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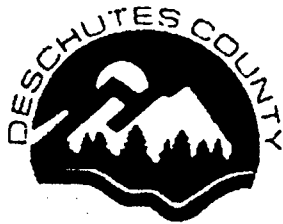
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Deschutes County Clerk

Certificate Page



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Re-recorded to correct [give reason] _____
previously recorded in Book _____ and Page _____,
or as Fee Number _____.

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**SECOND AMENDMENT TO
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
ANGUS ACRES**

Recorded by Western Title as an accommodation only. No liability accepted for condition of title or validity, sufficiency or affect of document. B

Recitals:

- 17
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1. The original Covenants, Conditions and Restrictions for Angus Acres Subdivision were recorded on July 13, 2005 at Volume 2005, Page 44720
 2. These amendments are made pursuant to Article III, Section 2 of the original document.
 3. The amendments hereto automatically apply only to the following properties within Angus Acres Subdivision: Lot 24 in Phase I, Lots 52 to 57 in Phase II and all of Phase III. The amendments shall thereafter apply to all lots that are hooked up to the community septic system in accordance with these covenants, conditions and restrictions.
 4. The purpose of these amendments are to provide for the maintenance and repair of the Community Septic System that will provide service for or affect each of the referenced lots. Such maintenance and repair can only be provided by a Homeowner's Association responsible for levying assessments, providing maintenance and repair and insuring compliance with the rules and regulations applicable to the property affected by the system.
 5. The owner/developer is referred to in these amendments as owner/developer or Declarant.
 6. At the time of this amendment, the owner/developer owns more than fifty percent of the lots within Angus Acres.

Amendments:

AMENDMENT TO ARTICLE III

Article III, is amended to read as follows:

The Architectural Control Committee.

1. The ARC shall initially be appointed by the owner/developer. The initial members of the ARC are:

Robert L. Childers
12679 Cornett Loop, P.O. Box 19
Powell Butte, OR 97753

Tye Farnsworth
c/o Tri County Builders
P.O. Box 19
Powell Butte, OR 97753

2. The ARC shall consist of not less than two (2) nor more than five (5) members, whose terms of office shall be for one (1) year. Members of the ARC shall be appointed by the Board of Directors of the Angus Acres Homeowners Association.
3. Any action by the ARC shall require agreement of a majority of its members.
4. The ARC shall exercise only that authority given to it by the terms of the declaration of protective covenants, conditions and restrictions and its amendments.

ARTICLE IV

Community Septic System.

Section 1. Lots Affected by Community Septic System. All lots within Phase III, Lots 52-57 in Phase II, Lot 24 in Phase I, and all lots that elect to become part of the Community Septic System, shall be part of the community septic system within Angus Acres. Lots 12, 13, 14, 21, 22, 23, 24 & 25 in Phase I shall become part of the Community Septic System upon recordation of a notarized consent form signed by the owners of said lots.

Section 2. Excluded Lots. Excluded Lots; Exception. All lots not specifically identified as part of the system are excluded and not subject to the provisions contained in Articles IV, V, VI and VII; except, Lot 58 in Phase II, shall have the right to hook up to

the system without payment of a fee. Lots 40 - 45 in Phase I shall have the right to hook up to the system, subject to Department of Environmental Quality approval, upon payment to the HOA of the sum of \$5,000 for each lot; however, if the reserve system for a lot has not been installed, then no fee shall be required. All owners of lots who desire to hook up to the system must pay the required fee and sign and pay for the recording of the consent form approved by the HOA.

Section 3. Definition of Community Septic System. The Community Septic System includes drainfields and improvements consisting of pipes, a pump or pumps and easements which affect the designated lots. The easements also affect some lots which are not part of the system. Individual septic tanks are not part of the system. The Community Septic System shall consist of individual septic tanks that distribute effluent to a common gravity or pressurized system that will flow to tanks located on Lots 66 & 76. The effluent will be pumped to a common drainfield on Lots 52-57 in Phase II, or to the reserve drainfields located on lots 77 - 83 in Phase III.

Section 4. Easements for Septic System. There shall be easements as shown on the attached Exhibit A for the location and operation of the Community Septic System.

Section 5. Responsibility for Individual Septic Tanks. Each owner of an affected lot shall be responsible for the maintenance, repair and/or replacement of their individual septic tanks and lines which distribute effluent to the Community Septic System distribution lines. The HOA shall be responsible for the general periodic pumping of the individual septic tanks not to exceed more than once each 12 months, which cost shall be paid from assessments.

Section 6. Restrictions on Use Within Easement. No structures, trees or shrubbery shall be placed within the easement area by the owners of affected lots, without first obtaining the express written permission of the HOA.

Section 7. Access to Easement Area. The Angus Acres Homeowner's Association and its contractors shall have the right to go upon the easement for installation, inspection, maintenance and repair of the distribution lines. When conducting installation, inspection, maintenance and/or repair, the Angus Acres Homeowner's Association shall restore the area, as much as reasonably possible, to the condition it existed prior to the entry and work.

Section 8. Notice Regarding Entry on Easement. Except in the case of an emergency, the owner shall be given a minimum of ten (10) days notice prior to entry upon the easement by the Angus Acres Homeowner's Association or its contractors.

Section 9. Indemnity. The Angus Acres Homeowner's Association shall hold harmless and indemnify the owners of affected lots for any damage to persons or property caused by entry upon the easement.

ARTICLE V

Section 1. Angus Acres Homeowners Association.

Membership in the Association. Upon recordation of a conveyance or contract to convey a Lot referenced in Article IV, Section 1 and Section 2, the grantee or purchaser named in such conveyance or contract shall automatically, or by signing the consent form, be a member of the Association, and such person shall remain a member of the Association until such time as such person's ownership ceases for any reason. For all purposes of the Declaration and the administration of the Property, Lot ownership shall be determined from the records maintained by the Association. The record shall be established by the Owner filing with the Association a copy of the deed to or land sale contract for his Lot, and, if appropriate, the consent form, to which shall be affixed the certificate of the recording officer of the County of Deschutes, Oregon, showing the date and place of recording of such deed or contract.

Section 2. Voting Rights. The Association shall have two (2) classes of voting members:

2.1 Class A. Class A members shall be all Owners of all Lots who are automatically members and those who have signed and recorded the approved consent form and paid any required fee. Each Class A member shall be entitled to one vote for each lot owned, unless the owner has failed to pay an assessment in a timely manner or is in violation of the CC&Rs. The right to vote shall be suspended until all delinquent assessments have been paid and violation have been corrected.

2.2 Class B. Class B members shall be the Declarant and its successors or assigns. Class B members shall have four (4) votes for each Lot owned that is or may be hooked up to the Community Septic System. Class B membership shall cease and be converted to Class A membership upon the earlier of the following dates:

2.2.1 The date on which eighty percent (80%) of the Lots shown on the Plat have been sold and conveyed to Owners other than Declarant and completed homes have been constructed thereon; or

2.2.2 The date on which Declarant elects in writing to terminate Class B membership.

2.3 Thereafter, each Owner, including Declarant, shall be entitled to one (1) vote for each Lot owned with respect to all matters upon which Owners are entitled to vote.

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

2.5 Majority of Owners. As used herein, the term "majority" shall mean those Owners holding over fifty percent (50%) of the voting rights allocated to the Owners in accordance with the Declaration and Section 2.2 above. "Majority of Owners present" shall mean Owners holding over fifty percent (50%) of the votes present at any legal meeting.

2.6 Quorum. Except as otherwise provided herein, the presence in person or by proxy of Owners holding twenty-five percent (25%) or more of the voting rights allocated to the Owners, in accordance with the Declaration and Section 2.2 above, shall constitute a quorum.

ARTICLE VI

Control of Community Septic System.

Section 1. Responsibilities of Association. The Association shall be responsible for the maintenance and repair, enforcement of easement rights and all other matters related to the operation of the Community Septic System.

Section 2. Assessments Set by Association. The Association shall have the right to set operation and maintenance assessments as provided in Article VII to be assessed against all lots that are a part of the Community Septic System.

Section 3. Initial Amount of Assessment. The assessments shall be set by the Association and shall be assessed on a monthly basis. The initial amount shall be \$35.00 per month. This amount may be adjusted by a majority vote of the Association members in accordance with Article VII.

ARTICLE VII

Funds and Assessments

Section 1. **Purpose of Assessments.** The assessments levied by the Association shall be used exclusively for purposes related to the operation, maintenance and repairs and enforcement of easements related to the Community Septic System.

Section 2. **Covenants to Pay.** Declarant and each Owner covenants and agrees to pay the Association the assessments and any additional charges levied pursuant to this Article VII.

Section 3. **Funds Held in Trust.** The assessments collected by the Association shall be held by the Association for and on behalf of each affected Owner and shall be used solely as provided in this Declaration. Upon the sale or transfer of any Lot, the Owner's interest in the funds shall be deemed automatically transferred to the successor in interest of such Owner.

Section 4. **Offsets.** No offset against any assessment shall be permitted for any reason, including, without limitation, an offset based on any claim that the Association is not properly discharging its duties.

Section 5. **Basis of Assessment.** Assessments are to be levied against all Lots subject to these amended CC&Rs whether or not such Lots have been improved with a substantially completed Home; provided, however, that Declarant shall be exempt from paying assessments on all unimproved Lots owned by it until the Declarant's Class B membership is terminated. Assessments for all Lots conveyed by Declarant to others shall begin on the first day of the month following the recording of the deed or land sale contract conveying or contracting to convey the Lot to the new Owner.

Section 6. **Annual Assessments.** Annual assessments for each fiscal year shall be established when the Board approves the budget for that fiscal year. Annual assessments shall be levied on a fiscal year basis. The fiscal year shall be from July 1 to June 30 unless another year is adopted by vote of the Board members. Unless otherwise specified by the Board, annual assessments shall be due and payable in monthly installments on the first day of each month during the term of this Declaration.

Section 7. Budget. Each year, the Board shall prepare, approve and make available to each Member a pro forma operating statement (budget) containing: (i) estimated revenue and expenses on an accrual basis; (ii) the amount of the total cash reserves of the Association currently available for replacement or major repair of the Community Septic System and for contingencies; (iii) an itemized estimate for the remaining life of, and the methods of funding to defray repair or replacement of, or additions to, major components of the Community Septic System; and (iv) a general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair or replacement of or additions to major components of the Community Septic System. For the first fiscal year, the budget shall be approved by the Board no later than the date on which annual assessments are scheduled to commence. Thereafter, the Board annually shall prepare and approve the budget and distribute a copy thereof to each Member, together with written notice of the amount of the annual assessments to be levied against the Owner's Lot, not less than thirty (30) days and not more than ninety (90) days before the beginning of the fiscal year.

Section 8. Allocation of Assessments. The total amount of assessments set forth in the budget shall be divided among and charged equally against all Lots that are not exempt from assessment as annual assessments. As provided in Section 5 hereof, unimproved Lots owned by Declarant shall be exempt from assessment until after the Declarant's Class B membership is terminated.

Section 9. Non-Waiver of Assessments. If, before the expiration of any fiscal year, the Association fails to fix the amount of annual assessments for the next fiscal year, the amount of annual assessments established for the preceding year shall remain in effect until the Association fixes a new amount of annual assessments.

Section 10. Special Assessments. The Board shall have the power to levy special assessments against an Owner or all Owners in the following manner for the following purposes.

10.1 Deficits in Operating Budget. To correct a deficit in the operating budget, by vote of a majority of the Board;

10.2 Breach of Documents. To collect amounts due to the Association from an Owner for breach of the Owner's obligations under the Declaration or the Bylaws by vote of a majority of the Board;

10.3 Repairs. To make repairs or renovations to the Community Septic System if sufficient funds are not available from the operating budget or replacement reserve accounts, by vote of a majority of the Board; and

10.4 Capital Additions to the Community Septic System. To make capital acquisitions, additions or improvements, by majority vote of all votes allocated to the voting classes.

Section 11. Accounts.

11.1 Types of Accounts. Assessments collected by the Association shall be deposited into at least two (2) separate accounts with a bank, which accounts shall be clearly designated as (i) the Current Operating Account and (ii) the Reserve Account. The Board shall deposit those portions of the assessments collected for current maintenance and operation levied under Section 6 hereof into the Current Operating Account and shall deposit those portions of the assessments collected as reserves for replacement and deferred maintenance of capital improvements into the Reserve Account. Special Assessments shall be deposited into one (1) of the two (2) accounts, whichever is deemed by the Board to be appropriate. Withdrawal of funds from the Association's Reserve Account shall require the signatures of either two (2) Directors or one (1) Director and an officer of the Association who is not a Director.

11.2 Reserve Account for Replacing Property or Equipment. Declarant shall establish a reserve account, in the name of the Association, which account shall be called the "Reserve Account," and which shall be kept separate and apart from all other funds of the Association. Except as provided in Section (a) below, the Reserve Account shall be used exclusively for replacement of items of property held by the Association that normally require replacement, in whole or in part, within three (3) to thirty (30) years after acquisition thereof and not for regular or periodic maintenance and operating expenses. The assessment for this account shall begin to accrue on the date on which the first affected Lot in Angus Acres is conveyed by Declarant.

(a) Assessments. Not less often than annually, the Association shall inventory all items of Community Septic System and shall estimate the remaining life of each item of the Community Septic System and the current replacement cost of each of such items. The Association may identify items for which a reserve account assessment is required because those items are insurable and are insured by a common carrier of all-purpose risk insurance. For the purpose

of funding the Reserve Account, the Association shall impose an assessment to be called the "Reserve Account Assessment" against each affected Lot within Angus Acres, using the budgeting method as set forth in Section 7. The total Reserve Account Assessment shall be equal to the sum of the estimated replacement cost of each item of Community Septic System which has an estimated life of greater than three but less than 30 years, divided by the estimated number of years of life for such item of Property (not the estimated years of life remaining).

(b) Increase, Reduction or Elimination of Common Property Reserve Account Assessment. At any time after the second year after the Declarant's Class B membership terminates, future assessment for the Reserve Account may be increased, reduced or eliminated by the vote of Owners of Lots representing a majority of the votes computed in accordance with Article V.

(c) Investment of Reserve Account. Nothing in this Section prohibits the prudent investment of reserve account funds, subject to any constraints imposed by the Board of Directors of the Association, the Bylaws or the Rules and Regulations.

(d) Refunds of Assessments. Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots. Sellers or Owners of Lots may treat their outstanding share of the Reserve Account balance as a separate item in the sales contract providing for conveyance of their respective Lot(s).

11.3 Current Operating Account. All other costs may be paid from the Current Operating Account.

Section 12. Default in Payment of Assessments, Enforcement of Liens.

12.1 Personal Obligation. All assessments properly imposed under this Declaration or the Bylaws shall be the joint and several personal obligation of all Owners of the Lot to which such assessment pertains. In a voluntary conveyance (that is, one other than through foreclosure or a deed in lieu of foreclosure), the grantees shall be jointly and severally liable with the grantor(s) for all Association assessments imposed through the recording date of the instrument affecting the conveyance. A suit for a money judgment may be initiated by the Association to recover such assessments without either waiving or foreclosing the Association's lien.

12.2 Association Lien. At any time when any assessment (of any type provided for by this Declaration or the Bylaws) or installment thereof is delinquent, the Association, by and through its Board or any management agent, may file a notice of lien in the deed records of Deschutes County, Oregon, against the Lot in respect to which the delinquency pertains. Once filed, such lien shall accumulate all future assessments or installments, interest, late fees, penalties, fines, attorneys' fees (whether or not suit or action is instituted) and other appropriate costs properly chargeable to an Owner by the Association, until such amounts are fully paid. Said lien may be foreclosed at any time, but not later than six (6) years after the latest lienable charge has been imposed. The lien of the Association shall be superior to all other liens and encumbrances except for property taxes and assessments; any first mortgage, deed of trust or land sale contract that was recorded previously to the recording of the Association's notice of lien; and any mortgage or deed of trust that was granted to an institutional lender and that was recorded previously to the recording of the Association's notice of lien.

12.3 Interest; Fines; Late Fees; Penalties. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees, fines and penalties on delinquent assessments or for violations of the provisions of this Declaration, the Bylaws, any Rules and Regulations, and any rules and regulations adopted by the HOA. The adoption of such impositions shall be communicated to all affected Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the assessment billing addresses of such Owners. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines or penalties for violation of this Declaration, the Bylaws or any Rules or Regulations, other than late fees, fines or interest arising from an Owner's failure to pay regular or special assessments may not be imposed against an Owner or his Lot until such Owner is given an opportunity for a hearing, as elsewhere provided herein.

12.4 Acceleration of Assessments. If an Owner is delinquent in payment of any monthly assessment or any installment on a special assessment, the Association, upon not less than ten (10) days' written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any special assessments.

ARTICLE VIII

Consent to Hook-Up to Public Sewer System

Section 1. Irrevocable Consent. In the event a public sewer system becomes available to the Terrebonne community, the owners of each lot hooked up to the Community Septic System give their irrevocable consent to hook-up to such a public sewer system and agree that they will at that time abandon further use of their individual septic tanks and the Community Septic System.

ARTICLE IX

General Provisions

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

9.2 Indemnification of Directors, Officers, Employees and Agents. The Association shall indemnify any director, officer, employee or agent who was or who is a party or who is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Association), by reason of the fact that he is or was a director, officer, employee or agent of the Association or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by said person in connection with such suit, action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or with a plea of *nolo contendere* or its equivalent shall not of itself create a presumption that a person did not act in good

faith and in a manner which he reasonably believed to be in, or not opposed to, the best interest of the Association, and, with respect to any criminal action or proceedings, that a person did not have reasonable cause to believe that his conduct was unlawful. Payment under this clause may be made during the pendency of such claim, action, suit or proceeding as and when incurred, subject only to the right of the Association, should it be proven at a later time that said person had no right to such payments. All persons who are ultimately held liable for their actions on behalf of the Association as a director, officer, employee or agent shall have a right of contribution over and against all other directors, officers, employees or agents and members of the Association who participated with or benefitted from the acts which created said liability.

9.3 Enforcement; Mediation/Arbitration; Attorneys' Fees. The Association, the Owners and any mortgagee on any Lot shall have the right to enforce the applicable provisions of this Declaration as may pertain specifically to such parties or Owners by any proceeding at law or in equity. Failure by the Association, any Owner, or a mortgagee to enforce any covenant, condition or restriction herein contained shall in no event be deemed to be a waiver of its right to do so thereafter.

It is a principle of Angus Acres that disagreements and disputes between owners and/or between an owner and the Association be resolved as civilly and inexpensively as possible. Accordingly, all such disputes and disagreements arising out of or in relation to interpretations or alleged violations of the Association's Declaration, Bylaws or rules and regulations, which are not resolved between the parties, excepting for non-payment of assessments, shall be mediated; provided, however, the Declarant shall only be required to mediate or arbitrate upon its written consent, which may be revoked at any time. The Declarant may elect or seek judicial relief and in which case each party shall be solely responsible for their costs and attorneys' fees.

Except as provided above for the Declarant, if the disagreeing or disputing parties cannot agree upon a solution, they shall select a mediator. If they cannot agree upon a mediator, then one shall be selected through the process provided by a recognized mediation service designated by the first party who notifies the other of the mediation service selected. The fees and other charges of the mediation shall be split equally between the parties.

If mediation is unsuccessful, then an arbitrator shall be selected using the same process as for a mediator, *i.e.*, by mutual agreement or through a recognized arbitration service selected by the first party to notify the other. The award of the arbitrator shall be final and unappealable, and such award may be entered in an appropriate court to be

enforced in the same manner as a judgment of that court. The arbitrator shall award to the prevailing party the reasonable attorneys' fees and other costs incurred in the arbitration and in the previously unsuccessful mediation.

All assessments made by the Association against owners, including, without limitation, assessments to pay operating expenses, reserves, special assessments, fines, interest and late fees, shall be imposed and collected in the manner provided herein. The suit for collection of the assessments or foreclosure of the Association's lien to secure the assessments may be filed by the Association in the appropriate court. In such suit or action, the prevailing party shall be entitled to its reasonable attorneys' fees and costs as shall be awarded by the court in such suit or action and in any appeal therefrom.

9.4 Equitable Remedies. In addition to awarding damages or other legal remedies, the arbitrator shall have the power and authority to award equitable remedies, including, without limitation, prohibitory and mandatory injunctions and specific enforcement. Such equitable awards shall be entered in an appropriate court to be enforced in the same manner as any other arbitrator's award entered in such court. If, for any reason, a court finds that the arbitrator does or did not have the appropriate authority to award a particular form of equitable relief, then the parties to the dispute may litigate the matter before an appropriate court, both as to legal and equitable issues. The prevailing party in such litigation shall be entitled to its reasonable attorneys' fees and costs incurred in pursuing such litigation to be set by the trial court or the appellate court on appeal.

9.5 Construction; Severability. This Amended Declaration shall be liberally construed as one document to accomplish the purposes stated in the introductory paragraphs hereof. Nevertheless, each provision of this Declaration shall be deemed to be 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. As used herein, the singular shall include the plural and the plural the singular, and the masculine and neuter shall each include masculine, feminine and neuter, as the context requires. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Declaration.

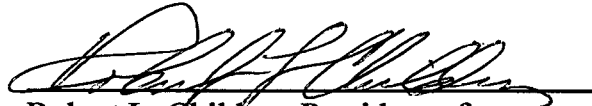
9.6 Release of Right of Control. Declarant may release its right of control in writing at any time by notice to the Association.

9.7 Unilateral Amendment by Declarant. Declarant may amend this Declaration to comply with the requirements of the Federal Housing Administration of

the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Oregon, or any other state in which the Lots are marketed and sold, or any corporation wholly owned, directly or indirectly, by the United States or the State of Oregon, or such other state, the approval of which entity is required in order for it to insure, guarantee or provide financing in connection with development of the Property and sale of Lots. The Declarant further may amend this declaration to provide for a Homeowner's Association, the Community Septic System and Architectural Review Committee and related issues. Before the Declarants Class B Membership is terminated, no such amendment shall require notice to or approval by any Class A or B member.

DATED this 2 day of October, 2006.

TRI-COUNTY BUILDERS, INC.
General Partner of Angus Acres,
Limited Partnership


Robert L. Childers, President of
Tri-County Builders, Inc.

STATE OF OREGON)
) ss.
County of Deschutes)

This instrument was acknowledged before me on October 2, 2006, by Robert L. Childers, as President of Tri-County Builders, Inc., General Partner of Angus Acres, Limited Partnership.




Notary Public for Oregon