

After Recording Return to:
Brian L. Gingerich
Merrill O'Sullivan LLP
Suite 302
1070 NW Bond Street
Bend OR 97701

**DECLARATION OF
COVENANTS, CONDITIONS AND
RESTRICTIONS FOR
ANDERSON RANCH PLANNED UNIT DEVELOPMENT**

These Covenants, Conditions, and Restrictions are made this 31st day of January, 2002 by Shevlin Heights Acquisitions, L.L.C., an Oregon corporation, hereinafter referred to as "Declarant", as owner of the real property in Deschutes County, State of Oregon, described in Exhibit "A", attached hereto, and incorporated by reference herein.

The property described in Exhibit "A" is hereby subject to these Covenants, Conditions, and Restrictions and will be known as the Anderson Ranch P.U.D., Phases I, II, and III hereinafter referred to as the Anderson Ranch P.U.D. Declarant has recorded the plat of Anderson Ranch P.U.D. in the plat records of Deschutes County, Oregon. Initially, the PUD shall be comprised of only Phase I. Additional areas comprising Phases II and III may be annexed to Anderson Ranch P.U.D. in accordance with the provisions set forth in this Declaration. It is anticipated that Phase II will be located across and share use of the private way developed with Phase I.

Anderson Ranch P.U.D. is being developed as a planned residential community (P.U.D.).

Phase I of Anderson Ranch P.U.D. shall be comprised of four lots of approximately 2.5 to 4.0 acres, as shown on the recorded plat of Anderson Ranch P.U.D. Declarant anticipates annexing Phase II, which shall be comprised of approximately four to five lots of approximately .50 – 1.0 acres. The remaining property described in Exhibit "A" and indicated as "common property" may be developed into an undetermined number of lots and annexed as Phase III to Anderson Ranch P.U.D. Access to Phase III will be separate from the private way developed to access Phases I and II.

Except where this Declaration conflicts with any applicable government municipal regulations, this Declaration shall be binding upon all subject to this Declaration and their successors in interest as set forth herein. In the event any of the development standards or use restrictions of this Declaration should conflict with a more restrictive standard or requirement set by an applicable zoning ordinance of Deschutes County or if the property becomes subject to its jurisdiction, the City of Bend, the more restrictive standard or requirement of the applicable Deschutes County or City of Bend ordinance shall apply.

NOW, THEREFORE, Declarant hereby declares that the property covered in the plat of Anderson Ranch P.U.D., more particularly described in Exhibit A attached hereto shall be held, sold, and conveyed subject to the following easements, covenants, conditions, restrictions, and changes, which shall run with such property and shall be binding upon all parties having or acquiring any right, title or interest in such property or any part thereof and shall inure to the benefit of each owner thereof.

**DESCHUTES COUNTY OFFICIAL RECORDS
MARY SUE PENHOLLOW, COUNTY CLERK**

2002-08437



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\$156.00

-1- Anderson Ranch CC&Rs

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SECTION 1 DEFINITIONS.

- 1.1 Architectural Guidelines: The term shall mean the design standards established pursuant to Section 6 herein.
- 1.2 Architecture Review Committee (ARC): The term shall mean the Architectural Review Committee appointed pursuant to Section 6 herein.
- 1.3 Assessment: The term shall mean a regular or special assessment, as the case may be, imposed in accordance with the provisions on Section 8 herein.
- 1.4 Association: The term shall mean the nonprofit corporation to be formed to serve as the Anderson Ranch Owner's Association and its successors and assigns as provided in Section 7 herein.
- 1.5 Block: The term shall mean those areas designated as blocks on the recorded plat for Anderson Ranch P.U.D.
- 1.6 Board: The term shall mean the Board of Directors of the Anderson Ranch Homeowner's Association.
- 1.7 Capital Improvement Assessments: The term shall mean assessments to cover the cost of capital improvements made pursuant to Section 8 herein.
- 1.8 Common Areas: The term shall mean the property referred to in Section 3 herein.
- 1.9 Declarant: The term shall mean Shevlin Heights Acquisitions, L.L.C., an Oregon Limited Liability Company, or its assigns or successors in interest.
- 1.10 Declaration: The term shall mean this Declaration of Covenants, Conditions, and Restrictions for Anderson Ranch P.U.D., and any duly adopted amendments thereto.
- 1.11 Homesite: The term shall mean a Lot as defined herein.
- 1.12 Improvements: The term shall mean every temporary or permanent structure or improvement of any kind, including but not limited to buildings, outbuildings, private roads, driveways, parking areas, fences, and barriers, retaining walls and stairs, decks, signs, storage areas, hedges, windbreaks, planted trees and shrubs, and all exterior landscaping, vegetation or ground cover of every type and every kind above the land surface, including every alteration, painting or reconstruction thereof.
- 1.13 Lot: The term shall mean a platted, legally partitioned or lot line adjusted lot within Anderson Ranch P.U.D. or any property so designated in any

Supplemental Declaration annexing property to Anderson Ranch P.U.D., but not including any Common Area.

- 1.14 Mortgage: The term shall mean a mortgage, trust deed, or land sales contract.
- 1.15 Mortgagee: The term shall mean a mortgagee, beneficiary of a trust deed, or vendor under a land sales contract.
- 1.16 Mortgagor: The term shall mean a mortgagor, grantor of a trust deed, or vendee under a land sales contract.
- 1.17 Anderson Ranch P.U.D.: The term shall mean all of the real property now or hereafter made subject to this Declaration.
- 1.18 Operating Assessments: The term shall mean the assessments to cover operating expenses referred to in Section 8 herein.
- 1.19 Owner: The term shall mean the person or persons, including Declarant, owning any Lot, including any vendee under a recorded land sales contract to whom possession has passed, but does not include a tenant or holder of a leasehold interest or a person holding only a security interest in a Lot, including any vendor under a recorded land sales contract who has given up possession. The rights, obligations, and other status of being an Owner commence upon acquisition of the ownership of a Lot and terminate upon disposition of such ownership, but termination of ownership shall discharge an Owner from obligations incurred prior to termination.
- 1.20 Reserve Account Assessments: The term shall mean assessments to cover the reserve fund for replacements pursuant to Section 8 herein.
- 1.21 Rules and Regulations: The term shall mean the rules and regulations adopted as provided in Section 7 herein.
- 1.22 Private Way: The term shall mean any street internal to the Anderson Ranch P.U.D. and designated as such on the recorded plat for Anderson Ranch P.U.D., or in any supplemental Declaration or on the plat of any land annexed by Supplemental Declaration, whether designated thereon as street, boulevard, place, drive, road, terrace, way, lane, circle or otherwise.
- 1.23 Public Street: The term shall mean any public street, highway or other thoroughfare, other than those Private Streets as defined herein, adjacent to the Anderson Ranch P.U.D. and shown on any recorded subdivision or partition map, or survey map of record, whether designated thereon as street, boulevard, place, drive, road, terrace, way, lane, circle, or otherwise.

- 1.24 Supplemental Declaration: The term shall mean an instrument annexing additional real property to Anderson Ranch P.U.D.

SECTION 2 PROPERTY SUBJECT TO THE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR ANDERSON RANCH P.U.D.

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

2.2 Annexation Additional Property:

- (a) Supplemental Declaration. Declarant may, at any time during the term of this Declaration, add all or a portion of any land now or hereafter owned by Declarant to the property which is covered by this Declaration, and upon recording of a Supplemental Declaration, as set forth below, the provision of this Declaration specified in said Supplemental Declaration shall apply to such added land in the same manner as if it were originally covered by this Declaration. Thereafter, to the extent this Declaration is made applicable thereto, the rights, powers, and responsibilities of Declarant and owners of parcels within such added land shall be the same as in the case of the land described in Exhibit "A".

The Supplemental Declaration shall contain at least the following provisions:

- (1) A reference to this Declaration stating the date of recording and the recording information where the Declaration is recorded.
- (2) A statement that the provisions of this Declaration or some specified part thereof shall apply to such added real property.
- (3) A legal description of such added real property.
- (4) Such other or different covenants, conditions, and restrictions as Declarant shall, in its discretion, specify to regulate and control the use, occupancy, and improvement of such added real property.

- (b) Effect of Annexation. The property included in any such annexation shall thereby become a part of Anderson Ranch P.U.D. and this Declaration, and the Declarant and the Association shall have and shall accept and exercise administration of this Declaration with respect to such property.
 - (c) No Limitation on Annexation. There is no limitation on the number of Lots which Declarant may create or annex to Anderson Ranch P.U.D. There is no limitation on the right of Declarant to annex Common Areas.
 - (d) Voting Rights. Upon annexation, additional Lots so annexed shall be entitled to voting rights as set forth in Section 7 herein.
 - (e) Adjustment of Association Expenses. The formula to be used for reallocating the common expenses if additional Lots are annexed and the manner of reapportioning the common expenses if additional Lots are annexed during a fiscal year are set forth in Section 8 herein.
- 2.3 Amendment of P.U.D. Each Owner, by acceptance of legal or equitable interest to such Owner's Lot, appoints Declarant as such Owner's attorney in fact to execute all documents and take all action to obtain approval of such amendments to Anderson Ranch P.U.D. land use approval as Declarant deems reasonable; provided that no such amendment has a material adverse affect on the value of such Owner's Lot.
- 2.4 Declarant Improvements. Declarant agrees to build improvements necessary for public and private streets, utilities, common areas, including parks, open space and lighting in accordance with the P.U.D. plat approval. Declarant does not agree to build any additional improvements but does not choose to limit Declarant's rights to add improvements not described in this Declaration.

SECTION 3 LAND CLASSIFICATIONS AND PROPERTY RIGHTS.

- 3.1 Common Areas. Phase I of Anderson Ranch P.U.D. shall not have any deeded Common Area, but it is anticipated to have access to and use of the sport court described below. It is anticipated that upon the annexation and development of Phase II, a Common Area in the form of an all-purpose sport court and/or open park may be developed and administered according to the rules and regulations promulgated by the Association. Additional Common Area may be developed at the discretion of the Association and in accordance with the rules and regulations if and when Phase III of Anderson Ranch P.U.D. is developed.
- 3.2 Private Way. Private Way shall mean any street internal to the Anderson Ranch P.U.D. and designated as such on the recorded plat of Anderson Ranch P.U.D. or in any Supplemental Declaration or on the plat of any land annexed by Supplemental Declaration, whether designated thereon as street, boulevard, place,

drive, road, terrace, way, lane, circle or otherwise. Private Ways shall be subject to easements as shown on any plat and as set forth herein.

- 3.3 Owners' Easements of Enjoyment. Subject to the provisions of this Declaration, every Owner and such Owner's invitees and tenants shall have a right and easement of enjoyment in and to the Common Areas and Private Ways within Anderson Ranch P.U.D.
- 3.4 Title to Common Areas and Private Ways. Except authorized by the Association, fee title to the Common Areas and Private Ways shall be conveyed by Declarant to, and must be accepted by, the Association free and clear of liens and encumbrances other than those created pursuant to this Declaration.
- 3.5 Extent of Owners' Rights. The rights and easements of enjoyment in the Common Areas and Private Ways created hereby shall be subject to the following and all other provisions of this Declaration:
- (a) Association's and Owners' Easements. Declarant grants to the Association for the benefit of the Association and all Owners of Lots within Anderson Ranch P.U.D the following easements over, under, and upon any Common Areas and Private Ways:
 - (i) An easement for installation and maintenance of power, gas, electric, water and other utility and communication lines and services installed by Declarant or with the approval of the Board of Directors of the Association and any such easement shown on any recorded plat of property within Anderson Ranch P.U.D.
 - (ii) An easement for construction, maintenance, repair, and use of any Common Areas and Private Ways and common facilities thereon, including, but not limited to, walkways, bike paths, fences, landscaping, irrigation systems, entry way structures, decorative ornamentation, and signs, and for any purposes and uses adopted by the Association and the Owners.
 - (iii) An easement for the purpose of making repairs to any existing structure or improvement on any Common Areas and Private Ways.
 - (b) Declarant's Easements. So long as Declarant owns any Lot, and in addition to any other easements to which Declarant may be entitled, Declarant reserves an easement over, under, and across any Common Areas and Private Ways in order to carry out development, construction, and sales activities necessary or convenient for the development of Anderson Ranch P.U.D. and the sale of Lots and for such other purposes as may be necessary or convenient for the development of Anderson

Ranch P.U.D. and the sale of Lots and for such other purposes as may be necessary or convenient for discharging Declarant's obligations or for exercising any of Declarant's rights hereunder. As long as Declarant has any maintenance obligations with respect to Anderson Ranch P.U.D., Declarant shall have an easement across any Common Areas and Private Ways as required to carry out its maintenance responsibilities with respect to Anderson Ranch P.U.D.

- (c) Utility Easements. Declarant or the Association may (and, to the extent required by law, shall) grant or assign easements to municipalities, communications companies, or other utilities over any Common Areas or Private Ways performing utility services, and the Association may grant free access thereon to police, fire, and other public officials and to employees of utility companies and communications companies serving Anderson Ranch P.U.D.
- (d) Use of any Common Areas and Private Ways. Except as otherwise provided in this Declaration or the Association's Rules and Regulations, any Common Areas and Private Ways shall be reserved for the use and enjoyment of all Owners, and no private use may be made of any Common Areas and Private Ways. Nothing herein shall prevent the placing of a sign or signs upon the Common Areas for the purpose of identifying Anderson Ranch P.U.D., indicating path directions, or identifying trails or other items of interest, provided such signs are approved by the ARC. The Board of Directors of the Association shall have authority to abate any trespass or encroachment upon any Common Area or Private Way at the time, by any reasonable means and with or without having to bring legal proceedings.
- (e) Alienation of the Common Areas and Private Ways. Except as otherwise provided herein, the Association may not by act or omission seek to abandon, partition, subdivide, encumber, cause any Common Area or Private Way to be subject to any security interest, sell or transfer the Common Areas or Private Ways unless the holders of at least 80 percent of the Class A voting rights (as described in Section 7.5(b)(i) herein) and the Class B member (as described in Section 7.5(b)(ii) herein), if any have given their prior written approval. This provision shall not apply to the easements described in Section 3.5(a) above. A sale, transfer, or encumbrance of any Common Area or Private Way or any portion of any Common Area or Private Way in accordance with this Section may provide that the Common Area or Private Way so conveyed shall be released from any restriction imposed on such Common Area or Private Way by this Declaration. No sale, transfer, or encumbrance may, however, deprive any Owner of such Owner's right of access or support without the written consent of the Owner.

- (f) Restrictions on Use of any Common Areas. Use of any Common Areas by the Owners shall be subject to the provisions of this Declaration and the Association's Rules and Regulations and to the following:
 - (i) The right of the Association to suspend such use rights of an Owner to the extent provided in Section 9 herein.
 - (ii) The right of the Association to adopt, amend, and repeal rules and regulations in accordance with this Declaration and the Bylaws of the Association, including, without limitation, the right to restrict use of or require reservations for use of any Common Area or Common Area facilities and the right to impose reasonable fees in connection with such use.
- (g) Private Ways. Notwithstanding the above, the Board of Directors, in its discretion, may dedicate any or all of the Private Ways to the public. The Board of Directors shall grant free access on the Private Ways to police, fire, and other public officials, to employees of utility companies serving Anderson Ranch P.U.D., and to such others to whom the Board believes access should be given for the benefit of Owners. Declarant may use the Private Ways for its own purposes.

- 3.6 Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, Rules and Regulations of the Association, such Owner's right of enjoyment of any Common Areas and Private Ways to the members of such Owner's family or tenants who reside on the Lot.

SECTION 4 EASEMENTS.

- 4.1 Easements Reserved. In addition to any easements shown on any recorded plat for Anderson Ranch P.U.D., Declarant hereby reserves the following easements for the benefit of Declarant and the Association:
 - (a) Adjacent to Common Area. The Owner of any Lot which blends together visually with any Common Area shall permit the Association or Declarant, as the case may be, to enter upon such Lot to perform the construction, maintenance or such alterations as might be needed of any Common Area.
 - (b) Right of Entry. Declarant, the ARC, and any representative of the Association authorized by it may at any reasonable time, and from time to time at reasonable intervals, enter upon any Lot for the purpose of determining whether or not the use of and/or Improvements on such Lot are then in compliance with this Declaration. No such entry shall be deemed to constitute a trespass or otherwise create any right of action in the Owner of such Lot.

- (c) Utility Easements. Easements for installation and maintenance of utilities are reserved over portions of certain Lots as shown on the recorded plat. Within the easements, no structure or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities. The easement area of each Lot and all Improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

SECTION 5 RESTRICTIONS ON USE OF PROPERTY.

- 5.1 Occupancy. No Owner shall occupy, use, or permit his Lot or any part thereof to be used for any purpose other than a private residence for the Owner, his family, or his guests, except that each Owner shall be permitted to rent the unit when he is not in occupancy.
- 5.2 Lot Maintenance. Each Lot within the Anderson Ranch P.U.D. shall be maintained in a clean and attractive condition, in good repair and in such a fashion as not to create a fire hazard. Each Lot shall be seeded and irrigated continuously within 18 months of the first conveyance from Declarant to any Owner.
- 5.3 Subdivision. No lot may be subdivided, partitioned or otherwise reduced in size from the original recorded plat of record.
- 5.4 Appearance. All garbage, trash, cuttings, refuse, garbage and refuse containers, clothes drying apparatus, and other service facilities located on any Lot shall be screened from view in a manner approved by Declarant. All vehicles, including recreational vehicles, motorcycles, boats and all terrain vehicles shall be stored inside.
- 5.5 Construction and Alteration. Nothing shall be altered or constructed in or removed from or placed on a Lot except with the prior written consent of Declarant.
- 5.6 Offensive or Commercial Activity. No offensive or commercial activity shall be carried on nor shall anything be done within Anderson Ranch P.U.D. which may be or become an annoyance or nuisance to the other Owners.
- 5.7 Signs. No sign of any kind shall be displayed to public view on or from any Lot without the Declarant's prior written consent, provided, however, that an Owner may display not more than one (1) "for sale" sign per Lot which has a maximum area not to exceed 300 square inches, the longest dimension being not greater than 20 inches.

- 5.8 Fencing Standards. All fencing of any nature must be approved by the ARC in accordance with Section 6 herein.
- 5.9 Driveways. All driveways must be surfaced with asphalt, cement or pavers, approved by the ARC in accordance with Section 6 herein and must be completed within six months of lot purchase.
- 5.10 Tree Preservation. Removal of any tree or pine tree in excess of 8 inches in diameter must first receive written approval of Declarant or the ARC pursuant to the procedures set forth herein. All trees over eight (8) inches in diameter, as measured two (2) feet above ground level, shall be maintained whenever practical. Home designs must compensate for tree preservation whenever reasonable and practical.
- 5.11 Exterior Lighting or Noise Making Device. No exterior lighting or noise making device shall be placed on a Lot or any portion thereof without the Declarant's prior written consent. Exterior lighting which faces the exterior boundaries of Anderson Ranch P.U.D. must be shielded and directed downward.
- 5.12 Antennas. No television antenna, radio antenna, satellite antenna, or other receiving device shall be placed on any Lot without the Declarant's prior written consent, except as otherwise required by law.
- 5.13 Limitation on Transfer. No Owner shall transfer either by conveyance, contract of sale or lease any interest in his Lot which would result in ownership of such Lot being held by more than ten persons.
- 5.14 Prohibited Structures. No house trailer, mobile home, manufactured home, shack, barn, carport, or other similar outbuilding or structure, whether permanent or temporary, shall be erected or placed on any Lot. All homes shall be not less than 2000 square feet of permitted living space.
- 5.15 Single family residences. No more than one single family residence shall be erected or placed on any Lot.
- 5.16 Utilities. No aboveground utilities, pipes, or wires shall be used to connect improvements with supplying facilities.
- 5.17 View. The height of improvements or vegetation and trees on a Lot shall not materially restrict the view of other Lot owners. The Declarant shall be the sole judge of the suitability of such heights. If the Declarant determines there is such restriction in the view of the other Lot owners, written notice shall be delivered to the offending Lot owner. If after 30 days the improvement, vegetation, or trees are not removed or reduced in height as directed by the Declarant, the Declarant shall enter the offending Lot, complete the removal or reduction, charging the Owner

of the Lot the reasonable costs for the work done. This section is not to be read as justification to create views not present when the Lot was originally purchased.

- 5.18 Parking. A minimum of two parking places must be provided for each Lot and must meet the standards set by the Declarant. No extended parking on any street shall be allowed by any house trailer, travel trailer, boat trailer, camper or incapacitated motor vehicle.
- 5.19 Control of Pets. No pets or domestic animals shall be permitted to run loose or unattended. Owners of pets shall be responsible for compliance with all leash laws and other laws related to the control of pets within Deschutes County as well as the Rules and Regulations of the Association. Behavior of pets that, in the sole discretion of the Board, deprives any Owner of the Owner's privacy or constitutes a nuisance, shall be in violation of this Declaration and the Board may require removal of the offending pet from Anderson Ranch P.U.D.
- 5.20 Firearms or Other Weapons. No firearms, air pistols, archery, sling shots, or any other weapons or projectiles shall be used or discharged within Anderson Ranch P.U.D. except in such areas as may be designated in writing by the Board.

SECTION 6 ARCHITECTURAL CONTROLS.

- 6.1 Approval Required. No improvement, as defined in Section 1.12 herein, shall be erected, placed, altered, maintained, or permitted to remain on any land subject to this Declaration until final plans and specifications have been submitted to and approved in writing by Declarant or the ARC as provided herein. All approvals shall be in conformance with the building site established on each lot by the Declarant or the ARC as provided herein.
- 6.2 Architectural Review Committee. After turnover as provided herein, the Association shall establish an Architectural Review Committee (ARC) to implement architectural rules and guidelines for Anderson Ranch P.U.D. as they are specified in the P.U.D. land use approval and this Declaration. The ARC will be responsible for the approval of plans and specifications for the Improvements in Anderson Ranch P.U.D., and for the modification, promulgation and enforcement or its rules governing the improvement and maintenance of Lots and Improvements thereon. Prior to turnover, Declarant shall exercise sole and exclusive responsibility for the approval of Improvements, enforcement of rules governing the improvement and maintenance of Lots as set forth herein.

The ARC shall consist of three persons who shall be appointed by the Board. Members of the ARC may be removed and replaced at any time by the Board. The Association shall keep on file at its principal office a list of the names and addresses of the members of the ARC. The Declarant or its designated representative shall be a member of the ARC so long as the Declarant owns a Lot

subject to this Declaration. The ARC may render its decisions only by written instrument setting forth the ARC's actions taken and the reasons therefor.

- 6.3 Procedure. Any owner proposing to construct any improvements within the Anderson Ranch P.U.D. (including any exterior alteration, addition, destruction, or modification to any such improvements) shall follow the procedures and shall be subject to the approvals set forth herein and in any Architectural Guidelines as authorized herein. Failure to follow such procedures or obtain such approvals shall be deemed a breach of this Declaration.
- 6.4 Required Documents. Any owner proposing to utilize, improve, or develop real property within the Anderson Ranch P.U.D., shall submit the following items for review:
- (a) A site plan showing the location, size, configuration and layout of any building, structure, or improvement (or, where applicable, any alteration, addition, modification, or destruction thereto) including appurtenant facilities for parking, storage, fences, and vehicular and pedestrian traffic and circulation.
 - (b) Architectural plans and drawings showing the nature, style, and dimensions of any building, structure, fence, wall, barrier, or deck (or, where applicable, any alteration, addition, modification, or destruction thereof), including the exterior material types, colors, and appearance. The scale of plans shall be 1 inch = 20 feet or larger.
 - (c) A landscape plan showing the nature, type, size, location, and layout of all landscaping, vegetation ground cover, irrigation systems proposed to be planted or installed (or, where applicable, removed or destroyed).
- 6.5 Review. All plans and drawings identified herein, shall be submitted to Declarant or the ARC for review prior to the performance of any proposed work. Such plans and drawings shall be accompanied with a check payable to Declarant or the ARC in an amount to be determined by Declarant or the ARC from time to time. No plans shall be reviewed until the architectural review fee, if any is required under the Architectural Guidelines, is paid in full and all items specified in this section are submitted. Within 30 days following receipt of such plans and drawings, and the full amount of the architectural review fee, Declarant or the ARC shall review the plans and shall inform the owner in writing whether the plans conform to the development concept for Anderson Ranch P.U.D. In the event the owner is not notified as to the conformity of the plans within the 30 day review period, the plans are conclusively presumed to be approved as submitted. In the event any of the plans do not conform to the Anderson Ranch P.U.D. development concept, the owner shall resubmit those non-conforming portions of the plans for review in accordance with the procedures outlined herein. No work may be performed relating to any improvement unless and until all aspects of all plans have been

approved by Declarant or the ARC. Any site plans, construction plans, or similar plans and drawings submitted to Deschutes County in connection with the construction of any improvement in the Anderson Ranch P.U.D. must bear the prior written approval of Declarant or the ARC.

- 6.6 Architectural Guidelines. The development concept for the Anderson Ranch P.U.D. shall be determined by Declarant and/or the ARC in accordance with applicable statutes, ordinances, regulations, zoning and other governmental land use controls. Architectural guidelines setting forth various aspects of the development concept, in addition to this Declaration, may be published from time to time by Declarant or the ARC. All such guidelines shall be in general conformity with this Declaration.
- 6.7 Inspection. All work related to any building, structure, or improvement, or any landscaping, vegetation, ground cover, or other improvements within the Anderson Ranch P.U.D. shall be performed in strict conformity with the plans and drawings approved under the procedures outlined herein. Declarant or the ARC shall have the right to inspect any such work to determine its conformity with the approved plans and drawings, and reserves the right to order a stop to all work, if, in good faith, it believes that any such work is non-conforming. In the event that it is determined in good faith by Declarant or the ARC that certain work is non-conforming, a stop work notice may be issued, without necessity of court order, which shall require the owner to correct all non-conforming work specified in the notice before the remainder of the proposed work may be completed. Continued work without correction of any such non-conforming items shall be deemed a breach of this Declaration. The Declarant, members of the ARC or officer, director, employee, agent, or servant of Declarant or the ARC shall not be responsible for any damages, loss, delay, cost, or legal expense occasioned through a stop work notice given in good faith even if it is ultimately determined that such work was in conformity with the approved plans and drawings.
- 6.8 Waiver. At any time prior to turnover as provided herein, any condition or provision of Sections 6.3 through 6.7 above may be waived by Declarant in its exclusive discretion. Any waiver shall be in general conformity with the development concept and development standards for the Anderson Ranch P.U.D. Any such waiver shall not be deemed a general waiver of any aspect of the development concept or the required procedures and approvals specified under sections 6.3 through 6.7. The granting of a waiver as to one owner shall not automatically entitle any other owner to the waiver of the same or similar conditions or provisions. No waiver shall be valid unless it is in writing, signed by an authorized representative of Declarant, and developed by certified mail to the party claiming the benefit of such waiver.
- 6.9 Nonwaiver. Consent by the ARC to any matter proposed to it or within its jurisdiction, or failure by the ARC to enforce any violation of this Declaration or the Architectural Guidelines, shall not be deemed to constitute a precedent or

waiver impairing the ARC's right to withhold approval as to any similar matter thereafter proposed or submitted to it for consent or to enforce any subsequent or similar violation.

- 6.10 Fee Structure. The Declarant or the ARC may establish a reasonable schedule of fees to cover costs related to review of submissions, inspection of work and appeals of decisions of the Declarant or the ARC. The fees are subject to change without notice. Any fees shall be accounted for and invoiced to Owners through the Association.
- 6.11 Right of Appeal. All Declarant decisions are final and binding. After turnover as provided herein, all ARC decisions are subject to appeal to the Board utilizing the appeal procedure contained in the Bylaws of the Association. The appeal procedure insures that ultimate responsibility for and authority over all ARC decisions rests with the Board, which, by majority vote, may confirm, modify, or reverse any such decision thus appealed. The decision of the Board on any appeal will be final and binding on the parties absent fraud, bad faith or failure to exercise honest judgment.
- 6.12 Liability. The scope of the Declarant's or the ARC's review is not intended to include any review or analysis of structural, geotechnical, or other engineering, building or zoning code compliance, or other similar considerations. Neither the Declarant, the Arc nor any member thereof shall be liable to any Owner, occupant, builder, or developer for any damage, loss or prejudice suffered or claimed on account of any actions or failure to act on the Declarant or the ARC or a member thereof, provided only that the Declarant or the ARC has, or the member has, in accordance with the actual knowledge possessed by the Declarant or the ARC or by such member, acted in good faith.
- 6.13 Severability. If any provision of this Declaration or the Architectural Guidelines is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remainder of this Declaration or the Architectural Guidelines.

SECTION 7 ASSOCIATION.

- 7.1 Organization. Declarant shall, before the first Lot is conveyed to an Owner other than the Declarant, organize the Association as a nonprofit mutual benefit corporation under the Oregon Nonprofit Corporation Act. Such Association, its successors and assigns, shall be organized under the name "Anderson Ranch Owner's Association, Inc." or such other similar name as Declarant shall designate and shall hold title to any Common Areas, Private Streets and have the powers and obligations set forth in this Declaration for the benefit of Anderson Ranch P.U.D. and all Owners or property located herein.

- 7.2 Membership. Every Owner of one or more Lots shall, immediately upon creation of the Association and thereafter during the entire period of such Owner's ownership, be a member of the Association. Such membership shall commence, exist, and continue simply by virtue of such ownership, shall expire automatically upon termination of such ownership, and need not be confirmed or evidenced by any certificate or acceptance of membership.
- 7.3 Board of Directors. A board of directors shall be elected by the membership to administer the affairs of the Association by such procedure as specified in the Association's Bylaws. The powers and duties of the Board are also delineated in the Bylaws of the Association.
- 7.4 Rules and Regulations. In the exercise of the powers and in the performance of its obligations, the Board may adopt, amend or repeal rules and regulations to provide for the manner in which all areas and classifications of property, including any Common Area and Private Ways, within Anderson Ranch P.U.D. are to be used. A copy of the rules and regulations, upon adoption, and a copy of each amendment, modification or revocation thereof, shall be delivered by the Board promptly to each owner and shall be binding upon all Owners and occupants of all Lots upon the date of delivery.
- (a) Approval. A petition signed by 15 percent of the Owners proposing adoption of a rule or amendment or repeal of an existing rule applying to the above areas must be considered by the Board. The Board, at its discretion, may approve, reject or abstain from acting on the proposals contained in such petition. In the event that the Board does not approve a petition duly and properly submitted, the petitioners may demand a vote of the Owners in accordance with the following: upon and pursuant to a second submission of the petition in original form but bearing the signatures of 50% of the Owners, the Board shall submit the proposals contained in such petition to a vote of all Owners. The proposals contained in such petition shall be adopted upon their approval in writing by a majority of the Owners who vote with respect to such petition. Such approval shall be valid only where votes shall have been cast by at least one-half of those Owners eligible to vote or their duly authorized proxies.
- (b) Authority. The Anderson Ranch P.U.D. Rules and Regulations may, among other things, but without limitation on the Board's authority as provided for above, provide for any of the following:
- (i) For the times and manner in which owners, their lessees and guests may use the space within Common Areas.
- (ii) For charges for services to be supplied by the Association.

- (iii) For the control of noise, control of litter, and disposal of trash and for the personal conduct of Owners, their lessees and guests, and their pets, while in Anderson Ranch P.U.D.
- (iv) For the conditions upon which the guests of Owners and lessees in Anderson Ranch P.U.D. will be entitled to access to any Common Areas.
- (v) For enforcement procedures, including a schedule of fines and appeal rights, to enforce any of the provisions of this Declaration, the Bylaws, the Rules and Regulations and the Architectural Guidelines.
- (vi) For any other rule or regulation that the Board determines to be appropriate for regulating the use and enjoyment of Anderson Ranch P.U.D.

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

- (a) Lots. Lots shall be allocated on vote per Lot, except as provided in Section 7.5(b) with respect to the Class B member.
- (b) Classes of Voting Membership. The Association shall have two classes of voting membership:
 - (i) Class A. Class A members shall be all Owners with the exception of the Declarant. Class A members shall be entitled to voting rights for each Lot owned, computed in accordance with Section 7.5(a) above. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.
 - (ii) Class B. The Class B member shall be Declarant and shall be entitled to nine times the voting rights computed under Section 7.5(a) for each Lot owned by Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:
 - a. When seventy-five percent (75%) of the Lots in the final phase of development of Anderson Ranch P.U.D. have been sold and conveyed to Owners other than Declarant; or
 - b. At such earlier time as Declarant may elect in writing to terminate Class B membership.

7.6 **Powers and Obligations.** The Association shall have, exercise, and perform all of the following powers, duties, and obligations:

- (a) The powers, duties, and obligations granted to the Association by this Declaration.
- (b) The powers, duties, and obligations of a mutual benefit nonprofit corporation pursuant to the Oregon Nonprofit Corporation Act and of a homeowners association of a planned community pursuant to the Oregon Planned Community Act, as either or both may be amended from time to time.
- (c) Construction and subsequent maintenance of such improvements on the private streets, common areas and any other Association-owned areas as it deems will be of benefit to the Owners, their guests and tenants.
- (d) Enforcement of all covenants and restrictions contained in this Declaration, the Bylaws of the Association, the Rules and Regulations and the Architectural Guidelines.
- (e) Promulgation and enforcement of the Anderson Ranch P.U.D. Rules and Regulations and the enforcement of both the Architectural Guidelines and the decisions rendered by the ARC.
- (f) Payment of all ad valorem taxes and assessments imposed on any of the private streets, any Common Areas or Association-owned areas within Anderson Ranch P.U.D.
- (g) Provision of such services to the Owners as the Association shall deem to be appropriate and of benefit to the Owners.
- (h) Procurement and maintenance of property and liability insurance reasonable and necessary to protect the Association's interest in its assets. Such insurance shall also provide appropriate coverage for the directors and officers of the Association while in the performance of their duties on behalf of the Owners.
- (i) Collection of assessments, fees, and penalties.
- (j) Any additional or different powers, duties, and obligations necessary or desirable for the purpose of carrying out the functions of the Association pursuant to this Declaration or otherwise promoting the general benefit of the Owners within Anderson Ranch P.U.D.

- (k) The powers and obligations of the Association may from time to time be amended, repealed, enlarged or restricted by changes in this Declaration made in accordance with the provisions herein, accompanied by changes in the Articles of Incorporation or Bylaws of the Association made in accordance with such instruments and with the Oregon Nonprofit Corporation Act. All decisions made by the Board pursuant to the grant of powers in these covenants, conditions and restrictions shall be final. All such decisions shall be binding on Lot Owners absent fraud, bad faith or failure to exercise honest judgment.
- 7.7 Liability. Neither the Association nor any officer or member of its Board of Directors shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any action or failure to act by the Association, any of its officers or any member of its Board of Directors, provided only that the officer or Board member has acted in good faith in accordance with the actual knowledge possessed by him.
- 7.8 Interim Board; Turnover Meeting. Declarant shall have the right to appoint an interim board of three directors or more, who shall serve as the Board of Directors of the Association until replaced by Declarant or their successors have been elected by the Owners at the turnover meeting described in this Section. Declarant shall call a meeting by giving notice of purpose to turn over administrative responsibility for Anderson Ranch P.U.D. to the Association no later than one hundred twenty (120) days after Lots representing seventy-five percent (75%) of all the votes in all phases of Anderson Ranch P.U.D. computed in accordance with Section 7.5 above have been sold and conveyed to Owners other than Declarant. If Declarant does not call a meeting as required by this Section within the required time, the Transitional Advisory Committee described herein or any Owner may call a meeting and give notice as required in this Section. At the turnover meeting, the interim directors shall resign and their successors shall be nominated and elected by the Owners and Declarant as provided in the Bylaws of the Association.
- 7.9 Transitional Advisory Committee. Declarant or Owners shall form a transitional advisory committee (the "Transitional Advisory Committee") to provide for the transition from administrative responsibility by Declarant of Anderson Ranch P.U.D. to administrative responsibility by the Association. No later than the sixtieth (60) day after the Declarant has conveyed to Owners other than Declarant Lots representing fifty percent (50%) of the votes of all phases in Anderson Ranch P.U.D. computed in accordance with Section 7.5 above, Declarant shall call a meeting of Owners for the purpose of selecting the Transitional Advisory Committee. The Transitional Advisory Committee shall consist of three or more members. The Owners, other than Declarant, shall select two or more members. Declarant may select no more than one member. The Transitional Advisory Committee shall have reasonable access to all information and documents which Declarant is required to turn over to the Association under ORS 94.616.

- (a) Declarant Failure to Call Meeting. An Owner may call a meeting of Owners to select the Transitional Advisory committee if the Declarant fails to do so as provided above.
 - (b) Owners' Failure to Select Members. Notwithstanding the foregoing, if the Owners do not select members for the Transitional Advisory Committee as described above, Declarant shall have no further obligation to form the Transitional Advisory Committee.
 - (c) Turnover meeting. The requirement for formation of a Transitional Advisory Committee shall not apply once the turnover meeting specified in Section 7.8 above has been held.
- 7.10 Declarant Control After Turnover. After the turnover meeting described above, Declarant shall continue to have the voting rights described in Section 7.5(b) above. In addition, a majority of the Board of Directors of the Association shall be elected by Declarant, as a Class B member, with the balance of the Board of Directors elected by the Class A members. After termination of Class B membership, all directors shall be elected by the Class A members.

SECTION 8 ASSESSMENTS.

- 8.1 Annual Operating Budgets. The Association Board of Directors shall from time to time and at least annually prepare an operating budget for the Association, taking into account the current costs of maintenance and services and future needs of the Association, any previous over assessment and any common profits of the Association. The budget shall provide for such reserve or contingency funds as the Board deems necessary or desirable or as may be required by law. The method of adoption of the budget shall be as provided in the Bylaws.
- 8.2 Operating Assessments. All Lots shall be assessed equally for operating costs. The amount of the Assessment per Lot subject to assessment shall be determined by dividing the annual budget by the total number of Lots.
- 8.3 Private Road Assessments. The Association may impose an assessment for the ordinary and necessary maintenance and improvement of all private roads within Anderson Ranch P.U.D. Any private road assessment shall be assessed to the Lots within Anderson Ranch P.U.D. and the same formula as set forth in Section 8.2.
- 8.4 Capital Improvement Assessments. The Association may purchase, construct or otherwise acquire additional equipment, facilities or other capital improvements for the general use and benefit of all the members of the Association, and for that purpose may impose a special assessment to be called a "Capital Improvement Assessment." Any such assessment shall be assessed to the Lots within Anderson

Ranch P.U.D. on the same formula as set forth in Section 8.2. No new Capital Improvement Assessment may be imposed under this section which, for any one purchase, construction or other acquisition, or group of related purchases, constructions or other acquisitions, in the aggregate exceeds \$300 per Lot, unless approved by the vote or written consent of the Class B member, if any, and by not less than sixty percent (60%) of the votes of the Class A members who are voting in person, by absentee ballot or by proxy at a meeting duly called for the purpose of approving the Capital Improvement Assessment.

8.5 Reserve Account for Replacing Common Property. Upon the annexation and inclusion into Anderson Ranch P.U.D., Declarant or this Association shall establish a reserve account which shall be called the "Common Property Reserve Account," and which will be kept separate and apart from all other funds of the Association. Except as provided in Section 8.5(b) below, the Common Property Reserve Account shall be used exclusively for replacement of items of common property which will normally require replacement, in whole or in part, in more than three and less than thirty years and not for regular or periodic maintenance expenses.

- (a) Reserve Account Assessments. Not less often than annually, the Association shall inventory all items of common property which will normally require replacement, in whole or in part, in more than three and less than thirty years, and shall estimate the remaining life of each item of common property and the current replacement cost of each of such items. The Association may identify items for which reserve account assessment is required as those items which are insurable by a common carrier of all-purpose risk insurance. For the purpose of funding the Common Property Reserve Account, the Association shall impose an assessment to be called the "Common Property Reserve Account Assessment" against each Lot based on the total number of Lots. The total Common Property Reserve Account Assessment shall take into account the current replacement cost of each item of common property which has an estimated life of greater than three but less than thirty years and the estimated remaining life for such items of common property. Declarant shall not be required to pay any assessment under this Section assessed to a Lot owned by Declarant until such date as the Lot is conveyed by the Declarant to an unaffiliated party in an arms-length transaction.
- (b) Loan From Common Property Reserve Account. After the turnover meeting described above, the Association may borrow funds from the Common Property Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet other temporary expenses. Funds borrowed to meet high seasonal demands or temporary expenses under this paragraph must be repaid from special or operating assessment within six month of the date such funds are borrowed.

- (c) Increase, Reduction, or Elimination of Common Property Reserve Account Assessments. Future assessments for the Common Property Reserve Account may be increased, reduced or eliminated by the vote of Owners of Lots representing seventy-five percent (75%) of those entitled to vote.
- 8.6 Special Assessments for Enforcement Expenditures. The Homeowner's Association is authorized to obtain a Letter of Credit and impose a Special Assessment to collateralize thereof in the event the Association should need to expend significant funds for legal expenses to enforce any provision of the Declaration, Bylaws, Rules and Regulations, or Architectural Guidelines.
- 8.7 Reallocation Upon Annexation or Withdrawal of Property. When additional property or phases are annexed to Anderson Ranch P.U.D. the Association shall, within 60 days of the annexation, recompute the budget in accordance with Section 8.1 based upon any additional Common Areas and recompute assessments for each assessable Lot based upon the formula set forth in Section 8.2. Assessments shall be due and payable on or before a date set forth in the notice which shall not be less than 30 days from the date that notice is mailed or at such other time or times set in accordance with this Declaration or the Bylaws as the Association may specify in the notice. To the extent that any adjustment results in a credit for an Owner, such credit shall be applied towards the next occurring payment or payments on the annual assessment.
- 8.8 Payment of Assessments. The Association shall, not less than bi-annually, provide notice to the Owner of each Lot of the amount of the assessments for such Lot. Assessments shall be due and payable on or before a date set forth in the notice which shall be not less than 30 days from the date the notice is mailed or at such other time or times set in accordance with this Declaration or the Bylaws as the Association may specify in the notice. The Board shall have the right to give discounts for advance payment of assessments.
- 8.9 General Fund. The Association shall keep all monies that it may collect from assessments other than special assessments in a separate fund to be called the "general fund" and shall administer and account for the fund as provided in the Bylaws.
- 8.10 Annual Accounting. Within a reasonable period of time following the close of each calendar year, the Association shall render to each Owner an accounting which shall set forth the amount and nature of all income and all disbursements during such year together with a statement of the assets and liabilities of the Association at the close of such year. The Association shall maintain records of all income and disbursements, which records shall be open to inspection by any Owner at any reasonable time during normal business hours.

- 8.11 Creation of Lien; Personal Obligation of Assessments. Declarant, for each Lot owned by it within Anderson Ranch P.U.D. does hereby covenant, and each Owner of any Lot by acceptance of a conveyance thereof, whether or not so expressed in any such conveyance, shall be deemed to covenant to pay to the Association all assessments or other charges as may be fixed, established, and collected from time to time in the manner provided in this Declaration or the Bylaws. Such assessments and charges, together with any interest, expenses or attorney fees imposed pursuant to the provisions herein, the Bylaws, the Rules and Regulations and the Architectural Guidelines shall be a charge on the land and a continuing lien upon the Lot against which each such assessment or charge is made. Such assessments, charges and other costs shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment or charge fell due. Such liens and personal obligations shall be enforced in the manner set forth herein.

SECTION 9 ENFORCEMENT.

- 9.1 Remedies. This Declaration shall be specifically enforceable by Declarant, the Association or by any Owner of any Lot in the Anderson Ranch P.U.D. Any breach of this Declaration shall subject the breaching party to any and all legal remedies, including damages, fines established by the Declarant or the Board, liens, and/or the destruction, removal or the enjoining of any offending improvement or condition at the expense of the Owner.
- 9.2 Default in Payment of Assessments; Liens. Failure by an Owner to pay any assessment, fine or other charge levied by the Association shall be a default by such Owner of his or her obligations pursuant to this Declaration, the Bylaws and the Oregon Planned Community Act. In addition to interest which may be charged on delinquent assessments, the Declarant or the Board of Directors, at its option, may impose a late charge penalty in respect to any assessment, fine or other charge not paid within ten (10) days from its due date. Such penalty may not exceed 10% of the assessment, fine or other charge. In addition, the Declarant or the Association may exercise any or all of the following remedies:
- (a) Suspension of Rights, Acceleration. The Declarant or the Association may suspend such Owner's voting rights and right to use the Common Areas until such amount, plus other charges under this Declaration, are paid in full and may declare all remaining periodic installments of any annual assessment or any other amounts owed by such Owner to the Declarant or the Association immediately due and payable. In no event, however, shall the Association deprive any owner of access to and from such Owner's Lot.
 - (b) Lien. The Declarant or the Association shall have a lien against each Lot for any assessment levied against the Lot and any fines or other charges imposed under this Declaration or the Bylaws against the Owner of the

Lot from the date on which the assessment, fine or charge is due. The provisions regarding the attachment, notice, recordation, and duration or liens established on real property under ORS 87.352 to 87.382 shall apply to the Association's lien. The lien shall be foreclosed in accordance with the provisions regarding the foreclosure of liens under ORS Chapter 88. The Declarant or the Association, through its duly authorized agents, may bid on the Lot at such foreclosure sale, and may acquire and hold, lease, mortgage, and convey the Lot. If any assessment is payable in installments, the full amount of the assessment is a lien from the date the first installment of the assessment becomes due.

- (c) Suit or Action. The Declarant or the Association may bring an action to recover a money judgment for unpaid assessments and charges under this Declaration without foreclosing or waiving the lien described herein. Recovery on any such action, however, shall be operated to satisfy the lien, or the portion thereof, for which recovery is made.
- (d) Other Remedies. The Declarant or the Association shall have any other remedy available to it by law or in equity.

9.3 Fines. The Declarant or the Association may establish a schedule of fines applicable to violations of this Declaration, the ARC Guidelines, and the Rules and Regulations established pursuant to this Declaration. Fines may be imposed by the Board after giving the alleged violator notice of the proposed fine and an opportunity to be heard. Fines shall be payable within ten (10) days after receipt of written notice of the imposition of the fine. All fines shall be deposited in the Association's operating account. All unpaid fines shall be collected as assessments in the manner set forth herein.

9.4 Interest, Expenses and Attorney Fees. Any amount not paid to the Declarant or the Association when due in accordance with this Declaration shall bear interest from the due date until paid at the rate of twelve (12) percent per annum. A late charge may be charged for each delinquent assessment in an amount established from time to time by resolution of the Board not to exceed ten (10) percent of such assessment. In the event the Declarant or the Association shall file a notice of lien, the lien amount shall also include the recording fees associated with filing the notice, and a fee for preparing the notice of lien established from time to time by resolution of the Board. In the event the Declarant or the Association shall retain legal counsel to collect an assessment or shall bring any suit or action to enforce this Declaration, or to collect any money due hereunder or to foreclose a lien, the Owner-defendant shall pay to the Declarant or the Association all costs and expenses incurred by it in connection with retaining legal counsel and with such suit or action, including a foreclosure title report, and the prevailing party in such suit or action shall recover such amount as the court may determine to be reasonable as attorney fees at trial and upon any appeal or petition for review thereof or in any bankruptcy proceeding.

SECTION 10 DURATION AND AMENDMENT OF THIS DECLARATION.

- 10.1 **Duration.** The Covenants, Conditions, and Restrictions of Anderson Ranch P.U.D. shall run with the land and shall continue to remain in full force and effect at all times with respect to all property, and each part thereof, now or hereafter made subject thereto (subject however, to the right to amend and repeal as provided for herein) for a period of thirty years from the date this Declaration is recorded. Thereafter, this Declaration shall continue to run with the land and be and remain in full force and effect at all times with respect to all property in Anderson Ranch P.U.D. and the Owners thereof for successive additional periods of ten (10) years each. The continuation from the initial or any additional period into the next subsequent period shall be automatic and without the necessity of any notice, consent or another action whatsoever; provided, however, that this Declaration may be terminated at the end of the initial or any additional period by resolution approved not less than six (6) months prior to the intended termination date by the vote or written consent of Owners owning not less than seventy-five percent (75%) of the Class A votes and the vote or written consent of the Class B member. Any such termination shall become effective only if prior to the intended termination date a certificate of the president or secretary of the Association, certifying that termination as of a specified termination date has been approved in the manner required herein, is duly acknowledged and recorded in the Deed Records of Deschutes County, Oregon. Such termination shall not have the effect of denying any Owner access to such Owner's Lot unless such Owner and any mortgagee of such Lot have consented in writing to the termination.
- 10.2 **Amendment.** This Declaration or any provision thereof, or any Covenant, Condition or Restriction contained herein, may be terminated, extended, modified or amended, as to the whole of said property or any part thereof by the vote or written consent of Owners holding not less than fifty percent (50%) of the Class A votes, together with the vote or written consent of the Class B member, if such membership has not been terminated as provided herein. Any such amendment or repeal shall become effective only upon recordation in the Deed Records of Deschutes County, Oregon, or a certificate of the president or secretary of the Association setting forth in full the amendment, amendments, or repeal so approved and certifying that said amendment, amendments, or repeal have been approved in the manner required by this Declaration. In no event shall an amendment under this section create, limit or diminish special Declarant rights without Declarant's written consent.
- 10.3 **Regulatory Amendments.** Notwithstanding the provisions of Section 10.2 above, until termination of the Class B membership, Declarant shall have the right to amend this Declaration, the Bylaws of the Association, the ARC Guidelines or the Rules and Regulations in order to comply with the requirements of any applicable statute, ordinance, or regulation of the Federal Housing Administration of the United States, the Federal National Mortgage Association, the Government

National Mortgage Association, the Federal Home Loan Mortgage Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any corporation wholly owned, directly or indirectly, by the United State or the States of Oregon which insures, guarantees or provides financing for a planned community or lots in a planned community.

SECTION 11 MISCELLANEOUS PROVISIONS.

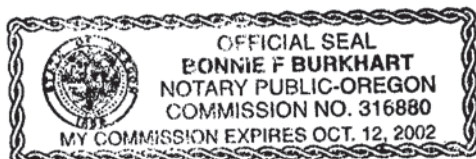
- 11.1 Lessees and Other Invitees. Lessees, invitees, contractors, family members, and other persons entering Anderson Ranch P.U.D. under rights derived from an Owner shall comply with all of the provisions of this Declaration, the Bylaws, the ARC Guidelines and the Rules and Regulations restricting or regulating the Owner's use, improvement, or enjoyment of such Owner's Lot and other areas within Anderson Ranch P.U.D. The Owner shall be responsible for obtaining such compliance and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if the failure had been committed by the Owner.
- 11.2 Nonwaiver. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.
- 11.3 Construction; Severability. This Declaration and all declarations annexing property to Anderson Ranch P.U.D. shall be liberally construed as one document to accomplish the purpose stated herein. Nevertheless, each provision of this Declaration and all declarations annexing property to Anderson Ranch P.U.D. shall be deemed independent and severable, and the invalidity or partial invalidity of any provision shall not affect the validity or enforceability of the remaining part of that or any other provision.

Shevlin Heights Acquisitions, L.L.C.

By D.K. Swisher
David Swisher, Member

State of Oregon, County of Deschutes: ss.

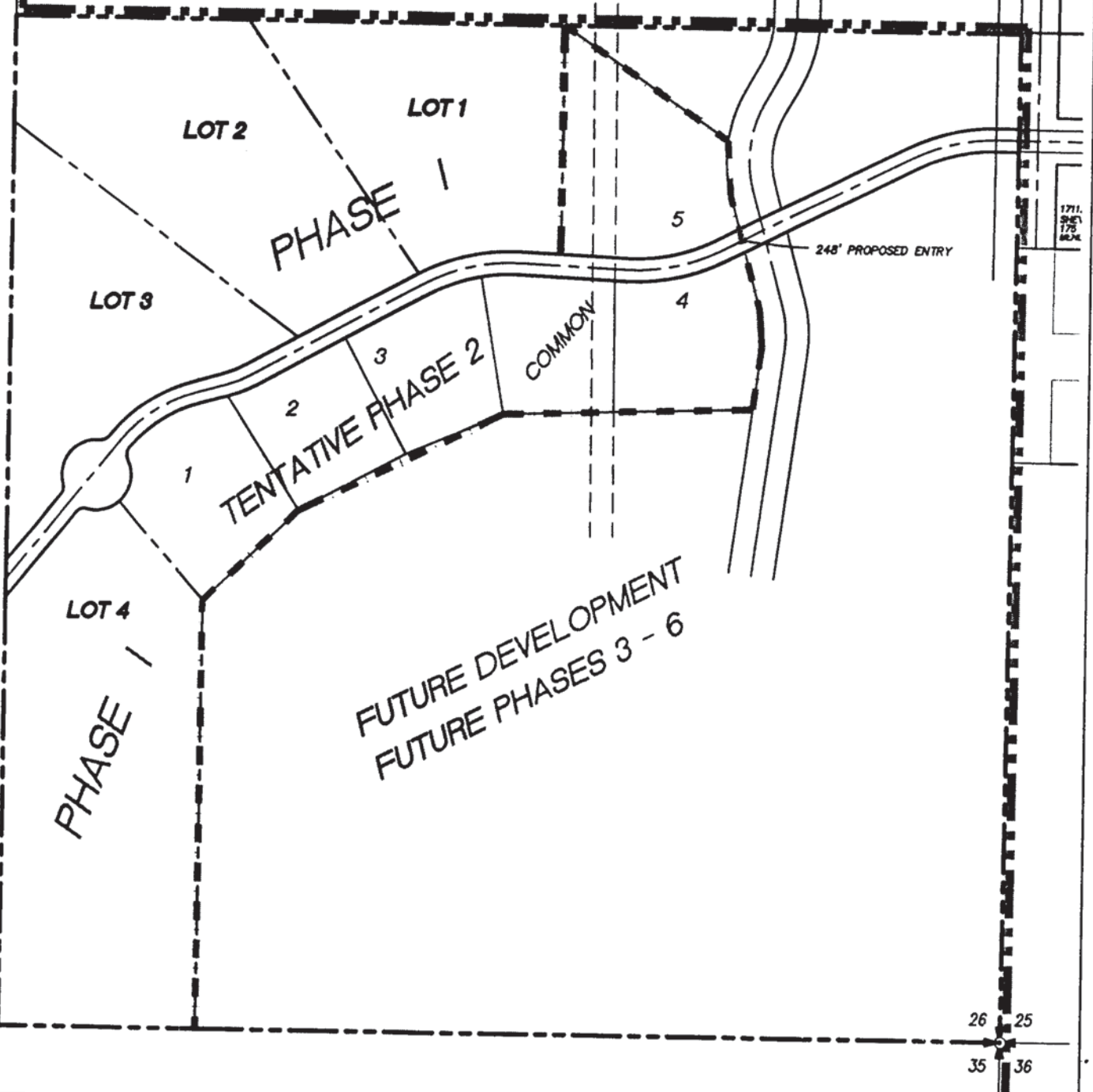
The foregoing instrument was acknowledged before me this 31st day of January, 2002, by DAVID SWISHER, Member of Shevlin Heights Acquisitions, L.L.C., an Oregon corporation, on behalf of the corporation.



Bonnie F. Burkhardt
NOTARY PUBLIC FOR OREGON
My Commission Expires: 10-12-02



NORTH



HWA SURVEYORS, ENGINEERS
& PLANNERS

HECKMAN, WILLIAMS & ASSOCIATES, INC.
808 SW INDUSTRIAL DRIVE, SUITE 100, BEASLEY, OREGON 97108
PHONE: (503) 388-6381 FAX: (503) 388-6414

EXHIBIT "A"

ANDERSON RANCH PUD

SCALE: 1" = 200'

DRAWN BY: JMK

DATE: 01/15/02

SHEET

1/1