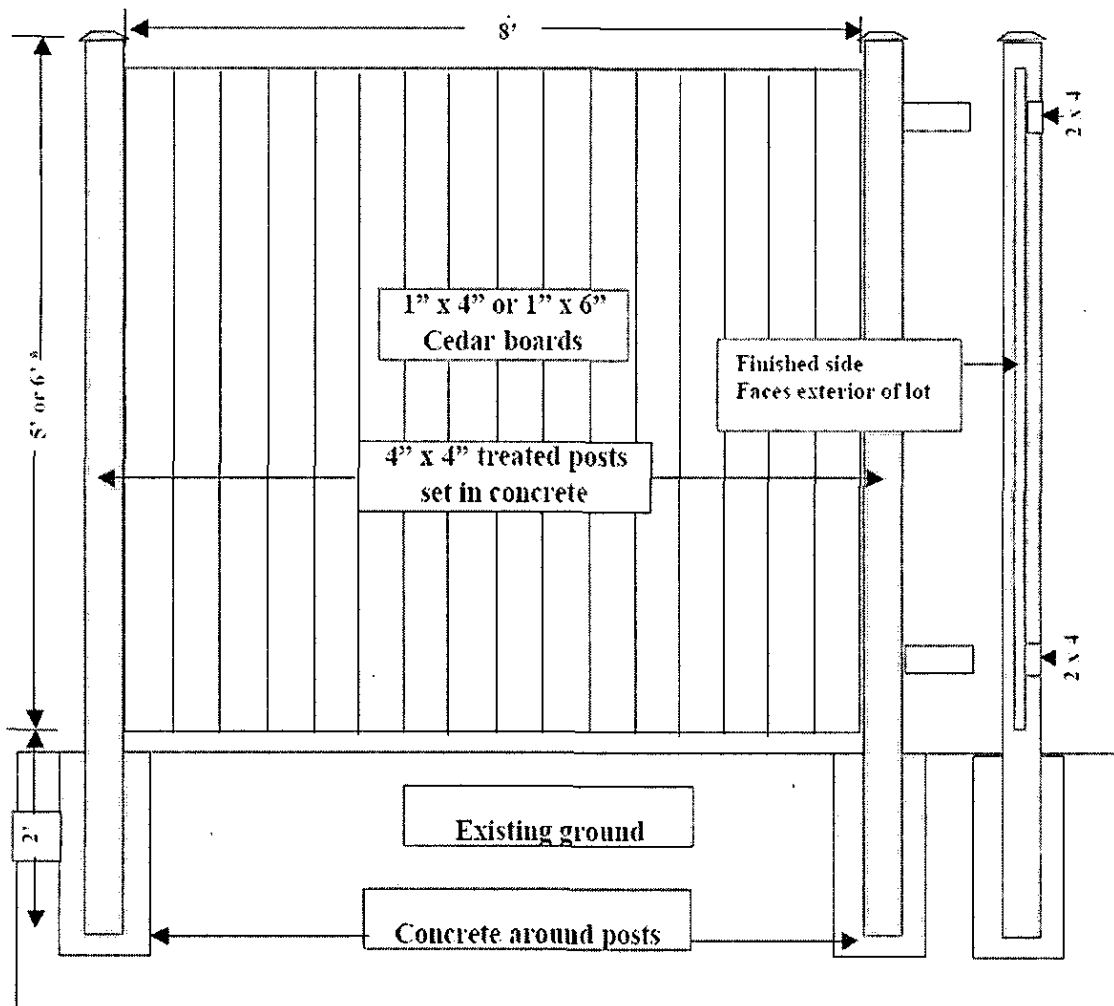


EXHIBIT "F"

LANDSCAPE PLAN FOR CROSSROADS

EXHIBIT "G"
FENCE DESIGN GUIDELINES



Notes

- * Fence height is determined in the Covenants, Conditions & Restrictions.
- Either install post caps or cut tops to a 45 degree angle
- Minor alterations may be approved by the ACC Committee